

TOP SECRET

Chapter 27

THE CIVIL SIDE - DEVELOPMENTS IN RVN

In early 1965, the United States faced not only a deteriorating military situation in South Vietnam, but also continued political confusion in Saigon. Despite the best efforts of Ambassador Taylor, affairs in Saigon did not improve during January. On 27 January 1965, using the pretext of Buddhist demonstrations, General Khanh and the Armed Forces Council (AFC) had ousted the Huong Government and appointed former Deputy Prime Minister Xuan Oanh as a caretaker prime minister until a new government could be selected and installed.

The removal of Huong silenced the Buddhist agitation for the moment, but the political situation remained uncertain. The position of General Khanh was far from clear, and rumors circulated that he planned to have himself selected Chief of State, a possibility that Ambassador Taylor found completely unsatisfactory. Ambassador Taylor was convinced that Khanh was a hindrance to the achievement of stability in Saigon and a major obstacle to the realization of US purposes in South Vietnam. He believed that the United States could not win with a government headed by Khanh, and he favored every possible action to prevent such an event. This view, shared in Washington, prompted Ambassador Taylor indirectly to suggest to General Ky and certain other AFC members that action be taken to prevent Khanh from achieving supreme power.¹

Belying Ambassador Taylor's fears, General Khanh made no attempt to assume the leadership of the new government. On 16 February the AFC announced that Phan Khac Suu would remain as Chief of State and that Dr. Phan Huy Quat, a former foreign minister, would serve as Prime Minister.

1. (S) Msgs, Saigon 2382 and 2389 to State, 3 Feb 65, JCS IN 11361 and 11594. (TS) Msg, Saigon 2391 to State, 3 Feb 65, JCS IN 11766. (TS-GP 3) Msg, State 1601 to Saigon, 4 Feb 65, JCS IN 12612; (S) Msg, Saigon 2400 to State, 4 Feb 65, JCS IN 13335.

TOP SECRET

TOP SECRET

The AFC also announced that the 20 October 1964 Charter would remain in force; that the military-civilian council, a transitional legislative body, would be quickly assembled; and that a national assembly would be convened at a date to be determined by the government and the AFC. The AFC renewed its pledge to restrict itself to military problems and to step up the war once the government was functioning, but added that it would act as intermediary whenever necessary to preserve the equilibrium until there was a government elected directly by the people. The following day, 17 February, General Khanh announced the formation of the long-promised military-civilian council--the National Legislative Council. The 20-member Council had six military representatives, three unofficial representatives for each of the four major religious groups--Buddhists, Catholics, Cao Dai, and Hoa Hao--and two independents. The Council was to exercise legislative power as defined in the 20 October Charter until the election of a national assembly. In fact, however, it never did.²

The formation of the Quat government and the establishment of the National Legislative Council considerably brightened the prospects for civilian rule in Saigon. Ambassador Taylor told Washington that the Quat government had two characteristics missing from previous post-Diem governments, a central core of "like-minded men" and wide representation among religious and political groups as well as national regions.³

Scarcely had Quat entered office when an attempted coup rocked Saigon. Dissident officers, led by Brigadier General Tan Van Phat and Col. Phan Ngoc Thao, moved against authorities in Saigon on the afternoon of 19 February. The coup forces surrounded General Khanh's house and seized the radio station and the post, telephone, and telegraph exchange (PTT), and marched on Tan Son Nhut

2. (U) Msg, Saigon 2620 to State, 16 Feb 65, JCS IN 29589.
(C) Msg, Saigon 2637 to State, 17 Feb 65, JCS IN 31034.
(S) Msg, Saigon 2719 to State, 23 Feb 65, JCS IN 37826.

3. (S) Msg, Saigon 2719 to State, 23 Feb 65, JCS IN 37826.

TOP SECRET

TOP SECRET

air base. The leaders demanded the removal of Khanh, criticized the anti-Diem revolution of November 1963, and advocated the separation of religion from politics.⁴

After 24 hours of confusion, with General Ky threatening to bomb Tan Son Nhut air base and General Westmoreland urging him in "strongest terms" against this action, the coup collapsed, and General Phat and Col. Thao fled. The Quat government survived the abortive coup, but General Khanh did not fare so well. On 21 February, the AFC ousted Khanh as Commander in Chief, RVNAF, and Quat and Chief of State Suu issued a decree replacing Khanh with Major General Tran Van Minh. Subsequently, Quat named Khanh as ambassador-at-large, and Khanh left South Vietnam on 24 February to take up diplomatic assignments in Europe and the United States.⁵

The survival of Quat and the removal of Khanh brought a brief interlude of viable government to South Vietnam. There was, for the moment, a functioning civilian government in Saigon, although it operated under the watchful eye of the AFC. US officials in both Saigon and Washington were encouraged that this was a government capable of supporting the expanded military efforts currently under way or planned for South Vietnam. Ambassador Taylor reported that Quat gave "firm direction from his side while paying appropriate consideration to his military colleagues," who in turn played "constructive and supporting roles." Taylor added that: "For the first time, there appears to be something approaching a single team on the other side of the table."⁶

4. (S) Msg, Saigon 2654 to State, 19 Feb 65, JCS IN 33415. (S) Msg, Saigon 2719 to State, 23 Feb 65, JCS IN 37826.

5. (S-GP 4) Msg, Saigon 2671 to State, 19 Feb 65, JCS IN 33648. (S) Msg, Saigon 2675 to State, 20 Feb 65, JCS IN 34717. (C) Msg, Saigon 2677 to State, 20 Feb 65, JCS IN 34748. (S) Msg, Saigon 2684 to State, 20 Feb 65, JCS IN 35088. (S-GP 4) Telecon, MACV to NMCC, 191235Z Feb 65, JCS IN 33750. (S-GP 3) Msg, Saigon 2714 to State, 23 Feb 65, JCS IN 37577. (S-GP 3) Msg, Saigon 2740 to State, 25 Feb 65, JCS IN 40498. (C) Telecons, MACV to NMCC, 200300Z, 200335Z, 200110Z, 201215Z, 211914Z, and 220423Z Feb 65, JCS IN 34701, 34747, 34606, 35334, 36567, and 36822.

6. (S-GP 3) Msg, Saigon 2787 to State, 27 Feb 65, JCS IN 44139.

TOP SECRET

TOP SECRET

Another promising sign for the future of the Quat government was the dissolution of the AFC in early May. Quat had worked quietly to this end for weeks, and the dissolution of the Council marked the end of the extra-governmental military body with its checkered history of intervention in the affairs of state. On 5 May a delegation of generals from the Council informed the Prime Minister of their decision to dissolve their organization because the government had proved itself capable of trust. At a press conference following the formal dissolution ceremony on 6 May, General Thieu stated that the Council was dissolved in order to permit the military to concentrate on the war as it became more decisive. He added that the military members of the cabinet and the National Legislative Council planned to resign their positions and pledge support for the legal government. For the first time in over four months the government would be completely in the hands of the civilians.⁷

The emergence of a civilian government in Saigon proved to be only a prelude to yet another political upheaval. In the weeks following the dissolution of the AFC, Prime Minister Quat precipitated a crisis when he tried to dismiss Interior Minister Hiep and Economy Minister Vinh. Chief of State Suu refused to confirm the dismissals, because he considered the act illegal under the terms of the Provisional Charter. He suggested that Quat resign instead, and then Suu would reappoint him, leaving him free to create a new cabinet. The political impasse rapidly assumed crisis proportions as a growing number of dissident elements, especially the militant Catholic refugees, coalesced behind Suu in opposition to Quat.⁸

The militant northern Catholic refugee elements, claiming to have the support of 500,000 Catholics and led by influential Father Quynh, charged Quat with religious discrimination and petitioned Suu to remove the "illegal" Quat government and to establish a government "that all religions can support." Catholic criticism of Quat had

7. (C) Msg, Saigon 3674 to State, 6 May 65, JCS IN 47399. (TS-GP 1) COMUSMACV Command History, 1965, p. 18.

8. (S-GP 1) Dept of State, Intelligence Note MM-RFE 65-160, 28 May 65. (TS) Msg, Saigon 3982 to State, 1 Jun 65, JCS IN 84437.

TOP SECRET

TOP SECRET

grown over the past month based on accusations that the government's draft religion law favored the Buddhists at the expense of other religions, that Catholic civil and military officials were discriminated against, and that Quat was more interested in negotiating with the communists than in pursuing the war. US intelligence sources believed that the Cao Dai and Hoa Hao religious sects were joining the Catholics in their campaign against Quat. Ambassador Taylor warned Quat that Catholic sentiment against him was very strong and the longer he postponed reaching an agreement with them the greater would be the pressure they mounted against him.⁹

The deadlock continued through late May and early June until Quat, in desperation, obtained his cabinet's agreement to invite the generals to mediate the crisis. Finally, on 11 June, the generals met with the Prime Minister, his cabinet, the NLC, and Chief of State Suu, and decided that they would assume control of the government, whose civilian members would resign. The generals also dissolved the NLC, thus ending the "civil solution" to the governing of South Vietnam.¹⁰

Invested once more with plenary political power, the military leaders set out to form a new government. Deputy Ambassador Johnson commented on the "curious calm" that had settled over Saigon during the interregnum. The calm was explained as a time for reflection. Surveying the governmental chaos of the past months, the military could have few illusions about the ability of the civilians to rule Vietnam. The powerful religious groups, first the Buddhists and then the Catholics, had paralyzed the preceding governments. Among the young generals in particular there existed apparently the belief that the "real revolution" promised by the overthrow of the Diem regime had been denied the people. Ambassador Johnson identified these theoreticians as General Ky, Colonel Phan Van Lieu and, perhaps, Corps Commander Thi. These men, along with several of their

9. (S) Msg, Saigon 4053 to State, 4 Jun 65, JCS IN 89573.
(C) Msg, Saigon 4079 to State, 5 Jun 65, JCS IN 91164.
(C) Msg, Saigon 4098 to State, 7 Jun 65, JCS IN 95724.
10. (C) Msg, Saigon 4157 to State 11 Jun 65, JCS IN 98876.

TOP SECRET

TOP SECRET

fellow officers and civilian politicians, shared certain characteristics: they were younger men, mostly from central or north Vietnam, who shared an intellectual affinity with Buddhist leader Tri Quang; their attitude was strongly nationalistic with overtones of xenophobia; they had a sense of disillusion with what was regarded as the recent experiment with the democratic way of life; they wanted decisive governmental action producing immediate, concrete results; and they were authoritarian, tending to oversimplify the complexity of government, and questioning the ability of the antiquated bureaucracy to perform the necessary governmental functions.

These military leaders also had a conception of the kind of government that would fulfill their notion of a "real revolution." It would be lean, simplified and authoritarian, led by younger men whose prime purpose would be to gear the nation for war. Ambassador Johnson considered it noteworthy that such disparate national figures as Father Hoang Quynh and Tri Quang seemed prepared to support such a government.¹¹

On 14 June, the RVNAF published Decision Number Three outlining the new government. Authority was vested in the generals in concert as a Congress of the Armed Forces, whose membership, like the old AFC, included all RVNAF general-officers. Below this body and created by it was a ten-member directory, the Council for Leadership of the Nation, chaired by Major General Nguyen Van Thieu. This chief policy-making body was composed of Capital and Corps Commanders, the CJGS, the Minister of Defense, a Secretary-General, and Vice Air Marshal Nguyen Cao Ky as Commissioner for the Executive, or Prime Minister. The Prime Minister would select a cabinet responsible to the Council for Leadership, which would lay down the government's policies. The RVNAF promised to "hand over power to the people's elected representatives the day security and order are re-established, liberty assured, and the Communists completely crushed." On 19 June Prime Minister Ky presented his cabinet and announced a 26-point program to place the country on a

11. (S) Msg, Saigon 4173 to State, 13 Jun 65, JCS IN 10968.

TOP SECRET

TOP SECRET

war footing. In trips to Hue and Nha Trang in the days following his ascension to power, Ky reiterated his themes of austerity, integrity, and mobilization for victory.¹²

The inauguration of the Ky government brought a surface calm to the South Vietnam political scene during the remaining months of 1965, but the internal issues that had confronted previous governments continued to plague Ky. The Montagnard problem rose again in the late summer and autumn; inflation and commodity shortages provided the government's political enemies with a "safe" weapon for criticism; the pacification program languished; and while the powerful religious groups were quiet, rumors of both Catholic and Buddhist plots and planned coups circulated in South Vietnam. After the first 100 days of the Ky government, in late September, Henry Cabot Lodge (who had replaced Maxwell Taylor as the US Ambassador in Saigon in August) observed that the Vietnamese were still largely "fence sitters," with the various political groups waiting to see how the government performed. However, by the end of the year, although his government was still subject to political pressures, the stability of Ky's government was improving. He had strengthened his position on the international scene through visits to Taiwan, Malaysia, and Thailand, and if he sometimes exercised power at home in an unorthodox fashion, at least he did not present a political vacuum. In a beleaguered nation which had not been free of domestic disorder and coups since 1963, survival of a government structure and leaders for seven months was a major achievement. Most important for both South Vietnam and the United States, the Ky government willingly cooperated in the massive infusion of US forces and materiel in South Vietnam during 1965.¹³

12. (U) Msg, Saigon 4192 to State 14 Jun 65, JCS IN 11441. (C) Msg, Saigon 4266 to State, 18 Jun 65, JCS IN 17671. (U) Msg, MACV to NMCC, 19 Jun 65, JCS IN 19130; (TS-GP 1) COMUSMACV Command History, 1965, pp. 18-19.

13. (S-NOFORN) DIA Bulletin 151-05, 5 Aug 65, p. F-4, 166-65, 26 Aug 65, p. F-2, and 167-65, 27 Aug 65, p. F-2. (S-GP 4) Msg, Saigon 1140 to State, 2 Oct 65. (S) Msg, State 610 to Saigon, 1 Sep 65. (S-GP 3) Msg, Saigon 1532 to State, 2 Nov 65. (TS-GP 1) COMUSMACV Command History, 1965, pp. 19-20.

TOP SECRET

TOP SECRET

Economic Problems

Among the many internal problems facing the GVN in 1965, one of the most serious was spiraling inflation. Commodity shortages and a sharply rising cost of living had been problems since 1962, but by 1965 they had reached serious proportions. The cost of rice offered an example of this inflation. In January 1965, the wholesale price per 100 kilograms was 590 piasters. By May the price for the same amount had risen to 700 piasters.¹⁴

At the end of 1965, the cost of food in South Vietnam was 41 percent higher than a year earlier. A general price index showed that the cost of living for working class families had increased by 33 percent in 1965 and 30 percent for middle class families. Both GVN and US officials thought that these figures understated the actual increase.¹⁵

The causes of this inflation were several--the large GVN budget deficit; the rising piaster expenditures of the United States for official purposes, particularly military construction; and the increased piaster spending by US troops. All of these factors produced a growing money supply, but there was no comparable increase in commodity supply to meet the expanding purchasing power. Domestic production and supply declined owing to VC disruption both at the sources of production and in transport to market. Another factor hampering the available commodity supply in South Vietnam was the congestion of ports, where lack of facilities and inadequate management resulted in long waits to unload cargos and the buildup of large demurrage charges. The economic problem facing the GVN was essentially a situation where increased income combined with supply problems drove up prices and increased wages in an ascending spiral.¹⁶

By mid-1965, it was apparent to the United States that the inflation in Vietnam could have serious consequences on

14. (TS-GP 1) COMUSMACV Command History, 1965, pp. 18-19.

15. Ibid.

16. (S) ASD(ISA) Paper, "Inflation in Vietnam," Encl to (TS) Memo, Dir., Far East Region, ASD(ISA) to DepSecDef and Spec. Asst. to SecDef (Yarmolinsky), 24 Dec 65, OCJCS File 091 Vietnam Dec 65.

TOP SECRET

TOP SECRET

the conduct of the war as well as on the political stability of the urban population. The enormous US force buildup scheduled for the remainder of 1965 and 1966 and the necessary construction of facilities to support the increased US troops would greatly accelerate the inflationary spiral unless adequate measures were taken to meet the problem. Consequently, US officials in both Saigon and Washington undertook consideration of actions to eliminate economic problems impeding the war, including measures that might involve direct US action in areas where the GVN failed to act effectively or expeditiously. This was a change in the policy previously adhered to of working through and assisting the GVN in pursuing its normal governmental functions.¹⁷

In an effort to reduce US troop spending in RVN, the United States and the GVN jointly introduced the Military Payment Certificate (MPC) Program for South Vietnam on 31 August 1965. The program removed US currency from US personnel in South Vietnam and was designed to check price increases, protect the GVN national monetary sovereignty and increase GVN foreign reserves, consolidate the value and rate of exchange of the piaster, eliminate the foreign exchange black market, and stop leakage of foreign currency into the hands of the VC. Under the Program, all US military and civilian personnel were paid in MPCs which could be used only for purchases in US facilities or for purchases of piasters from US disbursing officers. In addition, the Program forbade the possession of foreign currency in Vietnam and prohibited the possession of MPCs by unauthorized persons.¹⁸

It was quickly apparent that the MPC Program would not sufficiently check US troop spending to have any appreciable effect in blunting inflation. On 14 November, a MACV commanders conference considered various additional measures including plans to increase the GVN import program with US

17. (TS) US Embassy, Saigon, Memo for Record, "Discussion of Economic and Political Questions," 16 Jul 65, OCJCS File 091 Vietnam Jul 65.

18. (S) ASD(ISA) Paper, "Military Troop Spending," Encl to (U) Memo, Dir., Far East Region, ASD(ISA) to DepSecDef et al., 27 Dec 65, OCJCS File 091 Vietnam Dec 65.

TOP SECRET

TOP SECRET

assistance, a special currency fund for personal conversion of US dollars, and limiting the GVN budget to essential requirements.¹⁹

In December the DoD and the AID reviewed actions already taken and additional actions that might be taken. This review reported a number of positive actions. In the area of eliminating port congestion, several actions had been or would be taken, including the following: use of fully loaded ships for RVN ports; the establishment of a Transport Movement Agency in Saigon to coordinate port activities; provision of additional lighterage and LSTs to COMUSMACV; construction of additional port facilities; provision of additional Transportation Terminal Service, boat, and truck units; and contractual arrangements for discharge and coastal movement of cargo. With regard to the military construction program for Vietnam, an area that the State Department believed would be a chief source of inflation in 1966, the Assistant Secretary of Defense (I&L) reported that the construction program had been reduced to "the minimum essential" to support operational plans and that any further reduction would restrict operations. The Assistant Secretary of Defense (M) found that "considerable progress" had been made in expanding the number, variety, and accessibility of US-supported facilities, such as clubs, messes, recreation centers, exchanges, movie theatres, and concessionaries, where US troops could buy goods rather than going out on the local market to do so. In an effort to relieve the pressure on the civil construction program caused by the location of large headquarters elements in and adjacent to population centers, the Secretary of Defense approved the construction of the MACV Consolidated Support Facility to combine into one compound the major MACV Headquarters and support activities in the Saigon area. In addition, a number of projects, although not yet approved, were under active consideration in Washington as the year ended. These included: the assignment of an economic advisor to COMUSMACV's staff; a campaign for voluntary troop savings; simplification of procedures for transferring troop pay to the United States other than by allotment to a specified individual; increasing the number

¹⁹. (TS-GP 1) COMUSMACV Command History, 1965, pp. 21-22.

TOP SECRET

TOP SECRET

of R&R trips out-of-country as well as to special US-supported facilities in-country; and restricting the access of troops to the local market place.²⁰

Despite the US efforts to check US government and troop spending in South Vietnam, by the end of 1965 there were few signs that the inflationary trend would be even moderately checked. In fact, most signs pointed to an even more serious inflationary problem in South Vietnam in 1966.

The Montagnard Problem

Adding to the internal woes of the GVN in 1965 was the Montagnard question. In an effort to eliminate Montagnard grievances, General Khanh had issued a decree on 17 October 1964 granting concessions to the Montagnards in the form of reinstitution of tribal courts, a revised draft law, a practical system of land distribution, relaxation of school fees and entrance requirements and authorization for use of tribal languages in elementary education. The political instability in Saigon during the months following the Khanh decree prevented the GVN from fulfilling the pledges to the Montagnards, and in 1965, they continued to chafe under what they considered GVN discrimination and neglect.²¹

With their increasing disillusionment over the GVN's failure to keep its pledges, the Montagnards found an opportunity to force the government to be more attentive to their problems in the Front Unifie de Lutte de la Race Opprimée (FULRO). Created on 1 August 1964, FULRO was a mountain tribal political organization, free of NLF domination and composed largely of Montagnards, that demanded full independence from the RVN. Most of the 35 Montagnard tribes were represented in the FULRO movement, with the heaviest participation coming from the Rhade tribe which had over

20. (S) Fact Sheets, Encls to (S) Memo, Dir, Far East Region, ASD(ISA) to Mr. Rutherford Poats, 28 Dec 65, OCJCS File 091 Vietnam Dec 65.

21. (TS) COMUSMACV Command History, 1964, pp. 122-124. (TS-GP 1) COMUSMACV Command History, 1965, p. 347.

TOP SECRET

TOP SECRET

2,000 men in the FULRO armed forces. Y Bham, the hereditary Rhade leader, was one of the principal organizers of FULRO.²²

The position of the United States with respect to the GVN and the Montagnard question was a delicate one. The relationship between the GVN and the Montagnards was a problem only the GVN could solve, but as the US commitment in Vietnam grew and US casualties increased, it became embarrassing for the United States to explain to its public and allies how the GVN could allow their major efforts to be weakened by this problem. In early April 1965, President Johnson approved, as one of 41 nonmilitary measures to assist the GVN, a US effort to persuade the GVN to follow through on the steps begun by Khanh to meet Montagnard grievances.²³

On 29 July FULRO forces seized the CIDG camp at Buen Brieng, but withdrew four days later in the face of ARVN pressure. After this event, the US Mission Council in Saigon considered various alternative US approaches to the Montagnard situation, and decided to urge the GVN to continue a policy of negotiation and conciliation and to offer the FULRO incentives for allegiance to the government. Throughout the remainder of the year, US Mission members strove to impress on GVN officials the necessity for avoiding military clashes that could rally the Montagnards around FULRO and for convincing the Montagnards of GVN concern for their well-being.²⁴

Despite US efforts, FULRO attempted a second revolt on 18 December, seizing the province headquarters at Gia Nghia. Simultaneously with the Gia Nghia seizure, the Montagnards killed 32 GVN troops at Phu Thien. Again, ARVN forces quickly suppressed the uprising and the GVN

22. Bernard B. Fall, The Two Vietnams (1967), pp. 488-489. (TS-GP 3) CINCPAC Command History, 1964, p. 378. (TS-GP 1) COMUSMACV Command History, 1965, p. 347.

23. (S-GP 4) Memo, SecState to Pres. n.d., Encl to JCS 2343/552, 26 Mar 65, JMF 9155.3 (26 Mar 65). (TS) NSAM 328, 6 Apr 65, Encl to JCS 2343/566, 7 Apr 65, JMF 9155.3 (6 Apr 65).

24. (TS-GP 1) COMUSMACV Command History, 1965, pp. 350-352.

TOP SECRET

TOP SECRET

sent out teams to the Montagnards to explain government policies and to expose the "falsehoods" of FULRO propaganda. By the end of the year, the GVN had resolved the immediate Montagnard crisis, but the broader problem of integrating these primitive mountain tribes into Vietnamese society remained to trouble the GVN in the coming year.²⁵

Pacification

A program of continuing concern and serious challenge to the GVN in 1965 was the pacification effort. The GVN pacification program had made little progress in 1964, and despite ambitious GVN plans and substantial US assistance, the pacification effort continued to languish in 1965.

Little progress had been made in securing areas under VC control and protecting the population of these areas from VC terrorism. As early as November 1964, both General Westmoreland and Ambassador Taylor were concerned over the faulty organization and lagging achievement of the program. Plans were announced and then not implemented; political jockeying diverted the attention of officials and military commanders; and riots and demonstrations of student and religious groups compounded the instability. What was needed, COMUSMACV felt, were major changes to stiffen the GVN and give forward momentum to pacification.²⁶

The political turmoil in Saigon during December, January, and February thwarted any attempts to improve the pacification effort, and the GVN did not act on the problem until early April. A joint US Mission Council/GVN Internal Security Council meeting on 2 April 1965 approved a revised pacification organization, and Prime Minister Quat promulgated this revision in a government decree of 5 April. Under the new plan, the official term "pacification" was dropped in favor of "rural reconstruction" (Prime Minister Ky redesignated the program "rural construction" on 30 July 1965). The rural reconstruction program was to be guided by a top council, the Central Rural Reconstruction Council (CRRC) chaired by the Prime Minister, and including the Deputy Prime Minister, thereby involving the top government

25. Ibid., pp. 348-349.

26. Ibid., p. 229.

TOP SECRET

TOP SECRET

officials in the program. The Directorate General for Rural Reconstruction (DGRR) would be the operating arm of the CRRC. US coordination for rural reconstruction would be furnished through the US Mission Liaison Group composed of representatives of MACV, USOM, CAS, JUSPAO, and the Embassy political section. It would meet informally with the Prime Minister and Deputy Prime Minister and would work closely with the DGRR.²⁷

The most ambitious approach to rural reconstruction/construction in 1965 was the Hop Tac concept. The Hop Tac area was divided into four roughly concentric zones with Saigon/Cholon serving as the hub. By use of the "oil spot" approach, the Government would extend its influence outwards into the four zones, eliminating the VC forces and political organizations, neutralizing the VC productive, economic, and financial activities, and providing control and security for the population.²⁸

Despite both GVN and US enthusiasm for the Hop Tac program and the new pacification organization, rural reconstruction had made no significant progress by mid-year. On 25 June 1965, figures provided by the sector advisors showed that, during the previous year period, the GVN had lost control of an additional 6.2 percent of the population. The GVN now controlled 45.9 percent of the population. The VC controlled 23.5 percent of the population, an increase of 6.2 percent, with a peak increase of 2.8 percent occurring in June 1965. While the GVN had made some gains in the Hop Tac area in the III CTZ, and in the IV CTZ, it had lost significant areas in I and II CTZs and in the northern and eastern regions of III CTZ.²⁹

General Westmoreland found several major reasons for the lack of success in the rural reconstruction program. The frequent changes of government had caused changes in the personnel and organization of the GVN ministries with ensuing delays in decisions. The political chaos also brought rapid turnover in the personnel within the rural reconstruction organization, further slowing the program.

27. Ibid., p. 230. (S) Briefing, Edward Lansdale (Spec. Asst. to Amb.) for SecDef, 29 Nov 65, OJCJS File 091 Vietnam Nov 65.

28. (TS-GP 1) COMUSMACV Command History, 1965, pp. 231-232.

29. Ibid., pp. 235-236. (S-GP 1) DIA Spec. Intell. Supp., SIS-267-65, Jul 65.

TOP SECRET

TOP SECRET

The deteriorating military and security situation had necessitated the transfer of many ARVN units from clear-and-hold missions to defensive positions. However, General Westmoreland also believed that the lack of success of the program was somewhat exaggerated by faulty evaluation criteria. For example, some areas originally declared secure or cleared did not meet the secure criteria as later defined.³⁰

By late summer, US authorities recognized the need for a pacification program in South Vietnam that would capitalize on the success achieved by the US/ARVN troops against main force VC units. CINCPAC urged more active US participation in the program. COMUSMACV, on the other hand, favored continued pressure on the GVN to improve its existing program. He thought that, although the Hop Tac program had not progressed as rapidly as had been hoped, its primary objective of securing the national complex (Saigon/Cholon and six surrounding provinces) had been partially achieved. General Westmoreland recommended an approach of quiet persuasion to the GVN, adding that US concepts and anxiety could not be forcibly imposed on the GVN leaders. The COMUSMACV view prevailed, and in the following months, US officials pursued a policy of quiet persuasion with the GVN.³¹

The outlook for pacification/rural reconstruction was still not promising at the end of 1965. An indication of the static condition of the pacification was the status of the Hop Tac program. During the year the GVN had extended its influence in the Hop Tac area from 38 to 43 percent of the land area, but the VC had expanded the territory under their control in the same area from 37 to 44 percent (the gains to both sides had come from areas originally in dispute). The Secretary of Defense was also pessimistic. During a visit to RVN in late November he had voiced the belief that:

I don't think we have done a . . . thing we can point to that's been effective in five years. I ask you to show me one area in this country, in the five years that I have been associated with it, that we have pacified.

30. (TS-GP 1) COMUSMACV Command History, 1965, pp. 238-240.

31. Ibid., pp. 240-241.

TOP SECRET

TOP SECRET

General Westmoreland was more sanguine. He thought it would be more appropriate to evaluate pacification progress during 1965 in terms of the changes and refinement in concepts, planning, and organization rather than strictly in terms of territory and population control. He pointed out that significant progress had been made in the areas of GVN initiative and planning, more definitive policies, more aggressive attitudes, and greater efficiency and flexibility at the lower levels. Nevertheless, it was obvious to all concerned that a significant improvement in the pacification effort was necessary in the coming year if the GVN was to become a viable, popularly supported government capable of carrying on the war at the level planned by the United States.³²

In an attempt to improve the pacification situation, the GVN presented a new program, the 1966 rural construction plan, at a US/GVN Council meeting on 5 November 1965. The key features of this program, which would go into effect in January, included construction of additional hamlets in priority areas and organization of rural construction cadres into armed groups with propaganda, civil affairs, and civil action functions. Cadre teams were to be specially trained at the National Training Center at Vung Tau, and 40,000 qualified personnel were expected to be available by the end of 1966. Cadre teams would be assigned to a village for six to twelve months rather than just a few weeks, as had previously been the case. The 1966 program designated Quang Nam in I CTZ, Binh Dinh in II CTZ, and An Giang in IV CTZ, priority areas. The plan also included revision of rural construction administration. A Senior Rural Construction Council, chaired by the Prime Minister and including the Minister of Defense, the CJGS, the Corps commanders, and the NP, would oversee the plan. Councils would also be established at the Corps, division, and province levels to prepare and review plans and action for their areas of responsibility. The US Mission Council termed the 1966 GVN plan "the most intelligent and practical approach to the problem of pacification thus far." But, as in the previous plans and programs, the actual test would be in its achievements.³³

32. Ibid., pp. 229, 248.

33. Ibid., pp. 243-244. (S) Briefing, Edward Lansdale (Spec. Asst. to Amb.) for SecDef, 29 Nov 65, OCJCS File 091 Vietnam Nov 65.

TOP SECRET

TOP SECRET

In spite of many problems, the GVN was stronger at the end of 1965 than it had been at the beginning of the year. In place of the revolving door governments of January and February, there was in December a functioning government that had been in office for six months. Whether it was a government capable of meeting the internal problems in South Vietnam and at the same time carrying on the war was another question. The GVN was a military government led by the flamboyant and unpredictable Marshal Ky. It was a government that, at best estimates, controlled only half of the territory of South Vietnam, and it was a government that had yet to demonstrate any popular backing. It was a government racked by spiraling inflation and beset with dissident minorities. It was a government that still had to prove itself.

TOP SECRET