THE SECRETARY OF STATE
WASHINGTON

April 5, 1955

SECRET

MEMORANDUM FOR THE PRESIDENT
THE WHITE HOUSE

I thought you might be interested in the attached cable which I sent to Collins yesterday.

John Foster Dulles

Attachment
#4330 to Saigon, 4/4/55; cy. 6

Seen by President 6 April 55

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SENT TO: Amembassy, SAIGON NIACT 4330

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Origin
SS

EYES ONLY FOR COLLINS FROM SECRETARY

QTE Dear Joe:

I know that you face a very difficult situation. I had assumed that a time

would come when there would have to be some sort of a showdown to demonstra

the authority of Diem. That, I thought, would be the payoff. If he came throug

then the future would be relatively clear. If he failed, then that would be that.

In this connection, I have always assumed a considerable difference between

the two religious sects and the Binh Xuyen, whom I have considered a gangster

group, and I have suspected that the higher-ups got a cut in the proceeds of

protection of vice in Saigon. It seems to me deplorable that Diem is not

allowed to show his authority in this situation but that there has to be a "truce"

between him and the gangster group, which in effect puts them on an equality

basis.

The information I get here is that the National Army battalions in Saigon

are strong enough and sufficiently loyal to enable Diem to assert his authority

against Binh Xuyen provided Diem has the moral backing of the French and the

United States and the logistic backing of the French, who apparently ration out

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Drafted by: S JFDulles:ma

Telegraphic transmission and
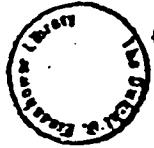classification approved by: S FDulles

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Clearances:

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Authority STATE DEPT. LTR. 8/19/76

By DJH NLE DATE 10/28/76

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ammunition and gasoline on a very close basis, ~~atxbxxdxxxxxgxxdsxDGxxx~~

I am not surprised that Diem is suspicious as to what is going on. Might it not be that if he were assured that he would have the opportunity with the indicated backing to assert his authority over the Binh Xuyen he could at the same time be persuaded to deal politically and peacefully with the Cao Dai and the Hoa Hao.

I do not for a moment doubt your analysis of Diem in that he lacks many desirable qualities. On the other hand, I thought we felt when I was in Saigon that the decision to back Diem had gone to the point of no return and that either he had to succeed or else the whole business would be a failure.

So long as he feels that he is likely at any moment to be regarded as expendable by the French and replaced, then I can understand that his natural disposition to be suspicious and not to delegate responsibility assumes an exaggerated form.

I really think that we should make a strong issue with the French on getting their backing to his asserting his authority as against the Binh Xuyen either now, if his strength is probably enough, or later in the near future if it is felt that his strength can be and needs to be increased in the interval. However, I would suspect delay under present circumstances would decrease rather than increase his prestige and authority and that unless he can act quickly the best moment will have passed.

I have just been talking with the President and his mind runs along with mine in the foregoing respects. On the other hand, we realize that we are far away and we both have great confidence in your judgment. Also we both have great personal confidence

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in Ely. However, one thing which is near at hand is our domestic problem and the practical unlikelihood that Congress will authorize continuing expenditure of funds for a successor to Diem who is picked by Bao Dai or who has the French imprint. Faithfully yours, Foster UNQTE

DULLES