

5-15-27

*Beckwith  
11-17-66  
3:30*

THE WHITE HOUSE  
WASHINGTON

Thursday  
November 17, 1966  
1:05 p. m.

*K*  
Mr. President:

Herewith Lodge's weekly  
report.

The feature is his judgment  
of Ky's increasing political  
maturity -- a judgment I share,  
seen at a distance.

*Get Lodge to say 1st page  
in April and let's do likewise*  
~~SECRET~~  
Saigon 11117

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By ms NASS, Date 11-1-79

FOR THE PRESIDENT FROM LODGE (Saigon, 11117)

EX-105 FORM 1

Oct 1

Thursday, November 17, 1966

Reviewed by: Edgar H. Kelly

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OK w/ deletions

Herewith my weekly telegram:

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I am, therefore, putting out a requirement on all Americans to whom it applies to give me information about this, which I hope may stimulate them to start doing something about it. Now that we are getting the shield we need against the main force units, we should be able to get to work on this sort of thing.

I expect that the new U.S. Team Chief in Long An, Sam Wilson, will try to get it started there.

Certainly, the shelling of Saigon on November 1 indicates to me that even in greater Saigon the requisite amount of police work has not been done. I just don't think it would be possible for men with recoilless rifles or mortars to shell F Street in Washington or Beacon Street in Boston.

I hope that the new reorganization of revolutionary development and pacification will rapidly lead to this. But as of today, I believe what little fine tooth comb work there has been, has been spasmodic and quite incidental. The reason may be that such work is neither characteristically military: nor is it typical of American city police.

### C. Terror

The Viet Cong terrorist attacks continued this week to take a heavy toll of Vietnamese lives and property. Typical terrorist actions reported to me included the following:

On November 8 in Chau Doc province, a 53-year-old woman was tortured and shot to death by the Viet Cong in Tinh Bien district. A note pinned to her body declared that she was a traitor working for the Government of Vietnam.

The Viet Cong attacked the National Police sub-station in Tan Binh district, Gia Dinh province, on November 12; two policemen were killed and three others were wounded. Two civilians were killed and eight others wounded. This is the second Saigon area police post hit in the last three weeks.

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D. Chieu Hoi

The number of returnees for the period November 3-9 was 566, continuing the upward trend we have noted for the past five weeks. The daily average for the past six weeks was 62.6, which compares with 31.6 during the low we experienced in September. However, there were higher daily averages in February and March, 74.4 and 66.7 respectively. Total returnees for 1966 as of November 9 was 15,787. The total for all of 1965 was 11,124.

E. Vietnamese Killed

During the weekending November 12, the Viet Cong killed 32 Vietnamese civilians, wounded 108, and kidnapped 164. The dead included a hamlet chief, four policemen, two revolutionary development cadre, and one Chieu Hoi returnee. These figures can be compared with last week's 36 killed, 107 wounded, and 98 kidnapped.

F. Prime Minister Ky

Herewith three items about Prime Minister Ky:

A. During the weekend before elections he went to Dalat and stayed out of sight where he could not bump into anybody so that there would be no incidents which would get into the American papers before our elections;

B. After turning in a good performance in a speech and question and answer session with the Peoples Army Council, he actually asked me how I thought he had done, and seemed genuinely pleased when I told him he had done well;

C. Yesterday, he and I were present at the opening of the medical school, a magnificent USAID project, which was begun four years ago. This school could in ten years increase the supply of doctors in Vietnam from one for every 15,000 of population, which it is now, to one for every 5,000. When we were sitting on the stage in the auditorium, Ky, who is normally reserved in his manner, turned to me and said with obvious feeling, "Isn't this really wonderful?"

G. Political

Since the Manila Conference: Prime Minister Ky has been facing the following: a squabble involving some Ministers which threatened to stir regional antagonisms; opposition within the Constituent Assembly to decree 21 which permits the government to make changes in the draft Constitution; by the old problem of corruption, [REDACTED] and by an upswing of prices.

(605) 1-301(a) Regional prejudices are a constant, and will be for many years. Ky has momentarily damped the issue down. He has continued his round of talks with all factions. As he put it when he appeared before the Peoples Army Congress on November 11, he talked so much that his throat was sore. At the Congress, he made an emotional appeal for unity and stated repeatedly that his regime does not and will not countenance regional discrimination. He pledged his determination to work toward a democratic society, and denied that his government is moving towards a "police state."

He spoke without notes and with such obvious sincerity that he evoked a warm response. Following his presentation, he answered questions for over an hour. Some of the questions were rough, and some delegates lectured him. He handled them with considerable skill, disarming his questioners by appealing for their help and by dealing with them both as equals and as comrades in the struggle to build a better Vietnam. At the same time, he gave an impression of forcefulness and devotion to his ideals. He is growing into a much more competent political operator, though still erratic.

The upshot of the Ministers' squabble is that three of the dissidents will stay on in the government, including Deputy Prime Minister Vien, Minister of Labor Hung, and Minister of Communications Thuan. The Ministers of Youth, Social Welfare, and Education will leave the Cabinet.

Ky is having trouble finding competent southerners to fill their shoes, particularly in the case of the Minister of Economy. The absence of top direction there disturbs the business community, which is now uncertain about the government's economic policies, and contributes to the recent increase in prices, which would have psychological repercussions.

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The issue of Decree 21 remains a potential source of trouble between the Government and the Constituent Assembly. A committee of 12 has been selected to discuss the problem with the Government, hopefully to work out a mutually agreeable compromise. The deputy who led the attack on the Decree in the Assembly, Dr. Phan Quang Dan, says he believes a compromise will be found.

The Assembly has finally begun work on drafting the Constitution. The drafting subcommittees are now working on "basic principles" and the People's Aspirations Committee has publicly asked the people to send in their ideas on what should be in the Constitution. This latter committee will also be touring the country to take testimony. (This is an idea which we have been quietly urging ever since I came here in August 1965.) The Assembly will probably begin debate on the "basic principles" early next month if not before.

#### H. Economic

Last week the Saigon Retail Price Index stood at 225. This week it is 222, but this is 13 percent above that of a month ago. These price increases reflect transportation difficulties in the wake of the Delta floods. They were also influenced by a shortage of pork and by the November 7 announcement of an increase in the Saigon price for U.S. rice.

Hoarding by merchants in anticipation of the TET and Christmas holidays has already started. JUSPAO reports that in the Fourth Corps the Viet Cong are using the theme that the expected arrival of U.S. troops will drive prices up, and the people are inclined to believe them.

Prices of imported commodities held relatively steady this week, but dollars stand at 175, up from 171 last week -- and increase evidently due largely to rumors of further devaluation.

The National Bank has lowered the price of gold from VN\$9,700 per tael to VN\$9,000 in order to build confidence in the piaster and dispel the rumors of another devaluation. This is the third time since devaluation that the price of gold has been lowered. The market price of gold responded by falling from VN\$11,000 to VN\$10,200 per tael.

Governor Hank of the National Bank has announced that he will release \$150 million in foreign exchange for imports in November and December. These funds will be used mostly to import industrial equipment and raw materials in order to increase local production capabilities. The Governor also announced liberalized credit for industrial investment, but gave no specifics. He stated an additional \$350 million in foreign exchange will be made available during 1967.