

~~SECRET/NODIS~~

76

Wednesday, October 4, 1967
5:00 p. m.

Pres file

Mr. President:

The reputation of generals in history depends on one or two key decisions they make right or wrong amidst the fog of battle. So with Ambassadors.

Ellsworth's account of the situation he faced just before the validation vote and what he did(at the beginning of this report) indicates you picked the right man.

The rest of the report will also interest you.

W. W. Rostow

~~SECRET/NODIS~~

Attached: Saigon 7619

DECLASSIFIED
E.O. 12356, Sec. 3.4(b)
White House Guidelines, Feb. 24, 1983
By 119, NARA, Date 10-21-91

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SANITIZED

929

Wednesday, October 4, 1967

FOR THE PRESIDENT FROM BUNKER (Saigon, 7619)

Herewith my twenty-third weekly telegram:

SANITIZED

E.O. 12356, Sec. 3.4

NLJ 94-405

By W.P., NARA, Date 3-21-95

A. General

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 reach a high crescendo. Some of the groups, notably some members of the Democratic Alliance Bloc, 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 Democratic Alliance Bloc, who were members of the Special Election Committee of the Assembly, and whose spokesmen were Le Phuoc Sang and Colonel Dam Van Quy, [redacted] 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 Quy 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 Democratic Alliance Bloc to receive 300,000 piasters.

They were considerate enough to add that they would wait until noon the next day for my answer. On Friday morning, through my liaison contact with Ky, I had the above information relayed to him saying that I thought he would want to be aware of this attempted blackmail to which, of course, I had no intention of responding; and that I was sure he was aware what the repercussions would be should this become public knowledge.

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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 Democratic Alliance Bloc members, he thought it important that General Thieu should talk to them also. The Democratic Alliance Bloc 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 Democratic Alliance Bloc 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 and Quy and their colleagues and asked him to inform Ky that if the members of the Democratic Alliance Bloc 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 Democratic Alliance Bloc, 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 Democratic Alliance Bloc 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 Democratic Alliance Bloc 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 Joint General Staff, and General Khang, Third Corps Commander, Khang took Ky aside and told him privately that he 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 Democratic Alliance Bloc 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.

I will 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 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, call for their support, and outlining a program of specifics. Taking as a base 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 General Thieu and General 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 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 punchdrunk 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 October 2 formally turned over the Revolutionary Development Ministry to General Tri as caretaker till the new Government is formed. Thang is taking up a newly-created Joint General Staff slot and Deputy Chief of Staff, where he will be in charge of Regional Forces and Popular Forces as well as the Revolutionary Development 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 Regional Force/Popular Force (as a 300,000-man territorial security force), 30,000 Revolutionary Development 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 I are pleased with the rapport between Komer and Thang. They agree on raising the 1968 Revolutionary Development hamlet goals from 1,100 to more like 2,000, on raising the Revolutionary Development budget from three billion piasters this year to five billion, and to assigning highest pacification priorities to Fourth and Third 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 Regional Forces/Popular Forces and Revolutionary Development teams into a much larger and better-trained pacification force.

Shaping the next Government of Vietnam 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.

The big victory and the great task by General Vo Nguyen Giap: 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 the Lao Dong (North Vietnam's Communist Party) newspaper and the North Vietnamese military newspaper on September 14-16, 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 the political struggle, exploiting divisions in Government of Vietnam 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 Viet Cong 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 Viet Cong 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 proven wrong.

B. Political

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 day 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 stiffened by military police and by police field forces 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 2 1/2 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 Government of Vietnam and to the Vietnamese 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 the way into the midst of an incident and persisted in photographing the police beating a girl student.

The police issued a statement on 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.

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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 nightstick wielded by a police agent while observing the 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, Trich 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 productive. Thieu suggested that all Buddhist groups get together and draft a new stature, 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 protest 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 Thich Thien Hoa, a Southern Buddhist 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 Government of Vietnam 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 the 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 Government of Vietnam 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 that 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 firey 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 firey 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 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.

Terrorists 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 particular time, although the increased publicity currently being given to closer relations between the Republic of Vietnam 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.

C. Economic

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 Government of Vietnam 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.

D. Chieu Hoi

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.

E. Vietnamese Killed

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. Since January 1, 1967, the Viet Cong have killed a total of 2,570 civilians, wounded 5,141, and kidnapped 3,578.