

9-2-16

INFORMATION

THE WHITE HOUSE
WASHINGTON

~~SECRET~~

Thursday, December 7, 1967
6:55 p.m.

Mr. President:

I have marked the key passages in
Amb. Bunker's report on how our priority
program is moving.

There is interesting material on:

- the refugee problem (p. 4);
- two good ARVN performances
(pp. 5-6);
- the basic anxiety of the government
on our attitude towards the NLF
(p. 8).

W. Rostow
W. Rostow

~~SECRET~~

EX-104 CR 1-4-83

Thursday, December 7, 1967

FOR THE PRESIDENT FROM BUNKER (Saigon 12892)

Herewith my thirtieth weekly telegram:

A. General

I have now had talks with all three of the top Government of Vietnam leaders since my return from Washington; with Vice President Ky on November 30th and with Prime Minister Loc, the same day. I reported on my talk with President Thieu in last week's message. Since this was my first official call on the Prime Minister I spent about 1 1/2 hours with him and covered a broad range of subjects. I was impressed with his easy manner and general grasp of the problems faced by his government. Although his ability to administer and direct has not been tested, it is apparent that he has given careful thought to many of the priority issues and objectives and is trying to move ahead on them. It will obviously take time for the new government to get fully organized and shaken down. For example, cabinet meetings so far have been quite protracted and lasting three to four hours, becoming at times quite discursive and getting into non-agenda matters. It needs to adopt more rigorous procedures and the Prime Minister is confident that it will be able to establish an effective working pattern.

Following my talks with all three of the top Government of Vietnam leaders since my return from Washington, I am encouraged by their attitude and by the signs of a coordinated approach to the priority programs and objectives that we both share. Especially all three are aware of the need to get moving urgently on the short term (six months) priorities. Since we and the Government of Vietnam are in general agreement as to what these objectives should be, I thought it would be useful to comment each week under the specific headings we have established on progress or lack of it and then at the end of each month to attempt an overall evaluation to see how far we have progressed. I might recall what these short term (six months) agreed objectives are:

1. Mobilization measures;
2. Reorganization of Republic of Vietnam Armed Forces;
3. Reorganization of the civilian administration;
4. Vital pacification measures, including attack on Viet Cong infrastructure and expanded detention centers and related judicial measures;

DECLASSIFIED

Authority NLS/CBS 10
By jes, NARS, Date 11-28-83~~SECRET/NODIS~~

COPY LBJ LIBRARY

5. Attack on corruption at all levels;
6. Economic stabilization measures; increased taxes, higher price for U.S. rice;
7. Peace - willingness to seek peaceful settlement, seek out members of the National Liberation Front and move towards reintegration through national reconciliation.

To these seven points the Government of Vietnam has added urban rehabilitation, especially in Saigon whose population has increased astronomically with attendant deterioration in living conditions.

As to specific progress:

With regard to mobilization, as you know, a partial mobilization decree has already been issued lowering the draft age, extending service and recalling to duty certain personnel. This will be implemented in stages beginning January 1, 1968. In a note released by the Ministry of Defense to the press on November 29, it was made clear that young men will be called to duty in turn and by age group. Twenty-year-olds will be called as from January 1968; 19-year-olds from April 1968; and 18-year-olds from July 1968. Deferments for education will be continued, although more rigid criteria will be applied. Ex-servicemen will also be recalled to duty, those having less seniority in the service called first.

Reorganization of Republic of Vietnam Armed Forces continues though in some areas at a slower pace than we would wish. General Thang has been active in preparing plans and recommendations for the Regional and Popular forces but some of his recommendations have not yet been acted upon. This is especially true in regard to the appointment of deputies for territorial security in the Corps areas in connection with the pacification program. The Government of Vietnam has also been slow in implementing changes in some of the top commands. I mentioned this to Thieu yesterday and General Westmoreland will be taking up the matter with him within the next few days. The Vietnamese Armed Forces continue to show good results of training and have continued to turn in some excellent performances.

Reorganization of the civilian administration has begun in one of its most important aspects, i. e., in the restructuring of provincial administration making the Province Chiefs responsible to the Central Government. This should make for much more efficient administration at the Provincial level, relieve the Corps Commander of administrative responsibilities and at the same time eliminate much of the "War Lord" aspect of his present status. It should also reduce opportunities for corruption. New candidates for the

offices of Province Chiefs and Deputy Chiefs are being selected, training of candidates is planned to begin in January and hopefully they will be installed in February. In addition, a series of seminars is to be started in January at the National Institute of Administration to train present District Chiefs and those to be appointed in the future in the principles of administration and governmental procedures. The collection and administration of all land taxes by local governments which I have previously reported is another important forward step.

In pacification we believe we have scored a minor breakthrough this week on one of our most urgent short term priorities--a successful attack on the Viet Cong political infrastructure. At a meeting of all interested ministries on December 5, the Government of Vietnam presented its program which Bob Komer reports is practically the same as ours, a fair payoff for all the hard missionary work he and his people have put in over the last several months. I shall be reporting on this in greater detail in the pacification section.

Progress is beginning to be made in the attack on corruption. As Prime Minister Loc pointed out, this attack falls into two categories:

- a. Immediate and drastic moves against individuals, and
- b. Solutions directed at combating the root causes of corruption.

In the first category, in addition to moves previously reported, action has been taken against two Province and twelve District Chiefs and the Deputy for Administration in Vung Tau who has been relieved and charged recently. For the first time in history, Province Chiefs have asked to be relieved in order to avoid impending investigation. Their resignations have been refused and they are to stand investigation and prosecution. The Director of military justice has issued a circular letter to military courts directing them to give priority to trials of the most important cases and that where the accused are found guilty, severe punishments should be inflicted not only as a penalty but as a warning to others. The press has reported that a 2nd Lieutenant and the paymaster of a military unit in Binh Tuy Province had been sentenced to death for embezzlement. It was announced also that 59 additional servicemen would be brought to trial on charges of corruption. The Prime Minister has instituted the practice of direct payment of rewards to Hoi Chanh thus avoiding payoffs to intermediaries. He has also taken steps to eliminate fraud in tax enforcement. One of the first measures he has announced is the replacement of the Director of Customs, a job well known for its potential profits. In the second category, getting at the root causes of corruption, the reorganization of the provincial administration to which I referred should be helpful for it

will eliminate the practice of the Province Chief looking to the Corps Commander for protection. Other measures are still to be taken such as the restructuring of pay scales and upgrading the quality of individuals having administrative responsibility and authority.

The Government of Vietnam is aware of the need to take measures toward economic stabilization. Thieu, Ky and Loc have all agreed that better enforcement of tax collection is essential and have estimated that revenue at present rates can be increased by 3 to 4 billion piasters through more effective collection. They have also agreed in principle that increased taxes and a rise in the price of U. S. rice are both necessary. Because of the tendency of prices, particularly food stuffs, to rise between now and the TET holidays at the end of January, they wish to defer an increase in tax rates until after the holidays. This involves a political consideration affecting the stability of the new government. They argue that the government must first establish a basis for popular support and that immediate demands for higher taxes and higher food prices in the face of upward pressure of prices in the immediate period ahead could have a serious, adverse affect on the government. I think this is a reasonable assumption and that we should not press them to take action before the TET holidays.

Regarding a search for peaceful settlement, no steps have been taken other than Thieu's search for a way in which to deliver his proposed letter to Ho. I have reported my several talks with him on this, the last one being Saigon 12115. He is now waiting to see what suggestions the Vatican may have.

The Government of Vietnam has set aside a fund of 350 million piasters for rehabilitation of roads and improvement in water and electrical services for Saigon and has asked our cooperation in initiating work on this project proposing that we set up a joint committee to handle it. Our contribution will be chiefly in lending heavy equipment. This we have agreed to do.

I know that there has been growing interest in the press and in Congress on refugees and this has also been a matter of great concern to us here. There are indications, however, that the problem may be getting more manageable. The number of known refugees coming in during 1967 (460, 553 during the first ten months) is down considerably from the 980, 323 who came in during 1966. For the first time in some years the number of refugees enabled to return home or resettled during 1967 to date has exceeded the new refugees coming in. In fact, of the cumulative total of 2,100,000 refugees reported over the four years since January 1, 1964, almost 60 percent have been resettled or returned to their villages. The 1967 refugee problem has principally been concentrated in First Corps (51 percent) and Second Corps (24 percent), in Third Corps and in the Fourth Corps Delta area resettlement or repatriation is proceeding considerably faster than the generation of new refugees. The criticism that refugees have been created by U. S. and Government of Vietnam military operations is no doubt true in part, but it seems to me equally valid to point out that heavy North Vietnam infiltration in First and Second Corps has caused the fighting which creates refugees.

The Government of Vietnam and the U. S. are steadily increasing their refugee efforts. The Government of Vietnam budgeted 1 billion piasters for refugees in 1966, just over 1.5 billion piasters for 1967 and 2 billion piasters for 1968. On the U. S. side, the amount of direct support we provide is only a part of our total assistance. Military civic action plus the growing activities of any voluntary agencies must also be added in.

B. Military

Two examples of recent Republic of Vietnam Armed Forces successes point out the increasing effectiveness of Government of Vietnam forces:

In the period from the 14th to the 29th of November, in the battle of Dak To, the Third Battalion of the 42nd (Army of the Republic of Vietnam) Infantry Regiment and the Second and Third Vietnamese Airborne Battalions engaged the enemy on numerous occasions. Heavy fighting occurred on the 14th, 17th, 19th, and again on the 29th when the Second and Third Airborne Battalions engaged an estimated 500-man enemy force. During the battle, the Republic of Vietnam Armed Forces were opposed by Regular Forces of the 24th North Vietnamese Regiment. The cumulative results of fighting around Dak To were: Friendly -- 73 killed, 296 wounded and 14 missing. Four hundred seventeen of the enemy were killed.

The Commanding General of the 4th U. S. Infantry Division, Major General Peers, in overall command at Dak To, has stated: "Although in the beginning there were only a few Army of the Republic of Vietnam troops in the area, as the battle increased in scope, reinforcement was carried out by the Army of the Republic of Vietnam quickly and efficiently. All tasks were carried out in a professional manner with extremely good results. All told, the Army of the Republic of Vietnam accomplished every mission assigned in a competent manner."

Early on the morning of December 4, a task force composed of the Third and Fourth Battalions of the 47th Infantry (U. S.), and the 5th Vietnamese Marine Corps Battalion was proceeding north on the Rach Ruong River approximately 11 kilometers northeast of Sa Dec with the 5th Vietnamese Marine Corps Battalion leading. Troops were aboard armored troop carriers of the Navas River assault flotilla when the lead element received heavy small arms and heavy automatic weapons fire along with recoilless rifle and B-40 rocket fire. The Battalion Commander decided to immediately land his force. The battalion beached under fire, and upon landing was heavily engaged with the dug-in, well fortified enemy force. Vietnamese Marines were unable to utilize air support due to the close proximity to enemy emplacements. However, by skillful and aggressive maneuvering, they launched a quick, coordinated four-company attack against the enemy position. The most significant action in this attack occurred when the Marines assaulted this position and killed more than 100 enemy.

Throughout the rest of the day, the Vietnamese Marine units continued to sweep the area. The enemy, who by now were being pressed from the south, north and east by U. S. units as well as the Vietnamese Marines, began withdrawing to the west in an attempt to escape. Contact was broken at approximately 6:00 p.m. that evening. The action resulted in the Vietnamese Marines losing 41 killed and 99 wounded and killing 154 of the enemy.

C. Pacification

In the plan for the attack on the infrastructure which I have mentioned, the national police will play the key role, but the Government of Vietnam will set up a management committee structure at each level from Saigon down to district to bring other contributors like the Army of the Republic of Vietnam and Revolutionary Development teams into the act. The Government of Vietnam also agrees on an urgent detention facilities program.

We greatly appreciate the rapid Washington response to the five urgent pacification requirements which Bob Komer discussed with Secretary McNamara. Funds and people for the attack on the Viet Cong infrastructure will give a big boost to this essential activity. Additional advisors to work with Regional and Popular Forces will go a long way toward giving territorial security the needed emphasis. General Thang, now Commander of the Regional/Popular Forces, is fully behind the concept. He has plans for a greatly expanded Popular Forces training program in which our advisors will play an important role. The additional \$27 million from the Department of Defense for upgrading roads and waterways, although still less than we need, will spur the economic side of pacification by opening the farm to markets routes.

General Thang is pushing through the scheme we have wanted for converting the lowly Popular Forces to a motivated force that can fight and build at the same time, just as the Revolutionary Development cadre do today. This will require overhauling Popular Forces training, retraining all Popular Forces instructors at Vung Tau, consolidating 37 training centers into 11 and rebuilding these, and putting 1,000 platoons of 35 men each through the course during 1968. This is a formidable task. We will have to help with building the physical facilities and may have to provide a portion of the increased salaries Thang plans to give the Popular Forces.

Bob Komer has been putting heat on the Government of Vietnam Ministries to spend monies allotted to 1967 projects. New Ministries can make their mark by carrying out on-going programs effectively rather than changing course now. Hence, we keep close tabs on spending. Chieu Hoi and psychological operations have good records, having spent 76 and 68 percent of their respective 1967 funds as of the end of October. The Ministry of Revolutionary Development had spent 58 percent of its funds at the end of October. On the other hand, only 31 percent of

refugee funds had been used. At the low end of the scale, the Ministry of Security had spent 13 percent of its 1966 construction funds and 2.5 percent of its 1967 funds -- a dismal record. Armed with these facts, I can demonstrate to Thieu, Ky and Loc where they need to direct executive action.

D. Political

The organization of political parties and blocks continues to be a matter of considerable interest at various levels of the Government of Vietnam. Prime Minister Loc told me on November 30 that he thought the government could count on the support of about 80 members of the 137-member Lower House and about two-thirds of the Upper House. Vice President Ky told me the same day that the government would have fairly broad support in the Assembly. Ky said he thought the government would have as many as 100 supporters in the Lower House and about two-thirds in the Upper House. I mentioned to Ky the importance of developing local government and administration as a basis for political development in the countryside, but it was apparent that his thinking had not gone very far as yet in this field. In my meeting with President Thieu November 28, he said he was considering how to develop a political party in the countryside. He said he was planning to bring qualified people into the Presidency to work on it and added that he would welcome advice and assistance from us.

In a conversation with an Embassy officer November 29, Tran Van Tuyen, former Deputy Prime Minister (in the Phan Huy Quat Cabinet in 1965) and a respected political figure, he said he is working closely with Senator Tran Van Don to build a mass political organization. Tuyen expressed concern at the lack of political organization on the Vietnamese nationalist side, adding that once the level of hostilities begins to subside, political problems will continue to be very difficult. Adequate political organizations are now in place and functioning. He seemed optimistic about the prospects for progress in this field, however.

The Upper House and Lower House made further progress in adopting their internal rules. The Upper House has virtually completed its operating rules and is presently discussing rules on relationships with the executive and with the Lower House. The Lower House has completed action on 38 of its rules. The pace of both Upper and Lower Houses is certainly slow, a matter which the Saigon press has begun to comment adversely on. One of the Saigon papers particularly criticized the Upper House for drawing up 230 articles to govern its internal operations. However, the members of the Assembly feel they will have to live with these procedures for a long time, and later amendment will be more difficult than careful drafting in the first place.

In a conversation with the political counselor on December 1, Foreign Minister Tran Van Do reviewed various aspects of an early move to initiate action in the Security Council of the U.N. on Vietnam. Do indicated his understanding of our

general position. Do noted that, according to the Saigon press of December 1, the National Liberation Front, in a communication to the Democratic Republic of Vietnam, referred to itself as a government. He said that if the Vietnam question is raised before the Security Council he would not be surprised if the National Liberation Front insisted on being heard as a government, rather than as an organization. He noted the problems posed for the Government of Vietnam would be obvious and would require careful consideration and consultation. We subsequently learned that the reported National Liberation Front reference to itself as a government was incorrectly reported. However, the incident reflects the Government of Vietnam's concern about the status of the National Liberation Front.

This concern was further highlighted by a foreign ministry statement issued on December 4 in Saigon (reported previously). The statement reaffirms the Government of Vietnam's desire for peace but states that direct talks should be held between North and South Vietnam "if a lasting and reasonable solution is to be reached." The statement notes that the Government of Vietnam cannot accept "temporary solutions, full of hidden thoughts, as the one taken in 1954-1955. They cannot accept either patched-up solutions that conceal an actual surrender... history has shown that to yield to threats is but to give further motivation to the Communists, and a false peace today will pave the way for even more dreadful wars tomorrow..." The statement was generally sound and a reflection of the Government of Vietnam's true views on the subject.

The Quaker sailing yacht Phoenix, whose adventures in Danang were recounted in my twenty-ninth and previous weekly telegrams, arrived at Vung Tau, near Saigon, on December 5; its intentions remain somewhat unclear, but we have received for delivery to the ship a message from a Quaker representative in Phnom Penh, who has been attempting to make arrangements for the ship to visit Cambodia. The representative appears to have urged that the ship attempt to ascent the Mekong River, rather than go around point Ca Mau to Sihanoukville, on the ground that the situation in Cambodia is very delicate. We can only assume that, in the wake of the revelations of Viet Cong/North Vietnamese Army bases on Cambodian soil, the Cambodian Government does not wish to have the Quakers turn in Sihanoukville to turn over medicines to National Liberation Front or Democratic Republic of Vietnam representatives. The Government of Vietnam has made clear to us that it does not want to discuss delivery of medical supplies further with the Phoenix. It seems unlikely that the ship will be allowed to go up the Mekong. We are sending an Embassy officer and a U. S. Navy officer to contact the ship on December 6 to deliver the message from the Quaker representative in Phnom Penh and to make clear we do not plan to intervene further on behalf of the ship with the Government of Vietnam authorities. The continued insistence of the Quakers on assuring delivery of half of the supplies to the anti-government extremist Buddhist group has made impossible unloading the supplies in

~~SECRET/NODIS~~

South Vietnam. If the Quakers turn over the medical supplies to the National Liberation Front or Democratic Republic of Vietnam representatives in Cambodia in knowing violation of our laws, we can safely assume that they will not specify that the half of the supplies must go to anti-National Liberation Front or anti-Democratic Republic of Vietnam groups. But that is the double standard of conduct that some groups apply to the situation here in Vietnam.

E. Economic

The Saigon Retail Price Index remained steady at 300 (January, 1965, equals 100), as increases in rice prices were counterbalanced by decreases in the prices of fish and shrimp. The Imported Commodity Index fell by one point from 225 last week to 224 this week (January, 1965, also equals 100).

Vietnamese Finance Minister Luu Van Tinh, in reply to press questions, stated that devaluation of sterling would not have a serious influence on the Vietnamese piaster in view of the small volume of commerce between Vietnam and Great Britain. He said that the piaster rate, based on the U. S. dollar, would not be changed. The black market piaster rate in Saigon remained essentially unchanged at 156 to the dollar, though it is more than 160 to the dollar in Hong Kong.

F. Chieu Hoi

During the past week there were 309 returnees, compared to 217 the previous week and 556 during the same period in 1966. Revolutionary Development cadres have been credited with inducing 889 Viet Cong to rally, and static census grievance units have been credited with inducing 1551 other Viet Cong to rally during the first 10 months of 1967. The census grievance units have been employing returnees for identifying Viet Cong in market places of district and provincial capitals.

G. Vietnamese Killed

During the week ending December 2, the enemy killed 121 Vietnamese civilians, wounded 274, and kidnapped 143. Among the dead were 14 Revolutionary Development workers, five Chieu Hoi returnees, four national police, two Hamlet Chiefs, and three Hamlet officials. During the same period, the enemy killed 216 Vietnamese military personnel. Since January 1, 1967, the Viet Cong have killed 3,487 civilians, wounded 6,670 and kidnapped 4,487.