

INFORMATION

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Thursday, March 14, 1968
5:15 p.m.

for file

Mr. President:

I have marked key passages in
Bunker's weekly which shows some
forward motion as well as continuing
problems.

W. W. Rostow

Saigon 22088

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WWRostow:rlh

43 Weekly Messages

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Thursday, March 14, 1968

FOR THE PRESIDENT FROM BUNKER (Saigon 22088)

Herewith my forty-third weekly message:

A. General

In my last two messages, I reported on our preliminary readings on the effect of the Tet attacks on the situation countrywide, and their meaning in terms of enemy strategy. It is clear that we must push ahead not only with the recovery program to get things back to the pre-Tet normal situation, but also move ahead as rapidly as possible toward achievement of our longer range priority objectives, i. e., mobilization, reorganization of the armed forces and civil administration, pacification, the attack on corruption, and economic measures. These latter will first have to be concerned with a restoration of the badly damaged economy, and in restoring confidence in the business and farming communities before any real advances can be envisaged. Taxes will have to be increased to close the inflationary gap and a vigilant watch kept on the upward pressure on prices. In surveying the situation this week, I can report progress on both the recovery effort and on some of our longer range objectives. At the same time, there are areas where we face continuing difficulties.

Progress is evident in the following areas:

1. President Thieu is continuing to take an increasingly active and decisive role in the government, providing more effective and more visible leadership than at any time in the past. Because of his temperament, he does not give the picture of the dynamic, charismatic leader that we might think of as ideal. But he has shown increasingly a desire to take hold of the reins and I think he is doing better in both American and Vietnamese eyes. He has continued to chair meetings of the Central Recovery Committee where he has made quick, sound decisions, pushed his ministers to rapid action, and in general imparted more of a sense of urgency and confidence in the Vietnamese bureaucracy. He has moved to speed up mobilization, has taken steps on administrative reform, outlined his tax proposals, and enforces austerity measures, including the closing of bars and nightclubs, and imposed a ban on luxury building.

2. In pushing the relief and reconstruction effort, Thieu made a second personal inspection in Hue March 9, where he gave further impetus to the relief effort by making on-the-spot decisions and a display of interest and concern. While in Hue, he made a point of contacting ordinary people and touring the entire city to see and hear their problems first hand. General Forsythe, who accompanied Thieu, tells

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me that the gratitude and warmth of the people toward him was obvious. Remembering the attitude of the Hue population toward the central government in the "struggle" and even in the recent past, this response to Thieu is doubly significant. On March 11, Thieu also made a brief radio and TV appearance, as I have been urging him to do, in which he launched the official campaign for voluntary contributions to a national fund for the Tet victims.

3. The relief and reconstruction effort is continuing to move forward with good results. Universities and some other schools have reopened, relief convoys are moving to Hue and the Delta, distribution of relief supplies continues, and reconstruction is underway. Some 81 million piasters have been hand carried in cash to the provinces to speed the relief effort. In Saigon, the curfew has been cut by two hours, resulting in improved morale, and the port is functioning much better, the discharge rate now having reached 8,000 tons per day. Prices continue to move downward. Nationwide, the number of refugees now stands at about 500,000 and will probably continue to decline as people whose homes have not been destroyed move back as security is established. Other statistics, though not final, also testify to the magnitude of the problem. The number of houses destroyed is now estimated at 74,000 and civilian casualties at 9,100 killed and 21,200 wounded.

4. The movement back into the countryside has begun, at least 321 of the 555 Revolutionary Development teams are in the hamlets; 93 out of 109 Truong Son (Montagnard) teams are also in place. The President has also issued instructions that all Revolutionary Development cadre would be sent back to normal Revolutionary Development duties effective immediately, and that they therefore would no longer be supervising refugee camps, manning command posts, guarding cities and towns as they have been doing in some instances. Both General Cao Van Vien and Revolutionary Development Minister Tri have been making personal inspections, urging on rural officials an aggressive return to the pacification effort. The Revolutionary Development ministry also has 12 teams in the countryside to develop the necessary program changes to adapt Revolutionary Development plans to the present situation.

5. On the military side, an encouraging development was the fact that both volunteer enlistments and draftees jumped dramatically in February. There were 10,084 volunteers in February compared with 6,059 in January and 3,924 in February of last year. Over 10,600 draftees also reported for induction in February, as compared with 3,766 in January and 4,006 in February of last year. It is worth noting that despite personnel losses in the recent heavy fighting, the Republic of Vietnam Armed Forces unit strength is generally satisfactory and Government of Vietnam forces are maintaining a high level of combat effectiveness. Of the 155 Republic of Vietnam Armed Forces maneuver battalions, 98 were combat effective as of February 19, but this had jumped to 118 by March 1. Average countrywide present-for-duty-strength of Regional Force companies is 99 (full strength, 123) and for Popular Force platoons is 29 (full strength, 35).

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6. A civil defense directorate was established in the Ministry of Interior March 7. The organization of local units is going forward throughout the country, and at latest reading there were nearly 19,000 volunteers in 20 provinces.

7. The Prime Minister has signed a decree on the organization and functions of the new directorate general of the civil service which should provide a sound institutional base from which to launch an effective reform program within the civil service.

8. Tran Van Don successfully held his national congress to form a broad, nationwide anti-Communist front on March 10. While there were some conspicuous absences among the invited notables, attendance was impressive in terms of the wide span of political elements represented. Also noteworthy on the political scene this week was the passage by the Lower House of the national budget, with no significant changes from the administration draft. The budget now goes to the Senate.

Among the difficulties still confronting us are the following:

1. Perhaps the most negative development this week has been an obvious tendency on the part of some Vietnamese leaders to return to politics as usual. While the success of the Tran Van Don congress testifies to the continuing strength of the feeling of national unity which emerged from the Tet offensive, there have also been disturbing signs that characteristic Vietnamese factionalism is again emerging. Most troublesome in this category have been reports of intention by Ky, particularly spread by his supporters, to force a change in the power structure which would give Ky more authority. Some reports even went so far as to suggest a forcible change in government leadership might be in the offing. I took up this matter specifically with Ky yesterday morning and will report on it in more detail in the political section.

2. Related to the Thieu/Ky problem is the continued activity by Tran Van An and Nguyen Van Huong to form political organizations which are generally viewed to be in competition with Don's front.

3. Another matter is the effort by some Lower House Deputies to place on the House agenda a motion of no confidence in the government, although at last report it appears that this may not materialize.

4. The enemy continues to pose a formidable military threat in several areas. He is apparently having considerable success in recruiting to make up for losses as well as continuing to reinforce his shattered units by infiltration. The situation seems to be most serious in the Delta. Ky told me this morning that General Thang had reported to him last Saturday that 367 outposts had either been overrun or their complements withdrawn to defend the towns and that some 2,000 men, with as many weapons, are unaccounted for; whether they were killed or deserted is not known. There are reports that Viet Cong recruitment starts at age 14 for guerrilla forces and even as low as age 10 for hamlet defense units. Harassment by mortar and rocket fire, sometimes accompanied by ground assaults or the planting of rumors

of pending offensives, have created fear and uncertainty among some urban dwellers as well as a lack of confidence in the ability of the Government of Vietnam to provide security. But with the U. S. and Army of the Republic of Vietnam troops beginning to go over to the offensive, the initiative appears to be shifting to the allies. Communist documents have emphasized the need for "continuous and fierce attacks" to prevent the allies from going on the offensive. The enemy's fears may be justified, for last week a majority of the ground contacts were allied-initiated, with the enemy generally attempting to disperse into small units to avoid combat. The low level of enemy activity and the unusual risk in attempting to bring in supplies by sea suggests that he is having logistic difficulties, or that he is trying to conserve his strength for another big effort. The First Corps is an exception to this general statement where the enemy seems to be preparing for large scale conventional warfare.

5. Labor union leader Vo Van Tai, along with Tri Quang and several other prominent oppositionists, remains in jail. This seems to have had relatively little impact on Vietnamese opinion, but it continues to hurt the Government image abroad. The fact of Vo Van Tai's detention seems to be the only element which has had a disquieting effect on the two-man AFL-CIO delegation, headed by Irving Brown, which is here discussing relief and longer range cooperation with the labor union. I expect to have a full report from them today on the results of their meetings here which Brown told me yesterday had been otherwise very satisfactory. We shall be reporting on this separately.

B. Situation in the Countryside

Administrative reforms. I reported last week the removal of two Corps Commanders and the decision to make province chiefs directly responsible to the central government. The full effects of these two important decisions are not yet clear. In the Fourth Corps, General Thang is predictably making an initial impression by his drive and color. He has reportedly eliminated noontime siestas and has a seven-point program which he launched at a meeting with the Fourth Corps Province Chiefs March 9. While less dynamic than Thang, the Second Corps Commander, Lu Lan, is expected to be a considerable improvement over his predecessor because of his intelligence and his willingness to listen to American advice; General Westmoreland reports that he was greatly pleased with the meeting which he and General Vien had with General Lan recently.

Thieu is now moving on the replacement of province chiefs who have not performed satisfactorily. The appointment of eight new province chiefs was announced this week, of which six replaced men who are being removed for inefficiency. President Thieu has divided all of the province chiefs into three categories: (a) "bad-urgent" -- about seven men who must be relieved no later than March 20 (This leaves one to go); (b) "bad-not urgent" -- These will be replaced when the course for province chiefs is completed on or about April 1; and (c) "good-need refresher training" -- these are men who will be included in future courses for province chiefs. Thieu

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implied that the last category are basically good men who need to be updated on government policies and indoctrinated very carefully on the anti-corruption and administrative efficiency concepts of the President. In discussing the removal of the province chiefs, Thieu said he has our list of 13 men who should be relieved and that he is using it.

Thieu is also having instructions prepared to implement his plan to appoint civilians as government delegates in the corps areas. The instructions will define the functions of the corps commanders, the government delegates, and the province chiefs, and the relationship of each to the central government. Six administrative regions will be established, each headed by a civilian delegate who will be appointed by the President. The delegate will assume the administrative functions which were formally delegated to the corps commander, leaving the latter with authority in the military sector only. The delegate will act as an inspector over all civil administration activities in his region. While he will not have authority over the province chief in the chain of command, he will see all correspondence between the province chief and the central government and, therefore, be in a position to advise and influence both. On administrative matters, the delegate will report to the Ministry of Interior or other appropriate Ministries, but will report directly to the President on political matters.

Popular attitudes in the provinces. It is difficult to generalize about public opinion in most situations in this country, and that is particularly true at the present time. People are still unsettled by recent events, and their attitudes are still changing. Many remain very ill informed. Purely local events influence them heavily in many cases. Some are more subject to enemy propaganda than others. Still, I think we can make some meaningful statements about the state of popular attitudes in the provinces at this time.

The Tet attacks certainly inspired fear of the Communists among the provincial population, though there is no evidence of any increased positive support for the enemy. The fear has probably been reinforced by what now appears to be fairly intense Communist activity in the countryside since the Tet attacks. Propaganda and food collecting teams are reportedly active in many areas. Viet Cong control or influence in many villages and hamlets is evidently adequate to permit fairly large-scale recruiting and intensive propagandizing.

At the same time, the provincial population has noted that the Communists were thrown back with heavy losses, that the Government did not dissolve, and that there was no general uprising. There is some pride in the fact that the Army of the Republic of Vietnam fought well, although this feeling is marred by Army of the Republic of Vietnam looting in a number of areas. Those who are connected either directly or by family ties with the army or the civil administration -- and this is a significant number of people -- are relieved to find that the enemy offensive failed to undermine the Government or the Vietnamese military establishment.

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It is also worth noting that the stories of U. S. collusion with the Viet Cong still are credited to a considerable degree, especially in the First Corps. In areas where U. S. forces have been heavily engaged and where the local population has seen U. S. casualties, the collusion stories tend to die quickly.

In the First Corps the population is keenly aware of their close proximity to North Vietnam. Communist forces are known to be present in strength in nearby areas, and there is considerable fear of renewed Communist attacks. While the presence of U. S. forces is reassuring, the recent attacks, particularly the long struggle for Hue, have tended to revive the rumor that the U. S. will abandon the two northernmost provinces to the enemy. There has been a general lull in both Viet Cong and North Vietnamese Army activity in the First Corps since the beginning of the month, but enemy propaganda operations have certainly continued during the lull. We have reports of hamlet meetings and leaflets; some of the leaflets are signed by the "National Peace and Democratic Union", the Communist front which was launched during the immediate aftermath of the Tet offensive.

One sign of heavy pressure on the local population in the First Corps is the report that the enemy is using women in military units in Quang Tin Province. Four women were killed in action in Tam Ky District and two in Thang Binh District in recent engagements there.

In the Second Corps we have reports which suggest there is now significant fear of renewed attacks. In areas which were hit hard there is a widespread feeling that the enemy has made a great leap forward, particularly in their ability to control the economy of the region. In those areas which were not attacked, the people remain basically oriented toward the Government of Vietnam, but their confidence in the Government's ability to protect them has been eroded. Most recent reports indicate that in almost every province in the Second Corps, the enemy has become extremely active in propaganda activities, food collection, and recruitment. There are also numerous reports that the enemy is making a major effort to build up his political organization in the villages and hamlets.

In the Third Corps the attacks on province and district capitals were not on as large a scale as elsewhere, possibly because Viet Cong and North Vietnamese Army strength was diverted for the attack on Saigon. Since the Tet attacks, however, a number of province capitals have been hit by rocket and mortar fire, and major Viet Cong and North Vietnamese Army units are reportedly operating in the provinces surrounding Saigon. This has had some effect on the population's attitude, with many fearing that the Viet Cong will step up their attacks. Local guerrilla forces are active in recruiting, and we have reports of heavy propaganda activities in a number of areas. One line which the Communist are pushing is summed up in the jingle "blood will flow in May, there will be peace in June." This jingle may be part of an effort to justify heavy demands for food and recruits.

Throughout the Fourth Corps, the enemy continues to harass urban population centers and cut lines of communication while at the same time tightening its grip

on the rural areas. Popular resentment against the Viet Cong for exploiting the Tet holidays exists, but it is believed to be much weaker than the prevailing fear of Communist power. The enemy is active in recruitment here as in other areas. We have some reports that indicate a decline of morale in My Tho, with a consequent decline in allegiance to the Government of Vietnam.

C. Political

The fronts. As I have mentioned, Tran Van Don launched his front Sunday with a national convention that drew 2,000 delegates, many of them from the provinces. There was a widespread of political groups at the convention, and Don can claim with some justice that his front now has a broad, nationwide mandate. The meeting was not carried off without some friction however; in fact, the convention was unable to select a high steering committee, and finally entrusted that task to the central executive committee instead. Also, noticeably absent from the convention were Tran Van Huong, Phan Khac Suu, Ha Thuc Ky, and Thich Thien Minh. (It was announced that Huong and Suu were both ill, but had agreed to serve on the high steering committee if invited. Thien Minh reportedly agreed to attend if Tri Quang could be transferred from jail to a clinic where the police could "guard" him as they did for a time following the struggle. This arrangement evidently fell through, as Thien Minh did not appear and Tri Quang is still in jail.)

Don now intends to go ahead with his organizational effort in the provinces. He wants the front to engage in civil defense and relief programs as well as to serve to rally sentiment against the Viet Cong. His success in these efforts will depend in part on how long the present national feelings of unity against the enemy last, in part on how the government -- and the factions within it -- reacts to his future activities.

Don's task is also complicated by the continued efforts of Tran Van An and Nguyen Van Huong to form their own political organizations. While An claims not to be in competition with Don, most Vietnamese do not believe him. Huong is plainly opposed to Don's efforts. Both Huong and An claim to have Thieu's blessing. A front in process of formation in Danang also apparently plans to function independently.

Thieu/Ky relationship. I referred to this matter in last week's message, observing that it had its peaks and valleys. I had a long, and I think, constructive and useful talk with Ky yesterday morning and put this whole problem to him fully and frankly pointing out to him, among other things, the complete unacceptability of any move to force any change in government leadership through unconstitutional methods. He agreed that any such move, to use his own words, would be "disastrous". He indicated that he was ready and willing to receive instructions from Thieu and to act on them. I found him in a considerably more constructive frame of mind than in my last talk with him. I plan to see Thieu today to discuss this relationship further and to do my best to get it channeled in the right direction.

Much of the maneuvering and pressure with which this relationship has been afflicted has come from the people around Ky. However, it is also clear that he is aware of what is happening and has been doing little or nothing to stop it. I am inclined to believe his motive in this is to try to pressure Thieu -- and us -- to give him more power and responsibility in the present government. If this is true, it should be possible to find a formula which will be at least acceptable to both Thieu and Ky, and also to us, and I intend to pursue this objective vigorously with them both.

D. Economic

Prices in Saigon have resumed the generally downward trend underway since the early part of the crisis period. The U. S. AID Retail Index fell 6 percent during the week ended March 11, with food prices alone down 8 percent. The drop in food prices was especially marked in vegetables, reflecting improved traffic conditions on the main routes into Saigon, but also the smoother functioning of the new systems whereby wholesalers must take deliveries of produce outside of the city. With last week's drop in prices, the U. S. AID Retail Index now stands only 2-1/2 percent above its level of January 27, date of the last pre-Tet calculation. Food prices alone are up 5-1/2 percent and non-food prices down 5 percent. This is a rather remarkable performance in view of all that has happened.

On Monday, March 11, a supplementary PL 480 agreement to provide 100,000 additional tons of rice to Vietnam was signed. At the same time, the two governments agreed, in a negotiating minute appended to the PL 480 agreement, that Vietnam would seek to purchase rice commercially in the United States, using its own foreign exchange, to cover the gap between the amounts that can be provided under PL 480 and the nation's total rice requirement. This residual amount was earlier estimated to be 40,000 tons. The disruption caused by the Tet offensive may well have substantially increased the amount required. Government of Vietnam commercial purchases of rice in the United States could contribute notably to increasing the total volume of American-origin imports to Vietnam.

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