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12/69

AMBASSADOR ELLSWORTH BUNKER'S "BACK CHANNEL" REPORT TO  
THE WHITE HOUSE - REPORT NO 83 . DATE: Dec. 9, 1969

10/djs

OUTGOING AMEMBASSY SAIGON

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FOR THE PRESIDENT FROM BUREAU

PARIS FOR AMBASSADOR HABIB

Herewith my eighty-third message.

A. GENERAL

1. I believe the most important single development affecting Viet-Nam since my last report has been the disappointment of the high hopes the enemy had placed on the effect of anti-war sentiment and demonstrations in the United States on our Viet-Nam policies. Your handling of the Viet-Nam issue, particularly in your speech of November 3rd, has clearly shaken and disappointed ~~its~~ hope for a quick and easy victory here as a result of precipitous U. S. withdrawal.

2. Not can events in Viet-Nam itself have been encouraging to

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2

Date:

the other side. I mentioned in my last message that the

enemy's greatest problem is our policy of Vietnamization.

Despite considerable enemy efforts against it, progress

continued to be made in Vietnamization. The RVNAF seems

successfully to have met the enemy challenge around Bu

Preug and Duc Lap without any support from U. S. ground

forces, and there are indications that the enemy is beginning

to disengage. In IV Corps, the other major testing area at

present, a few minor reverses have been more than offset by

RVNAF successes against the VC and the newly-introduced

NVA forces (three regiments confirmed, another suspected

but as yet unconfirmed). Experience to date gives good reason

to believe that we will be able to proceed with the orderly

withdrawal of U. S. ground forces and the accompanying

steady assumption of more responsibility for the war by the

RVNAF. An indication that the enemy fears this is the volume

of his commentary on Vietnamization and the level of vituperation

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OUTGOING AMEMBASSY SAIGON

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Control:

3

Date:

in that commentary, both of which have reached new heights.

3. On the political front the situation showed some trouble-  
some aspects, but remained basically stable (despite some  
totally groundless coup rumors which circulated recently).

The furor over the austerity taxes has started to die down,  
and the immediate effect they had of raising prices now seems  
to have run its course; in fact the price of rice dropped sharply  
today, perhaps an indication that holders have begun to unload.

A possible crisis which would have been caused by the Supreme  
Court finding the executive decrees unconstitutional has  
apparently been averted. I have some residual concern about  
the incidence of these taxes that I will discuss later. Most  
importantly, however, I think the ability of the government to  
carry out in the face of such opposition what is basically a sound  
and badly needed policy in order to assure the economic future  
is a good indication of the Government's strength and effective

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Control:

4

Date:

4. Senator Don is continuing to look for ways to make trouble for Thieu. His current preoccupation is with the My Lai affair. While the Government's initial handling of this was inept, My Lai hardly seems likely to offer Don more than nuisance value since the reports of the incident have not created the emotional reaction here that they did abroad. Also, Thieu's most recent statement on the incident, stressing his belief in "American justice," puts him in a much less vulnerable position.
5. One of the enemy's goals set forth in COSVN Resolution 9 was to inflict maximum casualties on American forces. Our casualties, according to the most recent available figures, dropped from 796 in August to 477 in September, to 377 in October, and moved up slightly to 410 in November.
6. The targetting of pacification, another priority of the enemy, has also brought him little success so far. November showed another small gain in the ABC category, to 92.5 percent, while

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Control:

5

Date:

VC population declined slightly to an estimated 500,000, under 3 percent of the total population of South Viet-Nam. The number of refugees had dropped to 416,514 by the end of November, down over 1 million since the first of the year.

7. I think it is clear that the situation I am describing shows that the enemy is faced with difficult decisions. I feel it highly probable, therefore, that he must be carrying out a reassessment of his current strategy. We cannot yet know what the outcome of that reassessment will be. He might decide to build up for an increase in military activity, keeping the same set of goals but paying more in an effort better to attain them. If so, he could cause some setbacks in pacification; increase our casualties; and perhaps slow Vietnamization. The costs of such a course would be very high for him, with no assurance of any success. He would have to keep in mind the warnings you have issued against escalating the fighting. He has no chance of achieving the strategic surprise that was the

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## OUTGOING AMEMBASSY SAIGON

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Charge:

Control:

6

Date:

key to the success he had at Tet 1968, in addition to which the RVNAF forces he is up against are much better armed and trained than they were at that time.

8. I do not expect him during the period immediately ahead to take a more serious attitude toward the Paris talks, but he might start to explore the possibilities of some political compromise if he tries and fails to throw Vietnamization into disarray. He will certainly continue to try to divide the non-Communist Vietnamese and may make overtures to some of the opponents of Thieu in an effort to create more disarray on the GVN side.

9. We are currently carrying out a careful and thoroughgoing analysis of enemy capabilities and intentions which will be submitted separately in the near future.

### B. POLITICAL AND ECONOMIC

10. The possibility of a major political and economic crisis

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Charge:

Control:

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Date:

was averted when on December 12th the Supreme Court, while finding no legal basis for the decree, found that the Senate (which had asked for an advisory opinion on the legality and constitutionality of the decree), had in effect withdrawn its request by declining to submit arguments. A test case could still be brought unless legislation is enacted which would obviate the problem. Thieu has informed me that he proposes to include validation of the taxes in a "package" containing other revenue measures he will submit to the Assembly.

11. The price effect of the taxes was felt in early November. The retail price index has been stable since that time in Saigon although there are reports of additional price increases in some provincial areas. We will be watching the longer term impact of the new tax levels on the important fixed income groups: military personnel and the civil bureaucracy. Farm population

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 Date: \_\_\_\_\_

is less affected (and perhaps even benefitted from price increases for rice and vegetables), but they too are concerned with substantial increases of prices on small motors used for pumps and boats and also, although to a lesser extent than the urban consumer, with the price increase on motor bikes. The decision which I mentioned last month to lower taxes on certain vital items such as kerosene and gasoline has eased the situation somewhat, but the feeling of bitterness over economic difficulties for which the government receives the blame is still there, and bears close watching.

12. The basic point remains, however, that the government was willing and able to take a tough decision on an issue of such magnitude and to see it through. A weaker government would have been content to let inflation continue and accelerate rather than face the immediate political problems associated with a tax increase. The latter could have been ameliorated by more skillful handling; if, for example, Thieu had made his

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OUTGOING AMEMBASSY SAIGON

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Control:

Date:

31 October speech a week earlier and if he had taken the Assembly into his confidence. While a more effective effort to achieve public understanding of the reasons for the action and its longer term benefits is still badly needed, the episode on the whole I think gives grounds for some encouragement.

13. President Thieu's land reform measure is still before the Upper House. I expect it to be passed by that Chamber by the end of the year. I believe that the Upper House version will be a considerable improvement over the bill produced by the Lower House. Sometime early next year, the National Assembly as a whole should present its bill to the President. If he takes exception to any of its provisions, he can propose amendments, and I doubt that the Assembly could muster the votes to override him. Therefore, I expect a good land-to-the-tiller law to be promulgated early next year.

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Control:

Date:

14. The Lower House did a responsible and workmanlike job in approving the National Budget with only minor cuts.

The Bill now rests in the Senate, where it probably faces a tougher fight.

15. A problem in legislative-executive relations may arise out of the trial and sentencing of a former Presidential advisor, Nguyen Van Trong, charged with actions beneficial to the communists. This affair, in itself only a momentary sensation in Saigon politics, has become a broader issue with disclosures that confessions of some of those on trial have implicated Lower House Deputy Hoang Ho. Because of legal problems posed by congressional immunity, President Thieu has forwarded Hoang Ho's file to the Lower House, charging it with the responsibility for action against Ho under rules of the Lower House. The case against Ho, while largely based on confessions of some of those accused in the Trong affair, seems fairly strong. Thieu also has asked for House action against two other Lower House

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Classification

Control:

11

Date:

members, Tran Ngoc Chau and Pham The Truc. Truc has been in Japan since May 1969 where he has made pro-Viet Cong statements. The main complaint against Chau is that he collaborated with his brother, Tran Ngoc Hien, who was arrested in April 1969 and subsequently convicted of being an NVA Intelligence agent.

16. Unfortunately, President Thieu made a rather intemperate speech at Vung Tau on December 9th which contained off-the-cuff remarks implying threats of action by "the people and the military" should the legislature fail to do its duty in this case. Thieu was giving a rather highly charged fight talk to a group of village leaders. While the official version of the speech does not contain these statements many people are aware of them and the President will need to do some fence-mending in this matter.

17. Two completely different sorts of Buddhist activity have attracted some attention since my last report. The more dramatic but politically less serious of the two involved the

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FORM 15 - 102  
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Charge:

Control:

12

Date:

Cambodian Buddhists of the Theravada sect. This is really not a Buddhist issue, although the bonzes are put in the fore-front for obvious tactical reasons, but rather one involving the demands of an ethnic minority. Demonstrations by the Cambodian monks in Saigon and in some Delta towns have been irksome and have been accompanied by some minor violence, but they pose little real danger to political stability. The Lower House has rejected decisively a bill which would have put Cambodian representatives back on the Ethnic Minorities Council.

18. There are some indications that the An Quang Buddhists may become more active. They are following up their recent conference by putting forth in various ways new demands that the matter treated in their communique be acted upon. In one mass meeting there was a call for an active "struggle for peace."

The neutralist fringe leader, Tran Ngoc Lieng, has associated himself closely with this activity. So far it is only a potential

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Charge:

SECRET  
Classification

Control:

13

Date:

danger. In a recent talk with Vice President Ky, however, he discounted the ability of the Buddhists to make serious trouble for the government.

19. Political parties are actively working in the countryside to establish the minimum requirements for recognition as legal entities under the Political Party Law. According to the law, parties already registered must have ten provincial chapters of at least 500 members, or five such chapters and ten members in the National Assembly by a deadline of December 19th. Parties which do not meet full requirements by that date will not be allowed to operate legally until the requirements are met. While this will undoubtedly bring about some reduction in the number of parties, the long-term effects will depend on how the law is applied and also on the electoral laws governing the forthcoming elections.

20. A mid-November public opinion survey in Saigon showed

a substantial increase in belief that replacement of U. S. forces

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14

Date: *[illegible]*

in 1970 by ARVN units would be beneficial to South Viet-  
Nam. The "beneficial" replies among the general public  
rose to 50 percent and among the college-educated group  
rose to 79 percent.

21. While such figures must always be taken with some  
caution, the factor of healthy nationalism seems to be  
important in the above, particularly since the same poll  
showed a substantial slump in the percentage of Saigon  
residents who consider the U. S. "a dependable ally" (27  
percent in November, as compared to 52 percent in June  
after the Midway meeting, 38 percent in August and 39 percent  
in September). When asked to cite recent American actions  
they disapprove of, Saigon general public respondents most  
often name anti-war movements. This I expect to see reversed  
as it becomes clear that the demonstrations are not forcing  
us into a precipitate withdrawal.

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15

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**22.** The poll showed that confidence of the Saigon public in the ability of the present government of South Viet-Nam to meet the needs of the people in the future dropped in November to 40 percent, the lowest figure recorded in ten surveys since the question was first asked in April 1968. The main reasons named for this decline were the end-October GVN economic austerity measures and subsequent price rises. This illustrates the price that Thieu has had to pay for those measures, and the importance of stabilizing the price situation and if possible rolling back at least the price of rice.

C. MILITARY

**23.** Casualty statistics show the extent to which the RVNAF has already assumed the burden of the war. Of the 1,937 allied forces killed in action in November, 410 were U. S. and 1,472 were RVNAF. Enemy losses were 12,532, not including died of wounds and over 4,000 ralliers.

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Control:

16

Date:

24. General Abrams has told me that the RVNAF performance in the Bu Prang and Duc Lap actions, where we have provided only support forces, improved greatly as the battle progressed. He felt the 23rd ARVN Division, hitherto something of an unknown quantity, had turned in a professional performance. As I noted above, there are indications that enemy pressures there are reducing. To date the enemy has lost 1,460 men in the campaign, while friendly losses have been 301.

25. The Delta campaign, in which we have only support forces committed, continues in line with the high priority placed on the area in COSVN Resolution 9. RVNAF forces have suffered a few reverses. In a battle in the U Minh Forest area early in November and again later in the month in a series of contacts in Dinh Tuong province, RVNAF forces took considerably heavier losses than they were able to inflict on the enemy. On the other hand, a number of significant successes were scored, including

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## OUTGOING AMEMBASSY SAIGON

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Classification

17

Charge:

Control:

Date:

a month long operation by the 9th ARVN Division south of its normal areas of operations, which was followed by a shift of that Division into Binh Thuan, again outside of the Division's area of operation. Another highly successful action is described in the Pacification section below. In the month of November the enemy lost 2,603 killed and 2,244 ralliers in the Delta against 739 friendly forces, of which 25 were U. S.

26. General Vy, the Minister of Defense, is reported to have said recently that, should the ARVN meet with reverses, he hopes the Americans will not rush <sup>in to</sup> take their place. He feels that the Americans tend to underrate the ARVN, and hopes the ARVN will not be deprived of the chance to prove itself by hasty American intervention should such circumstances arise. General Abrams related to me the encouraging action of the newly appointed Commander of the 5th ARVN Division in III Corps, Colonel Rieu. Rieu told the Commander of our <sup>1st Cavalry</sup> ~~task~~ <sub>Supporting Group</sub>

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**Date:**

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Division he was sick and tired of being told how to deploy his troops and how to fight them. From now on he was going to decide where to put his troops and how to use them. General Abrams commented that this was the kind of talk he liked to hear from the ARVN. I think this shows the kind of spirit among the Vietnamese leaders that will contribute to making Vietnamization work.

**27.** If it does develop that the enemy plans to initiate new offensive activity, indications are that large scale attacks could not be launched effectively prior to the first of the year, and that his capability for sustained action would be limited if he launched such attacks prior to the end of January 1970. The enemy requires about five months to have his logistics and infiltration activity functioning smoothly to provide adequate stockpiles, to pre-position forward caches and move his major combat units.

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MEMORANDUM FOR THE DIRECTOR

Foreign Service of the United States of America

OUTGOING AMEMBASSY SAIGON

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Context:

19

Date:

21/ President Thieu feels that the period from now through Tet (February 6) is when the enemy may make a major move, and General Abrams is inclined to agree. I note that General Weyand also expects the enemy to move around Tet. I agree that many factors, including the enemy's present dilemma of high losses with virtually nothing to show for it, point in that direction. However, the increase in the rate of enemy infiltration from late October to early November seems barely sufficient to make up his losses, which continue at a high rate.

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**C. PACIFICATION AND DEVELOPMENT**

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**29.** The main thrust of the pacification and development campaign during November and December, as directed by President Thieu, has been to tie up the loose ends for 1969 and launch the 1970 Plan. During trips to the four Corps last month, the President went to considerable lengths to publicize and explain the 1970 Plan as well as to review the accomplishments and shortcomings of 1969. In addition, Ministerial-led teams went to every province in separate delegations to explain the 1970 Plan to all officials down to and including Village Chiefs. Sessions of this kind are virtually unprecedented and certainly have never been done before on this scale in regard to pacification. These visits underscore the strong interest and leadership given to the Pacification Program by the President and the Prime Minister, and their appraisal of its political importance.

**30.** In each Corps, the President laid particular stress upon 1970 as the year of... . He said the three major goals were

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21

Date:

to end the war, build democracy, and achieve self-sufficiency. He stressed strengthening the People's Self Defense Force as the foundation of national defense, based on the people, and put next emphasis on making the Popular Forces fully effective, especially at night. He particularly pointed out the need for an effective PHUNG HOANG operation against the VCI political apparatus. To build democracy, he said, local leaders must be trained to provide effective administration. To highlight the goal of self-sufficiency, the President changed the Vietnamese name of the Pacification Program from its earlier Pacification and Construction to Pacification and Development. Special attention is to be addressed to the urban areas, curfews lifted and main economic routes opened. The provinces are now developing their implementing plans for 1970, which will be reviewed and approved prior to the end of December.

31. November showed only a small gain registered by the HES. By the end of the month, 98.5 percent of the population was rated ABC.

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Date:

an increase of 0.5 percent. There was also a small increase in AB population to 56.7 percent. VC population declined slightly to an estimated 500,000, or just under 3 percent of the national total. Seven provinces showed some regression in ABC population but only four dropped by more than 1 percent (though less than 2 percent).

32. One of the substantial reasons for the present success of the Pacification Program continues to be the lack of a consistent, forceful, or effective enemy opposition. While there was some increase in enemy activity during November, and perhaps the beginnings of a winter offensive in parts of the Delta, the Pacification Program remained basically unaffected. This happy state may not, however, continue for long as the enemy, in accordance with COSVN Resolution 9, increasingly targets his forces against the pacification effort. We are already beginning to experience increased attacks on the PF and PSDF.

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23

Date:

33. These forces, however, often acquit themselves with distinction. In December, for example, there was an encouraging demonstration of the effectiveness of territorial forces when they operate in tandem. A battalion of the 98th NVA Regiment attacked a district headquarters in Kien Tuong Province. An RF unit on night ambush gave the alert and all local units in the town - RF/PT, Police, RD Cadre, PRU and PSDF -- quickly manned their defensive positions and effectively turned back three enemy assaults. Apart from the results of 226 NVA killed and large amounts of weapons and ammunition captured, the incident is a superb example of the potential effectiveness of combined resources and cooperation among Vietnamese local forces even when confronted with NVA troops. Of course, there is an occasional local disaster when a small unit is overrun, but the cases when they fight off the attack or even initiate it are far more numerous.

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FORM 83 - 402  
(5-73)

**OUTGOING**

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24

Date:

39. People's Self Defense Forces made a significant contribution to territorial security. The 1969 goal of 2 million organized members was met, of course, by mid-September and grew to more than 3 million by the end of November. Of these the support forces, composed of elders, women, and youth, now total more than 1,750,000. However, there are now more than 1,316,000 men and women in the "combat" PSDF. Trained members increased to 1,800,000, almost 600,000 more than in October. In addition, more than 392,000 weapons have been issued. The GVN has directed each province and autonomous city to conduct a four-day training course in ~~December~~ December for PSDF Combat Group leaders. The program of instruction emphasizes the coordinated employment of PSDF with PF in the defense of hamlets and the role of the PSDF in accomplishing its community development and political education responsibilities. There are an increasing number of reports of regular ARVN units "adopting" PSDF groups and providing them with more intensive training than would normally be the case.

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Control:

25

Date:

35. The PHUNG HOANG campaign against the VC infrastructure remains a soft spot in the GVN's pacification efforts although October was the third month in succession in which the monthly goal of 1,800 VCI neutralized was exceeded. Results on this program are always somewhat more delayed than others, as there is a confirmation procedure at the national level for the province figures. At the end of October more than 16,000 VCI had been neutralized since the beginning of the year. Although October results were slightly below September, the favorable trend of the last quarter continued, in which neutralizations exceeded monthly goals. The nation-wide campaign to publicize the PHUNG HOANG plan has been surprisingly successful. The program was well conceived and has had considerable initial impact. It has two aspects, education and operational. The educational side is aimed at bringing about public acceptance and support for this program of "protection of the people against terrorism" and to bring it out in the open.

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FORM 88 - 501

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**36.** The PHUNG HOANG program for next year was published as part of the 1970 Pacification and Development Plan. As in 1969, the monthly goal of 1,500 A & B VCI neutralizations was established. The test of neutralization will be determined by sentencing and interning rather than by capture, to avoid roundup of individuals on whom little evidence has been accumulated merely to meet neutralization goals. Emphasis has also been placed on the need for strict justice in the conduct of PHUNG HOANG operations and sentencing and internment procedures.

**37.** The National Police Force, though faced with a number of problems, continued to make its substantial contribution to internal security. In spite of the clear attempt of the Communists to raise the level of terrorist activity in Saigon and elsewhere, the Police have maintained their crucial role in reducing the number of terrorist incidents during the last four months by 25 percent. The year-end strength goal of 92,200 will not be met, but force strength did increase to 83,575 by the end of November. The increase in

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Foreign Service of the  
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Charge:

Control:

27

Date:

strength is attributable largely to the transfer of men from the military.

31. The Chieu Hoi program declined slightly from its October peak of 5,609 returnees to a November total of more than 4,000. The weekly average was over 1,000, maintaining the 800-1,000 weekly average of the last year. The year's total is now more than 45,000, two and a half times last year's total.

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FORM 78 - 687  
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Control:

28

Date:

39. The GVN's refugee effort continued to take large strides in reducing the number of refugees and completing its obligations to those uprooted from their homes. The total refugee population is 416,514, or over 1 million less than the peak of 1,449,636 in February of this year. The present refugee figures include 174,786 temporary refugees, 144,388 in resettlement process and 97,340 out-of-camp refugees. The Social Welfare Services spent most of their time in paying refugee benefits in an attempt to meet pacification goals. The concerted GVN effort to cope with the refugee problem resulted in 112,465 refugees resettled and 73,255 returned to their original hamlets during the month of November. Once again the extension of security and the availability of territorial forces has been a major factor in the ability of refugees to return to their original homes.

### D. CONCLUSION

7a. While more severe testing by the enemy may not be too far in the offing, events of the past month give grounds for encouragement

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Charge:

Classification

Control:

29

Date:

that the testing, if it does come, can be weathered successfully.

41. Probably most vulnerable to at least a temporary setback due to enemy activity is pacification, but with each passing day the government should be in a stronger position on this front.

42. The RVNAF record will no doubt continue to be somewhat mixed. The reversal of what had been a falling desertion rate in ARVN is discouraging, but hopefully can be turned around again. New enemy offensive activity may further heighten targeting of RVNAF, although obviously he cannot give priority to everything. He is at least equally eager to inflict casualties on our forces and the present pattern therefore may not greatly change.

43. There is still far too much disarray on the political scene, and the government is not doing enough to improve its image. Recent actions against black marketeers helped, and Khiem has assured me that the government means to continue that campaign. But there is much more that needs to be done. However, the fact that the enemy

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has been unable successfully to exploit even so difficult an issue for the government as the austerity taxes to gain a foothold of support in the cities must have helped to convince him that the constitutional government has much more support than he has ever been willing to admit.

**44** On balance, I conclude that we are on the right course here. The enemy position has steadily deteriorated during this year and he has been put on the defensive in almost every respect. He has been forced to review a strategy which has not produced hoped for results. I believe that if we and our Vietnamese allies make the most of it, time is on our side.

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