



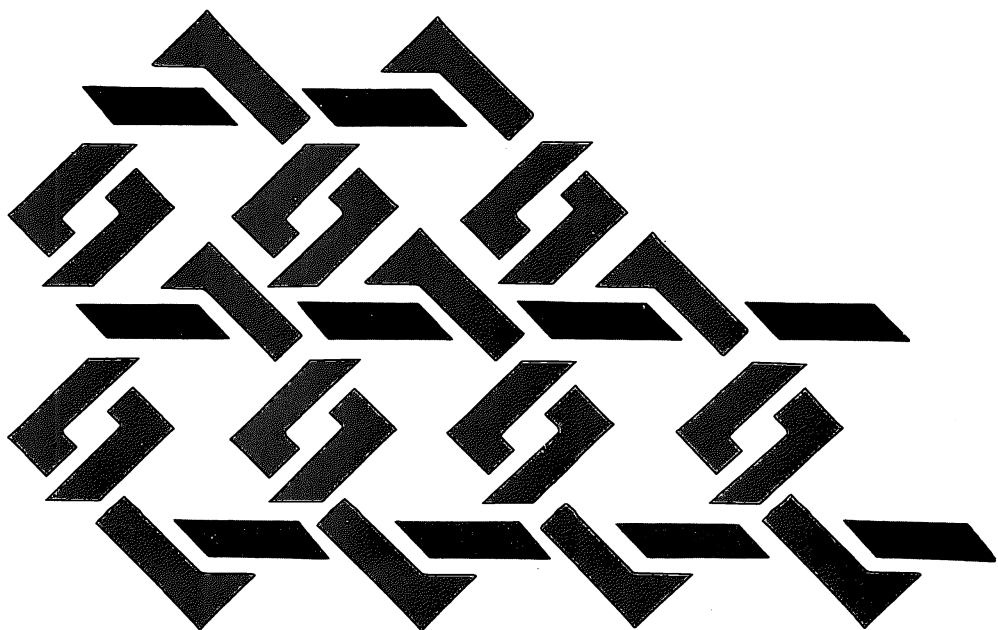
INSTITUTE OF EAST ASIAN STUDIES  
UNIVERSITY OF CALIFORNIA AT BERKELEY

# The Bunker Papers

Reports to the President from  
Vietnam, 1967–1973

EDITED BY  
Douglas Pike

VOLUME 1





## **INSTITUTE OF EAST ASIAN STUDIES UNIVERSITY OF CALIFORNIA AT BERKELEY**

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AMBASSADOR ELLSWORTH BUNKER

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## CONTENTS

### VOLUME ONE

<i>Ambassador Ellsworth Bunker</i> .....	<i>Frontispiece</i>
<i>Foreword by Haydn Williams</i> .....	ix
<i>Introduction by Douglas Pike</i> .....	xii
<i>Glossary of Acronyms and Terms</i> .....	xviii
<i>Map of Indochina</i> .....	xxii
<i>Map of South Vietnam</i> .....	xxiii
Telegram 1: May 3, 1967 .....	1
Telegram 2: May 10, 1967 .....	8
Telegram 3: May 17, 1967 .....	16
Telegram 4: May 24, 1967 .....	22
Telegram 5: May 31, 1967 .....	29
Telegram 6: June 7, 1967 .....	37
Telegram 7: June 14, 1967 .....	45
Telegram 8: June 21, 1967 .....	52
Telegram 9: June 28, 1967 .....	60
Telegram 10: July 5, 1967 .....	69
Telegram 11: July 12, 1967 .....	78
Telegram 12: July 19, 1967 .....	86
Telegram 13: July 26, 1967 .....	92
Telegram 14: August 2, 1967 .....	102
Telegram 15: August 9, 1967 .....	111
Telegram 16: August 16, 1967 .....	118
Telegram 17: August 23, 1967 .....	128
Telegram 18: August 30, 1967 .....	138
Telegram 19: September 6, 1967 .....	147
Telegram 20: September 13, 1967 .....	160
Telegram 21: September 20, 1967 .....	168
Telegram 22: September 27, 1967 .....	176
Telegram 23: October 4, 1967 .....	185
Telegram 24: October 12, 1967 .....	196
Telegram 25: October 18, 1967 .....	205
Telegram 26: October 25, 1967 .....	215
Telegram 27: November 2, 1967 .....	224
Telegram 28: November 8, 1967 .....	234
Telegram 29: November 29, 1967 .....	242

## *Contents*

Telegram 30: December 7, 1967 .....	251
Telegram 31: December 13, 1967 .....	259
Telegram 32: December 28, 1967 .....	269
Telegram 33: January 2, 1968 .....	277
Telegram 34: January 13, 1968 .....	284

## VOLUME TWO

Telegram 35: January 17, 1968 .....	295
Telegram 36: January 24, 1968 .....	302
Telegram 37: February 4, 1968 .....	316
Telegram 38: February 8, 1968 .....	327
Telegram 39: February 15, 1968 .....	334
Telegram 40: February 22, 1968 .....	342
Telegram 41: February 29, 1968 .....	351
Telegram 42: March 6, 1968 .....	362
Telegram 43: March 14, 1968 .....	372
Telegram 44: March 20, 1968 .....	380
Telegram 45: March 28, 1968 .....	393
Telegram 46: April 4, 1968.....	403
Telegram 47: April 19, 1968.....	411
Telegram 48: April 25, 1968.....	419
Telegram 49: May 2, 1968.....	426
Telegram 50: May 9, 1968.....	433
Telegram 51: May 16, 1968.....	439
Telegram 52: May 23, 1968.....	445
Telegram 53: May 29, 1968.....	452
Telegram 54: June 8, 1968 .....	461
Telegram 55: June 13, 1968 .....	468
Telegram 56: June 20, 1968 .....	476
Telegram 57: June 27, 1968 .....	484
Telegram 58: July 4, 1968 .....	493
Telegram 59: July 11, 1968 .....	500
Telegram (unnumbered): July 26, 1968 .....	514
Telegram 60: August 1, 1968.....	517
Telegram 61: August 7, 1968.....	525
Telegram 62: August 15, 1968.....	532
Telegram 63: August 22, 1968.....	540
Telegram 64: August 29, 1968.....	547
Telegram 65: September 4, 1968.....	556
Telegram 66: September 12, 1968.....	563
Telegram 67: September 19, 1968.....	571
Telegram 68: September 26, 1968.....	580
Telegram 69: October 2, 1968.....	588

## *Contents*

Telegram 70: October 11, 1968 .....	594
Telegram 71: October 19, 1968 .....	600
Telegram 72: October 30, 1968 .....	612
Telegram 73: November 30, 1968 .....	622

### VOLUME THREE

Telegram 74: December 19, 1968 .....	629
Telegram 75: January 16, 1969 .....	636
Telegram 76: February 22, 1969 .....	653
Telegram 77: March 21, 1969 .....	662
Telegram 78: May 6, 1969 .....	672
Telegram 79: June 5, 1969 .....	684
Telegram 80: July 16, 1969 .....	696
Telegram 81: August 1969 .....	715
Telegram 82: November 18, 1969 .....	724
Telegram 83: December 9, 1969 .....	735
Telegram 84: February 10, 1970 .....	744
Telegram 85: March 27, 1970 .....	754
Telegram 86: April 24, 1970 .....	764
Telegram 87: June 19, 1970 .....	772
Telegram 88: August 26, 1970 .....	780
Telegram 89: October 3, 1970 .....	790
Telegram 90: December 21, 1970 .....	796
Telegram 91: January 30, 1971 .....	806
Telegram 92: March 30, 1971 .....	820
Telegram 93: May 9, 1971 .....	829
Telegram 94: June 9, 1971 .....	838
Telegram 95: January 26, 1972 .....	847
Telegram 96: May 5, 1973 .....	852
Index .....	863

## FOREWORD

ELLSWORTH BUNKER WAS A TRUSTEE OF THE ASIA FOUNDATION for twenty-three years. Shortly before his departure for Saigon in the spring of 1967, I met with him in Washington, D.C., at which time he asked to be placed on "on leave" status while serving as the American ambassador to South Vietnam. His request was granted, but as I was subsequently to learn, his keen interest in the Foundation did not wane during his tour of duty in Saigon.

Charged with grueling responsibilities and heavy demands on his time, he was nonetheless never too busy to see me on my periodic visits to Saigon on Foundation business. He also met on occasion with Frank Dines and Ray Johnson, The Asia Foundation representatives in South Vietnam during those years. Ambassador Bunker's particular interest in the Foundation's South Vietnam program centered on its efforts to help strengthen the newly established institutions of constitutional government, legal reform, court modernization, and projects designed to upgrade the professional level and competence of the South Vietnamese civil service.

Two other principal areas of activity—education and voluntarism—were of continuing interest to Ambassador Bunker. The Foundation's educational program was far-ranging and included grants to the major universities for faculty, curriculum, and library development; to Buddhist institutions; to teacher-training colleges; and to support overseas study and local scholarship programs for minority students. Voluntary associations, especially those involving youth and students, women's organizations, and private community-based groups were also encouraged and given assistance.

By supporting South Vietnamese local initiatives and commitment to self-help-type projects and by encouraging broader popular participation in civic affairs, the Foundation contributed in modest ways to the larger "nation-building" effort that was going forward with Ambassador Bunker's encouragement while the war was being waged. In this process, and inspired by Ambassador Bunker's idealism and hopes for South Vietnam, the Foundation's ties with him grew and were strengthened during these difficult and painful years.

After his departure from Saigon and while serving as ambassador-at-large, Ambassador Bunker resumed his active participation as a Foundation board member. With the conclusion of the Panama Canal negotiations he was able to devote even more time to Foundation matters. His wise counsel, his convictions, and his strong advocacy for the timeliness and significance of the Foundation's Open, Just and Democratic Societies program helped in a major way to increase the level of federal financial support for the Foundation. This



## *Foreword*

enabled the Foundation greatly to expand its support for democratic institution-building programs throughout most of the countries of Asia during the critical decade of the 1980s.

Following his death in 1984, the Foundation invited Dr. Henry Kissinger to deliver the first Ellsworth Bunker Memorial Lecture. It was held in San Francisco in 1986. Secretary of State George Shultz was the honorary chairman. He paid the following tribute to Ambassador Bunker:

Ellsworth Bunker embodied so much of the best of America: love of peace, human decency, quiet strength, and firm commitment to principle. And by his personal character he taught us a lesson about the conduct of foreign policy. His very bearing reflected his calm self-confidence and unshakeable belief in his country's greatness; it was this inner strength that gave him such capacity for patience, for conciliation, for the dedicated hard work of diplomacy. And he taught us also about courage. He never shrank from the most difficult challenges in the most difficult places; indeed, he relished them. He worked for peace, knowing that it requires realism, knowing that it is really an endless task. Throughout some of the most difficult moments in American foreign policy in this century, he conducted himself—and served his nation—with brilliance, dignity, and grace. To remember him is to remember everything that is noble in the nation he represented.

Dr. Kissinger's opening words followed. He had this to say about Ambassador Bunker:

Ellsworth Bunker always had a soothing effect in a crisis. When one saw at the feet of the ramp that tall, erect, thin figure, immaculately dressed, as if no suit would dare rumple, even in the tropical heat of Saigon, one knew there was no risk of failure either from excess or impetuosity or from lack of dedication. He had no need to prove anything to himself or others. His ambition was to make a contribution to the foreign policy of his country, whose well-being he identified with the security and hope of all free peoples.

He was a quintessential American in the optimism that made him appear youthful even then, in his late seventies. For five years he had been in Saigon, serving two [U.S.] presidents of different parties and earning their unqualified trust and admiration. Through the worst of the domestic travail, he never flinched. He supported his government on television and in print when others with far greater responsibility for our involvement were running for cover. He had stood by the government to which he was accredited, defending it within official councils and in public against the charge that it was the principal obstacle to peace. Like all of us he yearned for peace with honor. No one who knew him could doubt that he would interpret the requirement of honor with the utmost strictures.

The Asia Foundation is now grateful for yet another opportunity to honor and show its respect and admiration for the life of Ellsworth Bunker by supporting the publication of the Bunker papers. I wish to thank especially Ambassador Carol Laise, Ambassador Bunker's widow, for bringing this possibil-

## *Foreword*

ity to my attention. I would further like to express my appreciation and congratulations to Douglas Pike, director of the Indochina Studies Project at the Institute of East Asian Studies, University of California at Berkeley, for his initiative in obtaining copies of the original Bunker "back channel" messages to Presidents Johnson and Nixon and for his recognition of their historical value as new and important primary source material. The Foundation hopes that their publication will contribute significantly to the body of scholarship concerned with the American experience in Vietnam.

Closing on a personal note, I am greatly privileged to have been asked to write this foreword. Ellsworth Bunker meant a great deal to me. He was my hero for the nearly four decades that I knew him. He was my friend. And like a host of others, I shall always remember and be indebted to him.

HAYDN WILLIAMS  
President Emeritus  
The Asia Foundation

## INTRODUCTION

WHEN PRESIDENT LYNDON JOHNSON, in the spring of 1967, asked Ellsworth Bunker to become his ambassador in Saigon, then the largest and in some ways most important American embassy in the world, Bunker stipulated as one of his conditions for acceptance that he always have direct access to the President. It was agreed this access would take the form, in part, of a weekly (later, monthly) "back channel" cable from Bunker to the President. Such messages by-passed the standard distribution system within the U.S. government's communication network that included the State Department, the Pentagon, and the CIA (although these agencies and others did receive copies of the cable after the delivery to the President). The intent of the "back channel" message was to assure a direct Bunker-to-President link that no one could short-stop. It was a singular arrangement in the intracommunication process within the U.S. government.

In all there were ninety-six such messages from Bunker to the President, the first dated May 3, 1967, and the last May 5, 1973. Collectively, they form a historical documentation of extraordinary value. They are, by far, the most detailed chronological accounting of events, particularly within the South Vietnamese governmental and political scene, that we are likely to get. They cover the key years marked by the Buddhist demonstrations, the "government by coup d'état" period, the rise of the political fortunes of generals Nguyen Cao Ky and Nguyen Van Thieu, the 1968 Tet offensive, and the launching of the Paris talks.

In 1988, the University of California's Institute of East Asian Studies, under the Freedom of Information Act, obtained copies of the original telegrams. The Institute's Indochina Studies Project proposed publication as a contribution to the scholarship of America's involvement in the Vietnam War and as a lasting tribute to Ellsworth Bunker, one of the great and truly humane American ambassadors of this century. Subsequently, publication was made possible by a generous grant from The Asia Foundation, headquartered in San Francisco.

What we have here in this work is a Vietnam War history of a sort never before produced—an authoritative, highly detailed, original-source report. It is history written week by week through the heart of the war years by a man sitting at its epicenter. It is patiently set down in precise detail. It also is historically accurate.

However, it should be underscored that this is not standard history. Rather, it is an assemblage of documents that collectively form a coherent histori-

## *Introduction*

cal account and therefore is interpretative history writing. But the chief importance of this work is as original source material.

That the record set down here is also remarkably objective as far as history telling is concerned is a tribute to Bunker's personality, to his great capacity, his sagacity, and his ability to remain coolly objective under the most trying of circumstances. While the reader will encounter passages that clearly convey Bunker's occasional outrage or frustration—over the eternal Saigon factional political infighting, for instance—that is, moments when his patience seems to be wearing thin, such lapses are remarkably rare considering the travails to which he was daily subjected. Being human, Bunker obviously had strong feelings on the war—and these come through clearly—but taken as a whole, this is contemporary history writing remarkably free of bias and rationalization. And it is totally free of the self-deception that marks so much of the memoir writing by Vietnam War participants.

Ambassador Bunker arrived in Saigon April 25, 1967, bringing to his new diplomatic assignment a proven record of accomplishment. He had played a major role in the 1965 Dominican Republic crisis in ending the war between local political factions, an achievement that led eventually to restoration of constitutional democracy. Earlier, he had mediated the territorial dispute between the Netherlands and Indonesia over what was then called Dutch New Guinea (later, West Irian) and was an early American ambassador to India. All of these diplomatic assignments put high premium on those qualities for which he had become known since leaving the sugar industry in 1951 for governmental service: his patience, his tact, and his skill as a trouble-shooting negotiator.

In appearance Bunker was striking—imperially slim; standing six feet, two inches tall; hair silver white; back ramrod straight. He was a self-possessed patrician with a courtly manner that brought to mind the word "gentleman" as applied to an older, better, gentler time. While Bunker served in many diplomatic posts and achieved much elsewhere, undoubtedly it will be his Vietnam service for which history will remember him.

Bunker's Saigon was a key American diplomatic post, made so by history. It was a grueling place in which to work, made so by climate and tension. His age (born 1894) proved to be no impediment. Bunker quickly became more than an ambassador. As Chief of the U.S. Mission he was advisor to the Government of Vietnam and in effect proconsul to the U.S. military. He dispensed billions of dollars of American economic aid money. He was responsible not only for diplomatic activity but also that of the intelligence community, the pacification sector, psychological-warfare work, and even military affairs outside actual fighting on the battlefield.

When he assumed the ambassadorship in the spring of 1967, the conventional wisdom about the strategic scene, held both in Saigon and in Washington, was that the war was proceeding according to plan; that its end was, at

## Introduction

most, perhaps two years away; and that either the war would gradually fade or some formal settlement would be achieved through negotiations. No one anticipated—at least no one predicted in dated, published prognostication many of the traumatic events that were to come: the 1968 Tet offensive, the seemingly endless deadlock at the Paris conference, the ever intensifying combat for nearly another decade, the ambiguous and wholly unsatisfactory settlement finally achieved in 1973, the puzzling final collapse in 1975.

Rather, the focus of activity, for Bunker in particular, was to be on domestic Vietnamese matters, the war being a steadily diminishing factor. It seemed possible, and such was the American expectation, that South Vietnam would move from a military directorate to constitutional government, that Generals Nguyen Cao Ky and Nguyen Van Thieu would be succeeded by a civilian government chosen through universal franchise and centered on a National Assembly. There was no precedent for this in Vietnam's history, which meant the task was formidable but not necessarily unachievable.

Bunker was seen as history's instrument in this process. He was to advise and assist, nudge and cajole, this new governing system into existence. What Vietnam required was formation of modern political parties where none had existed before, replacing the "69 political tendencies," as the existing political structure was sardonically termed at the time. What was also required was building modern institutions of government—the National Assembly above all, served by a competent bureaucracy—but also a political communication system to link the center with the province, the district, and most importantly, with the villages of Vietnam, where lived eighty percent of all Vietnamese. To these ends he dedicated himself.

Bunker's greatest contribution—which tragically came to naught in the end—was in helping to build this South Vietnam "second republic," the government that followed Ngo Dinh Diem. Enormous institutional progress was made in this effort, amply demonstrated and conveyed in these cables—with the bittersweet sense of what might have been, truly the saddest words of tongue or pen.

From the start Bunker clearly understood the limits of the American contribution. He suffered none of the arrogance of power that tended to characterize some American officials. "In a large part," he wrote in cable four, "the job must be done by the Vietnamese themselves," a theme repeated throughout the subsequent cables. He grasped well Hanoi's strategic concept of mixing armed and political actions into revolutionary warfare, its famed *dau tranh* (struggle) strategy. More than most of the principal American figures involved in the Vietnam War, he fully appreciated the seamless web quality of South Vietnam's plight, the struggle in which nowhere did politics end and warfare begin.

In the running account of his effort to get on with Vietnamese nation building in the face of the cursed Sinic-styled factionalism, he paints a picture of Vietnamese politics at its pernicious, divisive, debilitating worst.

## *Introduction*

Certainly his account here puts to rest any lingering notion historians might have that Saigon was a mere American puppet, reflexively obeying orders handed down from the embassy or from Washington. This is nowhere more evident than the cables that underscore the uncontrollable force for division that the An Quang Pagoda became under Thich Tri Quang, a fact of war-time history that has largely escaped condemnation in postwar blame fixing for the subsequent fall of South Vietnam.

Yet, as is evident throughout, Bunker held an unshakable faith in what he was doing, a firm belief that good, representative government was the only barrier against the encroachments of those South Vietnamese of narrow interest seeking to protect their own little political fiefdoms, just as he regarded democratic self-determination as the only enduring safeguard against the tyranny of collectivism. He recognized the great educational value of the franchise and constantly urged the Saigon leadership to trust the people with the gravest questions as a means of educating them in civic values.

All in all, his was a remarkable political performance. Particularly impressive was his handling of the domestic and foreign press—especially the thousand or so journalists who had descended on Saigon from two dozen countries, savaging all in their path in search of a story. Throughout, Bunker commanded their respect and their trust, even those who disagreed with him on policy matters or his assessment of the course of events. Of no other ambassador, and of few figures in the U.S. diplomatic service, can the same be said.

Bunker was not without his critics—columnist Walter Lippmann, Senators Wayne Morse, William Fulbright, and others. At his Senate confirmation hearings in April 1967, Bunker told the assembled senators that he pledged his efforts toward the goal of a strong, viable, and free Vietnam. Fulbright replied with the rhetorical question of “whether the right of self-determination of fifteen million Vietnamese was worth the harm it is doing to our own country.” It is a question that echoes down the corridor of history to haunt us today. It was not, of course, the right question.

Bunker was optimistic about the possibilities of eventual success. It was, obviously, excessive optimism when viewed in hindsight—but at the time it was not so. His favorite expression, “essentially optimistic,” was justified. The reportage here makes clear just how much progress was achieved. The final cable sums up this progress, offers a measure of how far the Vietnamese had come—which was considerable—and how much further they had to go—also considerable, but not beyond reach. With respect to the final outcome of the war, his “essentially optimistic” view remained unchanged, although, he noted dryly, it is difficult to fight a limited war with limited objectives and limited resources.

For six exhausting years there in Saigon, Bunker exercised more authority among the Vietnamese than any American before or since. Among them he

## *Introduction*

was known as “the blue-eyed sorcerer,” and said one of them of him: “If only we had a Vietnamese Bunker to lead us against Ho Chi Minh.”

At the time he left, there are many who now argue, the war was not only winnable, but was on the way to being won; only later was defeat snatched from the jaws of victory. Others argue that to the extent that the Vietnam War was a national tragedy, he must assume a share of responsibility. In truth, neither contention can be sustained with certainty. History has yet to make its judgment.

On September 27, 1984, Ellsworth Bunker, 80, died at his beloved village of Putney, Vermont. In requiem it was said of him that he was an authentic member of the old school of diplomacy, out of a saner era when honor counted for more and opportunism for less; that he was a kindly, wise, and gentle man of granitelike integrity; and that almost certainly history would judge him the finest ambassador we sent to Saigon.

In addition to being historically informative, these messages are a pleasure to read. Bunker’s writing style has a flinty New England quality about it—laconic, understated, always to the point, never with pretense, never overwritten. In substance it is thoughtfully organized, cogently expressed, always careful of the feelings of others, frequently interspersed with flashes of the dry wit for which he was well known.

An editorial note: Before the Freedom of Information Office at the U.S. Department of State released these ninety-six cables, they were vetted by the Department and American intelligence agencies. The criteria for excising text was threefold: if its release endangered U.S. foreign relations in terms of national security, if it divulged information on U.S. intelligence sources, or if it was not in violation of U.S. “right of privacy” laws related to release in individual names. The result is that the manuscript from which we worked was dotted with deleted names and excised passages. Most vexing is the name deletion; virtually all the names are Vietnamese and virtually all can be recovered through determined research (some deletions are inane—for instance, the deletion of the name of a cabinet minister that leaves his title, office, and date of service). There is virtually no substantive material deleted, in most cases only a few words that clearly relate to an informant. The longest excision is about sixty-five words which from its context, it is clear, has to do with some sort of secret U.S. electronic communication system. The next longest, about forty words, appears to be an aside by Ambassador Bunker about the Japanese and probably was removed because it was unflattering. As far as historians are concerned, these deletions and excisions are mere nuisances. Nothing has been removed that diminishes its value as historical record. Obvious typographical errors (or text garbled in transmission) have been corrected, but no attempt has been made to “correct” inconsistencies of style, variant spellings, and the like.

## *Introduction*

Many persons had a hand in the publication of *The Bunker Papers*. The editor is particularly indebted to the following for their practical and intellectual assistance: Allan Choate, Harry Kendall, Jane Kaneko, Carol Laise, Harry Middleton, Myrna Pike, Leo Rose, Joanne Sandstrom, Robert Scalapino, Joseph Tharp, and Haydn Williams.

DOUGLAS PIKE  
Berkeley, February 1990



## GLOSSARY OF ACRONYMS AND TERMS APPEARING IN THE TEXT

A,B,C	rating of security vis-à-vis Hamlet Evaluation Security rating
ABC	American Broadcasting Company
AFL-CIO	American Federation of Labor-Council of Industrial Organizations
AP	Associated Press
APC	Accelerated Pacification Campaign
ARVN	Army of the Republic of Vietnam
ASEAN	Association of Southeast Asian Nations
ATC	armored troop carrier
AVN	Army of Vietnam (South)
AWOL	absent without leave
BEQ	bachelors' enlisted quarters
BNDD	Bureau of Narcotics and Dangerous Drugs (U.S.)
BTN	Brussels Tariff Nomenclature
CAC	Combined Action Concept
CAT	China Air Transport
CBS	Columbia Broadcasting System
CG	Civil Guard (SVN)
CIDG	Civilian Irregular Defense Group (GVN)
CIP	Commercial Import Program
CMD	Capital Military District (Saigon)
CO	commissioned officer
COMUSNACV	Commander, U.S. Navy Command, Vietnam
CONUS	continental United States
CORDS	Civil Operations and Revolutionary Development Support
COSVN	Central Office of South Vietnam (NLF)
CPDC	Central Pacification and Development Council
CPSU	Communist Party of the Soviet Union
CRC	Central Recovery Committee
CRDC	Central Revolutionary Development Council
CRLD	Committee for Recovery and Local Development (GVN)
CSA	Commissioner of Special Administration
CTZ	Corps Tactical Zone
CVT	Confederation of Vietnam Trade Unions (Saigon)
CY	calendar year
Chieu Hoi	GVN program encouraging Viet Cong defections (lit., open arms)

*Glossary of Acronyms and Terms*

DAB	Democratic Alliance Bloc (Saigon)
DAO	Defense Attaché Office (U.S.)
DLF	Development Loan Fund (U.S.)
DMZ	demilitarized zone
DOD	Department of Defense (U.S.)
DRV	Democratic Republic of Vietnam (Hanoi)
Dai Viet	Dai Viet Quoc Dan Dang (Nationalist Party of Greater Vietnam [Saigon])
EM	enlisted man
EMSM	Ethnic Minority Solidarity Movement (GVN)
EPW	enemy prisoner of war
Embassy	U.S. Embassy, Saigon
FANK	Forces Armée's Nationales Khmer (French); the Cambodian Army (under Lon Nol)
FDF	Free Democracy Force
FDP	Free Democratic Party
FPJMT	Four-Party Joint Military Team
FULRO	Front Unifié pour la Liberation des Races Opprimées (United Front for the Liberation of Oppressed Races)
FW	Free World
FWMAF	Free World Military Assistance Force
FY	fiscal year
GNV	Government of North Vietnam
GOC	Government of Cambodia
GVN	Government of Vietnam
Game Warden	U.S.-GVN naval operations mission of interdicting movement of enemy personnel and supplies in South Vietnam
HES	Hamlet Evaluation System
hoi chanh	returnees under Chieu Hoi program
IBRD	International Bank for Reconstruction and Development (World Bank)
ICC	International Control Commission
ICCS	International Commission for Control and Supervision
IMF	International Monetary Fund
IR8/5	variety of rice strain (so-called miracle rice)
IVS	International Voluntary Service
JGS	Joint General Staff (RVNAF)
JUSPAO	Joint U.S. Public Affairs Office (U.S.)
KIA	killed in action
LGP	Lansdale Group Program
LOC	lines of communication
LST	landing ship transport
MACV	Military Assistance Command, Vietnam

*Glossary of Acronyms and Terms*

MAF	Marine Amphibious Force
MIA	missing in action
MOD	Minister of Defense (GVN)
MOI	Minister of Information (GVN)
MP	Military Police
MR	Military Region (I–IV)
MRS	Movement for the Renaissance of the South
MRZ	Military Region Zone (I–IV)
MSS	Military Security Service (ARVN)
Market Time	U.S. Navy operation to intercept DRV surface traffic in South Vietnam's coastal waters
Mission	U.S. official diplomatic mission, Saigon
NAP	New Action Program
NBC	National Broadcasting Company
NCO	non-commissioned officer
NLF	National Liberation Front (of South Vietnam)
NODIS	"no distribution" (classification of documents)
non-com	non-commissioned officer
NP	National Police (SVN)
NSAM	National Security Action Memorandum
NSDF	National Social Democratic Front
NV	North Vietnam
NVA	North Vietnam Army
NVN	North Vietnam Navy
OCO	Office of Civil Operations (U.S.)
PAAS	Pacification Attitude Analysis System
PAC	Peoples Army Council
Pacification	U.S.-GVN rural reconstruction program
PASA	Participating Agency Service Agreement
PCF	Patrol Craft Fast
PF	Popular Force
Philcag	Philippines Civil Affairs Group
PL480	Public Law 480 (surplus agricultural produce program [U.S. Department of Agriculture])
POL	petroleum, oil, lubricants
POW	prisoner of war
PRC	People's Republic of China
PRG	Provisional Revolutionary Government (NLF/DRV)
PRU	Provincial Reconnaissance Units
PSDF	People's Self-Defense Force
psyops	psychological operations
PW	prisoner of war
RAID	River Assault and Interdiction Divisions
Recon	reconnaissance

*Glossary of Acronyms and Terms*

RD	Revolutionary Development (Program and cadre)
RF	Regional Force
RKG	Royal Khmer Government
RLG	Royal Lao Government
ROK	Republic of Korea
RP	route package
RPG	rocket-propelled grenade (launcher)
RVN	Republic of Vietnam
RVNAF	Republic of Vietnam Air Force
Saigon 000	refers to telegram of that number sent from Saigon
SCA	Special Commissioner for Administration
SEACoord	Southeast Asia Coordination
Sea Dragon	Operation Sea Dragon, U.S. Navy effort to cut North Vietnam supply lines to South, 10/66–10/68
SEATO	Southeast Asia Treaty Organization
SHC	Supreme High Council (An Quang Buddhists)
SSU	Saigon Student Union
SVN	South Vietnam
TDY	temporary duty
TFES	Territorial Forces Evaluation System
TPJMC	Two-Party Joint Military Commission
UBA	United Buddhist Association (Saigon)
UPI	United Press International
USAID	U.S. Agency for International Development
USDEL	U.S. Delegation
USG	United States government
USMC	U.S. Marine Corps
USSF	U.S. Special Forces
VC	Viet Cong
VCI	Viet Cong infrastructure
VFW	Veterans of Foreign Wars
VN	Vietnam
VNA	Vietnam Army
VNAF	Vietnam Air Force
VNMC	Vietnam Marine Corps
VNN	Vietnam Navy (South)
VNQDD	Viet Nam Quoc Dan Dang (Vietnamese Nationalist Party)
VSD	Village Self-Defense [Program]
WIA	wounded in action



INDOCHINA



## FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY FIRST WEEKLY TELEGRAM, MAY 3, 1967 I have spent the major part of my first week here in on-the-job training trying to familiarize myself with organization and the activities of the mission, getting briefed by members of the council on the status of our major programs, and trying to get a feel for the situation here. In this connection, I have found that Ambassador [William] Porter's willingness to continue on here until May 5 is of inestimable value. His vast store of knowledge about the situation here which includes the work of the mission both here and in the field, personnel, and his personal relationships with members of the Vietnamese government have been of inestimable value. Ambassador [Eugene] Locke, who arrived May 1, will be working closely with Ambassador Porter also until the latter's departure May 5.

General [William] Westmoreland arrived yesterday and reported to me today on his talks in Washington, and we had a preliminary talk about organization of the pacification program, about which I shall report separately after Bob Komer's arrival and I have had an opportunity to talk further with him and General Westmoreland. In this connection, I have reported separately (Saigon's 24265 and 24286) statements made by both [Nguyen Van] Thieu and [Nguyen Cao] Ky relative to their views on pacification. Both have said the right words, and it remains to be seen whether deeds will match the words. I have no doubt of their intentions but I am sure that they and others engaged in the program which has to be primarily a Vietnamese effort will need the most effective and efficient support we can render.

The political scene is mixed. To summarize: elections for village councils have now been successfully completed, with an over-all turnout of 2,511,455 or 77 percent. Although the Viet Cong killed 12 candidates and kidnapped 31, they were not able to disrupt or discredit the elections. At the nation level, the critical question of the military candidacy remains unresolved, with some signs of tension increasing among certain of the military. The electoral law is nearing completion as the Assembly discusses the draft law in plenary session. While in general the draft appears to be a satisfactory document from our point of view, provisions to ensure that the winner has a respectable mandate and provisions to ensure equal means for all candidates are weaker than we had hoped. Moreover, relations between the government and the Assembly are uncertain, with resentments and suspicions continuing on both sides. II corps, morale has improved since the additional American forces ar-

rived, but there is still much anxiety there over the possibility of a major enemy thrust. The militant Buddhists so far have proved unable to find either the issue or the allies to make trouble. May Day was marked by orderly meetings, and the effort to turn the meetings into anti-government and anti-American demonstrations failed completely. The rebel Montagnard leader, [Enuol] Y Bham, finally came to Banmethuot to meet with GVN representatives, and a preliminary agreement was reached.

The rivalry between Thieu and Ky for the military candidacy continues, and it now seems likely that this vital question will not be resolved until after the electoral law is completed. So far as we can determine, the stance of both men remains essentially unchanged from the last reports sent in by Ambassador [Henry Cabot] Lodge. Ky says that he is waiting for Thieu to make up his mind, that Thieu's vacillation has tended to discredit him, and that opinion polls show that Thieu is a weaker candidate than Ky himself. Ky is also planning various measures to develop popular support. Thieu takes the line that he asked all of the generals for their support at the meeting just prior to the promulgation of the constitution, and that he then made it clear that he wants to run. However, he also indicated that his decision will not be final until after the electoral law is completed. In a talk May 2 with Foreign Minister [Tran Van] Do, which the latter reported to us, Thieu reaffirmed this position and also his earlier idea to organize some kind of popular civilian "convention" to support him. He also intimated that if the Americans wanted a civilian, he would be willing to step aside. It seems to me that this may be a tacit admission that he realizes that his position has weakened and that such a maneuver might eliminate Ky and insure for himself a top position such as prime minister or head of the armed forces.

Both Ky and Thieu assured Ambassador Lodge that they would not engage in a conflict which would endanger military unity. When I called on Ky April 28 he told me he was confident that there would be unity among the military and no coups. He is reliably reported to believe that he can persuade Thieu to step aside, without rancor. However, General [Nguyen Duc] Thang told [Edward] Lansdale on April 29 that he now fears the matter has dragged on so long that neither Ky nor Thieu can hope to muster whole-hearted support from the other. Thang said that he and some of the other generals are discouraged.

I will be giving careful thought to how we should not proceed on this delicate and crucial question. I will of course have constantly in mind our two basic principles: preventing serious division within the military and achieving maximum national unity between the military and the civilian elements.

The fifth and last Sunday election for village councils was held April 30. The total numbers of village councils elected was 984 out of approximately 2,500 villages in South Vietnam, with 12,719 candidates competing for 8,948 seats. This is a ratio of 1.4 candidates for each seat or ten candidates for every seven seats. The number of people voting was 2,511,455, considerably more than the GVN predicted. This indicates that perhaps 6,500,000 people,



*May 3, 1967*

or 50 percent of the estimated rural population, live in villages where security is sufficient to allow the establishment of elected village governments. This is encouraging, although not inconsistent with our previous estimates of security in the countryside. The reason for the GVN's underestimation is their tendency to be conservative in predicting election successes plus the lack of readily available and accurate statistics. If one adds to this rural population the population of the urban centers, it is apparent that a substantial percentage of the population of South Vietnam is under the control of the Vietnamese government.

The second phase of village elections will begin July 1 and continue indefinitely. The second round is for those villages where security was judged inadequate during the first phase but subsequently improved. The GVN has tentatively scheduled more than 200 such additional elections for this year, which would mean elections in slightly less than one-half of the villages in the country.

Elections for hamlet chiefs will now be held on five successive Sundays, beginning May 14. Some 4,500 hamlets out of a total of about 11,000 will hold elections.

Although the Viet Cong were not able to disrupt the village elections, they were undoubtedly a major consideration behind the relatively low ratio of candidates to seats, 1.4 to one. Threats against candidates included statements that successful candidates would be killed after their election. Thus the security of elected village officials remains an important continuing problem; although we have no reports as yet of assassinations of these new officials.

Coupled with recent increases in attacks on RD cadre, the continuing Viet Cong effort to intimidate elected village officials may be taken as evidence of their respect for the current GVN political offensive which is based on free elections. If we and the ARVN can step up our efforts to provide protection for these officials and for the RD teams, I think the Viet Cong's use of terror against this basic political reformation will do much to discredit them with the population generally.

The Assembly is now considering the draft presidential election law in plenary session. It closely resembles the law prepared for the Assembly elections of last year, and in general appears to be an adequate document. However, there is no provision for a run-off election and the budget allotted to presidential candidates is too small.

The failure to provide for a run-off means that the winner may not have a respectable mandate; in the expected field of at least four serious contenders, the winner could conceivably squeak into office with as little as 26 percent of the vote. The government is known to oppose provision for a run-off, probably because the military believe that in a single election the "civilian vote" will be scattered among a number of candidates, thus giving a military candidate a better chance. Ky was unresponsive to my suggestion that there should be a requirement for the winning candidate to receive some minimum percentage of the vote in order to enhance his domestic and international stature

and that in the event of a failure to receive such a percentage, a run-off election would be desirable.

The law does provide against a plethora of candidates, however. Presidential candidates must be "introduced" either by 30 Assembly deputies or by 30 municipal or provincial council members. This provision is not likely to bar any of the serious contenders, but it probably will keep the total down to about four.

The electoral law provides that candidates will be able legally to spend only about five million piasters for their campaign. This is considerably below the minimum figure of 20 to 50 million which most politicians say is required to finance an adequate national campaign. In practice we expect that most of the candidates will spend more than the legal limit. Vietnamese generally believe this provision favors the government candidate because they expect the government candidate to be able to use some military personnel and civil servants as campaign workers. The government candidate will also have certain advantages available to an incumbent in office, e.g. he can make radio and TV speeches which are "non-political" and he can take well publicized actions and tours in the course of his official duties.

Although morale has recovered somewhat in II Corps from the low point immediately after the attack on Quang Tri, there still seems to be a general feeling in Hue that the city will be hit sooner or later. There is also a current rumor that Quang Tri and Thua Thien provinces will be written off by the allied forces and the Viet Cong allowed to take over there. The movement of additional American troops into the area plus an improvement in the supply situation in Hue has tended to ease but not entirely erase these fears.

Enemy intentions are not clear. There are a number of reports which indicate that the enemy intends to make a major effort to get control of all or part of the area. The enemy may calculate that a spectacular victory of some sort in I Corps is needed either to bolster enemy morale or as the prelude to negotiations. For this reason we are inclined to take the threat seriously though we do not believe the enemy has the capability to take and hold any large area now under allied control. The enemy may reason, for example, that the occupation of Quang Tri City or Hue for even a few hours could be exploited psychologically as a major victory thus undermining morale. I have reported Ky's view that the enemy intends to launch major attacks against Quang Tri City and Hue in the near future and that he has infiltrated a 450-man assassination/sabotage team into the area.

While the population remains apprehensive, our personnel in I Corps report that there is no panic. A few people have left, but the majority are digging in. We are working closely with the GVN on measures to improve the situation. On our side we are stepping up our Psyops effort in Quang Tri and Thua Thien as well as increasing military forces there. A U.S. Armed Forces television station is expected to be operational in Hue by May 15. Problem in I Corps remains basically military, however. When the population is convinced that the forces on hand can protect them and prevent any major

*May 3, 1967*

enemy victory, morale will return to normal.

While it is evident that the enemy is concentrating on northern I Corps, it may be that the enemy will try a major thrust in the western highlands rather than I Corps. If this is the enemy strategy, then the present effort in I Corps is diversionary. Thieu is very definitely of this opinion. He feels that the central highlands are the enemy's main objective and that he will attempt to develop and strengthen his position there during the coming monsoon season. His reasoning is that here they have a rear sanctuary in Laos and Cambodia, maximum protection from the terrain, and an ideal position from which to launch attacks from the (highland) central plains.

After many false starts and complete failure to appear at the designated rendezvous on April 15, Rebel Montagnard leader Y Bham finally came out of his forest retreat in Cambodia and met with Vietnamese government representatives on May 1 and 2. The two sides agreed on a joint communique which commits the forces organized under Fulro to come out of Cambodia and "return wholly to the national ranks" after the government meets their request for special legislation on Montagnard rights and facilities. The special legislation is to be drawn up by a congress of Montagnard tribes convened for the purpose.

Y Bham first met May 1 with GVN and American representatives in a jungle clearing near the Cambodian border. Y Bham was given written guarantees of his safety signed by Prime Minister Ky, General Vinh Loc, and Ambassador Lodge. After some discussion with the Darlac province chief and an embassy officer, he agreed to come to Banmethuot to meet with General Vinh Loc.

The discussions in Banmethuot consisted mostly of lectures by Vinh Loc, but it became evident that Y Bham was interested only in one point, the special legislation covering Montagnard rights known as the Statut Particulier. The GVN is willing to cede that point even though government leaders believe that the guarantees for ethnic minorities in the constitution are quite adequate. Thus, agreement was reached, and though Y Bham returned to his refuge in Cambodia, there is now reason to hope that the Fulro problem may be near a final political settlement. Although it will probably be generations before all the social and cultural problems of this backward minority can be resolved, such an agreement could mean that the threat of further armed Montagnard revolts such as those of 1964 and 1965 will be ended in the near future.

The number of returnees for the weeks ending April 14 and 21 were 693 and 642, respectively. This represents a sharp decrease from the seven previous weeks when the total was 1,000 or more every week. It was expected, however, that the rate would fall at least temporarily during the period of local elections. The end of the Tet campaign and the step-up in enemy activity in I Corps may have been additional factors contributing to the decline.

The figures for the past two weeks are still well above the comparable levels last year. Those figures were 314 and 385, respectively. The total number

of returnees so far this year is 13,086, which can be compared with last year's overall total of 20,242.

During the week ending April 22, the enemy killed 126 civilians, wounded 86 and kidnapped 100. In the week ending April 29, the enemy killed 38 civilians, wounded 56, and kidnapped 46. The dead included 13 revolutionary development workers, three hamlet chiefs, two candidates for village council, and four Chieu Hoi returnees. During the same periods the enemy killed 228 and 76 Vietnamese military personnel. The total number of Vietnamese civilians and military personnel killed in the past two weeks by the Viet Cong is therefore 468. During the same period 311 Americans were killed.

Prices were down again in the past two weeks, with the Saigon Retail [Price Index] moving downward to 252 and now standing at 254, as compared with the last previous report of 258. This level should be compared with the recent all-time high of 284. Prices of imported goods also fell, the index for the past two weeks being 224 and 218. This compares with the last previous report of 228.

Leading the recent decline in prices is rice. The Saigon rice stocks are up, and deliveries are good. While rice prices are now moving downward, farmers in the delta apparently profited from the recent high levels. Merchants in Bac Lieu, for example, report increased sales to farmers of pumps, boat motors, sewing machines and radios, the increased sales are attributed directly to higher paddy prices this year.

As part of continuing orientation I visited the Saigon port on Saturday April 29 and was pleased to see significant progress being made. An extensive tour of both Newport and Saigon port areas by automobile, boat and helicopter shows busy but orderly ports. It is obvious that there is first rate cooperation between GVN/US Army and USAID officials. I discussed the situation with Vietnamese at management level and was impressed with their capability and willingness to accept advice. I am already convinced that the key to most of our problems here (not only in ports) is motivation toward better performance on the Vietnamese side and the generation of real GVN desire to solve problems. When this occurs as in the case of the port then the results are most encouraging. Indeed I think what has been accomplished in the case of Saigon port is a near miracle, and those responsible for this achievement deserve great credit.

As an example of progress at Saigon port, in November of 1966, 1600 barges were under load with one thousand of them thirty days or older. At the time of my visit only 581 were under load with 359 over thirty days old and this due primarily to failure of importers to get their goods rather than problems related to unloading. Perhaps most significant example of progress is that in January 1967, 35 ships with 200,000 tons of commodities were waiting at mouth of river to get into port. At present there is no waiting time and ships move directly to berth for unloading.

*May 3, 1967*

Although there are still improvements to be made in administration and operation, I believe past problems relative to congestion and confusion in the port area are things of the past.

I find that the matter of wives returning to Saigon is more complex than I had thought and am not yet prepared to make a recommendation. I believe there are important advantages in permitting wives to return in the effect this would have on morale and in making possible longer tours of duty. This especially important in this part of the world in view of the difficulty, if not impossibility, of westerners being able to cope with the subtleties of the Asian mind in a brief period of 18 months. The result is that many people leave just as they are beginning to become effective. This is especially true on the civilian side as the military has the advantage of speaking a more common language.

On the other hand, there are very real problems involved such as housing facilities and services. Wives would no doubt accept almost any conditions initially (such as sharing a house with one or two others) but there might be pressures over the long haul to achieve a manner of living commensurate with that of the normal post. Also, while the morale of those officers permitted to bring their wives would no doubt improve, there is concern among some in the mission regarding possible adverse effects on officers not able to do so, such as those unable or unwilling to be separated from their children and those stationed in the provinces where in most cases, lack of housing and security would make an untenable situation for dependents.

Perhaps some alternative solution may prove more acceptable such as permitting wives additional visits here on holidays or establishing a quota for each agency and authorizing wives to return during second tours as an inducement for especially good officers to remain.

I am studying this problem and will expect to make a recommendation shortly.

During all of the talks which I have had over this past week, in my briefings, and in the many contacts I have had with both our civilian and military personnel, some things have impressed me deeply. I have found on the part of everyone with whom I have come in contact a universal spirit of cooperation, of dedication to the great effort in which we are engaged here, an awareness of its vital importance and a determination that we shall succeed. This is a heartening thing to experience and I wish that all our people at home could see and feel it. We have ability and talent here, we have conviction, and I have faith that we shall come through.

Passed to White House 11:55 A.M. May 3, 1967.

## II

### FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY SECOND WEEKLY TELEGRAM, MAY 10, 1967 With the arrival of Bob Komer and General Abrams, the past week has been one of further consolidation of the mission organization. General Westmoreland has informed me that he proposes to have General Abrams devote a major part of his time and energies to working with the Vietnamese armed forces. I think this is a wise decision and I am sure it will bear fruit. In my most recent talks with both Thieu and Ky, each has indicated certain dissatisfactions with the leadership and performance of ARVN and this in itself is a hopeful sign. Consequently, I think General Abrams can anticipate a cooperative attitude on the part of the GVN.

After thoroughgoing discussions with General Westmoreland and Bob Komer, I have come to the conclusion that we can most efficiently and effectively perform our role in support of pacification through a merging of the civil and military organizations under a single manager concept as embodied in NSAM 362 which you have approved. With the responsibility for the program placed in COMUSNACV, and with Bob Komer as deputy for pacification, I think we should have a first rate team and should be able to achieve a maximum utilization of resources. I intend to announce these changes tomorrow and it will make it clear that I regard all official operations in Viet-nam as part of one team and not as a part of competing civilian and military establishments; that the integrity of our will be maintained; and that I intend to see that the civilian of the U.S. effort is not buried under the military. In many instances, soldiers will be working for civilians as well as reverse; and that I intend to keep fully informed personally all developments in this field and to hold frequent meetings General Westmoreland and Ambassador Komer for the purpose of formulating policy (Saigon 25029).

On the political scene tensions continued to build up. Because of the developing strain in relations between Thieu and Ky, I felt that the time had come when we might have to move into the situation in a more definite way than simply by insisting on the absolute necessity for unity among the armed forces. In this connection, as a preliminary, I asked General Westmoreland to see Thieu last Sunday. He had a very good talk with Thieu (Saigon 24952) and in the meantime over the weekend leaders of the armed forces had moved into the situation themselves. As a result, the Minister of Defense, General Cao Van Vien, made an announcement to the press last Monday stating that the armed forces were not a political party and have no presidential candi-

*May 10, 1967*

date. In talks which I subsequently had with both Thieu and Ky, each expressed himself as highly pleased with the announcement (Saigon 25083 and 25233). Ky took the further step, apparently on General Vien's advice, of talking to Thieu and telling him of his intention to become a candidate. These events have served to lower tensions and if the position stated by General Vien is adhered to and respected, hopefully it could prove a constructive development. On the other hand, as I shall point out in more detail, it does not guarantee that we are out of the woods. The situation will have to be carefully watched and nursed.

As I have mentioned the past week saw a rapid crystallization of the question of a military candidate for the presidency and the related problem of the future political role of the Vietnamese military. It had become apparent that the rivalry between Thieu and Ky was undermining the unity and stability of the armed forces and a group of leading generals decided that the issue had to be rapidly settled. An attempt to get General Thieu to withdraw was not successful and the leading generals, including Ky but not Thieu, decided that the ARVN should not put forward a military candidate as such, for the presidency.

This decision was announced of General Vien, the chief of the Joint General Staff, on May 8. In a conversation with me on May 9, General Thieu affirmed his support for General Vien's statement. Later that day, General Ky described to me a long and frank talk that he had had the same morning with General Thieu which seems to have cleared the air somewhat. Thieu was obviously concerned about his position among "the generals" but Ky said he reassured him of their loyalty should Thieu choose to return to a military career. Ky assured me once again that there would be no split among the military; if the conversation with Thieu went as described, we can perhaps be more hopeful that this will not occur.

Ky made clear that he will be a candidate and that he will attempt a "social revolution" for Viet-nam, which he considered vital to its future. He is obviously confident that he can win and thinks that it will be by a very respectable mandate. His comments about civilian candidates and the civilian role were not encouraging however, since he made clear his already known skepticism regarding their motivation and capabilities. I reiterated the importance of having strong civilian representation in any slate in order to increase the votes, and provide a broader mandate particularly from the viewpoint of world opinion, and he said he was giving this serious thought. Despite his obvious feeling about civilian candidates I am sure he got my point.

In trying to assess these fast-moving developments in a preliminary way, I think we can draw certain satisfaction from them. We must, however, recognize that there are many problems ahead and many potential pitfalls in the situation. The decision against having a "military" candidate represented a face-saving formula for Thieu and a means for Ky to announce his candidacy. It also without doubt represented a genuine desire on the part of some of the leading generals to keep the army detached from the political struggle so that

it can pursue its own extremely important and urgent goals. The whole sequence of events is still, to a degree, a papering-over process, however, and good will on the part of both Thieu and Ky, and their supporters, will be required to make it last. It is naturally my hope that Thieu will find satisfaction in a primarily military role in the future, but he has reserved his final position and it cannot be excluded that he may decide to team up with a civilian candidate.

I will be following this situation very closely and using my influence as needed to avoid serious splits either among the military or between the military and civilian elements. If we can, in fact, achieve a truly apolitical role for the armed forces during this critical period ahead, it will represent a major and positive achievement. But we must bear in mind that the biggest prize is at stake, and reason and moderation have not been the primary qualities of Vietnamese leaders in the recent past. I am always conscious of the vital importance you place on a satisfactory political outcome here and will of course continue to keep you closely informed as developments occur.

In general terms political tension in Saigon rose during the past week, with the question of the military candidate threatening divisions in the armed force and relations between the government and the Assembly strained by several key issues in the electoral law. The uncertainty of the political situation has been increased by efforts of the militant An Quang Buddhists to exploit the peace issue.

The fluidity of the political situation would be of grave concern if it were not that virtually all of the activity is focused on one objective—the coming elections, and also that most if not quite all of the activity takes place roughly within the bounds of the legal constitutional framework. The new institutions are fragile, but they are already working to the extent that they are giving direction and limits to current political activity.

Containing political conflict within a legal frame is a basic problem here. It was the absence of such a legal frame which caused much if not most of the political instability in the fall of Diem. His government was based on a complex system of personal relationships. When the top was cut off that governmental pyramid, the whole pyramid collapsed. In our situation, in case of a similar catastrophe, our government structure remains intact because it is based on solid and essentially impersonal institutions; here the whole government disappears until a new complex of personal relationships can be painfully constructed—and tested—over a period of time. We have here now the beginning of a government structure that must be made capable of surviving such disasters as the death of a chief of state.

This past week saw perhaps the bitterest debate yet on the floor of the Assembly. The issue which provided the most emotion was the question of a run-off election. With four or five major candidates in the lists, it is entirely possible the winner in a single election will not have a large enough percent of the vote to be able to claim a genuine popular mandate. For this reason we



*May 10, 1967*

have urged provision for a run-off election if the winning candidate gets less than 40 percent of the vote.

Unfortunately the question of a run-off election bears directly on the chances of the so-called "military" candidate. As matters now stand it seems most likely that a single "military" candidate, Prime Minister Ky, will run against three or more civilian candidates, although we cannot exclude the possibility that another "military" man may join a civilian candidate's ticket. The vote for civilian tickets would therefore be split in a single election; this would improve the chances of the "military" candidate. If there is to be a second round, however, it would most likely pit one civilian candidate against one military man, thus materially improving the chances that a civilian would be elected.

Deputies have told us that they were subject to intense government pressure on this issue, and attendance in the Assembly was low during the crucial sessions. Tempers flared, and one deputy offered to fight another on the floor of the Assembly. After the vote, which was 44 to 34 against a run-off election, the Southern Renaissance deputies walked out in protest and Chairman Suu—a leading civilian candidate with a large personal stake in the matter—admonished the Assembly that those who had voted against the run-off "bear responsibility before history." The Renaissance deputies came back. However, and more important, government pressures on the Assembly seem to have been within the bounds of normal democratic process. There were no more dud grenades delivered with threatening letters, and we are aware of no more physical threats to the security of those who opposed the government on this issue. As you know, I raised this matter twice with Ky in recent days and he was not surprisingly non-committal. I also raised it with Thieu, who said he favored a run-off, which is also not surprising if he is entertaining the possibility of teaming up eventually with a civilian candidate.

Other issues which sparked hot debate also revolved around the effect various provisions of the law are likely to have on the chances of the "military" candidate. These included the question of campaign expenses and the proposal that those candidates holding high office be compelled to resign from office before running for election. On the first issue, campaign expenses, the Assembly roughly doubled the amount which individual candidates may spend, to about ten million piasters. While this is still well below the 20 to 50 million which knowledgeable Vietnamese estimate will be required for a national campaign, it is realistic and more equitable than the previous figure. Supporters of civilian candidates favored a higher allowance, while government supporters evidently felt the government candidate would have a better chance if the figure were held low.

A compromise basically favorable to government candidates was reached on the question of requiring resignations before running for election. Civil servants and military personnel must go on leave without pay from the day they file their candidacy. However, there is no provision that persons holding high office must leave that office in order to run. Thus Ky or Thieu may run

for president without leaving the government, but they will have to go on leave without pay from the military service. Assembly chairman (and presidential candidate) Suu underscored his feeling on this subject by announcing that regardless of the provisions of the law he will resign his position as Chairman of the Assembly two months before the campaign begins.

The press campaign is to some extent already under way. The government is permitting, perhaps encouraging, press sniping at the civilian candidates. Recent newspaper items have attacked Suu, for example, for allegedly saying that he chose Dr. Dan as his running mate because Dan has the money required for a campaign. A recent cartoon depicts a candidate riding a bicycle to work with a sweating coolie running alongside holding an umbrella over him. This is a slam against Huong, who is famous for having gone to work on a bicycle when he was premier. In Bien Hoa on May 5 Ky took direct aim at the civilian candidates by saying that it is "almost certain that the French will support a certain candidate financially in the presidential election." The comment was printed in the official Viet-nam press.

There is little or no criticism of Thieu or Ky in the press. The question of a press voice for opposition candidates has already come up in the Assembly, however. A proposal that each candidate be allowed to open a newspaper was voted down, but the Assembly did provide that reporting on election campaigns should not be subject to censorship unless national security, personal honor, or good morals are threatened. The issue is likely to be raised again when the Assembly begins work on a press law. We are studying the whole problem of press censorship here. For the moment we are taking the line with both government and opposition support that one-sided press criticism of the civilian candidates is likely to hurt the government candidate more than the civilian. However, we may decide to try to persuade the government and the Assembly to take some concrete actions to increase press freedom and equalize the chances of all candidates can get a fair hearing in the press.

Ky is also campaigning in the economic field. The government is now planning to give military personnel and civil servants a cash "rice" bonus based on the cost of 12 kilograms of rice per person per month. The prime minister has also indicated that he wants all possible steps be taken to ensure that prices do not increase over the next four months, particularly for such popular items as rice, pork, sugar, and flour. This is evidently in response to popular opinion which we have observed to be increasingly critical of what is regarded as government failure to do anything about high prices. Other economic moves by the Prime Minister which can be interpreted as being at least partly motivated by political considerations are plans to sell shares in public corporations to the poorer classes plus recent efforts to control speculation in cement, buy rice in the Delta, expedite movement of goods out of the Port of Saigon, build a refinery in Vietnam, and force U.S. military banking facilities to submit to Government of Vietnam inspection and regulations.

The militant An Quang Buddhists are evidently going to make the "peace issue" a basic part of their continuing effort to discredit the United States and

*May 10, 1967*

oust the Ky regime. Militant Buddhist students joined with Bui Luong's labor group to stage a small May Day meeting which called for an end to the war's "indiscriminate bombing." Several small meetings of "struggles" have also been held recently in Hue to demand an end to the war. The An Quang group is calling for a week of prayers for peace to precede the Buddha's birthday truce. Some resources report that they intend to use the prayer meetings to spark demonstrations and riots.

In an An Quang document issued for Buddha's birthday, the militants link the peace theme with the American presence: "The war becomes more and more bloody. The countryside is in ruins, our society and our spiritual heritage are sinking into decay. We want peace, but we cannot have peace without independence. In reality, what do we see at present? We become more and more dependent in every field: military, political, diplomatic and economic. It is a blatant dependence that nothing can cover up. An American freighter transporting rice fails to arrive on time, and the price of rice visibly increases!"

The efforts of the militant Buddhists to generate demonstrations and political unrest have had little effect so far. We judge that either there will be no serious demonstrations in connection with Buddha's birthday or that they will be fairly small and easily controlled by the authorities. However, there is no denying the potential appeal of the "peace issue." The Vietnamese people deeply desire peace—though they certainly are not willing to accept communist domination to get it—and they are to some degree vulnerable to efforts to use "peace" against the government and us.

We anticipate that peace will figure as an issue in the presidential campaign, that the civilian candidates will at least make general statements to the effect that they can and will make peace and that they will do it better and faster than the present government. The government has already ostentatiously taken several peace initiatives. The major candidates will probably be restrained in their use of this issue by the knowledge that they will need the post-election cooperation as well as the election day votes of powerful groups—especially the military and the refugee Catholics who will insist that peace be defined as victory over the communists.

In I Corps there is further improvement in morale this week. Soundings in Quang Tri, Thua Thien and Quang Tin indicate that the previously fatalistic attitude of part of the population is fading: There is no longer widespread belief that a heavy and successful VC attack is inevitable. Efforts to improve supplies in Hue and Danang have resulted in steadier prices while increased psychological operations by the GVN and by us are beginning to be felt.

Enemy propaganda continues at a high pitch, however, and the militant Buddhists are trying to take advantage of the situation as noted above. Much of the VC propaganda is now directed at the population in Quang Tri which will be affected by the relocation required for the establishment of the strongpoint-obstacle system to be constructed just south of the demilitarized zone. The effect of this propaganda cannot yet be assessed.

There was heavy military action this week, particularly in I Corps. A major battle was fought around Khe Sanh, with 551 enemy KIA to date in that action. The ARVN is acquitting itself quite well in I Corps, especially in Quang Nam province within the last few days. In II Corps the enemy continued to pose a threat with units poised across the border. Intelligence reports indicate that elements of three regiments near western Pleiku may be preparing to attack Plei Me and Duc Co. III Corps activity was characterized by enemy mortar and harassing attacks, while in IV Corps the Viet Cong continued small scale attacks and terrorist activity.

Revolutionary development workers continued to be a special target for enemy attack. In 1967 as of April 30, 218 were killed, 299 wounded and 40 missing or captured. This can be compared with last year's overall total of 593 RD workers killed by the enemy. The RD ministry is now placing increased emphasis on communications systems to allow RD teams to call in reaction forces and fire support when attacked by VC.

The Saigon retail price index went up slightly this week from 254 to 260. Chief reason for the increase was somewhat higher prices for rice and vegetables. Imported goods inched down again, however, moving from last week's index of 218 to 217.

As noted above, the government is planning a cash "rice bonus" for civil servants and military personnel. We calculate that the inflationary impact of this plan will be in the neighborhood of five billion piasters annually.

During the week ending May 6, the enemy killed 44 Vietnamese civilians, wounded 165, and kidnapped 57. The dead included one hamlet chief, two national policemen, and two Chieu Hoi returnees. These figures can be compared with the dead for the past six weeks: 83, 40, 56, 81, 38, 126. During the same period the enemy killed 212 Vietnamese military personnel. If we add the Vietnamese civilian and military dead, we get a total of 256 Vietnamese killed by the enemy during this reporting period. This may be compared with 180 Americans killed by the enemy during the same period.

The number of Chieu Hoi returnees declined again this week, the number of returnees in the period April 23-29 being 465. During the same period last year, only 265 Chieu Hoi came in to the returnee centers. However, the figure of 465 is well below the 1,000 or more that came in for seven consecutive weeks in March and April of this year. The current decline in the enemy defection rate is attributed partly to increased enemy action against the Chieu Hoi effort. We know from captured enemy documents that the enemy sees the Chieu Hoi program as an important threat and that he has recently called for stepped-up measures to combat the appeal of the Chieu Hoi operations. The Viet Cong have also stepped up their terrorist attacks against Chieu Hoi centers and the returnees themselves.

Chieu Hoi psychological operations continue at an intensive level, and we hope that two developments will contribute to an up-turn in the defection rates: (A) implementation of the national reconciliation program, and (B) improvement of Chieu Hoi centers, funds for which were finally released to

*May 10, 1967*

provinces by the GVN late in April after a long delay due to cumbersome fiscal procedures.

A document captured on April 2 in the "iron triangle" area north of Saigon notes "...the security protection of the units' defense of our revolutionary forces against the enemy's psywar, 'Chieu Hoi' and 'appeal to surrender' attempts at present, and in the future constitute the most important and urgent mission." It admits these create "schisms on our side" and calls for "drastic action to grab the ideological outlook." More and firmer discipline over Viet Cong soldiers is also demanded.

The total number of Chieu Hoi in 1967 is now 13,551. Last year at this time, the total was 7,031. The overall total for 1966 was 20,242.

Ambassador Locke and I visited General Bruce Palmer's headquarters at Long Binh on May 5. General Palmer gave us an excellent briefing and described to us in some detail Operation Junction City and Operation Manhattan. After having lunch with General Palmer, General Weyand, and members of the staff, General Palmer took us by helicopter to fire support Base Oscar where we met Major General Hay, commander of the First Division, and some of his officers and men. We were taken around the perimeter of the base and had a good opportunity to see some of the impressive equipment stationed there. I have been a great admirer of General Palmer ever since I served with him in the Dominican Republic. This present experience served to increase my admiration. It was evident that he had a thorough grasp of the situation and the problems confronting him and was flexible in his approach to them and in devising new ways to meet them. The organization as well as the esprit and morale of officers and men was impressive.

### III

#### FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY THIRD WEEKLY TELEGRAM, MAY 17, 1967 Changes in the organization of our advisory and supporting role for the Vietnamese government's revolutionary development effort were announced publicly at a press conference on the morning of May 11. I tried to give as clear and comprehensive an explanation as I could for the reasons which led us to conclude that a single management concept would be the most efficient and effective means of carrying forward the U.S. advisory effort in this vital field emphasizing the fact that while such a unified civil-military organization is unprecedented so too is the situation which confronts us. I added that in my view RD is neither civil nor military but a unique merging of both to meet a unique wartime need; that the solution is to have U.S. civilian and military officials work together as one team in order to support more effectively our Vietnamese allies. Subsequent to my statement, General Westmoreland participated with me in answering questions which were generally friendly in nature aimed primarily at seeking information as to how we expected the organization to function. My impression is that the press conference went off quite well.

Later the same day, Bob Komer met two smaller but important groups of the press who wanted more detailed information before writing their stories.

Immediately after the press conference, I held a meeting with members of our council, the Director of OCO, and the Senior Corps Advisors to explain the changes in the organizational setup, purposes of the move and our approach to the RD program. I emphasized that the purposes we had in mind were (1) to insure that we speak more effectively and with one voice to all of the Vietnamese government elements engaged in pacification; (2) to provide for a more effective dovetailing of the civilian and military activities; and (3) for greater economy and efficiency in the use of our resources. I emphasized the fact that to me this is one war and while there are various aspects of the war, I do not distinguish between the civil and military here and even work as an integrated team to get the job done. I also laid special emphasis on the fact that there is only one U.S. policy in this country and that is the policy made by the President of the United States. We are here to carry out this policy and if we have differences of views as to how this should be done it is essential that we discuss it among ourselves and not carry on the argument in public or with the press. I was greatly pleased with the reaction of all concerned, their evident desire to cooperate with the new setup and to make it

*May 17, 1967*

work. On the civilian side especially where one might have expected some apprehension, Wade Latham, Director of OCO, said, "We in OCO intend to make this work and assure you of our full support." I have confidence once the organization settles down in its new framework with General Westmoreland's assumption of responsibility and with Bob Komer's enthusiasm, energies, and talents applied to supervision of the program, we shall make more rapid progress.

On Saturday, May 13, General Westmoreland held a meeting with his corps and division commanders and senior military advisers to explain the new organizational setup. Ambassador Locke, Bob Komer, and I also attended the meeting. Sam Wilson gave an exceedingly interesting briefing on his experience within an integrated organization in Long An province. With this meeting, I think all of the key personnel had been clued in on the new organizational setup, the reasons for the change and its objectives. Undoubtedly problems will arise in the future, but I am confident we can work these out.

Yesterday, I spent a half day at the RD team training center at Vung Tau which is directed by Major Nguyen Be. Here some 6,000 recruits were receiving training from 600 instructors under conditions similar to those with which they will be working in the rural areas. While I think Bob Komer will have some ideas as to improvement in the curriculum, I must say that the setup there is quite impressive. It appears to be well organized and to have a practical and realistic routine. Major Be who gave us a very comprehensive briefing is obviously a dedicated individual, said to be an idealist but a tough and practical one. Approximately 3,000 trainees are being graduated tomorrow and will go out to the field.

The political tension which I noted in my last report has not abated. As you know, factionalism has long been the curse of Viet-Nam's political life and a major reason for the strength of the Communists. While part of this present process is the natural fermentation involved in sorting out new political groupings and alliances in preparation for the coming presidential contest, many experienced observers have the impression that Vietnam is at least for the moment farther from a national consensus than it was even a few months ago. I think we must have patience, however, and do what we can quietly to influence the principals on the stage and see that these maneuvers and discussions do not go too far or too deep. I will be watching the scene carefully.

If a likely winner should begin to emerge on the presidential horizon, factionalism might tend to fade as various groups got in line behind the clear leader. This is not yet happening, but it is still early. The rivalry between Ky and Thieu is becoming more visible and talked about. This rivalry is one of the major sources of political uncertainty at the moment, and it therefore contributes to the climate of factionalism which now prevails.

On May 12, Ky officially announced that he will be a candidate for the presidency. He told reporters that he thought it unlikely there will be two military candidates and said that if Thieu chooses to run, "He would then possibly withdraw." Thieu told the press earlier that he had not made up his

mind whether or not to run. Following Ky's announcement, Viet-Nam Press quoted Thieu as again saying that he might still run. In a May 11 interview with the *New York Times* correspondent, Thieu said that it is "entirely possible" he will run, and he added the fact that he has a small staff at work on election plans. In the same interview, Thieu called Ky's polls "worthless," and when asked if he considered Ky a "worthy candidate" replied shortly "I will make a judgment about him at the proper moment."

A member of Ky's inner staff, Nguyen Huu Chi, May 15 told embassy officers that Ky will definitely not withdraw if Thieu decides to run, in part because of pressures from his own supporters. Chi said that Generals Loan, Khang, and Thang would object strenuously to any move by Ky toward withdrawal.

I will be studying the growing separation between Ky and Thieu very closely in the coming days and will be seeing them both again soon. It may be that they will prove unable to resolve the problem themselves without some more direct assistance from us or from their closest confidants, with whom we are in touch. If it appears that their rivalry threatens serious damage to the progress toward constitutional government or that the unity of the armed forces is in jeopardy, we will want to consider using the various means available to us for influencing events here.

Contributing to the increase in political tension and factionalism is the struggle within the Assembly between those who support civilian candidates and those who favor Prime Minister Ky. This struggle sometimes reflects the Thieu-Ky rivalry, but it is due basically to the natural opposition of a predominantly military government and a predominantly civilian Assembly.

Last week the Assembly ignored heavy press criticism, a small demonstration, and public opposition by General Thieu to reaffirm the provision in the electoral law which requires that each candidate be "introduced" by 30 Assembly deputies, provincial or municipal councillors. Thieu was quoted by Viet-Nam Press as saying the provision was "undemocratic and unconstitutional." General Pham Xuan Chieu, the Secretary General of the Directorate, also stated this most emphatically in a private conversation and hinted the Directorate might veto it. This also the line of [name deleted] who organized a small "Catholic" demonstration which had obvious police support. Reports of plans for further demonstrations did not prove true, perhaps in part because of our representations to the police and Catholic circles.

The Assembly failed to reverse its previous decision against a run-off election. The electoral law now requires no minimum percent of the vote to win, and it is at least possible that a candidate with as little as 15 or 20 percent of the votes cast could be elected. Supporters of the civilian candidates felt very strongly about this issue, and Dr. Dang Van Sung publicly threatened to resign from the Assembly over the matter. We were also very disappointed since it at least opens the possibility of a minority president facing vital internal and external issues.



May 17, 1967

The run-off issue may also have a bearing on the ultimate decision of both General Thieu and Tran Van Huong. Thieu told me that he favors a run-off, and we know that Ky opposed it. I twice urged Ky to reconsider his opposition but on both occasions he was unresponsive, saying this was a responsibility of the Assembly. If Thieu made any active effort to support the run-off, the Assembly action is further evidence that Ky enjoys considerably more support in the Assembly than does Thieu.

Huong has said that he wants to see the electoral law before making a final decision on his candidacy. Since a runoff provision would have materially improved his chances, the possibility exists that he may now decide against running. [name deleted] Manager, Vo Long Trieu, reports that Ha "may come to Saigon in about ten days" and that "there is hope" that Mai Tho Truyen will finally agree to run as his Vice President. In the meantime, we understand that Ky is making strong efforts to persuade Huong to run with him as Ky's vice president. We still judge the chances are against Huong's agreeing to take the second spot on Ky's ticket. This would certainly be a very strong ticket, however, and a Huong decision to run with Ky might help to resolve the Thieu-Ky conflict by persuading Thieu that Ky could not be beaten.

The militant Buddhists are contributing as expected to the political tensions now in evidence. Yesterday morning they kicked off their planned peace campaign by the self-immolation of a thirty-three year old woman, Pham Thi Mai. She left several letters behind, one of which is addressed to you. That letter is strongly anti-American in tone, with many references to the suffering inflicted on the Vietnamese by our military bombing in both North and South Viet-Nam, a withdrawal of American forces in order to allow the Vietnamese to decide their own fate, and general elections supervised by the United Nations.

Although we were not able to get the texts of the Mai letters from any of our usual sources, the militant Buddhists at once passed at least one letter to the *New York Times* correspondent. It thus appears that they want the Mai immolation and her letters to be played up in the American and third country press. I am sure they are aware that this will assist those who oppose our Viet-Nam policy.

It is also worth noting that the call for a halt in bombing and the withdrawal of American forces without any reference to communist attacks or the need for communist actions to bring peace is a clear echo of Hanoi's demands. The militant Buddhists played Hanoi's game by extreme anti-American propaganda and their efforts to bring down the government in 1966. Their call for a boycott of the 1966 elections was also exactly in line with communist policy and propaganda. This latest action can only deepen the suspicion that the Buddhist militants are infiltrated if not controlled by the Viet Cong. Their popular support in South Viet-Nam remains weakened, however, by the outcome of the struggle in 1966.

In I Corps, a JUSPAO psyops survey indicates that as of several days ago morale there was nearly back to normal. Our troop reinforcements and increased psyops plus the recent visit by Prime Minister Ky helped. However, the enemy mortared Hue on the night of May 15, and we have not yet received an assessment of the impact of this action on morale in that city. It will certainly contribute to the underlying uncertainty caused by recent heavy fighting and concentrated enemy propaganda.

A bright spot on the political horizon is the successful completion of the first of five elections for hamlet chiefs. On May 14, elections were held in 1,000 hamlets in 34 provinces, and 530,962 persons went to the polls. 2,635 candidates competed for 1,109 seats—a ratio of 2.4 candidates to each office. This is a much better ratio than that for the village council elections (7.4 [*sic*; cf. p. 2] to one), but this was to be expected. The voter turnout was also quite high—80.4 percent.

Direct enemy action against the election was light. Only one candidate has been assassinated so far, although six hamlet chiefs now in office were killed. Elections are scheduled for the next four successive Sundays for the remaining 3,612 hamlets which are judged sufficiently secure to elect their chiefs.

The Saigon retail price index held steady at 260 this week. Rice prices moved upward, but this increase was offset by a decline in the price of pork. The import index declined slightly, to 216 as compared with last week's 217.

Our joint USG-GVN Economic Committee is now beginning to work well. At the last meeting, the following was reported: (1) There are no critical scarcities of commodities at the moment. (2) Pork production appears to be prospering, and the pork sub-committee is preparing a study on long-term pork policy which will consider methods for handling frozen pork as well as the promotion of domestic production. (3) A subcommittee is preparing recommendations concerning improvements in the investment law, the promotion of industry in the provinces, and the protection of domestic industry. (4) Vietnamese corn production is well justified since cost of production is significantly lower than the price of U.S. imports. (5) The GVN has appealed to the U.S. for assistance in registering U.S. companies and individuals presently doing business in Viet-Nam; the GVN has promised to open an information office to assist foreign businessmen in registration. (6) Governor Hanh has asked for an additional US\$60 million for development projects.

The number of returnees was up slightly this week, from 465 to 492. During the same period last year, there were 291 returnees. The total for 1967 is now 14,043 as compared with the overall 1966 total of 20,242. The average weekly rate this year is about 780.

Slow progress in getting the Chieu Hoi level back to the high figures of 1,000 and above of March and April is attributed to increased Viet Cong action against the program and the concentration by Vietnamese officials on village and hamlet elections.

*May 17, 1967*

During the week ending May 13, the enemy killed 85 Vietnamese civilians, wounded 97, and kidnapped 78. The dead included one village chief, 6 hamlet chiefs, 2 policemen, and 5 revolutionary development workers. These figures can be compared with the dead for the past six weeks: 40, 96, 81, 38, 124, 44. During the same period, the enemy killed 257 Vietnamese military personnel. If we add the Vietnamese civilian and military dead, we get a total of 342 Vietnamese killed by the enemy during the reporting period. This may be compared with 199 Americans killed by the enemy and 1,942 enemy KIA in the same period.

Military activity was heavy last week, with increased enemy operations throughout I Corps and stepped-up harassing and mortar attacks in III Corps. The enemy hit the Bien Hoa Airfield May 12 with about 125 rounds of recoilless rifle fire, mortars, and 122mm rockets. Six American military personnel were killed, four aircraft were destroyed, and 25 were damaged. This is the first time that the enemy has used rockets of this type so far south, though our forces have encountered them previously in I Corps.

The Esso storage area in Qui Nhon was sabotaged this week, and 23,000 barrels of fuel were destroyed. On May 13, the enemy attacked one of our Hawk missile sites eight kilometers south of Danang, destroying two missiles and damaging 10 others. On May 13, our planes shot down at least seven probably nine enemy MIG-17's in numerous dogfights over North Viet-nam. On the following day, they shot down three more MIGs, bringing the total number of MIGs destroyed to 60.

Governor Love of Colorado, Senator Case of New Jersey, and Senator Dominick of Colorado are all here. Governor Love and his assistant are staying with me and Senator Dominick with Ambassador Eugene Locke. Senator Case is staying with the AID Director, Donald MacDonald. I believe they are old friends. We shall do our best to meet their wishes and to give them all a comprehensive view of the situation here.

## IV

### FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY FOURTH WEEKLY TELEGRAM, MAY 24, 1967 The matter of chief concern to us during the past week has been the threat of growing rivalry between Thieu and Ky which threatened to become more acute over the weekend. In a long interview with Robert Shaplen of the *New Yorker* last Friday, Thieu informed him that he intended to become a candidate. Later that evening he made a similar statement to the correspondent of Agence France Presse who filed his story. The press on Sunday carried headlines stating that Thieu would be a candidate, but without any explanatory text which leads me to believe the text may have been censored. In the meantime, General Nguyen Ngoc Loan, Director General of the National Police, informed an embassy officer that if Thieu decided to run, Ky and the other generals participating in the government would resign on the ground that Thieu could not win the election and his defeat would cast discredit on the armed forces. Subsequently, however, the matter was apparently discussed at a meeting Ky held with some of his military supporters at Bien Hoa on Saturday at which he stated that he had no intention of withdrawing. It is, of course, apparent that this situation is bound to have a disquieting effect on the political climate here and regardless of what protestations may be made to the contrary, it will have a divisive effect on the armed forces.

While Thieu has thus come closer to announcing his candidacy, he has stopped short of a formal declaration and thus continues to play his cards close to his chest. In fact, what we are seeing now is a situation dating back to last January which has developed because of the unwillingness of either Thieu or Ky to talk out the problem between themselves. On the one hand, Thieu's natural reticence and secretiveness, his desire to determine the strength of the support he could muster, and his effort to find civilian allies probably have been factors in his disinclination to talk with Ky, while, on the other hand, Ky has gone about developing support and building an organization before announcing his candidacy. Thieu also, I think, has had doubts about his position in the armed forces should he not succeed to the presidency. He intimated this to General Westmoreland in the talk which he had with him early this month. While I shall discuss this problem in some detail in the political section of this message, I simply want to say here that I am following the matter closely and do not propose to let it get out of hand.

I had a long talk with Ambassador Bui Diem yesterday who clearly understands the implications of the situation and the importance we attach to it,

*May 24, 1967*

thanks to his talk with you. I pointed out to him that I consider that we are at a turning point in Vietnamese history and that the interest of country must obviously come ahead of either Thieu or Ky. He agreed entirely and replied that this was a problem which the Vietnamese themselves must resolve. He suggested that I hold off talking with Thieu and Ky for a day or two to see whether this could not be worked out satisfactorily between them. He has had a long talk with Ky and is to see Thieu today, after which he promised to get in touch with me and to let me know the outcome of his conversations. It would, of course, be preferable to have the Vietnamese resolve the problem themselves and I, therefore, intend to wait another day until he has talked with Thieu and Ky. In the meantime, General Westmoreland is to see General Vien, the Minister of Defense, and will try to get a reading of the views of the military.

If it is necessary to move in, I intend to make it very clear to both Thieu and Ky that political maneuvers which may split the armed forces and further fragment the competing political groups in this country are entirely unacceptable. I will make it plain that the welfare of the country must come ahead of personal rivalries and that we cannot have our enormous investment of men, money and world prestige put at risk by such rivalries.

We are taking steps to put additional steam behind the land reform and Chieu Hoi programs as you have requested. This brings up another matter not only in connection with these programs but also in relation to our total effort here. I am attempting, with the excellent assistance of Gene Locke and Bob Komer, to tighten up and to make more efficient our whole organization here. This is a big job and will take a little time, but I think we are on the way.

This brings me to another point on which I shall want to report to you in the near future. This has to do with Vietnamese capabilities. It seems to me that we are facing here a problem which we find in all developing countries, but in a more acute stage because here we find a small country engaged in a bitter struggle and at the same time trying to carry on a political and social revolution. Our advisory and supporting role, both military and in every other way, is obviously indispensable. Yet a large part of the job has to be done by the Vietnamese themselves. What we run up against is the fact that here, as in the less developed countries generally, there is a relatively thin crust of managerial talent. Indispensable additional personnel have to be trained as we go along. But this fact also means, I believe, that we have to be selective and assign priorities to those things which we deem to be most important of accomplishment. In this connection there are a number of things which my present thinking would lead me to believe should receive top priority. They are: (1) carrying the country through to elections with the establishment of a stable constitutional government; (2) the pacification program, winning the allegiance and the hearts and minds of the Viet Cong; (3) the revamping and restructuring of the Vietnamese military forces, something which seems to me an indispensable element in the successful completion of the pacification pro-

gram; (4) the determination of the optimum use of available manpower.

Numbers 1 and 2 above seem to me equally as important as the military effort in winning the war. If we can succeed in establishing a stable constitutional government here, it will speak louder than anything we can say or do to demonstrate to the Viet Cong and to North Vietnam that South Vietnam is here to stay. And if we succeed in pacification, there will be nothing left for the North Vietnamese to support here, we simply cut the ground from under their feet.

During the past week, General Thieu edged closer to announcing his candidacy but stopped short of a formal declaration. He has told a number of people, including several reporters, that he intends to run. At one point a Thieu aide offered the Voice of America an exclusive story on General Thieu's formal announcement. On May 21, the Vietnam press carried an item which said that Thieu had decided to run, and "he will officially announce his decision at a convenient date." Ky meanwhile continues his active campaign with "official" trips to the provinces and a May 17 announcement on radio and TV of a cash "rice bonus" for civil servants and military personnel.

Thus I must report that as of today Thieu and Ky have not resolved their differences. As I have said, I would not want to minimize the possible consequences if they continue this potentially destructive rivalry. Military unity, military discipline, the conduct of the war, pacification, and future political stability can all be mortgaged if this situation is not resolved. I believe, however, that there is still reason to hope that Thieu and Ky can be led to an acceptable compromise. Both are aware that if they both run the chances of either being elected are greatly reduced, if not eliminated. They also know the dangers inherent in a fight which splits the military, although they may underestimate their probability.

Thieu's present strategy is still unclear. He may hope that his not quite official announcement will force Ky to make good on such declarations as the May 15 statement to Vietnam-Press in which Ky said that "he would never oppose another member of the armed forces because this would jeopardize the unity of the armed forces." Ky's withdrawal in favor of Thieu would obviously be the best possible solution from Thieu's point of view, and he may believe that there is still a chance of maneuvering Ky into taking such an action. At the same time Thieu has left the option of backing or joining a civilian ticket open, if he so chooses. One hint that he may be considering such an eventual move is the fact that he is apparently trying to have the electoral law amended to include a provision for a run-off election (a run-off election would appear to benefit the civilian candidates much more than either Ky or Thieu). If this is Thieu's intention, he may be hoping to remove Ky as his chief power rival by engineering Ky's defeat in the coming elections. Thieu may calculate that he can thus place the new civilian president in heavy debt to himself and also retain control of the military establishment.

I suspect that Thieu has not in fact made up his mind on his future course. It seems probably that he would like to be president, but we have the

*May 24, 1967*

impression that he does not relish the prospect of an election campaign. He is not the kind of man who enjoys the rough public give-and-take of a campaign. Throughout his tenure as chief of state, he has remained in the background, leaving the limelight to Ky. Given this temperament plus the fact that Ky is evidently determined to run, I think that Thieu is more likely to decide in the end against becoming a presidential candidate.

If Thieu has not in fact made up his mind, there is reason to hope that he and Ky can compose their differences in a way which preserves military unity. I shall, of course, continue to urge them to do this and we have been keeping in touch with a number of men close to both of them.

Although we have a number of reports that indicate Ky is trying to persuade Huong to run as his vice president, Huong has apparently decided against such an alliance, at least at this time. He told an embassy officer on Sunday that he intends to make his formal announcement this week. He can win. From his point of view, it probably also reduces the necessity for any immediate accommodation with the military, although Ambassador Bui Diem told me that Ky and Huong had talked for two hours at Vung Tau last week and had come to a friendly understanding. There was a fairly strong inference in what Bui Diem said that it may have gone to the extent that the winner would appoint his opponent to the prime ministership.

Huong declined to name his vice presidential running mate, but there are indications that it will be Mai Tho Truyen, the 63-year old leader of the Southern Buddhist Studies Association. Huong seems likely to base his campaign on the issues of corruption and peace, although recognizing the difficulties inherent in this latter question. Both he and Truyen are popularly regarded as men of integrity, and they will probably count heavily on this reputation in appealing to the voters. Both are also southerners, and the ticket will therefore lack regional balance unless he designated a prime minister in advance who comes from another region.

Ky has evidently caused the Hoa Hao to move toward a settlement of their long simmering internal struggle for control of the Hoa Hao organization. On May 16, Ky took one of the two principal Hoa Hao contenders [name deleted] to An Giang Province where [name deleted] met with the other chief Hoa Hao leader [name deleted] and the Hoa Hao Holy Mother. This face-to-face confrontation plus Ky's behind-the-scenes efforts resulted in an agreement to make [name deleted] the head of a temporary secretariat. [name deleted] is likely to reciprocate by doing his best to throw the Hoa Hao behind Ky in the coming elections. As [name deleted] is also a Ky supporter, it is probable that Ky can count on a large chunk of the estimated 601,000 votes controlled by the Hoa Hao.

In the opening sessions on the Senate electoral law, the Assembly decided on a body of 60 members, to be elected on ten-man lists. They also set the Senate election date for December 17. This would be a change from the announcement by General Thieu on April 1 that the Presidential and Senatorial elections would be held on the same day in September.

The Presidential electoral law meanwhile is being discussed today by the directorate. The civilian members of the directorate plus generals Tri and Chieu met Monday to consider the presidential law, and they reportedly agreed to ask the Assembly to make a few changes, the most important of which would be the inclusion of a provision for a run-off election in case no candidate gets a certain minimum percentage of the vote. The preliminary meeting on Monday was evidently arranged by General Thieu's supporters. Whether Ky and his men will agree to request a run-off remains to be seen and this directorate meeting may be an important episode in the Ky-Thieu rivalry.

The handling of the electoral law is rather confused because the constitution merely specifies that it is to be written and approved by the Assembly. There is no reference to any required action by the Directorate, and a strict interpretation could mean that the Directorate has no power to veto or amend the law. Directorate requests for changes in the law will therefore be subject to negotiation with the Assembly; if the Directorate is split between Ky and Thieu supporters, the chances that the Assembly will agree to amend the law will be substantially reduced.

A prominent member of the Assembly, Dr. Dang Van Sung, submitted his resignation from the Assembly on May 17. Sung resigned to protest the Assembly's failure to include a provision for a run-off election in the presidential electoral law. The Chairman of the Assembly, Phan Khac Suu, has not acknowledged the resignation, and there has been no mention of it on the floor of the Assembly. If the law is amended as a result of a request from the Directorate, it is possible that Sung will withdraw his resignation and return to the Assembly.

As anticipated, the May 16 mortaring of Hue had a negative effect on morale there, which had been on the upswing, and people are reported building shelters against further attacks. The enemy continues heavy military activity, with repeated mortar, rocket and artillery attacks on friendly military installations in Quang Tri and Thua Thien provinces. Our forces launched a coordinated move into the demilitarized zone on May 18 which resulted in 616 enemy KIA as of May 22. MACV reports continued indications that the enemy is preparing for an offensive in the northern part of I Corps. This intense military activity has probably encouraged the militant Buddhists to hope that they can make difficulties for the government, and there were reports of plans for immolations on Buddha's birthday. No immolations have so far taken place, however, and local authorities apparently have the "strugglers" well under control. The police are reportedly under instructions from Ky to handle the "strugglers" firmly but carefully because Ky "does not want to lose one vote, not even among the 'struggle' Buddhists."

Surveys made in Quang Tri City and two adjoining districts in mid-May amongst 170 sample residents reveal that the city residents were confident that the city was safe from direct attacks by the VC, but they expect continued harassing attacks, which they consider a normal hazard of war. In con-



*May 24, 1967*

trast, the majority in Hai Lang District feel the VC may occupy the district; and in Trieu Phong, half the people feel that VC may capture Quang Tri and Thua Thien provinces. Only a very small minority of the urbanites felt that the VC could capture or that we would trade off the two northern provinces.

We continue our special psywar and logistic support effort to counter the enemy pressure in I Corps. A sudden refugee influx caused by our operations in the demilitarized zone taxed facilities to the limit, but government agencies working with our help generally met the challenge. Television came to Hue this week, and the first public sets in operation was a great attraction.

Local elections for hamlet chiefs and assistant hamlet chiefs continued this week with the second of five Sunday elections being carried out successfully. 1,261 hamlets were involved in 40 provinces and 921,942 persons went to the polls. The turnout was 78 percent of the registered voters, down from last week's 80 percent largely because of a low turnout in Gia Dinh Province near Saigon. The ratio of candidates to offices was again a healthy 2.4 to one.

Buddha's Birthday passed without important incidents. Following the self-immolation of Phan Thi Mai, the militant Buddhists were apparently unable to generate demonstrations or even significant interest among the populace. Thich Tam Chau's government-approved ceremonies and processions attracted large but orderly crowds, whereas there was almost no visible activity at the militant headquarters at An Quang Pagoda. Supreme Patriarch Thich Tinh Khiet, long in Tri Quang's camp, actually took part in Tam Chau's ceremonies at the national pagoda May 23. The opening phase of the militants' "peace campaign" against the government and the United States was not successful, however, and it appears that their capacity for mischief is quite limited even when they attempt to use such an appealing issue as peace.

The Saigon retail price index moved up to 266 this week, mostly because of an increase in the price of rice. The present level remains well under the Tet high of 284, however. The index on imports held steady at 216.

The situation in the Port of Saigon continues to improve. During the past month, all ships transporting U.S.-financed cargo have been allocated berth or buoy space in the port within one day of their arrival at Cap St. Jacques. A few ships carrying government-financed cargo, generally procured from non-U.S. sources, have declined berths available to them, preferring to wait for a berth of their choice.

Average amount of commercial cargo which cleared Saigon Port daily during 11 April-10 May was 8,146 tons, as contrasted to a daily average of 4,842 tons for period March 1-April 11. On 10 May, only 332 barges were under load with commercial cargo not customs cleared. This represents a reduction from 772 barges on 31 March.

Members of a special USAID task force have made some 6,000 personal calls on nearly 1,000 importers over the past five months to assist importers in an effort to assure prompt cargo clearance. The work of this USAID task force has been an important factor in improved efficiency in port operations.

#### *Fourth Weekly Telegram*

During the week ending May 20, the enemy killed 80 Vietnamese civilians, wounded 109 and kidnapped 98. The dead included three hamlet chiefs, one village councilor, six revolutionary development workers, and three Chieu Hoi returnees. These figures can be compared with the Vietnamese civilian dead for the past six weeks: 56, 81, 38, 126, 44, 85. During this period, the enemy killed 241 Vietnamese military personnel. If we add the Vietnamese civilian and military dead, we get a total of 321 Vietnamese killed by the enemy during the reporting period. This may be compared with 324 Americans killed by the enemy and 2,464 enemy KIA in the same period.

The number of returnees increased again this week, up from 492 to 591. While this figure is well under the previous highs for the year, it is almost twice the rate of the same period last year. The total for 1967 is now 14,634 as compared with last year's overall total of 20,242, and the weekly average this year is about 770. Our Chieu Hoi personnel hope to see an increase in the number of returnees as vocational training, new construction at the centers, and increased military action begin to take effect.

The level of military activity during the truce (Midnight May 22 through Midnight May 23) declined markedly. Except for two reports of unusually heavy sampan traffic in III Corps, MACV has received no reports of covert resupply or re-positioning by the enemy during the truce. Casualties are as follows: 18 Friendly KIA (12 U.S.); 98 Friendly WIA (16 U.S.). There were 51 Enemy KIA.

Outside the truce period, there was heavy military activity this week, with large engagements in I, II, and III Corps. The enemy kept up heavy pressure in I Corps with repeated artillery, mortar, and rocket attacks on friendly positions. We launched a multi-battalion operation into the demilitarized zone and made strong contact at several points. An elaborate enemy bunker complex believed to be the command post of a fourth Viet-Nam division was uncovered in the demilitarized zone. In II Corps heavy fighting broke out along the Cambodian border, and in Pleiku an estimated enemy battalion was encountered. In III Corps an enemy battalion hit the ARVN compound north of Tan Anin Long An Province.

Senator Case left last Saturday, Senator Dominick on Monday and Governor Love yesterday. All three expressed themselves as being well pleased with the arrangements made for them here and I believe that their visits will prove to have been useful.

Senator Case described himself as being neither hawk nor dove and I have the impression that he thinks we are pretty much on the right track although he said it was difficult for him to see the end of the tunnel. I believe Senator Dominick holds somewhat similar views. I saw a good deal of Governor Love who stayed with me and he saw a great deal of our activities here. I have the impression that you will find him a strong supporter of our policy, of what we are doing here and the way in which we are doing it, but that it will take time and will require patience and determination. I believe he would welcome an opportunity to discuss his impressions with you.

## FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY FIFTH WEEKLY TELEGRAM, MAY 31, 1967 The rivalry between Thieu and Ky continued last week, but in a somewhat lower and less public key. While the basic problem of the military candidacy and its effects on military unity remain a major preoccupation, I have the impression that the tension has abated somewhat as a result of the efforts of Bui Diem and the brother of General Thieu, Nguyen Van Kieu.

Since my last report, I have had long conversations with both Thieu and Ky which I have reported in some detail in Saigon 26779 and 27074.

It seems to be that although Thieu has made the statement to a number of correspondents that he intends to be a candidate, it is not at all clear that he will eventually decide to run. He said to me that if he did run he thought that he would not be elected and we have had reports that one of his objectives is to thwart Ky's ambitions. On the other hand, I think there is a possibility that Thieu is playing for position in an effort to secure a commitment for an important and prestigious post in the new administration. This would be in character; he has a reputation for cunning, for playing a waiting game, as he is doing now, and coming up on the right side of every coup.

While it may be true, as Thieu professes to believe, that the armed forces could be kept aloof from politics in the event that both he and Ky were candidates, I am inclined to think this would be difficult and that there would be danger of differences developing. I pointed out to both of them that maintenance of the integrity and unity of the armed forces was in our opinion absolutely essential. I reminded them again of the assurances they had both given you at Guam in this respect, assurances which had been repeated to me also on every occasion in which I had seen either of them. Both of them replied that they fully understand the dangers of a split in the military.

When I saw Ky on Monday, I mentioned to him that I thought Thieu was clearly feeling rather isolated and hurt. Ky told me he was aware of Thieu's feelings and that he planned to talk privately with Thieu this week to try to find out what he really wants and to see whether they could not come to some mutually satisfactory arrangement. I encouraged him to do this and will follow developments in this situation closely.

Ky is proceeding with efforts to set up his campaign organization. He confirmed to me that he had had a long talk with Huong at Vung Tau on May 18, in which he claimed they had come to a complete understanding. According to Ky, Huong said he expected Ky to win but thought it was important

that he himself should run as a civilian candidate. The net result of their talk was that whoever was the winner would employ the services of the loser. Ky went on to say that if elected he proposed to ask the cooperation not only of Huong but of other candidates and thus establish a regime representing a broad spectrum of the voters. Ky spoke in a serious vein but exhibited his usual confidence in his ability to win the election and to handle the difficult pre-election problems. As I left him he said, "Don't worry. I know how to handle the situation. It is like a western movie. It will all come out all right in the end." I trust this will turn out to be a western without the usual gun play.

If both Thieu and Ky can be as reasonable with one another as they sound when talking with me, a talk between them may still offer hope of opening the way to a mutually acceptable compromise. I cannot be overly sanguine, however, as Vietnamese seem constitutionally incapable of really frank, straightforward talks on such personal and political matters. The date for filing of candidacies is now a little over a month away. As we approach that date, the pressure for some kind of decision will mount, but at the moment the heat of the issue has gone down, and in the next few weeks there should be opportunities for the principals to work out an arrangement. I will do my best to encourage both to move in this direction.

I instituted meetings this week which I intend to make a practice of holding regularly each week with General Westmoreland and Ambassadors Locke and Komer in order to review progress, to formulate policy and plans, and to devise methods for pushing ahead with priority projects. At the meeting this week, I asked that papers be submitted to me on accelerated programs on the following matters: (1) Ambassador Locke—the optimum use of manpower. (2) General Westmoreland—the Vietnamese armed forces; reorientation of the mission of the forces, and their revitalization with increased emphasis on improvement and quality; (3) Ambassador Komer—development of an action program for stepping up revolutionary development; and (4) as my assignment—evolution toward a constitutional government and keeping the political process on the track.

What I have in mind is in effect to constitute the LGP members of the mission here as a steering committee to watch over, make plans for, and stimulate matters which are of top priority. I believe it will be useful in bringing better cohesion into our efforts here.

General Westmoreland has submitted to me the detailed plans which he and Bob Komer have worked out for the new Revolutionary Development organization. Intensive thought and work, especially on the part of the steering committee headed by Bob Komer, had gone into the development of the organizational plans. I believe this new setup will give us a more efficient and effective organization for our advisory and supporting role in the pacification program. We intend to be flexible, of course, and will make changes which experience and practice with the organization may indicate.

*May 31, 1967*

I understand that the atmosphere of the last Directorate meeting, May 24, was easy and fairly cordial. The Directorate discussed the presidential electoral law at that meeting, and there were areas of disagreement between Ky and Thieu which could have made the meeting very tense. In fact, they seemed to have reached an understanding beforehand, perhaps through their subordinates, and the meetings reportedly went off quite smoothly. Thieu spoke against a run-off election, thus apparently reversing his previous position and placing him in agreement with Ky. The Directorate as a whole sustained Thieu's position on the dates of the elections and the requirement that candidates be "introduced" by 30 Assembly deputies or provincial and municipal counsellors.

The result of this meeting was a letter from Thieu to the Assembly suggesting that the Assembly (1) drop the "introduction" requirement for candidates, and (2) set the date for the elections about as originally announced by General Thieu when he promulgated the constitution. The Directorate wants the President and the Senate elected on the same day "in early September" and the lower house one month later. The Assembly has set the presidential election for September 3, the Senate election for December 17, and has made no decision on the date for the election of the lower house. Debate in the Assembly on the letter has been confused, and so far has revolved largely around the procedural questions raised by the Directorate's requests. We are hopeful that the Assembly will accept the Directorate's suggestions.

At least among the civilian members of the Directorate, there is still some sentiment in favor of a run-off election. With General Thieu's decision to oppose it, however, the question now seems closed. Supporters of the civilian candidates are understandably disappointed, and the failure to provide for a run-off may account, at least in part, for the fact that Tran Van Huong has still not officially declared his candidacy.

Huong told one of our officers on May 21 that he would make his announcement the following week, but all he did was to inform several western newsmen that he has "decided to run." Thus, like Thieu, he is teetering on the edge but still has not formally announced his intentions; one of his principal supporters, former [name deleted] May 30 said that Huong is hesitating because his chosen running mate, Mai Tho Truyen, wants to "discuss the matter" with all of his friends before the announcement is made. [name deleted] also said that if Huong should win by less than a very healthy percent of the vote, he would refuse to serve; under the constitution this would result in another presidential election within three months. While Huong may not in fact have any such intention, the remark indicates the importance which his supporters attach to the need for a respectable mandate for the new president.

We have been encouraged by reports that Huong and Ky have agreed to cooperate after the election regardless of who wins. Some reports go so far as to suggest that the winner will make the loser his prime minister. We know, however, that some of Huong's supporters do not approve of the "agreement,"

and I believe that the necessary civilian-military partnership may not be easy to construct after the elections. This will be especially true if the campaign is hard fought and the election close. We are putting emphasis on the need to close ranks after the election, and I am reaffirming to our officers in contact with various political elements that they should stress the idea that the election must unite, not divide, the Vietnamese people. This means broad participation in the new government, including offers of cabinet appointments to some of the more able losers.

Ky continues to campaign harder and more effectively than any other candidate. Judging by first reports from the provinces, his "rice bonus" has generated good will and approval from civil servants and military personnel. This may not last until September, but it has had its effect as of now. Last week I reported what appeared to be a successful effort by Ky to unite the important Hoa Hao minority behind him (this is a matter of some 600,000 voters). This week he made an impressive bid for the Chinese vote and began the construction of what could be an important "front" to support his candidacy.

You may recall that as part of an assimilation program, Diem dissolved the Chinese "congregations" and in 1960 took over their properties. The property included schools, hospitals, and other real estate which Ky now told the Chinese community leaders that he intends to return to them. The Chinese "congregations," though legally dissolved, have continued in existence, and the Chinese are planning to set up a "welfare association" based on the congregations to receive their property when and if Ky makes good on his promise. The Chinese press has enthusiastically applauded Ky's move, and the leaders of the Chinese community will now most likely throw their considerable weight behind Ky. There are about 500,000 Chinese voters in South Viet Nam out of a total voting public of something over five million. In addition to their own votes, the economic power of the Chinese is also an element to consider in any election. This episode is only one of many demonstrating the advantages which lie with an imaginative incumbent.

On May 29, Ky held an organizational dinner for leaders of various groups whom he hopes to unite in support of his candidacy. These included important Catholic factions most notably the greater solidarity forces, and Tran Quoc Buu, leader of the CVT, Viet Nam's largest labor union. Also present were some representatives of the VNQDD party and one faction of the Hoa Hao. This gathering is fairly typical of the continuing effort Ky has been making to contact and woo almost all important and many minor political groups. His strategy may be to put together a broad "front" to support his campaign. However, it may be that he will not try to form a single organization, but will allow each group to work for him more or less independently. This could create the impression of a groundswell of support from all political circles. It would also make it easier for Ky to deal with each group on his own terms.

*May 31, 1967*

While not perhaps strictly speaking a campaign move, I should also mention that Ky this week took another action which should help to rally popular support to his government. He signed into law a decree which prohibits collection of back rents which accrued in areas where the Viet Cong were formerly in control. This means that the old landlords will not be able to go into newly pacified areas and demand the rents they have not been able to collect during the years when the Viet Cong held the area. The same decree prohibits the Vietnamese military from collecting rents on behalf of landowners.

In I Corps the situation remains essentially unchanged. Although enemy activity slackened, with no assassinations or minings in Quang Tri Province last week Hue was subjected to an attack on May 29 and MACV continues to get reports that the enemy is preparing a coordinated offensive in I Corps. Our operations in the demilitarized zone resulted in 837 enemy KIA and may have disrupted the enemy's plans. Morale is somewhat improved in the area as a whole but the May 29 attack on Hue will not help matters. The economic situation is about the same, with most commodities in normal or near normal supply.

The attack on Hue was a coordinated mortaring and terror assault. The city received about 65 rounds of mortar fire and a terrorist band blew up the best hotel in Hue. The building, situated on the river, was about 60 percent destroyed. Casualties were four dead (two civilians and two Vietnamese military) and 17 wounded.

The third of five elections for hamlet chiefs and assistant hamlet chiefs was carried out May 21 in 1,122 hamlets in 40 provinces, some 524,000 voters went to the polls, about 78.8 percent of the registered voters in the affected areas. The ratio of candidates to seats was 2.3 to one. The Viet Cong were more active than in last week's election; preliminary reports indicated the enemy killed three candidates and wounded two others.

Prices moved up again this week. The Saigon retail price index rose from 266 to 276 while the index on imported commodities increased from 216 to 219. The increases in the prices of foodstuffs, particularly pork, were in part due to increased demand on the occasion of Buddha's birthday. However, our economic analysts believe that after three months of relative price stability (marred only by the early March rice panic) Viet Nam may now be entering a new cycle of rising prices, particularly for domestically produced commodities. For example, pig deliveries, which traditionally taper off in summer months, may drop more than usual this year because of premature slaughtering and an unprofitable feed/pork price ratio. Another destabilizing factor may be the 200-piaster "rice bonus." The market is hypersensitive to increases in GVN expenditures and generally anticipates future inflationary tendencies almost immediately.

We are now engaged in our yearly study of the effort to stabilize the economy. Our economic analysts anticipate that prices will increase as much as 45 to 50 percent by the end of the year. The inflationary pressure will be concentrated in the third and fourth quarters after a relatively easy second quar-

ter. If the inflationary pressures can be safely tolerated, there will be a continuous threat of acceleration from possible labor unrest and further loss of confidence in the currency. GVN civil and military services, fixed income groups, and our own employees will suffer losses in real income which we will not be able to compensate without further accelerating the inflation.

The damage inflicted by inflation is partly a function of the length of time it continues. We have had more than two years of more or less continuous inflation and face a third. Continuing inflation control will be more important during the next year than ever, and our ability to cope with the problem will be severely tested.

Part of the inflationary picture is the effect of the politically vital elections. The elections have already resulted in pressure on the GVN to be responsive to the needs of various segments of the population. Accordingly, benefits have been given to the GVN Civil Service and military which otherwise might have been avoided, including the "rice bonus." In addition, the cost of the elections themselves has imposed a substantial strain on the resources of the government. The result is that total civilian expenditure is expected to exceed the original budget of 25 billion piasters by fully 10 billion piasters. The most important add-ons are subsidies on rice and fertilizer.

After careful review of the situation and our own programs, we will be studying a set of recommendations aimed at holding our own piaster expenditures to a minimum and in other ways reducing inflationary pressures as much as possible while continuing essential programs.

The number of returnees dropped slightly, from 591 last week to 538 this week. This may be compared with 335 for the same period last year. The total to date for 1967 is 15,172 as compared with last year's overall total of 20,242. The weekly average for 1967 is now 768.

We are stepping up efforts to make good use of the returnees. Those from five provinces are now being trained as Revolutionary Development workers in the Vung Tau center. Each of the provinces involved will have a 59-man RD team composed exclusively of returnees when their training is completed. Recently 32 returnees have also been employed by the refugee commissariat.

A study has been completed of the returnees who came in during the 1967 Tet Chieu Hoi Drive. The great majority (71 percent) say they joined the Viet Cong because they were drafted. Hardcore Viet Cong are still rare, but the years of service among the returnees are up from our last survey. The largest group, 32 percent, joined the Viet Cong prior to 1965. Twenty-six percent joined prior to 1966 and 14 percent joined prior to 1964. The majority were military privates or civilian laborers, and the military proportion dropped from 54 percent in 1966 to 39 percent in 1967. About 13 percent of the 1967 returnees were officers or NCO's.

Principal reasons given for coming in to the Chieu Hoi Centers were dissatisfaction with treatment by the Viet Cong (52 percent), hard and abnormal living conditions (46 percent), and fear of allied military pressures (38 percent). Thirty-two percent also give as their reason the Chieu Hoi Program.



*May 31, 1967*

Two-thirds of all the returnees says that someone encouraged or helped them to come in, with family ties continuing to be the most important element. Promises of good treatment under the Chieu Hoi program bulked large in their thinking. It is also interesting that 56 percent of the returnees said that their unit received little or no support from the people. This is a slight increase over a year ago.

During the week ending May 27, the enemy killed 67 Vietnamese civilians, wounded 236, and kidnapped 117. The dead included three candidates for hamlet chief, three Chieu Hoi returnees, and two Revolutionary Development workers. These figures can be compared with the Vietnamese civilian dead for the past weeks: 81, 38, 126, 44, 85, 80. During the reporting period, the enemy killed 212 Vietnamese military personnel. If we add the Vietnamese civilian and military dead, we get a total of 279 Vietnamese killed by the enemy during the reporting period. This may be compared with 220 Americans killed by the enemy and 2,209 enemy KIA in the same periods.

On Saturday, May 27, I visited the I Corps Area, particularly the northern provinces. After a comprehensive briefing on the military and pacification situation throughout the Corps area and on the operations in the DMZ, it seems to me that while we have the situation well in hand at the moment, we can expect further encroachment from the north by sizeable NVA forces plus increased terrorist activities in the heavily populated central area. The pacification effort, while improved, still has a long way to go.

I visited the camp in Quang Tri Province in which some 12,000 refugees who were brought out of the DMZ are being cared for. I thought the tent city in which most of them are still housed was well-organized; roads had been built, wells drilled; people were lining up for inoculations and others were being treated in the clinic. Permanent housing which the people themselves are building was well underway. A noticeable fact was that the refugees are composed largely of women, children, and older men, with males of military age absent, presumably with the Viet Cong. We are making every effort to contact these young men through their families who hopefully can persuade at least some of them to return to their homes.

I visited a Revolutionary Development team in a hamlet in Quang Nam province. The team was new and not up to full strength, but had already begun working there. During my visit, there was sniper fire at the hamlet. I mention this only because this was presumably a "secure" hamlet and the fact of the sniper fire is indicative of the importance of security in the pacification program.

I was particularly interested in the combined action companies established by General Walt and General Lam, the I Corps Commander. This is a program in which one platoon of popular forces (35 men) live with and fight with a U.S. Marine squad (15 men). These teams are now located in 73 hamlets and 41 more are to be added in 1967. I was told there had been no desertions by these Popular Force soldiers and that 62 per cent of the Marines involved in the program voluntarily extended their tours. In addition to providing

### *Fifth Weekly Telegram*

security, they are also involved in civic action programs. I talked to the Marines in one of the companies and found them all enthusiastic about the program.

General Westmoreland is experimenting with several forms of combined teams, both in small and large formations with Vietnamese and American units of varying size. It seems to me that this form of organization may prove a fast and effective method of improving the performance of Vietnamese military units. It provides de facto leadership, which is sorely lacking in most Vietnamese formations and equally important, it shows the Vietnam by example such things as the way in which an officer must care for his men, the support that a soldier should get, particularly artillery and air support, medical evacuation and the like.

I flew along the edge of the Demilitarized Zone where some action was still in progress, the Marines capturing Hill 117 while we were there. I also visited the hospital ship *Repose* and found this a most moving experience. I found these fine young men, many of them badly wounded, taking their pain and suffering without complaint and with courage and cheerfulness. One man had lost both legs and was blinded, but when I spoke a word of gratitude and encouragement to him, he smiled and said, "I'm going home tomorrow. I'll be all right." These things tear at one's heartstrings, but I came away with the knowledge that these men were receiving not only the most expert of surgical and medical care but also the healing power of love. As usual I found the morale, spirit and performance of our officers and men outstanding. I am happy to report, also, the Viet Nam I Corps under General Lam's command, has been giving a good account of itself, and has had some significant victories in recent weeks. This is especially true of their first division.

## FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY SIXTH WEEKLY TELEGRAM, JUNE 7, 1967 The papers which I mentioned in my message last week as having requested Ambassador Locke, General Westmoreland and Ambassador Komer to submit—i.e., on the optimum use of manpower by Ambassador Locke; on the reorientation of the mission of the Vietnam armed forces and their revitalization with emphasis on improvement and quality by General Westmoreland; and on an action program for stepping up revolutionary development by Ambassador Komer, are in course of preparation. I hope to be able to report on the substance of these and our conclusions as to what ought to be done on these priority matters in the near future.

Both here and on field trips, Bob Komer has explained to our entire organization engaged in Revolutionary Development the new organizational setup and how we expect it to work. I am sure this has been effective in removing any lingering apprehension on the part of the civilian elements of the organization that they were being submerged in the military. I am satisfied that we shall have a better and harder-hitting organization for our advisory and supporting role in revolutionary development with this merging of the civilian-military elements and the consequent concentration of responsibility envisaged in the single management concept we have adopted.

In a series of splendidly executed offensive operations undertaken by General Westmoreland since late April in which a total of over 11,000 of the enemy have been killed in action, the enemy has been kept off balance and his time schedule has been disrupted. Captured documents, reports by returnees and others indicate that the main effort of the enemy to achieve his summer campaign objectives has been postponed from May to June or July.

While the enemy's offensive thrust has been blunted, it has not been eliminated. Enemy pressure from two, possibly three divisions continues along the DMZ. Infiltration through Laos also continues and during the past three weeks enemy activity in the central highlands has stepped up significantly. General Westmoreland's strategy of anticipating enemy threats and of keeping him off balance has paid off handsomely, and is one which he intends to continue in view of what he foresees as an intensification of enemy attempts to achieve his summer campaign objectives.

An encouraging element of these recent operations has been evidence of the increased effectiveness of the Vietnamese armed forces. In a number of heavy engagements throughout the country ARVN units have responded well

to the challenges placed upon them. They contributed materially to the success of the initial operations in the DMZ, killing 342 enemy with a loss of only 31 of their own forces. In a total of 14 other operations in the I Corps area during the past six weeks, ARVN units accounted for 1,400 enemy killed in action. On my trip to the II Corps area yesterday, General Larsen told me that the ARVN units under General Vinh Loc's command were giving a good account of themselves. I believe that where the ARVN is weakest, however, is in their pacification role where motivation and performance still leave much to be desired. Here, of course, the Regional and Popular Forces are also important elements and all are getting increased attention.

The Thieu-Ky rivalry which I shall refer to later in more detail still continues, but efforts are being made by the Vietnamese, with our prodding, to try to work out the problem themselves. I reported on the talk I had had last Saturday with Ambassador Bui Diem (Saigon 27753). I also expect to see Bui Diem today or tomorrow and will report on any further developments. I think it is highly desirable that the two principals, with the help of their colleagues, should settle this problem themselves, if at all possible, through a genuine and full understanding. I will, of course, continue to encourage them to do so, but am not especially sanguine. I am keeping a close watch on the problem to determine if and when more active intervention on my part is required.

Bui Diem and General Thieu's brother, Nguyen Van Kieu, are continuing their efforts to bring Thieu and Ky together, and they are still hopeful that a mutually satisfactory compromise can be worked out between them if the ground is carefully prepared before they meet. They may succeed, and certainly that would be the best solution, but I have the growing feeling that time is running against this effort and that the political temperature is again going up rather than down. I mentioned that I had spoken with Bui Diem on June 3 about his efforts to work out a compromise between Ky and Thieu (Saigon 27480). He said that the effort to bring them together at a dinner on May 31 had failed because Thieu did not want to see Ky in the presence of the other generals. However, Thieu let it be known that he would like to see Ky alone, and Ky agreed to this. But Diem understood from Kieu that Thieu might be willing to take the presidency of the Senate or the top position in the armed forces under certain circumstances. Diem also thinks that the chief motive behind Thieu's present actions is the feeling that he has not been treated fairly by the other generals. If this is true, it might be possible to overcome Thieu's bitterness and offer him a position that he can accept. However, Bui Diem has evidently not succeeded in bringing Ky and Thieu together. A conversation on June 6 with Thieu's brother, Nguyen Van Kieu, while confirming generally Diem's account, indicates that the differences in viewpoint between Thieu and Ky remain substantial.

The Assembly was drawn into the Thieu-Ky conflict last week and it is now involved in a bitter fight over the issue of the election dates. From recent remarks by both Thieu and Huong supporters, I judge that Thieu is con-

*June 7, 1967*

sidering throwing his weight behind Huong, a move which if taken prematurely would almost certainly preclude any amicable settlement between Thieu and Ky. I hope that a face-to-face talk between Thieu and Ky will be arranged before any public decisions of this sort are made, however.

The Thieu-Ky rivalry was reflected in the Assembly in the handling of the rather confused issue of the 30 "introductions" required of presidential candidates. Thieu went on the public record on May 11 in opposition to the requirement, terming it "unconstitutional and undemocratic." The Assembly ignored his opposition and voted the requirement into the electoral law. At Thieu's request, the Directorate on May 24 agreed to ask the Assembly to drop this provision in the electoral law.

Ky reportedly went along with the decision in the Directorate meeting. His supporters in the Assembly continued to press for the "introduction" clause, however, and Ky himself was quoted in Viet-Nam Press on June 1 as saying that the requirement "doesn't matter for those who have the ability to run." At the same time we had a number of reports that indicated Ky's supporters were actively rounding up provincial councilors to "introduce" Ky. These tactics were apparently aimed at two objectives: to embarrass Thieu publicly by having the Assembly again reject his views; and to create the impression of a groundswell of support for Ky by having a large number of provincial councilors flock to "introduce" his candidacy.

On June 2 the Assembly voted 45 to 39 in favor of retaining the requirement for 30 "introductions." This vote fell short of the majority which is required under Article 45 of the constitution to override a "request for reconsideration" by the executive. It is not clear whether this article applies in this interim period, however.

The question of the 30 "introductions" has thus become a matter of interpretation of the constitution. The Assembly avoided making any constitutional interpretation by simply reporting its vote to the Directorate. Thieu supporters are known to believe that the Directorate is now free to promulgate the law without the controversial "introduction" provision, but it is by no means certain that Ky and his supporters will go along with that interpretation.

The confused issue of the 30 "introductions" has become further snarled and political tension somewhat heightened by the related issue of the dates of the elections. The Armed Forces Council decided when it accepted the Constitution in late March that the elections for the presidency and the Senate should be held on September 1 and the elections for the lower house on October 1. General Thieu announced this decision in promulgating the constitution on April 1. However, the Assembly subsequently voted to set the presidential elections for September 3 (which is a Sunday, as required in the Constitution) and the Senate on December 17. The Assembly has so far set no date for the lower house elections. One motive for setting the Senate elections on December 17 may have been that to do so prolongs the life of the present Assembly. Another, probably more important, motive is the fact that moving

the Senate election back to December would permit defeated presidential candidates to file and run for the Senate.

In the same letter which requested that the Assembly reconsider the "introduction" provision, the Directorate asked the Assembly to change the election dates back to "early September" for the president and the Senate and "early October" for the lower house. The Assembly voted June 3 against the Directorate's request on the election dates. The leader of the pro-government Democratic Alliance bloc, Le Phuoc Sang, proposed that a final vote not be taken for several days. When his proposal was voted down, he and about 35 of the bloc's members walked out of the Assembly. The final vote against the Directorate request was taken after the walk-out.

Sang explained in the Assembly session of June 6 that the walk-out was to protest the way in which the voting had been conducted; he wanted a roll call vote, not a secret ballot. Sang is scheduled to hold a press conference today on the matter. He and about 35 of his bloc of approximately 55 deputies are at least temporarily boycotting Assembly sessions, though he said yesterday that his bloc would return to the Assembly at a "favorable time." And I understand from reports today that they will attend the next session. In a counter action, about eight of Sang's bloc announced their withdrawal from the bloc in protest against Sang's moves.

While the question of the 30 "introductions" has become an issue between Thieu and Ky, and their rivalry has thus been projected into the Assembly, the question of the election dates appears to be primarily a matter of pro-government versus "opposition." From the point of view of the military, the matter involves the question of "face" because the dates were set by the Armed Forces Council. We have had several reports that indicate the Directorate is both united and determined on the election dates issue. A letter from General Thieu was delivered to the Assembly June 6 in which he urges speedy dispatch of the Senate election law to the Directorate so that the presidential and the Senate laws can be promulgated together. There would be no strong reason to promulgate them together unless the presidential and Senate elections were held on the same day as proposed by the Directorate. The Thieu letter, therefore, probably reflects continued government determination to maintain the original dates for the elections. The walk-out of pro-government deputies and Sang's press conference today may be designed to justify the Directorate's amending the electoral laws.

The Assembly voted final approval of the Senate law June 6, without the participation of about 35 of Sang's Democratic Alliance bloc. Presumably the law will be sent at once to the Directorate. We understand from members of the Directorate staff that a meeting will be held soon to decide government action on the two laws. It could be a difficult session. Assembly reactions to any changes which the Directorate may make in the laws could also cause more friction between the government and "opposition" deputies.

In addition to the maneuvers of Ky's supporters in the Assembly, we have also noted that some of Thieu's remarks have been censored from the local

*June 7, 1967*

press. Even though Thieu's remarks seemed quite unexceptional, an interview between Thieu and a Japanese correspondent on the question of the candidacies of Ky and Thieu and the effect on the unity of the armed forces was heavily cut from the weekend papers. Thieu will, of course, be aware of this censoring of his comment, and it will not be likely to improve the chances of his coming to some agreement with Ky. Ky has also stated publicly his intention to continue censorship during the campaign. He said in a June 4 interview with Viet-Nam Press that "all press articles and reports at home and news dispatches from foreign press concerning the presidential election to be held in September will be censored if they sow dissent and confusion among the national ranks. . . . The government cannot allow the press to publish articles which criticize the candidates personally. . . . Our country has been divided and we should not deepen this division."

I should also report that Thieu told Harry McPherson on June 2 that he thought it would be very good for the country if Tran Van Huong were elected president. He said that the country is tired of military rule, and he added that if a civilian is elected president he will work, whatever his position, to assure the president the full support of the armed forces and to prevent coups. He again implied several times that he is not very hopeful of winning the presidency himself. This, together with past remarks and some hints we have had from one of Huong's supporters suggests to me that Thieu may be thinking his best bet is to back Huong. His hope in this case would be to eliminate Ky as his major power rival by engineering Ky's defeat in the coming election, or to use this possibility as bargaining leverage to bring Ky around to a compromise.

Although I now fear that the chances of a Thieu-Ky agreement are not very encouraging, as I have said I think we must continue to press for such an agreement as the best possible solution. If in a week or so it becomes clear that there is little or no chance of a Thieu-Ky compromise, we should consider how we might act to resolve the conflict in such a way as to give the least possible jolt to the political health of the nation and the least damage to our freedom of action here.

I think, also, we should urge on all candidates the need for post-election cooperation and widest possible participation in the new government.

The situation in I Corps has not changed greatly since last week. The May 29 mortar and sapper attack on Hue indicates some decline in the people's confidence in the ability of the government to provide security. Partially as a result of political rivalries in the coming elections, citizen "committees for defense" have not been successfully established in either Quang Tri or Thua Thien Provinces. Although government officials told us they were moving to set up such committees in an effort to rally the population against the common threat, no effective action has been taken. There were numerous Viet Cong incidents in Thua Thien Province, but Quang Tri for the second week in a row had almost no minings or assassinations. Prices are stable, and interest in the coming national elections is on the increase.

On May 28 the fourth of five elections for hamlet chiefs and assistant hamlet chiefs was carried out in 771 hamlets in 34 provinces. Some 369,545 voters went to the polls, a turnout of 78 percent of the registered voters in those areas. The ratio of candidates to seats was again quite good: 2.3 candidates for every seat. There were several reported instances of Viet Cong anti-election activity. In Thua Thien Province two incidents were reported, and elections in one hamlet were postponed as a result. In Phuoc Tuy a grenade attack on a polling station seriously wounded two soldiers. In Kien Hoa Province GVN troops clashed with a band of Viet Cong engaged in anti-election activity, killing four Viet Cong.

Prices moved up for the third week in a row, with the Saigon retail price index now standing at 278. This is about eight percent above the level of one month ago and 62 percent above the level at this time last year. Rice prices were steady or even down a little, but pork and vegetables increased and drove up the general price level. Imported commodities also went up somewhat this week, with the index moving from 219 to 221. This compares with the level of 217 at the same time last month.

The USAID emergency plague control mobile team concept is now in effect. Within four hours after being notified of plague at Phuoc Long, a team was on its way with equipment, insecticides, and health education materials to nip the epidemic in the bud. Follow-up operations will include live trapping and follow-up dusting. Americans participated in this operation only where technical assistance was necessary.

The number of returnees was down again this week, from 538 to 526. This week's figure may be compared with that for the same period last year: 247. The total to date for 1967 is 15,700; last year at this time a total of 8,268 returnees had come in to the Chieu Hoi centers. The returnee total for 1967 is now 77.6 percent of the entire 1966 total 20,242. Permanent construction to double the capacity of all Chieu Hoi centers in Viet-Nam is now getting under way.

During the week ending June 3, the enemy killed 94 Vietnamese civilians, wounded 143, and kidnapped 66. The dead included one hamlet chief, ten policemen, and five Revolutionary Development workers. These figures may be compared with the Vietnamese civilian dead for the past six weeks: 38, 126, 44, 85, 80, 67. During the reporting period, the enemy killed 235 Vietnamese military personnel. If we add the Vietnamese civilian and military dead, we get a total of 329 Vietnamese killed by the enemy during the reporting period. This may be compared with 174 Americans killed by the enemy and 2,412 enemy KIA in the same period.

On June 6 I visited U.S., Vietnamese, and Korean military forces and pacification teams in the II Corps area. The corps commander, Lt. General Vinh Loc, who has done a good job with the ARVN and his staff gave me a comprehensive briefing on ARVN operations and the security situation in II Corps. In the course of it he told me that 83 percent of the population in II



*June 7, 1967*

Corps was under GVN control and 82 percent of the roads were open. U.S. commanders, who are also optimistic, did not disagree but hastened to point out that these high percentages are subject to many interpretations and did not mean that "around the clock" security in II Corps was that good. I think General Vinh Loc was probably overoptimistic on the security situation in II Corps.

I visited each of the major units of the 4th Infantry Division (U.S.) now stationed along the Cambodian border area west of Pleiku City. These fine troops are doing very well both militarily and in extensive civic action programs. Again, I was impressed with the quality of both officers and men. Their morale is very high, their only complaint being the communist forces' use of the sanctuary of Cambodia.

In order to deny food, labor and intelligence to the NVA units, the GVN with much U.S. assistance is moving some 12,000 Montagnards from scattered villages along the Cambodian border, to a resettlement area inside the 4th Division perimeter. Montagnards, who in some respects resemble our Indian tribes of 100 years ago, usually resist any change from their normal pattern of semi-nomadic existence. However, this project provides land, schooling, medical care, help with their corps, and in other ways, and seemed to be well planned. I was told that there was little resistance to the resettlement and that most of the people were glad to be out of the combat zone.

My visit to the Korean forces was particularly interesting. The two ROK infantry divisions and one marine brigade have proven to be an exceptionally effective fighting force.

During the first four months of 1967, the ROK forces have conducted almost half as many large unit operations as they conducted during the period February-December 1966. This increased activity, coupled with the demonstrated effectiveness of operations in terms of enemy killed, points to increased security along the east central coast.

During the period February-December 1966, ROK forces were credited with killing 2,947 enemy and they had a kill ratio of 6.4 to 1 in their favor. During the first four months of 1967, they have killed 2,435 enemy and attained a favorable kill ratio of 10 to 1. One unit I visited, the 28th regiment of the 9th Division, claimed a favorable kill ratio of 22 to 1. During the same eleven-month period of 1966, ROK forces averaged capturing 67 enemy weapons per month. During the period January-April 1967 they have averaged over 300 enemy weapons captured per month.

In the sum, the Korean forces have proven themselves to be a highly effective fighting force without which the RVNAF and other free world forces would be severely pressed to maintain control of this important part of the eastern coastal plains.

In three different areas the ROK's are conducting an experiment in which they send a 10-man liaison team to a selected village. These soldiers assist in military training of the regional and popular forces and support the RD teams. This may result in improved Vietnamese performance, not only be-

cause of the additional training, but because of the example the Koreans hopefully will set.

During the past week we have had our quota of Congressional representatives here. Congressman Dow of New York is here on a fact-finding tour financed, according to him, by some 800 of his constituents. He is seeing a wide cut of Vietnamese from all walks of life and of all political persuasions. A second group, headed by Congressman Ichord of Missouri and including Bray of Indiana and Long of Louisiana, is here particularly to look into military matters. The final pair are Congressmen Clark of Pennsylvania and Ruppe of Michigan who are particularly interested in Coast Guard activities.

## VII

### FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY SEVENTH WEEKLY TELEGRAM, JUNE 14, 1967 General Westmoreland has submitted to me the report which I have requested on programs for reorientation of the mission of the Vietnamese armed forces and improvement in their quality and performance. The report together with his recommendations covering not only activities already underway but also proposals for further actions looking to both the immediate and longer term is comprehensive and thorough. It is worthy of and will require careful study and I hope that we shall have an opportunity to go over it in some detail during Secretary McNamara's visit. Among the important matters treated in detail are:

(A) Improving the leadership and enhancing the personnel effectiveness of the ARVN/RF/PF through such things as improvement in the awarding of commissions and promotions, selection procedures, training of officer candidates, the introduction of an effective personnel management and accounting system, tightening up on discipline, improvement in the treatment of veterans in order to clear the rolls of those incapable of further active duty and an expanded advisory effort to support properly the Revolutionary Development program;

(B) To improve motivation and morale through more equitable pay scales, improvement in rations, and revitalization of the dependent housing program;

(C) Improvement in the command structure and equipment of the regional popular forces and a revised motivation and indoctrination program to reflect the role of the PF soldier in Revolutionary Development;

(D) A comprehensive training effort to improve intelligence and reconnaissance operations and to improve the combat effectiveness of battalions; training of ARVN/RF/PF for support or Revolutionary Development, particularly in providing security and support to the civil population;

(E) Experimentation with various forms of integrated US/RVNAF operations such as the combined action concept (CAC) initiated by the U.S. Marine Corps; a "buddy system" in which a U.S. Army battalion is paired off with an ARVN battalion all the way down to squad level; a system in which an ARVN company is attached to a U.S. Army battalion; and "combined lightning teams" in which a U.S. squad and an ARVN squad will pair with a popular force platoon. The intent of all these operations is to raise the level of training and effectiveness of the ARVN/RF/PF units and to practice the principle of economy of force for the U.S. units. As a result of these experiments it is

contemplated that a basic concept for integrated operations will be prepared and put into effect.

(F) Institution of quarterly reviews at which time progress is measured against objectives, problems discovered and decisions taken. First of these reviews was held last month.

I have mentioned only a very few highlights among literally hundreds of actions underway to improve the performance of ARVN/RF/PF bearing on both the immediate present and the longer term. While there is still a long way to go, particularly with the regional and popular forces, the payoff of these many improved programs is already being felt in many areas:

(A) The number of desertions has dropped to a little over one-third of what it was a year ago.

(B) The number of missing in action has dropped to one-half of what it was in early 1966.

(C) The trend of weapons lost has been reversed. In early 1966 ARVN/RF/PF lost more than twice the number captured. The ratio is now the exact opposite.

(D) In large unit operations ARVN is making more enemy contacts although fewer total operations are run.

(E) In small unit operations the ARVN/RF/PF rate of enemy contacts has risen by thirty percent. These are encouraging signs although much remains to be done.

The Thieu-Ky situation is still unresolved in spite of the efforts of Ambassador Bui Diem and Foreign Minister Tran Van Do. Despite Ky's assertion both to Ambassador Bui Diem and to me that he would talk with Thieu and endeavor to reach an understanding, he has made only half-hearted attempts to do so and the two have had no meaningful talks. I have appointments today to see both Thieu and Ky. I shall stress to both of them our continuing concern at the prospects of candidacies which could divide the military and threaten national unity as a whole. Although both have asserted in their talks with me that their two candidacies will not divide the military and that General Vien, the Minister of Defense and Chief of Staff, is determined to keep the armed forces aloof from politics and the presidential campaign, I do not accept these statements at face value. I shall press Ky to talk with Thieu promptly to see if a basis still exists for cooperation between them. I intend to indicate again to both, as I have previously, that U.S. national interests cannot permit the vital constitutional development in Viet-Nam to be threatened by personal ambitions or rivalry, or by measures to undermine the electoral process. In connection with the electoral process there have been some disturbing developments in regard to the exercise of censorship and arbitrary press control. Equally disturbing are reports on some of General Loan's activities which would require national police and national security chiefs in the provinces to support Ky actively in such a way as to assure his election. I intend to impress on Ky again the absolute importance, in his own interest as well as ours, of seeing to it that the elections are fair and free.

*June 14, 1967*

There were no significant new developments on the surface this week with respect to the Thieu-Ky rivalry. Ky has, however, begun to press ahead quite openly with his campaign plans and the National Assembly is back at work after a brief boycott by the pro-Ky Democratic-Alliance bloc. In an exclusive press interview reported June 12, Tran Van Huong reaffirmed his intention to run for president and indicated that his running-mate would be southern Buddhist leader Mai Tho Truyen.

I again spoke with Bui Diem on June 8 about his efforts to work out a compromise between Thieu and Ky (Saigon 27812). The two had reportedly met and talked amicably but with no solution emerging. Thieu told Diem June 8 that he was still resentful of General Thang and of censorship of his statements by Information Minister General Ri but he had no bad feelings towards Ky. Diem says he pursued the options open to Thieu with him at length indicating that if he (Thieu) withdrew he could be assured the top position in the armed forces or the presidency of the Senate. Thieu reportedly did not specify what practical solution might be acceptable but gave his word of honor that he would not split the military or undermine stability. Before leaving for Washington June 11, Diem told us that while the situation had not fundamentally changed, he was convinced that it remained under control. Diem had heard that Thieu might formally announce his candidacy June 15. Diem thought this perhaps would make it more difficult for Thieu to withdraw but would not preclude a satisfactory arrangement.

I am not as sanguine as Bui Diem, but I continue to believe it highly desirable that the two principals should settle this problem themselves. As I mentioned, I am trying to see both Thieu and Ky as soon as possible and intend to pursue vigorously with each of them the necessity of resolving this problem without dividing the army and the country. I do not plan to indicate that we are trying to dictate who the presidential candidate should be but rather to make them face up to the problem that exists and agree on an acceptable solution. In my talk with Ky I plan to raise with him some of his more blatant campaign activities which are causing a number of political leaders, not to mention the average citizen, to believe that the forthcoming presidential elections will not be fair and free ones. (I report further on this below.) I am coming to believe that much of the problem between Thieu and Ky is explained by the former's resentment that Ky took the initiative in announcing his candidacy without thoroughly consulting Thieu and has since begun actively to mobilize the government apparatus in support of his campaign.

Although the draft presidential election law states that the official presidential campaign period only begins August 3, Ky is now moving rapidly in an effort to assure his election, putting prospective civilian opponents with neither his means nor his position at a disadvantage. To cite several examples, earlier this week painted signs written in Vietnamese began to appear on walls and billboards throughout Saigon reading "The government of Nguyen Cao Ky is the government of the poor." Again during the week Ky reiterated

his position that censorship would continue during the presidential campaign and there are reports that he plans to restrict papers favoring opposition candidates as much as possible while bestowing favors upon papers supporting his candidacy.

Of greater concern is a report that National Police Director Loan has begun systematically summoning police and military security officers from throughout the country in order to instruct them on how to assure that Ky is elected. [five words excised] this report (which we have also had from another source) states that each officer is being instructed to submit weekly reports on the political situation in his province, including information on activities of presidential and legislative candidates. Candidates who are not supporters of Ky are to be persuaded to switch their loyalties to Ky, by means of bribes if necessary. If this does not work, then, according to the source [eleven words excised]. It is further stated that there will be a number of changes in police and military security personnel in this pre-election period determined by the willingness of the incumbents' loyalty to Loan and Ky and their willingness to engage in manipulation of the elections.

I am disturbed by reports such as the foregoing which indicate that Ky is determined to get elected no matter what this requires. As an initial step we must impress upon the Prime Minister the need to distinguish between the normal advantages an incumbent enjoys when running for election and unacceptable use of administrative resources, and I intend to do this. Should this approach not have the desired effect, we will have to seek more concrete ways to make our views felt and to curb the excesses of officials such as General Loan. While we want the most effective government we can find, we can not afford to end up with a narrowly based regime requiring police pressures to maintain its position.

Last week I reported that the Democratic-Alliance bloc walked out of the National Assembly on June 3 in an apparent effort to provide justification for the Directorate's amending the presidential and senatorial electoral laws. On June 7 Le Phuoc Sang and other bloc leaders held a press conference at Saigon City Hall to clarify their position. Sang told newsmen that his bloc had walked out of the Assembly simply to make its views known and that it planned to return to the Assembly immediately.

On June 9 the Directorate met to consider the Upper House and Presidential Election law and in an official message written the same day formally requested the Assembly to reconsider three provisions of the Upper House Election law: (1) that the date of the Upper House election be changed to coincide with the presidential election, (2) that voters be allowed to cast ballots for six lists instead of only one, and (3) that the provision which would disqualify an entire list of senatorial candidates if one of its members is adjudged pro-communist be reinstated. (The Assembly had voted to drop this latter provision from the draft law at its June 6 session.) In addition, the Directorate informally proposed that the Upper House be reduced in size from 60 to 40 members.

*June 14, 1967*

The Assembly met in plenary session on June 13 to consider the Directorate's message. After heated debate the deputies decided, by roll call vote, to accept the Directorate's proposal that the dates of the Upper House and Presidential election coincide. With regard to the provision disqualifying an entire list of candidates if one member is found to be pro-communist, there were insufficient votes to override the Directorate's point of view; and by an absolute majority of the Assembly's membership, deputies voted to compromise between its original position and the Directorate's by allowing voters to select two lists. This represents a minor victory for Ky and his followers in the Assembly since Ky reportedly argued strongly in favor of the "two list" solution at the June 9 Directorate meeting but was voted down. As for reducing the size of the upper house, National Assembly chairman Phan Khac Suu ruled that the Directorate's suggestion did not constitute a formal request for reconsideration and there was therefore no need to debate the matter.

Within the next few days, the Upper House law will probably be transmitted to the Directorate which will in turn be in a position to promulgate both the Presidential and Upper House election laws. Barring any last minute differences within the Directorate, these laws should be promulgated by the beginning of next week. There is now some urgency in the matter of promulgation since administrative preparations for such elections require about three and one-half months. Moreover, the filing date for presidential candidates is June 30. If the detailed election schedule proposed by the Directorate is used, the filing date for senatorial candidates will be June 30 as well. In the political sphere, the next two weeks promise to be quite frantic ones.

In I Corps the Viet Cong again mortared Hue City, this time on the night of June 8; casualties included 1 U.S. wounded, 2 Vietnamese killed and 10 Vietnamese, including 4 civilians, wounded. The incident has increased civilian concern over security and sparked renewal of rumors that an attack on the City of Hue is imminent. In most other parts of I Corps the incidence of VC-initiated military activity continued at an unusually low level.

On June 11 voting took place in 321 hamlets in 17 provinces for the fifth and final Sunday in the current series of elections for hamlet chiefs and assistant hamlet chiefs. Some 163,743 voters went to the polls, a turnout of 77 percent of the registered voters in those areas. The ratio of candidates to seats was identical to last week's: 2.3 candidates for every seat. There were only two minor incidents of armed Viet Cong anti-election activity.

June 12 was a very important day for prisoner of war matters. The repatriation of sick and wounded, originally scheduled for June 2 after long preparations, finally took place on June 12: sixty seriously sick and wounded male PW's and one female PW with infant son walked across the Ben Hai River Bridge to North Vietnam.

We have excellent photographs of this repatriation, which we can use to good effect in pressing the North Vietnamese to release our sick and wounded. The South Vietnamese statement to the press that this was an amnesty mark-

ing the second anniversary of the Ky government was not very helpful. Nevertheless, the repatriation was a major move by the GVN which we can publicize effectively to exert pressure on the North Vietnamese.

On the same day, the GVN released 4 Viet Cong in Qui Nhon, at our request, to stimulate a resumption of the reciprocal releases of U.S. and Viet Cong PW's. In this instance, Prime Minister Ky was attending an oath-taking ceremony for newly-elected hamlet chiefs in Binh Dinh Province, with Deputy Ambassador Locke and several other members of the diplomatic community accompanying him. They and all 4 corps commanders witnessed the release of the PW's. Prime Minister Ky, incidentally, went down from the platform to talk with them. He asked them if they wished to join the RVNAF, and they said they had had enough of fighting.

These actions further improve our record on the PW problem. They bring to a total of 135 the PW's the GVN has repatriated or released (101 repatriated to North Viet-Nam, and 34 released in South Viet-Nam). [14 word sentence excised]. Thus far, the Viet Cong have released 6 U.S. PW's, and the North Vietnamese have released none at all.

Retail prices dropped slightly during the week, with the Saigon retail price index moving from 278 to 271. Vegetable, pork and rice prices all declined. The index of imported commodity prices also went down a fraction to 220 from 221 last week.

The Saigon port situation continues to improve and is much more encouraging than it was six months ago. Congestion and turnaround times have decreased. During the first five months of this year almost 1,275,000 tons of commercial cargo have been discharged in the port, an increase of 38 percent during the same period last year. There has been a corresponding increase of 60 percent in military cargo discharged at Saigon Port.

The number of returnees was down again for this reporting period, from 528 to 475. This compares with a figure of 275 during the same week last year. The total to date for 1967 is 16,175; last year at this time a total of 8,525 returnees had come in to the Chieu Hoi Centers.

In connection with the current local elections, the GVN informs us that as of May 21 a total of 7 Chieu Hoi ralliers had been elected to office. One was elected village chief; three were elected members of village councils, and three were elected hamlet chiefs.

During the week ending June 10, the enemy killed 66 Vietnamese civilians, wounded 66 and kidnapped 89. The dead included 3 national police officers, 4 Revolutionary Development workers, 1 village chief and 1 hamlet chief. These figures may be compared with an average of 76 Vietnamese civilians killed each week during the past 7 weeks. A district chief was killed this week in a VC terrorist attack against a hamlet 16 miles east of Saigon which also cost the life of one of our civilian district representatives.

During the reporting period, the enemy killed 215 Vietnamese military personnel. If we add the civilian and military dead we get a total of 281 Vietnamese killed by the enemy during the reporting period. This may be com-



*June 14, 1967*

pared with 103 Americans killed and 1,153 enemy KIA during the same period. These figures are indicative of the slackening off of military activity by the enemy which we have noted in the last two or three weeks.

I am delighted that Secretary McNamara and Under Secretary Katzenbach and their colleagues will be here next week. There are many things we can usefully review and discuss. All matters they have indicated they wish to cover are important and I am happy we shall have the opportunity to go over them together.

## VIII

### FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY EIGHTH WEEKLY TELEGRAM, JUNE 21, 1967 The second of the reports on top priority matters mentioned in my weekly telegram of May 31, i.e., action program for stepping up Revolutionary Development has been submitted to me by Ambassador Komer. I believe it represents the most complete and comprehensive study including definite and specific recommendations for action that we have had on Revolutionary Development. Ambassador Komer's proposals have been approved by General Westmoreland and myself.

Based on a detailed assessment of where we stand today on pacification, the report develops an action program to give pacification a new thrust during the last half of 1967 and to plan for more rapid advances in 1968. We have given the program the name of Project Takeoff as an indication that we expect to make more rapid progress from here on out (I hope Walt Rostow will recognize the implied compliment). As soon as possible we want to get the GVN to adopt the principles of Project Takeoff and to subscribe to a set of action programs. One thing we want to guard against especially is that the pacification program should not slacken during the election period. Just the opposite should occur. Elections and movement toward responsible representative government is a fundamental part of pacification. Elections should support and foster other pacification efforts and vice versa.

In order to get moving rapidly we have limited ourselves to the selection of the most important and most pressing programs in order not to dilute our efforts or overtax the somewhat limited capacities of the GVN. They are the following eight action programs:

- A. Improve 1968 Pacification planning.
- B. Accelerate the Chieu Hoi program.
- C. Mount an intensified attack on the Viet Cong infrastructure.
- D. Expand and improve support by the Vietnamese armed forces. We hope to add as soon as possible 50,000 RF/PF troops and another 50,000 in 1968, the bulk of which will be assigned to pacification.
- E. Expand and supplement RD team effort and employ also substitute techniques to achieve a more rapid expansion of the pacification program. An example is the combined civil-military teams used in II Corps by General Vinh Loc to carry on RD work in hamlets which RD teams because of lack of trained personnel are unable to cover.

*June 21, 1967*

F. Increased capability to handle refugees.

G. Improve and expand the national police and the police field forces. We hope to bring the national police up to the year end goal of 74,000 and to expand the police field forces to 17,000.

H. We plan to increase the advisory structure and increase the number of ARVN battalions in direct support of RD programs from 53 to 60 or more. We also plan to put greater stress on night patrolling, active defense instead of digging in, and rapid employment of mobile reaction forces.

As is so often the case, GVN performance remains the crucial factor. Nevertheless, I believe by this programming technique, with direct program management on the U.S. side and the systematic evaluation of progress and problems, we cannot help but achieve some increase of effectiveness of the pacification effort. If certain other things happen concurrently, and I believe there is a good chance they will, such as the successful creation of a functioning, reasonably stable, popularly-based government, increased momentum in the anti-main force campaign, a substantial increase in numbers and quality of the pacification security forces, an increase in the Chieu Hoi rate, success in our new plans for attacking VC infrastructure together with better pacification planning and management control, I believe we should see demonstrable and visible pacification progress during 1967-68.

The relative lull in military operations which I mentioned in my last message has continued. I believe this has been due to the splendidly executed offensive operations undertaken by General Westmoreland beginning in late April which I referred to in my June 7 message. The enemy has been badly hurt, has been kept off balance, and his time schedule has been disrupted. General Westmoreland's strategy of anticipating enemy threats has paid off handsomely.

The enemy's offensive thrust has been blunted but not eliminated. Enemy pressures (from two and possibly three divisions) continues along the DMZ. Infiltration through Laos continues steadily and the use of Laotian and Cambodian sanctuaries gives the enemy great and, to my mind, unwarranted advantages. It seems to me apparent, therefore, that the crux of our military problem is how to choke off NVN infiltration. If ways can be found to do this effectively, it should have at least [the] following advantages:

(A) It would drastically reduce the dimensions of our problem in South Vietnam. Militarily we would be dealing only with the Viet Cong, whose problems of recruitment and supplies would be enormously multiplied lacking the assistance and reinforcements of North Vietnam. I believe the result would be that the Viet Cong would eventually wither on the vine.

(B) After the infiltration is choked off, it should be possible to suspend bombings at least for a period and thereby determine whether there is substance to the statement in many quarters that Hanoi would then come to negotiations; we should at least call their bluff.

(C) Tensions now existing between the U.S. and Viet Nam on the one side and Cambodia on the other should be, over a period of time, relieved and our

relations with Cambodia improved, even though initially Sihanouk might continue to allow the NVA/VC to use Cambodia as a haven and a source of certain supplies.

The means to be employed to achieve this objective, of course, present many difficult and delicate problems, both military and political. I have confidence, however, that with imagination and ingenuity these can be met. What is involved, of course, are operations within Laos but I do not believe this fact should present insuperable obstacles. The North Vietnamese government is a signatory to the 1962 Geneva Accords but its forces have been in Laos both before and since the signing of the agreements. It is now using Laos as the main route for infiltration into South Vietnam. Is it not logical and reasonable, therefore, that South Vietnamese troops should oppose and combat North Vietnamese offensive action by whatever method can be devised in order to prevent the invasion of their country? Guarantees, of course, would have to be given to the Lao government by the South Vietnamese, and I believe should be underwritten by us, that Vietnamese troops were on Lao territory for defensive purposes only and would be withdrawn immediately peace is secured. The operation, especially in its preparatory stages, should be carried out with as much security and secrecy as possible. I have made some recommendations as to methods we might use to achieve these objectives in my top secret NODIS message to Secretary Rusk (Saigon 28293), which you will have seen. This is a matter which I believe we should pursue with the utmost concentration.

The split between Thieu and Ky widened somewhat this week. At the same time the general tempo of political activity accelerated markedly with the promulgation of the electoral laws and the approach of the June 30 filing deadline for both presidential and upper house candidates. It also became clear that the government and the military are increasingly preoccupied with the coming election and the maneuvers of the leading candidates. In this fast-moving and fluid political situation, we are aiming at three major objectives: (1) preservation of the unity and effectiveness of the armed forces despite the division between Thieu and Ky; (2) a clean election which will result in a genuine popular mandate for the nation's new leaders; and (3) maintaining and if possible increasing the momentum of the war and pacification effort despite the natural preoccupation of the nation with the vital business of electing a new government.

Thieu made what amounts to a formal declaration of his candidacy on June 14. In a press conference in Hue and also in talking with reporters on his return to Saigon, he indicated unequivocally that he will run, and he stressed his determination to assure a fair and absolutely honest election. This is also the line he took with me when I saw him shortly after his return from Hue (Saigon 28170). In our conversation he alluded directly to some of Ky's less than completely honest campaign tactics. He said that he is determined to do all he can to hold honest elections, that as things now stand he cannot guarantee the honesty of the elections even though as chief of state he

*June 21, 1967*

will be held responsible, and that if he cannot bring about a change in this situation he would rather resign than be blamed for something he is unable to control.

In addition to announcing his candidacy, Thieu made the split with Ky even more evident by choosing not to attend the June 19 ceremonies marking Armed Forces Day and the second anniversary of the assumption of power by the present Thieu-Ky government. At the ceremony, Ky gave a "State of the Union" speech in which he recounted the achievements of the present regime and the armed forces. In the question and answer period that followed, a newsman asked why Thieu was not present, and Ky replied that Thieu had telephoned the night before, saying he was not well and asking Ky to preside. Two hours after the ceremony Thieu was at my home for lunch and that evening he attended the Armed Forces Day reception. In his own Armed Forces Day message, which was carried by Viet Nam press and Saigon radio on June 18, Thieu stressed again the necessity to elect the new government in a "totally democratic, free, fair and just manner," and he called on all military personnel to adopt an attitude of "impartiality, justice and honesty."

I saw Ky and Thieu separately on June 14, and I brought them and General Vien, Minister of Defense, together at my home for lunch on June 19 in an effort to find a way to prevent their differences from dividing the armed forces. Ky said on the 14th that he was trying to arrange a meeting with Thieu and that he would continue to do so. Thieu assured me later that day that military unity would be preserved regardless of the number of military candidates. Neither seemed to be making good on these assurances, however, so I decided to try to bring them together. At the June 19 luncheon at my home Ky agreed to my proposal for a joint Thieu-Ky statement of non-involvement of the armed forces in politics. Thieu, however, was rather non-committal and thought that the problem could be handled administratively by General Vien (Saigon 28409). If something is not forthcoming within a few days I shall prod them again in an effort to get some action.

I judge from all this that there is little hope of healing the split between Thieu and Ky, though we will of course use every means available to do so. More to the point now is an effort to insure that their rivalry does not seriously divide the armed forces and interfere with the war effort. This is not likely to be easy, and it may well require rather constant pressure from us to keep things on the rails. We will be watching for the effects of the Thieu-Ky split on the war effort and will demand prompt action from the principals to resolve any such problems.

With regard to our second objective—a clean election—I had a frank talk with Ky on the 14th about reports of unfair tactics in the campaign, particularly censorship of the press and some of General Loan's activities (Saigon 28098). Since that interview we have noticed some improvement in the situation, at least so far as censorship is concerned. Thieu's announcement statement and his remarks to the press were front-paged by almost all of the press and there was no censorship of any of those articles. In our conversation Ky

defended Loan as a loyal friend, but he did not deny that Loan has used some unfortunate pressure tactics to line up support for Ky. He said that he has cautioned Loan in the past about such things and will do so again. I hope that his warning is more effective this time than it has proved to be in the past and I will be keeping a close watch on this situation.

I suspect that General Thieu is thinking about using the matter of clean elections as a principal issue in the campaign. His public and private remarks plus some Ky intimations suggest that he may resign from office at some point on the grounds that Ky is using the government and the armed forces to rig the elections. He might then continue in the race himself or throw his weight behind one of the civilian candidates. Several of the civilian candidates have reportedly been considering withdrawing eventually if it becomes evident that the elections have been rigged.

In our luncheon discussions on the 19th General Westmoreland and I made clear to Thieu and Ky the great importance we attach to continued progress on both the military front and in revolutionary development during the election period. They agreed that efforts on these fronts should not be diminished by diversion of attention to the elections. On the specific point of full mobilization, Ky said that this should be done as soon as possible by the new government, meaning after the elections. General Westmoreland suggested that as a preliminary to mobilization the terms of those in service should be extended and the draft age lowered. General Vien proposed that he issue orders for extension of service now without making any public announcement before the elections, and both Ky and Thieu agreed that this should be done. Given the political sensitivity of the matter, I think that it may be difficult to get the draft age reduced before the elections, though we will continue to press for that action. We will also continue at all levels to try to insure that preoccupation with the campaign and the elections does not impede the war effort.

Ky's campaign activity intensified last week. He made a number of "inspection trips" in the course of which he made speeches, gave government assistance to flood and storm victims, presided at a military awards ceremony, and attended inauguration ceremonies for newly elected hamlet chiefs. He presided over the public introduction in Saigon of a new youth organization, the Vietnamese Unified Youth Force, which is rather clearly designed to rally youth in support of his campaign. He met with three former generals who have just formed a new veterans' organization, The Freedom Fighters Association, and it seems clear that he means to use that organization to try to win the backing of veterans (the official veterans' organization is headed by General Pham Xuan Chieu, a Thieu supporter who would not be likely to allow Ky to use the organization for his campaign). Ky went on leave without pay from the Air Force, a step which the electoral law requires him to take in order to run for the presidency, and as noted above, he presided over the celebration of Armed Forces Day and the second anniversary of the Thieu-Ky government.

*June 21, 1967*

Ky has evidently been as active behind the scenes as in public [three words excised]. He convened a meeting on June 10 of 12 persons he intends to use as the central committee for his presidential campaign. These include Generals Linh Quang Vien, Nguyen Duc Thang, Nguyen Bao Tri, and government ministers Nguyen Xuan Phong (Social Welfare), Tran Van Lu-Y (Health), and Truong Van Thuan (Communications and Transport). Ambassador to the United States Bui Diem and the Saigon Port Director Pho Quoc Chu also took part. Minister Phong is to act as coordinator from the committee. According to this report, Ky urged that government cadres be used in the campaign with no feelings of compunction. He reportedly said that other candidates will exploit government officials, and he named two high officials who, he said, are working almost full time for Tran Van Huong's candidacy. Discussion within the group on the issue of an "honorable" versus a "strong pressures" approach to the campaign was inconclusive, but most seemed to favor the "honorable" approach. We know from other reports that this group is only one of several overt and covert organizations Ky is forming, though this is probably the most important one.

The Directorate promulgated both the Presidential and the Upper House electoral laws on June 15. Both the Presidential and Upper House elections will be held on September 3. The controversial requirement that presidential candidates be "introduced" by 30 elected officials was dropped from the law. These provisions were in accord with Assembly actions on Directorate proposals, but the Directorate also took an unexpected action in regard to the voting procedures for the Upper House. The Directorate had proposed that all voters be allowed to vote for six lists of Senate candidates whereas the Assembly had originally opted for only one. In considering the Directorate's proposal the Assembly decided on a compromise, namely that each voter should vote for two lists. The Directorate, however, promulgated the law with a provision that each voter cast ballots for six lists.

The Directorate action, while perhaps technically defensible in terms of the constitution, upset many Assembly deputies. Ky supporters in particular took the floor to attack the Directorate's action, probably in large part because it was known that Ky had favored the two-list proposal when the matter came before the Directorate. There was even a motion before the Assembly that all deputies resign in protest against the Directorate's high-handed action. In the end, however, the Assembly merely issued a mildly worded communique which said only that the Directorate's "unilateral action" had disregarded the will of the people's representatives.

The June 30 filing deadline for Presidential and Upper House candidates has resulted in a spurt of behind-the-scenes activity as candidates scramble to put together the required ten-man lists for the Senate. To date two presidential candidates have filed: Phan Khac Suu with Phan Quang Dan, and Ha Thuc Ky with Nguyen Van Dinh. (Dinh is relatively unknown and will add very little to Ha Thuc Ky's slate.) Only one Senate list has been filed, that of Saigon mayor (and brother-in-law to General Loan) Van Cua. The short filing

period has been criticized by several newspapers. Perhaps in part because of this criticism, the Assembly has publicly suggested that candidates be allowed to continue filing supporting documents until July 8.

In I Corps the situation remains essentially unchanged from last week. Enemy-initiated ground activity dropped, but Route One was frequently mined with the result that traffic is down and kerosene is again rationed in Hue. The Viet Cong made their presence felt again in the Hue area by burning 46 houses in a refugee hamlet two miles from the city after residents failed to heed their orders to move out.

General Westmoreland reported to the Mission Council this week on the very encouraging results of his vigorous efforts to reduce the size of the American military presence in urban areas, particularly Saigon. The number of American military personnel in the Saigon/Cholon area will be cut to 6,325 by this December. For the entire metropolitan area including Tan Son Nhut, we will be down to 25,434 from the present level of 38,564. Measures are also being taken to reduce the number of transient military personnel in the Saigon area. All of this adds up to a most effective effort to decrease the adverse political and economic impact of the large American presence during our military build-up period, and I am most pleased to be able to report this excellent progress.

The Saigon retail price index again showed a slight decline this week, down from 271 to 269. This is three percent above the level of one month ago and 19 percent above the price level at the beginning of the year. Imported commodities also dropped slightly, from 220 to 219. The most important element in the overall price decrease was the continuing fall of rice prices. The price of rice is now only slightly above the legal retail level for the first time in many months, and the wholesale prices of some qualities are actually below the official level. Another factor contributing to the price decline was the return to normal of kerosene prices when hostilities ceased in the Middle East.

The barge situation at the Saigon Port continues to make significant improvement. As of 10 June 116 barges were under load and only 36 of those have been under load in excess of 30 days. These figures compare with 966 barges under load and 658 of that number under load in excess of 30 days as of 20 March 1967.

The number of returnees was up slightly this week, to 485. This compares with 354 for the same week last year. The total to date for 1967 is 16,660; last year at this time the total stood at 8,879. We have reports that returnees are frequently making important contributions to tactical operations. In Binh Dinh, for example, returnees recently led our forces to a large arms cache.

During the week ending June 17, the enemy killed 178 Vietnamese civilians, wounded 263 and kidnapped 74. The dead included 6 national police officers, 22 revolutionary development workers, 2 village chiefs and 2 hamlet chiefs. These figures may be compared with an average of 85 Vietnamese civilians killed each week during the past 8 weeks. During the reporting period,



*June 21, 1967*

the enemy killed 235 Vietnamese military personnel. If we add the civilian and military dead we get a total of 413 Vietnamese killed by the enemy during the reporting period. This may be compared with 145 Americans killed and 1,801 enemy KIA during the same period.

## IX

### FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY NINTH WEEKLY TELEGRAM, JUNE 28, 1967 The half-way mark in 1967 coinciding as it does with the completion of two years of the present government and with the approaching elections may mark a good time to attempt to cast up a balance sheet of developments here. We shall be doing this in detail during the visit of Secretary McNamara and Under Secretary Katzenbach next week. This is obviously a difficult and complicated undertaking involving many questions of judgment and some imponderables. I thought it might be worthwhile, however, if I were to attempt a summary of the more important elements relative to the present situation and prospects ahead as I and others here see them.

The military situation has greatly improved. The North Vietnamese Army has not won a single major victory in the South, on the contrary has suffered ever heavier losses on the battlefield. At home much of their infrastructure has been damaged or destroyed, half of their aircraft destroyed, an estimated half million people diverted to repair of war damage, and the movement of men and supplies made infinitely more difficult. Food shortages have developed. It seems apparent that physically and materially the country has been badly hurt.

By contrast South Viet-Nam has made substantial progress in a good many ways. On the political front there has been a stable government for two years, a constituent assembly has been elected, a constitution drafted and promulgated, village and hamlet elections held and presidential and congressional elections scheduled for September and October.

Inflationary pressures are severe, but these have been kept under reasonably good control. While prices have gone up, food supplies are ample.

Vietnamese armed forces are being steadily improved and in many instances have turned in excellent performances.

Pacification is gaining some momentum.

Defections to the GVN under the Chieu Hoi program are running at nearly twice the 1966 rate.

There are other aspects of the picture, however, which must be considered. While the enemy offensive has been blunted, it has not been eliminated. Infiltration continues from the north at an estimated rate of 6,500 a month. Hanoi's determination does not seem to have been seriously affected by the severe physical punishment it has taken. Indeed there is one school of thought which holds that North Viet-Nam is determined to continue the strug-

*June 28, 1967*

gle with the expectation that we will eventually tire of carrying the heavy burden involved in our effort. There is apparently no present indication of Hanoi's desire to enter into negotiations, and it seems quite possible that the Soviets and Communist China may have some kind of open end commitment to keep North Viet-Nam supplied with weapons and matériel.

On the South Vietnamese side there are also problems.

With two military presidential candidates there is danger that the armed forces will become politically involved and diverted from the essential task of fighting the war.

As far as the electoral process itself is concerned, Ky's arbitrary use of censorship and General Loan's activities have been subject to widespread criticism. Serious doubt has been cast on the possibility of holding honest elections.

Although ARVN/RF/PF have been greatly improved, there is still a long way to go. Leadership, ability to cope with guerilla warfare, and security are areas in which there are still substantial deficiencies.

This is especially true of the ARVN/RF/PF involvement in the pacification program. The crux of the program is adequate Vietnam motivation and involvement, for pacification in the final analysis must be done by the Vietnamese. No matter how efficient the organization of our role in pacification may be, without Vietnamese carrying the main burden the program cannot succeed.

This is true not only of pacification but of all the other aspects of the effort here—military, economic, political, and social. Lack of involvement and motivation are evident in the apathy, inertia, widespread corruption and incompetence one finds in many areas of the civil administration.

In this connection I believe that we lack adequate means of finding out what the Vietnamese people are really thinking and what their aspirations are. There is no fully adequate opinion-taking organization here, such as we had in the Dominican situation. I believe this is a serious deficiency for we ought to know more about what Vietnamese are thinking, especially the 55 percent to 60 percent of the population which lives outside of the cities. However, from soundings throughout the country security and social justice, especially getting rid of corruption, seem to be highest on the list. There is obviously great deficiency in both.

While there is much work still to be done on many counts and many obstacles to overcome, it seems to me that we should continue to concentrate on our main priority objectives. I believe these to be:

(A) A vigorous, imaginative and flexible prosecution of the war within acceptable limits. Here, as I have stated previously (Saigon 28293), it seems to me that the crux of our military problem is how to choke off NVN infiltration. I believe ways can be found to do this effectively and that we should pursue this matter with the utmost urgency.

(B) Through free and honest elections establishing a broadly based, stable, functioning, constitutional government. It will require constant vigilance on

our part to see that electoral procedures are kept free and honest; and that the fact of their being so is credible. There is fortunately evidence now that our pressures on Ky in this respect are beginning to have effect.

(C) An expedited pacification program which will win the allegiance of the Vietnamese people, including the Viet Cong, and which offers them the opportunity to become part of the social fabric of the country.

(D) Reorientation of the mission of the Vietnamese Armed Forces and their revitalization with increased emphasis on improvement and quality.

(E) The optimum use of available manpower. This study is already underway under Ambassador Locke. We have discussed some of the problems including the need of mobilization after the elections with Thieu and Ky. We have found them both receptive and understanding of the need to move ahead on this vitally important matter.

(F) Economic stability and development. Economic stability will depend on our ability to restrain the inflationary pressures. Economic development is an essential means to political progress, especially as it affects the more than half of the Vietnamese who live in the villages and the hamlets. Production can be increased through imaginative and carefully conceived programs, despite the war. Looking to the longer run, it seems to me that the work of the Lilienthal Group in planning long range economic development is both important and hopeful. I doubt if there is any better political weapon than involving the Vietnamese people in their own development, to let the people themselves plan and carry out activities through which they can increase their incomes and improve their lives.

There is obviously much work still to do. Balancing out the pluses and minuses, however, I find none of the latter insuperable. The Vietnamese are intelligent, hardworking, and if properly guided, encouraged and well led can perform effectively. I believe that we are making steady progress and are gradually achieving our aims in Viet-Nam. If we stick with it and reinforce the success already achieved, I am confident that we shall come out very well in the end.

I am glad to be able to report that Prime Minister Ky is taking some actions to counter the impression the coming elections will not be fair and free.

In talking to the press on June 22 and 23 Ky stressed his intention to provide equal facilities for all candidates. He said that he will reserve seats for them on all Air Viet-Nam flights so that they can get about the country freely during the campaign. He also said that he plans to call all of the candidates together on July 1 so that they can discuss their campaign needs.

On June 26 the government released to the press the text of an order to Corps Commanders, Province Chiefs and Mayors concerning the conduct of the elections. The order says in part that the authorities must concentrate on carrying out a democratic election "in freedom, fairness, and legality." Earlier, on June 22, the Saigon radio carried the text of a speech by General Thang in which Thang urged a graduating class of revolutionary cadres to work for absolutely fair and free elections.

*June 28, 1967*

Today Ky opened a four-day seminar on the elections which will be attended by all Province Chiefs, Mayors, and other officials who will be involved in the conduct of the elections. He took up the three themes of getting the vote out, assuring security for the elections, and providing for free and impartial elections.

I believe that Ky's actions are in part a response to my expressions of concern to him that the elections be conducted fairly. I have impressed on him the fact that newspaper stories about a rigged election create serious problems for us at home, and that pressure from the foreign press was mounting; and that truly free elections are essential if the new government is to enjoy the confidence of the Vietnamese people and thus have the political strength to deal effectively with communist political attacks.

Ky's efforts are also a reaction to domestic pressures. Whatever his motive, Thieu has spoken out strongly on the need for clean elections. Probably encouraged by Thieu's remarks, the National Assembly on June 24 released a resolution calling on the government to abolish censorship and observe the basic guarantees of freedom of expression written into the Constitution. The Assembly resolution was the product of a spirited debate which revolved around the question of freedom of the press during the election period. In the government's own appointed advisory body, the People's Army Council, the question of the conduct of the elections was debated on June 24. One member presented a list of recommendations designed to insure clean elections. His proposals included a request for U.N. observers, abolition of censorship, and heavy penalties for officials involved in election fraud.

Ky's statements are welcome but are in themselves not sufficient. While he has improved the government image somewhat, I doubt that he yet persuaded many Vietnamese or foreign reporters that he will really carry out a free and honest election. The test will be what he does rather than what he says. Much will depend on how well his promise of equal facilities is carried out. The role of General Loan and the police will also be very important in determining the final Vietnamese estimate of this election.

I will be watching developments in this area very closely, and we will continue to study ways in which the honesty of the elections can be both insured and demonstrated. We will continue to press the government to take the necessary measures. I should add that, although the crucial tests remain ahead, I believe the public airing of this issue represents progress. Ky has made public commitments and all parties have faced the issue squarely. There is public Vietnamese pressure on the government to conduct fair elections, and that kind of pressure is probably at least as effective as anything we can say to Ky.

Both Thieu and Ky announced their vice presidential running mates this week. Thieu will run with Trinh Quoc Khanh, one of the leaders of a Hoa Hao splinter group. Ky has chosen the Chairman of the Peoples Army Council (PAC), Nguyen Van Loc, as his vice presidential candidate.

Khanh is a 54-year-old southerner, who has been involved with several political groups, including the pro-"struggle" front of all religions. He has not been politically prominent or successful to date and probably will bring very little strength to Thieu's ticket.

As Chairman of the PAC and a well-known lawyer, the 45-year-old Loc is somewhat more distinguished than Khanh, but probably does not have much more voter appeal. He has no significant political following. He is a southerner from the Delta and was educated in Paris.

Not only Thieu and Ky but also Ha Thuc Ky and Tran Van Huong have surprised us by their choice of at least relatively weak running mates. Of the major candidates, only Phan Khac Suu can be said to have materially strengthened his presidential bid by his choice of a vice presidential candidate. Critics of the military candidates are already saying that they were unable to persuade any more attractive leaders to run with them. The fact that Ha Thuc Ky and Tran Van Huong have done no better suggests to me, however, that the office itself is not very attractive. The constitution provides the vice president with no very important functions, and in the case of the death of the president, the vice president succeeds to the office only until new elections can be held.

Thieu and Huong both filed for the election this week, but Prime Minister Ky has not yet done so. We now have a total of nine tickets formally in the race, with the prospect of at least a few more filing before the deadline of June 30. While some will likely withdraw before the election, it now appears that there will be as many as a dozen presidential candidates on the ballot. I am afraid that this abundance of candidates increases the chances of the winner having a rather unimpressive percent of the total vote cast.

I learned yesterday that [Duong Van] "Big" Minh, the General who overthrew Diem and served briefly as Chief of State after the 1963 coup d'etat, has announced in Bangkok that he wants to run for president. According to the report we have, Big Minh held a press conference in which he complained that he is being denied his constitutional right to return to Viet-Nam and enter the presidential race. General Pham Xuan Chieu told an embassy officer that some of the generals held a meeting yesterday morning to discuss what would be done about Big Minh's request for permission to return to Viet-Nam. According to Chieu, Both Thieu and Ky voted against allowing Big Minh to come home.

Big Minh's return could become a hot issue if any of the major candidates decided to support his request. The reaction of the principal civilian candidates is not yet known. While Thieu might see some possible advantage in his return, Thieu and Ky probably both consider him a major threat to their own ambitions. Big Minh's return would, in my opinion, be likely to further divide and confuse the military at a time when there is already a threat of serious divisions among them. There are, of course, constitutional and other factors involved and we will be giving them consideration in terms of our own position.

*June 28, 1967*

While the presidential race holds the center of the stage, there is also feverish activity to put together Senate lists. If the caliber of vice presidential candidates is rather disappointing, there is plenty of political sparkle among the senatorial contenders. As of yesterday six Senate lists had filed (there are ten candidates on each list), and we know of a large number of other slates in process of formation. Included are leaders such as retired General Tran Van Don (formerly Minister of Defense and one of the leading generals who overthrew Diem), Foreign Minister Tran Van Do, Civilian Directorate Member Tran Van An, Saigon Mayor Van Cua, Industry Minister La Thanh Nghe, Diem's Minister of Defense Tran Trung Dung, leading economist Vu Quoc Thuc (who is working with Lilienthal), and Diem's Assembly deputies are also in the race, including the leader of the largest bloc, Le Phuoc Sang. One list is composed entirely of Saigon journalists.

Foreign Minister Do was asked to run with Thieu for the office of Vice President, and at one point he seemed likely to agree. He also seemed to be on the verge of resigning from the government, since he has been increasingly outspoken against Ky. Yesterday, however, he informed us that he has decided to run for the Senate and will remain in the government until the election. Do has cooperated very closely with us in the past, and he is a widely respected senior leader whose resignation would have created political as well as administrative problems for Ky. I am sure Secretary Rusk's warm personal message to him must have influenced him significantly in his final decision. I hope his decision to stay on in the government until the election is final.

An encouraging development this week was the successful convening of a Montagnard Congress to draft the Statut Particulier (a decree providing special rights and privileges for this backward minority group). The Congress was the result of a May 2 agreement between the rebel Fulro tribal leader, Y Bham, and II Corps Commander Vinh Loc. In that agreement Y Bham promised to bring his several thousand armed men out of exile in Cambodia and cooperate with the government against the Viet Cong once the Statut was written and promulgated.

Although Y Bham did not participate in the Congress himself, he designated a ten-man Fulro delegation. The leader of the delegation served as the Vice Chairman of the drafting committee and signed the draft statute on behalf of the Fulro delegation. Once the statute is promulgated (and Vinh Loc told an embassy officer that Ky has promised to promulgate it "at once"), Y Bham should come out of exile. (We are not certain he will do so, but there is now good reason to hope he will.)

Ky presided over the closing ceremony of the Congress and made a quite effective bid for the Montagnard vote in the process. He told the over 200 delegates, mostly Montagnards, that he agreed with their recommendations and would carry them out. He also promised to raise the level of the Special Commissariat for Highland Affairs (the Montagnard office in the central government) to the level of a ministry. There are some hints that Ky intends to make the rebel leader Y Bham the Minister for Montagnard Affairs, a

further gesture that would not only win Montagnard votes but would go far to bridge the political differences between the Montagnards and the government.

Probably the most important factor in recent progress toward a political resolution of the Fulro problem and increased impetus on Montagnard welfare is the coming elections. Ky's bid for the Montagnard vote has almost certainly moved the government to take the necessary measures in this field much more rapidly than would otherwise have been the case. This is one of the side benefits of a democratic system which Viet-Nam is beginning to feel.

There has been no progress this week toward a resolution of the Thieu-Ky rivalry. Our senior advisors to the Corps Commanders report that the commanders are deeply concerned by this problem and its effect on military unity. They seem to feel that the matter will be resolved, however, and I suppose that it may still be possible for Ky and Thieu to work out their differences in a face-to-face encounter. I am not sanguine of this, however. While continuing to press for such a resolution, I also intend to concentrate on minimizing the effects of the Thieu-Ky split on the government and the military establishment.

The Assembly is now working on the electoral law for the lower house, and the deputies have voted to hold the lower house elections on November 5. The date favored by the directorate was early October, and there was some discussion of October 15. As we saw in the case of the Senate and presidential elections, the question of the date is not necessarily final after the Assembly has voted, however.

Although the coming elections dominated the news this week, it was second as a subject of editorial comment to the Red Chinese hydrogen bomb. Tieng Van speculated on the reasons for the test: to prove that the Chinese nuclear area is still under Mao's control; to raise its prestige in Arab countries. "At the moment Russia betrays them and works with the U.S. to settle the Mid-East hostilities" and to reassure Ho that he can count on the support of a nuclear arsenal.

Thoi The was in general agreement with this view, and added that it provided "good reason for us hawks to push for an all-out confrontation with Peking before it became a nuclear power and threatens world peace."

*Tan Van Khoai Bao* (a Chinese daily) drew a parallel between Mao's exhausting the nation's resources to join the nuclear club with Emperor Hsin Hsu Huang's efforts to build the Great Wall, and saw a "toughening of the Red Chinese attitude toward both the U.S. and the U.S.S.R."

The press also took up editorially the issue of censorship. In one of the most open, sharpest attacks against censorship, *Dan Phung* pointed its finger at Major Tran Van An, Director of the Information Ministry Press Service, for insinuating that a paper can obtain ample newsprint "if the journalists comply with his directives." The paper called this a "brazen attitude," said Major An does not deserve to hold the job he does, and that he is misapplying the press policy advocated by Prime Minister Ky.



June 28, 1967

Referring to a recent statement by Premier Ky that he couldn't be exercising press censorship because he allows clandestine papers to circulate, *Tu Do* said that this type of paper is a phenomenon of underdeveloped countries which lacks press freedom. The best way to stifle these clandestine papers, *Tu Do* continued, is not to apprehend the editors but to have a free press so that the calumnies and irresponsible rumors spread by the illegal press will be denounced by well-informed public opinion.

For the third week the Saigon retail price index showed a slight decline, dropping during this reporting period from 269 to 267. This is one percent below the level of one month ago and 18.5 percent above the level at the beginning of the year. Imported commodities moved up slightly, from 219 to 220. In I Corps VC harassment of Route One caused continued shortages of kerosene and gasoline in Hue.

Chief of State Thieu signed a decree effecting reforms in corporation tax collection. The decree places corporations on a "pay as you go" basis and provides for an accelerated schedule of payment.

On June 12, Prime Minister Ky issued a decree establishing a central management office which will be responsible directly to the Prime Minister. The office was created to provide leadership to all government agencies in management improvement efforts and systems-analyses services. It should prove especially important in the transition from military to civilian government. Nine senior GVN officials have been assigned to the office and then are scheduled to visit Asian countries and/or the U.S. to observe similar set-ups.

Our public administration advisors report that a management survey program was recently conducted by the Central Committee for Administrative Improvement at the Office of the Prime Minister; it resulted in a 60 percent reduction in mail flow to the Prime Minister with the concurrent abolishment of 20 positions, the increased use and relocation of the central library, and the establishment of the position of Press Secretary to the Prime Minister. Other actions included the establishment of: a Special Assistant to the Prime Minister for Public Administration, a Bureau of Coordination and Review at the Prime Minister's Office, twelve sub-committees for administrative improvement within various ministries, and direct advisors in the Prime Minister's office to the Minister of Justice and the Secretaries for War Veterans, Health, Education, and Civil Service, and the Special Commissioner for Administration.

The number of returnees remained low this week as compared with the early part of the year. The total for the week of June 11-17 was 474. This may be compared with 373 for the same period last year. The total to date for 1967 is 17,134; last year at this time the total stood at 9,252.

Our Chieu Hoi personnel believe that the drop in returnees from the impressive level of February and March is due in part to reduced military activity and in part to the approach of the elections. In the past major political events have caused a reduction in the number of returnees. In the case of elections, this is because of administrative slowdowns when government per-

### *Ninth Weekly Telegram*

sonnel are concentrating on election work and also because of a "wait and see" reaction by the Viet Cong.

During the week ending June 24, the enemy killed 47 Vietnamese civilians, wounded 89 and kidnapped 135. The dead included 2 national police officers, 13 Revolutionary Development workers, 2 village chiefs and 2 hamlet chiefs. During the reporting period, the enemy killed 213 Vietnam military personnel. If we add the civilian and military dead we get a total of 260 Vietnamese killed by the enemy during the reporting period. This may be compared with 216 Americans killed and 1,992 enemy KIA during the same period.

## FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY TENTH WEEKLY TELEGRAM, JULY 5, 1967 The most important development since my last message has been the decision taken at the meetings of the Armed Forces Council June 28-30 to put an end to the growing division within the military posed by the Thieu-Ky rivalry. A number of factors entered into the solution. One of the most important certainly was the commitment made by both Thieu and Ky to you at Guam. I have repeatedly reminded them of this pledge and the grave consequences of a split in the military establishment. Another was the growing apprehension within the military of the effect of the Thieu-Ky rivalry which resulted finally in an overwhelming feeling that unity had to be achieved. Another factor may have been Big Minh's intention to enter the race. He is probably viewed by most senior officers as a common threat and his candidacy helped them to close ranks. There may also have been some reaction among members of the Armed Forces Council against Ky's premature campaigning and the pressures which some of his friends were using to line up support.

An encouraging fact was the way in which the agreement was reached. Although we had constantly and insistently brought the problem of military unity to the attention of both Thieu and Ky, we had been trying to lead them along to work out their own solution. We felt that if they could do this, it would be good for them and good for us. In the end the Vietnamese dealt with the problem entirely by themselves and in so doing displayed, I think, an encouraging degree of maturity.

Ky, of course, played an essential role in the final decision and I have commended him for his part in it. He was well ahead of the other candidates at the time, a lead enhanced by the proliferation of civilian candidates and Thieu's own admission that he could not be elected. Consequently, Ky has made a very real sacrifice in the interests of unity of the armed forces and of the country. I have told him, however, that I feel certain that in the long run his stature and prestige will be increased by this patriotic action.

In a talk with Ky last Friday, in which he related the course events had taken at the meetings of the Armed Forces Council, he said that Thieu and he had agreed that he would control appointment of the cabinet and of the armed forces. He has since publicly stated that he would not have agreed to participate in the government in which he would be simply a figurehead vice president.

A combined Thieu-Ky presidential ticket while achieving one objective raises certain other problems. It means that a military ticket will be competing with civilian tickets, thus underlining the issue of military versus civilian rule.

A new and complicating factor in the election picture is the candidacy of General Duong Van Minh, better known as "Big Minh." As the leading general in the coup against Diem, Minh has genuine popularity in South Vietnam, but his return would very likely again threaten military unity. The Armed Forces Council has announced that it will not allow Big Minh to come home before the elections. Both Thieu and Ky have repeated to me their determination to see that he does not return. He has, however, filed for the presidential race in absentia and the National Assembly has preliminarily ruled that his dossier was in order.

In the weeks leading up to the Thieu-Ky merger, Ky alarmed many of the civilian candidates by his campaign tactics. Pressures were applied through censorship, through the withholding of permits for newspapers and by means of General Loan's activities through the MSS and National Police. The result was consternation in the civilian camps and growing public doubt here and abroad that it would be possible to hold honest elections. I made very clear to Ky our view of the fundamental importance of seeing that the elections are free and honest, and he taken some steps to undo the damage. Thieu is also on public record as repeatedly speaking out for completely free and honest elections and he reiterated this to me on July 1. Even so, the alliance of Thieu and Ky will make it more difficult for the military slate to convince the public here and abroad that they really intend to insure clean elections.

This whole electoral process will, therefore, have to have our close attention until the elections are concluded. It is my hope that it may be possible to persuade all of the candidates to state publicly that they will accept the verdict of the electorate and will support whatever government emerges as the result of fair and free elections.

In my talk with Ky on Friday and with Thieu last Saturday, I emphasized again the fact that, if elected, it was essential that they should broaden the base of government. I felt it essential that they should name a widely recognized and able civilian as prime minister and include a broad spectrum of civilian political leaders in the cabinet in order to win the wide support which is required to prosecute the war and negotiate the peace. Both said that they were aware of this need and had every intention of proceeding along these lines.

In the political section, I shall go into greater detail as to reports of how the decision on the Thieu-Ky candidacy was reached by the Armed Forces Council and what seem to be some of its implications.

In my message of June 14, I reported on the many steps being undertaken under General Westmoreland's direction for improvement of the Vietnamese armed forces. I mentioned then some evidences of recent substantial improvement in performance. General Abrams has just submitted to me a

*July 5, 1967*

memorandum giving a number of examples of increased effectiveness of ARVN which I think are distinctly encouraging.

A. Historically the 18th Division, III Corps, has been one of the poorest performers in ARVN. Recently its performance has taken an encouraging trend. On June 26 a hoi chanh reported the location of a NVA battalion. The division reacted quickly, forming a task force of two infantry battalions and two Ranger battalions. Operation Quicksilver was launched on the following day. Heavy contact was experienced immediately and enemy escape routes cut off. Three U.S. maneuver units joined the operation and maintained close coordination with ARVN. ARVN action resulted in 123 enemy killed against 53 ARVN killed. The quick reaction, aggressiveness and close coordination with U.S. forces are encouraging evidences of greatly improved performance.

B. During May, the second Ranger Group in II Corps conducted a two battalion air mobile operations deep within the jungles. A U.S. advisor had this to say: "An operation such as this could not have been successfully executed six months ago."

C. Again in II Corps area in the early morning hours of June 16, the Viet Cong began coordinated attacks against a number of installations near Tuy Hoa and on the city itself. Troops of the second battalion, 47th Infantry Regiment, responded vigorously and forces were maneuvered in a counterattack; 51 enemy were killed and 7 captured along with a sizeable amount of enemy equipment while ARVN suffered only light casualties.

D. Although the airborne division of ARVN long has been known as an elite unit, in the last two months in I Corps two airborne groups have far surpassed previous accomplishments. During this period in four major engagements, their use of supporting fire, air and artillery, was excellent and the enemy lost 833 killed against airborne losses of 63 killed.

These specific examples of ARVN actions are encouraging. With continued effort, we are hopeful that this trend can be accelerated.

I infer from something Leonard Marks has said that there may be some feeling at home that we have reached a stalemate out here. I sense also some feeling to that effect among the American correspondents here. I wish to assure you, however, that in my view and that of my chief advisors this is not indeed the case. On the contrary I believe that we are making steady progress here. I have indicated improvement which has taken place in the ARVN/RF/PF process. The evolution of the constitutional process is proceeding. Village and hamlet elections have been held and we are less than two months away from the Presidential and Senate elections. In my last week's message, in summarizing the situation as I saw it at mid-year, I mentioned other ways in which progress has been made—military, political and economic. Again, as I said then, there is obviously much work to do. But balancing out the pluses and minuses, I find none of the latter insuperable. On the contrary, I believe we are gradually achieving our aims in Viet-Nam. If we stick with it long enough—and this is not a short term proposition—and

reinforce the success already achieved, I am confident that we shall achieve our objective.

We have had personal accounts of how the decision to end the Thieu-Ky rivalry was reached from several of the participants, including not only Thieu and Ky, but also Minister of Defense Cao Van Vien, Revolutionary Development Minister Nguyen Duc Thang, and IV Corps Commander Nguyen Van Manh. We also have an indirect account from I Corps Commander Hoang Xuan Lam and a subordinate of II Corps Commander Vinh Loc. All these accounts are in general agreement about what happened, but there are some interesting differences in emphasis and interpretation. In a conversation with me shortly after the final meeting, Ky portrayed Thieu as stubborn and determined to have his own way even if it meant splitting the military. Ky said that Thieu was unwilling to drop out of the presidential race despite the expressed wish of the other officers that he settle for the top military positions now held by Cao Van Vien.

When Ky offered in the interest of the country and unity in the armed forces to return to the Air Force, thus leaving Thieu a clear field as the military candidate, the other officers insisted that he run with Thieu because Thieu alone could not win the election. Ky said that he then agreed to run as Thieu's Vice President on condition that he will control the armed forces and name the cabinet in the new government.

Thieu's emphasis was quite different, though he repeated much of what Ky said. The day after the final meeting, Thieu told me that he had frankly expressed to the other military leaders his feeling that they had not shown him sufficient consideration as chief of state. When he announced his intention to resign from the military and run for president as a civilian, the other officers present objected strongly on the grounds that such an action would divide the military establishment. He said that not he but others—he mentioned General Loan and General Nguyen Bao Tri—were responsible for dividing the military. Thieu said that he stressed the need for military unity and the importance of completely fair and free elections. He put particular emphasis on his feeling about the need for honest elections repeating it to me several times.

Vien and Thang's accounts were substantially the same as Ky's, with Thang emphasizing his own role in the proceedings. Manh's description adds little to what we know, except that he discounts the effect of General Loan's removal as Chief of the Military Security Service.

Only Ky has specifically mentioned any conditions attached to his agreement to drop out of the presidential race and accept the second place on Thieu's ticket. Thieu, Vien, Tang and Manh said nothing about a deal such as that suggested by Ky's report of the meeting, although this is not significant in itself since this point was not particularly pursued with them at the time. Only an indirect report, from General Lam's aide, mentions any conditions. He said only that Ky is to have a strong voice in the cabinet and a significant part in selecting cabinet members.

*July 5, 1967*

The conditions attached to Ky's agreement are obviously important because, without such conditions, a Thieu-Ky government under the new constitution would in effect mean a reversal of the present power relationship between Thieu and Ky. In the present power system, Ky runs the government on a day-to-day basis, making many of the decisions without reference to Thieu and the Directorate. Under the new constitution, however, the president holds virtually all executive power. The vice president has almost no executive authority, and the chief duty which the constitution allots to the vice president is to chair several advisory councils.

[Eleven words excised] which spells out the reported deal between Thieu and Ky in a little more detail. [14 words excised] Thieu has agreed to act as a figurehead chief of state, allowing Ky to function as de facto commander of the armed forces and also to direct the ministers of defense, revolutionary development, and information/Chieu Hoi. This arrangement is supposed to be put in writing and acknowledged by both Thieu and Ky in the presence of senior military officers at some future date.

In both his account to me and [name deleted] Ky's description of Thieu's behavior and character is not particularly flattering. I am inclined to judge from this that Ky is not emotionally reconciled with Thieu. This of course hints at possible future difficulties between them, particularly if Thieu has not fully agreed to the conditions which Ky says he laid down. If Thieu does agree in writing, this would confirm the impressions we have had from some sources that Thieu's performance in the meetings did not gain him respect from his fellow officers. If he does not agree, this would tend to support the view that Ky's power base in the armed forces was not as great as he thought. There may be in any case practical difficulties in this arrangement even with the best will in the world.

I think it is also important to note the role of the other senior officers in this affair. The other generals, particularly the corps commanders, evidently put great pressure on Thieu and Ky to reach an agreement which would prevent an irrevocable split in the armed forces. They seem to have had a very clear perception of the dangers of a divided military, perhaps more so than Thieu and Ky. This is good and gives us reason to hope that any future friction between Thieu and Ky will be similarly contained by their fellow officers. If so, it will also give the key officers a greater influence in future decisions. While this influence may not necessarily be in the direction of closer cooperation with the civilian leaders, we can hope that they will share the view expressed to me by Thieu and Ky of the need to broaden the base of government through the inclusion of competent and influential citizens.

The Thieu-Ky ticket will be viewed in many quarters, both within Viet Nam and abroad, as an attempt to perpetuate the present military regime without change. If Thieu and Ky win the election, they will have to work hard to overcome this impression.

As I have mentioned, the combination of the Thieu and Ky tickets also underlines its importance of carrying out honest elections and demonstrating

to the Vietnamese people and the world that this is the fact. Thieu has frequently spoken out in public for free and fair elections. Ky has recently taken some actions designed to counter the growing impression that the elections would not be honest. Nevertheless their merger in a combination slate is likely to create even more skepticism among the Vietnamese electorate. We are therefore continuing to study ways in which the image of clean elections can be successfully conveyed to all concerned.

Civilian reaction to the Thieu-Ky ticket is mixed and still shifting. Everyone was apparently caught by surprise, and the civilian candidates must now rethink their campaign plans. They were counting on a split military to enhance their own chances, and they are, of course, somewhat discouraged by this turn of events. However, they are now hoping that Ky's supporters will not back Thieu with the same enthusiasm they showed for Ky (Ky has himself expressed concern about this possibility). They are probably also thinking in terms of aiming their campaign more specifically against military rule, since the Thieu-Ky ticket is more vulnerable to such a tactic. Some of them may also be pinning hopes on Big Minh as a diversive influence. It is possible also that some of the civilian candidates may now feel more pressure to combine their forces, and I think that would be a good development. Seventeen presidential slates were posted by the Assembly after the preliminary examination of their qualifications, and it will be very difficult to insure equal facilities for that many candidates, even though Ky told me today that he intended to make every effort to do so. It will also be downright confusing for the electorate which at the moment is also faced by 64 senatorial slates having a total of 721 candidates. The disadvantages need to be balanced against the fact that these tickets can also be regarded as a healthy awakening of political interest here.

The candidacy of General Duong Van Minh has caused considerable speculation and has the candidates re-appraising the situation. Although the Armed Forces Council on June 28 decided not to allow him to return to Viet Nam and issued a communiqué to that effect, the Assembly found Minh's dossier in order and listed him as a candidate in the initial posting. Minh's running mate is Ky's former Minister of Social Welfare, Tran Ngoc Lieng. (Lieng was one of the southern ministers who resigned from Ky's government last fall on the grounds that Ky and his entourage were practicing regional discrimination and using "police state" methods.)

Minh could still be eliminated in the subsequent procedures for officially certifying candidates. Even if he is allowed to run, the government may well continue to refuse to allow him to re-enter Vietnam, thus forcing him to run in absentia. (We have some indications that he might try to return secretly if he is faced by such a situation. This could cause a very awkward situation for the government. We are keeping an informal but close watch on his movements in Bangkok.)

Minh retains a good deal of popularity in Vietnam and his candidacy would likely cut into the support of the civilian candidates as well as hurt the



*July 5, 1967*

Thieu-Ky slate by dividing the military vote. Phan Khac Suu has frankly told us that he thinks Minh should not be allowed to run, a probable reflection of fears that Big Minh would attract some of his supporters. Minh would also have considerable appeal among Buddhists, the militant Tri Quang faction as well as the moderates.

I fear that Minh's return might again face us with the problem of a divided military. Despite his considerable popularity, he proved incapable of providing strong leadership and of uniting the military in 1963-64. For the moment I think it best for us to continue a hands-off policy and not try to interfere in this very sensitive matter until we are a little more certain of how it is developing. While there are obviously constitutional and legal questions involved, these are primarily matters for Vietnamese determination.

In addition to Big Minh and the four major slates now in the presidential race (Thieu-Ky, Huong-Truyen, Suu-Ran and Ha Thuc Ky with Nguyen Van Dinh), the Assembly has posted twelve slates which we consider of minor importance. These include representatives of various splinter groups, a newspaper reporter's slate, a sprinkling of old revolutionaries, some presidential candidates defeated by Diem in his 1961 presidential elections, and one businessman's slate. Their motivations for running are various. In some cases they are merely looking for publicity. Others hope to parlay a campaign showing into a ministerial post. Some probably expect to be able to make some kind of deal in return for withdrawing from the race and throwing their support to one of the major candidates.

The Senate race has also attracted a great many candidates, some of them very prominent and talented people. There are now in the race (some will be disqualified and others will withdraw) 640 candidates and 81 alternates on 64 slates. Of these, 50 are deputies in the present Assembly, two are cabinet members (Foreign Minister Do and Industry Minister La Thanh Nghe), 3 are civilian members of the directorate, 53 are civil servants, and 46 are military personnel (including five generals who are retired or otherwise no longer active in the army). There are also 37 women, three Montagnards, and four Khmer among the candidates. While most of the ten-man list appears to be attempts to achieve a regional, political and religious balance, some appeal purely to special groups. There are lists made up entirely of journalists, lawyers, professors and school teachers, provincial councilors, and representatives of the CVT labor union. Average age of the candidates is somewhere between 40 and 45.

While the number of candidates faces the voter with a perplexing choice and the mere printing of the ballots will be a monumental problem for the Vietnamese, I think it is very encouraging that there is so much interest and participation in the coming elections. The Senate lists in particular reflect a widespread desire to participate in the democratic process. This suggests that the appeal of free elections is effective in overcoming the "attentisme" or fence-sitting tendency which has long characterized Vietnamese political life. It also suggests that a real democratic system will, here as elsewhere, ultimate-

ly prove effective in overcoming communist political maneuvers.

Communist propaganda is, of course, aimed at discrediting the democratic process now in motion here. What other moves they may take to counter this political offensive by the Vietnamese remains to be seen. I think we may have a hint of one tactic, however, in the June 30 announcement by the liberation radio that the National Liberation Front has accepted the appointment of a Cuban ambassador. Coupled with the recent Cambodian recognition of the front, this move suggests that the communists may now be considering giving the Front at least some of the trappings of a government. Such actions would be designed to make the Front a more plausible rival to the coming popularly elected government here. I do not exclude the possibility that the communists may hold some kind of rival elections in areas they control.

In I Corps morale is generally improved, particularly in Quang Tri province. Enemy activity was generally at a low level except in the demilitarized zone where our forces encountered an estimated two battalions to one regiment of North Vietnamese troops on July 2. The June 28-30 meetings by the top military leaders caused a wave of uneasiness and a spate of rumors (this was also true in Saigon and other parts of the nation), but the situation returned to normal when the Thieu-Ky agreement was announced.

The local press generally praised your efforts at the Glassboro summit meeting. Other leading topics of editorial writers were (again) the issue of censorship and the U.S. role in the coming elections.

The Saigon retail price index held steady this week at 267. Prices have thus been steady or declining for over one month now, and high prices are no longer a major topic of conversation among the Vietnamese. The present level of the Saigon retail index is down two percent from one month ago and 18 percent above the level at the beginning of the year.

The index on imported commodities dropped sharply this week, from 220 to 205. The chief factor in the decline was galvanized sheet metal. The price of this commodity fell because of a release from GVN stocks which was designed to alleviate a temporary shortage. Fertilizers and condensed milk also moved down.

An agreement to double Saigon electric-power generation and distribution facilities was signed June 29 by the GVN and USAID. USAID will grant U.S.\$32 million and the GVN will provide more than one billion piasters during the next four years. Design engineering will start by October 1. The GVN will establish a modern, independent, and self-supporting public power company to operate both the new plant and the facilities now operated by the Compagnie des Eaux et d'Électricité (CEE) whose franchise expires December 31. The new company will absorb all other public electric facilities in the metropolitan area.

The number of returnees rose this week from 474 to 528. This may be compared with 274 for the same period last year. The total to date for 1967 is 17,662; last year at this time the total stood at 9,625.

*July 5, 1967*

Of special interest during this period was the return from Cambodia on June 24 of an entire unit consisting of 75 fully armed and equipped Fulro Montagnards to Quang Duc Province, their home area. They had been helping the Viet Cong build fortifications and had become discontented with VC treatment.

During the week ending July 1, the enemy killed 37 Vietnamese civilians, wounded 67 and kidnapped 63. The dead included 10 Revolutionary Development workers and 2 Chieu Hoi returnees. During the reporting period, the enemy killed 119 Vietnamese military personnel. If we add the civilian and military dead we get a total of 156 Vietnamese killed by the enemy during the reporting period. This may be compared with 92 Americans killed and 1,563 enemy KIA during the same period.

Senator Carlson left on June 29. Leonard Marks arrived July 2 and leaves tomorrow. I think he has had some good talks here notably with Ky this morning and with General Tri, Minister of Information, yesterday. He is to see General Thieu tomorrow. We have gone over with him changes we are suggesting in the psywar setup which I believe will considerably improve the efficiency and effectiveness of the organization. He has approved this as has General Westmoreland in principle and we propose now to move ahead.

Congressmen Moss and Cohelan and members of their staff also arrived on July 2 and leave tomorrow. I had a talk with them—and I believe a useful one—upon their arrival covering the general situation here. They have since been holding hearings and I believe have noted improvements since their last visit here.

Jim Grant arrived here also on July 2. He plans to stay until the 11th or 12th in order to get as thorough a view as possible of aid problems here both in Saigon and in the field before returning to take up his duties as AID Director Washington for Viet-Nam.

We are looking forward to the arrival of Secretary McNamara and Under Secretary Katzenbach and their colleagues on July 7 and hope to have a very thorough coverage with them of the situation as we see it.

## XI

### FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY ELEVENTH WEEKLY TELEGRAM, JULY 12, 1967 Secretary McNamara, Under Secretary Katzenbach, and their colleagues left yesterday afternoon after a five-day visit which included an intensive series of briefings and field trips. For me and my colleagues here, both civilian and military, this has proved to be an extremely useful exercise. It gave us an opportunity to review our objectives, to appraise what progress we may have made, where we have gone wrong, and to come up with definite proposals for future action and for accelerating the pace of progress here. It has been valuable to us also in providing a more intimate view of the Washington picture, and the problems you are facing there, for through contacts of this kind one can get a feel for the situation which telegraphic communications do not convey. Finally, meetings such as this help us to crystallize our thinking and force us to come to definite conclusions as to what new and definite steps we should undertake to get on with the job.

As a result of the meetings, I believe that Bob McNamara, Nick Katzenbach, and my senior colleagues and I have come to a meeting of the minds on how we ought to proceed in reinforcing the success we have already had here. They will be reporting to you, of course, in detail on the meetings and of our conclusions. I will therefore only summarize here what I believe are some of the more salient points:

A. That we should provide General Westmoreland with the number of maneuver battalions available without calling up the Reserves. Bob McNamara has indicated that he could provide up to 21 battalions.

B. Maintain our bombing of North Viet-Nam through the remaining months of good weather. We can then decide whether to cut back to the 20th parallel and whether we then think a pause to test out Hanoi's intentions would be advisable. The onset of unfavorable weather would provide the basis for a rationale for a decision on these points.

C. That we should intensify our efforts at interdiction of infiltration by the enemy in Laos through application of the measures envisaged in Illinois City and [Operation] Compatriot. We should also allow brigade size ARVN raids into Laos. As I have mentioned in previous messages, I realize the political sensitivity of operations in Laos but I also feel that if necessary we should go beyond these proposed steps to choke off enemy infiltration, for I believe this is the crux of the military problem here. Since I have covered this in

*July 12, 1967*

some detail in previous messages I will not repeat here the suggestion I have already made.

D. Continuing efforts to improve the ARVN/RF/PF. General Westmoreland has already an intensive program underway which I have previously reported in some detail. Considerable improvement in performance is already evident but much remains to be done, especially with the RF/PF forces; and also with ARVN's role in pacification. Secretary McNamara brought up the matter in our talks with Chairman Thieu, Prime Minister Ky and General Vien yesterday. They recognized the need for improvement. Ky said that the RF/PF especially needed better leadership and better living conditions to improve morale. The military and the civil service have been the chief sufferers from inflation while laborers and farmers have to a degree benefitted from full employment, increased pay and prices for farm products.

E. The maximum use of manpower and its more effective utilization. We are agreed that after the elections mobilization will be necessary. As I have mentioned previously, Ambassador Locke has this whole problem under intensive study. Secretary McNamara made it clear in our talks yesterday with Thieu and Ky that maximum use of RVN manpower and its more effective utilization was a prerequisite to the deployment of greater U.S. or free world forces.

F. Speeding up of pacification. Bob Komer will be reporting to you in detail on what is being done here. Although progress to date may have seemed rather slow, I am frankly encouraged, not only by the progress already made, but by the improved prospects which our own reorganization of our advisory and supporting role promise. Through it I am confident that we shall be able to bring greater emphasis and leverage to bear on the Vietnamese role, for no matter how efficient the organization of our role may be, unless the Vietnamese carry the main burden, the program cannot succeed. As Ky said in our talks yesterday, pacification really means nation-building and this is a big job, especially in wartime. But he also expressed confidence that their part in it would become increasingly effective. In this connection, it is encouraging that he mentioned a fact on which Gene Locke, Bob Komer and I are all agreed, that the Province Chief is a vitally important element in the process. He expressed dissatisfaction with the present quality of incumbents and is planning on setting up a training center for Province Chiefs and replacement of those who are unsatisfactory. He also expressed the view that Province Chiefs should have control of the ARVN/RF/PF forces assigned to pacification and should also have direct access to the central government instead of having to go through the Division and Corps Commanders as at present. We here are all in agreement on this also. General Thieu expressed a differing view, feeling that the Division Commander should have more responsibility for pacification.

G. The necessity that elections should be fair and honest. Secretary McNamara expressed this very clearly and explicitly the importance you attach to the holding of fair and honest elections. We emphasize strongly the

fact that unless the elections were free and fair public opinion in the U.S. undoubtedly will be adversely affected and this in turn would affect the support which the Vietnamese are receiving from the U.S. and other free world countries. As you know, I also have repeatedly stressed these points to Thieu and Ky. I hope and believe that this repeated emphasis is having some effect, but as I mentioned in last week's message the unfolding electoral process will have to have our close attention until the elections are concluded. One good sign is the general feeling that censorship, police harassment, and the pressures on the civil service to support the military candidate are greatly reduced. There is also general relief that the military have closed ranks and can now concentrate on fighting the Viet Cong instead of one another.

H. Economic stability and measures to restrain inflation. We are agreed on the need for a study of means for preventing an unacceptable degree of inflation while permitting an increase in military manpower and the initiation of other priority measures.

Some other points which came out of our meetings with Thieu, Ky and General Vien yesterday were:

A. On ARVN/RF/PF: Ky and General Vien advocated an increase in force levels of 65,000, lowering the draft age to 18 and extending the length of service. Discharges have been stopped. This will mean that 40,000 men who would have been otherwise eligible for discharge will be retained. This has been done administratively on the basis that additional forces will be needed to provide protection during the electoral process.

B. Ky and Vien believe that the Communists may try for one big victory before elections, that they will increase attacks on the pacification program, and attempt to disrupt the elections at the village and hamlet level.

C. They believe that the first three months of the new government will be a testing time for the new regime. During this period the Viet Cong/North Vietnamese Army will continue an intensified series of attacks but it will also be an opportunity to strengthen the government in South Vietnam by broadening its base, and an opportunity to convince the Viet Cong that a military victory is impossible.

D. On the question of negotiations, Ky emphasized the fact that the Government of Vietnam was willing to talk to Hanoi at any time but that an elected government would be in a stronger position to do so. This should be done at the "proper time" with adequate preparation. Ky mentioned the fact that two years ago the Government of Vietnam was "talking about going North," a year ago about two Vietnams, and now could talk about how to end the war. Thieu asked whether Secretary McNamara had information as to whether the main military targets in North Vietnam had been destroyed and if therefore a cessation of bombing would be an inducement to negotiations. The Secretary pointed out that we did not yet have enough information on this score and that except for manpower the North Vietnamese war-making potential was really not located in North Vietnam, but came from outside sources. He mentioned the fact that one thing we would not want to do is to

*July 12, 1967*

get into Korean-type negotiations which continued for two years during which hostilities also continued. He pointed out that our losses were heavier during the negotiating period than preceding it.

Ambassador Locke will have reported to you in very considerable detail on plans and programs underway and contemplated in the military, manpower, pacification, economic and political areas. I concur in his observations and recommendations. I may add that all of us here—Gene Locke, Westy, Bob Komer, and I, together with our senior advisors, General Abrams, Don MacDonald, Barry Zorthian, John Hart and Arch Calhoun—are all working very closely together, keep in the closest contact and are in general agreement on how we ought to proceed. I am really very pleased with the way in which the organization is functioning here.

After the rather frantic political activity leading up to the filing deadline for both presidential and senatorial candidates, we are now in a bit of a lull. The principal candidates, including Thieu and Ky, are quietly assessing the meaning of the Thieu-Ky merger and the Big Minh bid. They are also looking over the Senate lists, most of which were put together with such haste that the political implications and ramifications are only now beginning to emerge.

Thus at a luncheon I had for the Under Secretary, the principal civilian candidates were in a rather relaxed mood. I gathered from them and from a number of other reports that they are rather more optimistic as a result of the Thieu-Ky merger. Their reaction to Big Minh's candidacy is cautious, but I believe they are for the most part hoping that the Assembly will decide to disqualify him.

There is considerable skepticism expressed by many of our contacts that Thieu and Ky will be able to work effectively in the future. Although some of these predictions are politically motivated and should be viewed as such, I feel, as I point out later, that we must recognize that the new arrangement places strains on their relationship which could cause us problems in the future.

The candidacy of Big Minh is the major unresolved political question at the moment. On July 6 General Cao Van Vien and all four of the Corps Commanders sent to the Assembly a joint complaint against Minh's candidacy, referring to the decision of the Armed Forces Council against permitting Minh to return on grounds of national security.

Also on July 6, a citizen filed a complaint against Minh's running mate, Tran Ngoc Lieng, on the grounds that Lieng once held both French and Vietnamese citizenship. (The Constitution provides that candidates must have Vietnamese citizenship from birth, but says nothing about dual citizenship.) If Lieng is disqualified, Big Minh would automatically be eliminated from the race.

The top military leaders appear to be united in their opposition to Big Minh's candidacy; they are now on public record against it, and their prestige is thus engaged. In the past when the military leadership stood together on important issues, their influence on the Assembly was usually decisive. As-

sembly Chairman Phan Khac Suu has also told us that he is opposed to Big Minh's candidacy.

The issue is now before the Central Election Council and we are inclined to believe that it will find against him. If it does, the decision will be reviewed by the Assembly. There is considerable reluctance to take responsibility for the decision, however, and if a plausible legal case can be made against either Big Minh or his running mate, the decision would likely be much easier for both the Council and the Assembly.

If the Council and the Assembly should decide to throw out the complaint against Minh, the military would probably still try to stick to their decision to keep him out of the country. Press reports from Bangkok quote Minh as saying he is determined to "appear" in Saigon soon, one way or another, and there have been hints that he would try to slip back into the country secretly if the military continue to bar his return. This would pose a hard problem for the present military leadership, and the results would be difficult to predict.

I continue to think that Minh's candidacy could pose a serious threat to military unity. His bid for the presidency might also divide the nation in other ways. The Catholics are strongly opposed to his candidacy and would probably react vigorously if he continued to be a candidate. He has some Buddhist support, and while this strength is difficult to gauge, it could turn out to be enough to threaten a revival of religious tension and even open religious conflict such as that which erupted between Catholics and Buddhists in 1964. Thus, the Minh candidacy appears to me to pose a clear threat to the essential degree of political stability without which we cannot get further progress toward democratic government in this country.

The candidacy of Au Truong Thanh, the former Minister of Economy, is in quite another category. We judge that he has very little support. If he is barred from running, there will be no significant popular reaction. If he is allowed to run, he will get few votes. Tran Van Huong has said flatly that he thinks Thanh is working with the Viet Cong and Ha Thuc Ky has also made it clear that he has no use for Thanh. Ha Thuc Ky, in fact, alleges that Thanh filed for the presidency mainly in order to avoid arrest for his leftist connections. The Catholic press has vigorously attacked his "peace-at-any-price" statements.

The complaint against Thanh's candidacy was filed by an Assembly deputy, Diep Van Hung, on the grounds that Thanh has had communist connections in the past. (The electoral law bars those who "have directly or indirectly worked for communist or pro-communist neutralism or worked in the interests of communism.") Hung claims that Thanh joined the Communist Party in 1952 and notes that he was arrested in 1954 and again in 1959 for activities which aided the Communists.

On July 7 the police held a press conference in connection with the arrest of some intellectuals charged with working with the Viet Cong. According to some press reports, Thanh was linked to those arrested and to the "intellectual proselytizing section of the Saigon Viet Cong organization."



*July 12, 1967*

While we have no hard evidence that Thanh is or was a Communist or "pro-Communist neutralist," he has certainly had many connections with the far left and near Communist factions in the past. Whatever his motives, he is now clearly trying to exploit the longing for peace in an irresponsible way. His campaign handout sheets (in themselves a violation of the electoral law) are without exception printed in both English and Vietnamese. This indicates to me that one of his targets—if not the main one—is the American press. Unfortunately, he has found a receptive audience in some correspondents.

I believe the precise terms of the Thieu-Ky alliance are still being defined and sorted out. This is likely to continue for some time. If they are elected, it will be a principal and crucial problem at the outset of the new government.

General Thang on July 6 told Lansdale that to the best of his knowledge there is only a vague understanding between Thieu and Ky on their future relationship. Thang said that when this subject came up during the final hours of deciding the Thieu-Ky coalition, Thieu indicated that Ky would have a large say in the cabinet and Vietnamese Armed Forces appointments "because we are brothers in a family." However, [name deleted] says that Ky's future powers were spelled out in a July 6 written agreement between Thieu and Ky. According to this report, Ky must approve all important government decisions, in particular those dealing with major military matters and efforts to end the war. He is also to have the power to name the Prime Minister and the cabinet. If this report is accurate, knowledge of the agreement is apparently limited to a very small group of officers. I shall be trying to run this down in the next few days. If not already done, I think it important that a definite understanding should be reached between Thieu and Ky on their respective roles, and that we should exert our influence to bring this about.

The Thieu-Ky merger has not pleased some of Ky's supporters. General Loan is known to be quite unhappy about the arrangement. Some of Ky's Catholic supporters in the greater solidarity force are now reportedly hesitating to get behind the combined slate. CVT (trade unions) labor leader Tran Quoc Buu yesterday told an embassy officer that the slate is now "too military," and it is too early to decide whether or not the CVT should back Thieu-Ky. It is probably not at all surprising that the main civilian candidates should be saying that the Thieu-Ky ticket is weaker than the Ky-Loc slate, but they are saying it with a good deal of conviction.

While most of the major candidates are still organizing their campaigns, some of them have also sketched out some platform ideas. We know that Ky intended to run on the record of his government, with promises of further economic and political progress if elected. Probably this will also be the basic line of the Thieu-Ky platform.

We have seen a copy of Tran Van Huong's draft platform. It is moderate and constructive, and I think a most responsible approach to the campaign and the problems facing the Vietnamese people. His platform is called "building peace on freedom, prosperity, and justice." It opens with the statement that the country faces four related problems: war, corruption, misery,

and injustice. The war is the result of Communist aggression, but is nourished by corruption and injustice in the government and society of the South. So long as there is corruption and injustice in the South, the Communists will have the hope of winning and the war will continue. Therefore strong democratic government is necessary to achieve peace.

With regard to the "search for peace," the Huong platform states flatly that as long as the Communists are unwilling to recognize the right of South Vietnam to live in freedom, and they continue to use violence to spread Communist ideology, the military effort must continue. The search for peace does not mean "peace at any price"; the basis for peace is Communist abandonment of their efforts to seize the South by force. The draft platform states, as Huong himself did on July 10 when talking with an embassy officer, that peace negotiations must be between the governments of North and South Vietnam. Huong said he believes that there is no point in talking with the National Liberation Front because they are merely creatures of Hanoi.

The Assembly is now in recess, having completed the electoral law for the lower house. The law is in most respects similar to that written for the Senate elections. It provides that the future lower house will be based on at least one deputy for every additional 50,000 electors, which will result in a Lower House of about 126 members. The lower house elections are slated for November 5.

Although the Assembly has a mandate under the Constitution to write several other very important laws, including those governing political parties and the press, I am inclined to doubt that they will in fact produce much more legislation. Sixty-two deputies, well over half of the total membership of the Assembly, are running for the Senate and the Chairman of the Assembly and Deputies Phan Quang Dan and Nguyen Dinh Quat are in the presidential race. Many of the deputies are thus already immersed in their pre-campaign activities. Other deputies will undoubtedly file for the lower house election. A number of deputies not running for the presidency or the Senate will likely be involved in supporting the campaigns of one or another of the presidential candidates. It is regrettable, but I now doubt that there will be either a press law or a political party law before the new government is in place.

The retail price index went up sharply this week and now stands at 289. It was steady at 267 last week and had declined or held steady for over one month before that. The present level is up three percent over last month and 23.5 percent above the price level at the beginning of the year. The increase this week was mostly due to a rise in pork and shrimp prices. The index on imported commodities again dipped, however, and is now 194 as compared with last week's 204 and the previous week's 220. The decline in prices of imported commodities was due to a further drop in galvanized sheet (in continued reaction to the release of new imports by the government) and a decline in cement prices. Cement is now selling below the official price level, in part because consumption of cement is usually light during the rainy season.

*July 12, 1967*

Congressmen Moss and Cohelan of the House Foreign Operations and Government Information Subcommittee, in Viet Nam July 2-6 to study the AID program, told a press conference at the end of their visit that there has been large improvement in AID operations and personnel. Both, however, indicated dissatisfaction with the creation of CORDS, which they see as a move toward complete militarization and also as a takeover from the Vietnamese of the RD program. I am frankly disappointed and somewhat surprised at their reaction for I spent a good deal of time with them—and Bob Komer considerably more—explaining the reasons for the reorganization and the results already being felt in increased efficiency and economy. They consider it likely that the new organization will lead to more U.S. troops and a greater U.S. commitment. Congressman Moss said that he plans to explore the need to “compel greater cooperation” by the GVN with us. In addition, Moss said that more work has to be done on our medical program and on land reform, although there has been substantial improvement since his last visit.

The number of returnees reported this week was 483. This may be compared with 313 for the same period last year. The total number of returnees this year is now 18,145; last year at this time the total stood at 9,938.

During the week ending July 8, the enemy killed 83 Vietnamese civilians, wounded 116 and kidnapped 55. The dead included two Revolutionary Development workers, 4 hamlet chiefs, and 5 policemen. During the reporting period, the enemy killed 144 Vietnamese military personnel. If we add the civilian and military dead we get a total of 227 Vietnamese killed by the enemy during the reporting period. This may be compared with 237 Americans killed and 2,148 enemy KIA during the same period.

During June, there were 109 VC incidents directed against RD cadres and teams: 38 in I Corps, 33 in II Corps, 11 in III Corps, and 27 in IV Corps. RD cadres' casualties included 78 KIA, 210 WIA, and 9 MIA. The largest single incident was the VC mortar attack on the Pleiku Montagnard Training Center on June 10 with 40 KIA and 109 KIA; RD cadres were responsible for 87 VC KIA and 31 VC captured.

One of the most effective Census Grievance cadres in Ninh Thuan Province was tragically recognized for his outstanding efforts against the VC. On June 24, four VC infiltrated Thai Giao hamlet, An Phuoc District, and went to the home of Pham Shan, CG cadre for the hamlet. The VC assassinated Mr. Shan and absconded with all the CG documents.

Terror in the Saigon area has increased somewhat in recent weeks. Most noteworthy in this reporting period is a July 9 incident in which a claymore mine of enemy manufacture was exploded opposite the Capital BEQ in the Cholon section of Saigon at 7:00 p.m. Two Vietnamese civilians were killed, and nineteen wounded, seventeen Americans were wounded, one seriously. Scattered small arms fire occurred immediately after detonation, and several Vietnamese civilians have been taken into custody as possible snipers.

## XII

### FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY TWELFTH WEEKLY TELEGRAM, JULY 19, 1967 The relative calm which had settled over the political scene last week suddenly erupted into intense activity on Monday and continued until the early hours of this morning when the Assembly concluded its consideration of the presidential slates.

Early yesterday morning Ambassador Bui Diem telephoned me saying he was then meeting with Generals Thieu and Ky and asked to see me "urgently." He came to see me in a state of considerable agitation and informed me that the special election committee had "rejected" the Thieu-Ky slate on the ground that they had not withdrawn from their posts as president and prime minister, that the military members of the directorate were meeting then and had concluded that if the Assembly insisted on following the recommendation of the special committee, some "strong action" might be necessary. He said that Thieu and Ky had wanted me to be informed of the situation. Bui Diem wanted to know if I had any suggestions to offer.

I replied that in my opinion Thieu and Ky had complied with the electoral law in withdrawing from the armed forces, that as chief of State and Prime Minister they were not civil servants and therefore not required by law to resign these positions. I added, however, that they might want to consider the possibility of stepping aside for the month of the campaign permitting the directorate to fill their positions temporarily in the interest of indicating their wish to be completely fair and in support of democratic processes. I pointed out that this would be an unusual step since it is not customary for an incumbent to resign in order to run for re-election, but should they reach an impasse with the Assembly, they might want to consider something of this kind. I added, however, it seemed to me that it should be possible for them to work out their problem with the Assembly since it was my understanding that their supporters constituted a majority of the members. This was a condition which did not obtain in the committee where each of four blocs, regardless of size, had four votes. Consequently, the acts of the committee did not necessarily represent the views of the Assembly members. I left Bui Diem in no doubt that we absolutely would not countenance any sort of coup if this was what the military had in mind by the need to take "strong action."

In retrospect I believe this may have had a good effect. When Bui Diem returned again shortly after noon he said that things looked calmer, that

*July 19, 1967*

Thieu-Ky had been canvassing the situation and thought that they had adequate support to override the action of the special committee.

Later in the day yesterday, we began receiving some conflicting reports and explanation of the committee's action in rejecting the Thieu-Ky ticket. Some of them, if true, could have disturbing and somewhat sinister implications. It is apparently a fact, which Bui Diem did not disclose to me, that Ky's supporters in the committee voted against the Thieu-Ky ticket. One explanation which has come to us is that this was done at Ky's instructions with the purpose of creating a crisis which would (A) provide an excuse for the military to move in, or (B) demonstrate to Thieu Ky's political power in the hope of extracting more definite commitments from Thieu as to Ky's functions in a new government. Another explanation is that Ky's supporters have become irritated with him because of what they consider his neglect since his decision to withdraw and run on the Thieu ticket. We are trying to get at the bottom of the matter since if the first of the explanations mentioned should prove true, it seems apparent that Bui Diem's approach to me yesterday was less than frank. It is possible that he may have been sent to test out our reaction to a decision by the military to acts against the Assembly. It also may have implications regarding the Thieu-Ky relationship.

This Thieu-Ky relationship is something which will need watching and nursing. I am not yet satisfied that it has been satisfactorily resolved. Ky has told me twice that he and Thieu have come to an understanding as to his role in a new government, and that this will be satisfactory to him "provided Thieu keeps his word." Bui Diem has also confirmed to me that there is an understanding in writing which Thieu has signed. There have been indications also within the last week that Ky has resolved his own indecision as to whether to pursue an active or passive role in the campaign in favor of the former as I have reported. He told me that his troubles really began when he decided to withdraw and run with Thieu and had to answer criticisms from his supporters among the military, Buddhists, Cao Dai, Hoa Hao and other groups, which felt that he was well ahead in the race and almost certain to be elected. He has had to convince them that he took this action in the interest of unity of the armed forces and the welfare of the country, and I believe he is trying to do this sincerely. Over the weekend he summoned to Dalat the provincial police and security chiefs from whom he had also encountered criticism to explain his position and to inform them that he intended to campaign actively for the ticket.

In my talks with Thieu, I have impressed upon him our view that it is important in the interest of South Viet-Nam and of our mutual objectives that the relationship of trust between him and Ky should continue and that in whatever arrangement is worked out between them everyone's talents should be utilized. I pointed out that as a team they have been chiefly responsible for much of the progress and the increased stability of the last two years and that it is important that they should together continue to build on what has al-

ready been accomplished. I added that I assumed that Ky as vice president would not be interested in simply being a figurehead.

Thieu agreed, said that he expected to divide responsibility with Ky and that in the future, as in the past, they would work together on a basis of mutual trust. He said that he envisaged a broadly based government with a civilian prime minister and with civilian cabinet members with the exception of Defense and Revolutionary Development which he felt should be headed by military men. He wanted personally to give more attention to the reorganization of ARVN and to the problems of pacification.

One of the problems, of course, in working out this relationship between Thieu and Ky is the fact that under the present arrangement, Thieu is Chief of State and Ky is head of government. Under the constitution, the President is the real center of executive power and the Vice President has relatively few duties assigned to him. Therefore, as Chief Executive, it is to be expected that Thieu will assume a more active role as President than he has as Chief of State during the last two years. This leads to a rather delicate situation in working out a division of labor. But as I have pointed out to Thieu, there is a vast amount of work to be done, too much for any one man, and that it will need the combined efforts of the president, vice president, and prime minister at the top together with all the available talent they can muster at the cabinet level to prosecute the war and to get on with nation-building.

Last week as a demonstration of improving performance on the part of ARVN, I mentioned some successful engagements in which they participated. Again this week, General Abrams has sent me a memorandum of an effective operation by elements of the ARVN Fifth Division which has been generally considered one of their poorest. This involved an attack by elements of the 141st North Regiment against two companies of the Second Battalion, 9th Regiment, 5th ARVN Division in Binh Long Province. The enemy attacked from two directions, employing small arms, automatic weapons mortar and rocket launched fire and penetrated the ARVN position at two points. ARVN forces launched an aggressive counter-attack to eject the penetrations while holding the remainder of the positions tenaciously. It is interesting to note that there were two hundred dependents located in the position and only one, a wife, was killed. The dependents assisted the ARVN forces by re-loading magazines and treating the wounded. The ARVN unit employed all available supporting arms, including artillery and air, in an extremely professional manner. The enemy broke contact at first light, leaving 112 killed and 10 prisoners, one of whom was a captain. They left behind also 83 weapons, including 52 new AK 47 sub-machine guns. The ARVN forces suffered 14 killed in action. General Abrams reports that the morale and the esprit of the ARVN units were outstanding throughout the actions; although they had received 75 new replacements only ten days prior to the attack leadership was extremely professional. I merely cite this as another indicator of growing ARVN efficiency.

*July 19, 1967*

President Marcos made a whirlwind four-hour visit to South Viet Nam July 16. We had little advance notice of his plans. However, the Philippine Ambassador and Ambassador Romualdez, whom President Marcos had sent to make preliminary arrangements, could hardly have asked for fuller cooperation from the GVN than they received. Chairman Thieu and Prime Minister Ky both interrupted short and much needed vacations to meet with Marcos, and a substantial number of cabinet and general officers turned out as well.

MACV performed magnificently in providing essential assistance in the field of transportation. JUSPAO insured good size press representation at arrival and departure and during the Tay Ninh visit. It also provided tapes and films for placement in the Philippines. I was, of course, present at arrival and departure of the Marcos party. I gave him greetings on your behalf and he asked me to convey his warm regards to you. He expressed to me great appreciation for the arrangements we had made for him. Our mission otherwise stayed in the background and this remained essentially a Philippine-Vietnamese show. General Thieu, on President Marcos' departure, said "Your visit has been too short." Marcos himself cut an attractive figure and thanks to JUSPAO arrangements for publicity I believe should get some political mileage out of the venture.

As I have mentioned, the focus of political action this week was on the Assembly as it took the final decisions on which presidential slates will be allowed to run. The Assembly acted with great deliberation, did not take a decision on the Thieu-Ky slate until early hours of this morning. Fifty-six of the approximately 70 deputies present voted in favor of the Thieu-Ky ticket. The Big Minh slate was voted down by 54 deputies earlier in the evening, the "Peace Candidate," Au Truong Thanh, was rejected by the Assembly on the grounds of "pro-communist neutralism." In all, the Assembly eliminated seven slates, which leaves eleven still in the race. With the exception of Big Minh, all of the major contenders were approved.

We expect little popular reaction here to the Assembly rejection of the candidacy of Au Truong Thanh. His irresponsible statements about peace have caused most political leaders to suspect that he is indeed working with the Viet Cong.

Big Minh's situation is somewhat different. He has a good deal of popularity in many circles, and it is not unlikely that the militant Buddhists will try to exploit his rejection for their own ends. Some of our contacts predicted demonstrations if he were barred from running for president. I think that any such demonstrations, if they occur at all, will be easily controlled by the authorities as long as Thieu and Ky work together and give clear orders to the security forces.

We have heard from sources in both camps that Tran Van Huong and Big Minh have an agreement which provides that Minh will support Huong if he is not allowed to run himself. We should soon know if this is true. If Minh does throw his support to Huong, it will give Huong's campaign a considerable boost. It may also serve to deflect many of Minh's supporters from tak-

ing part in any anti-government demonstrations which the militant Buddhists or the VC may try to generate. Huong's supporters have told us they oppose any such demonstrations, and they claim to have strongly advised him and his backers against such action.

In the course of my recent talks with Thieu and Ky, I again stressed the importance of free and fair elections. I raised with both of them the suggestion that international observers of one kind or another would do much to persuade public opinion here and abroad that the elections are honest. Ky agreed with all I had to say but made no commitment. Thieu noted that they plan to invite U Thant to send U.N. observers, though last year he declined to send observers for the Assembly elections. When I mentioned Senator Javits' and other proposals for parliamentary observers, Thieu said that it was a good idea and he hopes that such groups will come. He added that of course the government intends to invite full observation by the press. I think it is important that if parliamentary observers are invited, they come from other Asian nations and not just from our own Congress.

On July 15 I gave a speech to the Vietnamese Journalists Association. I stressed the great importance we attach to the democratic process now in motion here, made it clear that we are supporting no candidate, underlined the need for clean elections, and pointed out the need for post-election cooperation among all groups and factions. The local press gave the speech very full coverage, as I had hoped, with many carrying banner headlines to the effect that we favor no candidate. It is my hope that my speech and the coverage of it in the local press will serve to reinforce the private persuasion we have been using on all concerned to ensure that the coming elections are indeed fair and free.

The Assembly will now turn to complaints against the Senate lists. Four of the 64 slates have withdrawn, and there are complaints lodged against 19 of them. The charges against the candidates include such things as corruption, expulsion from the armed forces, pro-communist sympathies, and failure to take leave without pay from the government service on filing of candidacy. We expect that many of these charges will be thrown out for lack of evidence, but even if all of the complaints were sustained, there would still be 41 slates in the running—a total of 410 candidates for 60 Senate seats.

Last week the Viet Cong made two dramatic attacks in I Corps, perhaps in an effort to counter our efforts there and keep morale down. The Danang airbase was hit by rocket and mortar fire on July 15, and on the night of July 14-15 the enemy stormed a prison compound in Hoi An and released over 1,200 prisoners. The released prisoners included 150 confirmed Viet Cong and 770 suspected Viet Cong. About 30 of the escaped prisoners were subsequently killed and over 200 were recaptured. Our people in I Corps report that despite these spectaculars, morale in I Corps has not suffered. ARVN morale there is in fact reported to be high.

Political activity in I Corps is reported increasing with both the VNQDD and the Dai Viet parties active in pre-election organization efforts. There are



*July 19, 1967*

some stories about government pressures on military and civil servant personnel to get out the vote for the Thieu-Ky slate, and the militant Buddhist faction is again said to be trying to organize demonstrations, this time in support of Big Minh.

The Saigon retail price index slipped back two points from last week's sharp jump upward and now stands at 278. This is still 23 percent above the level at the beginning of the year, however. Import prices rose somewhat, with the index going from last week's 194 to 196. This is still well under last month's 219.

The number of returnees reported this week was 419. This may be compared with 339 for the same period last year. The total number of returnees this year is now 18,564; last year at this time the total stood at 10,277.

During the week ending July 15, the enemy killed 82 Vietnamese civilians, wounded 121, and kidnapped 100. The dead included one Revolutionary Development worker, one hamlet chief, and four policemen. During the reporting period, the enemy killed 202 Vietnamese military personnel. If we add the civilian and military dead we get a total of 284 Vietnamese killed by the enemy during the reporting period. This may be compared with 171 Americans killed and 1,892 enemy KIA during the same period. Since January 1, 1967, the Viet Cong have killed a total of 1,611 Vietnamese civilians, wounded 3,052, and kidnapped 2,078.

### XIII

#### FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY THIRTEENTH WEEKLY TELEGRAM, JULY 26, 1967 Two developments of importance relating to the elections took place during the past week as the result at least in part of persistent persuasion and patient prodding on our part. The first was the lifting of press censorship which has encountered a very favorable reaction here. The second was the invitation sent by the Foreign Minister to U Thant urging that he send United Nations observers to Viet-Nam during the elections. In his letter the Foreign Minister expressed the view that the presence of such observers would clearly testify to the determination of the GVN to hold free and honest elections and that their presence would afford the United Nations Organization an excellent opportunity to obtain a first-hand picture of what the situation in Viet-Nam really is. He has informed me that invitations are being sent to local diplomatic missions and to all countries in which the GVN has representation. These are both measures which I have been urging Thieu and Ky to take for some time and I think the fact that they have done so has given a feeling of considerable confidence to the civilian candidates and to the public generally.

Other actions which have contributed to the feeling of confidence are the promise of equal access for all candidates to communications media and transportation and the calling off of General Loan in his over-zealous activities on behalf of Ky's candidacy before the Thieu-Ky ticket was put together. Moreover within the past week both Thieu and Ky have said to me that they are fully conscious of the fact that with a combined military ticket they must take added precautions to see that the elections are clean.

In the meeting which Clark Clifford and Max Taylor had yesterday with Thieu, Ky, and their colleagues, Clark stressed the fact that nothing could be more damaging to our common cause abroad than the impression that the elections were not honest. Thieu for his part said that they must be entirely honest and fair in order to show the Vietnamese people that the GVN really wants a democratically elected government which can defeat the enemy and promote a better life for its citizens. These are all constructive developments. But obviously the process will need watching and no doubt guidance as we get into the active campaign. I will of course continue to keep a sharp eye on this question and we will maintain the necessary pressure on the government.

The press of course will be watching the whole electoral process with a critical eye as they do almost everything here. It is a strange thing that in a country which is engaging in its first real experiment in democracy and under

*July 26, 1967*

war-time conditions they seem to be expecting standards which have not yet been achieved in countries far more mature politically, even in the United States. Nevertheless it is typical of the cynical and skeptical attitude of a large part of the press here. This is a situation similar to that we faced in dealing with the Dominican problem where many of the press came with preconceived ideas and were not to be persuaded by the facts of life. The difference is that here it is on a bigger scale.

This came out at the brief press conference which Clark Clifford and General Taylor held on their arrival. A reporter for NBC here made the statement that pacification is not going well, that there had been no spectacular military victories, that ARVN does not show any signs of becoming an effective fighting force and later on in the course of the conference made even more damaging statements about ARVN, intimating that our field commanders do not trust the courage and loyalty of ARVN soldiers. Since I and my colleagues here are convinced that we have been and are making steady progress, I had assembled some factual data for Clark and Max Taylor detailing developments which have taken place in the military, political, economic and manpower areas, and the current status of the Viet-Cong. They felt that this information would be useful to them in their visits to the remaining six countries. Although I have covered some of these matters in my reports of recent weeks, it might not be amiss to summarize our views on the situation here as we see it.

Our war against the main forces and guerilla forces of the enemy has been going well. As evidence of this we have, during the past year:

A. Defeated enemy forces in battle wherever found and disrupted his plans for major offensive across the DMZ and in the highlands, denying him the psychological victory he seeks.

B. Contained the enemy along the Cambodia-Pleiku-Kontum border.

C. Reduced significantly enemy infiltration by sea, so as to force his reliance on infiltration through Laos and across the DMZ.

D. Increased security in the coastal areas of I and II Corps, dealing a major blow to guerilla forces. This has disrupted the enemy's source of manpower and supplies in the area, forcing him increasingly to rely on Cambodia for supplies and North Viet-Nam for men.

E. Destroyed Viet Cong base areas north, west and east of Saigon, thereby pushing the enemy deeper into the jungles.

F. Significantly increased percentage of "secure" and "open" roads and waterways, including the opening of all major roads and waterways to daylight traffic in the vicinity of Saigon, the opening of Highway 1 along the central coast from Phan Rang to the DMZ except for a short stretch along the I Corps-II Corps boundary, and the keeping open of Highway 19 from the coast to the highlands and Highways 21 and 14 in the highlands, as required to support operations.

G. Improved the ratio of enemy killed to friendly killed and enemy weapons captured to friendly weapons captured.

In addition:

A. We have improved our intelligence and have developed a flexible logistical base. Port facilities are greatly improved.

B. New highly sophisticated weapons (bombs, mines, detection devices) have been developed, and some used with great success.

C. ARVN units dedicated to the main force war, while not consistent in their performance, have vastly improved as indicated by many battle victories, which were scarce a year and a half ago. Particularly have ARVN units fought well in joint operations with U.S. units, aided by U.S. artillery and air support.

D. However, the enemy still has capability of replacing troops and supplies, is giving troops better and more sophisticated weapons, has been able to mount destructive mortar and rocket attacks on our aid fields and bases, and is determined to continue war, gambling on a changed political situation in the U.S. or South Viet-Nam.

We believe our future strategy should be:

A. To continue, improve, and intensify our present tactics of (1) containing enemy main unit forces in the South Viet-Nam border area, (2) searching for and destroying enemy forces within South Viet-Nam, (3) guarding our bases and devising better methods of combatting rocket and mortar attacks against them, (4) destroying enemy base areas, (5) interdicting infiltration of men and supplies into South Viet-Nam by the present kind of operations on land and sea and in North Viet-Nam, and (6) improving security in the countryside which is partly a function of all our other military activities.

B. To adopt whatever new tactics are necessary to stop or slow to a trickle infiltration by the enemy of men and material through Laos into South Viet-Nam.

Since early April of this year, most of the people in Viet-Nam in areas secure enough to hold elections have gone to the polls twice, once to elect village councilmen and the second time to elect hamlet chiefs. Local elections of this kind are important to the Vietnamese people because they restore to them the autonomy they once had, and provide an important base for the future involvement of the people in local government. They represent one of the present government's most significant reforms.

Eleven presidential tickets and 48 10-man senatorial lists will be voted on in the September 3 elections. There are three major presidential slates: (1) Chief of State Thieu and Prime Minister Ky; (2) Former Prime Minister Tran Van Huong and respected southern Buddhist leader Mai Tho Truyen; and (3) National Assembly Chairman Phan Khac Suu and Dr. Phan Quang Dan. Senatorial contenders represent a broad cross-section of Vietnamese non-communist society and include many of Viet-Nam's most prominent political figures. This is a healthy sign of interest in the constitutional process and the importance attached to the forthcoming elections. As noted above the prospects for fair and honest elections have been much improved as have the prospects for post-election cooperation between military and civilian elements. If,

*July 26, 1967*

as we hope and believe probable, a broadly based military-civilian government can emerge from the elections, it will be a long step forward in creating public confidence in and support for the government. This in turn should provide increased stability and a broader base for carrying forward the activities of government in all areas. Progress toward the development of a democratic constitutional process has been a major achievement and one which will have great psychological impact both in Viet-Nam and abroad.

The economic outlook continues to be favorable. The money supply is increasing at a moderate rate in contrast to the headlong expansion of money into the economy prior to last June's devaluation. For the year as a whole a price increase of as little as 30 percent now looks possible—bad by U.S. standards but good by recent Vietnamese standards, and even by our anticipations earlier this year.

The economy today is in a far healthier position than it was a year ago. A tight grip has been put on piaster spending by free world military forces and more effective control established over GVN spending. GVN performance in collecting taxes is continuing to improve, but Vietnamese resources are fully employed and the pressure on the economy remains high. But while inflation has not been stopped, it is no longer out of control.

Other economic developments are also encouraging. For the first time, there are clear signs of spreading prosperity in the countryside. The urban classes were the first to benefit from the speedup in the economy. Workers in Saigon have wristwatches, motor bikes, and to a surprising extent TV sets. They eat far better now than a few years ago.

This prosperity has definitely begun to move out into the countryside, both to the major towns and into rural areas. The increased rice price has been one factor. Another is the increased consumption of domestic foodstuffs. The third is the increased availability of wage earning jobs in provincial and district towns. Finally, many country boys with city jobs are sending their earnings back to their families.

For the future we are now in a position to put more effort and resources into increasing agricultural production, to lower costs, and to increase the flow of goods to market. This is not only desirable as a means of reducing prices for domestic products, but also as a major complement to the pacification program. Evidence that rural security means increased rural prosperity will further impair VC efforts to enlist the cooperation and support of the rural population.

A review of information on VC activities throughout South Viet-Nam during recent weeks indicates that VC problems in the countryside and the cities are serious and increasing, and that they have had to adjust their policies and planning accordingly.

In the countryside:

A. Manpower problems increasingly plague the VC in all parts of South Viet-Nam. Most provinces report severe recruiting problems and seriously understrength units. Manpower is lost directly through battlefield casualties,

disease and hardship, desertion, and defection through the Chieu Hoi program. The reserve supply is reduced by large scale emigration from VC controlled areas, leaving some places too underpopulated to tend crops adequately or supply labor and conscripts for the VC. Popular resistance to recruitment is growing. As a result the VC are increasingly resorting to the use of women and children, even in fighting units.

B. These factors have had an adverse effect on morale. Depressed morale and declining discipline of the rank and file are reflected in the rising rate over the last year of desertion and rallying under the Chieu Hoi program.

C. Morale and manpower problems are in turn related to loss of popular support, which is reported in all corps areas. Disillusionment with VC promises and propaganda, resentment against ever higher "taxes," conscription of manpower, and dwindling confidence in ultimate VC victory have worked to turn the people from the VC.

D. Food is a critical problem in much of the first and second corps and in the upland regions of third corps. Even in the delta "rice bowl," the VC are suffering from food shortages.

E. Reports on the unsettling effect of constant allied pressures are widespread.

F. In a number of provinces VC administrative centers have had to move into the hinterland to avoid friendly sweeps, and in other the VC infrastructure has been badly shaken by unrelenting U.S. and GVN pressure.

In urban areas:

VC problems are much greater in the cities where Allied security against VC operations and terrorism is greater and where the relative prosperity and availability of food make the populace less vulnerable to proselyting and propaganda. Pressure by Allied forces has forced VC to abandon Gia Dinh Province as a base of political and terrorist operations against the Saigon metropolitan area. In Saigon City a significant number of VC cadres have been arrested during recent months. Between 15 September 1966 and the end of May 1967, 265 VC cadres were captured in Saigon. Large scale terrorist acts in Saigon City have been inhibited to the point where the VC are resorting to indiscriminate assassination as a means of harassment and intimidation. Since the first of June the number of VC active agents arrested has risen dramatically. During the first three weeks of July, 15 sapper agents have been captured, including an F-100 Battalion officer. One of the sappers arrested led to the arrest of 7 others.

The VC have reacted to these problems with a number of new policies. Every province reports that priority has been given to combatting Revolutionary Development, Chieu Hoi, and other pacification and psychological programs.

Another development is an increase in indiscriminate terror. Instead of using command controlled mines on the highways to destroy military vehicles, contact mines are used which most often destroy buses and Lambrettas [motor scooters] full of women and children. District towns are shelled or mor-

*July 26, 1967*

tared more or less at random, killing far more civilians than military personnel or officials. Other measures adopted have been the transformation of combat battalions to sapper units used for terrorist attacks and sabotage, rising tax levies, and confiscation of property of families who work for the GVN or have members in ARVN.

Hanoi's answer to loss of manpower and the continuing erosion of the VC structure has been greatly increased North Vietnamese presence in the South. Although more than half of the enemy main force military units currently in South Viet-Nam are listed as VC, the majority of the troops are North Vietnamese. Along with this the directness of Hanoi's control has increased.

A much more complete study of the whole problem than has ever been undertaken before is now underway. This study includes (a) methods that can be suggested for immediate implementation by the new Vietnamese government upon its election September 3, and (b) methods that involve a more complete mobilization of Vietnamese manpower than be can be implemented after completion of the study.

Manpower mobilization involves determination of manpower supply, manpower requirements, priorities where requirements exceed supply, and the plan for most effective manpower utilization in accordance with priorities. To determine manpower requirements and priorities a policy blueprint for all activities in Viet-Nam must be prepared. It is proposed to prepare such a blueprint by August 20, which will include recommendations for action by the new government of South Viet-Nam after it assumes power subsequent to the elections. The study has been comprehensively organized by Ambassador Locke to include all elements of our mission here, military and civilian, and is being carried on under his direct supervision.

Although there has been a feeling in some quarters that progress in pacification has been slow, I believe that this is so only because the concept in its present form is relatively new and requires a vast amount of organization and preparatory work. This has in fact been going on in my opinion at a very satisfactory rate. The reorganization of the U.S. advisory and supporting role which you approved in early May has been worked out with great energy by Bob Komer with General Westmoreland's and my approval. It has met with general approval and support and is now getting into high gear. Project Take-off concentrating on the most essential elements in RD has been developed and is ready to go into operation. Reorganization of the intelligence setup in order to get more effectively at the VC infrastructure is nearing completion. Training of the RD teams at Vung Tau is proceeding with about 29,000 cadres trained. Our goal is to train 60,000 constituting 1,000 RD teams. ARVN/RF/PF forces are being re-trained and motivated for work in pacification. All of these developments indicate, I believe, that once the election is behind us we should be picking up momentum and moving ahead at a faster pace.

In giving the above summary, which is a consensus of our views here, I do not want to appear to be over optimistic. In fact I think it is important that

we should be realistic in facing the many complex and difficult problems that lie ahead. Some of these I will discuss in a later message. I do not believe, however, that there is any evidence that things are in a "stalemate" here or that we have lapsed into a static situation. I and my colleagues are all convinced that we are moving steadily ahead and moving in the right direction. I do think we need to do more intensive work in educating the press here and I intend to concentrate on this.

We have sent in a summary report on the Clifford-Taylor visit (Saigon 1871) which covers the high points of the meeting with the GVN leaders. It was most useful for us to exchange ideas with them and also very helpful from our viewpoint for them to meet with the Vietnamese leaders.

We went over in some detail the whole problem of manpower, RVNAF effectiveness, and pacification, not only with Thieu and Ky but also with Vien and Thang. Vien gave us an account of Vietnamese plans to increase RVNAF by 65,000, including 50,000 RF/PF. He explained that the plan includes semi-mobilization and the reduction of the draft age to 18. By holding men in service, this effort is already underway.

Thang noted unfair criticism of the RD effort, and he pointed out that VC attacks on the cadre are evidence of their effectiveness. He wants to more than double the number of cadres to 60,000 or 1,000 teams.

We talked at length, of course, about additional Allied troops. General Ky hoped that more troops may be added from Korea and also that the Philippines may send another Philcag. He was doubtful that much could be obtained this year from Australia, New Zealand, or Thailand. [15 words excised] It was decided that Vien and General Westmoreland will draw up a joint estimate of what we need from our allies, and this has been done.

As for a possible summit meeting, Ky suggested a preliminary meeting at the foreign ministers level in Saigon in late October or early November. Ky also urged that Australia be considered as the site of the summit meeting, noting the value of involving them more in Asian-Pacific matters.

Thieu expressed opposition to any renewed bombing pauses before the elections in the United States. As regards negotiations, Foreign Minister Do repeated the GVN view that the GVN will not deal with NLF as a separate delegation but will accept it as part of a Hanoi delegation; he also said that the GVN will accept NLF members who come back to normal life in South Viet-Nam as individuals under the government, but that the NLF cannot be permitted a role as a political party or entity for the foreseeable future.

As we approach the opening of the formal campaign, preparations by all concerned are going into high gear. The major candidates are putting together their provincial organizations. At the same time, the central election campaign committee—composed of representatives of all 11 presidential slates—met July 20 and decided on the major outlines of the campaign.

The committee is planning 24 joint personal appearances by the candidates throughout the nation, two joint press conferences, and three joint television appearances. In addition, each candidate will get a 15-minute spot on



*July 26, 1967*

the radio during the first week of the campaign.

The first joint event of the campaign is an August 3 television appearance. Joint travels begin August 6 with a visit to Quang Tri Province; in all, the candidates will appear as a group four times in I Corps, three times in II Corps, four times in III Corps, nine times in IV Corps, three in Gia Dinh, and three times in Saigon. Both joint press conferences will be held in Saigon.

Candidates will be permitted to hold additional press conferences in their homes or in restaurants, but they may not use public facilities. The joint campaigning is not compulsory, and candidates may travel and speak in other localities as they please. The government will not pay their expenses on such trips, however.

There now seems to be little immediate danger that any of the leading civilian contenders will pull out of the race. I had feared that one result of the Thieu-Ky merger might be withdrawals by some of the civilian candidates who might conclude that the united military ticket was unbeatable. However, Huong assured an embassy officer July 22 that he has no present intention of withdrawing, while Suu exuded his usual optimism about his chances of victory in another conversation on the same day. On July 24, Suu's running mate, Phan Quang Dan, outlined his campaign plans to an embassy officer and claimed that his slate is the best organized of the 11 in the field. He gave no inkling of any discouragement about Suu's chances.

[Three words excised] indicate that the Thieu-Ky slate intends to spend in the neighborhood of 60 to 70 million piasters, and that government communications will be used to assist their campaign organization. The other candidates will be spending considerably less. A Huong supporter told one of our embassy officers that Huong has at his disposal only three or four million piasters, which he believes is not nearly enough. Suu also complained about the lack of funds. The civilian candidates will not have the advantage of government communications, of course. Nevertheless, I am inclined to think that these government advantages are close to normal for an incumbent, and unless they are too blatantly used should not cause any uproar.

As for official pressures on the populace to vote for Thieu-Ky, [name deleted] says that the primary tactic will be praise of the achievements of the Thieu-Ky government. If praise for the government is not absolutely demanded of civil servants and if the "praise" is not too blatant, I think we should not be upset by this tactic. It is very nearly inevitable in any event and, within limits, is one of the normal advantages of the incumbent.

There continues to be an important body of opinion here which strongly believes Thieu and Ky should leave their government positions during the campaign. Huong recently mentioned it as a "political necessity" if the Vietnamese people are to believe that they have in fact had an opportunity to express their will freely and fairly. Various student and youth groups are also pressing for such an action.

We have been drawing up an initial assessment of the strength of the various slates. This is extremely difficult to do because there are so many im-

ponderables in the equation. Our first rough estimate—which could well turn out to be completely wide of the mark—shows that Thieu-Ky will win by a respectable margin. We now calculate that they will get over two million votes, whereas Huong, their strongest opponent, seems at this writing likely to get no more than one and one-half million votes. It seems probably that Suu will poll under a million.

I would caution that these are the roughest kind of estimates, based more on intuition than on facts. We have some indications of the vote-pulling power of various groups from the September 1966 elections. However, it is extremely difficult to estimate the importance of such things as regional sentiments and anti-military feelings. Also basically unmeasurable is the importance of the “stay-out-of-trouble” vote, most of which will go to Thieu-Ky. We will continue to try to refine our estimates as we get into the campaign period.

Last week I reported a flurry of political activity that centered around the decision by the Assembly’s special election committee to recommend against permitting the Thieu-Ky slate to run in the election. I was inclined to believe then that the committee action reflected continuing maneuvering and tension between Thieu and Ky. Later reports have made this seem less likely, though it is still a possible explanation of the events of July 17 and 18. Both Thieu and Ky have told me that they felt that the committee’s action was largely motivated by a desire to show some independence of the military.

We continue, however, to get contradictory reports from the two camps on what the power relationship will be between Thieu and Ky if their ticket wins the election. I take it from all this that the future relationship between Thieu and Ky is not yet definitely worked out, and that it could cause further friction between them, though both have assured me that things are going well.

For the moment they appear to be working together reasonably well on their campaign and their outward personal relations seem cordial. [three words excised] reports of the merger of their campaign apparatus, we have observed that they are rather clearly both now actively campaigning. Ky seems to be fully committed to going ahead and he and Thieu are at least united in their public drive to appeal to the electorate.

The central election council has completed its screening of the candidates for the upper house and on July 21 posted the official list of those who remain in the Senate race. Of the original 64 slates, four failed to meet the initial filing requirements, and the council eliminated an additional 12 tickets. This leaves 48 slates, or 480 candidates, still in the running for the 60 upper house seats.

Of the 12 slates eliminated by the council, only three had any real hope of being elected. These included two tickets backed by the militant An Quang Buddhists, both of which were dropped because of charges that members of the slates were guilty of “communism or pro-communist neutralism.” The CVT labor union ticket was also eliminated, reportedly because of incomplete documentation and failure to provide any alternates for the list.

*July 26, 1967*

Despite these eliminations, the field in the Senate race remains a good cross-section of Vietnamese political opinion; it also includes many prominent and highly respected political leaders.

The retail price index inched up again this week, and now stands at 282. This is up two percent since last week, 5.5 percent since one month ago, and up 24.5 percent since the beginning of the year. The price index on imports also went up, from last week's 196 to 203. Last month at this time the import index stood at 220, however.

The number of returnees reported this week was 163. This may be compared with 256 for the same period last year. The total number of returnees this year is now 18,987; last year at this time the total stood at 10,533.

During the week ending July 22, the enemy killed 65 Vietnamese civilians, wounded 110, and kidnapped 75. The dead included one Revolutionary Development worker, 4 hamlet chiefs, and 9 policemen. During the reporting period, the enemy killed 175 Vietnamese military personnel. If we add the civilian and military dead we get a total of 240 Vietnamese killed by the enemy during the reporting period. This may be compared with 97 Americans killed and 1,687 enemy KIA during the same period. Since January 1, 1967, the Viet Cong have killed a total of 1,676 Vietnamese civilians, wounded 3,162, and kidnapped 2,153.

## XIV

### FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY FOURTEENTH WEEKLY TELEGRAM, AUGUST 2, 1967 At the end of last week I had talks with both Thieu and Ky on a variety of subjects but especially concerning various aspects of the forthcoming elections.

Ky said that he felt preparations were going ahead well and was pleased that unanimous agreement has been reached among all the candidates regarding use of radio and television facilities, transportation, and joint meetings throughout the country in which all candidates would participate. He remarked that a few protests, with some threats to boycott the elections, had been made by some of the Cao Dai and militant Buddhists whose tickets had been rejected. He did not, however, envisage a situation which could not be satisfactorily handled, and observed that members of the Cao Dai as well as Buddhists were scattered through all the tickets. He expressed some concern about the ability of voters to choose among the great number of Senate candidates and confirmed his intention to tie in about six Senate lists to the Thieu-Ky slate so that the voters could identify them as allied with their ticket. He expressed the hope that other candidates might follow a similar course.

I raised with both Thieu and Ky a suggestion that they encourage a number of qualified Viet Cong ralliers to present themselves as candidates for the lower house elections, noting the advantages that this might offer in promoting the GVN's national solidarity program. Both agreed that this was a useful idea and could provide further incentive to both the Chieu Hoi and Doan Ket programs. Thieu observed that there might be a problem in finding qualified men since most of the ralliers were relatively uneducated, but said that he would nevertheless pursue the matter. He rather shared Ky's doubts that disgruntled Cao Dai or the extreme Buddhists would be able to create trouble which could not be readily handled. He thought instead they would work "underground" advising people to vote against the military ticket and probably favoring Phan Khac Suu as being a benevolent figure more favorable to their interests, with the added prestige of age and white hair. Thieu gave an interesting description of the importance of age not only in terms of political support, but also in pacification, and indeed the whole realm of bringing the country, especially the villages, into the modern age of science and technology. He stressed the importance of taking into account the prestige and influence of elders on the attitudes of the villagers. The communists in the beginning had failed to recognize this and as a result had numerous failures. Thieu said the most effective way for the government to instill new ideas, for

*August 2, 1967*

example with respect to pacification, was first to convince the elders who in turn would then be able to influence the younger elements to adopt them and put them into effect.

In response to my question about the platform and campaign plans for the Thieu-Ky ticket, he said they proposed to handle the campaign in a rather low key fashion. Their ticket had certain inherent advantages especially in meeting popular desires for stability, continuity, and security which the military element can best provide. At the same time, the armed forces would be considered among the strongest proponents of peace since they were the heaviest sufferers from war. He added that obviously a large measure of military support would accrue to the ticket also and they would not wish to appear to be exerting pressure on either the armed forces or provincial and district chiefs. He planned to state this clearly and publicly again.

In discussing the Senate lists, Thieu commented on the complexity of the problem for the average voter and confirmed Ky's statement about affiliating six slates with their own ticket. He stressed the importance of the executive and legislative branches working together in wartime. I noted that there had been a number of protests about upper house lists which had been disqualified and observed that the U.S. press had been quite critical. Thieu said he recognized this and that he was reviewing these protests personally. He said that so far his conclusion was that the disqualifications were justified on the grounds given.

A matter which has been of considerable interest to us has been the status of the Statut Particulier drafted by a congress of Montagnard representatives under the chairmanship of General Vinh Loc in order to meet some of the aspirations and concerns of the Fulro, most of whom are now in Cambodia, and other Montagnard tribes. Ky announced at the end of June that the statut would be promulgated and the intention of the government to set up a ministry for Montagnard affairs, but no action has been taken. I brought up the matter with both Thieu and Ky. Thieu said he was presently examining the statut, that he thought it was in order and conformed to the Constitution and proposed to promulgate it in August at a ceremony in Pleiku or Banmethuot. This should be helpful in stimulating the return of the approximately 2,000 to 3,000 Fulro now in Cambodia and giving the Montagnards generally a greater feeling of identity with the social structure of the country.

Through JUSPAO we have undertaken a very comprehensive project in support of the national elections and in getting out the vote. Materials have already been dispatched to the field for use and display. These will be disseminated during August in accordance with the phasing of our campaign plan. These include air/ground distributed leaflets (including to VC controlled areas), posters, slogan banners, cartoon books, and adhesive stickers for auto bumpers which have never been used before in Viet-Nam and are being tried as an experiment.

The GVN support plan calls for some 64 items (leaflets, slogan banners, posters) as well as slides for use in theatres. Some of these materials have already been received in the field.

JUSPAO has prepared 30 items of printed matter, loud speaker tapes, slides and film strips for distribution through the Ministry of Information. JUSPAO support is intended to educate the voter in regard to election laws and procedures and to generate popular support for the elections in order to induce the maximum amount of qualified voters to register and vote.

Most of the reporting in my weekly messages has concentrated very largely on the major military, political, and economic developments and trends. Sometimes, however, local situations can give a clue to larger developments and can be illustrative of ways in which progress is being or can be made, as well as problems still being encountered. I thought it might be interesting to give a few examples.

The northern provinces of Quang Tin and Quang Ngai in I Corps reported an unusual spurt of activity and successes by the Revolutionary Development teams in June. In Quang Tin this result of several factors: (A) replacement of the former RD cadre chief, who was using his position for personal gain, by a new chief who has shown enthusiasm, energy, and determination in promoting new ideas; (B) steadily increasing pressure by the province chief on everyone involved in the RD program; and (C) reduced threat of insecurity through the deployment of U.S. Marine units in the area. In both provinces the successes were directly proportional to team leadership, security, the interest and supervision of the province chiefs, and the advisory efforts of American military and civilian personnel.

[name deleted] promptly seeks to implement the suggestions of U.S. advisors, is constantly visiting RD teams, has arranged for awards and benefits for outstanding cadres, and is weeding out ineffective team leaders. Through information received from VC prisoners, four rice caches were turned over to the U.S. Marines for exploitation, numerous ambushes were set up, thirteen VC killed and captured.

The RD Committee recruited 94 new cadre members in June, fifteen of them Hoi Chanh who will be integrated into existing teams. In addition, the RD teams in Quang Tin have trained about 500 RD people group members and now have arms for fifty of them. Forty-five self-help projects have been approved and thirty-five are under construction. Nearly 800 illiterate adults are attending classes given by RD cadres and more than 2,000 youths are meeting at least once monthly for campouts, games and songfests as part of the RD youth program. About 3,700 farmers are beginning to profit by the united efforts of the RD Farmers Association.

In Quang Ngai province progress has also been substantial. Particularly noteworthy has been the willingness of the people to give information to the RD teams. Propaganda courses given in four hamlets involving 537 people suspected of being sympathetic to the VC resulted in the participants identifying sixteen members of groups which had been actively aiding the VC. A total of 30 new unfunded projects and 17 new funded projects were initiated in June and have gone a long way to convince people that the RD teams and the GVN are interested in their well being. In return the people have provided

more information on VC personalities in the hamlets. In 10 of 15 VC initiated incidents against RD teams, the peoples' information enabled the teams to ambush the VC before they could enter the hamlets. Census information has identified families with relatives in VC ranks and family members have been persuaded to write letters which resulted in seven VC returning as ralliers. Increased intelligence efforts by RD teams resulted in the capture of 15 VC during June.

During the current year, RD teams have taught school to more than 2,000 illiterates. In June, 64 additional members of RD people's group were being trained, bringing the total for the year to more than 600 in the province. The isolated district of Ba Tri in the Delta province of Kien Hoa is a good example of what can be accomplished when adequate security is established. In January 14,000 people returned to the district town's commercial belt; the road was paved from Ba Tri into the area; improved road security from the provincial capital of Ben Tre enabled goods to move freely; and high paddy prices provided a good deal of liquidity to the new life hamlets.

In April there were few sewing machines in the pacification area. Now approximately 30 percent of the households have them. Transistor radios are not an uncommon possession. The motorbike revolution has also come to Ba Tri; in April there were two or three motorbikes in the district, today there are over fifty. On the provincial road running northward from Ba Tri through 13 new life hamlets there are ten new Lambretta taxis carrying goods and passengers. Nine commercial trucks of the district town are in almost constant motion carrying rice, hogs, fish, and other products to Saigon and returning with consumer goods. Rice farmers continue to get good prices for their produce and secondary crops provide an additional source of income. Vegetables are being sold in good quantities daily in the Ba Tri market. Fertilizer packed in one kilo bags is sold in all the little shops in the district town and is being used mostly for vegetables.

In short, open roads, good agricultural prices, and the availability of consumer goods are doing as much as anything to promote "national building." In another Delta province, Phong Dinh, Gial Xuam village which I visited earlier this month, was attacked a few nights later by part of a VC battalion in the early hours of the morning. The attack was repelled by [two words excised] and a PF platoon, killing 3 VC. The [four words excised] called for assistance which was provided quickly by ARVN, our own "spooky" C-47 aircraft, and the Vietnamese air force. The VC were followed and engaged, 51 were killed, and 10 prisoners taken—three 12 years of age, two 14, and five 17, certainly another indication that the VC are having increasing difficulties in recruiting.

I have cited these as examples of what can be done when there is good leadership, team work, organization, and proper motivation. The other side of the coin is what happened last month in Bien Hoa Province. Here the VC increased their propaganda and harassment attacks against the RD pacification efforts, utilizing mainly small size units. Two unopposed

attacks by the VC on RD teams in Nhon Trac District have succeeded in administering a serious psychological setback to the RD effort in this area which previously had been progressing well. [20 words excised].

Obviously there is bound to be unevenness in any program as new, extensive and wide ranging as revolutionary development. Cadres are being trained rapidly. Some teams are excellent, some fair, and some poor, but the latter I would say are distinctly in the minority. From time to time we shall have setbacks like the example I have indicated. But these we have to take in stride, repair the damage and get on with the job. The overall effort is moving ahead and I am confident that once we get through the elections, we shall be able to accelerate it.

A very useful SEACORD meeting was held yesterday, August 1, attended by Ambassadors Martin and Sullivan, Admiral Sharp, General Westmoreland together with their principal advisers. Ambassador Locke and I also attended. We considered specifically the Cambodian situation, the forthcoming dye marker operations, the Prairie Fire III concept, and Southpaw.

With regard to Cambodia, it was agreed that the next step should be a carefully documented and verifiable dissemination in world capitals as well as to the RKG and publicly of evidence of the use of Cambodian territory by the VC/NVA and that use is reaching an intolerable level. Our recommendation is based on recognition that the quiet approach has not resulted in desired RKG movement to take action on this problem. [approximately 30 words excised]. We continue to believe that our approach to this problem should be governed by the basic consideration that we do not wish to expand the war across the border.

We have established a Cambodian working group of SEACORD to meet periodically to strengthen U.S. coordination of information and to formulate policy and action recommendations from the field.

The SEACORD group expressed considerable concern about the apparent absence of field coordination in the development of dye marker operations. Consequently it was agreed that a working group be established to develop a closer working relationship among Saigon based officials and officials from Vientiane and Bangkok.

It was agreed that it was essential for the dye marker system to supplement and improve the interdiction efforts already underway rather than supersede or downgrade them. This involves not only Steel Tiger, Tiger Hound, Cricket, and Prairie Fire operations, but also [approximately 20 words excised] Ambassador Martin said that the changes in "policy guidelines for [approximately 40 words excised]."

Prairie Fire III concept was reviewed. It was agreed that in principle there were no objections to Phase III provided that it was restricted to the existing Prairie Fire operation area. Representatives of MACV and Embassy Vientiane will review specific details implicit in Phase III so that Ambassador Sullivan can assess the political implications of this operation in terms of its impact on the RLG.



When Secretary McNamara was here he received a briefing on the proposed Southpaw operation. Subsequently in a message to Secretary McNamara, General Westmoreland recommended that we receive authority to launch ARVN forces of 1 to 3 battalion strength for operations of short duration against enemy bases in Laos in areas near the border. Admiral Sharp has recommended against approval of this proposal. Ambassadors Martin and Sullivan concurred in Admiral Sharp's views. I endorsed in its entirety the formal Southpaw recommendations as forwarded to the Secretary of Defense by General Westmoreland. I have already made known the importance I attach to operations in Laos designed to choke off or at least minimize North Vietnamese infiltration. I continue to believe that this is an essential part of our military effort here.

The formal campaign opens tomorrow. In the countryside as well as here in Saigon, there are many banners and signs urging the people to register and vote. One slogan reads: "Only with independence are there elections, only with elections is there independence."

Thieu and Ky have kept in the public eye with a series of well publicized ceremonies and inspection visits to the provinces. Tran Van Huong has also managed to be quite visible, mostly by means of frequent press interviews. Phan Khac Suu has relied mostly on his role as Assembly chairman for pre-campaign public exposure, but he recently made a bid for more attention by calling on General Thieu to reduce the death sentence which a military court handed down on the youthful student slayer of a high school professor.

One interesting but not unexpected development is that Duong Van Minh (Big Minh) is throwing his support to Tran Van Huong. Huong and his people apparently arranged for Big Minh to be interviewed in Bangkok by an ABC correspondent, then got the story translated and circulated it to the local papers. The local press carried the story this morning, many with a picture of Mrs. Minh calling on Huong before departing Saigon for Bangkok. Huong told an embassy officer that he does not expect that Minh will be allowed to return before the election. Asked if he intends to use Minh in his government if he wins the election, Huong said that he fully understands the need for military-civilian cooperation but did not say whether Minh would be in his government.

The joint formal campaign schedule, as planned by the central election campaign committee (composed of representatives of all the candidates), includes a television appearance by all eleven presidential states tomorrow evening. Each state will have five minutes. Four of the states will also have ten minutes each on the radio tomorrow night, with the remaining seven getting radio time on the evenings of August 4 and 5. The presidential states will also have radio time on ten other evenings in the course of the campaign, each state to have a total of 25 minutes. Each state will have a total of three television appearances, for a total of 25 minutes each.

Personal appearances in the provinces begin August 6 with a visit to Quang Tri. The candidates will be able to visit 20 provinces, plus four joint

appearances in the Saigon-Gia Dinh area. We understand that the major candidates, including General Thieu, will go on at least some of the joint trips to the provinces.

The upper house campaign arrangements are somewhat confused. The sheer number of the candidates—480 on 48 states—makes joint public appearances in the provinces a logistic impossibility, or at least this is the view of the central election committee. The committee has in fact ruled out any public meetings with voters, though press conferences are permitted. The eliminated Senate states, particularly those of the militant An Quang Buddhists and the CVT labor union, are continuing to express their dissatisfaction. Thanks to the lifting of censorship, their indignation is getting full coverage in the local newspapers.

Although at least one of Tran Van Huong's chief campaign managers continues to say that his workers in the provinces are being harassed by the police, the evidence now available to us suggests that the campaign will most likely be cleanly and fairly conducted. The absolute equality of radio and TV time for all states in fact goes further than we do in the United States in giving all candidates an even break. It seems likely, however, that a large number of the province chiefs will let it be known that they favor the Thieu-Ky state. This will be enough in many rural areas to insure a heavy vote for the government slate.

Many Vietnamese observers believe that the combined Thieu-Ky ticket is weaker than the old Ky-Loc ticket, in large part because of the disappointment of the Ky supporters. Important groups such as the Hoa Hao and the Catholic Greater Solidarity Force were all but fully committed to Ky; now they have not yet formally made up their minds to back the Thieu-Ky ticket. In part their hesitation stems from the suspicion that Thieu and Ky will not stick together. It also reflects anti-military feeling, which is increased by the Thieu-Ky merger.

Perhaps an equally important reason for the hesitation of many groups is their hope of striking a better political deal with the government state. As I mentioned, the Thieu-Ky ticket intends to back six Senate states. Most of the major political groups have one or more Senate states, and they may be angling for government support of their Senate candidates in return for their support to the Thieu-Ky ticket. Despite the hesitation and divisions of some major groups over the question of whether to back Thieu-Ky, we continue to expect that Thieu-Ky will win by a respectable margin.

Communist reaction to the coming elections is now somewhat clearer. The Viet Cong's governing body, the NLF Central Committee Presidium, has called for a boycott of the election. We do not believe that they have either the political or military strength to seriously disrupt the elections. They have military forces to hit selected targets very hard, but when the target is millions of voters and thousands of polling stations, they do not have the resources to be effective.

We have some reports, including press stories, that indicate the military intend to exercise their influence in the new regime through a modified Armed Forces Council. This would be a group of the senior generals, probably corresponding roughly to the present military membership of the Directorate. There is of course every reason to believe that the military do intend to continue to influence the government, and it is not surprising that they should want to form such a committee for the purpose. The constitution in fact makes provision for an armed forces council, the organization and regulation of which is to be prescribed by law.

The danger, of course, is that the military will seek to perpetuate government by a military junta and will not permit meaningful civilian participation in the new government. Ky recently added to the fears of those who suspect that the generals merely intend to put a thin civilian facade on their present government by military committee. He was reported by the press, apparently accurately, as threatening a coup if the future government proved to be "unworthy," corrupt or pro-communist. I have already let Bui Diem and Ky know my strong views on any such possibility and I intend to reiterate them to Ky later today.

I have impression that both Thieu and Ky are well aware of the need to set and maintain legal institutions and procedures, and I hope that Ky's remark was merely another unfortunate example of his penchant for off-the-cuff shockers which he really does not mean. I must say, however, that it appears certain that the military leaders were thinking very seriously of at least dissolving and probably arresting the Assembly on the morning of July 18. The absolute need for civilian support and participation in the government is thus a lesson which they seem to have learned only in part. Some of the corps commanders in particular have evidently not yet absorbed it.

It will require constant attention and some pressure from us to oblige the military to continue to expand the area of civilian participation and control in the government, and to give meaning and influence to the new constitutional bodies which make up the necessary checks and balances in the new government. This will have to be a gradual process, and it cannot be realistically expected that it will be accomplished at one stroke by the September elections. Fortunately most of the leading civilian politicians seem to understand this point, though they are not always willing to admit it.

Prices are up again, with the retail price index moving from 282 to 293. This is 3.5 percent above last week and nine percent above the level of last month. Prices have now gone up 30 percent since the beginning of the year. An important reason for the increase this week was the frequent mining by the Viet Cong of Route 4 from the Delta. As a result of minings, truckers hesitated to move and deliveries of hogs, fish, and chicken declined. Since prices remained unchanged, the price index on imported commodities also moved up, from 203 to 209.

The number of returnees reported this week was 518. This may be compared with 322 for the same period last year. The total number of returnees this year is now 19,505; last year at this time the total stood at 10,905.

During the week ending July 29, the enemy killed 52 Vietnamese civilians, wounded 39, and kidnapped 44. The dead included one Revolutionary Development worker, one hamlet chief, and 8 policemen. During the reporting period, the enemy killed 61 Vietnamese military personnel. If we add the civilian and military dead we get a total of 113 Vietnamese killed by the enemy during the reporting period. This may be compared with 128 Americans killed and 1,361 enemy KIA during the same period. Since January 1, 1967, the Viet Cong have killed a total of 1,728 Vietnamese civilians, wounded 3,201 and kidnapped 2,197.

FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY FIFTEENTH WEEKLY TELEGRAM, AUGUST 9, 1967. Ever since the formal opening of the campaign last Thursday, August 3, political activity has occupied the center of the stage. The campaign got off to a good start and the initial press conferences, TV, and radio appearances of the candidates went off very well.

On August 3, the first day of the campaign, both Suu and Huong held press conferences to announce their platforms. All eleven presidential states appeared on television that same evening. During the first three days of the campaign each presidential state also appeared on the national radio, one evening. Thieu and Ky held a press conference last night. An Embassy officer who was present at the part of the conference attended by the foreign press reported that Thieu handled almost all of the questions and did so with very considerable skill, turning in a quite impressive performance. Yesterday morning the pro-government All Viet-Nam Bloc opened a two-day convention in Saigon. Saigon itself is covered with campaign signs, almost every wall and tree bearing a poster of one or more of the candidates.

This good start was somewhat marred when the campaign, due to a combination of bad weather and some lack of planning and ingenuity, hit a snag on the first joint visit of the candidates to the provinces. High winds forced the plane carrying most of the candidates (but not Thieu-Ky) to Quang Tri on August 6 to land at Dong Ha, a Marine airstrip 15 miles north of Quang Tri. When they disembarked there was no one to greet them. Taking note of the fact that neither Thieu nor Ky was with them, some of the candidates at once jumped to the conclusion that the government was trying to humiliate them. Although the Quang Tri Province chief dispatched a convoy to Dong Ha to pick up the candidates as soon as he learned of their whereabouts, by the time the convoy arrived they had already flown to Danang in a high state of indignation. There they were unable to get in contact with I Corps Commander General Lam and unaware that any plans had been made to greet them in Quang Tri, they decided that Lam was deliberately avoiding them. As their frustration increased they decided to fly back to Saigon. I shall report on this incident and its aftermath in more detail in the political section.

As a result of this—and my conclusion is that it was largely bad luck and not any premeditated action on the part of the GVN—on both August 7 and yesterday we urged the candidates and various government officials to get together to work out some mutually agreeable means of improving campaign

cooperation and coordination and counseled against further public recriminations. I think these efforts had some effect and I am planning to see Thieu and Ky within the next few days. Although a few of the candidates are still taking a hard public line on this issue, none of them is talking about abandoning the campaign. Given our efforts, Thieu's placating remarks, and the facts that the candidates probably feel they have gotten all the political mileage they can out of this issue, I anticipate they will make new plans and be back on the campaign trail in a few days.

I have noted that some of the American press has taken a critical and sometimes highly skeptical view of the campaign here. This of course reflects the views in part of a segment of their representatives here. In my opinion much of this criticism has been unfair and based on an erroneous understanding of the facts. It is based also in part on the assumption that this country, engaged in a bitter war for survival, while at the same time and with great courage trying to establish a functioning, constitutional government, should be able to achieve standards not attained anywhere else. To me this seems a highly theoretical abstraction.

What applies to the press attitude toward the political situation applies also in considerable measure to their attitude toward the Vietnamese armed forces. There is a great tendency to pick out isolated incidents and generalize from them. For example in the current issue of *Time* magazine (August 4, 1967) there is an article on the ARVN which gives the impression that the Vietnamese armed forces are accomplishing little. The actual fact is that there has been marked improvement in the performance of the Vietnamese forces and I shall comment on this later in the message.

I have mentioned the mixup at Quang Tri, the abandonment of the candidates of their plans to hold a meeting there, and their return to Saigon on August 6. The next day they met with the Central Election Campaign Committee, the press being admitted to the meeting. The facts of the mix-up were by this time known to all, but some of the candidates, notably Tran Van Huong, insisted that it was a government plot to humiliate them and questioned the good faith of the government.

In a closed meeting later the same day, the candidates decided to issue a three point communiqué and also to send a letter to General Thieu about the incident. The communiqué blames the government for the "Dong Ha incident," protests government failure to carry out its campaign obligations, and threatened to take "an appropriate attitude" if the government does not meet its campaign responsibilities in the future. The letter is reportedly a strongly worded protest which demands assurances that henceforth the campaign arrangements will be satisfactory.

General Thieu was asked about the incident in his press conference last night, and he twice stated his willingness to meet with the other candidates to work out arrangements to avoid such incidents in the future. He said, "We are men of good will, and we will try to do the right thing." He also commented that if there were errors he would accept the blame. Ky was quoted by

Viet Nam Press on August 7 as saying that he is prepared to travel with the other candidates; this would be a gesture that should go far to mollify them; they are now considering a reduced schedule of provincial appearances and some of the older candidates are said to welcome a less strenuous itinerary.

As they begin to emerge in the candidates' platforms and public state-ments, the main campaign issues appear to be peace and the need for widespread government and social reform. The problem of negotiations and peace was threatened extensively and forthrightly by both Suu and Huong in their August 3 press conferences. Huong made it clear that he believes the fu-ture government should not negotiate with the NLF, that the principal parties to future negotiations should be North and South Viet-Nam, and that South Viet-Nam must clean up its government and society in order to be able to negotiate an acceptable peace. The Huong platform says "To search for a po-litical solution does not mean to advocate peace at any price. It means that the communists must first abandon their plan of conquest of South Viet-Nam... that all peace solutions must respect the independence, the territorial integrity, the essential interests of South Viet-Nam, and must carry effective guarantees both internal and international."

Suu is also opposed to "formal negotiations" with the NLF, but he ap-parently does not want to foreclose the possibility of lower level contact and "talks" with the Front. Suu also said he would "open the door" for the return of nationalist elements in the NLF. Suu's platform calls for an "endeavor to bring about a mutual and simultaneous deescalation of the war in order to move toward a ceasefire."

In their press conference last night, Thieu and Ky were questioned closely about their attitude toward negotiations and peace. Thieu said that if elected one of his first acts might be to invite Hanoi to open talks, in the hope that the communist leaders would be willing to negotiate with a popularly elected government. He said flatly that he would not negotiate with the NLF. Asked about NLF participation in the future political life of the nation, Thieu said only that NLF members can take part as individuals. In answer to a question about halting the bombing of North Viet-Nam, Thieu said that if he thought it would help to bring peace he would ask the U.S. to stop bombing the North, but it is now too early to judge the effect of such a halt.

Ha Thuc Ky has presented a ten point program, the first point being "bring about a ceasefire." He has not yet spelled out his peace proposal in public, however. Truong Dinh Dzu, one of the minor candidates with an eye for foreign press attention, is running almost entirely on the peace issue. Dzu proposes a ceasefire, immediate talks with Hanoi, an end to the bombing of North Viet-Nam, reconvening of the 1954 Geneva Conference, and U.N. membership for both North and South Viet-Nam.

The other major campaign issue is the corrupt state of Vietnamese govern-ment and society. Huong in particular sees this as the central problem before the nation, and he refers constantly to the "crisis of confidence" which has come from widespread corruption. I think none of the candidates has failed

to mention the corruption issue, some more or less directly. It is also true, repeat true, however, that none of the candidates seem to have any concrete plans for eliminating corruption in the government and the society.

Suu has also stressed the need for economic improvements and reform. He calls for limiting land holding to 50 hectares, a rent moratorium during the war, the opening up of new lands, plus a number of other measures related to land reform. This program, however, has received little attention from the urban Vietnamese press.

A third important issue, dramatized by the Quang Tri incident, could turn out to be the question of the conduct of the elections. Several candidates and a number of political groups, including some youth and student circles, still feel that Thieu and Ky should resign from the government during the campaign period in order to guarantee a fair election. Huong made this point in a telling fashion in his press conference when he reminded his audience of an old Vietnamese saying: "When you walk through a cucumber patch, don't bend down to tie your shoe, and when you walk through an orchard, don't reach up to touch your hat." He meant that while there is no legal requirement for Thieu and Ky to resign from the government, people are very suspicious that they will use their government powers to rig the election.

The American presence has so far not bulked large as a campaign issue. Asked about the American role in Viet-Nam at his press conference, Huong said that the Americans are in Viet-Nam to help defend the freedom of the country. He noted that it is a "delicate" question, but went on to say that "we would not be sitting here today" if the Americans had not come to the assistance of Viet-Nam.

The Thieu-Ky campaign organization does not seem to be moving ahead very well. [Five words excised] indicate continued difficulties in achieving the necessary cooperation between Thieu's supporters and Ky's campaign managers. There also appears to be a considerable problem in finding funds to finance the effort.

These behind-the-scenes difficulties in the Thieu-Ky camp may be reflected in the delayed launching of the Toan Viet bloc on August 8. Other indications had led us to believe that this would be the public front organization for support of the Thieu-Ky ticket. However, the bloc has turned out initially to be less than impressive as a broad national organization pulling together a large number of political groups. It seems to be composed primarily of one faction of the Hoa Hao, together with some VNQDD and Cao Dai groups, plus a small splinter of organized youth.

Press reports also indicate that the bloc nearly foundered in its initial sessions because of disagreements between the Hoa Hao and the VNQDD members. The Hoa Hao faction evidently saw the bloc primarily as a means of supporting its three Senate states, while VNQDD members had another conception of the bloc's purpose.

The quarrel between militant and moderate Buddhist factions has again flared into the open, with a possibility that the An Quang clique may try once



more to organize anti-government demonstrations. Just prior to the opening of the formal election campaign, it was reported in the local press that the government had approved the long stalled Tam Chau charter for the United Buddhist Association. This in effect rejects the militant claim to be the legitimate and legal leaders of the United Buddhist Association. It also paves the way for Tam Chau to legally eliminate their claim to any organizational status.

The An Quang group responded to the government action with a public attack on General Thieu (who signed the new charter) charging that the move is illegal and that Thieu is trying to destroy Buddhism. The militants also accused Thieu of again taking revenge on Buddhists who participated in the "struggle" of last year. Phan Khac Suu got into the act by publicly supporting the An Quang claim that the government action is illegal. We have some reports that Suu is angling for Buddhist support, and this seems to confirm it. We also have unconfirmed reports that the militants will try to organize an anti-government demonstration August 15. I anticipate that if such a demonstration should take place it will not seriously threaten either the government or the election campaign.

In the early part of the week the Vietnamese police arrested five journalists for pro-Viet Cong activities. Although the police seem to have a solid case against them, I am somewhat concerned by possible political repercussions. Some of those arrested are prominent journalists, including the secretary-general of the Vietnamese Journalists' Union, Tran Ngoc Binh, and the well-known publisher of the daily *Dan Chu*, Vu Ngoc Cac. Binh has apparently admitted being a Viet Cong cadre. He reportedly also said that the draft press law which he submitted to the National Assembly on behalf of the journalists' union had the advance approval of the Viet Cong command. The police also announced that the Viet Cong are known to be trying to buy into influential newspapers. The fact that this story broke shortly after the lifting of press censorship, at a time when editorial comment has been growing bolder in its new freedom, may be interpreted by many here as a move to intimidate the press. We will be watching these developments closely, particularly as they are related to the election campaign.

I referred earlier to what seemed to me misrepresentations and unjustified criticisms of the state of the Vietnamese armed forces. Some of these go to the extent of intimating that they are not only ineffective but are unwilling to engage the enemy. The facts seem to me to be just the opposite. The record will show an increasing number of important engagements in which the Vietnamese forces have performed effectively. General Westmoreland's comments on this are to the point. In a memorandum to me yesterday, he said: "In my view the recent improvement of RVNAF combat effectiveness can be measured in terms of their willingness to carry the fight to the enemy, and to close with and destroy him in sharp, violent contact. They have demonstrated the well disciplined attributes of professional soldiers, and a vastly improved ability to use their supporting arms and combat support. They have

maneuvered with notable success and closed with the enemy. They have participated successfully with U.S. forces in multi-battalion operations."

The following are some instances of recent engagements which show the improved performance of the RVNAF:

A. An example of ARVN willingness to close with and destroy the enemy took place in Quang Tri province 12 kilometers east of Dong Ha near the DMZ the second week of July when the ARVN 2/1 Inf. Battalion attacked an estimated enemy battalion, killing 146 enemy. The 2/1 Inf. Battalion suffered 10 killed and 80 wounded.

B. Another example took place in the IV Corps tactical zone, four kilometers northwest of My Tho where the 7th ARVN Division conducted a search and destroy operation from 26 July to 4 August 1967. The 7th ARVN Division suffered 16 killed and 93 wounded in this action while the enemy lost 234 killed, 217 detained, 30 weapons and 35,000 rounds of small arms ammunition.

C. Civilian Irregular Defense Groups (CIDG) are standing and fighting major engagements. The latest was in Binh Ong Province, 14 kilometers southwest of An Loc where, on 7 August at 0035 hours, the Tong Le Chon Special Forces CIDG camp was attacked by approximately two battalions of the 165th NVA regiment. The infantry attack was preceded by an estimated two hundred rounds of mortar fire and supported by automatic weapons. A C-47 aircraft and tactical air supported the friendly elements. The enemy succeeded in penetrating the outer perimeter but was forced to withdraw; they lost 115 killed and a considerable quantity of weapons and equipment. Friendly forces suffered 21 CIDG killed and 70 wounded, four of which were U.S. Special Forces personnel.

D. The determination and skill of the ARVN also is exemplified by a recent action of the ARVN 2nd Battalion, 9th Infantry in Binh Long Province, ten kilometers east of An Loc. At 0215 hours, 11 July, the 2nd Battalion, 141 NVA mounted a coordinated attack against the ARVN 2nd Battalion, 9th Infantry, using small arms, automatic weapons, mortars and grenade launchers. Concurrently, five bridges were blown and secondary attacks were launched by enemy forces against the U.S. 1/26th Infantry and an RF compound south of An Loc. The enemy attempted to isolate and destroy the ARVN 2/9 Inf. Violent attacks by the NVA battalion were repulsed by the ARVN defenders using small arms, artillery, flare and gunshot support, and tactical air support. By 0330 hours the battered enemy had to break contact to regroup. The enemy final attacks came at 0500 hours. Bitter hand to hand combat took place. At first light 112 NVA dead were counted with[in] the camp and in the wire barrier around the compound. The NVA battalion executive officer was among the five prisoners taken. The ARVN 2/9 Inf. suffered 14 killed and 48 wounded.

E. On July 25, an ARVN battalion and company supported by artillery and tactical air strikes killed 34 enemy soldiers 24 kilometers northwest of Hue. Three ARVN soldiers were wounded. Elements of another ARVN bat-

tation supported by another company, also supported by tactical air and artillery, engaged an unknown size enemy force on the same day 26 kilometers northwest of Hue. Three ARVN soldiers were wounded and 204 enemy soldiers were killed.

F. At midnight August 3, Operation Coronado II terminated in Dinh Tuong Province in IV Corps after a week of joint deployment by U.S. infantry, ARVN, and U.S. Navy units. Results were: friendly 50 killed (8 U.S.), 165 wounded (33 U.S.); enemy 235 killed, 647 detainees, and 17 weapons captured.

G. The 9-day-old ARVN search and destroy operation in Dinh Tuong Province, Operation Cuu Long, terminated on August 4; results: friendly 15 killed, 93 wounded; enemy 47 killed, 128 detainees, and 8 B-40 rockets captured.

This is only a partial list and there are setbacks of course. But as General Westmoreland has said the results of any battles in recent months demonstrate a marked and unmistakable improvement in RVNAF combat effectiveness and a growing pride in their ability to cope with the NVVA/VC.

Prices moved up once more this week, the Saigon retail price index going from 293 to 297. This is five per cent above the level of last month and 30.5 per cent above the level at the beginning of the year. Rice prices were stable, but Viet Cong harassment of Route 4 again caused prices of fish and shrimp to rise. Pork was steady despite the trouble on Route 4, but only because of sales of frozen pork stocks. The imported commodity index also moved up this week, from 209 to 213.

Returnees during the reporting period totalled 504. This may be compared with 261 during the same period last year. The total number of returnees this year now stands at 20,009. Last year at this time the total was 11,116. The overall total for 1966 was 20,242.

During the week ending July 29, the enemy killed 68 Vietnamese civilians, wounded 82, and kidnapped 75. The dead included two revolutionary development workers, two village chiefs, one Chieu Hoi returnee, one hamlet chief, and 5 policemen. During the reporting period, the enemy killed 220 Vietnamese military personnel. If we add the civilian and military dead we get a total of 288 Vietnamese killed by the enemy during the reporting period. This may be compared with 95 Americans killed and 1,271 enemy KIA during the same period. Since January 1, 1967, the Viet Cong have killed a total of 1,796 Vietnamese civilians, wounded 3,282 and kidnapped 2,272.

FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY SIXTEENTH WEEKLY TELEGRAM, AUGUST 16, 1967 While the tempo of the war abated somewhat during the last week the political campaign heated up largely due to the continuation of the controversy over the Dong Ha incident [see telegram 15—Ed.] and to charges by certain of the candidates of harassment and of pressure on the part of some GVN provincial and district officials.

As a result however of Thieu's conciliatory attitude in the Dong Ha case and of two letters from the Commissioner of Special Administration Tuong to the Special Election Committee, the second one couched in moderate terms and outlining what the GVN was prepared to do in assisting the candidates, the campaign, temporarily derailed, has gotten back on the track. Further investigation confirms the fact, I believe, that the Dong Ha incident arose chiefly from a series of unfortunate occurrences which led to misunderstandings between the candidates and the GVN. Despite many contradictory statements and charges I do not believe that the mixup was a premeditated action by the GVN to humiliate the candidates as the latter alleged but was rather a combination of bad weather and poor planning, execution, and judgment by some GVN officials, combined with impatience and suspicion on the part of candidates who subsequently decided to exploit the issue for political purposes. Both sides acted with a certain degree of childishness, "face" became involved, and therefore neither side acted in a way designed to settle the issue easily. Although delayed longer than seemed reasonably necessary the issue has been resolved and all of the candidates have resumed campaigning. In fact representatives of most of them continued campaigning in the provinces while the controversy was going on in Saigon.

All the candidates held press conferences on Monday and Tuesday of this week. Charges of harassment have been made by some of them, Huong making the most specific allegations in his conference yesterday (Saigon 3150). Certainly these charges should be investigated by the GVN and if substantiated, action should be taken to eliminate such practices to the extent possible. In the absence of intimidation some involvement on the side of the "ins" would generally be considered one of the accepted advantages of incumbency. We have evidence also that some officials will at least quietly support opposition candidates. We have been unremittting throughout the mission in our contacts with the GVN, both civilian and military, to emphasize the prime importance of keeping the elections free and honest. I have continually kept

this in the forefront of my talks with Thieu and Ky and have pointed out to them the adverse reactions which have appeared in the U.S. press and in Congressional statements. I believe most of these criticisms stem from the acceptance of rumors as facts and a tendency to gauge the fairness of elections here against standards of perfection which do not prevail in the most advanced democracies.

Both Thieu and Ky have been greatly concerned by U.S. press and Congressional reactions. Ky told me yesterday that he and Thieu had decided to send communications to all of the allied governments on what had been done and is being done by the GVN to insure that the elections would be free, fair, and honest. What they have in mind I think is outlining substantially what was reported in our 2869 and 2972 including such things as lifting of press censorship; instructions issued by the Minister of Defense to the armed forces to stay out of the elections and the written directive to armed forces commanders clearly stating rules governing participation of military personnel in election activity; General Thang's prohibition of political activity on the part of RD workers; instructions from Generals Thieu and Ky to province and district chiefs not to engage in politics; that pursuant to the election law all candidates are being provided certain funds for their campaign; that candidates are being furnished transportation although this is not required by law; that all candidates are being given free time on government radio and television; that invitations have been extended by the GVN for observers to come for the elections to various organizations, friendly governments, parliamentary groups, and the international press.

I shall report in more detail in the political section on the aftermath of the Dong Ha affair, on the charges of harassment, and on other developments in the campaign.

General Westmoreland, Ambassador Komer and I met yesterday with Prime Minister Ky, the Minister of Defense General Vien and General Thang, as the result of a request I had made to discuss our proposals on pacification, particularly Project Takeoff. General Ky had informed me that the GVN was also contemplating some reorganization of its pacification program as well as of the Vietnamese armed forces. At the meeting yesterday he outlined to us what they had in mind. We will report these proposals in detail separately but I might summarize them briefly:

A. Making the province chief the key individual in the pacification program at the provincial level; giving him adequate authority to manage all civilian and military activities in his province; upgrading the quality of province chiefs;

B. Reorganization and improvement of the regional and popular forces.

C. Improvement of leadership. Ky stated that "We must purify the army by asking poor officers to leave" and mentioned that General Vien had prepared a list of forty senior officers who would be asked to leave the army.

D. General Thang would return to the army as deputy to General Vien and would control the political department, the RF/PF, and the security

forces. General Thang will also control the training of the RD teams, and will improve the coordination between RD teams and the military at local levels.

E. Appointment of a deputy prime minister with overall control of the pacification activities of the ministries involved. Ky remarked that if elected as vice president he would have little to do so he would deal personally with pacification.

F. A more direct attack on the VC infrastructure along the lines outlined by Ambassador Komer.

Ky mentioned specifically that General Thieu was sorry that he could not attend meeting but he had specifically endorsed these GVN proposals which General Ky had outlined. General Westmoreland, Ambassador Komer and I felt that these plans for reorganization of the armed forces and the pacification program were constructive and along the lines we have been advocating.

The presidential campaign has grown bitter in the course of the last week, with the principal issue now being charges that the government is trying to rig the election. The aftermath of the "Dong Ha Affair" was considerable. The decision to resume the campaign was probably due in part to our efforts. On the morning of August 12, before the candidates met, embassy officers contacted three of the principal candidates and urged them to get on with the campaign. We stressed the danger of a revision of American opinion if the bickering with the government continued.

Embassy officers made a special effort to persuade Huong because he was considered to be the ringleader of the effort to exploit the problem and responded by saying he would try to find a way to resolve the problem and reopen the campaign. He later took full credit for the decision, saying that he had with great difficulty persuaded the other candidates to go on with the campaign.

When I saw how the situation was deteriorating I took up the problem with both Thieu and Ky on August 11. I went over with them in some detail the U.S. press reports of the situation and the temper of American opinion that had resulted. I emphasized the importance of getting the campaign back on the track. Both Thieu and Ky took the line that the government was already doing more than the law required, and that as indicated in their August 8 press conference, they were prepared to work out solutions with the other candidates. I suggested both that Thieu and Ky go along on some of the trips and that they consider appointing an election coordinator.

Ky said that he and Thieu would go on some of the trips. However, both he and Thieu took the line that CSA Administrator Tuong has the necessary authority to act as an election coordinator. I also asked Ky about press reports that the generals were planning to set up an armed forces committee to run the government. Ky said that the report was absolutely untrue.

Possibly as a result of my conversation with him, Thieu responded to the candidates' statement on August 12 with a public statement of his own to the effect that "from now on the government will make all-out efforts to help all states in their electoral campaigns according to their requests."

The temperature of the campaign dropped only momentarily. In a joint August 13 television appearance, Truong Dinh Dzu again attacked the government for its handling of the Dong Ha affair and charged that government officials were using threats and pressure tactics to insure a Thieu-Ky victory. Dzu said that the elections cannot be fair and free unless Thieu and Ky resign and allow an interim government to conduct the elections.

In a joint press conference the following day, Dr. Phan Quang Dan also said that Thieu and Ky should resign in order to assure a fair election. At the same press conference Ha Thuc Ky told reporters that he considers Thieu and Ky have violated the electoral law by not resigning their government positions to run.

Yesterday Tran Van Huong made a full dress attack on the government for allegedly using threats and pressures to intimidate voters and campaign workers. He held a very skillfully organized press conference in which he presented a bill of particular incidents of government actions designed to rig the election. Huong's principal charges included such things as instructions to civil servants and military personnel to work for the Thieu-Ky state, improper use of government facilities by Thieu-Ky campaign workers, veiled threats against Huong supporters, and police harassment of Huong campaigners. Present and speaking as "witnesses" were three Assembly deputies, all Huong supporters and members of the Movement for the Renaissance of the South Party.

Among other things, Huong said that if the government fails to heed his "warning," he may "reconsider his candidacy." He also said that, contrary to his remarks in his August 3 press conference, he has now decided that he could not serve as prime minister in a Thieu-Ky government. I am not sure, however, that this is his last word in the matter.

Both during the press conference and in a private conversation with an embassy officer just before the conference, Huong was particularly bitter about an August 13 statement by General Nguyen Duc Thang. The statement was carried in Viet Nam Press and quoted Thang as saying that the nation's future depends entirely on the army. Thang also said that an elected government is not necessarily an efficient government and "we should not have 100 percent confidence in an elected government." Huong told reporters at the press conference that if this is the way Ky and Thang feel, the civilian candidates are prepared to step aside and let the army run everything. He told an embassy officer just before the conference that Thang's remarks had discouraged all of the civilian candidates very much, and personally is determined that this will not be used as an instrument for the legalization of an illegal regime. I must confess that I was surprised at this ill-advised statement by Thang, who, though somewhat emotional, has a high reputation for probity and good sense.

Despite his harsh charges of election rigging by the government, Huong said several times in his press conference that he is going to Bien Hoa today to take part in the first joint provincial campaign appearance since the candi-

dates suspended such visits following the Dong Ha affair. Unfortunately, we understand that neither Thieu nor Ky will participate today. As this is written we have an early report from Bien Hoa to the effect that all candidates are there with the exception of Thieu and Ky. The arrangements are good, and the meeting is proceeding smoothly. The crowd is estimated at about 2,500.

As I have mentioned I have been urging both Thieu and Ky to go along with the other candidates as a gesture of good will and to show that the campaign is not stacked in their favor. So far they have preferred to do their provincial campaigning under the guise of "inspection trips," a tactic which further irritates the civilian candidates. While the civilian candidates suspended their provincial visits, Ky made a swing through the delta, presiding at the opening of a waterway in Vinh Long, attending a distribution of rice seed and pumps in Sadeq, donating 1.5 million piasters to refugees, inaugurating village councilmen in Chau Doc, and distributing land titles in Binh Tuong. Thieu concentrated on II corps, meeting with hamlet and village officials in Phan Thiet and speaking to graduating officers at the Nha Trang Naval Academy.

The joint provincial campaign appearances have now been reduced to eleven, plus three appearances in Saigon, by agreement of all candidates. The provincial stops will include Bien Hoa, Qui Nhon, Gia Dinh, Nha Trang, Banmethuot, Tay Ninh, Can Tho, An Giang, My Tho, Danang, and Hue. The civilian candidates demanded an Air Viet Nam plane because the military aircraft are too uncomfortable, and the government has agreed to reserve one for their use. The scheduled joint radio and television appearances have remained on schedule throughout and are continuing. Thus, the mechanics of the campaign at least seem to be back on the track.

While the campaign mechanics are apparently restored for the moment, the atmosphere of the campaign remains troubled. The charges of government pressures and threats are widely believed. While I do not think Huong's withdrawal is imminent, it is a possibility. If he pulls out of the race, others will likely go with him. We are well aware of the impact such an action would have on American opinion. It would also have a very destructive effect here.

While the truth of Huong's charges is perhaps less important than their political impact, as I have said, I think it important that we know how much substance there is in them. We are doing what we can to check them out. Unfortunately, this is very difficult. We have other such reports, but like those which Huong has publicized, the stories of threats and pressures tend to be vague, unconfirmed, and to turn on the impressions of the people "threatened" as much as on what was really intended. Pressure can and does sometimes take very subtle forms here, though no doubt it is also often imagined where in fact it is not being exerted.

In any event, I am inclined to believe that most of the real incidents of pressures being exerted on voters and campaign workers can be explained by the zeal of local officials rather than by directions from the central govern-



ment. While we had some early reports, prior to the Thieu-Ky merger, that Ky had instructed his campaign managers to make full use of government personnel and facilities, it is our impression that these instructions from Ky were in general not implemented, in part because of pressures from us and public opinion, in part because of the merger with the Thieu ticket. Our provincial JUSPAO reports say that the Vietnamese information service is doing a good job of educating the voters about the election mechanics.

I am therefore inclined to think that as of now there is more smoke than fire in Huong's charges. This is especially true because one of the principal areas of the alleged incidents of pressures against Huong's campaign workers is Vinh Binh province; as it happens [12 words excised] and both he and his deputy for administration are known [3 words excised] as strong Huong supporters.

Unfortunately the foreign press and the politically interested elements of the Vietnamese population are apt to accept Huong's charges and similar stories at face value.

Foreign observers such as a delegation from the Asian Parliamentary Union will help to counteract these impressions, provided they find that the election is honest. We will of course continue to urge on both the government and the candidates the need for both an absolutely honest election and responsible campaigning.

Neither Thieu nor Ky responded to my suggestion that they appoint an election coordinator of wide acceptability and prestige who would be able to insure that such things as the Dong Ha incident would not recur. I am still pursuing this idea but I am not optimistic they will act on it. Yesterday I took advantage of a brief meeting with Ky to tell him again that our policy on the elections is to support no candidate, to oppose no candidate, and to strongly favor free and fair elections. I noted the great advantages of government candidates and told him I believe he and General Thieu should lean over backwards to satisfy the legitimate requests and needs of the civilians in their campaigns.

While Ky seemed in a somewhat more philosophical frame of mind about the elections and the recent press attacks on his government, his mood is not good. We have some confirmation of this [3 words excised] which recounts an outburst by Ky to General Loan just after my August 11 talk with him. According to this report, Ky expressed anger at American pressure, described the civilian candidates as filth, and said he would not be content as vice president simply to "sit in his armchair and do nothing." I am afraid that Ky remains depressed and quite disturbed by his "demonstration" to second place on the Thieu ticket and by the barrage of criticism from all sides. I have advised him to bear with such criticism, which is an inevitable part of entering the political arena.

I reported last week the approval by the government of the new Tam Chau charter for the United Buddhist Association. Acting under the new charter, Tam Chau's faction has elected new temporary officers. Tam Chau has been

replaced as head of the Vien Hoa Dao (the action arm of the UBA) by an unknown whom he presumably sponsored. The supreme patriarch is the head of the Cambodian Buddhist clergy, Lam Em.

The Tri Quang faction continued its attack on Tam Chau and the new charter with a public meeting August 12 and a press conference on August 14. In the press conference, Tri Quang supporters again attacked General Thieu personally in very strong terms and accused him of a policy of trying to destroy Buddhism. They also made it clear that they will consider the elections meaningless unless Thieu and Ky resign, but they stopped short of a boycott call. Although there was talk of anti-government demonstrations at the August 12 public meeting, the communiqué issued at the August 14 press conference does not threaten any specific action against the government, and spokesmen at the conference were careful to put the stress on protection Buddhism and the UBA charter.

These events seem to leave the Buddhists as divided as ever, though there is some evidence that Tam Chau has lost support by his recent actions. This is because Buddhists who deplore Tri Quang's extremism also deplore actions which may further divide the Buddhist church. They see in Tam Chau's new charter the threat of a permanent government-inspired split in the church.

General Westmoreland is beginning a new regular report through military channels, a monthly assessment. I found the following statements of particular interest in his roundup of the military situation during the month of July:

"I Corps. My primary objective in the I CTZ during the month of July was to deny entry of NVA units into SVN and to destroy as much of the enemy's force, including artillery, as possible. This was accomplished. We destroyed enemy forces and logistical installations in base areas 116 and 122 and established a fire support base for the interdiction of the Ashau Valley by 175mm guns. Efforts to establish and improve the strong point obstacle system along the DMZ were continued while conducting search and destroy operations in and south of the DMZ.

"Progress in I CTZ is best indicated by the heavy enemy losses: a confirmed 3,877 enemy killed, 2,062 weapons captured. The number of enemy killed by ARVN was the second highest level of the year, 1,206 by body count.

"On July 10 the remaining closed section of national route No. 1 from Mo Due to II CTZ boundary was opened, thus permitting commercial and military vehicles to traverse the entire 387 kilometers from the DMZ to II CTZ boundary. This is the first time this highway has been opened for this distance since 1965.

"The elements of three enemy divisions along the DMZ continued to make incursions south of the DMZ. The enemy maintains an estimated 45 maneuver battalions of NVA, main force and local force VC in I CTZ. During July, the enemy increased his use of mortar, artillery and rockets against friendly forces, firing a total of 6,965 rounds as compared to 4,009 rounds

fired during June. Two thirds of the enemy artillery was fired in northeastern Quang Tri province.

"The enemy has concentrated his effort in populated areas with emphasis on those actions which, if successful, have a potentially high propaganda value. One such attack involved the partial destruction of a large ARVN compound; another, the seizure and opening of the Hoa An provincial jail; and a third was the rocket attack on Danang. The enemy buildup north of the DMZ during the latter part of June and early July caused me to concentrate large forces in this area to counter the threat. Throughout July the NVA continued to maintain pressure all along the northern I CTZ border.

"II Corps. In the II CTZ steady though not dramatic progress is discernible in virtually every segment of our endeavor. ARVN forces in up to four battalion strength worked in close harmony with the US units involved in the Operation Greeley in the Kontum-Dak To area. Employing a force of four brigades, Operations Francis Marion and Greeley frustrated enemy intentions through constant search and destroy actions. For the month of July the cost of continued conflict remained unfavorable to the enemy; 1,536 killed compared with 272 friendly losses. This assumes even greater significance when one considers that the enemy is encountering increasing difficulty in recruiting within II CTZ. His will to fight appears to be waning gradually as witnessed by the loss of 363 PW's and 107 crew served weapons for the period. In the coastal provinces, resupply by the enemy to his beleaguered formations is tenuous, over extended and insecure LOC's. His condition there is worsened by systematic destruction of his bases which has resulted in reduced food and supply stockpiles. PW's from the 3rd and 5th NVA divisions were unanimous in stating that food is scarce, sickness a problem, and morale is low.

"The enemy has been without a major victory in the II CTZ during the past two years. He seeks to tie down a large force and inflict maximum casualties on RVNAF and FWMARF in the central highlands. In the western highlands the morale and overall condition of enemy units are good. This assessment stems from the fact that his sanctuary base in Cambodia and Laos lie close to established supply routes. Food, medical supplies and ammunition are available in adequate quantities. NVA KIA's and PW's in Kontum and Pleiku provinces have been described by their captors as 'well equipped, well fed, and in good physical condition.'

"Overall summary of July military situation: the enemy appears to be continuing his strategy of (1) posing threats with main forces in an effort to draw friendly military strength from the critical populated areas, (2) seeking to cause increased attrition rates on friendly military forces while avoiding major contact, (3) enticing friendly forces into a posture where he can achieve a major tactical victory to enhance his political posture, and (4) attacking the GVN pacification program with particular emphasis on the RD teams in order to destroy the GVN influence in the countryside. The credibility for the threat in the DMZ and central highlands continues to require sizeable containment forces. Through the use of economy of force measures and superior mobility

we have been able to provide security in the critical population centers at an acceptable level. The maintenance of constant pressure on the enemy in these populated areas, especially in the coastal lowlands, has caused growing weakness in the enemy military structure and as his coercive power declines popular resistance to his increasing demands for support is rising. However, in the contested areas the population as a whole continues to adopt a wait and see attitude, providing willing support to neither side. The enemy reaction to friendly success in thwarting his strategy has been an increased use of attacks by fire. The enemy employment of 140mm and 122mm rockets continues to provide the greatest threat to critical installations; however, increased emphasis on offensively oriented security operations and on locating rocket units and their supply routes is expected to reduce the risk. The GVN pacification program for 1967 is now gaining momentum, its implementation having been quite slow until after Tet.

"In July, despite increased VC emphasis on disrupting the work of the RD cadre teams, several important gains were made. Several of the RD teams had completed their work in first semester hamlets and had begun movement in their second semester areas. Four additional ARVN battalions had been assigned to direct support of RD training. MACV action program to give increased thrust to pacification support was completed and disseminated to the field. An organization was formed to integrate and manage a combined US and GVN attack on the VC infrastructure.

"In summary, over past month's operations reflect continuous and steady progress toward accomplishment of our overall objectives in SVN."

Returnees during the reporting period totaled 389. This may be compared with 295 during the same period last year. The total number of returnees for this year now exceeds last year's overall total by 156. To date in 1967, 20,398 returnees have come into Chieu Hoi centers; the overall total for 1966 was 20,242. Since the beginning of the program in 1963, 68,429 returnees have rallied to the government.

On August 10, the VC attacked the Chieu Hoi center in Hau Nghia province with rocket fire killing 5 and wounding 53—all Hoi Chanh returnees. US troops, Philcag group, the ministry of info and Chieu Hoi rushed aid within hours. This attack came on the heels of the reported assassination of a Chieu Hoi chief in Vinh Long on August 9, possibly an indication of an intensified VC effort to discourage defections.

During the week ending Aug. 12, the enemy killed 64 Vietnamese civilians, wounded 148, and kidnapped 85. The dead included three revolutionary development workers, two provincial Chieu Hoi officials, three hamlet chiefs, and one policeman. During the reporting period, the enemy killed 228 Vietnamese military personnel. If we add the civilian and military dead we get a total of 292 Vietnamese killed by the enemy during the reporting period. This may be compared with 75 Americans killed and 1,043 enemy KIA during the same period. Since Jan. 1, 1967, the Viet Cong have killed a total of 1,860 Vietnamese civilians, wounded 3,431 and kidnapped 2,357.

*August 16, 1967*

Honolulu Conference: the AID mission is engaged in preparations for a conference in Honolulu on August 25-30 which will bring together top officials of AID/Washington and of the mission in Saigon to review and plan U.S. assistance programs to Vietnam. Special attention will be given to ways and means of accelerating agricultural development and of building local development efforts on the base created by recent village and hamlet elections. Rice stocks in Saigon and the rice deficit provinces have now gone above 260,000 tons—the largest figure in many years, and probably the peak level to be reached in 1967. From now until the end of the year these stocks will be reduced as consumption requirements outpace import arrivals.

Inflation: last week retail prices dipped significantly in Saigon for the first time in six weeks. Beginning in early July the increased cost of domestically produced food had caused a 17 percent increase in the retail price index. Food prices had risen both because of seasonal factors and because of extensive VC destruction of the two main commercial roads—Routes 4 and 20—leading into Saigon.

## FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY SEVENTEENTH WEEKLY TELEGRAM, AUGUST 23, 1967 The campaign has continued to pick up momentum during the past week and going well after the initial uproar over the Dong Ha affair. Most of the candidates have continued their joint appearances and since my last message they have been to Qui Nhon, Gia Dinh (outside Saigon), Nhatrang, Ban-methuot, Tay Ninh, and are in Can Tho today. The arrangements have been well hailed and the crowds have ranged from 2,000 to 5,000 which is a relatively good size by Vietnamese standards. Radio and television appearances continue and the Senate campaign is also going forward in a satisfactory way. Neither Thieu nor Ky have appeared in any of the joint engagements so far but have let their local representatives appear for them. The latter have not done much more than present their excuses. I think this has been a mistake, for it tends to lead to an assumption that they feel that they have the government apparatus under such control and can use it to such advantage that their election is assured. They on the other hand have given a number of reasons for non-participation. One is that they propose to campaign in low key. Thieu told me just before the campaign started they proposed to do this because as incumbents certain advantages accrued to them and they did not want to appear to be profiting unduly from this fact. The second reason advanced was that because of their respective positions as chairman and prime minister they would be accorded special consideration by the people and this might offend the rival candidates. A third reason which we have heard, and to which I would give some credence, is the fact that Thieu is fearful that in a joint appearance with other candidates Ky might react impulsively to criticism and give vent to some ill-considered statements. I do not think these reasons are adequate, however, and I have told them both I think they ought to make some joint appearances. When I saw Thieu last Saturday, he agreed that they would join the other candidates in Saigon and adjacent areas, and Ky told me that he proposed to pilot the candidates on one of their trips. I am not sure whether this will add to or detract from their feeling of security. As a matter of fact, Thieu and Ky have been doing some very effective campaigning on extensive trips throughout the countryside, turning official appearances and functions to good political advantage. While they have played each trip in low key, they have received good press coverage. The civilian candidates have also received good press coverage. I do not believe that any of them can have any complaints on this aspect of the campaign. It is worth

nothing too that two of the civilian candidates, Binh and Co, have abandoned the joint meetings and have been campaigning on their own.

A number of other things are worth noting about the campaign. One is the fact that the government is being publicly severely criticized by almost all the civilian candidates. This is an evidence of freedom which has not heretofore existed under any previous regime. The second point is that these criticisms have been fully reported in the Vietnamese press. The third point is that although there were interruptions in the joint campaign tours while candidates were in Saigon bickering over the Dong Ha incident, the activities of their organizations and representatives outside of Saigon were not affected and the campaign was being actively pursued. In some instances representatives have met jointly and applied the same ground rules as those which applied to the joint meetings of the candidates themselves. Many of these meetings have been well attended by crowds of 1,000 to 2,000 people. It is our impression that all the major slates have quite active representation at least at the provincial levels and sometimes in villages and districts.

There have been some charges, particularly by Huong and Ha Thuc Ky, that in some areas province chiefs or district officials have restricted campaign activities in the countryside. So far I have not seen any substantiation of these charges. In fact some of Huong's own personnel who he claimed were subject to pressures have themselves denied that this was so. In my last talk with Thieu I referred to these charges and he replied that none of the candidates had presented proof of their charges but if they did the government would investigate them promptly.

As a matter of fact, while many province and district chiefs evidently favor Thieu-Ky and have worked for their election, it is evident from reports of our provincial reporting officers that this is by no means true of all of them. Deputy province chiefs for administration, who are almost always civilians, frequently favor other candidates, usually Huong or Suu. In his radio broadcast on the evening of August 21, Ky said that the freedom enjoyed by the candidates in the present campaign, including the freedom to criticize the GVN in fairly harsh terms, is a sign that the country is moving steadily toward democracy. He observed that "at no time in the history of Viet-Nam have journalists been given so much freedom." He again stated that GVN officials at all levels had been instructed to insure that elections are free and impartial.

While it is our estimate that Thieu and Ky are in the lead, and should probably win with 35 to 45 percent of the vote, I believe that Huong and Suu are doing quite well. In Cholon, the Chinese section of Saigon where most of the betting takes place, the odds on Thieu versus Huong are even. On Thieu versus Suu, they are 10 to 8. In fact, Thieu told me last Saturday that he did not feel sure of being elected. He added that whether he was elected or not was not the important thing. What was important was that the election should be honest and the government which emerged should have the support of the people and of the armed forces. He said that he would gladly support

whoever was elected and would be happy to return to the armed forces and work patriotically for this country. He repeated this statement at a conference with the foreign press. I may say that I think Thieu has made a good impression in this campaign. He has handled himself with dignity, restraint and modesty and has not reacted to criticisms by other candidates. During tours of the countryside and in contacts with the press he has quite consistently made constructive remarks reflecting a sober and mature approach toward the evolution of the constitutional process.

The proposal by Senator Javits for a four-week postponement of elections met with mixed reaction. Some of the civilian candidates were in favor of a two-week extension, such as Huong who felt that it should be brief lest, as he put it, "people get bored." In any case, extension of the campaign period would require legislative action by the Assembly and this I am certain could not be secured. Most of the members are campaigning either for the Senate or the lower house and so far it has been impossible to get a quorum even to consider extending the voting hours on September 3, something which in my opinion would be advisable due to the complexity of the elections. In my view, it would be very unwise to extend the campaign period. The country is at war and it should not be diverted more than is necessary from this or from pacification, or from the many other things that need urgently to be done. The Viet Cong are intensifying measures to disrupt the elections by increasing terrorist attacks. An extension of the campaign simply gives them greater opportunities to carry on these disruptive efforts. I think the point Thieu made to me is also well taken, that the country is small, all of the candidates are well known, so are the issues. Aside from criticisms of the government which as I have said have been fully reported in the press the main issues which the candidates keep emphasizing are peace, corruption, security, democracy, and the merits of civilian versus the present military government rule, and these have been repeated so often that the candidates' views are widely known.

While much could happen during the next eleven days, I believe that the prospects now look promising for reasonably fair and free elections, and that with the elections for the lower house in October, we shall be on the way to achieve one of our main objectives, the establishment of a functioning, constitutional government. It is my hope, of course, that whatever government emerges from the elections will take steps to broaden its base through the inclusion of competent individuals from the opposition and that the resulting administration will represent a broad spectrum, civilian and military, of the Vietnamese social structure. I think the importance of this is recognized by all the leading candidates, but we should continue to urge it on the successful ticket.

While the responses to the GVN invitation to other governments to send observers are slow in coming in, there appear to be good prospects of fairly broad representation. It is probable that some parliamentarians will come from Australia and Japan. Belgium, New Zealand, Turkey, Korea and Laos have definitely accepted invitations.



The more balanced tone of the U.S. press has also been helpful. The reaction of the U.S. press and of other groups in the early days of the campaign, triggered by the Dong Ha incident, seemed to me hasty, ill judged, and an effort to pre-judge the whole affair such as you will recall we had at times in the Dominican situation. But your speech last Wednesday at the awards ceremony and your answers to the questions at the press conference on Friday put the situation here in balance and in much better perspective and the resultant change in tone of the press has been most helpful here. Your joint letter to Thieu and Ky, while stressing the importance we attach to free and fair elections, gave them encouragement at a psychological moment when it was needed.

I shall be reporting in greater detail on the campaign in the political section.

Military activity during the past week continued at a relatively low level. On the other hand, terrorist attacks by the Viet Cong aimed at disruption of the elections and [at] creating an atmosphere of fear and apprehension on the part of the public have increased. A Viet Cong terrorist arrested by the Saigon police last week told of seven targets in Saigon selected to be hit by recoilless rifle fire before the elections. A number of other terrorist incidents in and around Saigon confirm the fact that the Viet Cong are stepping up their general terrorist activities in the vicinity of the capital. Reports from other parts of the country and captured documents have confirmed the Viet Cong plans for sabotage and disruption of the elections. The government on the other hand has expressed its confidence that it will be able to adequately control the situation as it did in the Assembly elections last year.

General Westmoreland continues to report evidence of improved performance of the Vietnamese military forces.

A. In Thua Thien province, at 1:23 A.M. on August 13, a subsector headquarters was attacked by an estimated enemy battalion, supported by mortars. Two RF companies, supported by artillery, flareships and gunships, successfully held their positions and the enemy broke contact at 7:00 A.M. The RF lost 4 KIA and had 20 WIA; they killed 45 of the enemy, detained 4, and captured 12 individual weapons.

B. At Ab Mountain 1:10 P.M. on August 12, the 39th ARVN Ranger Battalion became heavily engaged with an estimated enemy battalion in Quang Tin province. Intermittent heavy contact continued until 1:00 A.M. on August 13, followed by sporadic contact until 3:00 P.M., August 13. The 39th Ranger Battalion killed 150 of the enemy and captured 33 individual and 2 crew-served weapons. Their losses were 22 KIA and 121 WIA.

C. The 533rd RF company apparently prevented a mortar attack on Tan Son Nhut Air Base when, supported by a flare ship and armed helicopters, it engaged an unknown size enemy unit 3,000 meters south of the base between 8:14 and 8:20 P.M. on August 10. The RF men took 3 detainees, one 81mm mortar, and 18 rounds of 81mm mortar ammunition. During interrogation, the detainees said the base was to be mortared from various positions on the

night of August 19-20. The RF company detained 5 more suspects at 1:15 a.m. later on that night. General Westmoreland has sent a letter to the CO of the RF company commending him for this expeditious action in preventing possible disastrous damage to the base.

General Westmoreland also reports progress in the very difficult but absolutely essential task of destroying the VC infrastructure which for many years has been working under deep cover in the villages and hamlets. For example, in Hau Nghia province, which has been one of the most difficult, John Vann, the Corps Senior Representative in III Corps, who has been in Viet Nam for five years and who is not given to optimism, reports that the infrastructure in Hau Nghia is "on the verge of collapse."

Probably the major issue in the campaign is peace. While other matters—notably the conduct of the campaign itself and the new charter for the United Buddhist Association—have generated some heat, I believe the greatest interest remains focused on the problem of finding a way to end the war with freedom and honor. There has been no real debate on the subject, and with the exception of Truong Dinh Dzu and Phan Huy Co, the candidates are putting forward very similar ideas. Nevertheless, recognizing the importance of this problem to the people, the candidates rarely miss an opportunity to take their stance on peace and how to achieve it.

The high cost of living and the general state of the economy have figured surprisingly little in the campaign. Phan Quang Dan has discussed the need for land reform several times in his public appearances, and on one or two occasions he has attacked the government for failing to deal effectively with inflation, but he is relatively alone in this tactic. The other candidates have preferred to make generalized charges of corruption. Huong in particular has based his campaign in part on the problem of corruption, and nearly all of the others have tried to exploit the issue at one point or another.

Notable with regard to both the peace and the corruption issues is the failure of most candidates to get down to specifics. No candidate has tried to bring to light any particular scandal, though it would probably not be difficult to find and publicize evidence of governmental corruption. For example, the charges against former Industry Minister Le Thanh Nghe have appeared in the local press, which takes its copy from Western wire services, but no candidate has seen fit to use these stories as fuel for his own campaign.

In the case of the peace issue, General Thieu has indicated that he may call for a bombing pause after the election. Truong Dinh Dzu has said that he favors a halt in the bombing, reconvening the Geneva Conference, direct talks with Hanoi, and U.N. membership for both North and South Viet-Nam. Other candidates have been less specific, however, with a general refusal to treat with the National Liberation Front on equal terms being about the only clear feature of their peace programs.

The conduct of the campaign, particularly charges that the government is pressing and threatening representatives of the other states, is an important issue. Not only Tran Van Huong but several other candidates have tried to ex-

plot such charges. Dzu is among the leaders, always complaining about the arrangements for the campaign meetings regardless of how adequate they are. A variant of this issue is the complaint that Thieu and Ky have so far failed to appear with the other candidates but instead choose to do their campaigning under the guise of "inspection trips" and presiding over various ceremonies. The candidates also came back from time to time to the charge that Thieu-Ky are taking unfair advantage by their failure to resign their government positions in order to become candidates.

The new Tam Chau Charter for the United Buddhist Association was seized upon by several of the candidates, notably Sun, Mai Tho Truyen, and Dzu. They apparently see it as a means of attacking the government and winning Buddhist votes without seriously antagonizing any potential supporters. They evidently reason that those Buddhists who are loyal to Tam Chau will be committed to the Thieu-Ky slate in any event, so that an attack on the new charter costs them nothing while possibly gaining them some militant Buddhist support. As one might expect, this issue is used most in the areas where the Buddhist population is believed to be largest and most militant.

Another issue, used mostly by Huong but touched on by some of the other candidates, is the alleged remarks of Generals Ky and Thang. Thang's comment that the future of the country depends on the army and that elected government is not necessarily efficient government has drawn particularly heavy fire from Huong. He has also frequently referred to Ky's alleged threat of a coup against an "unworthy" elected government. Thang has privately expressed regret for this ill-considered statement which he claims was reported out of context.

Some of the minor candidates are stressing other themes. Phan Huy Co takes a determinedly hawkish attitude, calling consistently for all-out war against the communists and urging total victory. Quat speaks of little besides his unsuccessful 1961 bid for the presidency when he ran against Diem, while Khanh likes to stress his long revolutionary record.

It is difficult to measure the response of the voting public to these issues and appeals. Perhaps, as Huong is fond of saying, most voters pay little or no attention to what the candidates are saying, but are instead influenced mostly by their reputations and their appearance. Judging from crowd reaction at the public meetings, however, the Vietnamese public is keenly interested in peace, the conduct of the election, corruption, and the proper role of the military. I have mentioned the charges that the government is pressuring the representatives of the other candidates. I have the feeling that this issue is less appealing than it first appeared. The public has noted the charges and in many cases is no doubt prone to believe them. Still, I think the public is also taking note of the fact that despite such allegations the campaign machines of the major candidates are very active in the provinces, that the press is obviously quite unafraid to attack and criticize both the government and the military, and that the government has in fact done a good job of providing campaign facilities for the civilian candidates ever since the Dong Ha furor.

When I discussed the problem of a fair and free election once more with General Thieu on August 19, he again assured me that he would make every effort to see that the elections will be honest and that the people understand that there will be no pressure and no intimidation. He specifically denied the charge that military personnel will get two voting cards and will thus be able to vote twice. This charge was first made publicly by Tran Van Huong on August 15, with no supporting evidence, though several have echoed Huong's remarks. The Special Commissioner for Administration, Nguyen Van Tuong, was prompted by these charges to make a statement to Viet-Nam Press August 21 to the effect that military voters can register their names only once and will get only one voting card. Tuong pointed out the legal penalties for voting twice—they are very stiff and are doubled if the offender is a civil servant or a military man—and the administrative safeguards against such an action. Of course Ky has also defended the government's conduct of the elections in his August 21 letters to Vice President Humphrey and Speaker McCormack. I am not sure how the letter will be received, but I think it is a fair statement of the government's actions and present attitude toward the problem of insuring a free and fair election. Copies have been sent to the prime ministers of the other troop-contributing countries by Ky.

At the same time I should say that I think there is probably some substance to the charges of attempts to intimidate and pressure the campaign workers of the other candidates. We have a number of reports that suggest such things are taking place here and there. Given the authoritarian nature of Vietnamese government in the past and the natural desire of Vietnamese officials to please their superiors, a certain amount of this kind of activity is probably inevitable. The public outcry against such tactics plus our more or less constant reminders have so far probably served to keep such things within fairly acceptable limits, however. Certainly, as I noted above, the campaign machines of the major civilian contenders are reported to be very active in the provinces, a sign that they are not encountering very effective pressures from the government in any event.

It is true that the Thieu-Ky slate has been able to use government facilities in a fashion which gives them a marked advantage; this was of course to be expected. They are also probably much better off financially than the other candidates, though we continue to get reports which suggest that the Thieu-Ky campaign organization is short of funds. Thieu and Ky are using fully their normal incumbents' advantages. A favorite Thieu-Ky campaign tactic, for example, is to hand out land titles. Thieu-Ky have also frequently met with newly elected village and hamlet officials in what is clearly a bid for their support. We have some reports that indicate the government will back six Senate states. There is as yet no clear indication of the form this backing will take, and I think it quite natural that Thieu-Ky should seek to insure the election of a Senate they believe they can work with. Unfortunately, one of the slates which the government is reportedly backing is for that of La Thanh Nghe,

while the others are not particularly distinguished in terms of talent and prestige. Ky seems to be covering his bets, however, by offering some less official support to their slates. There are also some indications that Thieu has not concurred in Ky's selection of the six slates concerned and may back some others himself.

The final posting of registered voters took place August 14, and the totals show a rather surprising increase of 11 percent over the total registered for the 1966 elections for the constituent assembly. The total now is 5,853,251 as compared with last year's 5,238,512.

Much of the increased registration is in I Corps, and a primary reason for it is probably our military operations and the resulting flow of refugees. Other factors include the natural increase of the population and a well organized and systematic government effort to register the greatest number possible. However, the increase also reflects a real improvement in security in some areas and a significant increase in the government-controlled population throughout. There have been charges that this increased registration is fraudulent, and that it means the government is padding the voting rolls. We have seen no evidence of this, and we do not believe it is true.

We calculate that this level of voter registration means about 76 percent of the voting age public is actually registered to vote. This is a conservative calculation, based on the assumption that the present population is about 17 million, of which about 50 percent are of voting age, and that in a normal situation about 90 percent of the voting age population would register. Thus we estimate that, if GVN control were undisputed throughout the country, about 7,650,000 people would appear on the voting rolls. The actual number registered is 76 percent of that figure. Thus this election can certainly not be dismissed as a process confined to a limited part of the people. On the contrary, the great majority of the voting public will have an opportunity to vote in this election, and the result can certainly be defended as the expression of the will of the Vietnamese people.

Some time ago I reported the results of our preliminary estimate of the voting strength of the major candidates. As I indicated then, this estimate is necessarily based as much on intuition as fact. We have nevertheless tried to refine and update our estimate. As I mentioned previously, we now believe that if the election is honest and both Suu and Huong remain in the race, the Thieu-Ky [slate] will win with between 35 and 45 percent of the vote. Huong seems likely to be in second place, with somewhere between 25 and 30 percent of the vote. Suu we give only about 20 percent at this reading, though he has seemed to be running stronger in recent days and could do substantially better when the voters actually make their decision. Ha Thuc Ky will probably draw about 8 percent, and the minor candidates somewhere between 10 and 15 percent. This is still very much a horseback opinion, I should stress. I have mentioned the fact that the Viet Cong will undoubtedly try to mount a major effort to disrupt the elections in South Viet Nam. While we do not expect them to be any more successful than they were last year, the

threat must be respected and provided against. The thing I most fear from them is the assassination of one of the civilian presidential candidates under circumstances which would make it appear at least possible that the government was responsible. If any presidential candidate were to be killed in this way, the elections would be heavily discredited. If the victim was Hung or Sun, the surviving major civilian candidate would also have a much better chance of being elected, an outcome which might or might not suit the purposes of the Viet Cong. While the main target of such an attack would be the presidential candidates, the Senate candidates are also a possible and a more vulnerable threat.

Our latest report from I Corps also reflects increased indications that the Viet Cong intend to step up violence against the electoral process. Reports from there shows that enemy intentions include the following: (a) obstruct voter registration; (b) confiscate or destroy identity documents and records; (c) ambush and booby trap routes to polling stations; (d) sabotage polling places and steal ballot boxes; (e) induce fraudulent voting and generally discredit elections; and (f) assassinate, kidnap, and threaten candidates, officials and public.

At the same time, the enemy is stepping up his anti-election propaganda drive. Hanoi and VC radio have recently increased propaganda against the elections by reporting critical statements by candidates, comments by U.S. Congressmen and Western newspapers which questioned the honesty of the elections, and more appeals from "front" representatives for a boycott of the "election farce." VC radio commentary said all SVN presidential candidates have expressed opposition to communism, and thus opposition to the people, which exposes their "reactionary" nature. The VC radio said, "Now is the time for the South Vietnamese people to eliminate the country-invading U.S. imperialists and country-selling lackeys."

The electoral law for the lower house was promulgated August 19. It provides for a lower house of 137 members elected from individual constituencies. Sixteen seats are reserved for ethnic minorities, ten for Montagnard deputies and six for Cambodians.

A number of politicians are already evincing interest in running for the lower house, including a number who are now running for the Senate. As the filing deadline for the lower house is August 31, those Senate candidates who want to hedge their Senate bet by running for the lower house will have to file before they know whether or not they have won a Senate seat. Initial reports suggest that there may be as many as 1,000 candidates for the lower house, another encouraging indication of the level of Vietnamese interest and belief in the movement toward democratic institutions.

Returnees during the reporting period totaled 418. This may be compared with 254 during the same period last year. The year's total to date is 20,816. The Viet Cong attacked two Chieu Hoi centers within four days in III Corps. The latest attack took place August 14 when the Viet Cong used rockets and mortars as well as grenades and small arms in an effort to penetrate

the Tay Ninh provincial center. The Viet Cong were repulsed mainly by PF and armed propaganda teams, but friendly casualties included six dead and 35 wounded. Three of the dead were returnees.

The number of VC incidents directed against RD and Truong Son (Mon-tagnard) RD workers and teams for July totaled 126; 47 in I Corps, 38 in II Corps, 23 in III Corps, and 18 in IV Corps. This matches the high for the year of 126 in March, although the number of workers killed is much lower—63 in March versus 32 in July. Preliminary figures for August show 60 incidents as of 17 August.

During the week ending August 19, the enemy killed 167 Vietnamese civilians, wounded 252, and kidnapped 126. The dead included 12 revolutionary development workers, one hamlet chief, 7 Chieu Hoi returnees, and one policeman. During the reporting period, the enemy killed 172 Vietnamese military personnel. If we add the civilian and military dead we get a total of 339 Vietnamese killed by the enemy during the reporting period. This may be compared with 99 Americans killed and 1,504 enemy KIA during the same period. Since January 1, 1967, the Viet Cong have killed a total of 2,027 Vietnamese civilians, wounded 3,683 and kidnapped 2,783.

The Saigon retail price index stood at 295 on August 15, down 2.7 percent from the previous week. This figure is up 4.6 percent over one month ago and 31 percent above the level at the beginning of the year. The imported commodities index was 217, up from 212 last week and 203 last month.

FOR THE PRESIDENT FROM BUNKER: HEREWITH MY EIGHTEENTH WEEKLY TELEGRAM, AUGUST 30, 1967 The campaign got up a full head of steam (or hot air) this past week. All the presidential candidates are actively campaigning. Saigon and the provincial cities and towns are covered with posters, strewn with leaflets, balloons, and other campaign gimmicks. The I sense too a better atmosphere and feeling. There is no longer talk of withdrawal because of pique, pressure, or intimidation, although it is not impossible that there may be some last minute withdrawals on the part of minor candidates who realize that their chances of election are slim.

There have been reports of negotiations between them and some of the principal civilian candidates, Huong, Suu, and Ha Thuc Ky.

Certainly the prophets of doom cannot say that there has not been complete freedom of speech and freedom of the press. Attacks by the opposition on the government have been vigorous, often vitriolic, and they have all been fully reported in the press. An interesting element of the campaign and evidence of popular interest is the fact that most of the candidates have been subjected to unrestrained heckling. Charges of government manipulation have been heard regarding several provinces in the Delta area and in other parts of the country. Although there may be substance to some of these charges, we have not yet seen evidence that substantiates any of them. Local election campaign committees are functioning without GVN harassment and in many cases with effective support of provincial officials. Where joint meetings of candidates have been held, the arrangements made by province chiefs have been uniformly good. Crowds have been growing in size and in Danang and Hue last Sunday and Monday reached 6,000 and 7,000 respectively.

Comments of Dr. Phan Quang Dan, Suu's vice presidential running mate, in an informal press conference on August 25 for foreign correspondents, are interesting. He said that there is "an atmosphere of suspicion" that Thieu and Ky will rig the elections, but added that so far the campaign has been the freest ever held in South Vietnam. According to the UPI correspondent who was present, Dan went on at some length about the fairness of the election campaign. He reportedly said the campaign is much fairer than most people expected, that there had been some irregularities, but some of these charges have been exaggerated.

Tran Van Huong told an Embassy officer that he had evidence of the issuance of two voting cards to some military personnel. Although he may have some evidence that a few military men had been issued two voting cards, we



doubt this happened in enough instances to have a significant effect on the elections. In cases where two cards have been issued, we believe that probably it was due to error rather than a deliberate attempt to stuff the ballot boxes. I have called these reports to the attention of Thieu and Ky several times and they have flatly denied that this is being done.

At his press conference yesterday morning, Huong moderated his charges, saying that the campaign has proceeded normally in spite of the great discrepancy between means available to Thieu-Ky and other presidential slates; that pressure and intimidation by local authorities against campaign workers of civilians slates has declined as a result of his denunciations and those of other candidates; simple fact that pressure tactics have been reduced does not mean election will be entirely honest "because intimidating campaign workers is one thing, cheating is another." He also appealed for unity and expressed the hope that the elections would be a means to unify rather than further divide the nation.

Thieu has continued to handle himself with dignity, restraint, moderation, and good nature. He told me that he was received very cordially by the other candidates at this joint appearance with them at My Tho. He was asked by the candidates why he had not joined them often and he replied that it was because he wanted to give them all a chance. If he had gone with them everywhere he would have gotten all the votes. He came in for his share of heckling and was asked some fairly tough questions by enlisted men which he handled skillfully. Ky also in his appearance in Hue put on a low key performance.

The GVN made two efforts during the past week to have the Assembly extend the hours of voting by starting the voting at 6:00 A.M. instead of 7 and ending at 8:00 P.M. instead of 4. Because so many members of the Assembly are campaigning they were unable on the first occasion to obtain a quorum, and while a quorum was present at the second meeting, they were unable to obtain sufficient votes to pass the necessary resolution. This is unfortunate, as the extra voting time could have been well used.

I have been encouraged by the developments this past week, by the improvement in tone, and by the fact that interest in the elections has reached a high pitch. As evidence that interest has spread to the countryside the Australian ambassador told me last night that their observer group had gone yesterday to Phan Thiet in Binh Thuan province northeast of Saigon and observed the campaigning in a hamlet. They reported great interest on the part of the hamlet people and active questioning of the candidates' representatives. If we can keep the boat on an even keel the next three days, I think we should be able to bring it into port and if we do we shall have taken a long step forward.

The Viet Cong have, of course, continued to step up efforts to disrupt the elections. Terrorist attacks have increased, the most severe having been the attack on Can Tho last Sunday in which a hospital was hit and 46 people killed and 227 wounded. Yesterday 9 bridges were blown up, 8 in the north-

ern province of Quang Nam north and south of the city of Danang. The other bridge, a 330-foot steel span, is in the Mekong Delta on Highway 4, the route over which much of the produce from the Delta is trucked to Saigon. The press reports today that Viet Cong agents jumped on the stage in four movie theaters in Cholon, the Chinese section of Saigon, and urged moviegoers not to vote in next Sunday's election. They apparently mixed with the crowds and entered the theaters in civilian clothes. They were reported to have handed out leaflets urging the audience to stay away from the polls because it was "a race staged by the American imperialists."

As the above was written we have received word that the enemy overran and held for several hours the city of Quang Ngai last night. According to our first report, they released over 1,000 prisoners from the city jail. We do not yet have casualty figures. We have another partial report that indicates the Hue radio station, which is located some distance outside the city, was under attack early this morning.

Unlike the situation in the elections for the Assembly in September last year, the Viet Cong now have mortars and heavier weapons than they then possessed. In spite of stepped up efforts, however, I do not believe that they will have any significant success in disrupting the elections in view of the very thorough measures being taken by both RVNAF and U.S. forces.

One effective measure to counter the Viet Cong efforts has been the incentive awards system established to encourage Vietnamese to report on the Viet Cong. This paid handsome dividends on 31 July. A tip from a civilian led to the arrest of a sabotage unit credited with a majority of the terrorist incidents which have occurred in Saigon. The commander of the unit was captured on the very day that he was to have conducted a Claymore mine attack on the building in downtown Saigon which is both a senior American officers' billet and headquarters of the Joint United States Public Affairs Office.

The leader of the sabotage group had directed 27 terrorist incidents in Saigon, including the bombing of two American military billets and a restaurant frequented by our military. He was directly responsible for the death of 15 Americans and the wounding of 56.

With the roundup of the sabotage unit, 22 terrorists were arrested and several arms caches uncovered.

Tips from citizens have resulted in the arrest of numerous other Viet Cong concerned with both political and military activities, and the discovery of a sizeable number of weapons caches.

As might be expected, there have been some reports of possible trouble after the elections, perhaps generated by the extremist Buddhists if they feel that an atmosphere exists which can be exploited. They have in fact played a very passive role during the pre-election period, and, as Thieu remarked to me not long ago, it may be that they are awaiting the election outcome to see whether they can initiate something. The likelihood of such action will of course depend on the outcome itself and on the atmosphere that then prevails, which is difficult to predict. I am confident, however, that the government

will be able to handle any such problems if they should arise. I will of course be talking with Thieu and Ky about their immediate post-election moves, assuming they are elected, as these will be very important in terms of the atmosphere which will prevail at that time.

In April of 1966 the military reluctantly agreed to hold elections for a constituent Assembly. Acting under what appeared to be the imminent threat of a massive Buddhist upheaval, they thus set in motion a long chain of political events which comes to a new climax four days from now. It has been an instructive experience for all concerned, as well as a most hopeful beginning for a new political era in this country, and I think the record is worth scanning as we near election eve.

In April of 1966 the Vietnamese government was an almost pure military junta with very little civilian participation or support. It was vulnerable to communist charges of being illegal and not representative of the Vietnamese people. It was intolerant of dissent.

The decision to hold elections for a constituent Assembly was in large measure forced on the military junta. Nevertheless I think that the military leadership must be credited with seeing, after the fact at least, the great value of that step. The immediate result was to deprive the Buddhist extremists of a meaningful political issue. In the long run, however, that decision turned out to be the start of an increasingly effective political offensive against the communists. It is a truism that military means alone cannot win this war. The move toward democratic institutions has proved to be an effective political complement to our military offensive, and I think the military leaders have grasped that fact.

One reason for the effectiveness of the political offensive is that it was intended to change the nature of the political opposition. In the past about the only means for changing the government or even effectively influencing its policies, were essentially violent. Demonstrations and coups were the natural thoughts of most "out" politicians. Those who became desperate turned to the Viet Cong, the ultimate source of violence in this country.

With the move toward constitutional government, it became possible to express opposition in non-violent ways. Political opposition was channeled into legal and constructive efforts: first, to win election to the constituent Assembly, then to influence the writing of the Constitution and the electoral laws, now to compete in the current national elections.

While it must be admitted that political stability here is by no means achieved and the past months have been a perilous journey, I believe that channeling the political opposition into legal and non-violent avenues has contributed heavily to the degree of stability which has existed. It has also begun a move toward more real and permanent political stability. This move now has some momentum behind it, and we have the hope that it will continue to gain momentum.

Another reason for the effectiveness of the political offensive against the Viet Cong is the educational effect it has on all Vietnamese, civilian as well as

military. The hammering out of the Constitution was accompanied by many clashes of opinion and interest. At several points it seemed that the work of the Assembly might never be completed. Even after the Constitution was finished, the military leadership appeared to be so opposed to some features of the document that we feared they might radically amend it or even reject it out of hand. Good sense and political compromises prevailed, however. In the process, the military learned that they could, indeed must, work with the civilians. The civilian politicians, for their part, had a lesson in dealing with the military that will stand them in good stead in the future. I think that both the military and civilian leaders now realize that it is possible to work together toward shared objectives while still disagreeing about many other things.

There were hazards, grave hazards, passed by the past year. One of these was the threat to military unity which the very process of democratization itself seemed to inspire. The merger of the Thieu-Ky presidential states has not entirely removed that threat, but it did demonstrate that the Vietnamese military are fully aware of the danger and will act to avoid it.

Another threat was the deliberate effort to exploit regional differences in last fall's cabinet crisis. I think it a sign of increased political maturity that regionalism has been muted and denied in the election campaign. All of the candidates are bidding for all the electorate, and none of them has made an effort to exploit purely regional prejudice.

The campaign itself has been perhaps the single greatest experience for the Vietnamese politicians and their people. An unprecedented freedom of expression, including a completely uncensored press, has shown all Vietnamese that even here and under wartime conditions it is possible to tolerate a great measure of dissent, a fact which has not in the past been much appreciated by Vietnamese leaders.

I have the impression that the campaign has also tended to instill a new respect for the limits of responsible criticism, indeed perhaps even a new respect for fact. In a society which has long been known for its addiction to wild rumors and extreme suspicion, this is important for future stability.

All this is progress, but we are by no means home. If, as seems most likely, Thieu-Ky win the election, there is a possibility that certain of the defeated candidates may band together in an effort to invalidate or at least discredit the election. I am not persuaded that the civilian politicians—to say nothing of the military—yet have a full understanding of the role of a loyal opposition. Both the Viet Cong and the extremist Buddhists will be doing all they can to encourage the defeated candidates to adopt measures and postures which will make it hard for the elected leaders to form a broadly based government and an effective military-civilian partnership.

There is also the continuing problem of the relationship between Thieu and Ky. I think this is by no means fully sorted out, and we may be in for some difficult moments while they establish their future roles. I am essentially optimistic, however, that they have both realized the necessity to work together, no matter how painful it may be.

The campaign continued this week with joint appearances by the presidential candidates in Rach Gia, My Tho, Danang, and Hue. They are meeting today in Gia Dinh. There is a scheduled appearance in Cholon tomorrow, and the final joint meeting with the public is to take place in front of City Hall here in Saigon on September 1.

General Thieu appeared with the other candidates for the first time in My Tho on August 26, and Prime Minister Ky made his first joint appearance in Hue two days later. All the meetings have gone smoothly, with the candidates sticking largely to the same issues which I described in my last report. Crowd response was quite good, with many pointed questions and much enthusiasm for the favorite candidates.

In his appearance in My Tho General Thieu stressed the effort to bring peace. He said that if elected he would seek contact with Hanoi, and if Hanoi asked for a gesture of good will as a condition for negotiations, he would recommend a bombing pause for one week. However, if Hanoi continues its aggression, there will be no alternative but to fight on.

The previous day, in a meeting with some invited foreign correspondents, Thieu made essentially the same points about a bombing pause. In addition, he said he had not discussed the proposal with us but felt that we could be favorably disposed toward it. He also said that any extension of such a bombing pause would depend on the "good will and sincerity of Hanoi" and their response to his gesture. I will want to talk over these vital subjects with him at an early date, since it is essential that our efforts in these directions be coordinated.

In the same meeting with foreign correspondents, Thieu said that while he would not engage in any formal negotiations with the Liberation Front he is willing to undertake informal talks with them. In response to a question, Thieu said that he would guarantee safe passage in and out of Saigon for any Front representatives who wished to hold such informal talks with the government. This general attitude of willingness to talk with the NLF leaders is an encouraging one.

Thieu also publicly disclosed that the Armed Forces Council has decided to sack five general officers and will bring some fifty officers before the Armed Forces Disciplinary Council. In most cases, Thieu said, the charge against the officers involved is corruption.

I asked Prime Minister Ky about the plans to dismiss a number of officers on charges of corruption the following day. Ky said that the action would not be undertaken until after the election, and he remarked that there is evidence of corruption against 20 to 30 general officers. General Vien plans to call in the officers concerned, one by one, and confront them with the evidence. The officers concerned will be permitted to resign rather than being formally charged, according to Ky. General Westmoreland and I will be watching this development closely to see that it does not have an adverse effect on military unity and morale.

Charge of government pressures on the representatives of the civilian candidates have tapered off, as I indicated earlier. One example of such pressures is the arrest of 19 Dai Viet workers in Hue. They were subsequently released, but one of them was severely beaten by the police. The Dai Vets in question seem to have been in the wrong to the extent that they resisted arrest and also apparently had some hidden arms. The official responsible for the arrests was evidently acting on his own initiative, and we think it is a case of both excess of zeal and lack of intelligence.

Nevertheless Dai Viet leaders have made much of the incident. Ha Thuc Ky held a press conference on August 25 to protest this incident and other alleged instances of pressures on his workers. In answer to a question he at one point said he would mount protest demonstrations if such incidents continue. In Hue, Dai Viet party members were talking about resigning their government jobs en masse as a form of protest. The echoes of this affair appear to be diminishing, however, and there now seems very little likelihood that the Dai Vets will either demonstrate or resign from their government jobs, at least prior to the election.

We also have reports that suggest some pressures were exerted to insure a Thieu-Ky victory in Go Cong, Kontum, and Pleiku provinces. In Go Cong, the Huong representative claims that threats have been made on his life if he continues to work for Huong. Also, according to the Go Cong deputy chief of province for administration, the Go Cong province chief is alleged to have ordered his subordinates to work for the Thieu-Ky ticket. These claims still represent hearsay, of course, and we will have to see if any of them can be substantiated.

In the Senate race, alleged government support for several lists has generated a last minute flurry of protest by the other slates. Last night representatives of nearly all slates met to consider what joint action they might take. The meeting broke up after much disorderly shouting, but a rump session was later reconvened. Even in the rump session the Senate slates represented were unable to reach a common position, and they finally adjourned after charging Nguyen Tuong Ba (a VNQDD candidate) with the responsibility of drafting a joint statement. As there was no agreement on what the contents of the statement should be, Ba has a rather formidable task before him. Indication of government support for certain lists seems a fairly natural thing to me, however. The *Saigon Post* headlined this story today in the following colorful terms: "Senatorial vets meet, swap threats, saliva-democracy a la Vietnamiennne at work."

I raised the question of the Dai Viet arrests with Ky last Friday. He said there is a continuing problem there because the Dai Vets, the VNQDD, and the extremist Buddhists are carrying on a constant factional struggle. He said that this particular struggle is not necessarily related to the elections, and he believes the radical Buddhists are trying to stir up the pot in whatever way they can.

It seems probable now that such charges of government pressure and illegal tactics will have little or no effect on events until after the election. The militant Buddhists, for example, have reportedly decided to attempt no anti-government demonstrations until after the elections. They no doubt feel their chances of finding allies in the defeated candidates will enhance their chances of undermining the government at that time.

Evidently as a near final move in their election campaign, General Thieu and General Ky flew to Banmethuot yesterday to promulgate the Montagnard Statut Particulier and a highlander land law. Both decrees have been much decried by Montagnard leaders, and their promulgation now is an obvious but probably quite effective bid for the Montagnard vote. In his speech at Banmethuot—delivered off the cuff in a driving rainstorm to several thousand Montagnards and military personnel—General Thieu not only called for a continuation of the positive programs and policies of his government but also warned military and police personnel that they must not interfere with the people's right to free choice.

We are of course expecting the distinguished American observers delegation this evening. I am looking forward to seeing them and discussing with them the best ways for their mission to be performed and made effective in terms of impact here and abroad. As matters now stand, we expect well over sixty observers from 15 countries, including a delegation from the Asian Parliamentary Union. Those countries which we know are sending observers include Belgium, Japan, Philippines, U.K., Australia, the Netherlands, Spain, Laos, Korea, New Zealand, Greece, Malaysia, Turkey, and Thailand as well as the United States.

The Saigon retail price index rose two points since last week, up from 295 to 297. This is 30 percent over the level at the beginning of the year. The imported commodity index is now 222, up five points from last week's 217. However, some errors in construction must be remedied before the facility will be ready for use.

The Joint U.S.-GVN Economic Committee met August 26 and took several decisions concerning the Commercial Import Program (CIP). It was agreed that two positive lists will be prepared, one by USAID listing all commodities which may be imported under the CIP, and a second list by the GVN listing other commodities, the import of which the GVN will finance. The GVN list will cover essentially all items not eligible for CIP financing. The lists will be exclusive in that no item will be eligible for financing both with CIP funds and with GVN foreign exchange.

Returnees during the reporting period totaled 519. This may be compared with 280 during the same period last year. The year's total to date is 21,335. During the week ending August 26, the enemy killed 60 Vietnamese civilians, wounded 86 and kidnapped 61. The dead included 3 Revolutionary GVN Development workers, one village chief, one hamlet chief, and two Census Grievance workers. During the reporting period, the enemy killed 95 Viet-

namese military personnel. If we add the civilian and military dead we get a total of 155 Vietnamese killed by the enemy during the reporting period. Since January 1, 1967, the Viet Cong killed a total of 2,087 Vietnamese civilians, wounded 3,770 and kidnapped 2,844.



## FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY NINETEENTH WEEKLY TELEGRAM, SEPTEMBER 6, 1967 Since the campaign and especially the election itself have been reported in great detail and will be covered further in the political section, I shall only make a few general observations about them here.

The first is that an out-turn of 83 percent of the registered voters in the face of massive and determined efforts by the Viet Cong to disrupt the elections by terror and intimidation surprised everyone. It is a rare tribute to the courage of the Vietnamese people and evidence of their great interest in the establishment of democratic institutions and of their determination to register their convictions. That the Viet Cong were not more successful in their terrorist attacks was due in great measure to the security provisions put into effect by our own and Vietnam forces. General Thieu has paid tribute to the contribution made to security during the election by the Allied forces. General Westmoreland has been equally complimentary about the security plans worked out by the Vietnamese armed forces and their effective implementation. He reports that essentially a three-ring security concept was employed. Police and popular forces comprised the close-in security in and adjacent to the polling stations. ARVN units and regional forces established a central security belt about the hamlets, villages and cities. The outer ring of security operations was accomplished by main ARVN elements. Major emphasis was placed upon the roads and waterways over which the voters travelled to the polls. In Saigon, police and supporting ARVN units covered the city so completely and effectively that election day incidents were too scattered, infrequent and insignificant to warrant more than passing notice. The security plan for Saigon was classic in both its detail and implementation.

The second point to be noted is the effective organization of the polling. I think all of our observers, and certainly the experts who accompanied them, Messrs. Scammon, Herzberg, and Penniman, were greatly impressed by the way in which the elections had been organized and the smoothness with which the machinery worked. Considerable effort had gone into instructing the people how to vote and the actual process of voting proceeded much more rapidly than we had anticipated. Dr. Scammon told me that they had timed a substantial number of voters and found that the balloting time varied from thirty seconds to two minutes and forty seconds. General Thieu, however, confessed to me that it took him four minutes to vote his Senate list because he had left the paper with the numbers he wanted to vote for at home. But I think it is a

tribute to the careful preparation and organizational ability of the government that such a large number of votes could have been registered between 7:00 A.M. and 4:00 P.M.

The third point, which I mentioned also in my last week's message, is that there was complete freedom of speech and freedom of the press. The government was subjected to a continuous and heavy barrage of criticism by all the civilian candidates and editorially by a substantial portion of the press. All of it was freely printed. In fact, I think Dzu's strong showing, which surprised everyone, was due in part to the fact that he was the most articulate and vocal critic of the government. There is always a portion of the electorate who are "agin the government" and no doubt he made a strong appeal to them. His simplistic and insistent exploitation of the peace theme undoubtedly also had a strong appeal.

By and large it was a free-swinging campaign, carried on in dead earnest and not relieved by much humor. One exception was Suu's vice presidential running mate, Dr. Dan, who had a lighter touch. In his speech in Cholon, in which he was critical of the state of affairs in Saigon, he said, "To take a taxi or pedicab, the cost is prohibitive. There are no public lavatories and yet it is against the law to urinate in the street. I suggest you just urinate in your pants;"

The fourth point is that in the view not only of our own observers and the experts who accompanied them, but also in the view of observers from other countries as well, there was little evidence of irregularities. Many of them expressed the view to me that the elections here did not suffer from comparison with our own. After making a thorough study of the preparations for the elections and observing the voting in a large number of polling places in Saigon, Tay Ninh, and An Xuyen, Messrs. Scammon, Herzberg, and Penniman said to me frankly they had never seen a better election. While I have seen only a few reports of opinions expressed by the observer group on reaching Honolulu, a number of them said to me on leaving that they thought the elections had gone extremely well and had been carried out fairly and in a highly creditable fashion.

The Australian ambassador has told me that in his opinion the elections had been well organized, that the balloting went extremely well, and that in his view the election was free and fair. The New Zealand ambassador, who was an observer for his government, came to see me this morning, and said that he had reported to his government that he thought the elections were "first rate." Two other unofficial American observers have reported their findings. Professor of Diplomacy and World Affairs Edward W. Mill at Occidental College spent 10 days here on his own to observe the electoral process. He came to see me this morning and told me that he had been both surprised and pleased to see the efficiency with which the elections had been organized and with which the balloting was carried out. He said that he saw no evidence to substantiate the charges of irregularities being made by some of the candidates, and he felt that the whole process had really been a splen-

did performance. Congressman Wolff who came here as a skeptic, and with whom I had a long talk on his arrival, has reported from Bangkok on his observations here. He is quoted as saying, "I cannot put a stamp of complete and unalterable freedom and honesty on the entire election but I can say what I did see and spot check was free. I have the visual and audio evidence to support my findings. What I did see and spot-checked had so many built-in safeguards it is almost impossible to believe anyone could have 'stolen' the election except by a blatant effort and complete disregard for convention that could not have escaped the attention of the 20-odd national observer teams and the hundreds of newsmen here for the election." He added, "A very significant step has been taken, a most important objective reached. In light of this it is now time to reappraise our plans for the future."

I am extremely happy that you were able to persuade such a high caliber and broadly representative observer group to come here. I think they performed a most useful function. We tried to organize their visit so as to give them maximum freedom, each individual having a high level escort and individual transportation. In welcoming them, I said that while we had worked out a program for them, they were to feel completely free to disregard the program, to go where they wished, either singly or in groups, and to talk with whomever they wished. They seemed pleased by this and really took advantage of it. Many of them made their own plans and in the four days through elections worked extremely hard and covered much of the country. We gave them factual briefings, made no attempts to influence them, and let them form their own opinions. Many of them talked to a good many members of the press and I found that quite a number of the observers were surprised and resentful at what they considered the biased and critical attitude of some of the press here. I believe the exercise also resolved doubts in the minds of some of the group which had been troubling them before they arrived here and that it has been extremely worthwhile.

Now we are faced with new problems having new dimensions. But if we can persuade Thieu and Ky as a beginning, and as I believe we can, to put together a broadly based government representing a wide political spectrum, I think we shall have taken a long stride forward in the establishment of representative democracy in Vietnam.

The first thing we need to do, I think, is to use our influence to see that the administration is both broadly based and competent. I had a preliminary talk with Thieu about this last night, especially about the appointment of the prime minister. He said that he thought it would be very desirable to have a southerner in this post since he is a centralist and Ky a northerner, and was thinking of Nguyen Luu Vien, the present deputy prime minister, because of his high reputation for honesty and competence. I suggested to him that he might also want to think of [approximately 20 words excised]. Thieu said he thought [name deleted] would also be an excellent choice since he believes that the prime minister should have competence in economics and administration as he and Ky would probably be devoting much of their attention to

the conduct of the war, the armed forces, and pacification. I also asked him his view as to the desirability of offering the prime ministership to Huong. He said he did not believe Huong's health could withstand the rigorous duties of the office and he thought also that they would find him difficult to work with. He was, however, contemplating offering both Huong and Suu positions in the government, perhaps on the Supreme Court provided for in the Constitution. However, as I interpret provisions of the Constitution (Article 80), I doubt that this particular appointment would be possible.

I said that I thought it would be wise in offering posts to the opposition candidates or their representatives to move rapidly in order to undercut possible charges on their part of election irregularities. We have had reports that Dzu is trying to arrange a united front of the civilian candidates in presenting charges of fraud in the elections.

I also mentioned to Thieu the desirability of coming forward soon with a dynamic program which would engage the enthusiasm of the people and let them feel that a new day had indeed dawned. This would have the advantage also of taking the spotlight away from Dzu, his charges of irregularities, and his advocacy of his simplistic approach toward peace negotiations. He agreed that this was important and said that they were working on such a declaration. I think we can be helpful in providing suggestions and are working on a memorandum along these lines. Our views outlining the policies that we believe we ourselves should try to follow in the months ahead, and the policies we feel that we should try to get the GVN to adopt are outlined in the "Blueprint for Vietnam" which I have forwarded to you, to Secretary Rusk, and to Secretary McNamara. Ambassador Locke will be discussing these and other matters during his consultations in Washington.

On election day itself, September 3, the people of South Vietnam trooped once again to the polls in large numbers, 83 percent of the registered voters recorded as participating, compared to 80.8 percent in the constituent assembly elections of September 1966.

Their mood on the whole appeared sober and calm, though there was a festive atmosphere about many of the polling places mission personnel and other U.S. observers visited. The Vietnamese election machinery is fairly well-oiled by now, and the staff was prepared for the voters. At a polling station visited by one of the official U.S. observers, Professor Scammon, preparations appeared to him to be better in hand than at many polling stations in the United States at opening time.

While the election statistics do not reflect voting by sex, there was evidently a large turnout of women voters, both in the cities as well as in the countryside. At one polling place in Saigon the first voter was a tiny, older lady of about 65, who expressed some annoyance that all was not immediately ready when she arrived to vote at 7:00 A.M. She looked things over, gave the voting officials instructions on how they ought to assemble the ballots, quickly voted when she obtained her ballots, and triumphantly departed. In few cases in the countryside women arrived with two voting cards—for themselves and for

their husbands—and were permitted to vote, though this is a technical violation of the law. No doubt their husbands were working in the fields. Not even an election can entirely disrupt the rhythms of rural Vietnamese life. The Thieu-Ky victory in the elections was decisive, though their percentage of the vote was 34.8 percent according to revised figures released by the National Assembly September 5. Their nearest rival, the Dzu-Chieu ticket (which heavily plugged the "peace" theme and may possibly have had covert SHC support), obtained 17.2 percent of the vote. The next two teams were Suu-Dan (10.8 percent) and Huong-Truyen (10.0 percent). The remaining tickets, and their approximate percentages of the vote were as follows: Ky-Dinh (7.3 percent), Quat-Chan (6.2 percent), Hiep-Truyen (3.5 percent), Khanh-Dong (3.2 percent), Binh-Khinh (2.9 percent), Co-Sinh (2.2 percent), and Ly-Duong (1.9 percent).

Failure of seven of the eleven lists to obtain 10 percent of the effective total vote of 4,735,404 votes leaves them liable to repay the Vietnamese Treasury for the money advanced to them for printing leaflets and posters, an average of around one million piasters each, or close to \$10,000. The Tran Van Huong slate narrowly missed being placed in this category, receiving 600 more votes than the minimum of 10 percent required to escape the application of this provision of the presidential elections law.

Not surprisingly, the four leading slates had pockets of strength and weakness throughout the country, although all of them were strong contenders on a nationwide basis. Thieu and Ky benefited from being fairly well-known, particularly Ky, who in some rural places is known as "Mr. Moustache." Thieu and Ky were strong in the larger cities, running a strong second in both Saigon and Hue, and were first in each of the four corps areas. Surprisingly, the Thieu-Ky slate did less well than had been expected in Cholon, which is predominantly Chinese. There may still be lingering resentment there over the summary trial and execution in 1966 of Ta Vinh, a wealthy Chinese businessman, on a charge of corruption. Thieu and Ky did quite well in II Corps, particularly in the highland provinces, where the recent promulgation of the special statute for the Montagnards certainly did them no harm. The campaign was evidently neither long enough nor intensive enough for the other candidates to erase the incumbents' advantages possessed by Thieu and Ky.

The principal surprise in the campaign was the strong showing made by Truong Dinh Dzu. Dzu, an experienced lawyer and a gifted public speaker, was particularly effective in the joint appearances of the presidential candidates, where his oratorical skill, mixed with a skillful use of invective directed against the government, won considerable applause from his audiences. However, Dzu also did well in areas of the country where he never appeared personally, although in some of these localities he could be seen or heard on television or on radio. Dzu undoubtedly benefited from his skillful exploitation of the "peace" issue. In his initial speeches in the campaign he appeared no more dedicated to "peace" than other candidates, although he had chosen the dove as his election symbol. Dzu made this issue the central part of his

campaign. By no means a communist, either overtly or covertly, Dzu quickly sensed the receptivity of his audiences to a campaign aimed at "peace" and reaped substantial benefit from this approach. He did not develop a detailed "peace program" until late in the campaign.

Specifically, Dzu's "peace plan" involves proposing to the U.S. an unconditional halt to the bombing of North Viet-Nam; talks between the GVN and Hanoi aimed at halting the infiltration of men and equipment from North to South and the withdrawal of North Vietnamese troops from the South; talks with the U.S. and other Allied governments to reach agreements on troop levels, the period during which Allied troops would be stationed in Viet-Nam, and timing of ultimate withdrawal; talks with the Liberation Front "to find out the aspirations of the Liberation Front" and "to exchange rational proposals with the Liberation Front"; and negotiation of an international guarantee through a reconvened Geneva Conference to support the arrangements reached directly between the parties concerned. Dzu had not previously shown a great deal of interest in the "peace" issue, and the above "plan" is essentially a first cut at a problem much more complicated than he probably realizes. His unsavory reputation—stained in recent years by violations of currency control regulations and fleeing law clients—evidently did not impress the voters as much as his simplistic peace appeal and his harsh attacks on the government.

The Sun-Dan ticket carried Hue and was second in I Corps. However, Sun ran fourth in Saigon and in the populous III and IV Corps. Ultimately, Sun was never able to escape from the widely-held feeling that he is an old and rather weak man with little new to offer the country. Even Dan's imaginative land reform program, an important part of the Sun-Dan platform, attracted little attention. This suggests that land reform, however desirable and necessary, is probably not a politically powerful issue at this time. None of the other candidates made more than passing reference to land reform, and the issue appeared to generate little real interest.

Tran Van Huong carried Saigon, where he had been an effective and popular mayor, but his performance elsewhere was weak. He ran fifth in I and II Corps, where his troubles with the Buddhists in 1964-5 almost certainly hurt him, but he also ran only third in III and IV Corps, where he was expected to do much better. Even in defeat he remains a strong and tough-minded political figure, and it may be that he has not definitely abandoned any possibility of holding office under Thieu and Ky. He would add strength to the GVN if a suitable place can be found for him.

The returns from the Senate elections, which were held simultaneously, have been much slower coming in, an inevitable result of the fact that there are 48 Senate lists for which totals must be computed in every one of the 8,824 polling stations throughout the country. From initial indications, it appears that Senate List 13, headed by retired General Tran Van Don and consisting of a balanced group of military and civilian figures, including a Montagnard from Phu Bon province is doing well and will probably be one of the

winners. The other states are well spread out, and we don't expect to know the pattern for perhaps another day. It is clear that the Senate vote has been much affected by random voting. Many voters have told us that, after selecting one or two lists they particularly wanted, they pulled out several other lists at random to make up a total of six lists, as provided in the election law.

One fairly well-educated young lady told us that she had voted for one Senate list because it was headed by a neighbor and for another because it included a relative. The other four lists she pulled out at random from the sheaf of 48 lists given to her in the polling place. The first list she drew at random was headed by a woman, which she rejected because she felt women should not be active in politics. She said she could not remember which of the four lists drawn at random she finally deposited in the ballot box.

The Presidential election results speak for themselves and will go far to answer the earlier charges that the government was guilty of improper activities during the campaign and would manipulate the results. We observed some minor irregularities. The identification procedures at the polling places were rather haphazard. Voters simply presented their identity cards and their voter's card and, after a cursory examination to establish that they were the person involved, they were given their ballots. We know of a number of cases where people voted other than in the precincts near their residences. In a few cases polling stations ran out of ballots for given candidates. One of Tran Van Huong's supporters stated that several polling places in Saigon had run out of Huong ballots. However, we do not feel that the irregularities which occurred were of such nature as to change the outcome. We doubt that much double voting occurred, and very few have alleged that they could not obtain ballots for the candidate of their choice.

The very fact that Thieu-Ky got just under 35 percent of the vote, while the Dzu-Chieu ticket (which had attacked the government in vigorous and scathing terms) got 17.2 percent of the vote, is the best answer to any speculation that the results were manipulated. When we recall that President Diem was officially recorded as having obtained 89.9 percent of the vote in the 1961 presidential elections, we can see how far the GVN has come in conducting a generally fair election and in the compilation of the results.

The U.S. observer mission did an energetic and intelligent job of getting around the country, accepting some of the hazards involved. Senator Murphy of California and Governor Gay of North Dakota came close to being present at a polling station in Phu Yen province when a bomb exploded there on election day, and I believe they were generally satisfied that the elections were fairly and properly conducted. The circumstances of their movements left us with little opportunity to talk to them at length, but the overall impression we have is that they were satisfied with the outcome. The observer mission was well worth the time and effort required to put it together in the U.S. and to support it here in Vietnam. I believe much the same impression was shared by the observer groups from other nations.

We have not yet seen the playback of all of the stories written by the American correspondents here, but it appears that they are displaying major interest in Truong Dinh Dzu, estimating his strength, looking into his programs and outlooks, and speculating on what his future prospects are. While this line, since it implicitly seems to accept the essential fairness of the elections. The comparative closeness of the percentage results has also helped a few weeks ago it was hard to believe that the American correspondents here would ever accept a Thieu-Ky victory as anything but evidence of a rigged election.

In terms of the effect on the Vietnamese themselves, I would judge that they are pleased at the orderly way in which the election was conducted. At the polling places there was a holiday mood, the crowds were orderly, and, apart from VC-inspired violence, there were no particular problems reported. The Saigon press has expressed cautious satisfaction with the conduct of the vote-counting, reporting the progress of the vote count as it is released by the National Assembly.

Not surprisingly, Truong Dinh Dzu has denounced the elections as fraudulent, and he probably can be expected to pursue this theme with his customary vigor when the certification of the election results comes up before the Central Election Council and the National Assembly. More immediately, Dzu has told [name deleted] that he has agreed with the Sun-Dan and Huong-Truyen states, as well as with the extremist Buddhist monk, Thich Tri Quang, to hold a press conference September 7 at which they will denounce the government's conduct of the election. Dzu said they would ask the government for permission to hold, at an undetermined date, a peaceful demonstration to publicize their charges that the government rigged the elections. Dzu said that if the government did not take action (which he did not specify), he would consider a coup d'etat. [name deleted] a reliable and respected journalist who has covered Vietnam since the Indo-China War against the French and who has known Dzu for years, commented later that he did not know whether to conclude that Dzu is "mad or bad."

While Dzu evidently intends to wallow in the publicity and attention he can attract over the next few weeks, it is not so clear whether the other defeated candidates are willing to allow him to exploit them for purposes still not fully clear. I asked Thieu about them last night and he said that he did not think Suu or Huong could want to identify themselves with anyone of Dzu's unsavory reputation. We will be in close touch with the defeated civilian candidates and, when appropriate, will be in touch with Dzu, also. He has not so far taken an anti-American stance and, indeed, enjoyed fairly close and friendly relations with Americans in the past, though not in the last year or so. The press conference scheduled for September 7 will indicate more clearly how far Dzu plans to go and, more importantly, how far the other civilian candidates are prepared to support him.



So far we have only fragmentary evidence of the attitude of the other defeated candidates. Phan Quang Dan, Suu's running mate, told an Embassy officer September 5 that he felt the election had been very free and that the few indications of election fraud were an insignificant factor in the Thieu-Ky victory. He said he would not take part in any attempt to discredit the election, though he said that Suu, Ha Thuc Ky, Huong and Dzu were planning to protest the results and hope to get the National Assembly to declare the election invalid. Dan said throwing out the election would be a senseless, unjustifiable, and disastrous act. Dan is clearly angling for a government post, he has kind words to say for General Thieu, though he dislikes General Ky, and may have tailored his remarks in these terms. However, his remarks about Dzu and some other opposition figures are timely warning of what would certainly be an unfortunate trend of events. [name deleted] clearly a poor loser, denounced the conduct of the elections in bitter terms September 5 in a conversation with an Embassy officer. He charged that the GVN itself had selected Truong Dinh Dzu to come out in second place and completely discounted the credibility of the published election results. However, he appeared resigned to the belief that a protest would probably get nowhere. He claimed that neither he, Tran Van Huong, nor Phan Khac Suu would accept any post in the Thieu government.

The Viet Cong reaction to the elections during the past week has continued to reflect, on the whole, the same negative and destructive attitude shown in the past. There was a dramatic upswing in the number of terrorist incidents directed against the Vietnamese civilian population during the week ending September 2 with the increase particularly noteworthy during the days immediately before the elections. The VC attacked polling places, mined roads and staged mass kidnappings in an obvious effort to prevent voters from casting their ballots. During the period from 6 P.M. September 2 to midnight September 3 alone, incidents against civilians took a toll of 461 (23 killed, 160 wounded, and 278 kidnapped) in election-related incidents.

VC activity against the elections was not confined to terrorism, however. It is estimated that around 50 percent of current VC radio output was dedicated to denouncing the elections during the past week, mostly calling on the people to boycott the elections. VC political commentators denounced all the presidential candidates, military as well as civilian, although there is some inconclusive evidence that they may have given covert support to the Truong Dinh Dzu presidential slate. Certainly, in some of the provinces which Dzu carried (Hau Nghia, Kien Phong, Binh Duong, and Tay Ninh) security conditions are poor, and the most insecure districts are those which Dzu carried by the largest majorities. But, in An Giang province Dzu also did well, and security there is good. Moreover, in particularly bad provinces, such as An Xuyen and Chong Thien, Thieu-Ky did much better than Dzu.

In what was clearly aimed at the elections, the National Liberation Front issued a revision of its political program on September 2. This is particularly significant, for the third of Hanoi's well-known four points for peace involves

acceptance of the program of the Liberation Front. The program of the Front, originally issued in January, 1961 but bearing the date of December 20, 1960, remained unchanged for six and one-half years, although portions of it, such as the call for the overthrow of the Diem government, have been obsolete for well over three years. The revision of the program at this time may anticipate negotiations in the next year or so, or it may only reflect concern at the process of political consolidation by the GVN.

The principal points in the revised program, aside from the usual invective against the U.S., stripped of the clouds of communist verbiage which overlay them, are: (1) achieve a broad and progressive democratic regime; (2) build an independent and self-supporting economy to improve the people's living conditions; (3) enact a land policy embodying the slogan "land to the tillers"; (4) build a national democratic culture and educational structure; (5) develop a national health service; (6) build the Liberation Armed Forces to liberate the people and defend the fatherland; (7) reward the fighters and combatants who have fought against "U.S. aggression"; (8) organize programs of social relief to help those affected by hostilities; (9) implement full equality between men and women; (10) develop unity and practice equality among the various minority groups; (11) respect freedom of religion; (12) welcome "puppet officers and men and puppet officials" who rally to the Front; (13) protect the rights and interests of Vietnamese overseas; (14) protect the "legitimate rights and interests of foreign residents in South Viet-Nam."

While some of these are fair words, the revised program as a whole remains a blueprint for Communist takeover of all of Vietnam. The overall impression we have of the revised program on the issue of peaceful settlement of the war is that the Hanoi/VC position has not changed significantly, an impression strengthened by the uncompromising tone of the National Day speech of DRV Minister Pham Van Dong on August 31. Dong said the "only way to peace in Vietnam" is for the U.S. to cease the bombing, withdraw its troops, recognize the Front, and let the Vietnamese settle their own affairs. Dong made it clear that the initiation of talks depends only on cessation of the bombing, and not on U.S. acceptance of the four points of Hanoi or the VC five-point statement. The latter remain, however, integral to any general settlement of the conflict in the south.

One of the urgent tasks before the GVN in the next few weeks will be the formation of the new government. Generals Thieu and Ky have a respectable victory in their hands, and they can afford to be generous in seeing to bring some of the defeated civilian candidates into some kind of satisfactory relationship with them. This could take the form of cabinet membership, appointment to one of the high-level economic or social councils to be formed under the constitution, or some less formal association. As I have mentioned, I have already begun talks with Thieu on this and I will continue to urge them to take action of this kind, in order to broaden the base of the government. More immediately, I will be urging them to take no legal or other action against Truong Dinh Dzu in retaliation for his sharp attacks on the govern-

ment during the campaign and on General Ky in particular. Withholding legal or other action against Dzu will involve a considerable exercise in patience for Thieu and Ky, particularly if Dzu continues the intemperate and frequent vicious attacks has launched against the government. However, I fear taking action against him would simply play into his hands and be read by international opinion, but perhaps less so by Vietnamese opinion, as simple persecution of a defeated opponent. The fact that Dzu has evidently engaged in extortion and prohibited foreign exchange transactions and has probably been guilty of unethical conduct as a lawyer—actions which give the government and the Bar Association grounds for moving against him with some issue of propriety—is not likely to impress foreign opinion as much as his showing at the polls.

While the presidential and Senate elections have engaged our attentions, preparations for the lower house elections have gone forward, looking towards Election Day October 22. More than 1500 candidates are expected to contest the 137 seats to be filled, including a substantial number of defeated Senate candidates. The lower house elections will be contested in the 53 constituencies into which the country has been divided. The campaign will be conducted essentially on a local basis and probably on local issues, avoiding many of the logistical and other problems encountered in the presidential and Senate elections, which were conducted at large. However, if Truong Dinh Dzu continues to press on the "peace" issue, it is likely that this matter will be explored further in the lower house campaign.

With the advent of a fully-elected government, our working relationships with the GVN will undergo some change. Previously, when we convinced Thieu and Ky that action in a given field was necessary and desirable, they were in a position to issue a decree to implement the action. Now, however, Thieu and Ky will be operating within the framework of a constitution which defines their powers and also defines the powers of the two houses of the National Assembly.

On paper, Thieu and Ky will have considerably less power than they previously had, though it remains to be determined to what extent they can influence the Assembly to take action. Getting legislation through the National Assembly will probably be as complex a job as getting legislation through other elected parliaments. Initially, it may be even more complicated here, because there probably will be no well-defined political parties and groups in the National Assembly. Hence, discipline within the Assembly is a potential problem.

One of the first orders of business for the Assembly will be the budget for calendar year 1968, which, according to the Constitution, is to be approved prior to the end of 1967. Since the elected National Assembly will not be fully constituted until November 1, this leaves enough but not too much time to complete legislative action on the budget. We will have a clearer idea of how the National Assembly will work after completion of the budget.

As a general reflection, it seems to me that we will need to exercise some patience where action by the National Assembly is concerned. The members of the Assembly, naturally enough, will feel they have a mandate from the people to carry out various courses of action in which the members have long been interested. While most members of the Assembly will probably be inclined to close relations and cooperation with the U.S., they will probably be more sensitive about Vietnamese sovereignty than the military leaders we have been working with over the past few years. They may also raise unpalatable issues. [name deleted], one of the candidates on a Senate list which is doing fairly well so far in the ballot counting, told an Embassy officer in July that he thought Viet Nam should have a published status of forces agreement with all of the free world countries having armed forces in Viet Nam. He evidently felt these would be helpful in negotiations with the North Vietnamese, as an answer to expected communist charges that the Republic of Viet Nam is a puppet of foreign powers. Others have expressed similar ideas. An interest in the terms under which the U.S. and other Allied forces operate in Viet Nam is also expressed in Truong Dinh Dzu's "peace plan" discussed above.

All in all, while the elections have taken us a considerable step further down the road, there are still plenty of potholes ahead. The elections thus constitute the successful end of one process and the beginning of another important one, namely, the successful prosecution of the war and conclusion of an acceptable settlement.

The Saigon retail price index dropped slightly from 297 to 295. Rice and bread prices were steady, and other food items fluctuated within narrow limits. The imported commodity index is now 225, up three points over last week's 222. Most iron and steel products increased slightly in price, though cement and fertilizers remained unchanged.

Seven Stanford research scientists began land-use studies in Dalat and the provinces of Central Viet Nam to determine the advisability of developing new policy guidelines for Vietnamese land tenure patterns. They will review and evaluate all previous land tenure work done in Viet Nam, in relation to the pacification and Revolutionary Development programs.

Twenty new Korean-built buses, procured with GVN resources, were added to the Saigon bus system. Within the first seven days of their operation, the system recorded a 60.7 percent increase in passenger revenues. Increased passenger service is expected to reduce last year's operating deficit of VN\$7 million to less than VN\$1 million this year.

On September 2 we formally concluded an agreement with the GVN establishing that they will, on October 1, start providing us 118 piasters per \$1 for official purchases which we make of piasters in support of free world forces efforts in Viet Nam. Prior to this agreement the rate at which we received piasters was 80 to \$1. The principal concessions which we gave on our side to obtain this agreement were:

A. that we would provide 400,000 tons of rice on 20 percent U.S. uses basis during 1968 and that we would discuss with the GVN additional PL 480

rice shipments for 1968 on a 20 percent U.S. uses basis when we had better information on the U.S. crop this year—probably October or November, and B. that we would adjust our commodity import program as might be necessary to enable the GVN to continue its liberal import policies while maintaining the foreign exchange reserve level of about 300 million, even though it would no longer earn the same amount of foreign exchange from its sale of piasters to us. Our estimate of the loss to the GVN from this change from 80 to 118 piasters per \$1 is about \$100 million.

Returns during the reporting period totaled 472. This may be compared with 262 during the same period last year. The year's total to date is 21,807. During the week ending September 2 the enemy killed 190 Vietnamese civilians, wounded 426, and kidnapped 237. The dead included 36 Revolutionary Army Development workers, five hamlet chiefs, and six policemen. During the reporting period the enemy killed 280 Vietnamese military personnel. If we add the civilian and the military dead, we get a total of 470 Vietnamese killed by the enemy during the reporting period. This may be compared with 133 Americans killed and 1,055 enemy KIA during the same period. Since January 1, 1967, the Viet Cong have killed a total of 2,277 Vietnamese civilians, wounded 4,196 and kidnapped 3,081.

FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY TWENTYFTH WEEKLY TELEGRAM, SEPTEMBER 13, 1967 With the elections for President, Vice President, and the Senate behind us cries of anguish have gone up from some of the defeated candidates. Eight of the defeated presidential candidates issued a written statement declaring that the elections had been fraudulent and that the signers would request the National Assembly to invalidate the elections. Tran Van Huong and Ha Thuc Ky did not join in the declarations. In a second rather general declaration issued yesterday, six of the candidates (Phan Khac Suu, Hoang Co Binh, Truong Dinh Dzu, Tran Van Ly, Nguyen Hoa Hiep, and Vu Hong Khanh) again denounced the "dishonest practices of this government," the failure of the government ticket to receive more than 35% of the total vote in spite of the exertion of pressure and illegal practices, exhorting the people to speak out against this suppression and pointing out to the people and government of the United States that the policy carried out in Viet-Nam must conform with the will of the Vietnamese people, that otherwise it will be doomed to "bitter and total failure." The prime beneficiary of concerted action by the defeated candidates would be Truong Dinh Dzu, who ran second, and I believe the other candidates have only limited interest in helping Dzu to further his personal ambitions.

Among the presidential protesters, Dzu seems to be the most active. He ran a notice in the Saigon *Daily News* yesterday morning "apologizing for having missed a meeting with Charles Doe and informs all foreign newsmen that he is available at any time, mornings from 9 to 12:30 at his law office and afternoons at his house from lunchtime to 5:00 P.M. Thank you in advance." He apparently has little else to do.

In addition to complaints by the presidential candidates, one has been filed by an Assembly deputy, Trieu Van Tuc, and four by voters. Some other protest voices have also been heard. Four students groups have jointly declared that the elections were "rigged and arranged by a foreign hand." Militant Buddhist leaders told a meeting at the An Quang pagoda on September 9 that the elections had been rigged, but their strongest condemnation was against the government for having signed the new Buddhist charter. I suspect that the government will act to prevent any serious difficulties by such elements.

The press in general seems to be taking a more responsible view of the election results than have most of the defeated candidates. The general view

taken by the press of the elections seems to be one of a job well done. A number of papers have commented on the need for national solidarity and for the losing candidates to form a loyal opposition. *Thoi Dai* very sensibly told the losers to either cooperate with the government or form an opposition bloc. It does not seem to us that the complaints, fifteen in all, have much substance, or that they provide adequate grounds for invalidation of the elections. However, the losers are not only dissatisfied, but are taking it hard and may give us some difficult moments before the election results are finally certified. The Assembly meets today to announce the temporary results of the election. It will meet again in late September after court rulings on violations of the election laws have been submitted to it and the Central Election Council has examined complaints with respect to the conduct of the voting. The Assembly must vote by October 2 at the latest on the validity of the elections. While, as I have said, in our judgment it is very doubtful that the Assembly will be able to document to any degree of thoroughness the charges that the presidential election was rigged, deputies have not always voted in the past strictly on the basis of facts. In this instance, other pressures and interests could play a significant role in the way they vote. Ky, were he so inclined, could, for example, instruct 30 or so deputies loyal to him to vote against validation in an effort to discredit Thieu or he could simply threaten to do so in an effort to exact concessions from Thieu. The eight deputies who ran on the upper house slate associated with Dzu could also pose a problem as could scattered oppositionists who do not have a stake in orderly constitutional development.

Our initial reading of the mood of the Assembly is that the followers of Tran Van Huong and Ha Thuc Ky will not engage in any efforts to discredit the elections, partly because they hope to be represented in Thieu's government and because one of Ha Thuc Ky's upper house slates has been elected. The combined strength of their followers in the Assembly is about 30 deputies. The mood of the pro-GVN Democratic Alliance bloc, the largest bloc in the Assembly, is at this stage harder to gauge. Only two out of the more than 20 members of the bloc who ran for the upper house did so successfully. Piqued by their failure and with an uncertain political future, they might go along with the mood to throw out the election.

We are taking the line with the deputies that the question of validation is very serious and that unless there is extensive, substantial evidence that the election was rigged, the election of Thieu should be validated. We are also volunteering our impression, based on extensive observation not only by ourselves and our observers but observers from the other countries, that the election was an honest one and that if any cheating took place, it did not affect the outcome. In talking with Thieu yesterday, I impressed on him that a bit of judiciously applied GVN pressure and persuasion would appear to be in order.

Only this morning in talking with Ky, I brought up the subject of the Assembly attitude toward the elections. He recalled that he told me before the

campaign started that we should expect some protests and disorders after the elections, especially from the An Quang Buddhists and perhaps students who had been stirred up by the Buddhists, and remarked that a student demonstration was taking place while we were talking. He said that these demonstrations are confined to a relatively small group of so-called leaders in Saigon, but that the rest of the country was calm and quiet. He was quite confident it would remain so. He said that he understood fully the importance of responsible action by the Assembly in performing its function in regard to the elections and understood what the effect would be on opinion in the United States and elsewhere should it fail to act responsibly. He assured me that the members acted responsibly and he proposed to do so. This is reassuring in view of some rumors that have come to us that Ky, feeling that he had been snubbed by Thieu and dissatisfied with the way in which the latter was going about the formation of his government, might use his influence to upset the results. He assured me that he had no intention whatsoever of taking any such irresponsible action.

In this immediate post-election period, the first order of business has been to focus on the effort to put together the new government. There is inevitably a period of maneuvering in which conflicting interests held in check during the campaign period begin to emerge. The Thieu-Ky relationship is being subjected to strain, heightened, I fear, by the entourage of each in their attempt to promote their own interests and positions.

This has centered around differences of opinion between them regarding appointments to cabinet posts and Ky's own responsibilities in the new government. These problems were discussed at a meeting of the inner circle of generals with Thieu and Ky last Monday. The issues were not resolved then and it was agreed that another meeting would be held on Saturday, the 16th.

The post of prime minister is still open. Thieu informed me yesterday that he had offered to post to Tran Van Huong who had turned it down, Thieu said, on the ground that he did not want to serve with Ky. Thieu expressed some relief that Huong had refused since he believed that Huong would find it difficult to work as a member of a team. He is now looking for a capable civilian, a southerner, preferably a Buddhist, to fill the position. Ky is still insisting on Nguyen Van Loc whom Thieu does not feel has either the stature or the capacity for the job. We are inclined to agree with his estimate.

The other matter is Ky's own role and responsibility in the government. He expressed to me this morning his keen disappointment that Thieu had not made any approach to him on this, and said that he had made it very clear when he accepted the vice presidential spot that he would not be content with being merely a figurehead for the next four years. If this were to be the case, he would return to the Air Force. I have constantly urged Thieu to be forth-coming in regard to his relationship with Ky and have said that I would expect that he would make good use of Ky's energy, abilities, and talents. I have suggested to him, for example, that Ky might be given responsibility for



coordination of all of the Pacification programs within the government. Yesterday I urged Thieu and this morning Ky to get together and work out this problem openly and frankly between themselves.

One of the difficulties has been that members of their entourage out of self-interest try to exacerbate the rivalry. We have a report that at a meeting of the inner circle last Monday, Thieu and Ky agreed that they would dismiss any member of their entourage found to be spreading rumors designed to deepen the rift between them. We are following the matter closely, using both persuasion and some judicious pressure and I have confidence that this can be worked out by the Vietnamese themselves just as the problem of the single military ticket was resolved last June.

Both Thieu and Ky are in agreement that the government must be given a new face and that it must put forward a dynamic program which will enlist the enthusiasm and support of the people. In this connection we are developing a statement of suggested policies and programs which we intend to put in their hands for use in preparation of a statement or declaration to the people of the new government's program.

After all the time and effort that went into the preparation and organization of the presidential and senatorial elections, it is not surprising that they have continued to dominate political developments during the past week. As I reported on September 9 (Saigon 5550), I delivered your warm and encouraging message to General Thieu the previous evening. Substantial portions of your message have been prominently displayed in the Saigon press. Thieu himself has no reservations about the desirability of a broadly-based government with predominantly civilian representation, and is himself deeply involved in negotiations with his recent opponents to achieve this objective. He is fully aware of the complicated personal and political problems involved. In addition to the offer made to Huong, Thieu also said that he planned to sound out Phan Khac Suu on a post in the government though he felt this would have to be pretty much in an honorary capacity because of Suu's physical and mental condition. In addition, Thieu told me he hopes to find, among supporters of Huong, Suu, and Ha Thuc Ky, representatives whom they might suggest for government posts and who could be included.

The extent to which some of the defeated civilian candidates or their representatives can be brought into an acceptable relationship with the government will inevitably be affected by the outcome of the election protests now before the National Assembly. One of the 15 protests which have by now been presented to the Assembly was signed by eight of the defeated candidates (Tran Van Huong and Ha Thuc Ky did not sign it). The protest complains that in late July Prime Minister Ky allegedly said he would overthrow any popularly elected government, that Generals Thieu and Ky improperly remained in office and exploited their offices directly or indirectly during the campaign for the benefit of their state, that Generals Thieu and Ky held a reception the afternoon of September 2 after the official end of the campaign to propagandize for their state, that Generals Thieu and Ky appeared on televi-

sion the evening of September 2 under the pretext of calling for fair and clean elections but actually to continue the campaign and that General Thieu's speech delivered on television September 2 was rebroadcast September 3.

This is a relatively unimpressive set of charges. Ky's statements with regard to overthrowing an elected government, even assuming that he was accurately quoted, which he disputes, were perhaps better left unsaid, but they hardly constitute violation of the electoral law. Thieu and Ky made various "non-political" trips during the campaign, but as they continued to serve at the head of the government, it would be difficult to prove violation of the electoral law on this account. The September 2 reception was in honor of the foreign observer delegations; all presidential candidates and the heads of all Senate slates were invited to attend. The Thieu-Ky television addresses of September 2 (rebroadcast September 3) were made in their capacities as Chief of State and Prime Minister. In sum, these charges amount to complaint that Thieu and Ky were incumbents and enjoyed advantages of incumbents.

While this protest is not substantial, the fact is that the National Assembly contains 48 members (out of a total membership of 117) who ran for the Senate but were defeated. The Vietnamese tend to be poor losers, and we are hearing a certain amount of grouching and complaints, particularly from Assembly members who lost their Senate bids. Moreover, some of the most active grumblers, they have not grumbled publicly so far, are those who in the past have been active supporters of Prime Minister Ky.

Six of the defeated civilian candidates (Phan Khac Suu, Hoang Co Binh, Trung Dinh Dzu, Tran Van Ly, Nguyen Hoa Hiep, and Vu Hong Khanh), in an effort to dramatize their protest letter already sent to the National Assembly, sought to hold a press conference September 7. However, the government decided to apply the standard procedure of requiring seven days advance warning for a meeting of more than six persons and refused to grant permission for the press conference on the grounds that the request was not submitted sufficiently in advance. Accordingly, Phan Khac Suu, Trung Dinh Dzu, and Hoang Co Binh marched over to the steps of the National Assembly September 7 and held an impromptu press conference, fully covered by the Vietnamese and foreign press, at which they denounced the elections as fraudulent. The police wisely did not interfere. The impromptu press conference dispersed peacefully and without incident.

The Senate election results have not been officially released, though we anticipate no changes in the outcome already reported. The principal political problems created by the Senate election results, apart from the slowness of the reporting, which has led to speculation that the results are being "cooked" by the government to strengthen its position, are that the Buddhists are generally upset that they are under-represented, while 48 or the 55 National Assembly members who were candidates for senator were defeated. The Catholics, who benefited from better organization, will have at least 21 (but probably not more than 24) members in the Senate. This is well short of a majority of the 60-member Senate, but a group this size will be able to wield considerable

*September 13, 1967*

influence. We suspect the Catholics will avoid giving the appearance of acting as a bloc in view of the resentment it would cause.

The Viet Cong are commenting on the elections in predictably derisive fashion, coupling radio commentaries on the recently-adopted NLF political program I described in last week's letter with a generalized denunciation of the election as a "farce." The NLF continues to allege that it is the "sole genuine representative" of the Vietnamese people in the south and that the new NLF program fulfills the aspirations of all inhabitants of South Vietnam. Hanoi and Viet Cong media dismiss as "clamor" General Thieu's statements that he is interested in holding peace talks and in making contact with Hanoi.

General Westmoreland reports that the enemy strategy during August remained as outlined in his last assessment; however, the enemy's major tactical orientation shifted to terrorist/guerrilla/propaganda activities in an effort to disrupt and discredit the national elections. The enemy continued to maintain his threats in the DMZ and western highlands and attempted to regain the initiative in these areas. His early August efforts in the western highlands were met and defeated by JGS reserves and ARVN regular forces. On the other hand, the anticipated enemy attack in the DMZ has not yet materialized, primarily because of our successful application of intensive artillery, tactical air, and B-52 strikes. [three words excised] particularly attest to the effectiveness of the B-52 raids in disrupting the enemy attack preparations. As in the last period, evidence continues to indicate enemy supply and manpower difficulties in the coastal areas of I and II CTZ and IV CTZ. Continued friendly offensive pressure in these areas has prevented any respite. The enemy attacks by fire against friendly installations have psychological victories. Friendly counter efforts are beginning to show more success as evidenced by the Marine capture of 140mm rockets in firing positions. Continued emphasis is being placed on more effective counter-measures.

It is encouraging to report another highly successful operation on the part of the Vietnamese armed forces. In the early morning hours of 6 September, more than 1,200 Viet Cong tried to overrun Tam Ky, the capital of the northern province of Quang Tin. The objective of the pre-dawn attack was principally the province jail containing 800 prisoners and the Tam Ky bridge three kilometers south of the city. The Vietnamese security forces had been maintained at a high condition of alert, but the most significant factor in the heavy defeat suffered by the enemy was the outstanding leadership displayed by the [15 words excised] and, literally fought the battle on his own. [name deleted] left Que Na sieged headquarters and personally led an aggressive counter-attack with APC troops and elements of an infantry battalion. The APC unit drove around the enemy flank and cut the Viet Cong battalion in two. This rapid reaction involving the use of fast moving forces executing a counter-attack during hours of darkness is an example of the offensive spirit of ARVN units when properly led.

Total friendly casualties as a result of the attacks were 22 KIA and 60 WIA. Two Browning automatic rifles were lost to the enemy and three indivi-

dual weapons were damaged. Enemy losses were 217 KIA, 64 individual weapons and 8 crew-served weapons captured, and 9 enemy captured. One of the latter was said to be a Viet Cong combat correspondent from Hoi An.

Pacification planning: Bob Komer and his people have been working hard to get the GVN better focussed on pacification. General Westmoreland and he see the pending RVNAF reorganization plan, for example, as a major step forward toward continuing local security for the pacification area via increased emphasis on the vital regional and popular forces. Bob has also been lobbying hard with the GVN to get them to adopt our new scheme for a more effective attack on the VC infrastructure, using largely the police. While the elections have delayed GVN responses, the omens are favorable.

Another step forward has been to achieve early US/GVN agreement on Revolutionary Development planning for 1968. Heretofore, coordination has been less than perfect. This year our planners have been working side by side with Thang's people in the RD ministry. Hence Thang's 1968 plan, which he signed with Komer's concurrence last Tuesday—backdating it to 1 September so that it would bear the authority of a government having full powers rather than lame-duck status—is a combined GVN/US product. The 1968 plan calls for a sizable increase in RD teams, including 100 or so special civil/military RD teams made up of RF or PF platoons for security and local officials for administration. We hope to get the GVN working on almost twice as many hamlets in 1968—2,000 versus the 1,100 involved in the 1967 program. This will further step up the momentum that I already can see developing in the crucial pacification campaign.

The Saigon retail price index rose noticeably to 307, compared with 295 last week. Retail prices in Saigon moved up after three weeks of comparative stability. Most food-stuff prices, particularly protein foods and rice, moved up, caused largely by the rash of VC terrorist activities prior to the September 3 elections. The imported commodity index is now 229, up from 225 last week. Wheat flour and sugar rose due to a seasonal increase in consumption associated with the mid-autumn festival. Some iron and steel products rose as low arrivals of these commodities were anticipated.

New minimum wage rates were established by the Ministry of Labor, retroactively to July 1, affecting about 20,000 workers, mostly women employed in the textile, handicraft, and other industries which have lagged behind as wages have moved upward.

A new law on employment of foreign workers became effective August 25, tightening conditions under which foreign workers may be employed and requiring the institution of training programs for Vietnamese workers. The intent of the law is to bar the entry of foreign workers who may compete with Vietnamese counterparts, but the temporary effect is likely to be to slow down the entry of even noncompeting specialists.

The IMF representative to the National Bank of Vietnam has submitted a report on the inflationary situation. It notes that the money supply increased by 7 billion piasters in the first half of 1967 and projects an increase of only 6

*September 13, 1967*

billion piasters for the second half. The joint economic office of the Mission will shortly issue a fall stabilization review which will carry projections through 1968.

Against a rather optimistic picture of the general stability of the economy must be set the worrisome continuation of price increases in foods, especially the perishable needs, vegetables and fruits that are becoming more important in the Vietnamese diet. Food prices have risen 75 percent since January 1, 1967, in Saigon. This problem will be attacked during the coming year by vigorous attempts to raise agricultural production.

Returnees during the reporting period totaled 333. This may be compared with 166 during the same period last year, when a sharp drop also occurred, presumably in association with the 1966 constituent assembly elections. The year's total to date is 22,140.

During the week ending September 9 the enemy killed 129 Vietnamese civilians, wounded 505, and kidnapped 403. The dead included 15 Revolutionary Development workers, nine policemen, and two combat youths. During the reporting period the enemy killed 235 Vietnamese military personnel. If we add the civilian and military dead, we get a total of 364 Vietnamese killed by the enemy during the reporting period. This may be compared with 218 Americans killed and 2,103 enemy KIA during the same period. Since January 1, 1967, the Viet Cong have killed a total of 2,403 Vietnamese civilians, wounded 4,701, and kidnapped 3,484.

## FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY TWENTY-FIRST WEEKLY TELEGRAM, SEPTEMBER 20, 1967 The past week has been characterized by gradual relaxation of some of the post-election tensions. The Central Election Council has been receiving the official tabulation of the voters for the Senate slates and examining complaints of irregularities in the recent elections. Little has been heard from the presidential candidates. Truong Dinh Dzu, the runner-up, seems to have subsided, at least temporarily, achieving prominence chiefly through his sentencing to six months imprisonment and a substantial fine on two bad check charges and holding an unauthorized bank account in the Bank of America in San Francisco. He has a month in which to appeal and he has, of course, denied the charges, but there are fairly substantial rumors that the government has considerable evidence of further irregular dealings on his part. When I talked to Thieu last Friday afternoon, he had been unaware of Dzu's sentencing by the court Friday morning, and I cautioned him against the possibility of making Dzu appear a martyr at the present time before the Assembly had acted on validation of the election returns. Several reputable Saigon lawyers to whom we have spoken feel that substantial evidence exists that Dzu is guilty as charged, and one of them feels Dzu could have escaped with a fine had he appeared in court. While we had originally anticipated that there might be some outcry charging government "persecution" of Dzu, this has not happened. Dzu does not enjoy a very high personal reputation, and Phan Khac Suu, for example, told an Embassy officer September 18 that he considered Dzu guilty as charged.

The relationship between Thieu and Ky seems to have been improved during the past week. A meeting of Thieu and Ky with the inner circle of generals, including the four corps commanders, General Vien, Chief of the JGS, General Tri, Minister of Information, and General Thang took place on Monday, the 11th, and was devoted principally to a discussion of the formation of the new government and to possible assignments of cabinet posts. No decisions were taken at this meeting. It was agreed that members would give further thought to the problem and meet again on Saturday, the 16th.

We have had reports from four of the generals who were present at the meeting on Saturday and these are in general agreement as to what transpired. All of them expressed satisfaction with the results of the discussions which had taken place. General Lam, I Corps Commander, and General Minh, IV Corps Commander, expressed themselves as being happy about the meeting

and said that Thieu and Ky had been brought back closely together again, recognized the importance of their unity, and agreed to work as a team. General Khang, the III Corps Commander, expressed the view that while there is some understandable friction between the two, it has been exaggerated by their entourages while maneuvering for position. Although the main purpose of the meeting was to reach decisions on appointments for Prime Minister and cabinet posts, it was agreed not to decide on the appointments of Prime Minister and the civilian cabinet posts until after October 2, by which time the Assembly should have authenticated the election.

Thieu outlined his view of the future government which he said he expects to be inaugurated on November 1. He proposed that cabinet ministers be appointed on the basis of honesty and ability rather than for political or religious affiliations. He believes that if cabinet posts were to be divided among the Hoa Hao, Cao Dai, Dai Viets, Buddhists, and Catholics, it would not only create disorder but would prove to be unworkable. This is in line with the view which Ky had earlier expressed to me, i.e., that individuals appointed to cabinet posts on the basis of such affiliations would end up working for the interests of their own organizations rather than the country as a whole. Ambassador Bui Diem expressed a somewhat similar view to me in a conversation we had last Monday. He felt that because of the limited availability of men of outstanding ability and competence, the first consideration in cabinet appointments should be given to these qualities rather than to broadening the base of the government. I expressed the view to him, as I had already done to Thieu and Ky, that there were not necessarily exclusive considerations, and I felt that weight should be given to both in order to enlist the broadest possible support of the people.

Thieu apparently did mention at the meeting the name of Truong Thai Ton, now a special assistant to Ky (with rank of Secretary of State) and formerly Minister of Economy and Finance, as a possibility for the post of Prime Minister. Ky apparently still leans toward Nguyen Van Loc. I believe that while neither would be ideal, Ton would not be a considerably better appointment than Loc. It was pretty well agreed that since under the constitution General Cao Van Vien cannot fill concurrently the posts of Minister of Defense and Chief of the JGS, he will continue as Chief of the Joint Staff. General Nguyen Van Vy will be appointed Minister of Defense and General Tri, presently Minister of Information, is slated to succeed General Vy as Chief of Staff of the JGS. I think General Vy will make an excellent defense minister, and General Tri will be in a more appropriate and congenial post than that of Minister of Information where he has not been a success. It was further agreed that only the Ministries of Defense, RD, and Security would be held by military appointees and that the other posts would go to civilians. Thieu and Ky agreed to prepare a list of joint recommendations for cabinet ministers by October 2.

An evidence of a constructive attitude on the part of the military toward the new government is the fact that General Cao Van Vien, Chief of the JGS,

is having copies of the Constitution printed together with explanatory notes for distribution to all of the armed forces so that there will be a widespread understanding of the Constitution and the obligations of citizens, including the military toward it.

The Central Election Council has finally completed its tabulation of the returns of the Senate election and announced the six leading tickets. As a result of the final tabulation, Ticket No. 10, headed by Pham Ba Cam, was superseded by Ticket No. 3, headed by Tran Van Lam. This increased the number of Catholics, which we had estimated to be 25, to 30, or one-half the total seats. Of the remaining seats, 15 are Buddhists, 3 Cao Dai, 2 Hoa Hao Buddhists, one animist, and 9 are unknown. There was some feeling that the increase in Catholic representation resulting from this switch might result in suspicion and uneasiness among other elements of the population, but it seems to have passed over without incident.

One amusing and interesting development took place in connection with the Senate elections. Le Phuoc Sang, leader of the Democratic Alliance Bloc in the Assembly, ran for the Senate on the list headed by La Thanh Nghe. His ticket lost and Sang is now attempting to have the Assembly invalidate the election because he is sure he was prevented from winning by the machinations of President-elect Thieu. Sang has been showing anyone who will look at it a document he calls evidence of fraud. In an effort to pin him down, we sent an officer to see him who found him in low spirits. He moaned about his lack of a job, automobile, money, and other prerogatives that would have been his had he succeeded in his bid for the Senate. He said that Ky had promised his list government support, but that Thieu had rigged the election. When pressed for evidence, Sang stated that Thieu had prevented his election by going to the province chiefs, the military and other government officials associated with the election and insisting on a fair election. And, Sang said, "That is what he got." I have a feeling that while there were undoubtedly some irregularities (these will be discussed in the political section which follows), much of the evidence will prove to be quite insubstantial and based on the personal animus of defeated candidates.

Some fears that dissident Buddhists and students might attempt to foment trouble and start demonstrations have been pretty well dissipated. *Mien Nam*, the Buddhist-oriented paper, took the practical point of view and noted that the government was better organized than ever to control possible disorders, and that the An Quang faction was seriously divided within itself. Thieu told me that the An Quang faction lacked money and financially was not in a position to create trouble. There were a couple of minor student demonstrations, but these too petered out. Thieu said that these had been stimulated and financed by some of the losing civilian candidates. He said that some of the students had approached the An Quang Buddhists for financial support but had been turned down and that some so-called "contractors" had offered to stage demonstrations, but had been unable to get anybody to come forward with the funds.



September 20, 1967

We are, of course, doing all we can to assist in keeping forward momentum in this period. We have developed within the Mission a suggested government program which I shall present to General Thieu in the next day or so, designed to make clear to the people that the government is theirs, dedicated to the promotion of their welfare and to the resolution of their problems.

We have spent the last several months refining and perfecting a new computerized technique for measuring progress in population and area control on a hamlet-by-hamlet basis. It is called the Hamlet Evaluation System (HES), and is based on detailed monthly reports of changes in the status of every hamlet in Vietnam as seen through the eyes of our district advisors, who are closest to the cutting edge. This new system has now shaken down, and we think it much more reliable than the old GVN figures. It gives a fascinating picture of what is happening month-by-month throughout rural South Vietnam. For example, we are constantly discovering new hamlets and scratching abandoned ones. The latest total at end August is 12,642. Each hamlet's pacification status is scored from A (top grade) to E (lowest grade above VC control) for such factors as strength of VC infrastructure, capabilities of local VC guerrillas, adequacy of hamlet security forces, status of hamlet education program, and amount of medical assistance provided the hamlet populace. We can retrieve from the computer any hamlet's security score by averaging nine security factors, its development score based on averaging nine development factors, or a composite pacification score. The monthly figures show a slow but consistent trend toward greater GVN population control. While we only list 201 A hamlets in all SVN at the end of August (up from 149 in May), the number of B hamlets is also up to 1,395 [*sic*] (compared to 1,676 in May). Midway in the scale are 3,092 C hamlets, which are the lowest category considered under GVN control, and in which local elections are held. Lumping A, B, and C categories together gives us our so-called secure hamlets which now number 5,136 [*sic*]. The VC more or less control 4,038. The remainder make up the contested category.

Of course, the population figures developed by the system are more meaningful than hamlet figures because hamlets vary so widely in size. The end August population control estimate is more heartening. It shows population in A, B, and C hamlets, plus that in towns and cities, as 11,610,000 or 68 percent of the 17.2 million total we now carry. VC-controlled hamlet population has declined to 2,321,420— just 14 percent of total, though of course some of the population in contested hamlets must also be recognized as under VC control. Now that the new system's bugs are largely worked out, I will be reporting these figures to you monthly, as the best available indicator of pacification trends.

The political scene focused on validation of presidential and senatorial elections, screening of multitudinous candidates for lower house elections and debate over problems of formation of the new government.

As I mentioned in last week's letter, the National Assembly was to meet September 13 to announce the temporary results of the election. The Assembly met on September 13 and on September 14 as well, but it declined to announce the temporary results of the election, on the basis that it needed to check the village and hamlet returns that were used to prepare the provincial returns previously made available to the Assembly. [seven words excised] which is looking into the presidential returns, told an Embassy officer September 19 that what he called "serious irregularities" had occurred in 10 provinces and minor discrepancies in the vote count occurred in 30 other provinces (there are 44 provinces and six incorporated cities in the whole Republic of Viet-Nam). [name deleted] described "serious irregularities" as instances of forged signatures or altered returns. He declined to define how many votes were involved in the "serious irregularities," though he said that General Thieu's vote total had been padded to the extent of 7,000 votes in Phu Yen province in central Viet-Nam. Under the law, the total number of registered voters at polling stations where irregularities occur must exceed the difference in the number of votes received nationwide by the two leading lists (?) before the Assembly can declare null and void the votes cast at the polling stations affected. Since the difference between the Thieu-Ky list and the Dzu-Chieu list, nationwide, was more than 800,000 votes, it is highly improbable that enough irregularities will be discovered to affect the outcome. We continue to believe that the Assembly will validate the results of the presidential elections.

Sour grapes continue to be a real actor in Assembly action, however, and may delay its action on validating the presidential elections. The case of [name deleted] who told us of the "irregularities" described above, is a case in point. He is a defeated senatorial candidate, his list having placed [word excised]. The chairman of the National Assembly, defeated civilian candidate Phan Khac Suu, told an Embassy officer September 18 that the National Assembly will not meet again to discuss validation of the election until September 29 and will not complete action on validation until October 2, the date specified by statute for completion of Assembly action. Suu is still very bitter about the election results and predicts the Assembly will refuse to validate the results. His judgment has surely been affected by his venom, however, as most other observers indicate that Assembly sentiment is presently at least 50-50. General Ky has told me that there are many ways to put pressure on the Assembly and that the government would use them. He has told me not to worry about the Assembly action. If General Ky uses his considerable influence in the Assembly, as he has told me he would do, there is little doubt the Assembly will validate the election. Thieu has also expressed himself very positively to me on the score. Even [name deleted], critic of Thieu and Ky in the campaign, has told us that the Assembly "would not dare" refuse to validate the presidential election results.

The Central Election Council for the upper house announced the results of the Senate elections on September 18. As I have mentioned, the only substi-

tution [is] of List No. 3 (headed by Tran Van Lam, formerly active in the Diem Administration and a Catholic) for List No. 10 (headed by Pham Ba Cam). The Council noted that a substantial copying error had occurred in totalling Lam's vote in Saigon, where the return in one district for Lam was 28,517 votes, but was added as 2,815 votes. The successful Senate slates are List No. 13 (headed by Retired Lt. Gen. Tran Van Don), List No. 40 (headed by Catholic engineer Nguyen Gia Hien), List No. 31 (headed by Retired Gen. Huynh Van Cao, also a Catholic), List No. 3 (headed by Catholic pharmacist and banker Tran Van Lam), and List No. 21 (headed by Revolutionary Dai Viet Party figure Nguyen Ngoc Ky).

The change in the Senate results brings the number of Catholics in the Senate to 29 and possibly 30, if a lapsed Catholic, Hoang Xuan Tuu, is included. He had become a Catholic on his marriage but is not a practicing Catholic. While the Catholics themselves admit that it is not desirable to have such a large group of Catholics in the Senate, we do not believe that any serious problems will result. The Buddhists and other groups now have seen what even a moderate amount of organization can do, and we can already observe the beginnings of an effort by several groups to organize joint slate of from 50 to 100 candidates in the lower house elections scheduled for October 22. From the government's point of view, we believe that Tran Van Lam will, on the whole, support the government rather than oppose it, and the government's position is probably the stronger for the election of this list.

In the early part of the week the defeated presidential candidates were not entirely idle. On September 14, Truong Dinh Dzu, Phan Khac Suu, Nguyen Hoa Hiep, Vu Hong Khanh, and Hoang Co Binh held a joint press conference, with representatives of seven defeated Senate slates also in attendance. Suu opened the conference (which was not authorized by the police, but which the police wisely made no effort to prevent from being held), but Truong Dinh Dzu completely dominated it. An organization called "Front Struggling to Carry Out Democracy" or "Democratic Front" for short was established to provide a focus for opposition to the government of Generals Thieu and Ky. The declaration of the New Front denounced the honesty of the elections, alleged that two-thirds of the people had voted no confidence in Thieu and Ky (because they received only 34.8 percent of the vote), then called on the Vietnamese people to join the Democratic Front to build legitimate democracy, struggle for social justice, and bring about true and lasting peace. The Democratic Front obviously serves the political advantage of Truong Dinh Dzu alone, since the other candidates joining with him were so badly defeated that they have no real political future. This seems to have been implicitly admitted by Phan Khac Suu at least, for he told an embassy officer September 18 that the Democratic Front is a "temporary" body, and he predicted it would not directly support candidates in the lower house elections.

Preparations for the lower house elections are well advanced, though the campaign will not begin until October 6 and will run until noon, October 21, the day before election day. A total of 1,650 candidates were listed on the

first posting, or an average of 12 candidates per seat; in Saigon 301 candidates were listed for 15 seats, or 20 candidates per seat. We estimate that some 10 percent of candidacies will be eliminated by screening or withdrawal prior to the second posting of candidates on October 1. The same electoral register used in the presidential and Senate elections will be used again for the lower house.

This will be an election fought largely on local issues, within the 53 constituencies into which the country is divided. The provincial administrations will be responsible for the printing of the ballots, and local election councils will proclaim the results. Official results of these elections should be available by the end of October.

We have, so far, seen only about 40 percent of the names of those who have submitted their candidacies in the lower house elections. (Applications were submitted to the 44 provincial capitals and to the city halls of the six incorporated cities.) A number of the Senate candidates also filed for the lower house (filing was closed August 31, three days before the Senate election), and a fair number of village council members, elected last spring, also filed their candidacies. We anticipate that the proportion of Catholics elected to the lower house will be less than in the Senate, since local factors will weigh heavily. However, some Vietnamese observers tell us the proportions may well be similar, since the local parish priest will undoubtedly tell his people for whom to vote. With some 12 candidates per seat (a higher number per seat in the cities), the influence of the parish priest could again be a major factor, as it evidently was in the Senate elections.

While the extremist Buddhists had strongly condemned the elections (as I noted in my twentieth weekly telegram), they have been at some pains to make clear that their major concern at present is their continuing opposition to the revised charter of the Unified Buddhist Association, which was issued by General Thieu in July. In the background is the continuing rivalry in the Buddhist camp between the faction favoring the government, led by Thich Tam Chau (General Ky's uncle by marriage), and the faction opposing the government, led by Thich Thien Hoa and Thich Tri Quang. The latter faction interpreted the new Buddhist charter as favoring the Tam Chau faction. No doubt there are several ways to handle this problem. Dr. Phan Quang Dan, defeated vice-presidential candidate, has commented privately that, since there are two Buddhist factions, each should have its own charter. At this point, this is a matter which might well be referred to the newly-elected National Assembly.

The morning of September 19 a bomb was set off, evidently by the VC, inside the Chinese Nationalist Embassy in Saigon. Twenty-seven persons were injured, 18 seriously. In addition, a Vietnamese bystander was killed, evidently by a sniper in the vicinity. One wall was blown away, and extensive damage was done to this building, which is two blocks away from the U.S. Embassy chancery. The terrorists believed responsible for the incident have been arrested. They are reportedly Chinese members of the Viet Cong ap-

*September 20, 1967*

paratus although details of their relationship to the VC are not yet available. Their interrogation is continuing.

The Saigon press has begun to carry clearly inspired articles on the forthcoming purge of a number of ARVN officers, due to affect a number of generals and other officers above the rank of lieutenant colonel. The material makes clear that the officers affected are being dismissed or retired for corruption or incompetence. The purpose of leaking the stories appears to be to place the officers concerned on the defensive and to lessen the impact on public opinion, before going ahead with needed changes in ARVN.

As one of the consequences of the steady progress being made toward political consolidation in South Viet-Nam, the Peoples Army Council adopted a motion September 15, calling on General Thieu to issue a decree dissolving the council. The council was an emergency institution with quasi-legislative powers, established in June 1966, to advise the GVN on political, economic, cultural, and social matters during the period of transition towards constitutional government. The council did not have a particularly outstanding record, and attendance at its sessions was generally poor. However, perhaps like the Japanese samurai, it was more useful at its death than at its birth, as its demise is a sign of the progress being made in the political field.

The Saigon retail price index declined to 301 during the past week, compared to 307 last week. Retail prices declined as a result of increased arrivals of foods. Bread, charcoal, and firewood prices were up; vegetable prices were mixed. The imported commodity index fell to 221, down from 229 last week. The major decreases were in wheat flour, sugar, iron and steel products, and fertilizers. Galvanized sheet prices fell in response to a government announcement that further shipments of galvanized sheet would arrive before Oct. 30.

Returnees during the reporting period rose to 355, compared to 204 during the same period last year. They reflected an increase over the previous week's total of 333, which was perhaps unusually low, due to Viet Cong vigilance in connection with the elections. The year's total to date is 22,495.

During the week ending September 16 the enemy killed 69 Vietnamese civilians, wounded 149, and kidnapped 303. The dead included six Revolutionary Development workers, five hamlet chiefs, one former hamlet chief, and two hoi chanh. During the reporting period the enemy killed 108 Vietnamese military personnel. If we add the civilian and military dead, we get a total of 177 Vietnamese killed by the enemy during that reporting period. This may be compared with 161 Americans killed and 1,744 enemy KIA during the same period. Since January 1, 1967, the Viet Cong have killed a total of 2,475 civilians, wounded 4,850 and kidnapped 3,787.

## FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY TWENTY-SECOND WEEKLY TELEGRAM, SEPTEMBER 27, 1967 The political scene has quieted down somewhat during the past week, simmering rather than boiling.

Truong Dinh Dzu and Phan Khac Suu have attempted to keep their protest movement alive. At a press conference held on the steps of the National Assembly September 21, at which they were joined by Vu Hong Khanh and Pham Thai, they announced that two groups, the Front Struggling to Carry out Democracy and the Movement of People Struggling for Democracy, had joined forces to protest and ask the Assembly to annul the elections and organize new ones. They also sent an open letter to me claiming to represent twenty-seven upper house slates and 70 percent of the voters protesting that the election was fraudulent and contrary to the people's aspiration for the construction of true democracy and requesting "The U.S. Government to cease intervention in internal Vietnamese affairs with the purpose of validating a fraudulent and undemocratic vote." Since the letter is insulting in tone and was disseminated to the press before I had a chance to see it, I do not intend to reply to it.

Last Sunday, a group of approximately two hundred students (out of some 30,000 at Saigon University) claiming to represent Saigon, Van Hanh and Can Tho universities, calling itself the "United Students Assembly," staged a relatively orderly demonstration at which they distributed an open letter to you. The letter alleges interference by the U.S. in Vietnam internal affairs from the Geneva Conference to the present time, calls for immediate cessation of interference in Vietnamese affairs, ending of the war, and limiting assistance to the economic, social and cultural spheres. The group proceeded from the National Assembly to the central market where they began tearing down and burning government banners and trying to put up their own. The police moved in very quietly, breaking up the crowd without violence. The students gradually moved off in small groups.

Earlier in the day, a small demonstration was also staged by about ten Buddhists in the central market. The police did not interfere and it broke up quickly.

We have reports of efforts by some of the student leaders to enlist Buddhist support for demonstrations in case the Assembly should validate the elections. Their plan would be to enlist students in the major cities in an effort to topple the government, set up a temporary government, and organize

September 27, 1967

new elections. [name deleted] claims that [name deleted] has promised the students three million piasters (U.S. \$37,500 at the official rate of 80 to 1) for their program to protest the elections. This would tend to confirm General Thieu's statement to me that student protests had been paid for by the losing civilian candidates.

So far the militant Buddhists have not agreed to participate with the students and have confined their protests largely to condemning the action of General Thieu in signing the new Buddhist Charter. However, the An Quang Buddhist faction held a press conference, participated in also by Truong Dinh Dzu and Vu Hong Khanh, on September 24 in the An Quang pagoda before a large and partisan crowd. While the meeting was devoted largely to criticism of General Thieu, opposition was also expressed to the "rigged elections," and demands made that the Assembly reject the elections and that new elections be organized by a transitional government.

None of these activities have created much of a stir. My impression is that public interest in efforts to stir up opposition to the elections has waned and has turned more rather to the formation of the new government.

Several actions taken by the government seem to indicate a very significant lack both in a sense of timing and in any awareness of the importance of public relations. These have included the suspension of two newspapers, *Saigon Moi* for one month, and *Thoi Dai* for an indefinite period. A third instance was the inept police handling of the arrest (or invitation to police headquarters for questioning) of Au Truong Thanh, former Economics Minister and disqualified "peace" candidate. I shall refer to these in greater detail in the political section.

I have said to both Thieu and Ky that whatever the merits of these cases, the timing and the method employed was very unfortunate and gave the foreign press especially the opportunity to question whether the government was really interested in democratic processes. Ky informed me yesterday that he had told the police to leave Thanh alone although they were in a position to arrest him at any time since they had tape recordings of his Communist connections.

All of these instances have aroused relatively little interest here. Apparently there has been much wider interest in the reporting of them in the foreign press.

The problem which has given us most concern and largely overshadowed all other political activity during the past week has been the attitude of members of the National Assembly toward validation of the elections. We have had reports of disaffection among members of the Assembly based on a variety of reasons. A sizeable number have been nursing hurt feelings because of their defeat in the senatorial elections, while others, members of the pro-Ky Democratic Alliance bloc, claim they have been ignored by Ky since the elections, and some claim that they did not receive from him the promised assistance during the campaign itself. Other members of the Assembly are running for the lower house and fear has been expressed that they may be absent when

the Assembly acts on validation. It seemed apparent that Thieu and Ky held the key to responsible action by the Assembly and I have therefore taken up the matter with them urgently during the past week. I emphasized to both that together they have a great responsibility to be sure that the Assembly acts in a responsible manner. I reminded them that U.S. reaction to invalidation would be most adverse and could in fact create major difficulties for continued U.S. support for Vietnam. I saw them both again yesterday and urged prompt action on their part.

Thieu said that he was well aware of the problem and that he and Ky have been both working on it. He had talked to a number of key members of the Assembly and was having General Linh Quang Vien check on all the Assembly members on where they stood as individuals on the vote. Thieu said that he was keeping in close touch with Ky on the whole matter and was confident that the vote would come out all right. He emphasized that what was needed was an impressive vote to affirm support of the validation.

In my talk with Ky later in the day, I reviewed with him the number of alarming reports we had which indicated that there were serious divisions in the Assembly, and in conversations which I and members of my staff have had we have found many Vietnamese apprehensive about the outcome. I pointed out to him, as I had previously, how serious the effects of invalidation could be not only internally in Vietnam, but also with respect to the difficulties such an action would create for continued U.S. support. Ky said that he and Thieu had talked over the matter subsequent to my conversation with Thieu in the morning and they had agreed that Ky would meet with members of the DAB to discuss the vote and to bring them into line. He has invited all the members of the bloc to have lunch with him at his home today. Since this group contains some 50 members out of the 117 members of the Assembly, if Ky brings them into line the results are virtually assured.

Ky seemed in good spirits and quite confident. He reminded me that he had said before that I could be sure the DAB would vote for validation. He said that in earlier discussion with various DAB members he had pointed out to them that a vote against the elections made no sense, that they would lose everything by doing it. He told them, just as he had told the Buddhists, that coups are outdated. He repeated that there was no need to worry, that there were plenty of ways to assure an adequate vote.

I believe that Thieu and Ky are now fully aware of the need to go to work on the Assembly members and to try to assure an impressive vote for validation of the elections.

I mentioned in my last week's report that we had developed within the Mission a suggested government program which I planned to present to General Thieu, designed to make clear to the people that the government is theirs, dedicated to the promotion of their welfare and to the resolution of their problems. I put this in General Thieu's hands last week and he said yesterday that he had studied it, liked the presentation we had made, and had turned it over to his "brains trust" to incorporate the ideas we had presented in his platform.



*September 27, 1967*

The document is headed "Democracy, Peace, and Social Justice." We have presented it as a dynamic thirteen-point program designed to achieve democracy, peace, social justice, and the development of the nation. The points are:

- A. Democracy, the evolution of the constitutional and party processes;
- B. The search for peace;
- C. Social justice, and the elimination of corruption;
- D. Manpower resources, and their full utilization;
- E. Pacification, including reorganization of the armed forces to give new emphasis to security, strengthening the role of the province chiefs and enhancing the role of the village councils and hamlet chiefs in planning village-oriented new life development;
- F. Military forces and veterans, including reorganization of the military, relieving of corrupt and ineffective officers and concern for the care and welfare of war veterans;
- G. Administrative reform;
- H. Agriculture, including steps to increase production and many other measures to improve the lot of the rural dweller;
- I. Industry, including planning now for the economic independence of Vietnam;
- J. Economic stability, including exercise of fiscal prudence, increasing tax on luxury goods, modernization of the tax administration;
- K. Building our cities, providing adequate housing, water, electricity, sanitation, and transportation for the almost half of the Vietnamese people now living in cities and towns. Initiation of self-help urban renewal so as to provide low cost housing and recreational facilities;
- L. Education, increasing efforts to train teachers and providing adequate school facilities;
- M. Youth, the most precious resource of the country. The government pledges to serve youth and to be open to youth, assuring an important place in the government for young men and women, and establishment of a new and expanded Ministry of Youth.

Finally, all South Vietnamese are called upon to join the new government to support these dynamic programs.

On September 29, the new embassy building will be dedicated and we will be open for business there on October 9. In keeping with the wartime situation here, the dedication ceremony will be austere. Thieu, Ky and Do will head up a fairly large guest list and Thieu has agreed to speak briefly during the dedication. While of course we cannot win the war with bigger and better embassy buildings, the new chancery will result in the U.S. image being enhanced in the eyes of the local population.

Pacification: one payoff from unifying pacification under MACV is that Bob Komer, with General Westmoreland solidly backing him, is making our weight felt much more than before in GVN pacification planning. Our aim for 1968 is to tie in pacification better to our overall military strategy and to

press on the GVN a program both more commensurate with the increased resources available and better able to fill in behind our increasing military success. For example, the 1967 program was built around 1,100 hamlets—not a very impressive number considering that only about 5,000 of Vietnam's 12,600 hamlets are yet regarded as secure. Owing to a late start in 1967 and diversion of energy to the elections, even 1,100 hamlet goal may not be met.

Building on the stronger base we now have—with 491 RD teams in the field, planned improvements in RF/PF, 54 ARVN battalions assigned to support pacification, and a better functioning RD ministry, we are urging the GVN to pacify 2,000 hamlets in 1968. This is ambitious, but not overly so if we can get more RF/PF into the pacification act, as is contemplated under the pending reorganization. Minister Thang's initial reaction has been quite favorable.

We are also pressing for a better sense of area priorities. With the heavy fighting in northern I Corps, nobody can expect too much in the way of pacification progress—local security is too tenuous. Instead, III and IV Corps, where most of the rural population lives in the rice bowl of SVN, deserve higher priority. Komer thinks that Thang and the JGS will adopt pacification priorities in the order IV, III, II, I Corps. We have further identified 23 key provinces. Within these, we will concentrate our effort in specific "campaign areas," to which adequate security forces will be assigned. Thang has also agreed to seek a larger RD budget of five billion piasters compared to this year's three billion; because of the late start, even this won't all be spent.

With expanding security, commitment of more and better Vietnamese forces, nearly double the number of RD teams, 66 percent more funds, and a much improved organization, pacification should move ahead a good deal faster in 1968 than this year, which in turn is proving rather better than 1966.

U.S. Navy contribution to the war in South Vietnam: a new push has been added to the war in the Mekong Delta called the Mobile Riverine Force. With new and specially configured ships and assault boats, the Navy is providing a highly mobile floating base from which army forces may be launched to track down and encircle an elusive enemy. Once a nemesis to offensive military operations, the profusion of rivers, canals, and streams of the Delta has now been turned to our advantage. As the enemy is located, army forces are landed from heavily armed and armored river craft. The boats then take up positions in the adjacent waterways to seal off enemy escape routes. Army artillery is barge-mounted and accompanies the troop units. The VC have lost some 2,000 men killed or detained since June to the Mobile Riverine Force.

Unique in the annals of warfare, this joint Army-Navy application of force is raising the cost of the war to the enemy in an area in which he has long enjoyed an advantage. The modest naval resources which now support one brigade will be increased during the coming year to provide a two-brigade capability.

*September 27, 1967*

This is but another means by which the United States Navy is contributing to the war in Vietnam. To the Mobile Riverine Force must be added the significant Seventh Fleet Air and Sea Dragon operations in the north; the Market Time activities which, for all practical purposes have halted enemy infiltration along the 900 miles of South Vietnam coastline; and the Game Warden operations which are increasingly denying the enemy use of the inland waterways through police and customs enforcement roles. These naval activities are making significant contributions to the overall campaign to support the Republic of Vietnam in its struggle for freedom.

As I have noted above, the issue of the validation of the presidential elections has largely overshadowed all other political activity this week. At the root of the problem is the procedural requirement, established in the presidential elections law, that the National Assembly shall validate the election, by a simple majority. Since 48 of the 55 Assembly members who were candidates for the Senate failed in their election attempt, they are in a depressed and bitter mood, and it is this group, egged on by defeated presidential candidates Phan Khac Suu (Chairman of the National Assembly) and Truong Dinh Dzu, that poses the greatest threat to validation of the elections.

Although, as I noted in last week's letter, General Thieu has decided not to announce selection of a prime minister until after validation of the elections on October 2, he is continuing to canvass available candidates for the post. Last weekend, for example, he contacted Tran Van Huong, one of the defeated civilian presidential candidates, and for the third time offered him the post of prime minister. Huong, we understand, once again refused, but was pleased to have been approached on this matter. When I talked to General Thieu September 26, he told me that the candidates for prime minister he is currently looking over with particular care of Nguyen Van Loc, a lawyer, and General Ky's nominee for the post, [seven words excised] Tran Van Do, Foreign Minister, Nguyen Luu Vien, currently Deputy Prime Minister; and, somewhat surprisingly, Nguyen Van Tuong, Special Commissioner for Administration. Thieu was at some pains to discuss the pressure he is under to accept Nguyen Van Loc. He indicated that General Ky has told him that as a matter of personal pride and prestige he would very much like to have Loc named prime minister. Thieu indicated that the senior generals have also urged him to take Ky's feelings in this matter into consideration.

Thieu recognizes that Ky has been affected by being placed in the No. 2 position and feels that giving in to him on the Loc appointment might help to improve their relationship. Thieu said the he recognizes that it is essential that he maintain good relations with Ky and that they must work together. I emphasized my full agreement with him on how essential it is that he and Ky have a good working relationship. I said that I thought this more important even than the question of who was prime minister; if he felt that the Loc appointment was necessary in order to achieve this relationship, then we would be sympathetic to his problem.

In the vital Revolutionary Development program, Ky told me September 26 that General Nguyen Duc Thang will be an assistant to General Cao Van Vien at the joint general staff of the RVNAF, responsible for retraining and deployment of the regional and popular forces. Until a new government is established and a Minister for Revolutionary Development is appointed, General Nguyen Bao Tri, Commissioner General for Information and Chieu Hoi, will temporarily fill in for Thang.

I have mentioned the detention of former Minister of Economic Affairs, Au Truong Thanh, on September 22, a curious and bizarre episode, though one which I know has caused you some problems in the U.S. In the background of this affair is Thanh's long standing reputation as a leftist and possibly a communist during his student days in France. In fact, Truong Dinh Dzu, who is certainly no friend of the GVN, told an Embassy officer recently that he considered that Thanh was still a member of the French Communist Party. During recent interrogations of Ba Tra, an admitted member of the Saigon Communist organization arrested last May, Ba Tra is reliably reported to have stated that Thanh tried to recruit him into the Saigon Communist organization in 1965. General Loan, Director General of the National Police, accordingly decided to interrogate Thanh personally with regard to Ba Tra's statement. Loan went to Thanh's house the evening of September 21 with a small police escort, but Mrs. Thanh refused to let them in. Loan went off in search of reinforcements, and Mr. and Mrs. Thanh, evidently concerned at what might follow, called up a number of American, British, and Japanese correspondents, alleging that Thanh was about to be arrested. When Loan returned with some 35-40 police, the Thanh home was full of journalists. Loan ordered them out, had a chat with Thanh, and asked him to come to his office the following day. Morning of September 22 Thanh was followed by police as he left home and was seized and handcuffed when he left his car at his own office. The police then took him to Loan's office by force in spite of his protest that that was where he was going anyway. Loan subsequently apologized publicly for the manner in which Thanh was arrested. Thanh was afterwards treated well, and was released the following morning. There are no charges pending against him.

While the manner in which Loan handled the matter was inept and showed little appreciation of the importance of public relations, the GVN has a legitimate basis for questioning Thanh and most Vietnamese recognize this and wasted little sympathy on Thanh. Unfortunately Thanh is clever and he has exploited the foreign press so effectively that the press has given him stature as a sort of martyr.

On September 21 the GVN ordered suspension for one month of the vernacular Saigon daily, *Saigon Bao*, on the charge of carrying an editorial of a nature "insulting to agencies of the government." We have examined the translated text of the editorial in question (Saigon 6757) and note that it is indeed scandalous and offensive. However, I pointed out to General Thieu September 22 that such action by the GVN simply is not understood in the

September 27, 1967

U.S., with our tradition of press freedom. General Thieu replied that he understood the problem and stated that the GVN wanted to maintain a free press. However, he pointed out that the country is at war, and the press has to take this into account and act in a responsible manner. He felt (quite correctly) that since the election a portion of the Saigon press has acted in a highly irresponsible way, has been warned several times, but has continued efforts to create dissension and division between government, military, and civilian elements of the population. This was not the end of press suspensions, for on September 26 General Thieu ordered suspension of the Saigon daily *Thoi Dai* for carrying the false report that the Central Elections Committee had found irregularities in connection with 85 percent of the votes cast. Thieu's concern over the dangerous effect such a report could have on the Assembly's attitude on validation is understandable, but his way of handling it is no less than regrettable.

We were considerably put out by the resignation of six officials of the International Voluntary Services (IVS) group in Vietnam and by the intemperate and inaccurate letter they sent to you and simultaneously released to the press. Arthur Gardiner, former director of our AID mission here and now Director of IVS, arrived in Saigon September 27 to look into the question in depth and to take whatever action is necessary. I was heartened to have received a letter September 23 from Verday C. Ly, Acting Chief of IVS since the resignation of Mr. Luce, the former chief, in which several of the ranking officials of IVS made clear they do not agree with the way the resignations were handled and regret the harm caused to the organization and the Vietnamese people. The IVS leaders still on the scene here say their people as a whole want to continue their useful work, and they have asked us for our support. We are looking to Mr. Gardiner to make the decisions on this matter, but if he recommends that IVS continue to work here under responsible leaders, I am prepared to agree that they continue as before, for they have been doing much excellent work.

With so much interest focussed on the validation of the presidential elections, it would be easy to lose sight of the steady development of positions among the senators-elect who will make up the new Senate, probably due to be installed in the office the first week of October. It has been encouraging to observe the calm but systematic way they have been getting in touch with each other, looking into improving their political organization, developing their thinking on national problems, and seeking to assist their friends and protégés who are candidates for the lower house in the elections of October 22. On the whole, this is a very good group of senators, representing some real and new talent, and I think they will turn in a good performance.

Except for the heavy fighting at the DMZ there has not been extensive military activity during the past week. We were pleased to welcome the Royal Thai Army Volunteer Regiment (The Queen's Cobras), 2200-strong, who arrived in South Vietnam on September 21. They will operate with the U.S. 9th

Infantry Division, initially northeast of Saigon. It is excellent to have this tangible evidence of Thai contribution to the war effort here in the country.

The Saigon retail price index rose slightly to 304 during the past week, compared to 301 last week. Retail prices in Saigon rose slightly, with pork, chicken, and shrimp accounting for most of the increase. The rise in prices of these protein foods was due to larger purchases in connection with the celebration of the mid-autumn festival on September 18. Rice prices were steady or decreased slightly. The imported commodity index continued to decline, moving down to 217, compared to 221 last week. The declines are attributed to tightness of credit, plentiful stocks on hand, and low sales. Cement prices rose sharply because of a delay in new arrivals.

With the increase in rice prices this year and the unlikelihood of a repetition of last year's Mekong flood, there is reason to believe that rice production, particularly in the Delta, will be higher this crop year. Experienced observers partially confirm this by reporting good crop prospects in certain provinces. However, a closer examination reveals important negative factors. Manpower shortages have cut further into areas cultivated and lowered the quality of cultivation on land that is planted. The abnormally low Mekong River level and the lower than normal mid-summer rainfall in the Delta should have at least marginal effects in reducing production. Finally, the rice deficit in war-ravaged I Corps will probably grow next year, with more peasants abandoning their land and migrating to refugee camps.

Returnees during the reporting period rose to 357, compared to 189 during the same period last year. This is very near last week's total of 355. The year's total to date is 22,852.

During the week ending September 23 the enemy killed 52 Vietnamese civilians, wounded 227, and kidnapped 59. The dead included two Revolutionary Development workers, two hamlet chiefs, and one village agriculture commissioner. During the reporting period the enemy killed 96 Vietnamese military personnel. If we add the civilian and military dead, we get a total of 148 Vietnamese killed by the enemy during the reporting period. This may be compared with 116 Americans killed and 1,134 enemy KIA during the same period. Since January 1, 1967, the Viet Cong have killed a total of 2,527 civilians, wounded 5,077, and kidnapped 3,846.

## XXIII

### FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY TWENTY-THIRD WEEKLY TELEGRAM, OCTOBER 4, 1967 The political pot which was simmering the week before boiled over last week with the approach of the Assembly vote on validation October 2. Political infighting, attempted extortion, and blackmail reached a high crescendo. Some of the groups, notably some members of the Democratic Alliance Bloc (DAB), formerly supporters of General Ky, carried their efforts right down to the wire. Factors in these maneuvers were the prospective loss of jobs and income on the part of Assembly members, disaffection among the forty-eight Assembly members who were defeated candidates for the Senate as well as three defeated presidential candidates, also Assembly members, and claims of broken promises and lack of support during the campaign.

On the afternoon of September 28, four members of the DAB, who were members of the Special Election Committee of the Assembly, and whose spokesmen were Le Phuoc Sang and [name deleted]. They wished me to transmit to General Thieu as a condition for voting for validation of the elections the following demands: (A) Ky to have the right to name the prime minister and three other cabinet members (Sang and [name deleted] indicating that they would expect cabinet posts); (B) Ky to control the reorganization of the armed forces and the administrative organization; (C) each member of the DAB to receive 300,000 piasters. They were considerate enough to add that they would wait until noon the next day for an answer. On Friday morning, through my liaison, I had the above information relayed to him [saying] I thought he would want to be aware [of it] and that I was sure he was aware what the repercussions would be should this become public knowledge.

Bui Diem came to see me Friday evening to say that he and General Ky were very concerned about the situation. While Ky had talked to some of the DAB members, he thought it important that General Thieu should talk to them also. The DAB had expressed concern about Thieu's feelings toward them and were apprehensive on two accounts: (A) that he might take some reprisals against them; and (B) that he might attempt to fill up the government with Dai Viet members. I recalled to Bui Diem that Ky had twice given me definite assurances, and as late as three days before, that the members of the DAB would vote for validation and that I need have no cause for concern. I was, therefore, relying on him. I told Bui Diem of the blackmail attempt on the part of Sang, [name deleted] and their colleagues and asked him to inform Ky that if the members of the DAB persisted in their threat to vote against

validation, I intended to make public this attempt at blackmail. I added that they were playing a dangerous game in carrying this right down to the wire and I wanted it understood that they could not play fast and loose with us. I said that if Ky thought Thieu should talk to members of the DAB, he should say so to Thieu himself, but that I would undertake to see Thieu Saturday morning and urge him to get together with Ky on the problem.

I talked with Thieu the following morning and told him of Ky's concern about the attitude of DAB members, that I thought it was of critical importance, that certainly a large majority of the bloc should be lined up in support of validation and urged him to get together with Ky and the bloc members. He promised to get in touch with Ky and did so immediately after my leaving him, and that afternoon he and Ky together met with all the DAB members. Thieu talked exceedingly well and persuasively to them. I think this may have been the turning point in lining up a substantial number in support of validation.

During a meeting which took place concurrently at Independence Palace, attended by Thieu, Ky, General Cao Van Vien, Chief of the JGS, and General Khang, III Corps Commander, Khang took Ky aside and told him privately that they did not know whether Ky had allowed the validation crisis to develop for his own political advantage, but if he had then he would have only himself to blame if the situation got out of hand, and he would lose the support of the armed forces. Ky angrily denied having engineered the crisis for his own political advantage. Khang said he believed Ky and he had no evidence to the contrary, but he felt that he should let Ky know that such rumors were circulating and the military would not condone such activity. Ky's explanation to me was that he did not wish to talk with members of the DAB without Thieu's permission since if, in spite of his efforts, things should go wrong, he would not want Thieu to feel that he had doublecrossed him. I am inclined to take Ky's word and as I have previously reported, I think there is good evidence that he and Thieu are working together well.

Thieu kept on talking with other members of the Assembly all through Saturday and into the early hours of Sunday. All through the day Sunday he also got in touch with individual members. The vote was taken shortly before midnight Monday, when the Assembly validated the election by a vote of 58 for, 43 against, and 5 invalid ballots. The struggle for validation, and the efforts of students and Buddhists to influence the Assembly through demonstrations, I shall touch on in greater detail in the political section.

Suffice it to say here that the chief result of the demonstrations was to snarl up the traffic. While the press displayed considerable interest in them, the general public attitude was manifested in distinct apathy and lack of interest. This was also true of the demonstrations in Hue and Danang. Both Thieu and Ky have expressed the view that Tri Quang and his militant Buddhists have lost a great deal of influence since the struggle movement of 1966. Then they had the support of some elements of the armed forces; now the latter have kept completely aloof from the politics and the religious questions



*October 4, 1967*

involved. In my view, there was nothing in any of the demonstrations to warrant what seems to me the exaggerated attention given to them by the American press, especially the UPI report that these represented the most serious disturbances in the last four years. This was certainly a fantastically exaggerated evaluation, unfortunately typical of a good deal of the reporting here.

I reported last week that I had transmitted to Thieu suggestions for a government program which he might incorporate in a State of the Union message at the time of the inauguration. The document is headed "Democracy, Peace, and Social Justice." We have felt, however, that it is highly important that he should address the country before then with a shorter, more dynamic, hard-hitting speech to arouse the enthusiasm of the people for their new government, calling for their support, and outlining a program of specifics. Taking as a basis the longer document, Ambassador Locke has prepared an excellent short version. I have put this in General Thieu's hands. He has said that it has come at an opportune moment, for he wants to make such a speech at the time of the installation of the new Senate, which has now been set for October 12.

While the struggle over validation of the elections has quite understandably engaged the energies and attention of Generals Thieu and Ky, they have not lost sight of the next step down the road, which is the appointment of a prime minister and designation of a cabinet to work with the new National Assembly. On September 30, when I saw Thieu he told me that he and Ky have agreed that the Prime Minister will be Nguyen Van Loc, Chairman of the People's Army Council, a lawyer, and essentially Ky's nominee. Loc is rather colorless in personality, a considerable contrast with Ky. However, he has been active on the board of the Bar Association, has a good reputation, and is well and favorably disposed to the United States. It was also announced officially on October 2 that General Nguyen Duc Thang, former Minister of Revolutionary Development, has been named Deputy Chief of Staff of the Joint General Staff, with responsibility for the Regional and Popular Forces. General Nguyen Bao Tri, Minister of Information, will temporarily fill in for General Thang in the Ministry of Revolutionary Development until a permanent replacement is named.

Thieu said this morning that he and General Ky have prepared a list of names of the most competent available people whom they hope to include in the cabinet. He remarked that unfortunately competence is in short supply and it was not a very large list.

I have reported previously that Thieu has three times offered the post of prime minister to Tran Van Huong, and that Huong each time has declined. He now proposes to offer Huong a post in the Inspectorate (the Constitution provides that one-third of the members be appointed by the executive and one-third each by the Senate and Lower House). Thieu feels that Huong will be the most prestigious member of the Inspectorate and as such it can be arranged that he be elected chairman. If Huong can be induced to accept this, I think it would be an excellent thing for the new government.

I believe that there is a feeling of general relief on the part of the public that the problem of validation of the elections is out of the way and that there is a spirit of hopefulness that the new government will carry on more vigorous programs in all fields, military, economic, and social, and take decisive action to end the widespread corruption.

Preparations are going ahead for election of the lower house on October 22. Thieu expressed to me the view that there would be considerable interest in the elections in the provinces where the candidates are well known to the local population, but he expects a falling off in interest in the more sophisticated centers, especially Saigon, where he believes many people have become punch-drunk with a plethora of elections.

In connection with our own relations with the new government, I believe that these may be more sensitive and perhaps in some ways more difficult than they have been with the present military government. During the past week, ten separate editorials dealt with the theme of American interference in Vietnamese affairs. For example, the military-oriented *Tien Tuyen* newspaper replied to an article by Everett Martin appearing in the September 25 *Newsweek*, criticizing what it called his "brazen proposals." I imagine that we shall have to be more alert to Vietnamese pride and sensitivities and apply pressure and leverage in more subtle ways. This may require greater patience on our part, but in the end I am sure will be more productive of results.

In the midst of the alarms and excursions over the validation of the elections (and simultaneously with a Buddhist demonstration at the other end of the street), we dedicated our new embassy chancery the morning of September 29. It was a beautiful day with soft white clouds against a blue sky, and the brilliant sunshine that always sets the flag off so well. It is a most attractive and convenient building which has been commented on most favorably by many Vietnamese. As you intended it would be, it is a fitting symbol of our determination to stay the course in Vietnam. In my brief remarks at the ceremony, I renewed our dedication to the goals we share with the leaders and people of Vietnam: a permanent end to aggression, a just and durable peace, regional security, order, and expanding economic progress. I noted that this building stands as a symbol of our commitment to the Vietnamese people, but no less impressive are hundreds of smaller buildings, schools, hospitals, and other structures which we have built in time of war and dedicated to the cause of peace. In his remarks, General Thieu commented on the beauty of the building and the fair prospects in the longer range for international cooperation in Southeast Asia. However, he spoke also of more immediate problems, including the need to make clear to the Communists that they face a widely-respected, sovereign government in Vietnam which will play a major part in international discussions related to Vietnam. He also spoke of the need to increase the effort being made to gradually make South Vietnam economically self-sustained.

General Thang reassigned. Climaxing two months of jockeying over the vigorous General Thang's future role, he on 2 October formally turned over

October 4, 1967

the Revolutionary Development Ministry to General Tri as caretaker till the new government is formed. Thang is taking up a newly-created JGS slot and Deputy Chief of Staff, where he will be in charge of RF and PF as well as the RD teams.

Bob Komer finds Thang genuinely excited about the possibilities of his new job. According to Thang, he will have much more influence than he would have had as Deputy Prime Minister. He will probably run the RF/PF (as a 300,000-man territorial security force), 30,000 RD cadre, the Political Warfare Directorate (to which all military province and district chiefs will be assigned), and the Military Security Service (which he intends to use to help clean up corruption in the provinces). I regard this as a very promising development, which will surely benefit the pacification effort by bringing the biggest local security forces under a vigorous and pacification-minded chief.

General Westmoreland and are pleased with the rapport between Komer and Thang. They agree on raising the 1968 RD hamlet goals from 1,100 to more like 2,000, on raising the RD budget from three billion piasters this year to five billion, and to assigning highest pacification priorities to IV and III Corps where the people are. Thang also intends to give personal attention to selecting good province and district chiefs and then giving them special training for these difficult jobs. Now that he controls them, Thang favors gradually drawing together RF/PF and RD teams into a much larger and better-trained pacification force.

Shaping the next GVN budget: as a means of increasing our leverage, I have proposed to Thieu and Ky a joint review of the 1968 budget. Since we subsidize much of it via counterpart, we are entitled to a larger say in how it is spent ministry by ministry. Vietnamese sensibilities being what they are, we may encounter difficulty. But I intend to push on this.

Careful reading of an article entitled "The Big Victory and the Great Task" by General Vo Nguyen Giap, North Vietnam's Deputy Premier and Minister of National Defense which appeared in both *Lao Dong* (NV Communist Party) newspaper and the NVN military newspaper on 14-16 September, leads us to believe that there has been a serious and fundamental change in the strategy of the insurgency which merits careful and concentrated analysis.

Giap calls for a continued military and political offensive, and drops the earlier Le Duan/Central Office for South Vietnam call (early 1966) for "major victory in the shortest possible time." He says that "in protracted struggle our people are able and determined to gain time." He sees, in the prolonging of the war and in the U.S. need to develop a democratic system in the South, circumstances which provide opportunities for a further intensification of political struggle, exploiting divisions in GVN circles to overthrow the administration.

What we may expect in the way of military operations can to some extent be discerned in Giap's presentation of the "Fighting Methods Adopted by the Liberation Armed Forces' Main Force Units." His "principle of combat" calls

for three things—annihilating the enemy, protecting targets the United States wants to hit, and preserving and improving forces. He states that “only by...protecting targets and preserving our force can we create conditions to annihilate the enemy.” We read this as reflecting a determination to cut losses; but it does not mean that military offensive will be dropped. Giap calls for intensified guerrilla operations and sophisticated concentrated strikes, and makes a great point of the superiority of VC tactics over the tactics of United States’ forces—particularly artillery (rocket) units, engineers, and special crack units—to carry out raiding operations and sabotage against carefully selected strategic targets such as logistic and air bases, command posts, and lines of communication. He reports that the tactics (surprise, etc.) of the crack units within the main forces are being passed on to guerrilla and regional forces as well, i.e., the use of a small force against a larger force for hit and run tactics.

Giap has listed some difficult requirements. Time will tell whether the VC can effectively develop coordinated strikes and guerrilla warfare, waged by main force and local forces with better weapons against professionally selected strategic targets, and whether they can combine this with an intensified political struggle effort to promote and exploit divisions and war weariness among the South Vietnamese people. Giap makes much of the claim that United States’ forces have bogged down, failed to win the initiative, and are being pushed into a dispersed, defensive (“passive”) posture.

All of us here believe he can and will be proved wrong.

As I have mentioned, the long struggle over validation of the presidential election ended October 2 just before midnight, when the provisional National Assembly voted, by a margin of 58 to 43 (five other ballots were invalid) to validate the election of Generals Thieu and Ky. The vote followed three days of intense debate in the National Assembly which were preceded and paralleled by demonstrations and protests in the streets of Saigon and by rather abortive attempts at the same sort of thing in Danang and Hue. The demonstrations were organized and participated in by a small number of university students (about 300), by the extremist Buddhists associated with An Quang pagoda and under the leadership of Thich Tri Quang, and by several of the defeated civilian presidential candidates, notably Truong Dinh Dzu.

The protests and demonstrations succeeded in drawing considerable public attention to the point of view of the demonstrators, but as I have said, they did not attract mass support and in the last analysis probably had little effect on the outcome. General Ky has remarked that the days of coup d’etats in Saigon are over. Perhaps the days when student and Buddhist protests could topple a government are also over. For many residents of Saigon the protests and demonstrations mainly meant the creation of large traffic jams, which may also have helped to discredit the protestors in the mind of the public.

A large portion of the credit for the efficient but correct way in which the police handled the demonstrations must go to Thieu and Ky. They relied on the civil police to maintain order and to unblock traffic. The civil police were

*October 4, 1967*

stiffened by military police and by Police Field Force troops in helmets and battle gear only when the situation clearly threatened to get out of hand, as in the case of the student demonstrations near the National Assembly September 30. The Director General of National Police, General Loan, who has not always shown much political discretion in police matters in the past (notably the arrest of Au Truong Thanh on September 22, which I discussed in my twenty-second weekly telegram) behaved with great circumspection and considerable deftness during the past week. Arrests were held to a minimum, force was used only when destruction of property occurred or the authority of the government was directly challenged, and the demonstrators were allowed considerable freedom to let off steam.

In connection with the Buddhist protest (described in further detail below), General Loan was observed on one occasion, sitting on the curb, with one arm around one of Thich Tri Quang's assistants and with a can of beer in the other hand, engaged in earnest conversation. Loan made public on October 2 an appeal to the Buddhist monks and nuns, urging them to cease all forms of public gatherings and processions in the interest of national security and the welfare and health of those concerned. He noted in his appeal that the processions have "upset the life of Saigon's 2½ million inhabitants."

Even though some of the opponents of validation accepted the results with bad grace (Phan Khac Suu did not vote, as he was an interested party, but he announced afterward that "if I had voted, I would have rejected the election."), we can already sense considerable relief in the atmosphere. All streets are open again, there is only a normal police guard at the National Assembly, and only a small guard near the small cluster of 5 to 10 Buddhist monks who are maintaining their vigil across the street from the palace in their protest against the July charter of the Unified Buddhist Association.

One unfinished bit of business left over from the period of demonstrations was the incident that took place the morning of October 2, when two CBS newsmen were beaten by the police while they were covering a student demonstration. No embassy officer was present on the occasion, and there is conflicting evidence as to what happened. Demonstrations were banned as of October 1, but the students announced their intention to defy the police ban and to demonstrate anyway. The press was at the Student Union in force the morning of October 2, even before the students. The students gathered by about 9:30 and accompanied by the press began to march toward the Assembly. The police first called on the youths to disperse. When the students did not do so, the police charged them, swinging their clubs and beating two of the students. The press and cameramen were right in the midst of the fray, covering the story close up. CBS cameraman Keith Kay and reporter Bert Quint pushed forward to get a good picture of a girl being beaten by the police. The police objected to the pictures, but Kay persisted. The police then struck Kay and Quint several times, forcing them to move away. Kay and Quint both required some medical attention for cuts and bruises, though neither was hurt seriously. I called Quint later in the day to express my concern

that he had been hurt. He appeared pleased at the attention. I understand that CBS will make a formal protest to the GVN and to the GVN Embassy in Washington, with a copy of the latter protest to the Department of State. I am not prepared to apportion blame in connection with this incident. The police, as I noted above, displayed considerable care and discretion throughout the week, but after a week of more or less continuing tension, they may have been a bit edgy. The journalists clearly pushed their way into the midst of an incident and persisted in photographing the police beating a girl student.

The police issued a statement October 2 in which General Loan was quoted as ordering police officers and agents to apply a great deal of restraint towards press correspondents while carrying out their duties. However, General Loan also reminded press correspondents that they should abide by the law and avoid causing difficulty for the police.

Bui Diem also called me personally about the incident, to protest against the behavior of the CBS correspondents and at the same time to express his regret that the incident occurred. He assured me of their desire to facilitate the work of the press and extend special treatment within limits of law and order but asked that the press should also do their part in trying to cooperate with police. I assured him that it was our desire, too, to avoid such incidents and that I knew Zorthian urged the correspondents to behave responsibly. Unfortunately, however, in the excitement of events these things do occur but certainly have no significance beyond the event.

I trust with this exchange of protests and statements, the incident is closed. Incidentally, one of our embassy officers came close to being struck by a night-stick wielded by a police agent while observing police preventing opposition politicians from holding an unauthorized press conference—September 29. The policeman obviously did not know the embassy officer from a press correspondent, and the officer wisely did not stay to discuss the matter but moved quickly off. All in a day's work.

Although clearly related in timing to the struggle over validation of the presidential elections, the Buddhist protest activity responds to rather different motivations and will probably be with us much longer. In the background is the continuing factional cleavage between the extremist Buddhist leader, Thich Tri Quang, and the moderate Buddhist leader, Thich Tam Chau. In July, General Thieu, acting on a request from Thich Tam Chau as leader of the Buddhist Institute (Vien Hoa Dao), promulgated a new charter that in effect strengthened the factional position of Tam Chau. Tri Quang had protested the issuance of the new charter, but did not make a major issue of it until September 28, when a delegation of some 500 Buddhist monks and nuns from An Quang pagoda came to the Presidential Palace (Independence Palace) to submit a petition calling on the government to revoke the July decree establishing a new Buddhist charter. General Thieu invited Tri Quang into the palace, but when he refused, Thieu wisely went out to meet him. Their "conversation," conducted over loudspeakers in front of the crowd, with aircraft and helicopters occasionally passing overhead, was not particularly pro-

*October 4, 1967*

ductive. Thieu suggested that all Buddhist groups get together and draft a new statute, which he would then promulgate. Tri Quang brushed this aside as only "words" and kept calling for "action." The "conversation" broke up without much accomplished, and subsequent meetings between Thieu and Tri Quang have been equally unproductive.

Tri Quang and a handful of his supporters took up "residence" under the trees in the park facing the Presidential Palace following the meeting with Thieu September 28 and have been there, off and on, ever since. He evidently feels that his presence there is a reminder to Thieu that action must be taken. Tri Quang's position, demanding revocation of the July decree, was further supported September 30 by some 250 monks and nuns, who sat down on the pavement in front of the palace for most of the day, holding banners denouncing the July charter. The afternoon of October 1 some 100 monks and nuns joined Tri Quang for Buddhist prayers and chants, all the while holding up the same banners in Vietnamese and English (the latter for the benefit of the foreign press) they had displayed the day before. There have been considerable crowds of the curious, numbering up to 500 at times, looking on, but, beginning October 2, the police have politely but firmly prevented crowds from gathering near the Buddhist monks in the park, while leaving the monks alone. As noted above, General Loan on October 2 called on the Buddhists to halt their protests in the interests of national security and the health and welfare of those concerned.

In my conversation with General Thieu October 3 he said he has talked to Thich Tam Chau and some of his people. He has also talked to [name deleted] who is a member of the Tri Quang faction. Thieu said he is trying to get Tam Chau to agree to do one of two things: either (1) publicly to ask the GVN to suspend the July charter, provided that Tri Quang gives a guarantee that he will sit down and talk to the Tam Chau faction on the religious issues only, not mixing in politics; or (2) to get both factions to sit down to discuss this problem, together with the understanding from Tam Chau that when they did so, he would ask for suspension of the July charter. Thieu has tried to persuade Tam Chau that if he takes this step, he can get the support of the moderates and the southern Buddhists and not be outpointed by Tri Quang. Above all, Thieu has emphasized the fact that it is important that the Buddhists accept the position that this is a Buddhist religious problem, not political, and as such should be settled by Buddhists. He told me this morning that he hopes to persuade Tam Chau to make one of the two proposals mentioned above publicly in order to emphasize his willingness to be conciliatory toward Tri Quang.

Thieu believes that the present Buddhist restiveness can be controlled and will not get out of hand. He pointed out that the GVN has been able to control the situation in Saigon and that the militants have been unable to create any demonstrations or disturbances of significance in Hue or Danang. In his opinion Tri Quang is becoming increasingly isolated, though Tri Quang must be given some face-saving device if he is to abandon his vigil in the park in

front of the palace and return to his pagoda, as Thieu believes Tri Quang is anxious to do. I commented to Thieu that I thought his approach was constructive and I fully endorse it. I assured him we did not want to get involved in this matter and we have no influence with or interest in Tri Quang.

On the whole, I think that Tri Quang is in a weak position on this issue. He is demanding, in effect, a humiliating surrender from the government which he almost certainly realizes it cannot agree to without damaging its political position. He has suffered politically as a consequence of the Assembly validation of the presidential elections, which he had joined the opposition in denouncing. His public support, both in the press and in the size of the crowds he has been able to attract, has been visibly declining. From the beginning he has clearly considered the possibility of stimulating fiery suicides by his supporters as a means of attracting renewed support. Early in the morning of October 3 a 28-year-old Buddhist nun in Can Tho, south of Saigon, committed suicide by fire, though this might have been a spontaneous act. I doubt fiery suicides will solve Tri Quang's problem, as I think these will have less impact here, at least, than they did in 1963. You are in the best position to judge what effect they may have in the U.S., but I think that similar suicides in 1966 attracted comparatively little attention. The novelty wears off.

As something of a conclusion to the struggle over validation of the elections, the judicial police on September 29 arrested lawyer Truong Dinh Dzu, probably the most outspoken of the government's opponents and a sparkplug of the student and Buddhist activities against validation. Dzu was specifically charged with having made remarks insulting to Vietnamese judges and the system of justice as a whole, growing out of his conviction September 15 on bad check and other charges. The arrest was duly reported in the press but attracted relatively very little attention, and I gather from the press also attracted relatively little attention in the United States. Mrs. Dzu, in an open letter of October 2, alleged that her husband has been on a hunger strike and that she has been unable to visit him. However, we understand that she has now been permitted to visit him and that, while he is still officially fasting, he is eating and drinking on the side. As a political matter, since validation of the elections, Dzu is not a major issue for the government. However, the Vietnamese judges and courts evidently feel that he is so openly contemptuous of Vietnamese justice that he cannot be ignored. I feel this is a matter which we can leave to the courts to handle.

The lower house election campaign will begin October 6 and run to October 21, the day before elections. The original list of 1,650 candidates for the 137 seats has been reduced to 1,240 in the second posting on October 1, as a result of findings that some candidates were not qualified and as a result of some withdrawals. Regarding the withdrawals, representatives of the Hoa Hao religious group and of a few, small political groups have told us that they are withdrawing their candidates because they do not think the elections will be honest. This is essentially a further expression of their disappointment



*October 4, 1967*

over the presidential and Senate election results. One of the minor party leaders said he had seen a list of the candidates selected by the government to win, but when one of our Embassy officers expressed interest in seeing the list, the party leader was unable to produce it. With an average of nine candidates for each seat, it seems obvious that some candidates, at least, have decided that they have little chance of winning and have decided to withdraw, making unsupported allegations against the government to cover their withdrawal.

Terrorist acts against the Chinese community in Saigon-Cholon have continued. In addition to the bomb attack on the Chinese Embassy September 19 and the attempted assassination of the embassy press attache the same day, four local Chinese have been assassinated, the last on October 3. There is still no clear indication why the Chinese community has come under attack at this time, although the increased publicity currently being given to closer relations between the Republic of Viet-Nam and the Republic of China may be a major factor. The Viet Cong, possibly supported by Communist China, may have decided that the time has come to warn local Chinese against looking to Taiwan for support and assistance.

The Saigon retail price index continued to inch upwards, rising to 306 during the past week, compared to 304 the previous week. The prices of fish, shrimp, duck eggs, firewood, and white calico rose, affecting the index most directly. Pork and chicken prices were down in response to recent sales of frozen pork and chicken by the government. Rice prices remained stable. The imported commodity index moved up to 220, compared to 217 last week, with steel products rising slightly in price.

A prospective shortage of rice in Central Vietnam is indicated by the end of October, based on projections of consumption and stocks. USAID is attempting to have the GVN restrictions on coastal shipment lifted or, alternatively, to have ocean-going vessels loaded with rice in Saigon for shipment to this region. Rice from abroad could not be delivered quickly enough to Central Vietnam to relieve the prospective shortage.

Returnees during the reporting period rose to 380, compared to 266 during the same period last year. This is also well above last week's total of 357. The year's total to date is 23,332.

During the week ending September 30, the enemy killed 43 Vietnamese civilians, wounded 64, and kidnapped 32. The dead included one Revolutionary Development worker, four police, one deputy district chief, one hamlet chief, and the chairman of a village council. During the reporting period the enemy killed 96 Vietnamese military personnel. If we add the civilian and military dead, we get a total of 139 Vietnamese killed by the enemy during the reporting period. This may be compared with 121 Americans killed and 1,155 enemy KIA during the same period. Since January 1, 1967, the Viet Cong have killed a total of 2,570 civilians, wounded 5,141 and kidnapped 3,578.

## FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY TWENTY-FOURTH WEEKLY TELEGRAM, OCTOBER 12, 1967 This past week has been relatively calm on the political scene as both government and opposition recovered from the comparatively intense struggle over validation of the presidential election.

Some echoes remained from the struggle in the form of still unresolved demands from the extremist Buddhists led by Thich Tri Quang for cancellation of the July charter of the Unified Buddhist Association, in the arrest and subsequent drafting into the army of a number of students opposed to the validation of the elections, and in the continued house arrest of Truong Dinh Dzu, one of the defeated civilian candidates.

Nevertheless, tension seems to have gone out of the situation. With Tri Quang's decision on October 10 to abandon his "sit-in" in the park in front of the Presidential Palace, the last active evidence of the unrest of the past several weeks disappeared from the scene. The police barricades and the barbed wire have disappeared, and the atmosphere is definitely much more favorable for constructive progress than has been the case for some time. All of these developments are discussed more fully in the political section below.

The upper house held its opening session the morning of October 11. Following a short introductory speech by Senator Vo Van Truyen, 71, the eldest member of the Senate and its temporary president, General Thieu spoke to the senators and the members of the diplomatic and press corps attending the session.

Thieu's speech was brief but, on the whole, it was very much to the point and I think suitable to the occasion. As he himself said, he was not attempting in this speech to set forth the full program of his government and he implied that this would come later. He seemed in this speech primarily to want to establish the basic tone for his administration and in this he was, I think, successful. He placed particular emphasis on the foundations being laid for democracy, on the supremacy of the Constitution, the responsiveness of the government to the needs of the people, the importance of observing the rule of law and impartial administration of justice. He stressed willingness to enter into negotiations at any time with the north and said that he would welcome peace initiatives of a constructive nature from whatever sources.

With respect to his program in South Vietnam, he emphasized strengthening and reforming the armed forces, providing security for rural areas, raising the standard of living in urban areas and educating the people throughout the

October 12, 1967

country to understand their civic duties. Above all, he emphasized the need to eliminate corruption and establish sound, effective government machinery. On the whole he avoided specifics and it was clear that his speech was general in outline.

I have drawn a rough comparison between Thieu's speech and the suggestions that we have made to him with respect to content of this speech and more particularly subsequent speeches such as his inaugural address and possibly a "State of the Nation" address. It is noteworthy that he chose in this speech not to say anything about national reconciliation nor did he anywhere refer to Ky. Other omissions were his failure to mention manpower mobilization, to place special emphasis on youth or to express gratitude to the Allies. Although these omissions are of interest, I think it probable he will deal with these aspects in his later, more major speeches, for in closing, Thieu made it clear that this speech was not a definitive statement on national policy.

No announcement has yet been made of the new prime minister, although the press continues to believe that Nguyen Van Loc will be nominated to the position by General Thieu. There is still a certain amount of jockeying around going on, but I believe Thieu will stick to his statement to me of September 30 and nominate Loc. I will be seeing Thieu later in the week and will review the matter further with him. It has now been officially announced that Thieu and Ky will be inaugurated October 30, by which time the entire cabinet will presumably have been selected.

As you may have seen from Saigon 7987, the *Newsweek* issue of October 9 has been banned from commercial sale in South Viet-Nam. The issue contains an article attributed to Merton Perry which is sharply critical of ARVN entitled "Their Lions, Our Rabbits." [seven words excised]. The headline originated in the New York editorial office of the magazine [four words excised]. The article as a whole was heavily edited in a direction which significantly eliminated qualifications and explanatory material. I must say that I consider Perry's article and its editing by the *Newsweek* editors an example of highly irresponsible journalism. General Westmoreland's investigation has proven the falsity of his most sensational statements and although the article itself has some minor qualifications, it gives to my mind a highly erroneous impression of the state of the Vietnamese armed forces. I am afraid this article is a reflection of Perry's attitude toward everything in Viet-Nam. He attended recently one of a series of small informal dinners I have been having for the press and gave me the impression of being thoroughly disenchanted with everything here and I doubt whether it is possible for him to report objectively.

Because of this Perry article and also because of earlier threats to the *Newsweek* office in Saigon stemming from an article by [Everett] Martin in the September 25 issue ("Viet-Nam: Last Chance?"), Martin has recommended to New York that no protest be made to the GVN on this ban. Martin also called us October 9 and asked us not to raise the issue with the GVN unless he is directed otherwise by his home office.

The article by Martin in the September 25 issue of *Newsweek* aroused little apparent interest in Saigon at first, and we had thought the issues he raised were dying a natural death. As you may have noted, Martin suggested a series of measures which would have put the U.S. much deeper into the internal affairs of the Vietnamese government, in a manner which would have raised serious questions as to whether the Vietnamese have any effective sovereignty in their hands. Unfortunately, in response to considerable press and private criticism of the article, Martin wrote a long letter to a number of Saigon editors which was published October 8. The letter is more pointed than the article, calling for the GVN and the U.S., as sovereign powers, to come to "written terms that spell out the boundaries of each other's rights." An extended summary of the letter is in Saigon 8015. Specifically, Martin called for the integration of the U.S. and Vietnamese armed forces in Viet-Nam, making it clear that he has in mind having Americans serve under Vietnamese command in some cases and Vietnamese under American command in others.

As you know, we feel that negotiation of a status of forces agreement is not practical during hostilities and that if possible the problems and restrictions of such an agreement should be avoided at this time. Primarily, we have considered the utility of a joint command arrangement on a number of occasions and have felt it would not be feasible except in certain instances of small, specialized units. As I have previously reported, we are experimenting with various forms of integrated U.S. and Vietnamese armed forces operations with the purpose of raising the level of training and effectiveness of the Vietnamese units and to practice the principle of economy of forces for the U.S. units. It is unfortunate that Martin has stirred up these issues at this time, since several of the newly-elected senators are on record as favoring negotiations of a status of forces agreement. Martin's article and his subsequent open letter to the press may result in further and unfortunate attention being focussed on the matter.

When I saw Thieu on October 4, I raised with him the question of establishing adequate salary levels in the executive and military branches of the government. I pointed out to him that today government salaries simply are not well enough paid to attract the best talent in Vietnam, or adequate to reward those top officials who carry out their responsibilities honestly and well. I added that we have learned in the United States that a government cannot function well unless senior officials are paid adequately. This is now far from the case in Vietnam. Under present circumstances, the low level of salaries for senior officials is damaging to morale, an incentive to corruption, and a crippling barrier to improving government performance.

I suggested that the forthcoming setting of Senate and House salary levels offers a unique opportunity to simultaneously increase the salaries of key top-level GVN and ARVN officials as well. I left with him tables which we had prepared for him setting forth a suggested range of civil executive salaries and a second table covering military personnel down through the rank of colonel. Since the proposed pay increase would apply to a relatively small number of

*October 12, 1967*

people the total economic cost would not be great. I said I realized that there were political problems involved in an executive pay increase. However, I felt by coupling this measure with increased emphasis with what is expected of senior officials in terms of integrity and performance, and by setting in motion a thorough civil service reform and pay revision at all levels of government, such a measure would be publicly accepted as both necessary and desirable.

In a talk Bob Komer had with Thieu on October 6, devoted principally to Pacification, he seized the opportunity to emphasize again the chance to get an executive pay raise for top officials and officers at the time when the salaries of the new congress were set.

We are planning an all-out effort to increase rice production, especially in the Delta, a key element in our 1963 pacification and nation-building plans. Chief reliance will be placed on giving the farmer a good price for his paddy, opening more roads and waterways, bringing in better rice seed, more fertilizer and agricultural machinery, and providing more credit. Bob Komer came back from the Delta yesterday reporting that the key Delta crop will probably trend upward this winter, thus breaking the long decline since 1963.

Hopeful elements, both positive and negative, marked the political scene during the past week. On the positive side, the Senate was inaugurated October 11. The Cabinet will probably be formed during the next week or so. It may include one or two less effective figures on the civilian side, as a consequence of political bargaining during the struggle over validation of the presidential election. However, the cabinet will be the instrument of an elected president, subject to the pressures that can be brought to bear by an elected National Assembly. If individual cabinet members prove ineffective, they can be replaced, since they are appointed by and serve at the pleasure of the president.

Another hopeful sign, although on the negative side, was the end of the Buddhist political protest on October 10, when the extremist leader, Thich Tri Quang, and a handful of his immediate entourage, abandoned their "sit-in" in the park in front of the Presidential Palace. Some of the more moderate figures sympathetic with Tri Quang's An Quang pagoda group had told us of various schemes they had to get Tri Quang out of the park and out of the political dead-end he seemed to have worked himself into. His demands for a flat cancellation of the July Buddhist charter were clearly unacceptable, public support was simply not forthcoming, even support from the usually sympathetic foreign press corps was slipping away, two fiery suicides had no noticeable effect, and simple but effective police measures to isolate him from crowds made it clear that he could stay indefinitely in the park without making any significant impact. The indifferent attitude of passers-by, moving along a main thoroughfare not 100 feet from where he and the other monks sat, must have been a continuing reminder to him that he was not making his mark. Finally, no force was required to get Tri Quang out of the park. He quietly left under his own power. At what was, for him, an unusually subdued press conference at An Quang pagoda October 10, Tri Quang made clear that

he had abandoned his "sit-in" and expressed confidence that the government would take action on the charter issue. That his confidence was not misplaced was indicated by a communiqué issued the afternoon of October 10 by the moderate Thich Tam Chau faction, temporarily suspending application of the July Buddhist charter in order "to create a favorable occasion for understanding and union of Buddhist groups." This is essentially the tactic which General Thieu described to me in my meeting with him October 3 (discussed in my twenty-third telegram).

General Thieu's brother, Nguyen Van Kieu, told us the evening of October 16 of meeting and consulting during the past few days with the Buddhist groups. He indicated that an understanding has been reached among the various groups to prepare a new charter to be presented for approval to an all-Buddhist congress. Kieu said that it was on the basis of this understanding that the An Quang extremists were able to withdraw from the "sit-in" in front of the palace. This is consistent with the communiqué issued by the Buddhist moderates October 10. I think Thieu deserves a good deal of credit for his skillful handling of the situation.

Contributing to the general air of relaxation of tensions was the release from detention of opposition leader Truong Dinh Dzu on October 4. Dzu had been held only five days, and his arrest seems to have been clearly timed to get him out of the way during the climax of the validation struggle on October 2. He is still under house arrest and is not currently in a position to project himself into the political arena.

Also as a postscript to the elections and the struggle over validation, the police have moved in on student oppositionists, broken up their attempts to hold unauthorized meetings and press conferences, and arrested 40 of them. Of those arrested 17 were found to be of draft age and were mobilized into the army. The remainder were admonished and sent home. While this measure may seem a bit Draconian, it may well have the desired effect of encouraging young students who have been deferred from military service to buckle down to their studies instead of engaging in undesirable and unhelpful political activities.

The lower house elections campaign formally got underway October 6 and will continue until October 21. A few election posters are to be seen around Saigon and some of the larger cities, and door-to-door type campaigning has begun. Public interest, not surprisingly, seems to be less than it was for the presidential and upper house elections. These are essentially local elections for national office, with the bulk of the contests being decided on the basis of personalities and, to some extent, random voting among the average of nine candidates per seat. The results of the elections, according to the election law, will be announced by local election councils in each of the 53 constituencies on October 26. The councils, presided over by a local judge and composed of candidates and voters' representatives and prominent local personalities, are unlikely to be the focus of any significant struggle over the results, as was the case with the presidential elections.

*October 12, 1967*

Continuing where they left off on September 3, in their campaign against the presidential and upper house elections, the Viet Cong, in a radio broadcast October 6 predictably called for the "smashing" of the lower house elections. The broadcast urged citizens to "resolutely protest and boycott the lower house elections farce," emphasizing that the elections will be "fraudulent" and "undemocratic" as well as meaningless. This is so much whistling in the dark. Public interest may well be less than it was for the other elections, but there is likely to be a very substantial voter turnout. I am confident that it will be shown once again that the communist claim that they "control" most of the territory and people of South Viet-Nam is meaningless. As was demonstrated September 3, the communists simply do not have the capability of attacking or disrupting the activity of more than a handful of South Viet Nam's 8,000 polling places.

During the past week there has been a spate of press reports on disciplinary measures taken by Prime Minister Ky against dishonest officials. On October 4 Prime Minister Ky authorized reprimands and court action to be taken against seven officials in Kien Gian province (three former province chiefs, one former deputy province chief, and two chiefs of provincial services) for abuses of their positions. He also ordered that the chief of the Special Branch of the police in Vung Tau be brought to justice for having constructed two residential houses without proper authorization. On October 5 it was announced that Ky had reprimanded the province chief and the deputy province chief of Binh Duong for ineffective performance. These activities are consistent with recent public statement by Ky that, as Vice President, he hopes to assume major responsibility for the elimination of "corrupt elements."

In a generally related development, October 4 about 300 RD cadre demonstrated in front of the Quang Ngai province headquarters to protest the corrupt practices of provincial financial officers. They abducted the finance chief and his assistant, shaved their heads, and released them. The demonstrators then marched through the town and dispersed peacefully. The finance chief had been long rumored to be corrupt, and this was probably an over-zealous attempt by the RD cadre to live up to Criteria II of the XI-point Criteria, "getting rid of corrupt and undesirable officials." The action of the cadre may cause disciplinary problems, for certainly they should not have taken the law into their hands, but it is still encouraging to see such signs of popular determination not to tolerate corruption and bad government.

The spates of recent killings in the Chinese community in Saigon-Cholon continued, with the murder of the principal of a local high school and the murder of the editor of a strongly anti-communist Chinese language newspaper on October 7. Strongly anti-communist Chinese have been the victims of the attacks in all cases, and a determined campaign of terror among the Chinese seems to be under way.

General Westmoreland has given me some interesting and pertinent information on the following subjects:

A. Recent Situation in the Demilitarized Zone. It is immediately apparent that the enemy strategy of the past several weeks concentrated on achieving a major victory in the Demilitarized Zone. Con Thien became the focal point of his attack and its destruction was scheduled as his highest priority. Despite his shelling of our positions along the DMZ, the enemy was not successful in this venture and while no accurate assessment of his casualties can be made, it becomes fairly obvious that he suffered greatly in the exchange of fires. As the reports indicate, our situation has improved measurably. The enemy fires have been forced to subside. There is indication that he is withdrawing at least a portion of his forces from the DMZ area and, generally, the victory has been denied. General Westmoreland reports that the margin of success on our part is attributable to the massive effort launched against the hostile concentrations in and around Con Thien and into the DMZ and its adjacent areas. In short, one of the greatest massings of firepower in support of a single division position in the history of warfare was launched against the enemy in a period of about two weeks. This included B-52 strikes, artillery fires, tactical air bombing, and naval gunfire support. Our casualties in northern Quang Tri province over the heaviest period of the attack were not exorbitant when placed in proper perspective. For instance, during the period of the bitter fighting in the DMZ area (1-24 September), there were 196 killed and 1,917 wounded (834 evacuated). However, by comparison, in 1966 during the two months when it was necessary to drive the enemy out of positions in Quang Tri province, we incurred 126 killed and 488 wounded in July and 115 killed and 448 wounded in September. It is also interesting to note that from 1 June through 23 September, the 3rd Marine Division fighting in the DMZ area suffered 564 killed and 5,183 wounded, while the 1st Marine Division (not in the DMZ area) suffered a comparable 484 killed and 3,788 wounded for the same period.

B. Effectiveness of Rail Interdiction in NVN. Despite the approaching northeast monsoon, air strike efforts continue to focus, to the maximum extent possible, on the rail facilities in the north. The objective of the rail campaign continues to be the denial to the NVN of an effective rail system and the associated facilities needed for the processing of imports from China to Hanoi. Since 18 May, the NVN costs for the transshipment of needed supplies has steadily grown as result of the rail interdiction campaign. In May 1967: 152,000 short tons (which equates to approximately 50,000 truck loads) required transshipment and from 1-20 September: 171,000 short tons (which equates to approximately 57,000 truck loads) required transshipment. Recent photography discloses a large concentration of equipment and supplies along Route 4 in NVN, about seven kilometers west of Dong Dang near the Chinese border. The equipment included 532 trucks and 13 field artillery pieces. A nearby built-up area contained some 85 medium-fixed storage/support buildings and extensive open storage. Concentrations of this size have not been previously noted in this NVN border area and could represent an effort to overcome transportation difficulties, caused by recent interdictions of the



*October 12, 1967*

Hanoi-Dong Dang rail line, by diverting rail cargo to highway transport. The effectiveness of recent disruptions of rail facilities in the Haiphong area is indicated by reports of noticeable congestion in that port city. There is reported open storage on roads and under trees in parks in the city of Haiphong. Sources indicate that most of the port work is accomplished during hours of darkness, and that there is a general appearance of deterioration of the effectiveness of port processing.

C. Enemy LOC Efforts in Southern Laos. The intensity of the RP-1, Tally Ho interdiction campaign, in concert with the III MAF campaign at the DMZ, has effectively denied the enemy the capability to maintain LOC's through the DMZ into SVN. This, coupled with the approach of the northeast monsoon season, is causing an increased effort on his part to maintain, improve and protect LOC's through southern Laos. During the next several months these will be the principal avenues of supply to his forces in the south. Recent reconnaissance of the primary LOC routes in this area reveals much evidence of extensive enemy engineering efforts in preparation for increasing resupply activity during the next several months. These include bridge construction, road grading and gravelling with heavy equipment at many different points, trellising and corduroying at an increasing pace to counter the U.S. air offensive against them. There is substantial evidence of stockpiling at or near border crossing points, such as south of Mu Gia Pass and at Route 137 into southern Laos. Bypasses and river cable crossings are constructed/repared rapidly, pack animals are being used for transshipment, and large work gangs have been observed at strategic repair points. Automatic weapons positions are being located at key points to protect resupply traffic and repair gangs, with corresponding increase in enemy troop activity. Such evidence of enemy extreme efforts in this area indicates his deep concern in maintaining a rate of logistic flow into SVN. Air efforts will continue heavy interdiction in this area according to plan, to counter enemy actions in this direction.

The Saigon retail price index dropped 11 points, from 306 last week to 295 this week, largely reflecting lower rice prices. These, in turn, were affected by the plentiful supply of U.S. milled long-grain rice as well as the arrival of some new local group long-grain rice from neighboring Long An province. Meat and fish, which are in plentiful supply, were also less expensive. The imported commodity index dropped to 218 this week, compared to 220 last week. Declines were registered in most of the commodities in the index except for wheat flour and iron and steel products.

The sale of fertilizer tripled during the month of September, compared to the month of August. The sharp increase was due in part to the new pricing schedule whereby discounts are given to buyers who pick up imported fertilizer at the port and provide their own transportation.

Returnees during the reporting period were 256, compared to 226 in the same period last year. This is lower than the figures for the last few weeks,

*Twenty-fourth Weekly Telegram*

but it appears to reflect a somewhat lower level of military activity. The year's total of returnees to date is 23,618.

During the week ending October 7 the enemy killed 91 Vietnamese civilians, wounded 125, and kidnapped 164. Among the dead were one deputy province chief, one district official, one village chief, four hamlet chiefs, one school teacher, and one Revolutionary Development worker. During the week the enemy killed 114 Vietnamese military personnel. If we add the civilian and military dead, we get a total of 205 Vietnamese killed by the enemy during the reporting period. This may be compared with 98 Americans killed and 1,331 enemy KIA during the same period. Since January 1, 1967, the Viet Cong have killed a total of 2,661 civilians, wounded 5,266, and kidnapped 3,682.

## FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY TWENTY-FIFTH WEEKLY TELEGRAM, OCTOBER 18, 1967 The political side, the past week, has been a relatively quiet one. While Thieu and Ky have been wrestling with the problems of forming the new government, the campaign for the lower house has been picking up momentum. The list of candidates has been gradually whittled down from some 1,650 to about 1,200 or an average of a little under nine candidates for the 137 seats. The distribution, however, is uneven since there are, for example, some 217 candidates for the 15 Saigon seats. Our guess is that the voter turnout will be lower than in the presidential elections with percentage somewhere in the low seventies. There is a buildup of interest, however, in the provinces outside of Saigon. Thieu told me yesterday that he thought the voter turnout in the provinces might turn out to be as high as 80 percent of the registration, but he believed that Saigon was suffering from a more jaded appetite for elections and anticipated a considerably lower percentage here.

General Thieu has been largely preoccupied with the problems of putting together the new government during the past week. While he confirmed to me on October 13 that his choice for Prime Minister remained Nguyen Van Loc and intimated this again yesterday when I saw him in company with Phil Habib and Bill Jorden, he made it clear that he has run into some opposition by some of the southern Vietnamese to Loc's appointment. Loc has encountered some disfavor among some of these elements since, although a southerner himself, he supported Ky in the struggle with the southern bloc and is therefore considered something of a renegade. Thieu intimated that Loc might find difficulties in putting together a cabinet and he himself would have to make the appointments. He did not want to have the same old faces in the new government; it must show a new face to the people. Probably because of this situation other names, including that of Nguyen Van Bong, Director of the National Institute of Administration, and Truong Thai Ton have cropped up again in the gossip. I believe, however, that Thieu will go ahead with the Loc appointment since he has made this the touchstone of his relationship with Ky. I have told him that I feel strongly that this is the most important factor to keep in mind in the formation of the new government and that if he considers the appointment of Loc essential to this, we would support it. It is encouraging to note that Ky commented to the press October 14 denying the existence of any disagreements between him and General Thieu. He specifically accused foreign newsmen of fabricating "these stories with purpose of creating

disagreement and dissention within the Army of the Republic of Viet-Nam." He stressed that "Nothing can divide the Army."

Regarding the cabinet, it appears likely that Thieu will retain Tran Van Do as Foreign Minister, although perhaps with a good deputy as administrator; General Nguyen Van Vy as Minister of Defense; General Nguyen Duc Thang as deputy to the Chief of the Joint General Staff, with authority over regional and popular forces and Revolutionary Development training. I again mentioned to Thieu the high opinion we held for [name deleted] and my hope that he could be persuaded to continue in this post. Incidentally, [about 25 words excised]. He attributed the circulation of these rumors to Ky and Loan and expressed strong resentment of what he considered an effort to undercut him. Like Thang, however, [name deleted] is inclined to be somewhat emotional and I hope that this tempest too will blow over. I also expressed our good opinion of [name deleted] and suggested that he might be a very good choice as Minister of Agriculture; and that a suitable cabinet post for Dr. Phan Quang Dan would help broaden the base of the government. I also expressed the hope that Tran Van Huong could be persuaded to accept the Inspectorate position and Thieu indicated that it was his hope that Huong would accept the appointment and that it would be possible to have him elected chairman.

In my talk with Thieu on the 13th, I noted that in his speech to the new Senate, he had referred to the need to emphasize the role of the political parties and to respect the right of the opposition as a political reality of democracy. I asked him how he envisaged the development of a party system here. He replied that he thought this would have to come in stages, given the present party fragmentation and the highly individualistic character of the Vietnamese. He thought the first step would be the formation of what he called "groupings" such as those now being developed by Tran Van Don and his associates and by Huynh Van Cao and Nguyen Gia Hien who have announced the formation of the National Democracy-Society Bloc (Quoc Dan Xa). Thieu indicated that he rather favored the group being formed by Cao and Hien. He said also that Ha Thuc Ky and Tran Van Huong were considering another "grouping." He thought that after the lower house elections and the organization of the National Assembly, these "groupings" would gradually take form and begin to attract other elements to them.

In answer to my query as to how he anticipated marshalling support for government policies in the new Assembly, he said he anticipated that when the government program was announced it would draw support of some of the groups being formed within the Assembly. This might be the beginning of the formation of a larger party and the same process might be followed in the formation of an opposition party or parties. He thought, however, the process could not be forced and that it would take some time. He remarked that the new administration had been elected for a four-year term, which gave time to work toward the development of parties on a sound basis. To force the issue too rapidly could result in the formation of alliances with little stability. It

*October 18, 1967*

would be preferable to see first how the "groupings" took shape and to work a little more slowly but perhaps more soundly toward the eventual coalescence into larger parties.

Regarding the Buddhist problem, which I have discussed at some length in previous weekly telegrams, Thieu told me he was continuing to work through intermediaries with both sides and felt that some progress was being made. He said yesterday that he hoped to be able to meet personally with the two main Buddhist factions, perhaps today or tomorrow. I noted that the issue had been defused for the present. Tri Quang has been very quiet and the funeral in Can Tho October 8 for the Buddhist nun who burned herself to death was very orderly and resulted in no serious problems. Buddhist protest activity elsewhere in the country, stimulated by the extremist An Quang pagoda crowd, has been handled with suitable finesse by the local authorities. Thieu said yesterday that Tri Quang had remarked that the religious problem could be easily settled, but it was the political problem with which he was concerned, an observation, Thieu remarked, which indicates Tri Quang still harbors resentment against the government and has designs against it.

In my conversations with Thieu October 13 and 17, we reviewed the prospects for further reinforcement of the Thai contingent in Viet-Nam and the announcements by Australia and New Zealand of the increase of their contingents.

Thieu said that naturally he was greatly pleased with the prospects of additional aid, but that the GVN also must and would step up its own efforts. He said that additional manpower requirements for military needs in 1968 would come to 206,000 which included covering an additional 65,000 men for the armed forces, casualties, desertions, and other losses. In order to meet these requirements, it would be necessary to draft 18 and 19 year classes, to extend the service of those now in the RVNAF, and to recall some men who had been demobilized. (General Westmoreland has pointed out the serious deficiencies developing in leadership, particularly in the rank of captain.) Thieu said he proposed to take these steps before the inauguration of the new government in order to avoid running into protracted debate in the new National Assembly. He added that active steps would have to be taken to root out corruption in the military and civil administrations and that reorganization of both the armed forces and of the civil administration must be tackled promptly. The new government would have to show through its efforts that it was determined to do its full part to shorten the war. He emphasized again yesterday the impatience of the people to see things move ahead and the fact that they were looking to the new government for action.

In my talk with Thieu yesterday, we referred to his statements about an approach to Hanoi and had a brief discussion on the matter. I shall report on this separately in more detail. Phil Habib explained that Secretary Rusk had wished him to say that our determination had been clearly expressed and would continue to be so expressed, but we also had kept all the doors to peace open and would continue to do so, but as of today there had been no response

from Hanoi. Thieu responded that on their part they would like to show that even though the country is invaded, it is anxious for peace and wants to keep the door open. The question is how an approach is to be made. It is clear that his views are still indefinite. He sees two possible approaches:

A. An expression of desire for peaceful settlement and for direct discussions to achieve that end. If this produced a favorable response, Thieu would ask us to halt bombing. We would assume that reciprocal action would be forthcoming from the other side.

B. A halt in bombing to be followed immediately by a message to Ho proposing immediate talks.

The first of the two proposed alternatives seems to me clearly preferable. I told Thieu I would report his views immediately and would come back to him with our reactions. We emphasized the fact that it was important to have the very closest consultation and collaboration on any approach and that it was also important to avoid anything in the nature of an ultimatum. Thieu agreed on both counts and I am satisfied that he will not take action without close consultation and approval on our side.

Regarding the NLF, he made it clear again that he felt a change of administration offered an occasion to renew the offer of reconciliation. The GVN had channels to the NLF and while a coalition was not acceptable, offers could and should be made to individuals, especially under the National Reconciliation program. Thieu felt that the Front was in position to understand better than Hanoi the dismal prospects offered by continuation of the war, that its ability to maintain action for long periods has broken down, that it is unable to mount large scale attacks, had lost momentum and been obligated to disperse into smaller units resorting to harassment and terror as a substitute for the capability which they had previously possessed.

This past week we have particularly benefitted from the opportunity to meet and talk at some length with Phil Habib and Bill Jorden. They have put forth very frankly the picture of Vietnamese developments as seen in Washington and have made clear to us, as no written message can, the problems you face at home. For our part, as I think this series of messages has shown, we are urging, encouraging, pushing, persuading, and suggesting to the GVN areas in which its performance should be improved. We continue to anticipate real progress, but, in all honesty, we must say that we don't think the progress can be as dramatic as we would like to be. As I note below in the political section, we are encountering increased criticism in the Vietnamese press, uncensored since July and increasingly making use of its new freedom, that we are trying to dictate to the GVN. We will need to pick the areas where we exert our influence fairly carefully in order not to overload the circuit. We shall be discussing priorities with Phil Habib and Bill Jorden this week. But we will do all that we can to get the absolute maximum of which the GVN is capable under present circumstances and do our best to improve its future capabilities.

*October 18, 1967*

We also have with us a three-man, top-level delegation from the AFL-CIO, including Joseph Keenan, AFL-CIO Vice President and Secretary of the International Brotherhood of Electrical Workers; Richard Walsh, AFL-CIO Vice President and President of the Alliance of Theatrical Stage Employees; and Irving Brown, International Representative of the AFL-CIO. They are accompanied by George Delaney, Special Assistant to the Secretary of State for Labor Affairs. The purpose of the visit is to discuss a union-to-union aid program with officers of the Vietnamese Confederation of Labor. However, we feel sure we will get some strong statements of support for our whole Vietnamese policy position, which should be of real benefit.

The modest but consistent upturn in population and hamlets under GVN control, as shown by our new hamlet evaluation system, continued increasing. Secure population increased 92,500, upping the percent of total population secured to 69 percent. Sixty-four hamlets were added to the secure category while VC-controlled hamlets decreased by 51.

Approximately equal increases in secure population occurred in II, III and IV Corps. I Corps showed a 6,300 decrease, reflecting continued enemy large-unit activity in the northern provinces. In Quang Tri alone there was a decrease of 4,000. Enemy pressure in Quang Ngai resulted in the loss of 6,700 people from the secure categories of hamlets. In II Corps, Binh Dinh showed the greatest improvement with an increase of 23,300 people in the highest or "A" category hamlets. Around Saigon in III Corps, there was a gain of 25,800 people in secure hamlets in Gia Dinh province and 7,600 in neighboring Binh Duong. Most notable improvement in IV Corps took place in Vinh Long and Kien Giang provinces. Nowhere in II, III and IV Corps was there any significant loss of population control.

Refugees: the U.S. Senate hearings and a concurrent set of adverse news articles seem to have given a negative cast to the growing US/GVN refugee effort out here. As in almost every other field, we still have a long way to go in cranking up the GVN to adequately care for its refugees. But this should not be allowed to obscure the more important fact that we have come a long way, especially in the last six months. We and the GVN have steadily increased the amount of dollars, piasters, commodities, and effort employed in refugee care. Once again, the problem is one of the press accentuating the negative and ignoring the positive. In this case, the chief culprit was UPI.

The military situation was somewhat less active during the past week.

The enemy has failed in his objectives at Con Thien and paid a tremendous price in the process. General Westmoreland reported that during the past month the greatest concentration of conventional fire power in the history of warfare was applied to the enemy in this area. He attacked last week with one battalion, probably in order to save face, but was driven off. Shelling has been reduced, but intelligence indicates that he is still trying to get in supplies and ammunition although further hampered by the flooding of the Ben Hai River.

The military situation was not particularly active in the rest of the country except for a heavy action yesterday half way between War Zones C and D on the boundary between Binh Long and Binh Duong provinces, in which 61 U.S. and more than 100 of the enemy were killed. This appears to be a major base area, stockpiled with rice and ammunition.

A further dramatic development during the past week has been the capture of a large arms, ammunition, and medical cache by the 9th Division east of Saigon at the boundary intersection of Bien Hoa and Phuoc Tuy provinces. The haul included 130mm howitzers and recoilless rifles, 57mm recoilless rifles, 60mm and 83mm mortars, 159 machine guns, nearly 1,000 small arms, large quantities of ammunition, and medical supplies.

Yesterday a group of North Vietnamese soldiers on the Bong Son plain, Binh Dinh province, central coast, flagged down a U.S. helicopter and surrendered. They led the Americans to another group of six North Vietnamese soldiers who surrendered. They were part of a group of 200 North Vietnamese whose base camp was subjected to U.S. air strikes, killing 50 and scattering the rest into the jungle. This is interesting because (A) the group, on surrendering, displayed a psychological warfare leaflet dropped by American planes, (B) the incident reinforces statements of POW's and in captured documents about hardships of North Vietnamese soldiers and weakened morale, and (C) the flagging down of a U.S. helicopter is more risky to the surrenderers and greater evidence of hardships and weakened morale than the occasional individual North Vietnamese hoi chanh or POW's surrendering on the battlefield. A clipping of Saigon news story is being pouched.

General Westmoreland has moved a brigade of the First Cavalry Division to Quang Tin province so that Marines could be moved further north to counter the threat to Quang Tri.

I have mentioned Prime Minister Ky's denial of any disagreements between him and General Thieu. According to [name deleted] Ky on October 9 indicated that he envisaged for himself a major role in effecting reforms in provincial administration, while looking to the future prime minister to concentrate on economic and educational matters. Ky indicated that he saw a need to remove about 30 of the existing province chiefs and their staffs, replacing them with about 150 of the most highly regarded majors and lieutenant colonels in the Army, who would first be assigned to a four- or five-week training course in early December. This would, I feel, be a major shake-up, since there are 41 provinces in South Viet-nam. It is encouraging to see Ky addressing himself to a major problem—the quality of provincial administration—which is directly related to the potential effectiveness of the whole Pacification program.

I have referred to the fact that the lower house elections campaign is attracting increased public interest as Election Day, October 22, approaches, especially in the provinces. By contrast to the presidential and upper house elections, when people in the provinces did not know the candidates at all well, in many cases they know the candidates for the lower house and see in



October 18, 1967

the outcome a direct relationship with their interests. On the whole I get the impression the elections are going well. Of the more than 1,200 candidates for 137 seats, almost 300 are government officials, about 200 are school teachers, 150 are military officers, 150 are businessmen, 125 are professionals (doctors, lawyers, etc.), about 100 are members of provincial and village councils, and 40 were members of the Constituent Assembly. Only about 70 are farmers, but this is typical of an underdeveloped country, where a "farmer" is a "peasant," having had little opportunity for education in the past.

Although 1,200 candidates is a large number for the 137 seats, this represents a substantial reduction from the 1,650 who originally filed for the elections. Many withdrew, and a number were challenged by local election councils. One candidate, an ARVN captain, was assassinated by the VC in Long An province October 12. Of those challenged under the law, a total of 152 were reviewed by the Central Elections Council in Saigon, and 54 were found qualified to run. I have the impression that considerable care was exercised in this process. The people will in any case have a substantial range of candidates to choose from.

Following the inauguration of the Senate on October 11, which I mentioned in my twenty-fourth weekly telegram, the first working session was held October 12. Deputies were appointed by consensus to assist the acting chairman, who is the eldest senator and who has not previously presided over a legislative body, and the acting secretary-general, who is the youngest senator and a Montagnard whose knowledge of Vietnamese has some limits. Messages are being drafted to be sent to the nation as a whole, to the U.N., and to the parliaments of friendly nations. In addition, there was inconclusive discussion of a possible resolution calling on the government to amnesty a considerable number of prisoners in celebration of the election of the Senate. Finally, temporary committees on validation of the election of the upper house and on rules were appointed. At the request of General Tran Van Don, who is one of the main candidates for chairman of the Senate, we provided a copy of the U.S. Senate Rules and Procedures for the use of the Vietnamese upper house. All in all, the upper house is off to a good start, has a good and effective membership, and gives promise of turning in a good performance.

Stimulated in part by the Martin Perry articles in *Newsweek* (discussed in my twenty-fourth weekly telegram) and in part as a result of greater press freedom since the abolition of press censorship in July, there has been a growing number of articles and editorials in the press critical of alleged U.S. infringement on Vietnamese sovereignty. While many of the articles refer specifically to the Martin Perry articles, assuming them to have been officially inspired by the U.S. government, other articles take off on other irritants in U.S.-Vietnamese relations. The critical themes focus on the following allegations: (A) The U.S. intends to decide on peace negotiations without consultation with the Vietnamese, despite the fact that it is the Vietnamese who should have the ultimate say in any negotiations; (B) the U.S. is increasingly following in the footsteps of the French in seeking to control all internal affairs of

Viet-Nam; (C) U.S. policies cause the war to be prolonged by giving the enemy encouragement to continue the struggle and by sowing dissension among anti-communist Vietnamese.

I do not believe anti-Americanism has reached a level of intensity which could be considered critical. We must expect, however, that such allegations are almost certain to be heard with increasing frequency with the development of open political activity, including an elected National Assembly, and with an uncensored press to originate and stimulate discussion on many of them. Statements by prominent Americans on Viet-Nam get extensive play in the Vietnamese press, particularly those which are more critical of the Vietnamese. We have seen quite a few such statements from prominent Americans outside the executive branch of our government in recent weeks. It does only limited good to make clear, as we have, that these statements do not represent the views of the United States government. The Vietnamese know very well that they have plenty of defects and shortcomings and have a long way to go before they have a government that functions to their own satisfaction. Understandably, they do not appreciate being criticized as sharply as they have been recently by some prominent Americans, and the articles critical of us in the local press are a reflection of this resentment. It is part of a natural and healthy process, but it adds a new dimension to our relation.

Considering the problem we have had with the American correspondents here and the critical articles they have written, which have, in turn, stimulated some of the adverse comments on the Vietnamese in the United States, it was ironic to read that R. W. Apple of the *New York Times* blamed the critical articles in the Vietnamese press on the Embassy. Apple, who has been a firm advocate of using U.S. leverage with the GVN, claims that we make a practice of going in and hitting the Vietnamese hard on all manner of issues, stimulating Vietnamese irritation and sensitivity. We have commented publicly to the press, in response to questions, that our relations with the GVN cover a wide range of common interests and that they are excellent.

Another reflection of our press problems was the effect created by an unfortunately sharply-edited UPI report of a Thursday night press backgrounder held at the JUSPAO Director's home October 12. The UPI report alleged that there is extensive graft and corruption in the Vietnamese administration of the refugee program. The AID official briefing the reporters at the backgrounder acknowledged the validity of some of the correspondents' accusations that there was profiteering on the part of an unspecified number of district officials. The statements attributed to him by UPI and distributed in the U.S. on October 14 were not accurate, however. We released a statement on October 15 noting an intensification of our activities in the refugee field with the anticipated arrival of 20 experts in the field of refugees this week. A CBS television interview of October 13 and a longer and more detailed study of the refugee problem by UPI, now underway, should help to place this important problem in better perspective.

*October 18, 1967*

The attacks against prominent Chinese continued with an unsuccessful attempt made on October 11 on the life of Diep Van Hung (Chinese name is Yeh Wen Hsing), a member of the outgoing National Assembly and a candidate for the lower house. The Chinese ambassador, Hu Lien, told Ambassador Locke October 3 that the recent rash of attacks on the Chinese community is part of a Viet Cong effort, begun about a month ago, to infiltrate and control the Chinese community.

The Viet Cong radio and Hanoi-controlled Vietnam News Agency reported the second Congress of VC heroes and fighters was recently held in South Viet-Nam. The announcement is of interest as containing a reference to the Viet Cong forces as the "People's Liberation Armed Forces," possibly a new name which will become standard usage in the future. There is nothing new about the attacks on the armed forces and people of South Viet-Nam, whose tragic results are set forth below in the section on Americans and Vietnamese killed.

The Saigon retail price index dropped five points to 290 compared to 295 the preceding week, with prices of protein foods and vegetables declining due to increased arrivals on the market. The imported commodity index rose from 218 last week to 219 this week, with most prices remaining stable.

GVN tax collection for September totaled more than VN\$1.5 billion compared to VN\$0.9 billion in the same period last year, an increase of 72.6 percent. Total tax collections in 1967 will probably exceed by one-half billion piasters the VN\$17.1 billion predicted for 1967. Income tax collections for the first nine months of this year have slightly doubled over those for the same period of 1966, and these taxes represent a significant 17.8 percent of all taxes collected by the GVN.

As part of our anti-inflation program, tight piaster expenditures ceilings for 1967 were imposed on the various elements of the U.S. mission late last year. The results of this piaster control program have been very gratifying: a MACV ceiling of \$42 billion was set—we now estimate MACV piaster expenditures for 1967 will be only around 37 billion; a civilian piaster ceiling of \$16.0 billion was established. We now estimate expenditures of 16.7 billion piasters, only slightly above the ceiling in spite of unanticipated heavy spending for housing the greatly increased number of official U.S. personnel. Counting another 1 billion piasters for emergency handling of cargos during the port crisis, this means total U.S. expenditures for the year of less than 55 billion, compared to the ceiling of 58 billion.

Next year we intend again to carry out an effective U.S. piaster control program, although total expenditures will have to increase by several billion piasters.

GVN spending next year will increase substantially, largely because of increases in military and pacification personnel and because of the further expansion and intensification of the pacification program. This increase in spending will result in further inflationary pressures, though we think they will be manageable. But it is essential that the GVN take effective action to in-

crease its tax revenues at a faster pace. We intend to press the government hard on this matter, and hope to see some results. In particular, I want to try to persuade Thieu and Ky to take action now to increase sharply taxes on gasoline and other petroleum products. This is the quickest and simplest way to provide some increased revenue. Automobile gas now sells here for only 31 cents a gallon and is far too cheap for an underdeveloped country, let alone for a country at war.

An interesting item and an indication of progress is the fact that high profits earned by vegetable farmers in the Dalat area have enabled them to purchase modern agricultural equipment despite high credit costs. Two-wheel, Japanese-made tractors have been particularly popular. 80 of the 100 Kubota tractors imported by the vegetable cooperative in Tuyen Duc province have been sold. If credit restrictions were eased, GVN and AID area officials estimate tractor sales could reach 500 per year.

Returnees during the reporting period were 288, lower than the 1966 figure of 315 for the same period last year. The lower rate may in part reflect the continuing uncertainty on the GVN side pending formation of the new government, which may have hampered activity designed to increase the flow of returnees. There is a question as to whether we will match in 1967 the spectacular rise that took place in the last two months of 1966.

However, the GVN administration of the Chieu Hoi program continues to improve without loss of momentum. Starting this week, the first ARVN reserve officers hired and trained to replace ineffective Chieu Hoi leaders will start work. A total of 25 of these officers will enter on duty this month, and an additional 25, next month. The total number of Chieu Hoi returnees so far this year is 23,906.

During the week ending October 14 the enemy killed 103 Vietnamese civilians, wounded 143 and kidnapped 55. Among the dead were three village chiefs, 1 village council member, four hamlet chiefs, one policeman, and one newspaper editor. During the week the enemy killed 230 Vietnamese military personnel. If we add the civilian and military dead, we get a total of 333 Vietnamese killed by the enemy during the reporting period. This may be compared with 165 Americans killed and 1,260 enemy KIA during the same period. Since January 1, 1967, the Viet Cong have killed a total 2,710 civilians, wounded 5,409 and kidnapped 3,737.

## FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY TWENTY-SIXTH WEEKLY TELEGRAM, OCTOBER 25, 1967 The elections for the lower house which were successfully completed on October 22 mark the fifth time the Vietnamese people have gone to the polls within the last fourteen months. With the country at war, this fact in itself seems to me a truly remarkable performance. What is equally significant is the high percentage of the registered voters which went to the polls in spite of the massive efforts of the Viet Cong, especially in the presidential elections on September 3, to disrupt the polling through terror and threat. This fact together with the large number of candidates for seats in both houses of the Assembly seemed evidence of a great interest in the democratic process on the part of the Vietnamese people. With the completion of the elections for the lower house, we are on the threshold now of seeing the establishment of a functioning, constitutional government with a demonstrable democratic base and the development of all the other organs of democratic representative government. The village and hamlet elections, which took place last spring and summer, in which some 14,000 local officials were elected and are being trained in the processes of government, is an equally significant development. It marks the reinstitution of local government, of getting the people involved in their own development and in their own well-being.

In addition to the inauguration and organization of the new government (Thieu told me yesterday that he expects to announce his cabinet at the time of the inauguration or immediately thereafter), the Senate and the House will have to complete their respective organizations. In the case of the Senate, it is anticipated that this will not be completed until about November 20. In the case of the House, it will probably take longer and I imagine that we cannot expect its organization to be completed until the end of November.

Now we must concentrate on the urgent question of priority programs which should be undertaken by the new government. We recognize that there are both first stage and second stage priorities which need to be considered, and sometimes these are overlapping or closely related in terms of getting the new government moving on the most urgent and important tasks. We are agreed that the primary emphasis now should be on certain first stage priorities, including programs which will have impact during the immediate period ahead. In this connection, it is encouraging that both Thieu and Ky are conscious of the fact that the new government must begin to show visible results in the near future. As Thieu has said to me, "The next six months will be

critical in our ability to demonstrate progress to the people and to gain their support." And again, he said to me only last week, "It is imperative that we Vietnamese do more, militarily, in the reorganization of our armed forces and of our civil administration, in the attack on corruption, in pacification, and in moving ahead with the social revolution in order to shorten the war."

Using the next six months as an arbitrary period, within which we need to see concrete results, we are agreed on the following objectives which we have spelled out in some detail in our Saigon 9096. Priority headings are:

(A) Mobilization measures, such as lowering the draft age, extending service and recalling certain demobilized personnel;

(B) Reorganization and improvement of RVNAF, including leadership, training, improved logistics, morale services, veterans' programs;

(C) Reorganization of the civil administration, including improved pay scales, improving government control, training and quality (through replacement of province chiefs);

(D) Vital pacification measures additional to the above, including attack on the VC infrastructure, related detention center expansion and legal and judicial matters;

(E) Attack on corruption at all levels;

(F) Economic stabilization measures, including increased taxes, particularly on gasoline, and higher resale prices for U.S. rice;

(G) Peace issue, to include willingness to seek a peaceful settlement as continuing GVN policy, and positive steps to seek out members of the NLF and to initiate discussions and move toward reintegration through the National Reconciliation Program.

With the exception of the economic stabilization objective, all of the other "first phase" objectives have been mentioned to me by Thieu and Ky in recent talks with them although not spelled out in as much detail as in Saigon 9096. As I mentioned in my weekly telegram of September 27, I submitted to Thieu on September 24 a document entitled "Democracy, Peace, and Social Justice" as a dynamic thirteen-point program designed to achieve democracy, peace, and social justice and the development of the nation (Saigon 7153). In addition to the first phase of priority objectives mentioned above, other objectives included:

(A) The evolution of the constitutional and party processes;

(B) Full utilization of manpower resources;

(C) Agriculture, including steps to increase production, land reform, and other measures to improve the lot of the rural dweller;

(D) Industry;

(E) Improvement of the cities, including self-help urban renewal;

(F) Education, increasing training of teachers and providing adequate school facilities;

(G) Youth. The government pledges to serve youth and to be open to youth, assuring an important place in the government for young men and women, and establishment of a new and expanded Ministry of Youth.

*October 25, 1967*

In my talk yesterday with Thieu, in addition to expressing general satisfaction with the preliminary results of the lower house elections, he confirmed to me that he has empowered Nguyen Van Loc to seek to form a government. Thieu said he had given Loc several suggested names for each cabinet portfolio, but that Loc may run into some problems in assembling a broadly representative cabinet, since some of the southern Vietnamese are not particularly anxious to serve under him. Thieu was fairly confident Loc is [unpopular] not because of any fundamental aversion to him, but rather as a result of the widely-held belief that he will be essentially subservient to General Ky, who has never been popular with the southerners.

As to some indicators of the new cabinet, General Thieu's brother told us last week that Tran Van Do will probably remain as foreign minister, with the present GVN ambassador to Australia and New Zealand, Tran Kim Phuong, and the ambassador to the Philippines, Pham Dang Lam, being appointed as his immediate subordinates to strengthen the Foreign Ministry. Both Phuong and Lam are able and experienced, particularly Lam, who was secretary-general of the Foreign Ministry from 1957-1963 and was Foreign Minister on two occasions in the cabinets which followed the fall of the Diem government. Lam is considered one of the most capable of the GVN's diplomatic officers. General Thieu's brother also told us that Tran Van An, a respected civilian member of the Directory, may be appointed Minister for Information and Chieu Hoi. In addition, Tran Van Huong, the defeated but highly-respected presidential candidate, has apparently agreed to become a member of the Inspectorate, the body charged with investigating and making recommendations on cases involving corruption. In view of his reputation, he would probably become chairman. An approach is also expected to be made to Ha Thuc Ky, the defeated Dai Viet presidential candidate, to discuss a possible government position for him, perhaps that of government delegate in I Corps.

In separate conversations with Generals Thieu and Ky over the last ten days, I have discussed with them suggestions for the issuance of certain decrees before the inauguration of the new government, in order to maintain forward momentum. The decrees would deal with (1) increased taxes on petroleum products; (2) increase in pay for police; (3) an executive and military pay raise; (4) extension of military service and broadening the draft ages to 18-33 years. Ky agreed in principle with the first three proposals and said he would try to speed action by decree. Thieu said he would sign the decree on extension of military service and broadening of the draft ages on October 24 and Ky later told me this had been done.

In my twenty-fifth weekly telegram I mentioned to you that I had discussed with General Thieu on October 17, during a call in which I was accompanied by Phil Habib and Bill Jorden, the approach to Hanoi which Thieu committed himself to publicly during the election campaign. Although the approach has of course not yet been made, the Viet Cong's "Liberation Radio" on October 10 unceremoniously rejected General Thieu's reported offer in advance. The VC radio reiterated the NLF position in standard language and did not re-

mark on the fact that the letter would be addressed to Ho Chi Minh, rather than to the Front. How definitive this "rejection" is cannot be estimated, but it is hardly surprising.

In a generally related development Foreign Minister Tran Van Do stated in an interview published by Viet-Nam Press October 19 that: (A) the threat of communism concerns not only Viet-Nam but all of Southeast Asia; (B) all troop-contributing nations in the South Viet-Nam "will attend" any peace negotiations; (C) the GVN will play the "main role in any peace talks"; (D) agreed with the Thai deputy prime minister's insistence that Allied nations participate in the negotiations and that the Thai troops are in South Viet-Nam because of the common communist threat; and (E) stated that recent Allied troop increases are not escalation but are only to meet the requirements of the war. These statements appear to be addressed mainly to Vietnamese public opinion which is currently rather sensitive on Vietnam sovereignty and prestige. They seemed designed to underline the primacy of a GVN role in any settlement of the war.

We are looking forward to the visit of the Vice President and his party for the inauguration of the newly-elected GVN on October 31. His visit is a welcome symbol to the people and government of South Viet-Nam of our steadfastness here, particularly in view of the continuing reports of opposition to our policies within the United States. The Vietnamese people, and even the Vietnamese government, cannot be expected to remain unmoved by the reports of demonstrations against the war in the United States, details of which are quickly available to them in the Saigon press. I can readily appreciate that this is not the most convenient time for the Vice President to be absent from Washington, in the closing month of this session of Congress. However, his presence will be a significant contribution to our efforts here and will go far to reassure the Vietnamese.

While statistics must always be treated with some reserve, especially where we get down to the basic hamlet level, our new hamlet evaluation system is providing an increasingly valuable picture of pacification at the cutting edge. For example, by September over 80 percent of the population in 11 provinces was regarded as relatively secure. In 23 provinces between 50 percent and 79 percent of the population was relatively secure. Eight provinces have less than 50 percent secure population, the worst being An Xuyen (only 26 percent) in the far Delta and next worse being Quang Tin in I Corps. During September there were substantial gains in population pacified in six provinces, and significant losses in four—especially Quang Ngai.

Although full and official returns from the lower house elections are not expected to be available until October 26, the general outline of the results is already available. Almost 4.3 million voters, or 72.9 percent of the total registered, cast their ballots for the 137 deputies in the lower house, in 53 constituencies. The voter turnout was quite good in most regions of the country, varying from 65 percent in III Corps up to 80.9 percent in II Corps. In Saigon itself the turnout was only 57.8 percent, which brought the III Corps



figure down. In U.S. terms, at least, this is substantially better than we achieve in most presidential election years.

In statistical terms the initial returns indicate that 35 Catholics (about 25 percent) and 52 Buddhists (about 38 percent) were elected, with the remaining 47 divided among Hoa Hao (13), Cao Dai (5), and Confucianists and others (presumably the rest). The Catholic showing is a strong one, well beyond their proportion of the population (about 10 percent) but much less conspicuous than the almost 50 percent they elected in the upper house. The Buddhist showing is better than it was in the upper house election, but not enough to cause alarm to the Catholics. In regional terms, there are 32 deputies from North Viet-Nam (23 percent), 44 from Central Viet-Nam (31 percent), and two from South Viet-Nam (41 percent), with two others unknown as to regional origin. The deputies' average age is 39.

In terms of personalities, a number of fairly strong figures have emerged as winners in the lower house. In Saigon, for example, there will be two vigorous representatives of the Southern Renaissance movement, Ly Qui Chung and Nguyen Huu Chung, both in their late 20's. Ho Huu Tuong, a 57-year-old former Trotskyite and long-time neutralist, was also elected. Tuong is a well-known and somewhat symbolic figure, whose candidacy for the upper house was initially rejected on grounds of neutralism and whose candidacy for the lower house was rejected on the same grounds. It was then restored on appeal. His election helps to confer credibility on the election as a whole, and one well-known neutralist will certainly be no danger to the Republic under the circumstances. As a whole, I think there will be promising quality in the new house, and this was the view Thieu expressed to me.

As in the upper house election, there was evidently a good deal of more or less random or irrational voting. The press reports that one university-educated Saigon woman was faced with the necessity of voting for six candidates out of 60 running in her district and said she knew only two. She voted for the one she liked, ignored the other, and then "looked for five kind faces." (Candidates' photos appear on the ballot.)

The voter turnout took place despite some opposition from both non-Communist and Communist sources. Although there were few direct calls for a boycott from non-Communist sources, some of the smaller opposition parties in Saigon, such as the Socialist and Democratic Socialist (Hoa Hao) parties, withdrew their candidates in the lower house elections as a protest against what they regarded as "manipulated" results in the upper house campaign. This was essentially a sterile gesture, as ultimately 1,172 candidates remained in the race for the 137 seats, assuring the voters a broad choice. In Da Nang a student opposition group called "Committee of Youth and Students Struggling for Democracy," which is closely associated with militant Buddhist group there, denounced the elections of October 22 as a "rude slander by the Americans against the Vietnamese" and called for a boycott. This student group, which we have reason to believe has been infiltrated by the Viet Cong, had little effect on the outcome, for the voter turnout in Da Nang was 72.1 percent.

The VC and the DRV, as expected, repeatedly denounced the whole election process in South Viet-Nam as a vain American effort to legalize the government in Saigon. A *Nhan Dan* (official Communist Party newspaper in Hanoi) commentary of October 22 noted that Vice President Humphrey is coming to the inauguration but added that "In spite of all these tricks, the Saigon puppets still remain puppets and stooges of the U.S. aggressors." The Viet Cong Liberation Radio stated that "any type of lower house created by Thieu and Ky under U.S. instigation will be but a machine camouflaged with the name of the people's representatives." Although the tone is as uncompromising as ever, VC/DRV action against the October 22 elections was much more limited than that against the September 3 elections. Voting at a refugee center in I Corps was interrupted for about 30 minutes due to incoming mortar fire. However, voting resumed promptly there. There were three other incidents of mortarings near voting places in Quang Tri province. A threat to assassinate General Thieu was placed in a voting envelope in one ward in Da Nang. The threat, which states that "the righteous cause is on the other side of the (seventeenth) parallel," makes it virtually certain that it was of VC origin.

The Buddhist issue continues to simmer on without resolution so far. Thich Tam Chau's announced decision on October 10 to suspend application of the July charter to allow time for further discussions with other Buddhist groups and the GVN has drawn no corresponding gesture from the extremist An Quang pagoda group. According to [name deleted] on October 19 General Thieu met with An Quang representatives Thich Thien Hoa and Thich Duc Nhuan. However, the An Quang representatives showed no sign of being prepared to make any concessions, holding out for a straight-out cancellation of the July charter and reinstatement of the 1964 Buddhist Charter (under which Thich Tri Quang dominated all major Buddhist institutions). A meeting between General Thieu and Thich Tam Chau October 26 evidently led to an offer signed by Thich Tam Giac (one of Tam Chau's associates) on October 22 and directed to the An Quang pagoda leaders, offering to meet with them at any time to discuss outstanding issues. As far as we are aware, there has been no response from the An Quang group, which has publicly referred to Thich Tam Chau as a "traitor." In a conversation with an embassy officer October 21, [name deleted] had some kind words to say regarding General Thieu but indicated the An Quang group believed they had a promise from Thieu to "solve" the charter problem no later than October 24. There was certainly no such promise made. The Directory made clear, in a public announcement issued October 24, that the two Buddhist factions had been unable to resolve their differences and that the problem of the charter remains unchanged. The Directory added that it hoped the two factions would sit down together and resolve the problem of the charter and pledged itself to do everything in its power to help the Buddhists achieve peace and harmony among themselves.

Meanwhile a low level of irritations goes on. There was small demonstration October 23, staged by about 100 Buddhist monks, egged on by An Quang

October 25, 1967

activists, before the province chief's house in Gia Dinh province, just outside the Saigon city limits. The monks were demanding the body of a Buddhist nun who burned herself to death October 22. The province chief explained that she had already been buried as no one claimed the body in the time prescribed by regulations. This apparently satisfied the chief monk of the principal pagoda in Gia Dinh but not the An Quang extremists, who continued to insist that the body be exhumed and given a more formal burial (with attendant hoopla, no doubt). Their demands were refused, although General Loan, Director-General of National Police, offered to cooperate in holding commemoration services. The monks eventually dispersed. Saigon peacefully entered An Quang pagoda October 20, seized copies of a newspaper entitled *Tran Dau* (Struggle) which reportedly contained violently anti-GVN articles, and sealed the press on which it was printed. The newspaper was reportedly edited by Thich Thien Hoa, one of the extremist faction, but it had not received permission to publish.

As I have mentioned, the Senate is engaged in the process of organizing. In its sessions of October 19, 20, 21, and 23 it approved the sending of messages to the national assemblies of Allied nations, the national assemblies of other friendly nations, to the Chairman of the U.N. General Assembly, to the people of the nation, and to the International Parliamentary Union. Senator Tranh Chanh Thanh, the chairman of the Committee on Rules and Procedures, told an Embassy officer October 22 that it would be the latter part of November before the rules were completed. He expressed appreciation for the copy of the Senate rules which we provided him from the JUSPAO library.

Editorial comment on the issue of Vietnamese sovereignty has continued to appear in the Saigon press, much along the lines I mentioned in my twenty-fifth weekly telegram. The bulk of the commentary is addressed to alleged U.S. domination of Vietnamese internal affairs. We doubt this is having much impact on the population as a whole, in view of the limited number of Vietnamese outside Saigon who read the press, although there was some echo of the charges in the lower house elections campaign and we can expect to hear more.

There were some echoes of the case of Truong Dinh Dzu this past week. You will recall that Dzu ran a strong second to General Thieu in the September 3 presidential elections. Sentenced on September 15 to nine months in prison and payment of a substantial fine for bad check and illegal currency transactions, he appealed to the court for reconsideration but again failed to appear personally. The sentence was confirmed October 20 by the same judge (a woman) who had originally sentenced him. He has 10 days in which to appeal the sentence. The initial appeal, which Dzu is almost certain to make, will be to the Court of Appeals, followed by a second appeal to the Supreme Court of Appeals. The procedure being followed is fully in accordance with Vietnamese procedure, and public interest so far is minimal. Ha Thuc Ky, another of the defeated presidential candidates, told us October 19 that the

Vietnamese Bar Association will almost certainly disbar Dzu. Dzu's "Democratic Front" of opposition to the GVN has shown no recent signs of life.

In addition to its reaction to the lower house elections (noted above), Hanoi has also expressed itself on a number of other issues this week. Hanoi Radio reported October 22 that the DRV Foreign Ministry had issued a statement condemning the increases in troop contributions to Viet-Nam recently announced by Australia and New Zealand. The statement said that "Should the Australian and New Zealand ruling circles obdurately continue to lend a hand to the U.S. aggressors in Viet-Nam, they would certainly step into the same path of inevitable failure as the U.S. aggressors." It predicted that "the people and progressive political circles in Australia and New Zealand would certainly step up their struggle and would not allow innocent youths in their countries to be turned into cannon fodder for the U.S. aggressors in Viet-Nam."

In much the same vein Hanoi has been reporting with obvious relish and in great detail the current anti-war demonstrations in the U.S. Hanoi Radio announced October 20 that Prime Minister Pham Van Dong had received an "American peace delegation" headed by one Tom Hayden, of whom we had not previously heard. Along the same line, Hanoi Radio announced October 16 that a "South Viet-Nam People's Committee for Solidarity with the American People" had been founded in South Viet-Nam, apparently as an outgrowth of the September 6-12 Bratislava Conference which brought American leftists into contact with DRV and NLF personalities to "further develop the anti-war movement." We will probably hear more of this solidarity group.

Japanese Prime Minister Satō paid a short, four-hour visit to Saigon October 21, with the schedule abridged considerably from the 24-hour visit originally envisaged, due to the death of former Prime Minister Yoshida. Even so, the short visit achieved the purpose the Japanese Ambassador Nakayama told us was intended: to offer to be of help to the new GVN and to its free world allies. Nakayama said he thought Satō's statements at earlier stops on his trip (in Australia, New Zealand, and the Philippines) were clear evidence of this intention. He added that a primary reason for the Satō visit was to bring domestic Japanese opinion to recognize the reality of Japan's position in Asia and to understand the importance of their being involved both economically and politically in Asia's future. Although the visit was short, it seems to have achieved its purpose. Certainly, General Thieu had every reason to be satisfied at the language of the joint communiqué, which noted that "The Prime Minister of Japan expressed sympathy and understanding toward the efforts being made by the Vietnamese government and people to ensure the independence and sovereignty of the Republic of Viet-Nam."

Beginning this week, the economic indicators include a seasonally adjusted retail price index. On this basis, the seasonally adjusted index (January, 1965 equals 100) was 287, compared to the unadjusted index of 291. The index figure of 291 was virtually unchanged from last week's figure of 290. Most protein food and vegetable prices fell, as did rice, with increasing arrivals of

*October 25, 1967*

local new crop rice and plentiful stock of U.S. remilled rice on hand. The imported commodity index level was unchanged from last week's level of 219.

Returnees during the reporting period was 338, again lower than the 1966 figure of 377 for the same period last year, but higher than last week's figure of 288. The total number of Chieu Hoi returnees so far this year is 24,214. Since the program began in 1963, a total of 72,245 returnees have rallied to the GVN.

During the week ending October 21, the enemy killed 41 Vietnamese civilians, wounded 101, and kidnapped 75. Among the dead were three Revolutionary Development cadre, one village chief, two hamlet chiefs, the wife of a hamlet chief, and one candidate for the lower house. During the week the enemy killed 81 Vietnamese military personnel. If we add the civilian and military dead, we get a total of 122 Vietnamese killed by the enemy during the reporting period. This may be compared with 159 Americans killed and 1,227 enemy KIA during the same period. Since January 1, 1967, the Viet Cong have killed a total of 2,751 civilians, wounded 5,510 and kidnapped 3,812.

## FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY TWENTY-SEVENTH WEEKLY TELEGRAM, NOVEMBER 2, 1967 I believe that no one could have been an observer of the events of the last few days without feeling that he had been witnessing the rebirth of a nation. One sensed everywhere a feeling of confidence, of pride in the fact that the Vietnamese people had the maturity to carry out five elections in the last fourteen months in the midst of war and had been able to establish institutions of representative democracy, a new determination to play a greater part in their own destiny. This came out in a good many ways—in the dignity, in the simplicity, in the good taste of the inaugural ceremonies, appropriate to war time conditions, and in the effectiveness and precision with which they were carried out; in the restrained pageantry of the National Day celebration, the parade shorter this year because of the war but splendidly executed, to the obvious pleasure and approval of the crowds who were watching. It is interesting that Chieu Hoi contingent received a good deal of applause from the crowds and suffered no critical or derogatory comments. And President Thieu's fine inaugural address was a call to greatness, for further sacrifices, for greater determination, for a continual search for peace. In it he referred to the difficulties of the past four years as having been useful in helping to determine the path to follow and opening up a great new era full of promise; in his own words "the greatness and promise of the glories and the difficulties awaiting us." He stated that his administration would have three guiding principles in carrying out his national program: to build democracy, to restore peace, to reform society.

In the pursuit of peace he would propose directly to the North Vietnamese government that it meet with the government of South Vietnam to seek a way to end the war, that he would open the door to peace and leave the door always open. The National Liberation Front would not be an obstacle to peace talks. As in 1954, the Front elements today have the right of choice: "Whoever believes in Marxism is free to go north. Whoever believes, as we do, in freedom and democracy may remain and work with us."

At the same time he made clear the "iron determination" of South Vietnam to defend the ideal of freedom and democracy. While paying tribute to the government and people of the United States and other friendly countries who had rendered assistance he reminded his people "that the present war is still our war and the entire force of the population must be marshaled in support of the overall war effort in order to defend the freedom and sovereignty

*November 2, 1967*

of the country, that all, civilians and soldiers alike must understand the necessity for sacrifice for the common struggle. A united effort must be made to grasp the initiative and shorten the road to peace." He pointed out that this increased effort and determination was not aimed at destroying their compatriots above the parallel. On the contrary it was designed to check the expansion of communist aggression, to preserve stability of Southeast Asia, and to build a lasting peace for Asia and the whole world.

He asked the people for a stronger war effort because all weapons must be employed to achieve victory, not military weapons alone but political, economic, cultural and social as well. A genuine appropriate democratic regime must be built in order to restore participation in national affairs to the people, and to reform society in order to liberate and advance the people. To this end all the people would have to endure many more sacrifices and make many more efforts. To achieve unity and solidarity many things would have to be done: (A) the army must be constantly improved and strengthened but it must also have the backing of moral support and strong popular organization on the home front; (B) a strong home guard must be organized to defend the towns in order to reduce the burdens on the fighting troops; (C) those living in the capital and other cities will have to strive and sacrifice more to reduce the appalling contrast between cities and the countryside which had long borne the greater part of the war burden; (D) and the government must win the confidence of the people so that they will voluntarily accept the efforts and the sacrifices necessary to the war effort. It must carry forward its task of building democracy and reforming society, of raising people's living standards and education, of accelerating the national rural development policy and industrial development.

Among the short term measures the President included a number of urgent preliminary things which he felt should be undertaken immediately: (A) to publicize more widely Vietnam's position and to win world support for its cause; (B) in the social field defense of morals must be promoted, public order and measures vital to the daily life of the city people guarded and increased; (C) economic stability must be promoted and the price spiral halted; (D) national order and discipline and respect for law must be strengthened; (E) opportunities for students and civil servants to serve the nation and to employ their ability and enthusiasm must be opened up; (F) an austerity movement to eliminate the excessive disparity between the sufferings and hardships of the rural front lines and high living in the urban areas must be launched; (G) finally and most importantly, corruption must be stamped out and administrative organization, procedure and personnel improved in order to serve the people better.

In concluding the President appealed for the help of all the people in the common task of this beginning of a new era.

As if in confirmation of this feeling of confidence and the pride which I have mentioned, within the last ten days the Vietnamese armed forces have turned in some really superior performances, five of them outstanding, to

which I shall refer in the military section of this message. During the period of the [U.S.] Vice President's visit 29-31 Oct., the Vietnamese forces conducted 29 battalion-size or larger size operations. They had 4 major, 65 small contacts which resulted in 373 enemy killed, 92 suspects detained and 281 weapons captured. Thirty-five Vietnamese were killed and 146 wounded. The VN Air force flew 275 combat missions and the navy conducted 1,024 sea, river and coastal operations. These actions centered largely in III and IV Corps and were carried out by some elements which had been subject previously to criticism. These are evidences of the steady improvement which has been taking place in the Vietnamese armed forces on which I have previously reported and give the lie to much of the cynical and skeptical reporting emanating from Saigon.

At the same time there was welcome news on the anti-corruption front. Shortly before midnight, October 28, a special court sentenced the former chief of Binh Dinh province, Lt. Colonel Tran Dinh Vong, to death on corruption charges and ordered his property confiscated. Three other persons charged with Col. Vong have been sentenced to life imprisonment with confiscation of property. While it is heartening to see the government move against corruption and to see the court act speedily (the trial lasted only one day), the sentences appear rather draconian and recall the trial and execution of the Chinese businessman, Ta Vinh, in 1966. Vinh's execution was deeply resented in Cholon and may have been responsible for Thieu and Ky's rather poor showing among the Chinese in the presidential election. Hopefully the new government will handle its anti-corruption drive in such a way as to avoid terrorizing the bureaucracy to the point of paralysis.

The press this morning reports action by the special court of Kien Giang province in voiding the election to the lower house of Ta Ngoc Mai, sentencing him to three months of imprisonment and a fine of VN \$20,000. The court also sentenced four of his accomplices to three months imprisonment and fined one of them VN \$10,000. Mai was charged with various cheating schemes including armed pressure upon the voters.

Other evidence of this new feeling of nationalism and pride came out during the [U.S.] Vice President's visit. To a luncheon which I gave for him on Tuesday I invited members of the Senate and the Lower House and representatives of education, labor, civil administration and youth. In a post-luncheon discussion Senator Nguyen Gia Hien expressed appreciation for the Vice President's remarks and for the wise advice of a man who understood both the legislative and executive functions of government. He noted that although political life was a new experience in Viet-Nam he was confident that the new government would be able to meet the requirements of this young country. Its members were approaching their task with goodwill and a strong sense of their responsibilities to the nation. They must serve, he said, as a link between the government and the people—a link which in most developing countries is weak.



*November 2, 1967*

Dr. Phan Quang Dan, former vice presidential candidate, said that the Vietnamese people must play a larger part in conducting affairs in their own country. The war must be won by the Vietnamese with American assistance not by the U.S. with Vietnamese assistance. Now Viet-Nam has a constitutional government of its own and must play a greater role in its own country. There is much to be done in Viet-Nam, he said, and therefore the American is sometimes impatient with Vietnamese leadership and moves in to deal with local problems in his own way. We are, he continued, fighting both against communism and well-intentioned Americanization of our struggle. He asked for patience and restraint and opportunity wherever possible for the Vietnamese now to deal with their own problems in their own way.

Immediately following the inaugural ceremonies President Thieu announced the appointment of Nguyen Van Loc as the new Prime Minister. Prime Minister Ky tendered his resignation and that of his cabinet but agreed to remain in office to handle current affairs until Prime Minister Loc is ready to announce his cabinet and take over the government. The Directorate also resigned after Thieu's inauguration. I asked Thieu this morning how Loc was progressing with the formation of his government and he replied that he had asked Loc to complete his list within four days but that Loc had asked for a week. Thieu confirmed the fact which we had heard from his brother, Kieu, that Loc was having some problems with the southerners who are asking for three cabinet posts: the ministries of Agriculture, Economy and Education. He said that Loc is presently conferring with Tran Van Huong and leaders of the Old School Boys Association on the question of southern representation and Thieu expects that he will be able to resolve his problems. I think, however, we should anticipate that it will be the middle of next week before we shall know the composition of the new government.

It remains to be seen how effective a cabinet Loc can put together and how well they will work as a team. I think nevertheless that he is approaching his task realistically. Thieu told me this morning that Loc was hoping to include a high ranking hoi chanh in the government. Perhaps [14 words excised]. He also confirmed again that Dr. Tran Van Do would continue as foreign minister but with a strong supporting cast in the ministry. Thieu remarked that one of the reasons for the relative ineffectiveness of the Vietnamese missions abroad was the lack of adequate supporting organization at home. Loc also understands the need for continued cooperation between President Thieu and Vice President Ky. Some time ago he told an Embassy officer that everything depends on this. In this respect, it is encouraging that in the talk which Vice President Humphrey had with Ky the latter emphasized his determination to work with Thieu, asserted that he wanted no special responsibilities but wanted a strong government, a strong policy, and to make it work. He was ready to serve Thieu and to do whatever was asked of him.

It is obvious I think that the effort to establish a functioning representative democracy in Viet-Nam will encounter many problems. Some of them will be difficult for us to live with. Political parties will have to evolve and learn how

to function. The process of governing may be slowed by having to go through the legislative process rather than enacting laws by decree. Workable relationships will have to be established between the executive and legislative branches of government. There will be many other problems with which the Vietnamese and we will have to contend. Yet I think we can take considerable pride in the fact that a functioning constitutional government is being established, especially in what seems to me to be a new feeling of confidence and pride on the part of the Vietnamese, and in their determination to increase their efforts and to do more than they have been doing in carrying their share of the burden.

I want to close this section of my message with a brief report on the visit of Vice President Humphrey. In my opinion, viewed from any angle, it was an outstanding success. The Vice President left Saigon at 7:45 November 1 on his trip to I Corps after having spent an extremely active 62 hours with us here. His busy schedule included a morning visiting the mobile riverine forces in the Delta and the National Training Center at Vung Tau in which he evinced great interest both in the excellent briefing and in his visit to the training cadres; a lengthy ceremony at which credentials were presented; private calls on President Thieu and Vice President Ky; a reception at the Foreign Ministry; an informal dinner with the Mission Council; a tour of our new chancery, after which the Vice President gave a moving and inspiring talk to our Mission; a luncheon at my house with a broad selection of Vietnamese political, cultural, and social leaders; calls by the Australian Minister of External Affairs and the Prime Minister of Korea; and a reception and state dinner given by President Thieu Tuesday evening at Independence Palace. Four mortar rounds landed behind the palace while the reception was in progress but hardly caused a ripple of excitement and both the reception and dinner continued uninterrupted. The Vice President's conversations with Thieu and Ky which have been separately reported (Saigon 9986, 9987) were carried out in a most friendly and informal atmosphere and if nothing more had been accomplished the visit would have been extremely worthwhile.

In speaking to President Thieu the Vice President covered a wide range of subjects telling him frankly the chief criticisms of the GVN currently in the United States and stressing the need for the newly elected chief executive to tackle problems with vigor during his first "hundred days." In his talk with Ky the Vice President covered much of the same ground emphasizing the need for cooperation between the Vice President and President, to which Ky responded positively. General Westmoreland reported to me last night on his return from I Corps that the Vice President's trip there had also been a great success, that he had spoken to our troops in the most inspiring way, and talked very frankly to members of the press about their skepticism and criticism of the situation here.

The Vietnamese government and people were tremendously pleased by the Vice President's visit, especially as he was the highest ranking dignitary to attend the inauguration. His frankness, his friendliness, the appropriateness of

*November 2, 1967*

his remarks, and his reaffirmation of our commitment here made an extremely favorable impression and gave a feeling of renewed confidence and encouragement to our allies.

In connection with the Vice President's visit, General Westmoreland prepared some comments on the combat effectiveness of the RVNAF which are worth recalling, particularly as the American press continues critical of the Vietnamese military effort.

As General Westmoreland observes, the notion that RVNAF is not carrying its share of the load is a myth that has tended to become fixed in the minds of our public.

During the first nine months of this year, South Vietnamese forces accounted for more than one-half of the effort spent on large operations by all friendly forces in the country. These operations and many smaller ones in the first eight months of this year resulted in the South Vietnamese losing about three men (9,703 total killed) to every two that the U.S. has lost (6,215 total killed) in the same period.

Other encouraging indications of RVNAF's performance are that the desertion rate is less than half that of early 1966; the number missing in action is 60 percent of that of the first half of 1966; and the rate at which weapons are captured from the enemy, compared to the rate at which RVNAF loses weapons, has more than doubled (now two to one).

I mentioned that within the past ten days, there had been several instances in which the enemy engaged GVN forces and were soundly beaten and driven off with heavy losses. I think it worthwhile to describe briefly the five most significant engagements, which indicate the fighting spirit and will to win of GVN forces when properly led and supported.

(A) At 0300 hours on 20 October, 15 kilometers east of Quang Tri City (in Quang Tri province), the 2nd and 3rd battalions of the 1st ARVN Infantry Regiment were attacked by a large enemy force. The units remained in contact with the enemy until nightfall of 20 October when the enemy withdrew. The fighting resulted in 197 enemy killed, 20 individual and 13 crew-served weapons captured, 49 enemy structures and two enemy bunkers destroyed; at the cost of 18 ARVN killed and 107 ARVN wounded.

(B) At 0815 hours on 21 October, 20 kilometers east of Lai Khe in Binh Duong province, Civilian Irregular Defense Group (CIDG) elements from Vung Tau engaged an estimated enemy company. Contact was maintained until the enemy withdrew at 1740 hours. The CIDG elements swept the area the next morning and found 94 enemy bodies, two boxes of documents, three crew-served and one individual weapon. Friendly losses were five killed, 26 wounded (including two USSF), and three missing.

(C) On 27 October at 0100 hours, four kilometers southeast of Song Be in Phuoc Long province, the 88th NVA Regiment attacked the command post of the 3rd battalion, 9th ARVN infantry regiment. Armed helicopters, AC-47 aircraft and artillery fire supported the defenders. The stout defense by ARVN troops together with the supporting fires drove the enemy off at 0345

hours; the enemy suffered 134 killed and the loss of 37 individual and 20 crew served weapons. Friendly losses were 13 killed (six ARVN, seven civilian laborers) and 44 wounded (24 ARVN, 18 civilian laborers, two US advisors).

(D) Binh Long province, the subsector headquarters and RF compounds of Loc Ninh were attacked by at least two battalions of the 273rd VC regiment at 0115 hours on 29 Oct. At the same time CIDG camp at the Loc Ninh airstrip was attacked with mortars and B-40 rockets. Armed helicopters, AC-47 aircraft, artillery fire and tactical air strikes supported the friendly forces at Loc Ninh and a rapid reaction force comprised of two CIDG companies, the 2nd battalion of the 9th ARVN infantry regiment, and two companies from the 5th ARVN infantry regiment was committed. The 1/18 Infantry (US) was inserted four kilometers west of Loc Ninh as a blocking force and engaged an estimated enemy company from 1208 hours until the enemy broke contact at 1302 hours. The reaction force forced the withdrawal of the enemy from the subsector headquarters compound at 1515 hours. The latest results of the above actions are 160 enemy killed and 19 weapons captured versus friendly losses of 9 killed (three RF, three CIDG, one US, two VN civilians) and 37 wounded (20 CIDG, 14 RF, two ARVN, and one US).

(E) In Cuu Long 178, a search and destroy operation in IV CTZ, the ARVN 32nd Ranger battalion killed 75 enemy on 30 Oct.

It will be noted that three of the five engagements took place at night which rather gives the lie to the oft quoted criticism that "the ARVN doesn't fight at night."

The transitional National Assembly (formerly the Constituent Assembly) sat together for the last time at the inauguration of President Thieu Oct. 31 and was automatically dissolved that afternoon, after the lower house of the new National Assembly formally was convened.

The political organization of the lower house is proceeding steadily, with several groups coming prominently into the picture. Among these are the Nong Cong Binh group (farmers-workers-soldiers) associated with Senator Tran Van Don's upper house list (about 20 members); the Catholic Dai Doan Ket (greater solidarity force) group, with an initial membership of 11 but probably to grow larger with addition of other Catholics; the small but dynamic group of the movement for the Renaissance of the South (initially four, but likely to grow); and the Toan Viet group (All Vietnam Bloc), with four to start, possibly as high as 11 and likely to grow. In addition, we have heard that Prime Minister Ky, assisted by the Director General of National Police General Loan, has linked up, both before and since the elections a total of about 40 members of the lower house who will, presumably, be responsive to Ky's influence in the future. [name deleted] asserted to an Embassy officer Oct. 26 that he thought he could weld together a bloc of about 50 lower-house members. The reported strength of Ky's group (tentatively called the Dan Chu or Democratic Bloc) is open to some question, as the other blocs being formed in the lower house are similarly trying to increase their voting strength and are probably contacting many of the same members. It is also hard to be-

November 2, 1967

lieve that Ho Huu Tuong has been able to collect any considerable strength so far in the lower house. However, in some version, the above is an indication of the groups which will be most active in the lower house. We as yet have no indication that President Thieu is working towards the formation of a bloc in the lower house although eventually he will have to come to grips with the problem of assuring support for his programs in the new legislature.

As the pattern of the lower house elections has emerged more definitively, it is evident that the traditional political parties (particularly the VNQDD and the Dai Viets) have been largely eclipsed, except on a limited, local basis, and several new groupings, described in the preceding paragraph, are emerging which might be the nucleus of the political parties of the future. At the same time, the average age of the lower house is 39, considerably less than that of the upper house. There will be a number of vigorous and forceful personalities in the lower house, including some who will be critical of various aspects of our presence in Vietnam. They remain firmly committed to the struggle against the communists, however, and we will want to listen to what they have to say. The lower house is capable of performing a useful job in developing the substance of democratic government in South Vietnam. General Thieu has expressed satisfaction to me over the general quality of the lower house, a judgement which I share.

Viet Cong and Hanoi comment on the lower house elections has been very light. "Liberation Radio" of the Viet Cong expressed satisfaction over terrorist incidents that disrupted voting and alleged that the 45 [*sic*] percent turnout in Saigon "reflected perfectly the failure of the U.S.-Thieu-Ky clique." The turnout in Saigon was actually 57 percent, but a simple matter like the facts has never troubled Hanoi or the Viet Cong before and obviously does not trouble them now.

The Buddhist internal troubles remain unresolved. Following a series of meetings between General Thieu and the leaders of both the An Quang and the Tam Chau factions, no agreement on the disposition of the Buddhist charter controversy was reached. On Oct. 29 the extremist An Quang group attempted to stage a march from their pagoda to the National Pagoda (the seat of the Tam Chau faction), but were prevented from doing so by the police. There were rumors that extremists associated with An Quang group in Saigon and Danang would stage a number of suicides by fire in an effort to embarrass the GVN around inauguration time. One such suicide took place in Quang Ngai province on inauguration day itself but the event went virtually unnoticed. On the whole, the extremist Buddhists have achieved no significant success in their efforts to create an impression of widespread dissatisfaction with the newly elected regime. As I have reported (Saigon 9853) President Thieu has indicated that there is an inclination on the part of moderate elements in both factions to come together, even if it involves the setting aside of Quang Tri and Tam Chau.

A disturbing development, but one which hopefully is being resolved without serious difficulty, is the effort by the GVN to halt convoys of shipping

on the Mekong River proceeding to Cambodia. The GVN military authorities were understandably upset by an act of piracy in which the crew of a monitor was slaughtered and the ship was delivered by one of the crew to the Cambodian side in return for a cash payment. Alleging that there were VC mines in the river, convoys were halted in mid-October. We were informed confidentially by [name deleted] that there was considerable sentiment within the GVN, particularly among the military, for a complete stoppage of ship traffic on the Mekong to Cambodia. The military have long chafed at Prince Sihanouk's attitude towards the struggle against the communists in South Viet Nam and in particular at Cambodia's at least passive support for the Viet Cong in the border area. The consequence of stoppage in the shipment of petroleum products, in particular, has been to reduce Cambodian stocks to a dangerously low point. Sihanouk has now made a protest to the GVN through the Australian embassy. [about 35 words excised]. I have taken this up twice with Ky, and General Westmoreland has twice followed up with the GVN military. The GVN has ordered that the convoys be permitted to proceed as of November 2. We hope this will break the convoys loose within the next few days.

The retail price index in Saigon was 290 this week, little changed from last week's figure of 291. The imported commodity index was unchanged from last week's level of 219.

The subsidized PL480 Title II corn program ended last week. In the future, corn for animal feed will be nonsubsidized Title I corn shipped into Viet Nam as a commercial import and sold on the free market without restriction as to distributor or end user. Corn will be sold at a price to be determined by the GVN and USAID which is intended to minimize economic hardship for pork and poultry producers while encouraging domestic feed grain production.

Farm labor scarcity is a factor limiting rice production in the Mekong Delta, according to a study by American technicians. Because of the war and the military draft, as well as the lack of security and heavy migration to urban areas, old men, women, children are often the only available farm labor. Some provinces report that thinner stands of rice and lower yields are the result of a lack of experience on the part of the rice transplanters. In floating rice areas, production will be greater than last year, when the crop was ravaged by floods.

Returnees during the reporting period were 452, slightly lower than the 1966 figure of 477 for the same period last year, but again higher than last week's figure of 338. The total number of returnees so far this year is 2,666.

During the week ending October 28 the enemy killed 35 Vietnamese civilians, wounded 100, and kidnapped 92. Among the dead were two hamlet chiefs, two Revolutionary Development workers, and one forestry chief. During the week the enemy killed 210 Vietnamese military personnel. If we add the civilian and military dead, we get a total of 245 Vietnamese killed by the enemy during the reporting period. This may be compared with 173 Americans killed and 1,389 enemy KIA during the same period. Since January 1,

*November 2, 1967*

1967, the Viet Cong have killed a total of 2,786 civilians, wounded 5,610, and kidnapped 3,904.

## XXVIII

### FOR THE PRESIDENT FROM BUNKER:

HERewith MY TWENTY-EIGHTH WEEKLY TELEGRAM, NOVEMBER 8, 1967 In the aftermath of the elections, the inauguration, and National Day, a rather general feeling prevails that hopefully a new era is beginning in South Viet-Nam. This has been reflected in comments in the press that a new historic period is opening and in urging all the people "from the battlefield to the rear" to join together in renewed effort. Pride has been expressed that a popularly elected government with a constitution guaranteeing democratic freedoms for the entire people has come into being; and confidence has been expressed that the Second Republic would be able to instill enthusiasm in the whole people for their nation-building work and for the struggle against Communist aggression.

Among the voters there was a feeling of pride tinged with some skepticism; they had turned out in large numbers and had done their job; now it was time to see whether the newly elected candidates could do theirs.

The intense activity that preceded the inauguration of the president and vice president and the installation of the lower house of the Assembly last week has been followed by a noticeable slowing of the pace of political activity this week. This has been chiefly concentrated in the efforts of the new prime minister to form his government and in the organization of the Senate, and in efforts by Thieu and Ky to marshal support for the government among members of both houses of the Assembly. Loc told me yesterday that he had completed his cabinet list and that announcement would be made November 9, which apparently is an auspicious day. I hope to be informed of the identities of the new cabinet members when I see President Thieu later today.

The Assembly is continuing its work on organization and has completed Part I governing the organization of the upper house and is continuing its work on regulations and procedures. It is hoped that the entire rules which may include as many as 200 articles can be completed in another two weeks.

In the meantime there are a number of forward steps that have been taken by the government, some of which I have previously reported:

- A. The decree covering partial mobilization;
- B. The decree transferring collection of land taxes to the local governments;
- C. Stepping up of the moves against corruption;
- D. The process of selection and screening of new personnel for the positions of province and deputy province chiefs who would be responsible to the



*November 8, 1967*

central government instead of to the corps commanders. Ky informed me yesterday that great care has been taken in the process of selection and screening, that he expected to have this completed by the end of this month and that he hoped to have the new personnel trained and installed by 1 February.

The transfer of power to collect land taxes to the local communities is a long step forward toward the revitalization of local government. I have urged on both Thieu and Ky that having done this, the next logical step would be to transfer the control of land reform to the village councils. And believe that this could be done through the issuance of an ordinance and I have given them a draft of an ordinance which we had prepared. Both expressed interest in the proposal and I shall be following up with them.

Another matter which I have discussed with them and shall be continuing to talk with them about with considerable urgency is the question of the forthcoming budget and economic stabilization. I have reported that Ky had informed me that a ceiling of 95 billion piasters had been established for next year's budget. Since then, however, an increase in military and police pay to take effect January 1, 1968, has been announced and yesterday [name deleted] expressed to me doubt that the budget could be held below two billion piasters. In this connection I have expressed to both Thieu and Ky our view that it is absolutely essential that taxes be increased. I have left with them a memorandum proposing an increase in POL taxes which in our view would be the easiest and quickest way to raise additional revenue. Yesterday, however, [name deleted] expressed to me the view that other taxes, especially import tariffs should be increased, and the tax collection system must be further improved. If these things were done he felt that the gap between revenue and expenditures could be held to 15 billion piasters.

In a talk with Ky yesterday I found him in a good mood and was encouraged to see that he has now focused on moving ahead with vital government programs which hopefully will bring in time early and constructive results. I also have the impression both from his comments and from sources near Thieu that they are both keeping more closely in touch on development of political support for the government.

Ky commented at some length on what his major concerns will be in the new government. The anti-corruption program would be one. He noted that in III Corps alone some 75 officials have been removed for corruption this year. Ky also plans to devote a good deal of his time to pacification and coordination in this field among Generals Thang, Vien, and Tri, and he will personally spend a good deal of his time in the provinces, examining the situation. Ky said he was worried about the generally poor conditions under which the RVNAF operate, citing problems of inadequate pay, difficulties in getting food, etc., observing that something needed to be done for them but the GVN simply didn't have the money.

I told Ky I had no official instructions yet regarding a possible stand down over the forthcoming holiday periods but would like to know his personal views, since he had been so intimately involved in the matter last year. Ky

said he thought we should agree to have a stand down, preferably 24 hours for Christmas, 24 hours for New Year's, and 48 hours for Tet, since these are traditional holidays. He thought it important that we take the initiative rather than let Hanoi or the VC get the benefit of it.

President Thieu has prepared a draft top priority program and a national policy statement covering a short term and a long term program, respectively. They are still not final and may be subject to further review and change before they are made public, presumably at about the same time as the announcement of the formation of the cabinet. Texts of these drafts were transmitted in Saigon 10479 and 10512. The top priority program covers matters touched on in general terms in President Thieu's inaugural address October 31, but they are presented in pithy and direct language. The program calls for:

(A) Demonstrating readiness for negotiations by concrete actions, "such as direct contacts with Hanoi and resorting to mediation by other countries." At the same time, an increased effort will be made to convince world opinion of the justice of the nationalist cause.

(B) Protecting good morality in society by concentrating "recreation areas far from the population" [*sic*]. "All forms of debauchery and violations of morality must be repressed..."

(C) Halting further price increases and regularizing the supply of goods.

(D) Reinforcing order and national discipline.

(E) Encouraging school children, students, and civil servants to take part in civic action projects and putting their abilities to work in the service of the nation.

The program is quite ambitious and covers matters such as Paragraph (B) above which have been the object of government action in many countries throughout history, without any noticeable effect on the situation. The reference to locating "recreation areas far from the population" may be an indirect reference to the allegedly demoralizing influence of American forces in urban areas of Vietnam, which has been referred to on a number of occasions recently in the Saigon press. I might add that I think the behavior of the American forces here has been very good indeed, but there has been a perhaps inevitable increase in prostitution and related establishments, and this may be the basis of the concern expressed in President Thieu's program. The item on "halting further price increases and regularizing the supply of goods" is a matter in which we have been deeply concerned.

The national policy statement is a much more detailed, longer-range program. In effect, it contains all the elements in the "Democracy, Peace, and Social Justice" program which we gave President Thieu in September (Saigon 7153). The order in which the elements are presented is different from our draft, and they are appropriately restated in the Vietnamese manner. The principal points in the program are as follows:

A. Part I—National Policy

(1) The Vietnamese people have forcefully demonstrated their desire to live under a democratic regime and have expressed this will in the Constitution.

*November 8, 1967*

(2) The Communist war of aggression is a dangerous menace to Vietnamese democracy.

(3) We will demonstrate our good will to end the war by peaceful means, but the Republic of Vietnam will stand up against any form of aggression. (However, President Thieu has added the point that "In the context of a negotiation with North Vietnam, we will not regard the Front for the Liberation of South Vietnam as a political party, for the simple reason that it is truly an instrument for aggression by the Communist north in particular and by international Communism in general. We will gladly welcome those who have adopted the wrong way and decided to come back. That is the Open Arms policy that we have started long ago and will always continue to implement.")

(4) Building of democracy and reformation of society to carry out the national policy of Revolutionary Development and to develop the nation in the economic, education, and social fields.

**B. Part II—Guidelines for Actions**

(1) Restoring peace. Making a greater effort in the field of foreign affairs. Strengthening our armed forces. Improving mass motivations that strengthen the people's determination to fight communism in North and South Vietnam. Reaffirming the elements of a national conciliation program.

(2) Building democracy. Completing the democratic institutions provided for in the Constitution. Carrying out elections of city mayors, decentralizing power to the local level, guaranteeing democratic freedoms.

(3) Reforming society. Proclaiming a state policy of rural reconstruction. Maximizing industrial production. Increasing the effort in the financial field to improve tax collections. Developing programs for rebuilding the cities. Developing and expanding cultural and educational programs. Devoting particular interest to programs aimed at training youth to serve the nation. Developing the public health service to protect the people's health.

This is even more ambitious a program than the top priority program described above. Moreover, the major portions of it will require legislation which will have to be approved by the National Assembly. While the upper house will probably be reasonably receptive to the main lines of President Thieu's programs, we do not have as clear a view of the situation in the lower house. This will be discussed more fully in the political section below. On the other hand, it is not without value to set one's sights fairly high, particularly in a country in the condition of South Vietnam, since the people need to see evidence that the government is concerned about their problems in a number of areas. The top priority program and the national policy paper certainly express this concern.

General Gavin left Saigon November 8 after a week's visit to Viet-Nam. General Westmoreland, who has known General Gavin for years, made up a very comprehensive program of briefings and visits to the major areas of South Viet-Nam. In addition, he received a CORDS briefing and spent an hour and a half with Bob Komer November 6. General Gavin has also met with some of the resident American correspondents here, including some of

the most critical ones, so there will be no basis for any possible complaints of "brainwashing." I had General Gavin for lunch on November 1 and saw him again yesterday. He also saw Thieu for about an hour, and Ky briefly. He seemed pleased with the program that was worked out for him and seemed impressed with the quality of the American military units he visited. However, he was very noncommittal on his overall impressions.

In a statement he left for the press, he noted that he had been exposed to both civilian and military problems during his visit. He concluded, "There are numerous problems in Viet-Nam, and, as the press well knows, it takes time to come to precise conclusions regarding them. A statement to the press at this time would be premature."

There were two military actions of particular interest which came to a point of development during the past week. Early in the morning of October 29, elements of the 273rd Vietcong Regiment initiated a mortar attack on Loc Ninh District in northern Binh Long province, about 13 kilometers south of the Cambodian border. The mortar barrage was followed by a heavy ground attack, with the enemy troops firing small arms and B-40 rockets against the defending force of three CIDG companies, a Regional Force company, and a Popular Force platoon. The ground attack penetrated the outer perimeter of the compound, but CIDG and ARVN reinforcements arrived, and the VC were expelled. Sporadic contact continued throughout the day until the enemy broke contact in the afternoon, leaving behind 148 dead. Scattered contacts continued in the same area October 30, and early in the morning of October 31 a second major mortar and ground attack was launched by the VC against the sub-sector compound in Loc Ninh district town. This attack was also repulsed, and from the three-day contact with Vietnamese forces, the VC lost 371 killed and a large amount of weapons and material lost. In follow-up operations in the same area by U.S. forces, up to November 4 the VC lost an additional 369 killed.

Shortly after midnight on the morning of October 27, the 89th North Vietnamese Regiment attacked the command post of the 3rd Battalion, 9th ARVN Infantry Regiment, near Song Be, Phuoc Long Province, following a barrage of more than 200 rounds of mortar and recoilless rifle fire. Three waves of North Vietnamese troops, whose total strength was about 800-1,000, assaulted the perimeter of the ARVN battalion but were thrown back by the defenders, who numbered less than 200. The results of this action clearly demonstrated the fighting spirit of ARVN troops when properly armed and led. The enemy suffered 134 killed and lost 27 individual and 20 crew-served weapons. Friendly losses were 13 killed, including six ARVN troops and seven civilian laborers.

However, in a subsequent action on November 5 only a short distance from the scene of the victorious engagement of October 27 near Song Be, described above, the enemy killed 87 ARVN 5th Division and Ranger troops, plus nine members of a hard labor battalion. Thirty-three ARVN and three U.S. soldiers were wounded, and 25 ARVN troops are missing. In addition,

November 8, 1967

23 carbines, 24 rifles, and six crew-served weapons were lost to the enemy. Fifteen enemy troops were killed. General Westmoreland considers this one of the ARVN's most serious defeats in several months. This engagement further underlines, in a negative sense, the importance of good troop leadership.

I have reported in the general section on progress in the organization of the Senate.

The lower house meets November 8 in its first working session to begin the process of organization, adoption of rules, and ultimately, election of a permanent chairman.

We were encouraged to learn from my conversation with Vice President Ky November 7, as confirmed by President Thieu's brother, Nguyen Van Kieu, to the political counselor the same day, that Thieu and Ky seem to be working more closely together to assemble a bloc of perhaps as many as 80 members of the 137-member lower house to support the government's programs in the lower house. Ky claims to have some 50 members already. In the upper house the picture of support for the government is even better, with the likelihood that at least 40 and perhaps even 50 of the 60 senators will be inclined to support the government programs.

Vice President Ky had some interesting remarks to make to me on November 7 on the structure of future political parties. He said he thought the future parties should come out of the National Assembly and out of the grassroots, rather than be imposed by the government, as happened during the Diem administration. President Thieu expressed similar views to me on November 4, indicating that some of the Senate lists might form the nucleus of a pro-government party (Saigon 10424). Ky also said that Senator Tran Van Don had asked him to head the party which Don is in the process of forming, but Ky said he had refused.

There have been several North Vietnamese developments of interest, although they imply no change on the issue of war and peace. There were four changes in the North Vietnamese cabinet and three changes at high levels of the North Vietnam government, largely focusing on the economic sector and on the system of military justice. The switches appear to be organizational and administrative rather than political and seem to be aimed at improving the management of the severely-strained North Vietnamese economy. It is particularly noteworthy that all DRV governmental changes in the past year (in November 1966 and February 1967) have involved economic and financial positions and almost the same individuals reflecting continuing and unresolved difficulties in these areas.

The First Secretary of the Communist Lao Dong Party in Vietnam, Le Duan, led the North Vietnamese delegation to the celebration of the fiftieth anniversary of the Communist Revolution. Neither the speech Le Duan gave in Moscow November 3 during the joint meeting of the CPSU Central Committee and Supreme Soviet, nor the article he authorized that appeared in the Hanoi Party daily, *Nhan Dan*, the same day, contained any departures from

well-established North Vietnamese positions. He balanced praise for the Soviet Union with praise for the "Communist revolution of the 700-million-strong Chinese people" in a typical North Vietnamese balancing act.

The concern we felt over the interruption of the convoys up the Mekong River to Cambodia was relieved November 3 when a convoy of our general cargo ships, two petroleum tankers, and one other vessel proceeded upriver to Phnom Penh. River traffic has been interrupted since October 16. The Vietnamese resentment of certain Cambodian actions remains, however.

There has been comparative quiet on the Buddhist front the past week. I say "comparative" advisedly, for one of the extremist An Quang leaders, Thich Ho Giac, delivered a fairly inflammatory sermon November 4 in which he praised the five Buddhists who have committed suicide by fire since September 1 for having "struggled for the restoration of the Buddhist Church's sovereignty, of its legal status, and for its right of life." Thich Ho Giac may be excused in part for his remarks, for he was reacting to remarks attributed to the moderate leader, Thich Tam Chau, in the press, quoting him as saying, "If they want to die, I will give them coffins, but they cannot scare anyone with their suicides." However, there have been no mass protests or demonstrations. There are indications that some of the moderate Buddhist laymen would like to see the principal Buddhist antagonists, Thich Tri Quang and Thich Tam Chau, leave the country in the interests of reconciliation. We were told November 7 that a Japanese Buddhist organization was considering inviting Thich Tri Quang to Japan, ostensibly for medical treatment. This would not be without its dangers, for Tri Quang has lost his public relations appeal with the local and foreign press here in Saigon, whereas he would be a new, newsworthy article in Japan. Moreover, from Japan he might travel elsewhere, including applying for a visa to enter the United States, where his views played out on television and in the press would certainly be unhelpful to us. Nevertheless, the best answer to Tri Quang would be broad Buddhist reconciliation as a result of his departure from the local scene and Buddhist participation in the normal activities of the country, so the risk may well be worth running.

One of the sharpest rises in recent months was registered in the Saigon retail price index for this week, moving up to 304 from last week's level of 290. Increases in food prices (including pork, fish, chicken and vegetables) were mainly due to sabotage on Route 4 by the Viet Cong in the Mekong Delta prior to the inauguration and National Day. Heavy rains added to transport problems. Rises in the index so far this year have been 35 percent.

In my meeting with President Thieu on November 4 I made a strong statement of our desire that the U.S. government receive the full 118 piasters in exchange for dollars. I said we had been advised that the Board of Directors of the National Bank had determined that a commission payment of one-half of one percent must be collected on transactions involving purchase of piasters for U.S. military personnel as well as for official U.S. uses. I noted that when the 80 to one rate was in effect for official uses and the 118 to one rate

*November 8, 1967*

for personnel purchases, the National Bank had waived the commission on both. I pointed out that the establishment of a lower rate for U.S. personnel and for U.S. official uses could have serious consequences on American opinion and on the American Congress. President Thieu said he was not familiar with the problem and would look into it.

In my meeting with President Thieu November 4 I also went into several outstanding civil aviation matters, including the status of the Caribou aircraft in Bangkok awaiting clearance from the GVN for use by a U.S. contract agency in South Vietnam; French rights to overfly South Viet-Nam enroute to Communist China; and Continental Air Services operating problems with the Ministry of Transport in fulfilling its contracts with U.S. contract agencies in SVN. President Thieu smiled and said simply that the new Minister of transport should be able to take care of the three pending problems.

Returnees during the reporting period were 362, compared to 392 for the same period last year, and also below last week's figure of 452. The total number of returnees so far this year is 25,023.

During the week ending November 4, the enemy killed 111 Vietnamese civilians, wounded 236, and kidnapped 45. Among the dead were 23 RD workers, 20 national police, two hamlet chiefs, and one member of a village council. During the week the enemy killed 160 Vietnamese military personnel. If we add the civilian and military dead, we get a total of 271 Vietnamese killed by the enemy during the reporting period. This may be compared with 121 Americans killed and 1,894 enemy KIA during the same period. Since January 1, 1967, the VC have killed a total of 2,897 civilians, wounded 5,846 and kidnapped 3,949.

## XXIX

### FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY TWENTY-NINTH WEEKLY TELEGRAM, NOVEMBER 29, 1967 I had a long talk with President Thieu yesterday. My purpose was to provide him with my impressions of the mood in Washington and elsewhere in the United States as it related to the situation here; a summary of the main subjects I had discussed with you during my consultations; and the need for definite signs of progress during the next few months.

I said that one of the principal themes evident in almost all of my meetings, public and private, was the degree of commitment by the government and people of Viet-Nam to the war effort, whether the Vietnamese were carrying their full share of the load and were making the necessary sacrifices. This overall query then broke down into more specific questions as:

(A) Were the Vietnamese armed forces doing their share of the fighting and what was the quality of their performance;

(B) Was the government committed to a serious attack on corruption and was anything being done about it;

(C) Concern over the creation of refugees through out joint military actions and concern regarding their care and rehabilitation;

(D) Land reform, how much had been done and what did the government propose to do;

(E) Economic stabilization and the related problem of taxes;

(F) Progress in pacification and what was being done to root out the infrastructure;

(G) Attitude of the GVN toward negotiations and especially toward approaches to the NLF.

I said that General Westmoreland, Bob Komer and I had endeavored to give a balanced and objective report of the situation here and had tried to counter what we felt had been much subjective and erroneous reporting of development by the press. Recognizing that much remained to be done and that there were many problems still to be solved we had reported there had been nevertheless steady progress, military, politically, and in pacification and nation-building. We also reported that we believed that the progress made in all these areas had established a base from which together we could now accelerate the forward movement.

I then said that I knew that he shared our view of the importance of some early moves on the priority programs that he and I had discussed and on which there was general agreement among ourselves and the GVN. He had



*November 29, 1967*

made this clear in his inaugural address as had Prime Minister Loc in his statement of government policy. I recognized the fact that there would probably be exaggerated expectations of progress here on various fronts and that the new government had to have time to get itself organized and functioning. On the other hand I thought it important that some early and constructive moves be made. Two had already been taken, namely the mobilization decree, lowering and extending the draft age, extending the service of those within the draft brackets and recalling certain personnel to service; and secondly, the decree transferring the collection and administration of all land taxes to local governments. It seemed to me that a logical sequence to the land tax decree would be the promulgation of an ordinance transferring the administration of land reform to the village councils. I recalled that I had already provided him and Vice President Ky with a memorandum on this subject as well as his public remarks on the need for "massive" land reform. Thieu replied that he had this in mind and that the Minister of Agriculture was presently studying the problem.

I remarked that I understood that plans were also underway to restructure the provincial administration and for the training and appointment of new province chiefs. Thieu confirmed the fact that this was already in process and said that at the cabinet meeting to be held Thursday this week, the restructuring of the provincial administration would be taken up, the relations between the province chiefs and the ministry representatives in the provinces defined, and the responsibility of the province chief to the central government established. This would result in a reduction in the authority of the corps commanders over administrative matters and in restricting their authority to the military field. Thieu felt that this would also have a further beneficial effect in limiting opportunities for corruption. As a further move in the GVN austerity program the cabinet will also take up the matter of closing our nightclubs and bars in Saigon.

Thieu said that last week he had taken the Minister of Agriculture, the Minister of Interior and other officials to the Delta area of IV Corps to check on the prospects for rice production and security, especially of Route 4, in order to move rice out of the Delta. He said that he felt there were definite prospects for improvement in production and greater efforts would be directed toward security of highways and waterways to facilitate transportation of produce to markets. He said, however, that storage silos for rice were an urgent need and he intended to approach USAID for some assistance in this respect. I brought up the question of an increase in the price of rice which as you know we have strongly advocated in order to give the farmer a better price for paddy. Thieu replied that the government had on hand high-priced rice which it would have to sell at an advance and felt that a further increase would be unwise at the present time because of the adverse political effects it would have on the new government. The means by which a rise in price would accrue to the benefit of the farmer and not the intermediary is presently under study and still to be worked out. I shall want to go into this matter on

an increase in the price of rice with him again in the near future.

I returned to the question of increasing taxes, especially POL taxes. Thieu replied that this matter was under discussion in the cabinet. He said that there was a general feeling that POL, especially gasoline, entered so much into the daily life of the population in the movement of people and goods, in propelling the thousands of sampans, irrigation pumps and things of that kind that a radical increase in the price would affect the price level in other respects. He said that the new finance minister informed him that through improved collection of taxes and the appointment of a new and competent chief of customs he could secure as much new revenue as would result from an increase in POL taxes. I replied that I thought that an improvement in tax collection was essential but that in view of the large increases in the upcoming budget, increased taxes would also be essential. Thieu replied that he agreed in principle that taxes would have to be increased as would the price of rice but that in both cases it was a question of timing. The government felt that too many actions adversely affecting large elements of the population could not be taken all at one time in view of the need of the government to establish itself firmly.

I think it will probably take one or two weeks more for the new prime minister and cabinet to settle into their offices, organize their staffs, and complete other necessary administrative arrangements. Matters of this nature have been taking up much of the cabinet's time in recent days. There are some excellent people in the new government, others who lack executive experience and still other somewhat lacking in decisiveness. Time and experience will indicate how well the individual members can perform. I think Thieu feels that based on experience and results, or lack of them, some changes may be indicated in the future. We are starting out, however, with the advantage that there is general agreement between the GVN and ourselves on program, on what the priorities should be for the shorter six-months phase and for the longer term. I shall try to make a point of reporting specifically on progress on these priority matters as we shall be pressing for action.

I took up the question of the holiday cease fires and referred to Ambassador Locke's talk with him on November 22 in which ideas were exchanged as to the exact span of times the stand-downs would be observed on the Allied side, as well as procedures to be followed in arriving at an agreed US/GVN position and in coordination with the other members of the seven nations. I said that we continue to believe that 24 24-48 hour [*sic*] stand-downs are [*in*] the best interest of all the Allied forces in Viet-Nam and would hope that we could agree on this position; that fulfillment of the stand-downs after Christmas should be based upon examination of NVN/NC performance during previous stand-downs, in light of all the circumstances at the time, and that we believe the GVN should keep open the possibility of offering to meet with the other side to discuss a longer pause, in much the same terms as was done during the 1967 Tet period.

*November 29, 1967*

Thieu replied that he had no objection to this proposed formula, what he had intended to suggest was that for Christmas and New Year's the maximum stand-down should be 36 hours and that for Tet 72 hours might be agreed to "in principle" if the performance of the NVA/VC during earlier stand-downs had been satisfactory. What he had in mind also was that the Tet stand-down could be extended if it could lead to a "fruitful result" but obviously representatives of both sides would have to meet and confer on the matter. He added that the opposing forces are too close at three points—the DMZ, the Dak To–Kontum front and in Phuoc Long and Binh Long provinces in III Corps—to run the risk of a long stand-down which might give the enemy an opportunity for a surprise attack. He suggested that General Westmoreland confer with General Vien and agree on the terms of the stand-downs, to be followed promptly by a meeting of the seven nations' ambassadors. Do not believe that we shall have difficulty in having our view prevail.

President Thieu has referred publicly on several recent occasions to his plans to send a letter to Ho Chi Minh regarding peace negotiations, despite the hostile comment on the idea broadcast over the Viet Cong and Hanoi Radios. Thieu told the press November 25 that he was asking several nations, including Japan, to transmit the letter. The departure November 25 of Japanese Ambassador Nakayama for reassignment was the occasion for further press speculation that Nakayama would carry Thieu's letter to Ho Chi Minh. However, Nakayama told our Political Counselor at the airport that no final decision or commitment to transmit Thieu's letter to Ho had been made. He pointed out the difficulties which face the Japanese government in dealing with this question and emphasized the likelihood that the letter would be rejected by Hanoi. He made clear that he had informed Thieu of this in his final call on November 24 but also said that this was not a final answer by the Japanese government.

Thieu confirmed General Nakayama's statement but added that Nakayama had said that the Japanese "in principle" would be glad to act as intermediary. Nakayama added that Satō did not believe that he could establish contact soon with Hanoi in view of his recent visits to the United States and to Australia; that he would wish to have some favorable indication in advance that Hanoi would be willing to receive the letter; and that while up to now Japan has had no contact with Hanoi, he would endeavor to make contact.

Thieu then ruminated on the possibility of having the letter delivered through the Pope, noting that the Vatican has various ways of getting in touch with NVN authorities, or through the United Nations, perhaps through the Soviet Ambassador there. I suggested to him the possibility of using the Indian chairman of the ICC since he has direct access to the government in Hanoi. Thieu replied that he has the feeling that the Indian believes that a first step should be a bombing pause which should precede delivery of the letter and is therefore somewhat reluctant to approach him but agreed that the

possibility was worth looking into. I expect to see Ambassador Lukose within the next few days and will try to feel him out.

Knowing of Thieu's concern as well as the general concern expressed publicly here over Ambassador Goldberg's testimony with reference to the NLF, I informed Thieu that I had an opportunity to talk with Ambassador Goldberg and clarified once again the fact that this move was tactical and did not represent a change in the U.S. position. I added that we continued to believe that prospects of accomplishing inscription as a result of the GVN initiative would be very poor whereas some additional Security Council members might support a U.S. initiative. In these circumstances I thought the best approach would be for the GVN to react positively to any U.S. initiative to convene the Council, perhaps sending a letter to the president of the Security Council requesting a GVN participation and suggesting principles similar to those in the U.S. draft resolution. I assured Thieu that Ambassador Goldberg would wish to consult closely with the GVN representative in New York and would be in touch with him prior to any Security Council move. I added that I thought it was very much in the GVN interest to be represented at the U.N. by an able and competent individual who could present their views convincingly and forcefully. This is not the case with the present incumbent.

We are very happy to have with us the distinguished group of American women you invited to visit Vietnam, Mrs. Norman Chandler, Miss Anna Lord Strauss, and Ambassador Eugenie Anderson. Deputy Assistant Secretary of State Charlotte Hubbard, who is here for two weeks, is joining them for most of their program. They have already met with a representative group of community leaders in Saigon and are visiting other areas of the country as well. They are showing a very lively interest in everything and I think they will have obtained a full and fair picture of the situation here, with successes and problem areas balanced, by the time they leave.

The new GVN is slowly getting organized to step up pacification. General Thang, now in charge of Regional and Popular Forces, and the new RD minister, General Tri, are now fully immersed in 1968 planning, with Bob Komer and his crew coaching actively behind the scenes. Meanwhile, the GVN has revived the central RD council, which will be chaired by PM Loc and include all relevant ministers. It will meet once a month, and Komer (who pressed for it) considers it a much-needed coordinating mechanism.

Our hamlet evaluation system figures for October showed very little overall gain in population security. Stepped-up enemy pressure on GVN Pacification areas—particularly in Quang Ngai, Phu Yen, and Khanh Hoa—led to regression offsetting most gains elsewhere. As a result, the total population (including urban) living in relative security remains roughly 67 percent while 16 percent remain in contested hamlets, and 17 percent under VC domination. As Bob Komer pointed out in Washington, we do not expect dramatic changes in this pattern, because pacification is at best a gradual, undramatic process. But with the increased pacification effort programmed for 1968, we should see a gradual cumulative increase in secure population.

*November 29, 1967*

Both houses of the National Assembly made further progress in adopting their rules and are beginning to participate more directly in the national political process. The upper house has adopted 150 of a projected total of 200 rules, while the lower house on November 21 approved an eleven-part outline for internal rules as presented by the Rules Drafting Committee.

Mixed in with the upper house debate on rules was discussion of the merits of the decree on partial mobilization, which was signed by President Thieu on October 24 (referred to in my twenty-sixth weekly telegram). At its session November 25 the upper house decided by a vote of 43 out of 45 senators present to invite Prime Minister Loc or Minister of Defense Nguyen Van Vy to appear before the upper house in the near future to explain how the partial mobilization decree will be carried out. (Article 40 of the constitution gives either house, with the agreement of one-third of the members, the right to request the prime minister or other government officials to appear before it to answer questions regarding the execution of national policy.) Members of the upper house with whom we have spoken since November 25 have made clear that they are not opposed to the purpose behind the partial mobilization decree, but rather to the way in which it was done. They have also explained that they were unclear on what the government's plans were and on what considerations they were based. They felt this was an opportunity for the government to mobilize additional support for the measure which, not surprisingly, has encountered some adverse comment—particularly the plans to mobilize 18- and 19-year olds.

On November 27 Prime Minister Loc received a delegation of the special committee appointed by the lower house to intervene with the government to obtain the release from Army service of 17 students who were mobilized following their participation in rioting in early October. Prime Minister Loc heard them out and stated that he would present the request of the committee to President Thieu. The reaction of the members of the committee to Loc's handling of the matter was mixed, largely as a function of their general attitude. Deputy Nguyen Dai Bang (Hue) indicated his disappointment with Loc's presentation, although this is not unexpected, as Bang is emerging as a determined critic of the government. On the other hand, [name deleted] was encouraged by the responsiveness of the prime minister. [name deleted] has so far been generally well-disposed towards the government.

Since the roundup of recent developments among the Buddhists in Ambassador Locke's personal report to you of November 24 (Saigon 11839), the "moderate" Buddhist faction led by Thich Tam Chau appears to be moving in the direction of making the split in the Buddhist ranks more or less permanent. At a dinner given by one of Tam Chau's supporters November 26, Thich Tam Giac, chief Buddhist chaplain in the RVNAF, the formation of a Buddhist political bloc which would function as a political party was discussed informally. It was interesting that Tam Giac invited Senator Vo Van Truyen and Deputy Nguyen Ba Luong, interim chairmen of the upper and lower houses of the Assembly, respectively, as well as a number of non-

Buddhist political figures, including two well-known Catholics, Senators Nguyen Gia Hien and Huynh Van Cao. The two senators were undoubtedly invited in their political rather than their personal capacities. It is also interesting to note that representatives of the An Quang faction were reported in Hue on November 26 to see about establishment of a political party. One or more Buddhist political parties may emerge in the next few months.

[Name deleted] learned that General Nguyen Ngoc Loan, Director General of National Police, submitted his resignation on November 24. This has since been confirmed. [name deleted] said General Loan is ill, but he also been disappointed that he was not consulted even routinely, in connection with the formation of the cabinet. According to General Loan, Prime Minister Loc did not ask to review the security dossiers of any of those under consideration for cabinet posts, a serious lapse in his view, since Loan reportedly has considerable reservations concerning the new Minister of Economy, Truong Thai Ton who is alleged to have some links to the Viet Cong. (We do not take these reports seriously). Loan has been a generally effective Director General of National Police, one of the most difficult and demanding posts in the GVN. However, he has brought considerable criticism on the government by his handling of the arrest of Au Truong Thanh last September and by heavy-handed appearances in the visitors' gallery of the former National Assembly when critical votes were taken. The new secretary-general at the presidency, Nguyen Van Huong, whom Loan also suspects of having pro-communist links (we have seen no significant evidence of this), is openly critical of Loan's fondness for drink and his habit of playing with a loaded pistol at meetings of government officials. Loan has indicated that he will not withdraw his resignation unless specifically asked to do so by President Thieu. Since these development we have heard that Loc did receive Loan to discuss cabinet appointments and the latter was satisfied that he had had a hearing. We have also learned that Vice President Ky had told Loan that he should take a rest and then go back to work.

The two Republican [U.S.] congressmen who recently visited Saigon, Fred Schwengel (Iowa) and William O. Cowger (Kentucky), appear to have become even more interested in a visit to Hanoi, despite our efforts to point out to them here in Saigon the problems and pitfalls involved in such a visit. While they were in Bangkok November 24-25, they asked the British Embassy to transmit a request to DRV Prime Minister Pham Van Dong for permission to visit Hanoi. Schwengel and Cowger appear to be convinced that the recent remark by Pham Van Dong regarding a possible visit to Hanoi by U.S. congressmen to view bomb damage was directed specifically at them and that they would be failing in their duty and would be showing a lack of courage if they did not take up what they regard as a challenge. This puts the matter in considerably more dramatic and personal a light than the facts seem to warrant. We have no basis for believing that Pham Van Dong was aware that Congressmen Schwengel and Cowger were in Southeast Asia at the time he made the remark in response to a question by a French journalist. Efforts

November 29, 1967

made by our own people here and by our embassy in Bangkok to point out to the two congressmen that they would not be free agents once they were in North Vietnam do not appear to have had any effect on them. They have left Southeast Asia and are on their way back to the United States. It remains to be seen whether Hanoi shows any further interest in the matter.

A five-member delegation from the National Assembly is currently attending the session of the Asian Parliamentary Union in Bangkok. The Assembly delegation is a good one, and the occasion marks the beginning of the return of Vietnamese legislators to international parliamentary gatherings, where they played a useful role in the past. In addition, they will have an opportunity to present the Vietnamese nationalist views of the struggle against communist aggression and subversion in this country.

The adventures of the sailing yacht *Phoenix* continue to occupy our attention. (The problems of the *Phoenix* and its crew of earnest and determined Quakers were discussed at some length in Ambassador Locke's personal report to you of November 24.) The ship returned to Danang November 25, after having been towed out to international waters by the Vietnamese authorities on November 22. It developed that one of the crew, Dr. Richard Butterworth, who had jumped into the water when the ship was being towed out to sea, had become acutely seasick in the rough waters now prevailing near Danang, with the northeast monsoon blowing. The ship was allowed to return to Danang to obtain medical care for Dr. Butterworth, who will be allowed to go ashore and return to the United States by air. The disposition of the medical supplies now on the *Phoenix* is still unresolved. The Quaker group insists that half of the medical supplies must go to the extremist (and generally anti-Government) Buddhist faction of Thich Tri Quang and that the turnover of the supplies take place in front of witnesses. Originally they had demanded that they be present when half of the supplies are turned over to the Buddhist group, although they have since modified this demand, noting that an Embassy representative or a representative of an American charitable group would suffice. We have pointed out to them that the demand is insulting to the Vietnamese and has little chance of acceptance. Actually, the Buddhists have shown little interest in the matter, although there has been steady reporting on the vicissitudes of the ship in the Saigon press. The Quaker group on the *Phoenix* has told us they intend to go to Phnom Penh, Cambodia, to contact the National Liberation Front representative there, in order to turn over medical supplies to him as well. Just to complicate matters further, they propose to travel to Phnom Penh via the Mekong River, transiting Vietnamese territory. To enter the river, they are required to join a convoy, maintaining a speed (about 6 to 8 knots) which the *Phoenix* is not capable of. I imagine we shall continue to hear of the good ship *Phoenix* for some time to come. The Prime Minister has maintained a firm position against accepting the medicines under the conditions insisted upon by the Quakers.

The Saigon retail price index declined slightly to 300 from 301 last week. Increases in the price of U.S. remilled and local rice were offset by declines in

the prices of protein foods, vegetables, charcoal, and firewood. The imported commodity index also remained steady. There was a sharp rise in black market currency and gold rates resulting from devaluation of the British pound and the Hong Kong dollar, though this may be transitory in nature.

During the week ending November 18 there were 217 returnees, compared to 611 during the same period of 1966. This is the sixth straight week when the Chieu Hoi rate has been down from the previous week and down from the corresponding week last year. Total returnees so far this year are 25,765, compared to 16,397 by the same time last year. A rallier who came in on November 17 in Quang Tin province led elements of the U.S. 101st Airborne Division to a VC main force base hospital where 20 VC were captured. Information furnished by the same rallier resulted in the capture of two VC caches which included 1.5 tons of rice, two rocket launchers, and parts and ammunition for many crew-served weapons.

During the week ending November 25 the enemy killed 60 Vietnamese civilians, wounded 73, and kidnapped 77. Among the dead were 26 Revolutionary Development workers and two hamlet chiefs. During the same period the enemy killed 269 Vietnamese military personnel. If we add the civilian and military dead, we get a total of 329 Vietnamese killed by the enemy during the reporting period. This may be compared with 218 Americans killed and 1,826 enemy killed during the same period. Since January 1, 1967, the VC killed 3,366 civilians, wounded 6,587, and kidnapped 4,344.



XXX

FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY THIRTIETH WEEKLY TELEGRAM, DECEMBER 7, 1967 I have now had talks with all three of the top GVN leaders since my return from Washington: with Vice President Ky on November 30th and with Prime Minister Loc, the same day (Saigon 12242, 12347). I reported on my talk with President Thieu in last week's message. Since this was my first official call on the Prime Minister I spent about 1½ hours with him and covered a broad range of subjects. I was impressed with his easy manner and general grasp of the problems faced by his government. Although his ability to administer and direct has not been tested it is apparent that he has given careful thought to many of the priority issues and objectives and is trying to move ahead on them. It will obviously take time for the new government to get fully organized and shaken down. For example, cabinet meetings so far have been quite protracted and lasting three to four hours, becoming at times quite discursive and getting into non-agenda matters. It needs to adopt more rigorous procedures and the Prime Minister is confident that it will be able to establish an effective working pattern.

Following my talks with all three of the top GVN leaders since my return from Washington, I am encouraged by their attitude and by the signs of a coordinated approach to the priority programs and objectives that we both share. Especially all three are aware of the need to get moving urgently on the short term (6 months) priorities. Since we and the GVN are in general agreement as to what these objectives should be I thought it would be useful to comment each week under the specific headings we have established on progress or lack of it and then at the end of each month to attempt an overall evaluation to see how far we have progressed. I might recall what these short term (6 months) agreed objectives are:

1. Mobilization measures;
2. Reorganization of RVNAF;
3. Reorganization of the Civilian Administration;
4. Vital pacification measures, including attack on VC infrastructure and expanded detention centers and related judicial measures;
5. Attack on corruption at all levels;
6. Economic stabilization measures: increased taxes, higher price for U.S. rice;
7. Peace—willingness to seek peaceful settlement, seek out members of the NLF and move towards reintegration through national reconciliation.

To these seven points the GVN has added urban rehabilitation, especially in Saigon whose population has increased astronomically with attendant deterioration in living conditions.

As to specific progress: with regard to mobilization, as you know, a partial mobilization decree has already been issued lowering the draft age, extending service and recalling to duty certain personnel. This will be implemented in stages beginning January 1, 1968. In a note released by the Ministry of Defense to the press on November 29, it was made clear that young men will be called to duty in turn and by age group. Twenty-year-olds will be called as from January 1968; 19-year-olds from April 1968; and 18-year-olds from July 1968. Deferments for education will be continued, although more rigid criteria will be applied. Ex-servicemen will also be recalled to duty, those having less seniority in the service called first.

Reorganization of RVNAF continues though in some areas at a slower pace than we would wish. General Thang has been active in preparing plans and recommendations for the Regional and Popular Forces but some of his recommendations have not yet been acted upon. This is especially true in regard to the appointment of Deputies for Territorial Security in the Corps areas in connection with the pacification program. The GVN has also been slow in implementing changes in some of the top commands. I mentioned this to Thieu yesterday and General Westmoreland will be taking up the matter with him within the next few days. The Vietnamese armed forces continue to show good results of training and have continued to turn in some excellent performances.

Reorganization of the civilian administration has begun in one of its most important aspects, i.e., in the restructuring of provincial administration making the province chiefs responsible to the central government. This should make for much more efficient administration at the provincial level, relieve the Corps Commander of administrative responsibilities and at the same time eliminate much of the "war lord" aspect of his present status. It should also reduce opportunities for corruption. New candidates for the offices of province chiefs and deputy chiefs are being selected, training of candidates is planned to begin in January and hopefully they will be installed in February. In addition a series of seminars is to be started in January at the National Institute of Administration to train present district chiefs and those to be appointed in the future in the principles of administration and governmental procedures.

The collection and administration of all land taxes by local governments which I have previously reported is another important forward step.

In pacification we believe we have scored a minor breakthrough this week on one of our most urgent short term priorities—a successful attack on the VC political infrastructure. At a meeting of all interested Ministries on December 5th, the GVN presented its program which Bob Komer reports is practically the same as ours, a fair payoff for all the hard missionary work he

*December 7, 1967*

and his people have put in over the last several months. I shall be reporting on this in greater detail in the pacification section.

Progress is beginning to be made in the attack on corruption. As Prime Minister Loc pointed out this attack falls into two categories: (a) immediate and drastic moves against individuals, and (b) solutions directed at combating the root causes of corruption. In the first category, in addition to moves previously reported, action has been taken against two province and twelve district chiefs and the Deputy for Administration in Vung Tau who has been relieved and charged recently. For the first time in history province chiefs have asked to be relieved in order to avoid impending investigation. Their resignations have been refused and they are to stand investigation and prosecution. The Director of Military Justice has issued a circular letter to military courts directing them to give priority to trials of the most important cases and that where the accused are found guilty, severe punishments should be inflicted not only as a penalty but as a warning to others. The press has reported that a 2nd Lieutenant and the paymaster of a military unit in Binh Tuy Province has been sentenced to death for embezzlement. It was announced also that 50 additional servicemen would be brought to trial on charges of corruption. The Prime Minister has instituted the practice of direct payment of rewards to hoi chanh thus avoiding payoffs to intermediaries. He has also taken steps to eliminate fraud in tax enforcement. One of the first measures he has announced is the replacement of the Director of Customs, a job well known for its potential profits. In the second category, getting at the root causes of corruption, the reorganization of the provincial administration to which I referred should be helpful for it will eliminate the practice of the province chief looking to the corps commander for protection. Other measures are still to be taken such as the restructuring of pay scales and upgrading the quality of individuals having administrative responsibility and authority.

The GVN is aware of the need to take measures toward economic stabilization. Thieu, Ky and Loc have all agreed that better enforcement of tax collection is essential and have estimated that revenue at present rates can be increased by 3 to 4 billion piasters through more effective collection. They have also agreed in principle that increased taxes and a rise in the price of US rice are both necessary. Because of the tendency of prices, particularly food stuffs, to rise between now and the Tet holidays at the end of January, they wish to defer an increase in tax rates until after the holidays. This involves a political consideration affecting the stability of the new government. They argue that the government must first establish a basis for popular support and that immediate demands for higher taxes and higher food prices in the face of upward pressure of prices in the immediate period ahead could have a serious, adverse effect on the government. I think this is a reasonable assumption and that we should not press them to take action before the Tet holidays.

Regarding a search for peaceful settlement, no steps have been taken other than Thieu's search for a way in which to deliver his proposed letter to Ho. I

have reported my several talks with him on this, the last one being Saigon 12115. He is now waiting to see what suggestions the Vatican may have.

The GVN has set aside a fund of 350 million piasters for rehabilitation of roads and improvement in water and electrical services for Saigon and has asked our cooperation in initiating work on this project proposing that we set up a joint committee to handle it. Our contribution will be chiefly in lending heavy equipment. This we have agreed to do.

I know that there has been growing interest in the press and in Congress in refugees and this has also been a matter of great concern to us here. There are indications, however, that the problem may be getting more manageable. The number of known refugees coming in during 1967 (460,553 during the first ten months) is down considerably from the 980,323 who came in during 1966. For the first time in some years the number of refugees enabled to return home or resettled during 1967 to date has exceeded the new refugees coming in. In fact, of the cumulative total of 2,100,000 refugees reported over the four years since 1 January 1964, almost 60 percent have been resettled or returned to their villages. The 1967 refugee problem has principally been concentrated in I Corps (51 percent) and II Corps (24 percent); in III Corps and in the IV Corps Delta area resettlement or repatriation is proceeding considerably faster than the generation of new refugees. The criticism that refugees have been created by US and GVN military operations is no doubt true in part, but it seems to me equally valid to point out that heavy NVN infiltration in I and II Corps has caused the fighting which creates refugees.

The GVN and US are steadily increasing their refugee efforts. The GVN budgeted 1 billion piasters for refugees in 1966, just over 1.5 billion piasters for 1967 and 2 billion piasters for 1968. On the US side the amount of direct support we provide is only a part of our total assistance. Military civic action plus the growing activities of many voluntary agencies must also be added in.

Two examples of recent RVNAF successes point out the increasing effectiveness of GVN forces:

In the period from the 14th to the 29th November in the battle of Dak To, the 3d Battalion of the 42d (ARVN) Infantry Regiment and the 2d and 3d Vietnamese Airborne Battalions engaged the enemy on numerous occasions. Heavy fighting occurred on the 14th, 17th, 19th and again on the 29th when the 2d and 3d Airborne Battalions engaged an estimated 500-man enemy force. During the battle the RVNAF forces were opposed by regular forces of the 24th NVA Regiment. The cumulative results of fighting during this period for all RVNAF actions during the fighting around Dak To were: friendly—73 killed, 296 wounded and 14 missing. Four hundred seventeen of the enemy were killed.

The Commanding General of the 4th U.S. Infantry Division, Major General Peers, in overall command at Dak To has stated: "Although in the beginning there were only a few ARVN troops in the area, as the battle increased in scope reinforcement was carried out by the ARVN quickly and efficiently. All tasks were carried out in a professional manner with extremely good results.

*December 7, 1967*

All told, the ARVN accomplished every mission assigned in a competent manner."

Early on the morning of 4 December 1967 a Task Force composed of the 3d and 4th Battalions of the 47th Infantry (US), and the 5th Vietnamese Marine Corps Battalion was proceeding north on the Rach Ruong River approximately 11 kilometers northeast of Sa Dec with the 5th Vietnamese Marine Corps Battalion leading. Troops were aboard armored troop carriers (ATC) of the Navy's River Assault Flotilla. When the lead element received heavy small arms and heavy automatic weapons fire along with recoilless rifle and B-40 rocket fire, the battalion commander decided to immediately land his force. The battalion beached under fire and upon landing was heavily engaged with the dug-in, well fortified enemy force. Vietnamese Marines were unable to utilize air support due to the close proximity to enemy emplacements. However, by skillful and aggressive maneuvering they launched a quick, coordinated, four-company attack against the enemy position. The most significant action in this attack occurred when the Marines assaulted this position and killed more than 100 enemy.

Throughout the rest of the day the Vietnamese Marine units continued to sweep the area. The enemy who by now were being pressured from the south, north and east by US units as well as the Vietnamese Marines began withdrawing to the west in an attempt to escape. Contact was broken at approximately 1800 hours that evening. The action resulted in the Vietnamese Marines losing 41 killed and 99 wounded and killing 154 of the enemy.

In the plan for the attack on the infrastructure which I have mentioned the National Police will play the key role, but the GVN will set up a management committee structure at each level from Saigon down to district to bring other contributors like ARVN and RD teams into the act. The GVN also agrees on an urgent detention facilities program.

We greatly appreciate the rapid Washington response to the five urgent pacification requirements which Bob Komer discussed with Secretary McNamara. Funds and people for the attack on the VC infrastructure will give a big boost to this essential activity. Additional advisors to work with RF and PF will go a long way toward giving territorial security the needed emphasis. General Thang, now Commander of RF/PF, is fully behind the concept. He has plans for a greatly expanded PF training program in which our advisors will play an important role. The additional \$27 million from DOD for upgrading roads and waterways, although still less than we need, will spur the economic side of pacification by opening the farm to market routes.

General Thang is pushing through the scheme we have wanted for converting the lowly PF to a motivated force that can fight and build at the same time, just as the RD cadre do today. This will require overhauling PF training, retraining all PF instructors at Vung Tau, consolidating 37 training centers into 11 and building these, and putting 1,000 platoons of 35 men each through the course during 1968. This is a formidable task. We will have to

help with building the physical facilities and may have to provide a portion of the increased salaries Thang plans to give the PF.

Bob Komer has been putting heat on the GVN ministries to spend monies allotted to 1967 projects. New ministries can make their mark best by carrying out ongoing programs effectively rather than changing course now. Hence, we keep close tabs on spending. Chieu Hoi and Psychological Operations have good records, having spent 76 and 68 percent of their respective 1967 funds as of end-October. The Ministry of Revolutionary Development had spent 58 percent of its funds at the end of October. On the other hand, only 31 percent of refugee funds had been used. At the low end of the scale, the Ministry of Security had spent only 13 percent of its 1966 construction funds and 2.5 percent of its 1967 funds—a dismal record. Armed with these facts I can demonstrate to Thieu, Ky and Loc where they need to direct executive action.

The organization of political parties and blocs continues to be a matter of considerable interest at various levels of the GVN. Prime Minister Loc told me November 30 that he thought the government could count on the support of about 80 members of the 137-member lower house and about two-thirds of the upper house. Vice President Ky told me the same day that the government would have fairly broad support in the Assembly. Ky said he thought the government would have as many as 100 supporters in the lower house and about two-thirds in the upper house. I mentioned to Ky the importance of developing local government and administration as a basis for political development in the countryside, but it was apparent that his thinking had not gone very far as yet in this field. In my meeting with President Thieu November 28, he said he was considering how to develop a political party in the countryside. He said he was planning to bring qualified people into the Presidency to work on it and added that he would welcome advice and assistance from us.

In a conversation with an Embassy officer November 20, Tran Van Tuyen, former Deputy Prime Minister (in the Phan Huy Quat cabinet in 1965) and a respected political figure, said he is working closely with Senator Tran Van Don to build a mass political organization. Tuyen expressed concern at the lack of political organization on the Vietnamese nationalist side, adding that once the level of hostilities begins to subside, political problems will continue to be very difficult if adequate political organizations are not in place and functioning. He seemed optimistic about the prospects for progress in this field, however.

The upper and lower house made further progress in adopting their internal rules. The upper house has virtually completed its operating rules and is presently discussing rules on relationships with the executive and with the lower house. The lower house has completed action on 38 of its rules. The pace of both upper and lower houses is certainly slow, a matter which the Saigon press has begun to comment adversely on. One of the Saigon papers particularly criticized the upper house for drawing up 230 articles to govern

December 7, 1967

its internal operations. However, the members of the Assembly feel they will have to live with these procedures for a long time, and later amendment will be more difficult than careful drafting in the first place.

In a conversation with the Political Counselor on December 1 Foreign Minister Tran Van Do reviewed various aspects of an early move to initiate action in the Security Council of the UN on Viet Nam. Do indicated his understanding of our general position. Do noted that, according to the Saigon press of December 1, the NLF, in a communication to the DRV, referred to itself as a government. He said that if the Viet Nam question is raised before the Security Council he would not be surprised if the NLF insisted on being heard as a government, rather than as an organization. He noted the problems posed for the GVN would be obvious and would require careful consideration and consultation. We subsequently learned that the reported NLF reference to itself as a government was incorrectly reported. However, the incident reflects the GVN's concern about the status of the NLF.

This concern was further highlighted by a Foreign Ministry statement issued December 4 in Saigon (reported in Saigon 12687). The statement reaffirms the GVN's desire for peace but states that direct talks should be held between North and South Viet Nam "if a lasting and reasonable solution is to be reached." The statement notes that the GVN cannot accept "temporary solutions, full of hidden thoughts, as the one taken in 1954-1955. They cannot accept either patched-up solutions that conceal an actual surrender. ... History has shown that to yield to threats is but to give further motivation to the communists, and a false peace today will pave the way for even more dreadful wars tomorrow...." The statement was generally sound and a reflection of the GVN's true views on the subject.

The Quaker sailing yacht *Phoenix*, whose adventures in Da Nang were recounted in my twenty-ninth and previous weekly telegrams, arrived off Vung Tau, near Saigon, on December 5. Its intentions remain somewhat unclear, but we have received for delivery to the ship a message from a Quaker representative in Phnom Penh, who has been attempting to make arrangements for the ship to visit Cambodia. The representative appears to have urged that the ship attempt to ascend the Mekong River, rather than go around Point Ca May to Sihanoukville, on the ground that the situation in Cambodia is very delicate. We can only assume that, in the wake of the revelations of VC/NVA bases on Cambodian soil, the Cambodian Government does not wish to have the Quakers turn up in Sihanoukville to turn over medicines to NLF or DRV representatives. The GVN has made clear to us that it does not want to discuss delivery of medical supplies further with the *Phoenix*. It seems unlikely that the ship will be allowed to go up the Mekong. We are sending an Embassy officer and a U.S. Navy officer to contact the ship December 6 to deliver the message from the Quaker representative in Phnom Penh and to make clear we do not plan to intervene further on behalf of the ship with the GVN authorities. The continued insistence of the Quakers on assuring delivery of half of the supplies to the anti-government extremist Bud-

dhist group has made impossible unloading the supplies in South Viet Nam. If the Quakers turn over the medical supplies to NLF or DRV representatives in knowing violation of our laws, we can safely assume that they will not specify that half of the supplies must go to anti-NLF or anti-DRV groups. But that is the double standard of conduct that some groups apply to the situation here in Viet Nam.

The Saigon Retail Price Index remained steady at 300 (January 1965 equals 100), as increases in rice prices were counterbalanced by decreases in the prices of fish and shrimp. The Imported Commodity Index fell by one point from 225 last week to 224 this week (January 1965 also equals 100).

Vietnamese Finance Minister Luu Van Tinh, in reply to press questions, stated that devaluation of sterling would not have a serious influence on the Vietnamese piaster in view of the small volume of commerce between Viet Nam and Great Britain. He said that the piaster rate, based on the U.S. dollar, would not be changed. The black market piaster rate in Saigon remained essentially unchanged at 156 to the dollar, though it is more than 160 to the dollar in Hong Kong.

During the past week there were 309 returnees, compared to 217 the previous week and 556 during the same period in 1966. RD Cadres have been credited with inducing 889 VC to rally, and Static Census Grievance units have been credited with inducing 1,551 other VC to rally during the first 10 months of 1967. The Census Grievance units have been employing returnees for identifying VC in market places of district and provincial capitals.

During the week ending December 2 the enemy killed 121 Vietnamese civilians, wounded 274, and kidnapped 143. Among the dead were 14 RD workers, five Chieu Hoi returnees, four National Police, two hamlet chiefs, and three hamlet officials. During the same period the enemy killed 216 Vietnamese military personnel. If we add the civilian and military dead, we get a total of 337 Vietnamese killed by the enemy during the reporting period. This may be compared with 133 Americans killed and 1,358 enemy killed during the same period. Since January 1, 1967, the VC have killed 3,487 civilians, wounded 6,861, and kidnapped 4,487.



## FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY THIRTY-FIRST WEEKLY TELEGRAM, DECEMBER 13, 1967 The past week has been marked by an intensification of military activity throughout the country; by progress of both houses of the Assembly in organization, the Senate having completed approval of its rules; by apprehension and sensitivity on the part of the public press and officials concerning the US attitude and intentions toward the NLF; and by continued progress in the GVN priority programs.

RVNAF and free world forces have given a good account of themselves and the communists have suffered a series of heavy military setbacks in the past week. Performance of RVNAF has been a further encouraging demonstration of the improvement in the quality of these forces. They have more than held up their end.

The Senate having completed approval of its rules and regulations is expected to elect officers this week, to proceed with the formation of committees and should soon get down to serious work. The house has lagged behind but is making steady though slower progress.

Sensitivity about US relations with the NLF were heightened by the report of the arrest of an NLF emissary, by the false newspaper accounts that high officials of the Embassy had been in contact with NLF representatives in Saigon, and by reports on the possibility of NLF representatives coming to New York. In my talk with President Thieu on December 6 I called his attention to these unfounded and false statements in the press, to widespread editorial comment based on false assumptions and my very definite feeling that some GVN officials were in part responsible for the rumors. I added that I knew it was not necessary to assure him that no consultations would be undertaken with the NLF without full consultation with his government. I said that I thought that a statement by the GVN to allay these false reports, which could only be damaging to our relations, would be in order. Forthright statements by Prime Minister Loc and Foreign Minister Do on the next day, December 7, and the helpful statement made by the spokesman of the Department of State on December 8th have helped to abate these suspicions. I held a press reception for Vietnamese editors on December 7, at which I made the same point, with beneficial effects in the Vietnamese language press the next day. The statement by the Department spokesman on our view of the situation at the UN and a future political structure in the south also helped to

clear the air; the Vietnamese continued however to be highly sensitive about the NLF and our attitude toward it.

The situation of course is not helped by such things as the article in the forthcoming issue of *Newsweek* alleging that there have been increasing numbers of contacts between American and VC representatives. The substance of the story has already appeared in the Saigon newspapers. I told Thieu there was no truth in these reports and I had no idea of the sources of the allegations.

We have virtually completed coordination of the Christmas stand down question with the GVN, with agreement reached on a 24-hour ceasefire at Christmas and in principle on 24- and 48-hour ceasefires respectively at New Year's and Tet holidays, provided the Christmas stand down is carried out satisfactorily. I expect that this will be fully resolved in a few days. Foreign Minister Tran Van Do expects that the announcement can be made this week, when coordination with our other allies is completed.

General Westmoreland told me on December 11 that during a meeting between him and Minister of Defense Vy on December 9 the latter had said that President Thieu and General Cao Van Vien had agreed that GVN forces, in "hot pursuit" of enemy forces near the Cambodian border be permitted to pursue them across the border. GVN pursuers would not remain in Cambodia but would withdraw as soon as contact was broken or the enemy forces defeated. I discussed the matter with President Thieu on December 12, pointing out the difficult problems that the proposed GVN policy would raise for us. I recommended to him that he hold in abeyance any final decisions on this policy and make no further public statements on the subject until our positions have been clarified, saying that we hoped that we might have some influence on Sihanouk and that we wanted at least to make an effort with him. Thieu said he understood our concern and agreed with what I proposed.

I took Senator Percy to call on President Thieu December 12. The Senator said he wished to make clear to Thieu that no responsible people in either the Democratic or the Republican Party favored U.S. withdrawal from Viet-Nam. He asked Thieu what he thought the prospects were for negotiations. Thieu replied that he felt he knew the political thinking of Hanoi pretty well and that he saw no chance of meaningful negotiations before the U.S. elections. He thought the enemy would keep up military pressures against us and try to achieve some victories which would have an impact on American opinion. Senator Percy discussed foreign support from the GVN and commented that there is a feeling in the U.S. that if other Asian nations also thought Viet-Nam was important, we would like to see a greater degree of support from them. Thieu mentioned the planned increase in Thai, Australian and New Zealand forces. Senator Percy suggested that nations such as Singapore, Malaysia, the Philippines, and Japan might do more. Thieu reviewed Japan's contribution on the non-military side and commented that the GVN would welcome any additional Asian aid that might be offered.

The afternoon of December 12 Senator and Mrs. Percy and their party at the Senator's insistence flew up to Dak Son in Phuoc Long province near the Cambodian border, the unfortunate village which the communist attacked on Dec. 5, killing a large number of civilians with grenades and flame throwers. While visiting there, the VC fired several mortar rounds at the town. The Percy party was unhurt, though the Senator was scratched when he dove for cover. Even though the Senator insisted on visiting Dak Son I think we should not have permitted him to go and we are tightening up our procedures. I'm sure he doesn't have to be told that those communists out there are not "peaceful agrarian reformers," as some of our critics would have us believe.

**Priority Programs:**

(A) Mobilization measures—The new partial mobilization decree discussed in last week's message is in line with the steps recommended to the GVN by the Mission Council. In general, the regular forces requirement for the first quarter of 1968 should run 20,–25,000 men. It is expected that one-half of this requirement will be met through volunteers leaving 10,–20,000 to be conscripted. The director of mobilization indicates that he expects to meet his requirement for conscripts through draft-dodger roundups, by calling men in the 20-year-old age group, and by calling those former students 20 years old and above who will lose their educational deferments on 1 Jan 1968. Therefore the number in the age group 21 to 33 in the labor force [that] will be called during the first quarter of the calendar year should be minimal. The subject of calling the 18- and 19-year age group has been discussed at some length with the director of mobilization. There appears to be strong political opposition to this proposal, and it appears that the GVN must move slowly on this. We shall discuss with the GVN ministries a list of the essential occupational skills within their areas of interest. These essential skills should be listed in order of priority and submitted to the Minister of Defense as positions to be considered for the "mobilization in place" provision of the decree law. Continued refinement of this list can be accomplished as a joint US/GVN effort. We hope that the Ministry of Defense will delay the conscription or recall of such persons until a final refinement can be made.

(B) Reorganization of RVNAF—Logistic improvement in RVNAF is expected in a plan presently underway. This will streamline ARVN infantry divisions support capability by consolidation by various direct support companies into a functionalized support battalion. This should bring improvement in command and control, increased general response and, most important, inculcation of a forward moving concept of support.

An example of the continued improvement of the Vietnamese armed forces was the brilliant performance of the 21st ARVN Division in Chong Thien province in the Delta. A search and destroy operation, Dan Chi III 15C, was launched in the early morning hours of 8 Dec about 9 kilometers northwest of Vi Thanh. The battle began when friendly elements were helicopter lifted into the area of operations to form an encirclement of enemy forces. The 43rd Ranger, 44th Ranger, two companies of the 3/31st Infantry

and 2 companies from the 43rd Rangers were lifted to the south and southeast of the Kinh O Mon Canal. One company from the 42nd Rangers, one company from the 31st Infantry and the 2/31st Infantry were helicopter lifted into blocking positions, encircling and trapping the enemy. By mid afternoon the 2/9 Cavalry troops maneuvered up the east side of the canal and all elements began to tighten the noose. Heavy contact was made and maintained throughout daylight hours of the 8th. During the night of the 8th sporadic fires were exchanged and on the 9th friendly elements continued the attack by sweeping the enemy positions from two directions. Heavy fighting continued all day on the 9th. As of daylight on the tenth sporadic contact continued. Cumulative results of this operation so far show 439 enemy killed and 31 detained. Friendly casualties are 67 killed and 109 wounded, six of the wounded are U.S.

(C) Reorganization of civilian administration—A welcome development has been the plans of the new Minister of Transport and Communications, Luong The Sieu, to overhaul the organization and management of Air Viet Nam, considered by the former minister to be largely a fief of his own. The minister proposes to serve as chairman of the board, appointing the outstandingly able AVN technical director, Nguyen Tan Viet, as president. Nguyen Tan Trung, the capable ex-general manager (ousted by former Minister Thuan in Aug. 1967) will be re-employed in the capacity of financial and administrative director. Minister Sieu has instructed the new Secretary General of Transport Thien to recover as much as possible of the more than one million dollars paid to Air Viet to date [and then] apparently distributed to various and sundry beneficiaries by Thuan from a separate extra-legal account. The company is to be recapitalized, the 25 percent French interest bought out, and 49 percent of a capital stock reissue offered for sale to the Vietnamese private sector. The airline will move ahead rapidly to acquire Boeing's 727's (it will be recalled that Thuan was reported to be on the verge of buying Caravelles). The minister intends to put these into domestic service at 9 internal airfields, and has set as a first priority target improving the image of the airline and the new GVN in the rural areas.

(D) Pacification measures—This vital priority area is in the midst of a spurt of year-end activity, as GVN agencies seek to complete both the 1967 program and plan for the more ambitious program scheduled in 1968. Since the Vietnamese year really runs from Tet to Tet, the GVN is counting on using January to finish up 1967 effort before launching the 1968 program following Tet, the end of the lunar year. General Tri, the new Minister of Revolutionary Development, and General Thang are working well together. Both have been spending more than half their time in the field. So far the 1968 plans they have approved have been entirely in line with our objective of stepped-up pacification in 1968—number of [pacified] hamlets is more than 50 percent greater than in last year's plans and substantial budget increases have been granted. Moreover, the comprehensive military/civil planning on priorities, level of effort, and creation of additional RF/PF that preceded the

field review is paying off. I believe that the reorganization of our advisory and supporting role which you approved last June has been even more successful than expected. Single management has paid off. Integration of our civil-military effort has resulted also in creased Vietnamese military interest in Pacification as well. A most promising development is General Thang's intent to train most Popular Force platoons, beginning with some 35,000 men in 1968, for pacification duties as well as local defense. The PF soldier is no longer to be merely a combatant. He must also serve as a cadre whose duty is to fight and build at the same time. The PF training program will be totally overhauled, instructors will be retrained at Vung Tau, 44 mobile instruction teams will be formed, and the 37 small PF training centers will be consolidated into 11 larger, more effective ones. This is a tall order, which we will probably have to support with additional military advisors and some construction assistance.

On the problem side, Bob Komer is disturbed by the continuing high rate of RD team attrition, which is back up to 25-30 percent after an earlier drop. Of course, the RD cadre-men are volunteers, and allowed to quit if they so desire. We are developing a package of remedial measures, including more military discipline. The new mobilization decree may also reduce attrition, since RD team members are temporarily draft exempt.

(E) Attack on corruption—Prime Minister Loc is continuing to take measures in his attack on corruption. In addition to the action being taken against the former Minister of Transport and Communications, reported above, and the replacement of the Director General of Customs, President Thieu mentioned to me yesterday that the former Vice Minister of Information and the Director General of Supply are under investigation. He said that the Prime Minister is also clamping down on activities abroad by Loan's secret security service operator, Mai Den, whose activities had not been confined to collecting intelligence. Thieu said that as a result of these actions by the Prime Minister individuals who had been ousted had started a press campaign against Loc. Thieu added that he recognized the difficulties this created for the Prime Minister but had instructed him to go ahead and said that he intended to ask him fully on these measures.

(F) Economic stabilization—Although in the period immediately preceding the American military build-up the war was going badly, there was little pressure on the country's economic resources. With the arrival of American troops, the situation began to change. Prices rose by 125 percent between May of 1965 and July of 1966. The rice harvest declined by one million tons, and about one and a half million people left the land. By the end of 1966 the economy had reached full employment, a much greater degree of urbanization, and imports were providing a large part of the basic food supply.

This year, 1967, has been a relatively stable one. Retail prices have increased 30 percent overall, about half of that during the first quarter. Food prices, particularly rice, pork, and fish, have increased the most. There is little or no unemployment, but labor shortages are serious only in the higher

skills. Finally, gains in real income made by some urban classes in 1965-66 have now spread to rural areas.

Imports have been the most effective anti-inflationary tool used during the past three years. The total level of imports more than doubled from 1965 to 1967, and the successful devaluation of June, 1966, greatly increased their money-absorbing effect. But since imports alone cannot completely control inflation, we have made efforts to convince the GVN of the need to increase domestic tax collections, with only modest success. Credit has been effectively restrained, but no effort has yet been made to encourage savings through high interest rates. There has been some success in holding wages down, but salaries of public servants have fallen behind, and their morale and efficiency have suffered. Price controls and rationing have never been successful in Viet Nam, and we have opposed their use by the GVN. In the future we plan to concentrate more heavily on encouraging an increase in domestic production as a method of containing inflation. Since resources are fully employed, major advances will be difficult, but because resources are sometimes employed inefficiently, some progress can be made.

Finally, it has been necessary to set expenditure ceilings on our own programs. The 1967 ceiling of 58 billion piasters has been held, and we are trying to hold 1968 expenditures under 63.2 billion piasters. Prices next year could be about as stable as this year, but there are some dangers, particularly in the first half. The new Vietnamese government will probably take some months to settle down to hard economic decisions. It may be difficult to hold within reasonable limits the long deferred civil service wage increases. And in the first half of the year import arrivals threaten to go through a temporary decline. For the year as a whole we anticipate that money supply, the chief indicator of inflationary pressure, will increase by slightly more than it has in 1967, and inflation should continue to be held to a tolerable level.

(G) Peace—We have been in close touch with the GVN regarding a possible new initiative on Viet Nam in the UN. The GVN understands our position on a possible invitation to the NLF by the Security Council and appreciates that, as a consequence of Security Council Rule 39, we would be obliged to document NLF representatives to appear. In a conversation with the Political Counselor Dec. 11 Tran Van Do made clear that, in such an event, the GVN would only appear pursuant to Article 32 of the charter (appearances by members and nonmembers states) in contrast to the NLF, which would appear pursuant to Security Council Rule 39 (statements by individuals and groups). Foreign Minister Do told the Political Counselor he expected to issue a statement in the next few days which would clarify the GVN position on the appearance of the NLF at the UN and related questions.

In my conversation with Pres. Thieu Dec. 12, I brought him up to date on development in New York, noting in particular that Ambassador Goldberg has been in close touch with the GVN's representative at the UN, Ambassador Nguyen Huu Chi. Thieu asked my opinion on the probability of action in the Security Council. I replied that I thought action unlikely in view of the

*December 13, 1967*

unchanged Soviet attitude on Viet Nam. However, the Mansfield Resolution, which was recently unanimously approved in the Senate, required us to explore the situation carefully, which we were doing. I noted that Hanoi Radio on Dec. 9 reported that the NLF denied as "sheer fabrication" the reports that the NLF wished to send representatives to the UN.

During my meeting with President Thieu Dec. 6 (Saigon 12876) I reviewed with him the status of his proposed letter to Ho Chi Minh suggesting direct talks between North and South Viet Nam. He has not yet completed drafting the letter, though he indicated it would be very similar to the draft I left with him Nov. 28. He is still having problems with finding a suitable channel for delivery of the letter. Hanoi and the NLF have already rejected the letter in radio broadcasts.

In a conversation with the Political Counselor on Dec. 11, Foreign Minister Tran Van Do said that he had drafted a statement for Prime Minister Loc to issue which restate the role and future possibilities for Chieu Hoi ralliers under the GVN national reconciliation policy. It would make clear that ralliers who give up communism would be welcomed, given full rights as citizens, and their talents used by the GVN in accordance with their qualifications. This would be a logical domestic counterpoint to the very firm statement issued by the Vietnamese Ministry of Foreign Affairs on Dec. 4 which makes it clear that, while negotiations between North and South Vietnam are necessary to bring the war to an end, the GVN will refuse to accept the presence of the NLF as a separate delegation in any peace talks. We understand that Prime Minister Loc will make a statement in the National Assembly on the subject. This will give it greater weight and will associate the Assembly more directly, in the mind of the public, with the stand of the government. The upper house, for its part, on Dec. 8, approved a declaration condemning acts of terrorism and sabotage by the National Liberation Front.

Since I understand that the Moss Committee may issue a report on land reform this week I thought it would be interesting to summarize the recommendations for policy recently proposed to us by J. Price Gittinger of the World Bank who studied the matter here for two months. Mr. Gittinger believes that land reform is not one of the most critical issues facing the United States in Viet-Nam. Tenure grievances are not high on the list of peasant complaints, and the inequality of holdings is not a serious problem compared with conditions in Latin America where in some countries nine percent of the owners hold 90 percent of the land in units of more than 100 hectares. More than a third of all rented riceland in Viet-Nam was expropriated for transfer to former tenants during the land reform of the fifties, and over 80 percent of the land is now held in units of less than 50 hectares.

Nonetheless, Mr. Gittinger recommended that we give continuing attention to speeding up the distribution of titles on former French owned lands and proposed further consideration of possible expropriation of all non-resident land should there be objective evidence that this is necessary in support of pacification. Moreover, in my talk with President Thieu today I urged him to

promulgate the ordinance we have prepared suggesting the delegation of land tenure administration to the local village councils. He replied that this and other measures were under study by the Minister of Agriculture who was working on a comprehensive plan of land reform. He added that he expected that this plan would be presented to him within a few days and that he would endeavor to take it up at the next cabinet meeting.

Mr. Gittinger's findings confirm the view of the mission here that the land reform problem is not so serious as has been suggested by some.

In a call on Prime Minister Loc on December 4 (covered in Saigon 13141) Ambassador Eugenie Anderson suggested that the GVN was not doing enough to present its cause abroad. Loc admitted that this was the case and that improvement of the Vietnamese diplomatic service was the first point in the government program he announced on November 13 (Saigon 11131). He said he planned to strengthen the Foreign Ministry as well as Vietnamese missions abroad. A subsequent conversation with Foreign Minister Tran Van Do indicates that while he is planning certain changes to improve the functioning of the Foreign Ministry and foreign service, especially in the information field, his plans are not as extensive as we had hoped. Pham Dang Lam, Vietnamese ambassador to the Philippines, will apparently function only part-time as under secretary at the Ministry of Foreign Affairs, commuting from Manila. Lam, who is experienced and capable (long-time Secretary General of the Ministry and Foreign Minister in 1964 and again in 1965) might have done a good deal to reinvigorate the GVN diplomatic effort, but we understand he did not want to return to Saigon. Do told President Thieu he did not really need Lam to assist him in this effort. It has become a somewhat delicate personal issue, so we are not pressing in on it at the moment. We shall see how this develops before deciding what might be most helpful from our side.

In the same conversation with Ambassador Anderson, Prime Minister Loc pointed out that the plethora of statements about Viet-Nam emanating from the United States causes great difficulties for the GVN, compounded by the fact that the U.S. as a country has vast communications resources which tend to overwhelm Viet-Nam through the radio, newspapers, and even on TV. Loc said that irresponsible remarks by U.S. opponents of our policy in Viet-Nam have a demoralizing effect on public opinion in South Viet-Nam and encourage the North to fight on in the belief that sooner or later dissension in the U.S. will cause us to withdraw from South Viet-Nam. Ambassador Anderson explained that we could not simply silence our critics, although we recognize the deplorable effect their pronouncements can sometimes have on those fighting for their freedom in Viet-Nam.

We were very much encouraged at the very strong and forthright support for South Viet-Nam and for the Allied effort in the Viet-Nam conflict which was provided by the Third General Assembly of the Asian Parliamentary Union in Bangkok, which closed December 6 (Bangkok 6958). The political resolution adopted by the Assembly voiced forceful approval of South Viet-Nam and the allied effort in the Viet-Nam War, which it described as "un-



*December 13, 1967*

deniably a war instigated and waged by North Viet-Nam, aided and abetted by other communist nations, in violation of the 1954 Geneva Agreement." It supported the bombing of North Viet-Nam and cautioned that demands for unilateral peace moves give moral support to the communists in their attempt to compel the withdrawal of allied forces from South Viet-Nam. The resolution is further evidence that the free Asian nations are well aware of the stakes in Viet-Nam and are by no means neutral in the struggle, as some of our critics would have us believe.

We had a brief echo of Mr. Truong Dinh Dzu, the opposition leader who ran second to President Thieu in the September 3 elections. On December 7, according to a statement by Dzu to American journalists, the police sought to arrest him and put him in prison. He said he refused to go with them, since they had no warrant for his arrest, and that they left without further disturbing him (Saigon 12974). [name deleted] told an embassy officer December 11 that he had had an extended conversation with Dzu December 9, that Dzu was still at home (though under house arrest), and that it appeared unlikely he would be arrested, as Dzu stated to the American journalists. Although we feel that Dzu has largely shot his bolt and is not highly regarded in South Viet-Nam, we were struck to learn that an NLF representative named Lam (no other name given), in an interview with a newspaper in Florence, Italy, stated that the NLF is "ready to support and respect the Democratic Front created by Dzu." This NLF evaluation of the significance of Dzu (whose Democratic Front is moribund) is as faulty as many of its other judgments, but the fact the statement was made remains of interest.

The Saigon price index rose to 305, compared to last week's level of 300, after a month of stability. Most rice prices were unchanged, but pork, shrimp, selected vegetables and fruits, and charcoal prices rose. The imported commodity index also rose, both tendencies related to the oncoming Tet holiday season when prices rise seasonally. The GVN is making a particular effort to keep open vital route No. 4 between Saigon and the Mekong Delta, over which much of Saigon's food normally travels. Saboteurs (presumably VC) sank three 150-ton sand-filled craft, blocking an important canal linking Saigon with the Mekong Delta area. The canal carries large quantities of rice to market in Saigon. The GVN has decided to blast a passage through the sunken hulks to restore traffic.

In a speech before members of Vietnamese business organizations Dec. 8, Minister of Economy Truong Thai Ton said that the GVN wishes "to build a capitalist economy for the masses in order to achieve self-sufficiency," that the government should minimize centralization "and at the same time orientate the creation of capital for the benefit of the poorer classes of society." He said that the program of increasing production is aimed at improving the living conditions of the people, "but under the circumstances of war, we can only devote our efforts to increase production in the comparatively more secure areas."

During the past week there were 215 returnees, compared to 309 the previous week and 772 during the same period of 1966. Particularly noteworthy, however, was the defection of a 35-member VC village platoon from Binh Lam village, Quang Tin province. Twenty of the total are civilian, and 15 are military. The 35 defectors were joined by three additional ralliers from a nearby village to make up a total of 38 in the group, the largest to defect as a whole. Extensive wire service coverage has been arranged for this story, and there will be follow-up exploitation. The VC platoon leader told the press they were not happy with treatment they had been getting from an NVA regiment in the area, but with the stepped up VC/NVA activity recently, they had to organize their escape carefully, breaking away in small groups between Nov. 26 and Dec. 5 in order not to draw fire. All ralliers had families which had been evacuated as refugees when the US 196th Brigade swept through Binh Lam village recently, freeing the members of the platoon for their escape. Our operations may "create" refugees, as charged, but they also allow ralliers to get their families out and then escape on their own.

Prime Minister Loc decorated five returnees and six Chieu Hoi ministry staff members Dec. 10. Two of those decorated were former VC Lt. colonels, who have been appointed to responsible positions in the Ministry of Chieu Hoi Affairs. During a visit to Quang Tin province Dec. 9 the Prime Minister distributed substantial cash awards directly to former Viet Cong members who gave information to the government on the location of VC weapons caches and base camp complexes.

During the week ending Dec. 9 the enemy killed 232 Vietnamese civilians, wounded 439, and kidnapped 104. This does not include all of the large number of civilians killed at Dak Son, Phuoc Long province, on Dec. 5, since the total figure remains to be determined. Among the dead reported for the week were 18 RD workers, one village chief, three hamlet chiefs, and 115 refugees killed at Dak Son. During the same week the enemy killed 360 Vietnamese military personnel. If we add the civilian and military dead, we get a total of 592 Vietnamese killed by the enemy during the reporting period. This may be compared with 167 Americans killed and 1898 enemy killed during the same period. Since Jan. 1, 1967, the VC have killed 3,709 civilians, wounded 7,300, and kidnapped 4,591.

## XXXII

### FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY THIRTY-SECOND WEEKLY TELEGRAM, DECEMBER 28, 1967 The twenty-four hour Christmas stand-down brought momentary respite to this beleaguered country and, in major urban centers at least, there was a genuine holiday atmosphere despite the immediate prospect of renewed hostilities. Your visit to Cam Ranh on December 23rd was an encouragement to all of us; that you should have added many thousands of miles to your journey to come here and to speak generous words of appreciation and support has been an inspiration to all of us who are engaged in this great task on the soil of Viet-Nam. And your working session with President Thieu and other free world leaders in Canberra served to reassure the Vietnamese of our commitment here. Public expressions of concern that we may be unilaterally changing our posture vis-à-vis the NLF have measurably diminished.

While your December 19 interview with three major television networks at first was interpreted in some local political circles as an indication of differences between ourselves and the GVN on the subject of NLF recognition, when President Thieu returned to Saigon on December 24, he reassured the press that there were no differences of view between us and the Vietnamese on this subject: Thieu emphasized that while the GVN would not recognize the NLF as an organization he reiterated his willingness to "listen" to anyone who wants to come in from the other side. Thieu added that the policy of Viet-Nam and its allies remains the same as elaborated in the 1966 Manila communiqué.

In my talk with President Thieu day before yesterday he expressed his pleasure at the opportunity to talk with you in Canberra and said that from his viewpoint he thought that the meetings had been very worthwhile. Having in mind the growing impression that the new GVN was not giving much public indication of progress, I stressed to him the need for action and leadership; that I sensed an air of expectancy among the people who were waiting and hoping that the new government would move ahead. I suggested to him that it might be timely for him to make some kind of public statement of government actions and intentions, follow up on his fine inaugural address and Prime Minister Loc's summary of government plans and programs. I was happy to have him say that he was already working on a major address which he planned to make to a joint session of both houses when he would present the budget for the coming year. In it he would deal with the principal problems facing the nation and the government's planned actions to meet them.

Thieu mentioned that you had expressed particular interest in the GVN's plans for land reform, raising of taxes, progress in pacification, and the development of the joint US/Japanese educational TV project. Thieu said that as he had told me previously the Minister of Agriculture was working on a comprehensive land reform program and that he expected to bring this up for consideration at the Council of Minister's meeting at which he will preside today. He repeated again that he was aware of the need to increase taxes but noted the inadvisability of such a move before the Tet holidays in view of the upward pressure on prices generally during this period. He expressed confidence that the pacification program could be materially accelerated during the coming year.

As I mentioned in my last message I think that more progress is being made than appears on the surface in preparatory work in putting action programs in definitive form. But it is time to get these moving and on the road and let the people know that the government is prepared to act. Hopefully if Thieu keeps to his plan to address the joint session of the Assembly in the first week in January it will be the cue for moving ahead.

The Christmas stand-down lasted from 6 PM local time December 24 to 6 PM December 25. Seven free world combatants were killed and 45 wounded as a result of enemy action during the truce period. Of these casualties, 26 were U.S. (2 killed and 24 wounded). Enemy casualties were 33 killed.

It is difficult to make meaningful comparisons of this stand-down with previous ones on the basis of statistics, although there were more incidents and deaths this year in 24 hours than there were last year in 48 hours. As before, many incidents have been reported during the stand-down that might not have been reported during active hostilities. And a large percentage of incidents were reactions to patrol and reconnaissance activities on our part. There was no major military action during the 24 hours period nor were there any terrorist actions in Saigon. There were, however, a number of evidences of bad faith on the part of the enemy. The most flagrant of these were a mortar attack on the province capital of Bac Lieu and an attack on a CIDG camp in Phu Yen province.

The Cambodian situation has been exacerbated by Phnom Penh's propagandistic reply of December 20 to our note of December 4 disclosing evidence of VC/North Vietnamese use of Cambodian soil and indicating a willingness to cooperate in any reasonable method of controlling this problem. Since the Cambodians have publicly released their note, and since it also attacks the GVN strongly, this is likely to increase pressure in Vietnamese circles to authorize specific actions such as blocking Mekong shipping or authorizing a policy of "hot pursuit." Substantial pressure along these lines already existed prior to the Cambodian reply both in military and civilian circles. For example, on December 16 the interim chairman of the upper house addressed a letter to Prime Minister Loc asking what the GVN attitude is towards Cambodian authorities in view of the discovery of VC military bases in Cambodia by AP and UPI. Foreign Minister Tran Van Do also told newsmen in Paris on

*December 28, 1967*

December 26 that South Viet-Nam would exercise the right of "hot pursuit" into Cambodia if necessary, and President Thieu echoed this position to newsmen here on December 27. Although we will try to temper this GVN feeling, I think we must recognize that it stems from genuine provocations on the Cambodian side and Vietnamese patience is wearing thin.

Governor Romney arrived in Viet Nam on Christmas eve and departed on the afternoon of December 27. He spent all of Christmas day and part of the next visiting our troops. He also called on President Thieu, Prime Minister Loc and dined with a number of prominent Vietnamese political figures including Dr. Dan and Senator Tran Van Don. He also met with several well known oppositionists such as disqualified presidential candidate Au Truong Thanh and Tran Quang Thuan, a former Social Welfare Minister close to Thich Tri Quang. Governor Romney had sought an appointment with Tri Quang himself, but Quang declined.

The governor had lunch with me and some of the Mission members yesterday and I have the impression that he was very pleased with his visit and the arrangements made for him. He mentioned several times that he thought his present visit had given him a much broader and deeper view of the Viet Nam scene.

#### Priority Programs:

(A) Mobilization measures: the Defense Ministry has submitted to Prime Minister Loc its recommendations for specific measures to implement the recent partial mobilization decree. The cabinet, has, however, thus far deferred action on these recommendations in light of the debate on partial mobilization in the Assembly. Our understanding is that the Defense Ministry will begin implementing less controversial aspects of the decree on schedule, that is beginning January 1; but some parts may await further deliberation by the special committee which each house of the legislature has established to examine mobilization matters.

(B) Reorganization of Vietnamese armed forces: RVNAF forces continue to demonstrate improved performance. In Chong Thien province in the Delta the 21st ARVN division engaged in a three-day search and destroy operation which ended on December 23. Final results were friendly 9 KIA, 24 WIA; enemy 94 KIA, 41 detainees, 85 weapons, six tons of ammunition, two radios, and a large quantity of explosives captured.

In Vinh Binh province in the Delta in a two day search and destroy operation conducted by two battalions of the 9th infantry division (ARVN) final results were friendly 3 KIA, 12 WIA; enemy 110 KIA, 10 detainees, 29 individual weapons and 4 crew-served weapons captured. In Dinh Tuong province also in the Delta elements of the 7th ARVN division, contacted an unknown size enemy force killing 109 of the enemy and losing 13. In Quang Tri province in I Corps elements of the 1st ARVN Regiment, 1st ARVN Division, pinned down an NVN battalion along the seacoast 10 km east of Quang Tri City. The engagement began on December 26, heavy fighting continued throughout the day and ended early on the morning of December 27. The

results were friendly 15 KIA (ARVN), 63 WIA (59 ARVN, 1 US adviser, 2 US aviators and 1 Australian adviser); enemy 203 KIA, 6 detainees, 42 individual and 10 crew-served weapons and 1 radio captured.

It is interesting to note that four different ARVN divisions, the 1st, 7th, 9th and 21st all turned in excellent performances.

(C) Reorganization of the civilian administration: in my conversation with Thieu on December 26, I again raised the question of an executive pay raise as one means to combat corruption. While he said that it is difficult for the new government to start out with a substantial raise in government salaries while it is preaching austerity he agreed that increases in both civilian and military pay were needed. He said he intended to push ahead with them at the appropriate time; perhaps when the National Assembly takes action in setting its own salary scale it would be timely to act.

The new government has established a Directorate General for Civil Service and appointed a competent career officials as Director General. He has drafted and submitted to the Prime Minister a comprehensive civil service program which the GVN has never had until now. This will provide the institutional support for the attack on corruption as well as for a general overhaul of the GVN civil service. Adequate pay scales and civil service reform should provide a two-pronged attack on corruption and greater efficiency in the government services.

The training of village and hamlet officials is being pressured with some activity in every province except Pleiku. High level training is now also receiving attention. On the agenda for the next two months are three important training starts: a training course for province and district chiefs, previously reported, is to begin January 1st and run for a month; a pilot executive development seminar for high level ministerial officials; and the launching of the new National Defense College with its administration and economic development courses.

The Directorate General of Taxation with our help is moving to insure successful actual delegation of real property tax administration and the proceeds to local governments. The implementing regulation was submitted to the Minister of Finance on December 18 and early approval is expected. Training materials are being prepared for distribution to GVN field training officers, and a seminar for tax officials is planned for January 10 on implementation of the new decree.

(D) Pacification: attack on infrastructure. The Prime Minister has finally signed the order setting up the GVN anti-infrastructure organization along the lines I mentioned three weeks ago. This is a long waited breakthrough and we can now move into the operational phase of this top priority program. Bob Komer has long made this a personal project and deserves full credit. We are pleased with the momentum of 1968 pacification planning. It is far more systematic than last year and we are working very closely with Generals Thang and Tri, who are moving at a record pace. Thang and Tri have completed field reviews setting an expanded province-by-province framework for

*December 28, 1967*

pacification. Tri traveled around with a team including two Americans from CORDS, reviewing and approving 1968 provincial RD budgets. These are running 40 percent more than last year—exactly the step-up we urged to take advantage of expanding opportunities. Our early focus on planning for 1968 has paid off.

Refugees: although Senator Kennedy will be able to find plenty wrong with GVN's handling of refugees, I believe that we and the GVN can justly claim solid improvements over the last six months. We assigned top priority to refugees under Project Takeoff. The GVN Special Commissariat for Refugees, now the new ministry, has improved markedly as a result of our support and advice. I have received a progress report from Bob Komer which shows that refugee care is definitely improving and that the inflow of new refugees is declining nationwide. We will use the report to show Senator Kennedy and other visitors what has been done, is being done, and remains to be done.

According to hamlet evaluation statistics which provide the best overall measure of events in 12,714 hamlets, November showed continued modest improvement in pacification. The number of hamlets considered secure jumped up 67 while VC-controlled hamlets decreased by 56. Since people are the real target, the November gain of 130,200 in secure population is a good sign. Population under VC control dropped 30,200. Percentage breakdowns remain 67 percent of population living in relative security, 16 percent in contested areas, and 17 percent under VC domination.

One of MACV's contributions to a more comprehensive approach to pacification has been opening lines of communications to the countryside. A good deal has been accomplished. We have also stressed the need for GVN action to foster the free and uninterrupted use of roads and waterways. One impediment has been an overly restrictive GVN resource control system which slowed down traffic with excessive numbers of checkpoints and red tape on obtaining permits to transport goods. Finally, as result of a good deal of prodding, the Minister of Interior has issued a directive to "facilitate the transportation of supply goods to the capital, cities and province capitals and to eliminate corrupt practices..." Among measures the minister has directed the National Police to take are (1) reducing the number of fixed checkpoints and replacing them with mobile control teams, (2) lessening red tape on transportation of non-military goods and foodstuffs, (3) abolishing checks on goods and foodstuffs on routes to Saigon, major cities and province capitals, and (4) improving discipline of police control agents to halt corrupt practices.

(E) Anti-corruption measures: news of positive action against corrupt officials is becoming commonplace. Almost daily I see an announcement in the local papers that another official has been relieved, jailed or placed under investigation. At least two of the worst province chiefs have tried to resign quietly, but the GVN is forcing them to remain until investigations are completed. Two district chiefs were relieved last week in Ba Xuyen province by the commander of the 21st ARVN Division. Thirteen provincial or city po-

lice chiefs have been replaced during the past six months—six for alleged corruption and seven for inefficiency. The latest to go is the police chief of Gia Dinh province which surrounds Saigon. His wife was involved in black market activities. We fully expect that at least a dozen of the worst province chief will be removed about Tet as soon as their replacements are trained. An even larger number of district chiefs have been relieved. So slowly but steadily things are going better.

(F) Economic stabilization: we have been engaged in discussion with the GVN on a modest but important list of stabilization measures: increasing taxes on petroleum products, reducing the rice subsidy and tariff classification reform. The GVN's economists would prefer to formulate an inclusive stabilization program. This is desirable in the long run, but we feel that inflationary pressures of the first half of 1968 will be such that we should implement those measures which can be implemented immediately to give us breathing room for the task of negotiating an overall stabilization program.

(G) Peace: Thieu told me today that he was still waiting to hear from the Pope concerning the latter's search for a possible means of delivering Thieu's letter to Ho. Thieu said that he thought he should give the Pope a month to explore the possibilities and if at the end of this period the Pope had not found a means of getting the letter into Ho's hands, some other avenue should be tried such as the ICC or the UN. I believe the month would be up the first week in January.

I have been reporting each week on progress in the 7 major priority programs. I plan by mid-January when the reports should be in to give you an overall evaluation of the past year's efforts and an estimate for the outlook ahead. I do not want to make any prognostications in this message but in looking back over the past year I believe when all the facts are in hand, I shall be able to report to you very substantial progress.

Lower house deputy Bui Quang San was assassinated by two unidentified assailants at his home in Gia Dinh province on the evening of December 14. We do not know whether this was an act of VC terrorism or the outcome of an internal squabble within the Viet Nam Nationalist Party (VNQDD). San was an active VNQDD member and by most accounts an impressive anticommunist politician. Unlike the assassination of Constituent Assembly Deputy Tran Van Van in December 1966, San's death has not had any significant political repercussions nor does it seem to have affected the morale of deputies. San's murder, however, does serve to remind us all of the great risks involved in politics here and the courage and commitment required of those taking an active part in the constitutional process.

Work of both the upper and lower houses is proceeding apace despite occasional criticism from the local press and some politicians that they are not moving fast enough. The upper house has now completed its rules and on December 22 elected its permanent officers and committee chairmen. Nguyen Van Huyen, a highly respected southern Catholic lawyer, was elected Chairman of the House defeating retired General Tran Van Don on the second bal-



lot. Two other Catholics, Senator Hoang Xuan Tuu and Senator Nguyen Gia Hien were elected first and second vice chairman respectively. Tuu is only nominally Catholic and is an active member of the Revolutionary Dai Viet Party. Hien is leader of the (northern) Catholic Greater Solidarity Force. Although the Catholics made a clean sweep of the three top senatorial offices, there is good regional balance—one southerner, one central Vietnamese and one northerner. All three are considered very capable men.

In elections for chairman of the twelve permanent committees each of the upper house's six slates received at least one chairmanship. Members of slates headed by retired General Tran Van Don and Diem assemblyman Tran Van Lam received the most important posts (Defense, Foreign Affairs and Interior), while the slates of Huynh Van Cao and Nguyen Gia Hien received only one relatively insignificant committee chairmanship each. Interestingly enough, Cao and Hien had earlier been reported to be forming the nucleus of a pro-government bloc in the Upper House. Their poor showing on committee chairmanships is probably indicative of the basically independent character of the upper house, at least for the present.

The lower house is continuing its debate on rules. It is expected that they will be completed and permanent officers elected about the middle of January.

Defense Minister Vy testified separately before both houses on December 18 regarding the recent partial mobilization decree. Considering the fact that this was first formal appearance of a government representative before the Assembly for questioning, it went off rather well. Vy was dignified and handled questions skillfully. Both houses remain dissatisfied with the new mobilization measures, however, and in the lower house there is some discontent with the hearings themselves. Each has established a committee to draft proposed amendments to the decree. Dissatisfaction appears to be primarily over the way in which the decree was promulgated (i.e., a last-minute measure by the old regime without prior consultation of the legislature); but there may also be certain specific points of disagreement. There seems, however, to be ample room for compromise, if need be, and it seems doubtful that the Assembly will take any action which threatens fundamental RVNAF manpower objectives. Vice President Ky has expressed to me his opinion that there may be a good deal of talk but no action that would seriously affect the government's position.

The four-day trial of 26 leaders of the 1966 Buddhist rebellion in central Viet Nam ended on December 22. Former Danang mayor Nguyen Van Man and former Danang garrison commander Colonel Dam Quang Yeu were sentenced to 10 years hard labor. Two others were sentenced to 10 years imprisonment while the remaining 22 defendants were acquitted. Given the nature of the offenses, the sentenced were quite lenient and, I think, reflect the more conciliatory political atmosphere prevailing here today as compared with 18 months ago. President Thieu told me on December 26 that he is considering some act of clemency during the Tet holidays towards the four who were sen-

tenced now that the illegality of the 1966 Buddhist "struggle" has been established by a court.

The Saigon price index is at 310 compared with 305 two weeks ago and 220 during the same period last year. Rice and vegetable prices rose as did the index for imported commodities. Gold and currency rates rose significantly this week prompted in part by rumors of a possible devaluation and/or increase in customs rates.

The advent of Tet, the lunar new year, is likely to increase inflationary pressure in coming weeks. In this connection 400 local employees of Pan American walked off the job on December 21 in support of their pre-Tet demand for a 30 percent wage increase. The next day 700 local employees of Air America also struck following a breakdown in negotiations over their demand for a 40 percent wage increase. In both instances, negotiations have thus far had little success in bringing about a solution mutually acceptable to management and labor. Meanwhile, the Saigon electrical workers continue to threaten to strike if their demands for a 15 percent cost of living increase (retroactive to August 1) are not met.

There are reports of a probable increase in rice production in the Mekong Delta, due particularly to the restoration of areas devastated by the 1966 flood. There is also evidence of increased double-cropping in the Delta made possible by the growing use of small motor pumps throughout the area.

During the two-week period ending December 15 there were 579 Chieu Hoi returnees compared with 912 during the same period in 1966. The total number of ralliers thus far in 1967 stands at 26,868. At this time last year the total was 18,367.

During the two-week period ending December 23 the enemy killed 231 Vietnamese civilians, wounded 460, and kidnapped 758. (The figure for those kidnapped includes 300 refugees abducted in Binh Dinh province and 200 Montagnards abducted in Kontum.) During the same two-week period the enemy killed 512 Vietnamese military personnel. If we add the civilian and military dead, we get a total of 743 Vietnamese killed by the enemy during the reporting period. This may be compared with 294 Americans and 3,363 enemy killed during the same period. Since January 1, 1967, the VC have killed 3,873 civilians, wounded 7,585, and kidnapped 5,216.

### XXXIII

#### FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY THIRTY-THIRD WEEKLY TELEGRAM, JANUARY 2, 1968 The past week with the intervening New Year's holiday has been somewhat less eventful than usual. I am sending this message a day ahead of my normal schedule since I plan to leave Saigon tomorrow and be away until January 10th. It is shorter than usual but in my next message I hope to provide an overall evaluation of the past year, our successes and shortcomings, and something about the prospects ahead.

As I indicated in my last message, the GVN is beginning to work out its program of action in more specific terms. At the cabinet meeting of December 28, presided over by President Thieu, major attention was focused on the budget for calendar year 1968, on rural development, on agrarian reform, and on the labor situation, with the responsible ministers bringing the situation up to date for the benefit of President Thieu, Prime Minister Loc and the cabinet as a whole. It now looks as if the budget will be presented shortly after the lower house elects its officers (expected about mid-January). As I mentioned in my previous message, President Thieu plans to conduct a general review of governmental programs in his budget message.

In some aspects of the government's new programs, however, progress has slowed down more than we would like. This seems at the moment to apply particularly to the retraining and reorganization plans for province chiefs which was due to start on January 1 and now appears to be put off to after Tet. Thieu told me today that he has not yet made a final choice on the list of candidates but that the program will start after Tet. This slowdown has understandably had a discouraging effect on General Thang's morale. I understand, however, that Thang has today signed his reorganization plan for the armed forces and sent it to General Vien, Chairman of the J.G.S.

Meanwhile, the Ministry of the Interior made public its 1968 program on December 26, which consists of the following principal points: (1) issuance of identity cards to all citizens over 15 years of age and replacement of old cards with new, plastic cards; (2) a "general inspection" of foreign residents; (3) improved police measures, particularly traffic control and action against hoodlums and dishonest merchants; (4) organization of elections for provincial and municipal councils (the term of present councils ends in May, 1968); (5) reorganization of provincial administrative organization; and (6) continued village and hamlet elections as additional areas are secured. This is a fairly

ambitious program, but if properly implemented, it is within reach of the ministry.

Over the last several months, we have reported on the growing tendency of the press to express itself more freely, taking advantage of the abolition of press censorship last July. During the past week it has exhibited a special interest in three matters: escalation, with considerable speculation about the prospects of the war extending into Laos and Cambodia; negotiations, in which the press continue to exhibit nervousness about approaches to the NLF; and the question of refugees, in view of the visit of Senator Kennedy. Prime Minister Loc spoke to the issue of freedom of the press on December 28 in the course of a visit to Kontum province, when he declared that anybody in a democratic state has the right to criticize the government. However, he made clear that whether the criticism is right or wrong is another matter. I feel that there is little doubt that freedom of expression has broadened very measurably since the abolition of press censorship. It is not only the press which has made use of its new-found freedom. Members of the National Assembly have spoken very freely on national issues, but frequently with a commendable sense of responsibility. In addition, private conversations also reflect a general sense of greater freedom of expression. Statements like those of Prime Minister Loc help to create an atmosphere in which the substance of democracy can grow.

In remarks to the press December 30 on the disposition of the cases of the Buddhist "struggle" leaders sentenced on December 22 (covered in my thirty-second message), President Thieu said that those involved may be pardoned, adding that he will "consider any applications for leniency from those persons." Commenting publicly on the same issue on December 29, Prime Minister Loc said that he believed that clemency would be extended to those convicted, but how and to what extent rested with President Thieu.

There appear to have been no further significant developments with regard to President Thieu's plans to send a letter to Ho Chi Minh. Press speculation that newly-arrived Japanese Ambassador Aoki visited Hanoi recently are without foundation. Aoki told me December 22 that he has basic instructions from Prime Minister Satō to look for possibilities to be helpful in seeking a peaceful solution to the Viet-Nam War but not to do anything without close consultation with me. In remarks to the press December 30 President Thieu (evidently referring to press speculation on travel by Ambassador Aoki to Hanoi) dismissed recent news reports as purely conjectural in nature.

To put the refugee problem in perspective, Bob Komer held a background press briefing December 28. He noted that refugees have one of the eight top priorities in pacification. He stated that both allied and VC military campaigns generate refugees. The refugee inflow reached a peak in 1966, with an estimated one million involved. The trend in 1967 is definitely downward, with the inflow in the first 11 months of the year less than half of the 1966 peak. Since the beginning of 1964 some 670,000 refugees have been resettled; another 669,000 returned to their villages; and some 800,000 remain to be

*January 2, 1968*

resettled or returned to their villages. In November, for example, the number of resettled or returned refugees (13,000) exceeded the inflow of refugees (11,000). He announced a stepped-up refugee program with an increased budget made available in 1968.

The last month of 1967 was troubled by a number of strikes and labor disputes which could have had an adverse effect on the economy and on essential services within South Viet-Nam. Fortunately, after intensive behind the scenes activity as well as bargaining, virtually all of them have been resolved. The two strikes affecting American companies—Pan American and Air America—appear to have resulted largely from a failure by management to recognize that there were trade unions to be dealt with here. The Pan American strike was settled December 31, and the Air America strike on January 1. The potentially serious dispute between the electrical utility workers and the French-owned electricity company (CEE) was settled December 28 when an overall settlement on the transfer of CEE to the GVN was reached.

AID has presented to the mission council the proposed revision of its FY 1968 program which totals 490 million dollars and its request for 518 million dollars as a planning figure for fiscal year 1969. I have approved these proposals and forwarded our FY 1969 AID strategy statement for Viet Nam to Washington for review by the appropriate agencies. The revised FY 1968 program reflects steps we have been taking here to establish priorities and to concentrate and refine our civil programs; and to eliminate or significantly reduce marginal activities. The proposed FY 1969 program promises further progress in this direction. Now that inflation is under control, with the prospect that we can keep it that way in the year ahead, the once congested port of Saigon is clear and the US civil apparatus well organized, we should be able to apply more nearly all of aid resources and management attention to constructive efforts which have the greatest relevance to our overall purpose in the year ahead. There has been excellent coordination between USAID and MACV/CORDS in planning and reviewing both the FY 1968 and FY 1969 programs.

I am also glad to report that we have been able to make a substantial reduction in the combined USAID and CORDS FY 1968 direct hire and PASA manpower requirements. In view of the discussion which you and I had on the US staffing situation here, on my return from Washington I asked the AID and CORDS management staffs to conduct manpower reviews. The original requests were for approximately 3,100 positions. These were reduced to 2,759 and after a careful and painstaking review the number of positions allowed has been reduced to 2,430. In addition something over 400 positions requested by the regional field offices and technical divisions have been screened out.

I believe that the programs which have been approved can be supported and our responsibilities discharged effectively by this reduced schedule of positions. In terms of the financial savings the review has resulted in a reduction of approximately \$10 million.

I propose to follow this study with review of our contract and third country nationals schedules.

In the area of reform of the civil administration I am glad to report that impressive progress has been made in the heretofore dangerously troublesome civil aviation sector. The new minister, Luong The Sieu, has acted with energy and speed to rectify many of the actions of his predecessor, which were, to say the least, questionable.

At the beginning of the year American aircraft carrying troops, mail and military cargo under contract to the [U.S.] Defense Department were being billed by the GVN for landing on runways constructed and maintained by the US taxpayer. The license of the US flag carrier Pan American to operate scheduled commercial services through Saigon was being publicly challenged. A second American airline, Continental Air Services, employed in supplying essential air transport services within Viet Nam was forced, under threat of expulsion, to pay a commission equal to 15 percent of its gross business in Viet Nam. Two Caribou aircraft purchased under military contract were denied permission to operate in South Viet Nam and sat idle at Bangkok for some months at significant and needless expense. Meanwhile, Air France was granted rights to overfly South Viet Nam between Cambodia and Red China, thus facilitating the movement of agents, mail and money between two countries doing the most to help Hanoi overthrow the government of South Viet Nam, and in late August the GVN was on the verge of buying another Air France Caravelle, an obsolescent plane in preference to buying more economical and efficient American jets. Finally, just prior to the Vietnamese presidential elections in September, the Minister of Transport dismissed the few competent and dedicated key officials remaining in the civil air sector and replaced them by employees whose sole distinction was their personal loyalty to him.

Since then through quiet diplomacy and outstanding cooperation of the new GVN all of these major problems and some of slightly less gravity, which had increasingly threatened our good relations with Viet Nam, have been favorably resolved or are on their way to solution. The Ministry of Transport is now staffed in all key positions with competent, honest and dedicated men; aircraft carrying troops and military cargo are no longer billed for landings; Pan American has received authorization to do business in Viet Nam and to increase its commercial services through Saigon and has been authorized to operate direct commercial services (carrying military personnel, mail and cargo) directly into Danang and Cam Ranh Bay. Pan American has sold Air Viet Nam two new Boeing 727 jets from its own fleet for approximately 13 million dollars. This purchase will be financed by the GVN and fully paid for over the next twelve months, a significant benefit to the US balance of payments account. The two aircraft which had been held at Bangkok have now been authorized to operate in South Viet Nam and other aviation problems of secondary magnitude are on their way to being resolved. And, finally, the new cabinet has decided that Air France's rights to overfly South Viet Nam should be

*January 2, 1968*

withdrawn. GVN negotiations are also underway to buy out the twenty-five percent French interest in Air Viet Nam and sell it to the Vietnamese public.

Air Viet Nam should be able to play an important part in the nation building effort. It has at year's end requested U.S. technical assistance toward this objective. We hope and expect to see that it will become a safe, reliable and profitable airline, capable of putting to good use the many airfields we will leave behind us in South Viet Nam, and of doing its part to tie the country together politically and economically, while earning a significant amount of foreign exchange in Southeast Asian regional services.

The New Year stand-down extended to thirty-six hours from the twenty-four hours originally proclaimed, was comparatively calm although as usual it was marred by a series of incidents. When I saw Thieu on the morning of the 29th while he was visiting the headquarters of our 9th Division, he readily agreed to a suggestion that the GVN announcement should make it clear that the extension was being taken in response to the Pope's appeal of December 15th that January 1st should be observed as a "day of peace" throughout the world. A total of 149 truce incidents have been reported to the command center of which 58 were major and 91 were minor.

Two serious incidents took place. One involved an attack by a VC battalion on Vietnamese Marines in Dinh Tuong province at 11:45 PM December 31st. The Vietnamese Marines suffered 19 killed and 47 wounded; 60 enemy are known to have been killed. In the case of this incident the Vietnamese Marines had been engaged in fairly steady contact with the VC almost until the GVN-proclaimed stand-down began at 1800 December 31. The VC attack on the Marines just before midnight presumably was in retaliation, even though it broke the stand-down proclaimed by the VC themselves.

The other took place in the province of Tay Ninh. At 11:30 last night elements of the US 25th Division were attacked by four battalions of the 271st and 272nd VC regiments. Fighting continued through the night until 5:15 this morning. The enemy lost 348 killed, 5 detainees were taken and 100 weapons captured. Our losses were 24 KIA.

As you know I have from time to time urged President Thieu to get out more among the people. I am glad to say that on December 29th at his own initiative he invited General Abrams to accompany him on a visit to military units in the field. They visited the Korean Military Engineer Unit west of Saigon, the US 9th Division at Bear Cat, the Australian Task Force, a battalion of the 7th ARVN Division engaged in support of pacification in Dinh Tuong province and the Mobile Riverine Force in the Delta. At all the units Thieu listened with interest to a summary of their activities, asked substantive questions, and in conclusion gave a short informal talk thanking the group assembled for helping the Vietnamese and pointedly included in each case best wishes to the family of those serving in Viet-Nam. At the ARVN pacification area the President listened to an excellent briefing by the battalion commander and they carried on a lively discussion with all those present about the RD program, security in general and the plans for progress in 1968. Then

by foot and jeep he moved about the six hamlets involved, visiting classes, dispensaries, homes and many ongoing projects. He was unhurried, relaxed and talked with many individual citizens, encouraged children to recite their lessons for him, discussed crops and markets with farmers, prices and inventory with shop keepers. At one point he had a public TV set put in operation so that he could see that it worked. General Abrams reports that at the end of his tour Thieu held a press conference and that although the US press pushed him with hard and challenging questions he handled the questions well in an unruffled and dignified manner. In summary General Abrams reports that he found the whole day's performance impressive, that the President was dignified, friendly, at ease with all and that people responded to him. I hope that he can do more of this kind of thing in the future.

I can report another successful operation by the Vietnamese forces in Quang Tri province, 8 kilometers northeast of Quang Tri City. The 1st Regiment of the 1st ARVN Division while suffering 15 killed and 39 wounded, killed 217 of the enemy, detained 6 individuals and captured 57 weapons.

In Quang Nhai province 7 kilometers north of Quang Ngai City, the 4th Regiment of the 2nd ARVN Division while losing 11 killed, 8 wounded and 2 weapons, killed 96 of the enemy and captured 4 detainees.

In Dinh Tuong province in the Delta in a search and destroy operation elements of the 7th ARVN Division while suffering 3 wounded, killed 28 of the enemy, captured 7 detainees and 33 weapons.

During a major Steel Tiger air operation by our planes in Laos December 30, 850 trucks were sighted, 283 trucks were destroyed, 59 damaged and 1,215 secondary explosions.

Pacification: on this front there is the usual combination of good and bad news. By great effort all 1968 provincial pacification plans were successfully completed just before the end of the year—something of a Viet Nam record. The 44 province plans call for a substantially increased effort over 1967. Even without counting hamlets which will be worked with new PF teams to be formed later in 1968, the program calls for pacifying 1,480 hamlets versus 1,062 in 1967. Population in these 1480 hamlets is 1.8 million, or more than 16 percent of the total in rural areas. Thus, plans for 1968 shoot quite high, but our province advisors consider the goals realistic. RD Minister Tri has allocated 2.8 billion piasters to support these provincial plans. The comparable allocation at beginning of 1967 was 1.8 billion.

We also plan a major 1968 effort to prevent regression in hamlets already pacified.

On the darker side, the Chieu Hoi rate hit the year's lowest point—only 157 returnees for the week, or less than one-quarter the number for the same period last year. We see many reasons—enemy winter-spring offensive, increased VC attacks against Chieu Hoi centers, strong VC counter-measures within VC ranks, VC propaganda in III and IV Corps that a coalition government will be accepted by the GVN after Tet, and last but not least the likelihood that there are a lot less VC to rally any more. Nevertheless, the Chieu



*January 2, 1968*

Hoi program still is a potent weapon producing most of our best intelligence and posing a gnawing problem throughout the enemy's organization.

## FOR THE PRESIDENT FROM BUNKER:

HEREWITH MY THIRTY-FOURTH WEEKLY TELEGRAM, JANUARY 13, 1968 In the present message, I am attempting to give an objective evaluation of the efforts and achievements which, in common with our Vietnamese and other free world allies, we have recorded during 1967. This represents not only my own views but also those of the major elements of the Mission so that in effect it represents a Mission consensus. In the next message, I hope to outline the major problem areas we foresee and to summarize the actions we plan to take to deal with them in the year ahead.

The past year has been one of sustained and unremitting effort and I believe has seen enough achievement to give us every encouragement to continue along the present lines. We can have confidence that the successful defense of the Republic of Viet-Nam against communist aggression and subversion is assured. Our efforts have been magnificently supported by you and by the American people, who have contributed in men and money to a degree unparalleled in our own history, to the defense of a people far from our shores. But as you have often said, the cost in men and money, heavy as it has been, cannot be compared to what the cost would ultimately be if we allowed communist aggression and subversion to succeed in Viet-Nam. All of us working in the Mission here are convinced that what we do will affect not only the future of Viet-Nam but all of the countries in this part of the world who wish to be free and so has a direct bearing on our own vital national interests.

The achievements of the past year, I believe, fall into three main categories. In the field of military operations the bringing into proper balance of the ratio of combat to support troops in the U.S. forces and the steady improvement of the Vietnamese armed forces, together with the contributions of our free world allies, resulted in increasingly effective actions against the enemy. He has been thwarted in his attempts at penetration south of the DMZ, his bases increasingly neutralized, and he has been steadily pushed back toward the Laotian and Cambodian borders. Viet Cong recruitment and morale have declined. Lines of communication have been steadily opened up, commerce and trade thus permitted to develop.

Slow but steady progress in pacification combined with military successes have brought a steadily increasing proportion of the population under Government control, now about 67 percent with a corresponding decrease under Viet Cong control, approximately 17 percent, the balance being in contested areas.

*January 13, 1968*

Progress in these two categories were essential elements in the progress achieved in the third, that of constitutional development. Perhaps the major achievement of the year has been the stabilization of the government and the opening and democratization of the political system. People have been able to vote for local, village, and hamlet officials thus marking the beginning of the reinstitution of local self-government. The promulgation of the Constitution opened the way for the election of a President, Vice President, and a National Assembly. The inauguration of the new Government marked a beginning of fully constitutional processes and the change-over to civilian rule. The immediate problem now facing us is to encourage, prod, persuade, and draw our Vietnamese allies to use their new political and governmental structure to face up to and resolve more effectively the problems of defense and growth that have beset them for many years.

I think these achievements reflect favorably on the Vietnamese people. For them the struggle against the Communists has been going on for more than twenty years, and their losses have been heavy. But we can now see growth of a conviction among them that they can and will see the struggle through to a successful conclusion. Their concerns now turn more directly on the nature and form of a final settlement and the position it would leave them in, located immediately next to an unremittingly hostile neighbor. Their concern is with the consequences of success rather than with the results of failure.

Our efforts in the field of public affairs, both here as well as in Washington, have required imagination and energy. We have sought to present the true dimensions of the conflict in Viet-Nam to American and world public opinion as objectively and fairly as we can, but we have had to do this through a press which, it seems to me, has been unusually skeptical and cynical. One experienced journalist gave an explanation for this which may have some validity, i.e., that there is a generation gap here in that many of the young reporters have never seen nor experienced war before and consequently suffer from an emotional trauma which results in subjective reporting. However that may be, the result of all this is that there tend to be two separate and only partially connected realities: the view of Viet-Nam as we see it here in Viet-Nam and the view that is being presented to American and world public opinion. This problem has engaged major attention during the past year and will continue to have our attention in the future. I think we have made some, though limited, progress in dealing with it.

The principal political achievement of 1967 is that the Government of Viet Nam now operates within a Constitutional framework, and an elected government is in power. Indeed, the drafting of a Constitution by an elected Constituent Assembly and the conduct of reasonably fair and free elections for a President, Vice President, and a National Assembly have significantly enhanced the prospects for future political stability and progress. The advent to power of a legitimate political regime in the South directly cuts at the base of the Communist claim that the NLF is the sole representative of the South Vietnamese people.

Administrative reform and the elimination of corruption have received significant attention during the year. A number of officials have already been prosecuted for corruption or are currently under investigation. Plans to improve the training and effectiveness of provincial and district chiefs have been prepared, and the programs will begin to be implemented shortly after Tet. The government has instituted a six-day work week in order to improve its image of service to the population.

The election and inauguration of President Thieu under the new constitution brings the promise of a fundamental change, although this change has not yet been fully realized. Government by committee and decree has formally ended, and government by a President in whom all executive powers are vested has begun. Thieu is Commander-in-Chief of the Armed Forces; he is empowered to appoint and dismiss Corps Commanders, Ministers, and his Prime Minister at will; he is responsible for determining national policy.

Feeling probably that he could not move too fast without evoking a strong and perhaps unmanageable reaction from the military, Thieu has eased into his job gradually. This approach is also characteristic of his cautious and somewhat secretive nature. For example, Prime Minister Loc, who was not his personal choice for the position but rather that of Vice President Ky, was appointed by Thieu, in my opinion wisely, in order to cement his relations with Ky. Thieu has not yet replaced any of his Corps Commanders, nor has he yet trimmed their civilian powers, though he plans to have province chiefs report directly to the Ministry of Interior, rather than to Corps Commanders. Likewise, Thieu has retained in office a number of figures from the old regime whom he probably would prefer to replace, such as General Loan, the National Police Director. I judge that Thieu will eventually have to do some or all of these things if he is to carry out his responsibilities effectively as a constitutionally-elected President and emerge as a respected national leader. The Army and the administration cannot be reformed if the old system of power relationships among generals is not broken down and adjusted to the changed balance of military and civilian responsibilities in the constitutional government. This will require some unpleasant and difficult decisions and possible showdowns with some of the leading Generals before it is effected.

Relations between military and civilian leaders are also a key problem. It is fair to say that the present government has already achieved far more civilian participation and military-civilian cooperation than its predecessor. Civilian politicians and the military leadership seem to be learning that they must work together, although they are not quite sure how to do it. The relationship is in many cases still an uneasy *modus vivendi* rather than the effective partnership which we hope to see emerge.

The recent national and local elections, held while the country was engaged in a bitter war, involved large numbers of Vietnamese and must be considered, I believe, quite a remarkable achievement. The signs of development of political parties that will be essential to proper operations of the new constitutional system should not, however, obscure the realization that little of

*January 13, 1968*

substance has been so far achieved. The development of solid and active political parties will be essential to the effective functioning of Vietnamese democracy. Should the war end suddenly the long established and hardened Communist political apparatus would be without effective competitors on the national scene.

As we are only too painfully aware, we have not moved explicitly any closer to peace except as our overall progress brings peace nearer. The fighting has been heavier, and the casualties on all sides—Communist, GVN, and U.S.—have been higher than before, with the prospect that 1968 may see casualties mounting even further.

Nevertheless, 1967 saw a very considerable clarification of the issues in Viet Nam and a steady improvement in the attitude of major Far Eastern countries towards our stand here. There is no doubt that the very substantial military effort made by the North Vietnamese, who constitute more than half of the total Communist main force units, has led to no significant results, other than to increase their casualties. The Communists almost certainly know they cannot win a military victory, even though their propaganda to their troops and to the people under their control continues to emphasize military victory as their goal.

The formulation introduced by DRV Foreign Minister Nguyen Duy Trinh in December to the effect that talks “will,” rather than “could” or “would,” follow an unconditional bombing cessation taken in conjunction with the emergence of the theme of establishment of a coalition government in the Communist documents over the past three months or so may have significance in indicating waning confidence of the DRV in military success and a turning toward political maneuver.

In Viet Nam the atmosphere in which the war is being fought has slowly changed for the better, as a result of the elections, the establishment of stable government, the steady if slow progress in pacification, and the Communist failure on the battlefield. There is a growing conviction among knowledgeable Vietnamese here that 1968 will be the decisive year, both militarily and politically.

The atmosphere in the Far East in which the war is being fought has also changed for the better. There has been a further and substantial increase in the Free World forces committed to the struggle. The Japanese Government has reflected a positive and comprehending attitude towards the war and towards the new Vietnamese Government, both in private and in public, in spite of heavy domestic opposition. [about 40 words excised]. Internal upheavals in Communist China have almost certainly reinforced the cautious attitude adopted by Mao Tse-tung towards the struggle, even though the propaganda denunciations of the U.S. remain as bitter and vicious as ever.

Our policies have been prudent and sound, our actions have been careful and considered. We have built a foundation on which, I believe, we can build the structure of success.

Military operations conducted during 1967 were designed to defeat the VC/NVA main force units, destroy the enemy's base areas and to deny him access to areas of high population density and concentrated resources. Simultaneously, US/FWMAF forces assisted the GVN in improving its forces and in providing a secure environment in which to build a nation.

a. 1967 Campaign Goals: Since Jan. 1967 losses have been inflicted on the enemy at a rate which exceeds his input of personnel. Known and estimated input through infiltration and in-country recruiting has averaged about 9,500 per month while the known losses have averaged about 12,000 men per month; 16 of the 41 priority VC/NVA in-country base areas are neutralized and 11 partially neutralized. On the basis of military criteria, 99.7 percent of the roads essential to friendly military operations are open and 60.9 percent are secure; 37.5 percent of all railroads are open with 31 percent secure; all railroads in the national priority pacification areas of II and III Corps are secure; 92 percent of the waterways in the national pacification priority areas of III and IV Corps are open and 47 percent are secure.

b. National Election: The coordinated security screen provided by VN Police/RVNAF/US/FWMAF forestalled all major assaults and restricted the activities of the VC/NVA during this crucial period, thereby permitting a record 83 percent of the eligible voters to cast their ballots on Sept. 3.

c. Improvement of RVNAF: During 1967 major gains were achieved in many areas including: (1) Improved leadership and training by new training courses and techniques, and the establishment of a National Defense College; (2) Enhanced motivation and morale by improvement of the garrison ration, free operational ration in the field, increased housing, establishment of an ARVN commissary, payment of a rice allowance to each serviceman and his dependents, and a PF pay increase; (3) Equipment modernization by issuance of new equipment to selected units (including 19,317 M16 rifles) and improvement of communications in ARVN maneuver battalions and RF/PF. Two major programs, the Military Telecommunications Network, Vietnam, and the Signal Modernization Plan, accounted for an overall 90 percent increase in the RVNAF communication capability during 1967. Other significant programs such as the reorganization of RVNAF and the improvement in the command, control and support in the RF/PF were initiated during the year.

d. RVNAF Achievements: A review of RVNAF operations and results achieved reflect a notable increase in morale, confidence and aggressiveness. Desertions during the first eleven months of CY67 were approximately 32 percent lower than during the same period last year, while the number of personnel missing in action is down about 41 percent from last year. ARVN and RF/PF units are showing an increasing willingness to stand and fight it out with the enemy, in close coordination with US/FWMAF forces. Likewise, the VNN and the VNAF continue to show steady improvement. The VNN has more than doubled its Market Time operations and the VNAF, with 16.5 percent of tactical aircraft in-country, accounted for approximately 18 percent of

all tactical sorties flown.

e. Logistical Base: An adequate logistical base capable of supporting sustained combat operations has been achieved. Emphasis is now shifting toward making the U.S. system more effective and efficient and toward improving the RVNAF logistics system. Adjustment in construction of base and service support structure were made to achieve greater efficiency and economy.

Assessment—A Year of Progress: At the end of 1967, the military initiative clearly rests with GVN/US/ FWMAF forces. The enemy was thwarted in every significant engagement and he has not won a major battle in more than a year. In general, he can fight his large forces only at the edges of his sanctuaries. Even here, friendly forces, through superior mobility and firepower, maintain constant pressure on the enemy. The improved military situation is beginning to pay dividends in the pacification effort. As the enemy's coercive control over the people is further loosened, these dividends are expected to increase. The improvement of RVNAF was clearly distinguished in 1967. Efforts will be made to reinforce successes and to intensify these improvements during 1968.

More high-level attention was given, more was said about, and more was accomplished in pacification during 1967 than in previous years. It was a year of forward movement on the pacification front, though less productive than we had hoped. The reorganized civil/military team under General Westmoreland, with Bob Komer as his deputy, has worked out even better than expected. But pacification by its nature has to be largely a Vietnamese enterprise, and Vietnamese performance—though better—still leaves much to be desired. The electoral process, starting with local elections in the spring and ending with the lower house election in October, diverted GVN energies to some extent. Even so, all key trends are up over a year ago, and we have laid a solid foundation for yet better performance in 1968.

Pacification is tough to measure—it's something that one judges by feel, like politics. Perhaps the best way is to look at it in terms of how key programs are faring. Bob Komer put special emphasis on these via his Project Takeoff.

Our best measure of pacification progress, the new Hamlet Evaluation System installed in January 1967, shows a modest increase in secure hamlets during 1967, but a much more substantial increase in the population in relatively secure areas. Year-end reports on 12,722 hamlets show 11,515,000 people (67 percent of total population including urban areas) living under relatively good GVN protection and developmental conditions. This is an increase of 1,323,300 people in the "secure" category since end-January 1967, when only 62 percent of the population was considered secure. During the same period VC-dominated population decreased 316,200 to 17 percent of the total population. However, hamlet security scores show that a net of only 268 more hamlets (containing about 300,000 people) are in the secure category today than 11 months ago, though a larger number were upgraded from VC to "contested." This suggests that expansion of local security has lagged behind such

factors as better local government, more hamlet schools, improved medical care, a greater number of local self-help projects. Most of the increase in population living under GVN protection represents movement into already secure areas. Moreover, since many more than 268 RD hamlets were upgraded into the "secure" category, this was offset by regression in other already secure hamlets. Hence we are going to mount a special campaign against such regression in 1968.

Attack on the infrastructure: since little had been accomplished in eroding the VC infrastructure, partly because of almost total lack of coordinated GVN effort, we chose this as another top-priority task. To influence by example, we first set up a unified management structure on the US side. Operating at district and province level, we convinced the Vietnamese to follow suit. As a result, 103 District Centers have been established to tie together intelligence and exploitation forces down at the cutting edge. Then in December we finally got the GVN to initiate a long-sought-after national program, which it calls Phoenix. The National Police will have the chief laboring oar, but all GVN agencies will cooperate in putting pressure on the VC infrastructure. We have designed a new reporting system. Four new field courts are operating to try suspects. Plans have been drawn up for more than 12,000 additional detention center spaces to handle convicted infrastructure members. There should be an increasing payoff in 1968.

National Police strength and capabilities grew in 1967, particularly after we singled out police as a Takeoff priority. By 31 December NP strength stood at 73,371, much of the increase being in rural areas. The Police Field Force (now some 12,000 men) has been retargeted against the VC infrastructure to fill a critical void. Resource denial, which formerly hurt the economy more than it restricted the enemy, is being redirected to contested areas. In Saigon, where terrorist cells have been repeatedly smashed, police performance has been excellent.

The work of RD teams, though often incorrectly regarded as the whole of pacification, expanded and improved during 1967. Thang's energy and leadership, together with Vung Tau motivational training, contributed to strengthening this relatively new program which you helped launch at Honolulu. In 1967, for the first time, most of the RD teams in the field were Vung Tau-trained. The number of teams increased from 420 to 555, average strength per team went up, and the high rate of attrition (partly because of intensified VC pressure against RD areas) declined, though it is still too high. Montagnard cadre teams, for use in the Highlands, increased from 84 to 120. About forty special civil-military teams, made up of an RF/PF platoon and local officials, rounded out the effort. Thang should come close to his 1967 goal of pacifying at least 1,000 hamlets by the end of January at Tet, because we already carry 910 of these hamlets in the "secure" category. This is a vast improvement over the 1966 RD performance.

Sustained local security, the key to pacification, became a top-priority effort in 1967. Carrying out its Manila pledge, the GVN markedly increased



its military assets devoted to territorial security. In 1967, 54 ARVN battalions were assigned for the first time to direct support of RD to make up for inadequate numbers of RF/PF. By the end of the year they had been joined by 218 RF companies and 738 PF platoons. All these were organized for the first time into "RD campaigns" to integrate pacification resources in priority "oil spot" areas under a single commander. Meanwhile MACV has been pressing a major RF/PF improvement program, which includes beefing up advisors serving in the field with small RF/PF units. Improved RF/PF kill and weapons captured ratios attest to improvements made. But there are still critical problems of leadership, training, equipment and motivation. We have been counting on the promising RVNAF reorganization, which made Thang RF/PF commander, to help on this score, but it is not yet off the ground.

Refugee care also received top priority from the new integrated civil/military pacification team under MACV. The new GVN ministry handling refugees also grew in strength and performance throughout the year, partly the result of doubling the number of US advisors. Both as a result of many fewer refugees (about half as many as 1966) and greatly increased capabilities to care for them, refugee handling markedly improved.

The efforts of the Government of Viet-Nam to achieve economic progress, to provide public service to the Vietnamese people, and to involve the people of Viet-Nam in the politics of democratic nationhood were rewarded with measurable success in 1967.

The situation at the close of 1967 contrasts sharply with that of a year ago. Prospects for success of the large-scale import program designed to combat inflation were threatened by congestion in the Port of Saigon. The capacities of GVN civilian agencies were severely strained by attempts to carry out traditional tasks and, in addition to them, many new programs necessitated by the war. The restoration of local government and local governmental institutions was only a plan.

By the end of 1967, the Port had been cleared and was functioning smoothly. The apparatus of government had begun to carry better the heavy workload imposed by the requirements of war and the need for improved public service. Elections had been held in over half of the villages, and Village Councils were functioning.

The assistance provided by AID has taken three main forms: (1) the provision of resources on a large scale and emergency basis to keep the economy stable and to afford relief from other burdens of the war; (2) support of efforts to achieve economic growth and to expand and improve government administration despite the war; and (3) advisory assistance planning for the peace ahead. In all of these activities, the role of USAID has been one of assisting and enhancing the efforts of the Vietnamese.

Summarized below are some of the specific achievements of the Vietnamese in which USAID has provided assistance in 1967. They include:

Increased prices for agricultural products, aiding the stimulation of agricultural industry and creating greater prosperity in rural areas.

Expansion of industry, including those producing textiles, electric wire, asbestos, cement, chemicals, pharmaceuticals, paper, glass, plastics, and animal feed products.

An improved power system for the city of Saigon. The annual system peak of 108,000 kw occurred in December in comparison to a 1966 peak demand of 94,000 kw.

Increased agricultural production, through greater use of fertilizer, pesticides, irrigation for crops, vaccines for livestock, and the introduction of new rice varieties. Estimates are that these efforts will allow Viet-nam to increase rice production by 50 percent in three years.

Increase in the credit extended to farmers and agricultural businessmen. In 1967 the Agricultural Development Bank lent 1.5 billion piasters to more than 100,000 farmers which was over three times the number of loans made by the comparable organization in 1966 and over four times the amount loaned.

Expansion of educational facilities and teacher training to the point where almost 75 percent of all primary schools age children and 15 percent of all secondary school age children now attend school.

Holding of elections in over 1,300 villages and about 5,000 hamlets and the subsequent training of over 8,000 of the more than 15,000 elected village and hamlet officials in local governmental administration.

Improvement of fiscal administration of the Government of Viet-Nam, including more effective procedures for tax administration and customs collection.

Establishment in the Office of the Prime Minister of a Directorate General of Civil Service, and the drafting of a new Civil Service Reform Act.

Improvement and expansion of water, power, telephone, highway, railroad, canal, port, and airport systems throughout South Viet-Nam.

1967 has been a year of progress in our efforts to moderate the Vietnamese inflation and to begin bringing increased prosperity to the countryside. The stabilization picture was strikingly different in 1967 from that of the previous two years. Overall prices increased 34 percent in 1967. By contrast, consumer prices rose 63 percent in 1966 and 47 percent in 1965.

1967 price increases were also highly selective. Through November non-food prices had risen by only 13 percent and the increase in food prices was heavily concentrated in protein foods (mainly pork and fish) and rice. Rice prices had risen by 48 percent by November, largely because of special factors, i.e., a poor crop year in 1966, and, subsequently, a sharp increase in the price at which the government sells imported rice as part of a deliberate policy of maintaining higher domestic rice prices in order to increase the return to the farmer. Protein food (mainly pork and fish) prices had risen by 43 percent by November mainly due to a rising demand and continued supply bottlenecks. Other food prices and consumer durable prices remained relatively stable.

The reduction in general inflationary pressure between 1966 and 1967 was not due to any effective GVN efforts to reduce the deficit in government

spending. On the contrary, both U.S. and GVN piaster spending continued to rise sharply (by approximately 60 and 40 percent respectively), GVN revenues rose at a lesser rate (by approximately 30 percent) and U.S. spending plus the GVN deficit will total approximately VN\$91 billion in 1967 as compared to VN\$57 billion in 1966.

Fortunately, imports were very effective in filling the gap in 1967. During the year as a whole, imports (including invisibles) were estimated to have absorbed about VN\$83 billion of domestic purchasing power, which is slightly more than double the 1966 figure. This large increase in imports was mainly due to (a) the abolition during the summer of 1966 of most import quotas and restrictions, (b) the licensing of over 200 new importers, and, most important, (c) the devaluation of the piaster in June 1966 from 60 to 118 piasters to the dollar [*sic*] which greatly increased the piaster absorption of each dollar's worth of imports.

Finally, the other side of inflation was the increase in rural prosperity, particularly in the Mekong Delta, during 1967. Higher prices for agricultural products, particularly rice; the decline in rural unemployment; and an increasingly effective distribution system all contributed to this encouraging development.

In cooperation with the GVN, JUSPAO recorded solid achievements in 1967: promoting the evolution of representative government through posters and support for radio, TV, and direct contact programs; supporting the pacification effort with similar techniques; and encouraging defections from the enemy through publicizing the Chieu Hoi program.

JUSPAO advisory support to the GVN Directorate General of Information and Press was improved to strengthen guidance and coordination to advisors working with GVN agencies in the information field. The aim of this effort was to improve the GVN's internal communications capability and to make its contacts with the electorate more persuasive and attractive. Substantial benefit was obtained from vigorous but economical use of an imprest fund to finance local expenditures in quick response to psychological targets of opportunity.

A nationwide hamlet survey system was established to provide for the first time a glimpse of the attitudes of the rural population on issues of interest to the Mission. A survey of ralliers was made during the 1967 Tet season which provided useful findings on VC psychological vulnerabilities which proved to be of value throughout the year.

TV sets installed rose from a level of about 50,000 at the beginning of the year to about 150,000 as the year ended. This now involves a peak nightly audience of more than one million, whereas the nation's largest daily newspaper probably does not have a circulation of more than 50,000. By expanding telecast facilities to cover rural Viet-Nam and by our support of the distribution of about 2,000 community receivers, we provided major stimulus to the development of a nation-wide TV audience. Sixty-nine percent of the country is now within range of a TV transmitter and plans were set in motion to in-

crease coverage to 74 percent in 1968. TV has great impact in a country like South Viet-Nam, where literacy levels, though improving, are still comparatively low.

The Cultural Drama teams, supported by JUSPAO, provided entertainment with a political message to more than three million village and hamlet dwellers in 1967. The VC reacted violently by attacking the 12 teams in the field, which suffered two percent killed and 12 percent wounded during the year.

The release of translations of captured enemy documents to spotlight demoralizing admissions of difficulties and failures, and the resurrection of Nguyen Van Be, "dead" VC hero-patriot, who turned up alive and scared in GVN custody, provided examples of successful psychological operations.

Mission Press Center activities during 1967 focused on improving public media coverage of U.S. and free world efforts in Viet-Nam. The Center emphasized the encouraging political developments of 1967 by providing background literature and facilitating coverage of the elections and the Presidential inauguration.

Backgrounding of newsmen was increased during the year as accreditations reached a new high, rising from a low of 407 in January to a high of 575 in early September, just before the presidential elections. During the year, 670 American newsmen and 518 from 37 other countries arrived to spend short periods in Viet-Nam. Backgrounding ranged from my meetings with correspondents to individual sessions held by officers of all Mission elements.

I am afraid this has been an overly long message, but I wanted to try to pull together all of the elements which have gone into our efforts here. We shall be sending in more detailed evaluations of the various activities which I have discussed.

Overall I think that we have been on the right track and that if we continue broadly along present lines, reinforcing success and drawing appropriate conclusions from failure, we will attain our objectives here.

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