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-SECRET/NODIS

Wednesday, September 27, 1967  
6:10 p. m.

*Pres file*

Mr. President:

Herewith Bunker reports on  
politics and plans.

It is clearly going to be hard to  
get evident forward motion until the  
November 1 inaugural.

W. W. Rostow

-SECRET/NODIS

WWRostow:rln

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

~~SECRET//NOFORN~~

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Wednesday, September 27, 1967

FOR THE PRESIDENT FROM BUNKER (Saigon 7060)

Herewith my twenty-second weekly telegram:

**SANITIZED**

E.O. 12356, Sec. 3.4

NIJ 94-YOA

By no, NARA, Date 3-24-65

A. General

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 on 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 of 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.

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(4)  
(5) 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 new elections. [redacted] claims that [redacted] has promised the students three million piasters (U.S. \$37,500.00 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 Ao 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 An 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 not a bare majority but an impressive vote to affirm support of the elections.

In my talk with Ky later in the day, I reviewed with him the number of alarming reports we had 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 Democratic Alliance Bloc 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 fifty 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 Democratic Alliance Bloc would vote for validation. He said that in earlier discussions with various Bloc 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 told me 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.

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 of 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 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 Komér, with General Westmoreland solidly backing him, is making our weight felt much more than before in Government of Vietnam pacification planning. Our aim for 1968 is to tie in pacification better to our overall military strategy and to press on the Government of Vietnam 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 the 1,100 hamlet goal may not be met.

Building on the stronger base we now have -- with 491 Revolutionary Development teams in the field, planned improvements in the Regional Force/Popular Force, 54 ARVN battalions assigned to support pacification, and a better functioning Revolutionary Development Ministry, we are urging the Government of Vietnam to pacify 2,000 hamlets in 1968. This is ambitious, but not overly so if we can get more Regional Force/Popular Force 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 First Corps, nobody can expect too much in the way of pacification progress -- local security is too tenuous. Instead, Third and Fourth Corps, where most of the rural population lives in the rice bowl of South Vietnam, deserve higher priority. Komor thinks that Thang and the Joint General Staff will adopt pacification priorities in the order of Fourth, Third, Second and First 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 Revolutionary Development 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 Revolutionary Development 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. It is 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 Viet Cong have lost some 2,000 men killed or detained since June to the Mobile Riverine Forces.

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 mobile Navy resources which now support one brigade will be increased during the coming year to provide a two-brigade capability.

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 Dea 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.

#### B. Political

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, and he is continuing to canvass available candidates for the post. Last week, 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 on September 26, he told me that the candidates for Prime Minister he is currently looking over with particular care are Nguyen Van Loc, a lawyer and General Ky's nominee for the post; Nguyen Huu Hanh, Commissioner General for Economy and Finance; 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 into him on the Loc appointment might help to improve their relationship. Thieu said that he recognized 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 field, Ky told me September 26 that General Nguyen Duc Thanh will be an assistant to General Cao Van Vien at the Joint General Staff of the Vietnamese Armed Forces, 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 Thanh.

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 Government of Vietnam, 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. The 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 Government of Vietnam has a legitimate basis for questioning Thanh and most Vietnamese recognize this and wasted little sympathy for 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 Government of Vietnam ordered suspension for one month of the vernacular Saigon Daily, Saigon Bao on charges of carrying an editorial of a nature "insulting to agencies of the Government." We have examined the translated text of the editorial in question and note that it is indeed scandalous and offensive. However, I pointed out to General Thieu September 22 that such action by the Government simply is not understood in the U.S., with our tradition of press freedom. General Thieu replied that he understood the problem and stated that the Government of Vietnam 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 regrettable.

We were considerably put out by the resignation of six officials of the International Voluntary Services 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 International Voluntary Services, arrived in Saigon September 27 to look into the question in depth and to take whatever action is necessary. I was heartened

to receive a letter September 23 from Verday C. Ly, Acting Chief of International Voluntary Services since the resignation of Mr. Luce, the former Chief, in which several of the ranking officials of International Voluntary Services 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 International Voluntary Services 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 the organization 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 proteges 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 Demilitarized Zone, 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.

### C. Economic

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 First Corps will probably grow next year, with more peasants abandoning their land and migrating to refugee camps.

D. Chieu Hoi

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.

E. Vietnamese Killed

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. Since January 1, 1967, the Viet Cong have killed a total of 2,527 civilians, wounded 5,077, and kidnapped 3,846.