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**SECRET**

**Wednesday, July 12, 1967**  
**7:45 p. m.**

**Mr. President:**

**Herewith Amb. Bunker's**  
**weekly to you.**

**W. W. Rostow**

**Saigon 893**

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Wednesday, July 12, 1967

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FOR THE PRESIDENT FROM AMBASSADOR BUNKER (Saigon, 893)

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Document # 60

A. General

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 for 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 Vietnam 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 rational for a decision on both of these points.

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

d. Continuing efforts to improve the ARVN Regular Force/Popular Force. 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 Regular Force/Popular 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 Regular Force/Popular Force 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 benefited 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 Republic of Vietnam manpower and its more effective utilization was a prerequisite to the deployment of greater United States 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/Regular Force/Popular Force, 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 very clearly and explicitly the importance you attach to the holding of fair and honest elections. He emphasized strongly the fact that unless the elections were clean, public opinion in the U. S. and abroad will be adversely affected and this in turn would affect the support which the Vietnamese were 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 whole 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/regular force/popular force: 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 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 advisers, 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.

#### B. Political

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 together 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 strain 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. Assembly 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 proselytising section of the Saigon Viet Cong Organization."

While we have no hard evidence that Thanh is or was a Communist or a "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

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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.

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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 the family." However, [redacted]

[redacted] 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. 1.3W) 5

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 effort 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

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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.

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### C. Economic

The retail price index went up sharply this week and now stands at 280. It was steady at 67 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.

Congressmen Moss and Cohelan of the House Foreign Operations and Government Information Subcommittee, in Vietnam 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 Revolutionary Development 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 Government of Vietnam 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.

### D. Chieu Hoi

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.

### E. Vietnamese Killed

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 June, there were 109 Viet Cong incidents directed against Revolutionary Development cadres and teams: 38 in I Corps, 33 in II Corps, 11 in III Corps, and 27 in IV Corps. Revolutionary Development cadres' casualties included 78 killed in action, 210 wounded in action, and 9 missing in action. The largest single incident was the Viet Cong mortar attack on the Pleiku Montagnard training center on June 10 with 40 killed in action and 109 wounded in action. Revolutionary Development cadres were responsible for 87 Viet Cong killed in action and 31 Viet Cong captured.

One of the most effective census grievance cadre in Ninh Thuan Province was tragically recognized for his outstanding efforts against the Viet Cong. On June 24, four Viet Cong infiltrated Thai Giao hamlet, an Phuoc district, and went to the home of Pham Shank, census grievance cadre for the hamlet. The Viet Cong assassinated Mr. Sanh and absconded with all the census grievance 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.

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