

MEMORANDUM

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THE WHITE HOUSE

WASHINGTON

~~SECRET/NODIS~~

Friday, March 29, 1968

Mr. President:

Herewith a capsule version of Bunker's 45th weekly report:

A. General

- Thieu's March 21 speech was his best and briefest.
- Mobilization proceeding well, but with some adverse effects on civic and pacification activities from critically skilled persons being drafted.
- Civil Defense training progresses, but is not yet well coordinated.
- Proposed new law would increase tax revenue.
- Proposed legislation would give Ky statutory duties.
- Tran Van An and information function elevated to Ministry level.
- Thieu continues establish council personal advisers.

B. Military

- US and GVN forces increase initiatives.
- Enemy harasses Khe Sanh and highland cities and infiltrate at high rate. Enemy may be redeploying to Cambodia and in highlands under pressure from allied bombardments and sweeps.
- RVNAF aggressiveness increases -- evidenced by major actions throughout Vietnam. Operation (Resolve to Win) continues.
- Thang energizes IV Corps with excellent results.

C. Political

- Don Front may be losing some support of Nationalfigures.
- The new Huong Force, announced March 27, may have some real rice root support.
- Ky wants Thieu publicly to designate his responsibilities and proposed legislation may help.
- Upper House continues detailed scrutiny of budget.

D. Pacification

- Pacification programs revive slowly, but GVN isn't moving fast enough.
- Key problem is defensive attitude not loss of assets.
- Losses have been considerable, but less than first feared.
- Thieu and Ky show personal interest.

E. Project Recovery

- Brightest news is that Tet refugees have dropped to 392,000 and continue to decline.

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By wp/ez, NARA, Date 4-2-92

-- Roads and waterways are gradually reopening, but Route 4 traffic is 50% of pre-Tet level and rice flows are down. The key, we push in GVN circles, is economic revival.

F. Economic

-- The Retail Price Index is now at pre-Tet level, but this stability results from sluggish business conditions.

-- GVN is considering measures to improve Delta rice situation affected by Tet Offensive.

-- The Saigon Port congestion problem should be resolved by the end of the month.

W. W. R.

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Authority State 11-7-78 letter
By sp Date 3-15-79

Thursday, March 28, 1968

FOR THE PRESIDENT FROM BUNKER (Saigon 23308)

Herewith my forty-fifth weekly message:

A. General

On March 21, in a wide ranging speech, the best and briefest he has made since taking office, Thieu outlined what is being done and what his plans are for mobilization, recovery, administrative reform, civil defense, revolutionary development, the attack on corruption, and austerity. He warned that the people would have to face many ordeals in all areas, asked them to accept greater sacrifices, and ended with a plea for greater efforts, for courage, and perseverance.

Mobilization is being pushed. Last Tuesday, Thieu met with Vice President Ky, Minister of Defense General Vy, and Chief of the Joint General Staff, General Cao Van Vien to discuss the rate of call up of draftees, training, and the character and disposition of units. Thirty-eight thousand men in the 19-year age group have received draft cards; 40,000 in the 18-year group will be called up during May and June. Nearly 12,000 reservists have rejoined the armed forces, and 8,000 will be called up in the next phase. ~~In the last two and one-half months, 48,500 men, nearly half of them volunteers, have joined the armed forces, a number greater than in any similar period.~~ The military training of civil servants and students is being accelerated.

Civil defense training is also proceeding and has made substantial progress though it is not yet well enough coordinated. Thieu has asked Vice President Ky to take charge of the program and to come up with a comprehensive plan for the whole country. It is important that this should be carried out carefully and in an orderly and systematic way to avoid the reappearance of any private armies such as existed in prior years. ~~A good beginning is being made in first arming civil servants.~~ Veterans should provide another good civil defense pool.

In its haste to increase the armed forces by at least 135,000, the Government of Vietnam has not given enough attention to protecting important civic and pacific activities. I have raised this problem several times with both Thieu and Prime Minister Loc, furnishing the latter a list of 3,000 essential government jobs whose incumbents should not be drafted unless qualified replacement is available. While the situation relative to the central government in Saigon has been handled fairly well, there is danger that the provincial services and the economy may be seriously affected unless preventive measures are promptly taken. For example, refugee mobile teams are being decimated by the draft just at the time when the refugee loss is the greatest; the only anesthesiologist at the Dalat hospital has been drafted,

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effectively cancelling the hospital's surgical capability. We are, therefore, working on a longer list covering the provincial organizations. The Government of Vietnam has not yet provided clear instructions or adequate machinery to insure that essential civilian government and public services continue to function effectively. Since the contest in Vietnam is not only a contest between military forces, but also between the Government of Vietnam and Viet Cong organizations, it is essential that the Government administrative structure be not weakened. I have suggested to Thieu and Ky that the mobilization directorate be placed either under the Presidency or the Prime Minister's office so that the interests of all the Ministries can be coordinated.

Thieu has also moved on the civilian front:

1. In addition to the eight new province chiefs, whose appointment I mentioned in last week's message, Thieu yesterday appointed four more province chiefs in the provinces of Go Cong, Kien Hoa, Vinh Binh, and Phong Dinh, all in the Fourth Corps area. He has informed me that he expects to replace the province chiefs in Bien Hoa and Gia Dinh in the Third Corps and to make further appointments when the course for province and district chiefs is completed in April.
2. Thieu has also submitted to the Assembly draft laws covering establishment of the Inspectorate, the Supreme Court, the Special Court, the Magistrate Council, and a statute for political parties. Yesterday he submitted draft laws covering the organization and operation of the Economic and Social Welfare Council, the Culture and Education Council, and the Ethnic Minority Council. The Vice President will preside over these councils. It is anticipated that these draft laws will be debated and put to a vote in the Lower House in early April. This is a welcome development for it will give Ky definite responsibilities which he has hitherto lacked.
3. To provide increased revenue, Thieu told me last Tuesday that he will send a draft law to the Assembly proposing a surtax for "reconstruction and solidarity" which he anticipated would bring in about 3 billion piasters. On March 30, he plans to issue an Executive Order increasing taxes on luxury items and importing goods, expected to bring in about 4 billion piasters in additional revenue. As a first step, he plans to raise the tax on petroleum products from 9 to 13 piasters per liter. He estimates that this will bring in an additional 2 billion piasters. In one or two months he plans to increase the tax to 17 piasters. Since petroleum products are so widely used in the economy and affect all principal means of transportation, Thieu has decided on a two-step increase in order to avoid too sudden and drastic an impact. In connection with these tax measures, Thieu made a special plea to me to have our authorities work closely with his to prevent supplies from American sources getting into illegal channels of trade. He made the point that obviously non-taxable gasoline and PX supplies would become more attractive.
4. Information was raised to Ministerial level and Tran Van An appointed Minister of Information on March 22. Thieu hopes that An will develop a more effective and imaginative program both at home and abroad. This is badly needed, for information has been one of the weakest elements in the Government of Vietnam structure. An has talked to us about establishing a joint U. S. / Government of Vietnam working

committee and we shall follow up with him on this. He wants to have closer working relationships with all the Ministries and to work out some joint arrangement with the Army of the Republic of Vietnam political warfare section. He also hopes to develop a more realistic "political warfare" campaign against the enemy with more adroit use of TV and radio. We shall lend all the assistance we can for, in my opinion, Government of Vietnam psychological warfare has been a good deal less effective than the enemy's.

5. Thieu has made progress toward the establishment of his council of ~~men~~ political and spiritual advisors. He informed me that so far, eighteen individuals had agreed to serve, that he wants to talk to three or four others before making an announcement which he hoped might be this week. Among those who have agreed to serve are Phan Quang Dan and Ha Thuc Ky; he also hopes to have satisfactory Buddhist representation among them. Tran Van Huong has agreed to serve private as an adviser, but does not wish to be officially listed as such. All had agreed that it would be best not to meet formally in a large group since frank and constructive discussions could better be had in meetings with small selected groups, or individuals.

6. Announcement has been made that an administrative reform council will be set up in the President's office "under the direct control of the President, and will be responsible for studying and deciding on administrative reforms." It will have a committee on civil service reform which can be used as a vehicle for reviving the proposed civil service general statute which was drafted in October, 1967, by an ad hoc Government of Vietnam committee, and which has never been implemented. A National Planning Council will also be set up "under the direct control of the President, and will be responsible for studying and drawing up all national plans as well as the supervision and execution of these plans."

7. Work is also underway on the establishment of a production rehabilitation fund and a war risk insurance plan, both mentioned by the President in his March speech.

8. On corruption, Thieu said "I have considered it to be a shame for the whole nation" and emphasized his determination to wipe it out. He observed, "I will not pass up any infraction, and in order to start in the right direction, I shall not treat with indulgence any clearly established cases of corruption, especially the abuses committed in the relief program." He promised to strictly carry out punishments handed down by the courts, including the death penalty recently announced in three cases.

According to the President's brother, Nguyen Van Kieu, Tran Van Huong has been persuaded to serve as head of the Inspectorate. Past claims to this effect have not materialized, but if true, this would be a most favorable development, as Huong has a wide reputation for honesty and dedication to clean government. Thus Huong could add some much needed credibility to the government's anti-corruption campaign. His presence should go a long way to instill confidence that this time the government really means business. (Huong recently told an Embassy officer that the only way to handle those who divert relief funds and supplies is to "shoot, shoot, shoot". He seemed to mean it.)

B. Military

U. S. and Government forces increasingly took the initiative last week while the level of enemy activity declined, although there were a number of sizeable actions. During the last two days of last week, Khe Sanh was subjected to very heavy rocke ing, but this has since slacked off. It seems probable that our very heavy bombing has inflicted heavy casualties; 1,200 of the enemy are known killed and this may be a relatively small proportion of the total. General Westmoreland believes it is conceivable the enemy may have given up the idea of attacking Khe Sanh and may be withdrawing part of his forces to Cambodia and intending to redeploy in the central highlands. In the southern three provinces of the First Corps, the enemy seems to be disorganized. In the Second Corps, he has maintained a threatening attitude around the cities of Kontum, Pleiku, and Ban Me Thut, but activities have largely been confined to harassment through mortaring and rocketing. In the Third Corps, the Joint U. S. /Army of the Republic of Vietnam operation, Quyet Thang (resolve to win), is progressing well, with sweeps being carried out during the day and ambushes at night. Heavy losses have been inflicted on the enemy. The enemy continues to hang in around Saigon in Gia Dinh, Hau Nghia, and Bien Hoa provinces. In the Fourth Corps, offensive operations have been accelerated, activity last week being the highest on record. The enemy has pulled back from around My Tho and Can Tho and seems to be trying to avoid contact. On the other hand, he has been actively attempting to disrupt traffic. Highway 4 is interdicted almost every night but is back in operation during the day time.

The enemy apparently is infiltrating from the north at a very high rate. With only four to six weeks of good weather remaining in the Laos panhandle, he is trying feverishly to replenish stocks. He is relying heavily on trucks, building cleverly concealed motorable roads in remote areas from Cambodia into Tay Ninh and Phuoc Long Provinces and from the tri-border area into Kontum Province.

The determination of the Vietnamese Armed Forces to engage the enemy and to use him from positions from which he can threaten military installations and population centers has become increasingly evident throughout the month of March.

In the First Corps, since the battle of Hue, in which 4,578 enemy were killed (2,623 by the Army of the Republic of Vietnam), there have been three significant Army of the Republic of Vietnam engagements.

1. In Quang Tri Province, the First Army of the Republic of Vietnam Regiment operation resulted in 208 enemy killed in action, 18 detainees, 49 individual and 16 crew-served weapons captured. Army of the Republic of Vietnam losses were 8 killed in action and 35 wounded in action.

2. In Quang Tri Province, in a Second Army of the Republic of Vietnam Regiment operation, 155 of the enemy were killed in action, 19 individual and 6 crew-served weapons captured. Army of the Republic of Vietnam were 14 killed in action, 63 wounded in action, and one missing in action.

3. In Quang Tri Province, in another Second Army of the Republic of Vietnam Regiment operation, the enemy losses were 40% killed in action.

individual and 24 crew-served weapons captured. Army of the Republic of Vietnam losses were 45 killed in action and 185 wounded in action.

In the Second Corps, the Army of the Republic of Vietnam had three significant contacts:

1. In Darlac Province, in an operation by the 45th Army of the Republic of Vietnam Regiment, 160 enemy were killed, 52 individual and one crew-served weapon captured. Army of the Republic of Vietnam sustained 16 killed in action and 16 wounded in action.

2. In Binh Dinh Province, in two engagements in which the Regional and Popular Forces participated, the enemy lost 298 killed in action, 24 individual and 16 crew-served weapons; yet the Regional and Popular Forces losses were one killed in action and 8 wounded in action.

In the Third Corps, the combined campaign, Quyet Thang (resolved to win), began on March 11 with elements of the U. S. First, Ninth, and 25th Infantry Divisions in coordination with the 5th and 25th Army of the Republic of Vietnam Divisions and Vietnamese Airborne, Marines, and Ranger Task Forces. The operation, designed to clear the capital military district and surrounding areas, is progressing with significant results. As examples:

1. In Hau Nghia Province, a combined reconnaissance in force by elements of the 49th Army of the Republic of Vietnam Regiment and 11th U. S. Armored Cavalry against an estimated enemy battalion, resulted in 142 enemy killed in action, 6 individual and 2 crew-served weapons captured, friendly losses were 8 killed in action (one U. S.) and 21 wounded in action (five U. S.).

2. In Hau Nghia Province, in the early hours of March 25, a combined force of the 34th Army of the Republic of Vietnam Ranger Battalion and elements of the 4th Battalion, 23rd Infantry (U. S.) engaged an estimated 300 enemy while reinforcing a popular forces outpost under attack. U. S. tanks, artillery, gunships, and tactical air also participated. Enemy losses now stand at 243 killed in action, 24 individual and 15 crew-served weapons captured. Friendly losses are 32 killed in action (10 U. S.), 103 wounded in action (71 U. S.), two missing in action (Army of the Republic of Vietnam), and three trucks destroyed.

3. Cumulative casualties through midnight March 25 are: enemy (by Army of the Republic of Vietnam) 845 killed in action, 44 detainees, two returnees, 225 individual and 47 crew-served weapons captured; by U. S.: 879 killed in action, 2 detainees, 268 individual and 68 crew-served weapons captured. Friendly (Army of the Republic of Vietnam: 89 killed in action, 231 wounded in action; U. S.: 63 killed in action, 538 wounded in action; 407 evacuated).

In the Fourth Corps:

1. Operation Truong Cong Dinh campaign commenced on March 7 with the First and Second Brigades, 9th U. S. Infantry Division and Army of the Republic of Vietnam 7th, 9th, and 21st Divisions. Army of the Republic of Vietnam

energized by the new corps Commander, General Thang, have achieved excellent results. Campaign cumulative casualties through midnight March 25 are: enemy (by Army of the Republic of Vietnam): 502 killed in action, 377 detainees, 157 individual weapons and 16 crew-served weapons captured; by U. S.: 198 killed in action, 141 detainees, 23 individual and five crew-served weapons captured.

2. Another significant engagement occurred in the Fourth Corps in An Kuyen Province at Ca Mau on the morning of March 5 when an estimated reinforced enemy battalion attacked the city and airfield. Popular Forces and 32nd Army of the Republic of Vietnam Regiment troops attacked with artillery, gunships, and tactical air support. After an eight-hour engagement, the enemy was driven from the battle area leaving 282 dead, 49 individual and 21 crew-served weapons and two radios captured. Friendly losses were 11 killed in action and 47 wounded in action (2 U. S.)

C. Political

~~Political organizations.~~ Organizing activity continued this week for two major new political groups, Tran Van Don's Peoples Front for National Salvation and Nguyen Van Huong's Free Democratic Force. Don held a press conference March 22 to announce the composition of the Front's high steering committee and report on his organizing trips to the provinces. Huong's force was publicly launched March 27 with a two-day National Congress for Delegates from all over the country (It is not clear whether Tran Van An is still going ahead with his plans for another front organization now that he has been named as Minister of Information.)

While Don has suffered no public defections, it is becoming increasingly clear that some of the national political figures who originally took part in his front are now cooling off on it. The question of the continued participation of men such as Tran Van Huong, Phan Khac Suu, and Ha Thuc Ky was avoided at the March 22 press conference by announcing that all members of the Front's temporary advisory board will now be members of the high steering committee. While Huong, for example, has not objected to this continued use of his name, he has appeared only at the first public meeting and he has subsequently let it be known privately that he does not believe the Front is a useful device.

Don, meanwhile, has been making a number of trips to the provinces to set up provincial branches of his organization. It is not yet clear how much success he is having in this effort, though he himself admits that ideally, he should have begun with this activity and then proceeded to the kind of national congress which he held on March 10.

There is a continuing impression that Don's organization is basically pro-Ky and Thieu himself seems still to take a rather dim view of the Don front. He recently told a mission officer that Don's front has no value for use as an instrument to develop and organize public action and Don's concept is not practical for Vietnam

at this time. Thieu said that the Don front will attract no one of substance outside of Don's entourage and his political allies.

Huong's force at its inception appears to be notably lacking in leaders of national stature. His temporary Executive Committee, unveiled at the March 27 meeting, includes several Senators and Deputies, but none of these have been prominent in the Assembly. Huong himself is staying completely in the background, with a relatively unknown southern nationalist, Ngo Ung Tai, serving as the chairman of the force executive committee. The force inaugural was attended by delegations from 36 provinces, however, and Embassy officers observed that these delegations included a sprinkling of provincial councilors and village chiefs. It may be that, despite the lack of national figures among the leaders of the force, Huong has in fact prepared the ground for a national organization with some real support at the rice roots level.

An important difference between the Don front and the Huong force is the fact that the force accepts members only as individuals. Don's front, on the other hand, aims at attracting already organized groups to band together in pursuit of common goals. For the immediate problem of mobilizing the nation against the present Communist threat, Don's approach has clear advantages. However, over the long haul, the Huong method probably offers a better hope of constructing a closely-knit and disciplined political organization.

Huong's concept is a party of cadre, organized in cells, and directed from the top. He has clearly been much influenced by the example of the Lao Dong and Can Lao parties, and the force can be expected to bear a strong resemblance to those organizations if it is successful. Hopefully, there will be one vital difference, however the force is being organized with the avowed purpose of seeking power through free elections, and its bylaws pledge adherence to the constitution.

The Don front and the Huong force are not necessarily incompatible, though most Vietnamese politicians persist in seeing them as rivals. Tran Van Don, in fact, attended the public inauguration of the force as a guest. He told an Embassy officer there that he hopes all parties, including the force, can be induced to band together for certain purposes under the banner of his front. This is very close to the idea of Thieu's brother, Nguyen Van Kieu. Kieu told Calhoun on March 27 that he has been consulting with Don, Huong, and Tan Van An about arrangements for linking their organizations together, and he claimed that all had agreed to work out such a understanding. We will be working to influence some such development so as to maximize the unifying influence of these political groups in the face of the enemy.

Thieu-Ky relations. Bui Diem has been talking, by his own account very frankly indeed, with both Thieu and Ky on the absolute necessity for them to close ranks publicly and work together for the good of the nation. I hope that his efforts will reinforce my own frequent attempts to impress this idea on both Thieu and Ky. According to Bui Diem, Ky reiterated his feelings of loyalty and personal obligation to you and his pledge that he will do nothing to upset the present situation. He also

reportedly told Bui Diem that he is willing to get rid of some of the more troublesome members of his staff, | if Thieu wishes him to do so.

In recent conversations, Ky has seemed to focus on the need for Thieu to publicly designate some area for him to work on. Thieu has told me and he has told Ky that he wants Ky to manage the Civil Defense Program, and Ky has said he is willing to accept this responsibility. However, he also feels he must have a public mandate from Thieu. I agree that he should and I intend to take this up with Thieu as soon as possible.

Thieu's sending of draft legislation to the Assembly for the establishment of the three advisory councils should also help to alleviate the problem. ~~As Vice President Ky is supposed to chair these councils, and their establishment should help to occupy him in something besides ill-devised comments to reporters.~~

Some of the recent friction between Thieu and Ky has no doubt been generated by persistent reports that Ky's supporters were pushing for a constitutional amendment which would allow Ky to become Prime Minister. General Loan seems to have been behind this particular maneuver, and perhaps as a result of some rather frank talks between Komer and Ky about Loan, ~~Loan has been sent to the First Corps to "cool off" for a while.~~ As Loan was also the prime mover behind the effort to have the Assembly declare war on North Vietnam, I hope that his absence will also tend to dampen that particular project.

~~Assembly developments.~~ The Upper House has been circulating a petition to interpellate the Prime Minister, Defense Minister Vy, and Interior Minister Vien on the government's performance during and since the Tet attacks. The petition already has the required number of signatures, and it is reasonably certain that the ministers will be "invited" to appear following passage of the budget.

According to some of the more moderate Senators, the Ministers can expect some very vigorous questioning. According to Senator Dang Van Sung, the impetus behind the interpellation effort is the "general feeling" that the government must make some fairly extensive changes in the Cabinet to restore public confidence. While some Senators no doubt sincerely believe this, others are probably motivated by more personal considerations. We will do what we can to moderate this development.

The Upper House is now nearing the end of its consideration of the budget. It has taken a much more careful look at the government's plans than did the Lower House, and has made a number of economies. The Senators reportedly have been told by the Minister of Finance that there will be a supplemental budget request from the government within about three months. The Senate, therefore, is taking a very hard look at budget items such as new automobiles or new personnel, while at the same time taking the position that they will approve any funds really needed for essential operations. Thus, they have cut the budgets of the Ministries of Health, Social

Welfare, and Education, but expect to vote more money for all three Ministries when they get the supplemental request to meet the extraordinary demands put on those Ministries by the Tet attacks.

Among other cuts were reductions in the funds allotted for the offices of the government delegates, the Senate taking the position that these offices are not provided for in the constitution, and they only add to "administrative frictions." The Senate also took an action which some Senators have interpreted as a slap at Vice Preside Ky. Noting that the Vice President has no power to sign decrees under the constitution, they questioned his right to establish a separate office by decree. They then voted to put the funds for the Vice Presidency under the same chapter of the budget as the funds for the office of the Presidency.

Because of the numerous Senate changes in the Lower House version of the budget, the bill will have to go back to the Lower House following passage by the Senate. Compromising the House and Senate versions could take some time, but we are told by most sources that final passage will take place during the first week in April.

D. Pacification

The pacification program is continuing to revive slowly, although the Government of Vietnam is not yet moving fast enough to win the race for the countryside. As I reported last week, the key problem is less one of loss of assets, the great bulk of them are again in hand, than defensive attitudes which inhibit aggressive movements back into those hamlets now lost or contested.

These losses have been considerable, but less than initially feared. For example, our hamlet evaluation system figures for end-February show a 7 percent decline in relatively secure population (ABC hamlets plus the towns) from the end-January estimate of 67 percent. About 800 hamlets and 1.3 million people dropped from the "secure" category. But it is important to note that most of these dropped into the "contested" category. Only 200 hamlets and 280,000 people are estimated to have reverted to Viet Cong control. Moreover, we believe that these losses as of end-February are being slowly recouped during March.

Meanwhile, President Thieu has been given more guidance to the program. He has moved to reassert Central Government authority over Province Chiefs by cutting Corps Commanders out of all save the military chain of command. His appointment of first eight and now four more Province Chiefs manifests Thieu's desire to have more controlling influence. He also plans to shift the Revolutionary Development Cadre directorate from under the Joint General Staff back to the Revolutionary Development ministry, which may cause disruption and delay just at the time when quick action is essential. Komer has urged Thieu to delay this change until later in the year when pacification is back on the track.

Ky also is active, visiting each Corps to manifest his approval of the modified 1968 Revolutionary Development plans and carry the word that pacification is still a high priority program being given personal attention by top government leaders.

Out of 595 Revolutionary Development teams 464 (77 percent) are now back in the hamlets. Local security forces have had to go with them, which helps achieve Government of Vietnam and U.S. aim of reestablishing a presence.

E. Project Recovery

The brightest news on the recovery front is continued drop-off in Tet evacuees, indicating that people are gaining confidence in security and that resettlement machinery is beginning to function. Between 13 and 25 March total of Tet refugees declined from 486,000 to 392,000 and are still declining. In Saigon/Gia Dinh, refugees dropped from 122,000 to 99,000 during the same period.

We continue to stress in top Government of Vietnam circles that recovery is much bigger than just repairing damage and helping evacuees. The key is economical revival, which in turn depends critically on restoring roads and waterways to the point where people are confident that they can travel as safely as before Tet. Key roads are reopening, but traffic on them is only slowly reviving because the psychological impact of the Tet offensive hasn't worn off and the Viet Cong are practicing calculated harassment. In Third Corps, even though major highways are open, commercial traffic is below 50 percent of pre-Tet level. On vital Route 4 in the Delta, traffic flow is now roughly 50 percent of pre-Tet level. On the two most important canals in the Delta, the Mang Thit and the Cho Gao, boat traffic is 20 percent and 30 percent respectively of pre-Tet volume.

As a result, the flow of rice from the Delta to Saigon is way down. Because there isn't enough storage space in the countryside, Delta rice must be moved to covered storage in Saigon before the rains start next month. Traffic out of Saigon is way down too, causing critical shortages of petroleum, oil and lubricants in many Delta provinces, slowing distribution of relief materials, and forcing prices of commodities normally obtained from Saigon to rise to as much as 100 percent above pre-Tet figures. We are doing our best to restore security and confidence.