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8/69

AMBASSADOR ELLSWORTH BUNKER'S "BACK CHANNEL" REPORT TO  
THE WHITE HOUSE - REPORT NO 81 . DATE: August 1969

Return to Eva  
United States of America

EXCISE 1/AS

0/bc  
OUTGOING AMEMBASSY SAIGON

AMB 1

DEP  
POLBY  
MERZ  
FOKERING  
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BRAMS  
FILES

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Charge: STATE

Classification

Control: SAIGON 17652

Date: Aug 69

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ACTION: SECSTATE WASHDC IMMEDIATE

INFO: AMEMBASSY PARIS IMMEDIATE

NODIS

FOR THE PRESIDENT FROM BUNKER

PARIS FOR VIETNAM MISSION

Herewith my eighty-first message.

NODIS REVIEW

Cat. A - Caption removed; transferred to O/FADRC

Cat. B - Transferred to O/FADRC with political info handled by S/S

Cat. C - Caption and custody retained by S/S

Reviewed by: *John Brown*

Date: *22 July 83*

**NODIS**

A. GENERAL

1. Since mid-July when I analyzed developments from the beginning of the year up to that time, there have been several important developments tending to change the situation. While the enemy has assumed a more static posture, a number of dynamic developments have come to the fore on our side. These were a) the forthcoming political initiative taken by Thieu in proposing an electoral contest with the communists; b) your visit to Saigon, the support it gave to Thieu's proposals, and the general confidence it engendered; c) our development of a well articulated

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DEPARTMENT OF STATE A/CDC/MR

REVIEWED BY *WV (K22)* DATE *10/14/83*

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SECRET/UTH. REASON(S) \_\_\_\_\_

ENDORSE EXISTING MARKINGS

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PA or FOI EXEMPTIONS *1.3(c)(1)*

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position on troop reductions and replacements, which has by and large gained acceptance here and which has disturbed and upset the enemy; d) the movement toward a broader based and more effective government of South Viet-Nam; and e) the initiation of Phase 2 of the 1969 pacification plan demonstrating continued steady progress in both the expansion and quality of security.

2. What the press has called a lull actually was a period during which the enemy lost somewhat over 2, 500 men a week in combat instead of the average of 3, 500 which he had lost in the preceding period. It is clear that he had intended to launch an offensive in both July and August following the pattern of May and June. His failure to do so in July was due principally, I believe, to a combination of factors including allied preemptive action, relatively heavy losses during May and June, coupled with recruitment problems and logistics difficulties. His four day offensive in August followed closely the May and June pattern.

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but on a slightly lower scale.

3. I do not think there is evidence to indicate that the military "lull" was prompted by an effort to gain political benefits; rather that he has found it increasingly difficult to mount offensives rather than "high points," or even to mount the latter in the relatively quick succession we have seen earlier this year. That he intends to continue this pattern may be indicated by the slackening of infiltration of troops from North Viet-Nam. The fact that indications are that infiltration will continue at a low level, only about 13,500 are now in the pipeline to arrive in the balance of this year, coupled with increasing difficulties in recruitment would indicate that for the next few months his capabilities will be gradually degraded. This will be true also for some time for even though he increases his input into the pipeline it takes several months for the new troops to arrive in country. There may conceivably be a number of reasons for the enemy's embarking on these tactics. We know

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of Ho's admonition in May to conserve resources and in June of Giap's urging the adoption of expanded guerrilla warfare. (Giap, incidentally, did not at the same time advocate reducing main force attacks.) It may, therefore, be the enemy's own version of a "long haul, low cost" strategy while he continues to wait for the effects of pressure of public opinion in the United States to force further concessions. It is possible that he is planning on some new initiative such as calling for a cease fire. It is conceivable also, and I am inclined to this view, that he is conserving strength for a major effort, possibly in 1970. But in the meantime, he is taking very heavy losses. (I am commenting on the last "high point" in the Military Section below.)

4. I believe our posture in Paris has assumed major importance in the promise it holds both for eventual progress in negotiations and its potential effect on military developments here. Following

your July 30 statement in Saigon that our side has gone as far as  
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It can or should go and that it is now up to the other side to show some movement, we needed time to convince the enemy that we are serious, that we are not over anxious to bargain, that he cannot win concessions from us unless he is willing to give something in return. Difficult as it is, I believe that we shall bring the enemy to substantive talks and in the long run save American lives by standing firm, by making a sustained effort to assure that the enemy really understands that we are serious about our essential commitment which is to give the people of South Viet-Nam a fair opportunity to decide their future in freedom. In this connection, I recall that in your May 14 speech there were two elements: a) the constructive, conciliatory element looking for an equitable and reasonable way out of the impasse; and b) the statement that "if the needless suffering continues, this will affect other decisions. Nobody has anything to gain by delay." If the enemy continues to play

a waiting game both on the ground and in Paris hoping that we

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will tire and start making unilateral concessions, we may have to make it clearer to him that he has nothing to gain by delay.

5. The subject of a possible cease fire has come increasingly into public discussions both at home and in South Viet-Nam, and it is apparent that the idea has much appeal to many people. There are some circumstances where it could be highly risky and dangerous for us, as you have indicated in your press statements about unsupervised cease fires. There are other circumstances, especially when it is linked to agreed withdrawal and reasonably reliable verification, when we could accept it. It is clear, I think, that should the other side propose a cease fire, we shall have to be forthcoming in our response. The manner of our response, therefore, becomes of great importance. I believe the subject deserves to be explored with the GVN, especially to avoid a situation in which the enemy could use such a proposal to create disarray and division on our side.

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6. Perhaps the most important and sensitive development during this period has been our management of the program of Vietnamization. Stirred up partly by press speculation in the U. S. about massive troop withdrawals, the psychological and political situation here was characterized by very considerable apprehension up to the time you made your visit to Saigon. Thieu's own position, in the aftermath of his July 11 proposals, was beginning to be affected and there was a suspicion that the Americans would press him for more concessions while leaving the allied side increasingly weaker on the ground. These fears were largely dispelled through your private talks with Thieu, your brief remarks to the assembled top officials, and your public declaration at Independence Palace.

7. Depending on how it is carried out, Vietnamization can on the one hand spur the GVN and the RVNAF to greater self-

reliance and better performance. On the other, it could result

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in the destruction and loss of all that we have achieved here. During your visit the GVN made it clear that while they are prepared to push replacements to the utmost, they see a limit beyond which they simply cannot replace departing American troops. This is one problem area. The other is that if they get the impression that we are proceeding on a rigid time schedule, they will conclude that we are determined to get out come what may and they will lose faith in us and in their future. In this respect, the statement made on your behalf on August 23, that the next announcement of replacement will be delayed in view of the latest enemy "high point", has struck exactly the right note, indicating that we will look carefully before we move at every stage.

8. A good illustration of the problem of replacements was furnished by a recent private poll undertaken for us in Hue and Danang. There was widespread acceptance of the first increment of 25,000, as well as overwhelming endorsement of Thieu's

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challenge to the enemy to compete in free elections. The principle of troop replacement during the next year was endorsed 3:1 in Hue and 4:1 in Danang. But at the same time, a large majority expressed doubt that the Vietnamese forces could "assume the full defense" of their country within the next few years. The emphasis, I believe, should be on the word "full". Reasonable increments of troop replacements will be understood and accepted, even welcome, but people see there is a limit beyond which it will be dangerous to go unless the level of hostilities should continue to decline.

9. Although formation of the new Cabinet has not yet been completed as of the time of this message, enough is known of the developments leading to it and about the essential features of the new team to make some general observations. While the departure of Tran Van Huong<sup>D</sup> was in one sense a loss, I believe the overall situation should be improved when the new

team under Khiem takes over. This is because a political  
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malaise had come over the country during the last months of Huong's Prime Ministership. He is a man of character and integrity, but his position had become eroded to the point where neither the Assembly nor the party leaders were willing to work with him. In addition to things for which governments are blamed when the going is tough, he had shown an unwillingness to work with the politicians and a patent dislike for the Assembly. Thieu's concept is that the time has come both to broaden the political base of the government and to establish good working relationships between the Executive and the Assembly. This inevitably means securing the cooperation of the politicians.

10. Khiem, while he does not have as appealing a personality as Huong, has proved himself an able and efficient administrator. He knows how to work with the Assembly for which Huong had shown a marked incapacity; and he is, fortunately, a southerner

and a Buddhist. He is a General, which is unfortunate in this

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instance, but next to Thieu he is the military man with the best grasp of building political institutions at the rice roots. Most of the party and Assembly leaders say they welcome his appointment. There also seems to be general approval among the literate public. I believe that he has the qualities to make a good Prime Minister.

11. The broadening of the base of the government will be real. What is important is that whereas the Huong government was essentially a Cabinet of technicians, there will be many new faces in the Khiem government which will represent a broad spectrum of political groups, parties, and tendencies. A council of advisors will bring in still others. This will inevitably involve a certain amount of infighting among them, for Vietnamese politicians are not known for their ability to cooperate. But the real plus is that there is a new basis for a dialogue between the government and the people. Khiem told

me this morning that the new Cabinet will be announced on  
Dated by: Answering Officer.

LCORRY: [unclear]

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September 1. Prime Minister Huong also confirmed the fact that Thieu had asked him, and he had agreed, to serve as Presidential advisor.

12. The press sometimes claims that a broadening of the base must extend to the "left" if it is to be meaningful, but as I have pointed out before, the term "left" and "right" have no real applicability here. Thieu expects to include in the new Cabinet some representatives of the former "opposition", and has offered participation to a Buddhist who he believes will be acceptable to both factions. To the extent that by "left" is meant people who would entertain risky peace proposals, there is no organized body of such people. Thieu has moved as far in the direction of accommodation with the enemy as any politician could move at this time. Khiem will follow this line loyally. In domestic matters, too, he will be reform-minded and no less liberal than Huong. He can be expected to push the pending land reform. His chances of being able to get

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through the Assembly some much needed revenue legislation, I think, will be better than Huong's. Given the problems the country faces his government, in turn, may eventually run out of credit, but for the period immediately ahead there should be more dynamism, more efficiency, and broader participation in government.

13. In connection with pacification, I mentioned the progress in both the expansion and quality of security. In the past, our attention has usually been concentrated on the percentage of population in the relatively secure (A, B and C) category, which climbed from 76 percent in January to over 87 percent by the end of July. Now Thieu has set a new goal, concentrating on the quality of security; this is to have 50 percent of the population (not counting Saigon) in the A and B categories by the end of October. This makes sense since the C category, "relatively secure", is not so firmly in the hands of the government that the

population would in all cases feel safe in voting for it. Remarkably,

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by the end of July that goal was already exceeded as hamlets in the A and B category exceeded 53 percent. But a caveat is in order: Part of these better indices is due to the fact that the enemy, whether by choice or necessity, has not disturbed the pacification campaign much during the period.

14. In the care and resettlement of refugees there has been continued important progress. From a total of 1.5 million refugees in February, the number to be cared for has dropped to slightly more than 1.1 million. An estimated 250,000 have been resettled and received their final payments. An additional 160,000 persons have been returned to their original villages, a demonstration of growing confidence and expanding security.

Barring the unforeseen generation of large numbers of new refugees the prospect is for a further sharp reduction in their number during the coming months, probably by several hundred thousand. It should be noted that approximately half the number of persons carried as refugees are not such in a true sense. They are not living in camps,

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a great number have gone to the urban areas in search of jobs, others are living with relatives. They are simply carried on the books because they have not yet received all the relief payments to which they are entitled.

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B. POLITICAL

15. In creating a broader-based government, Thieu had two separate and distinct problems to solve, and he went about solving them quite methodically. He had to form a more solid Assembly majority by translating the strength of the National Social Democratic Front into parliamentary terms, combining those senators and deputies with other supporters. As a next step, he had to negotiate the entry of representatives of the parties and groups into the cabinet, preferably into the Huong cabinet. Thieu never envisaged giving control of the cabinet to the politicians. What he had in mind, and what he is accomplishing, is an infusion of some of the political elements into a cabinet. He has in fact told the parties of the National Social Democratic Front that they will have to wait, that they will first have to demonstrate that they are strong enough and can cooperate together, before the Front itself can furnish the Prime Minister

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or even a majority of the ministers.

16. In making the transition from Huong to Khiem, Thieu once again demonstrated his consummate skill as a political tactician. He loyally supported Huong as long as he could, but when it became apparent that the reorganization of the government was turning into a government crisis, he "built a golden bridge for Huong's retreat" by making it appear that Huong himself had asked to be excused and that Huong had decided that the President should be free to choose someone else. The parting of the two has thus been entirely amicable, and this is important from a political point of view because Huong, while he has little organized following, is perhaps the most prestigious Southern political personality. Thieu has told me that <sup>his intention</sup> ~~he intends~~ to name Huong as presidential <sup>adviser is</sup> ~~adviser~~ to further emphasize that the two continue to cooperate.

17. The land reform bill is now under discussion in the Lower

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House where it has run into some difficulty because the opponents of land reform, who are few, combined with a number of proponents who wished to change the bill into something they thought better. This has involved the weighing-down of the reform with committee amendments that will have to be struck out in plenary if the reform is not to sink altogether. First the effort was made to benefit not only tenant farmers but also farm laborers. Next it was proposed that war victims and veterans should also have their chance to get land. Then the same was said about refugees (thereby introducing the irrelevant question whether northerners would be benefiting at the expense of southerners). Then a retention limit was suggested, so that the smaller landlords could keep their lands. Finally the down payment to the landlords was raised by the committee. I am still quite hopeful that a decent reform bill will be passed eventually, but the new government will have to step in soon to pull things together and

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with Minh and Don and some twenty other retired generals and made his usual disparaging remarks about Thieu which were as usual, immediately reported back to Thieu. Ky also made some hawkish noises to a War College audience which sounded as if he were criticizing Thieu's July 11 proposals for electoral competition with the communists. The excitement about these events was greatly exaggerated. It is true that Ky spoke of a coup when he met with the generals, but he merely bragged that he would have no trouble making a coup while clearly stating that he had no intention whatsoever of making one; he understands quite well that it would be the surest way to destroy our support. As for his speech to the National War College, a closer reading of it showed it to be quite carefully drafted and not really as disloyal as it seemed in the headlines. In fact, while Ky isn't helping Thieu much, neither is he harming him much. This is of course not a satisfactory situation but it is much better than a year ago. At any rate, in terms of power it is Khiem, and not Ky, who is now number two in the country.

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This was true even while Khiem was still only Vice Premier, but it is now clear to everyone that Ky's power position has steadily declined. Ky has contributed to the decline in his standing, for he has done almost nothing since his trips to Paris on the talks. His aides complain that since early this year he has done nothing, and they have nothing to do.

C. MILITARY

20. Because this was a period of relatively low activity, I will confine my remarks to one rather elementary but important observation: While the enemy has the capability of mounting coordinated indirect fire attacks and ground probes at virtually any time -- in other words, while a "high point" may come without much advance notice -- any real offensive is becoming increasingly difficult for him because of the constantly improving quality of our [REDACTED]

**BIAS**

[REDACTED] The price of keeping him from launching major attacks against the more populous areas is, of course, the constant probing,

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patrolling, sweeping, pushing, fanning-out and application

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of pressure at hundreds of places which is part of General Abrams' strategy. Were we to pull back from these activities -- whether by a decision to de-escalate or under some cease-fire -- the enemy's opportunities to move up his forces and to launch major, damaging attacks toward major population centers would be vastly improved.

21. The last "high point" of enemy action, on August 11/12, was less costly to our own troops and to the enemy than the previous two high points which had occurred in May and June. The enemy clearly tried to concentrate on Americans in his ground attacks, with the ARVN receiving proportionately less attention than during any of the earlier high points. The total number of rounds expended, however, was also lower than before. The kill ratio, on the other hand, was slightly less unfavorable to the enemy (1:5.7). From these figures, and from the fact that the enemy is threatening less and less important towns (he has long given up pushing in the direction of Saigon, and is

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now concentrating on even lesser objectives than Tay Ninh), I conclude with General Abrams that the enemy's capabilities have been reduced and that his willingness to sustain casualties has significantly declined, at least for the time being.

22. I am glad to report that Thieu has appointed new commanders for the 5th and 18th ARVN Divisions operating in III Corps. This is something for which General Abrams and I have long been pressing.

23. I sent a message on August 14 (Saigon 16371) on the ominous recent developments in Laos, where the North Vietnamese forces have been extending their control toward the two capitals and the Thai border. Most Vietnamese, preoccupied with domestic problems, have so far only noted these unfavorable developments, but some of the leaders are now beginning to cast nervous glances toward Laos. If the North Vietnamese continue to push in Laos, to the point where the Laotian Government is threatened, there will be the greatest anxiety here and that concern will develop

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very quickly.

C. PACIFICATION

24. The first month of Phase II of the 1969 pacification plan, while showing no startling innovations or developments, was marked by continued steady progress. The enemy, despite certain captured directives to the contrary, seemed to consider pacification a less desirable target than U.S. and ARVN military forces. As a result, improvement shown by the statistical indicators was confirmed on the ground in terms of new areas opened up, the return of more refugees to their abandoned homes, continued high Chieu Hoi rates, implementation of the Village Self Development program, and a rush toward recruitment of the additional Popular Forces authorized by the GVN. The total number of ralliers (returnees) as of the end of July passed the total of the last year, and as of this writing it is approaching 30,000.

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25. The recruitment of territorial security forces is way ahead of schedule. Two-hundred seventy-eight additional RF companies have become operational so far, and of the 863 new PF platoons no less than 757 were recruited by the second week of August, and 531 were already in training camps which are crowded to capacity. Expansion of the police is moving forward, and operational results of the police are improved. The Phoenix campaign, on the other hand, continued to lag, with the latest operational figures (for June) showing a slight drop from the previous month. This is attributed to several factors: Sensitivity of local officials to National Assembly and press criticism of the summary character of Phoenix operations, overcrowded detention facilities, legal and bureaucratic problems in sentencing members of the infrastructure, and some reluctance of local officials to attack the VCI in the expectation that those

civilian enemy personnel might soon be allowed to operate  
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FORM 88 - 312  
11-57

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legally if Thieu's proposals were accepted.

26. As the last item under this heading, I should say a word about the new Village Self Development Program (VSD), which funnels government aid direct to the villages for local decisions on local improvement projects. This picked up speed after a slow start. The first countrywide statistics (end-June) indicated that 400,000 families were involved in VSD groups. The people's cash contributions to VSD projects amounted to 70 million plasters. Significantly, 1,545 village commissioners (out of about 2,000 villages) have received checkbooks, a step which helps move toward local control over local development.

E. ECONOMIC

27. We can be pleased, I think, that we have so far managed to help the Vietnamese to keep inflation within acceptable bounds, roughly 30 percent a year. (As you know, during the Korean war inflation in that country was 2,800 percent.) Given the importance of holding and extending the loyalty of the people

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in the pacification context, it is imperative that we continue this successful policy. So far this year things have not gone badly, and by the end of August prices will be only about 14 percent higher than in January; but during three of the last four weeks prices have been rising at the rate of about one percent a week. Nevertheless I think we can hold the rise to 30 percent by the end of the year. The real crunch will come next year, for as the South Vietnamese expand their forces and take up more of the burden, government expenditures will rise very sharply and they will need to raise more revenue and will need increased economic assistance from us, as well, to avoid a dangerous price inflation. We are working on this problem and will have detailed recommendations on how to deal with it.

**F. CONCLUSION**

23. The long and delicate negotiations over government re-

organization have caused a letdown on some fronts and delayed

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some decisions, perhaps chiefly in the economic area.

29. Yet in other areas, improvement and progress can be noted:

- in equipment and training of the Vietnamese Armed Forces and their improving performance;
- in the build-up of the territorial forces, essential to security;
- in the expansion and the improving quality of security in the rural areas;
- in training in local government and the assignment of increasing responsibility to hamlet and village administrations;
- in increasing agricultural production and improvement in the economic status of the farmer;
- politically in the creation of a government majority in both Houses of the Assembly and Thieu's moves to broaden the government and to organize it for more effective performance.

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30. There have been developments with a negative side as well:

- inflationary pressures have continued to build up and prices which had been stable for many months have also started to climb;

- progress in getting at the infrastructure has been disappointing;

- progress in getting at corruption has not been as great as Huong hoped for when he took office;

- there are deficiencies in military leadership in both quantity and quality at the officer and non-commissioned officer level;

- land reform legislation has run into difficulties in the Lower House and it will take a major effort by Thieu to secure a satisfactory bill.

31. These and other short comings will need attention. On

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balance, however, I think it is fair to say there has been substantial progress in many areas.

BUNKER

7.13.

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Enclosures:

FORM 78 - 501  
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