

## Analysis of the Present Situation

At present we are putting economic and other pressures on the Diem regime in an attempt to force political reforms which we, large segments of the Vietnamese population and world opinion all feel are essential to ultimate free world victory here. In other words there is a test of will between us and the GVN.

Assuming that President Diem has no present intention of capitulating (which is a correct assumption in terms of his personality structure), what will be the logical outcome of this confrontation? There are three possibilities:

- a) The Diem regime will be destroyed by action of the Vietnamese themselves.
- b) The Diem regime will be destroyed by direct action of the US, supported by Vietnamese elements.
- c) The US will capitulate.

None of the foregoing will inevitably take place until tensions have accumulated and the situation has deteriorated considerably more than has occurred to date. Whereas considerable civil disturbance, inflationary spirals etc. can be tolerated both by the Diem regime and the US without forcing an ultimate choice between the above alternatives, the principal event which will force such a choice will be a significant military deterioration. Short of such military deterioration, however, it is possible either that the US would lose its nerve and capitulate, or that the Diem regime would be destroyed by Vietnamese action. Which of these two alternatives will actually occur will depend largely on our wisdom and initiative.

U.S. Assets: Besides our power to grant or withhold inputs of aid - civil and military - our principal asset is that we and the Vietnamese people agree on the main "enemy symbols." Specifically, both the US and the Vietnamese people view the Nhus and what they popularly stand for as the fly in the ointment. In opposing our policy on removal of the Nhus, Diem is also opposing Vietnamese popular opinion. Further, the Vietnamese people would support certain other US objectives if the US articulated them. These would include land reform, higher prices to the farmer, elimination of favoritism, social justice. It is on many of these grievances that the Viet Cong feeds. The Viet Cong freely state that they are for these reforms. The US has not felt able to declare itself openly on these issues because it has been constrained by its diplomatic relationship to its "allies."

GVN Assets:

Its principal asset is that it is, de facto, in power. It can sit tight. As in a game of chess, it is our move, (or the Vietnamese people's). If no one does anything, the GVN has already achieved its objective, which is simply to retain power.

### Action Alternatives

First, let us assume that the US decides, in the wake of civil disturbance and initial military deterioration, to capitulate without having secured any concessions from the GVN. What will be the results? First, loss of face and prestige in Asia and throughout the world. Second, acceptance on behalf of the Vietnamese people of a continuation of the present evils which provide the Viet Cong cause with much of its popular appeal. The Vietnamese people will have only the Viet Cong to turn to for redress of grievances. Even assuming that the economic picture can be readily stabilized by resumption of aid, and that military defeat can be initially averted by continued massive support, we will have lost the essential political battle, and will have failed in our effort to correct the basic cancer here that has plagued us and the Vietnamese people since 1957.

Second, the destruction of the Diem regime or essential components of it by the Vietnamese themselves, if it were to happen, would at least give us and the Vietnamese people a new start, a new chance to solve problems, and a new elan to get on with a victorious campaign to save this country by making it a country increasingly worth saving. We would have a chance to break up fossilized abuses, arouse new enthusiasms and new patriotism. Specifically we and the Vietnamese could introduce a whole slate of administrative reforms and bring new blood into executive positions. Well and good, but our fear is that the Vietnamese people and army do not have the will or the capability to overthrow a well-entrenched police state. Answer: This pessimistic conclusion may be true, but we must not lose our nerve before this issue has really been tested. We must remember that until August 21, 1963, the U.S. Government and the GVN presented a solid phalanx of resistance against attempts to change or reform the GVN by force or threat of force (the only way it can be done.) Not only that, Vietnamese who confided in Americans their desire for change were, on several occasions and at the highest official levels, betrayed to the GVN. We are not in a good position to succumb to our own impatience or weakness of nerve and reproach the Vietnamese for their slowness to act. In short, the U.S. should not and need not accept defeat of its hopes that the Vietnamese people and army will act. At the least, we should not expect action before our pressure policies have generated considerably more tension than we have seen to date. If we become impatient or nervous and capitulate at the mere prospect

of some... how can we demand that ordinary Vietnamese stand... aspect of being killed? Finally and most important, although... in our feelings by suspending commercial import aid, we have... with the next logical and crucial step: explaining to the Vietnamese people why we have suspended this aid and what we want for Vietnam. By taking the GVN's case to the American people over the head of the U.S. government, Mme. Nhu has provided us with a useful precedent. VOA should now explain to the Vietnamese people that we have been asking the GVN to reform - to get rid of the Nhuses, release Buddhists and students, etc., and that the Diem regime has failed to take these steps which the Vietnamese people want. Then VOA should go on to explain what the U.S. is for -- land reform, better prices to farmers, an end to favoritism, social justice and an end to police state tactics. Such broadcasts, together with a continuation of present embargoes, will further isolate Diem and particularly the Nhuses, and could bring about the downfall of the Ngo dynasty short of the stage of significant military deterioration.

Third, if significant civil disturbance and military deterioration occur, capitulation is still not our only option. After appropriate consultation with ARVN forces and with advance announcement (or simultaneous announcement) to the population, we can seize the Saigon area, stabilize the situation, install a new regime and withdraw. This measure is a drastic one, but would be preferable to losing the peninsula to the communists, if there were no other alternatives.

### Conclusions:

The hour of truth may be approaching but it is by no means at hand as yet. As stated, our strength lies in the fact that we and the Vietnamese people have the same basic objectives and the same common enemies. But the Vietnamese people must know this. We must articulate our position. The Vietnamese people must know that we cannot give aid because the GVN will not carry out reforms that we and the Vietnamese people want. The GVN spares no effort to turn the US people against the US Government in the latter's policy toward Vietnam. Mme. Nhu goes directly to the American people to sabotage our policy, and she does so to perpetuate abuses contrary to the best interests of her own people and contrary to traditional U.S. ideals. Are we so afraid of the Ngo dictatorship and its sensibilities that we are afraid to tell the Vietnamese people what we stand for in unequivocal terms? Only by doing so can we put the real pressure on the Diem regime which will be needed to effect real reforms. Either we mean to win our battle against three people - Diem and the Nhuses - or we are prepared to lose it. If the former, then we must realize that our victory implies either their destruction or their surrender and consciously work to that end.