

The Ambassador, Saigon, Vietnam

November 1, 1963

Rufus Phillips

Conversation with Nguyen Dinh Thuan on 1 November 1963

1. Thuan said the President had been asking his personal opinions on what to do about the suspension in American aid and Thuan had advised him to make political changes - starting with a change in the cabinet. The President asked Thuan for a report on how the Government would fare without American aid. Thuan had given a gloomy picture so the President then called in the Minister of Economy and asked him to report on the same subject. The Minister of Economy had immediately gone to Thuan for advice; Thuan told him what to say so his report was equally gloomy.

2. Thuan said he thought the President must realize the seriousness of the situation but he was not admitting it, even to Thuan. The President was still talking about "self-sufficiency." Thuan said that everybody in the Government was marking time and that in his opinion one could expect the military effort to become more and more a superficial exercise. Nobody wanted to face up to problems such as the deteriorating situation in the Delta. They were all waiting for a resolution of the conflict with the Americans.

3. Thuan reiterated his opinions expressed in previous conversations that the Government had to change its policies and its personnel if it was going to win the war and that the American policy of pressure was, in his opinion, the correct one. He was not optimistic that the President was ready at this time to come to grips with reality. Thuan said he had emphasized to the President that he must discuss these matters with Ambassador Lodge.

4. Thuan said that a recent development he found most disturbing was the closing of the 2,000 hectare Long Thanh (sic) rubber plantation in Bien Hoa province and the drop off in production at the Terre Rouge and Michelin estates. Directors of both major plantations visited him this week to tell him that they were cutting back operations due to increasing VC harassment - kidnappings and assassinations. Thuan said he had questioned the 5th Division Commander about the increase in VC activity directed at the plantations. The 5th Division Commander claimed that the French owners had been cheating in their pay-offs to the VC and the VC were now retaliating. Thuan said he was not sure that this was true.

cc: Mr. Brent
Mr. Trueheart