

4 May 63

Dear Bill:

The US position here is steadily deteriorating, as our fearless leaders continue to lead from weakness rather than strength. Our Corsican friend says flatly: "Tell Bill for God's sake to get out here within a month, or it is all gone." I believe that he is speaking sincerely, but that his view is perhaps a little too pessimistic. In my own estimate it could be saved without your presence on the scene, if Washington acts intelligently and courageously in the next 30 days or less; if they do not, there is a very fair possibility that there will be little hope of salvage short of a major shake-up.

Needless to say, if you were here, with even a moderately free hand, the situation could be more than saved, it could almost certainly be improved over what it was, say sixty days ago when it seemed very satisfactory, all things considered.

Since writing the above, about an hour ago, I have had reason to change my opinion. It now appears that, unless they receive a strong injection of courage at the Honolulu conference, our leaders will kick so much away in the coming week that it will be extremely difficult to salvage much of anything.

The situation you know, I think. Essentially it is that Mr Diem has somehow been convinced that it would be desirable to ~~reestablish~~ take all possible measures to strengthen control, in detail, by Saigon of actions in the provinces. This control, in detail, has been substantially lessened by USOM and CAS provincial operations which have the effect of giving the province chief, or other action agent, in the case of CAS, control over minutiae of operations which have been approved by Saigon. The effect of this has been excellent, and, as far as the USOM operations are concerned (and I think this is true of CAS also) has been to greatly improve efficiency without in any way weakening the palace.

To regain control, or, better to say, to establish the maximum of control, Mr Diem is now seeking to get all USOM, and much other, funds entirely under VN control at least as soon as they become available for a particular project in Saigon. The Ambassador has indicated that he will agree to this as far as USOM is concerned, and I suspect as far as he can for CAS -- with their boss -- who has been aptly described as seeming always under the effects of an overdose of Miltown) probably agreeing.

The ploy of the GVN has been to express concern over too many Americans here, and informally, at least, to indicate that they want them out of the provinces. Many Vietnamese undoubtedly do (although I am sure that a reasonable percentage of the provincial officers do not). This has scared our leaders a bit, since, to give them their due they seem to appreciate -- perhaps 25% worth -- the importance of keeping people in the provinces. (Present average is about 10 per province -- could be selectively reduced to 5 without too much loss -- but not below that in the next year -- unless we lose control of funds.)

The importance of USOM funds which, subject to agreement on programs for each province at the Saigon level, can be made directly and immediately available to the province chiefs for spending with the concurrence of the local USOM and MAAG representatives, is by no means fully appreciated by our leaders. In effect, this system insures that our people have a reasonable degree of influence, which they have never before had -- nor will again, without funds. (This, of course refers to the average -- and we cannot hope to find enough ~~good~~ men to ~~now~~ fill all the essential posts who are of the type which can be effective without the golden prop.)

The result is that Uncle is in a tight box, largely designed by himself, but skillfully put together by the Vietnamese, a good many of whom (including Diem

are probably rather appalled by their success, as well as by American weakness and stupidity. Nevertheless they feel that they must go ahead, at least until some American comes up with an acceptable device which will change the apparent situation. Whether this hypothesis is correct or not, it could well be attempted at the same time that we ~~must~~ start intelligent steps to exert pressure. How?

First, announce that in deference to the desires of Mr Diem, we are pulling some troops - say 500 -- out of the country. Round up the MPs and other useless characters, parade them through Saigon, and on out - very publicly. Do this immediately, and before any further discussions with him.

Second, re-open the question of financing on the basis of two principles enunciated at the highest level, perhaps in a personal note to him from JFK:

A. The US, unlike the GVN, does not insist that all its funds be spent without concurrence of the GVN, but does insist on the prerogative of spending some of its funds, in Vietnam, as it sees appropriate.

B. The US further insists that funds be available for spending at the province level, for the provincial rehabilitation program, and that these expenditures be subject to the approval of provincial US representatives.

Third, initiate a fly-away pull-out of from 25 to 50% of our air and army air personnel and transportable equipment for their support. Do not touch advisory personnel below the corps level.

I believe that the above moves would bring about the desired result quickly and cleanly. They would, of course, require a hard decision in Washington -- a decision that we either gain GVN concurrence to our reasonable control of our own funds and people, or pull out of here. For this reason, I see no hope.

Actually, I fear we have only two people in the country who are capable of negotiating with Mr Diem on a position of strength -- Dick Stilwell (who is in no position to do so, and has not been here long enough to have any appreciable influence on the American community) and Rufe, who is being boxed out by both sides. The penguin is definitely ducking him, Nolting and Brent are about at the end of their patience with his persistent insistence on trying to get things done. I am discouraged as hell.

If you can get out here with a modicum of authority, and can get here soon, it may still be possible to salvage the situation. From where I sit, (assuming that ~~it~~ such an expedition is seemingly impossible) a visit by you seems the easiest way of doing something constructive. If that can not be done almost immediately, the next best thing is to get Rufe back there. That will do some good, although I expect it will mean the end of his operation here, unless he is called back in terms that indicate Washington is worried about the situation rather than his actions.

Losing this one will really hurt, because we have now shown that it can be won -- no question about it. Am enclosing a couple of papers which I have filched from the files, as well as a draft thinkpiece, atrociously expressed, which I have been trying to knock out, and which might be of some use in trying to get the strategic hamlet concept across.

Late bulletin -- Nolting has officially informed Thuan that GVN control of provincial rehabilitation funding has been approved. Now we have had it.

As ever,

(Bc)