

about US intention. Main preoccupations of the Vietnamese now are their concern over the damage being inflicted on VN as the war intensifies and their concern over their economic problems. Cost of living has risen sharply in last year, particularly in period since Ky government came to power. Costs of basic commodities have increased an average of 33 percent since this time last year. Significant fraction of that increase has been registered since June 19, when Ky government was formed and great build-up of American forces became apparent. In the minds of the city dwellers and those Vietnamese in regions where the American buildup has been most obvious, an unfortunate equation of American presence with rising prices has asserted itself. Editorials have begun to appear in certain Saigon dailies (notably the Buddhist Institute organ *Chanh Dao*) which, though they do not directly criticize the American presence, nevertheless take line that the sharp increase in the number of foreigners in Viet-Nam endangers Vietnamese culture and national way of life. Hanoi and the VC can be counted upon to encourage public dissatisfaction, building upon daily irritations and complaints about the cost of living, in order to develop an active hostility to the American presence, something which has not previously been a factor here.

Lodge

166. Telegram From the Embassy in Vietnam to the Department of State¹

Saigon, October 13, 1965.

1273. For the President. Herewith my weekly telegram:

First and foremost my warmest respectful congratulations on your recovery and best wishes for good health.²

¹ Source: Department of State, Central Files, POL 27 VIET S. Secret; Priority; Nodis. The source text does not indicate a time of transmission; the telegram was received at 6:40 a.m. Bundy sent the President a retyped copy of this telegram on October 14 under cover of a memorandum that reads: "We are puzzled by his conversation with Thieu—in the sense that we see no reason why the Viet Cong should be able to win politically in a fair fight if they are as unpopular as we all believe. I am having a further analysis made on this point. Otherwise, an interesting report."

Bundy also noted that there had been progress on the rice shortage, at least for the short term. The White House copy of this telegram has an indication that the President saw it. (Johnson Library, National Security File, Memos to the President, McGeorge Bundy, Vol.

1. Trend of the war

A. General Thieu, Chief of State, during a call by me to present CIA visitors, made a rather sweeping review of the whole situation, during the course of which he said:

B. He would not be surprised if the Viet Cong eventually accepted an offer to negotiate—as soon as they were convinced that they could not achieve a military victory with main force units, as guerrilla doctrine prescribes. The purpose of accepting the offer to negotiate would be to end or suspend U.S. military activities, presumably in the expectation that the effect on public opinion in the U.S. would be such that it would be difficult, if not impossible, for us to continue operations.

C. He believed that for the last three months, the Viet Cong had been training political cadres to go into the communities in Vietnam and win the war politically which they had been unable to win militarily. He thought there might be as many as 150,000 such cadres. It would mean 5 Viet Cong political cadresmen where now there was one. He spoke of a VC demobilization following an armistice, with the demobilized men returning to their villages to become active Communist political subversive workers. They were already taking credit for the U.S. and GVN economic and social programs. GVN was wholly unready for such a political contest. I reported the same from Foreign Minister Tran Van Do in my wire to you of 30 Sept.³

D. There was no doubt in Thieu's mind that they "could beat us politically now", not because of their appeal, but because of their superior organization. Evidence available to me indicates only about 15 percent "sympathize" with the VC and that an aversion to Communist methods, particularly to ChiCom domination, continues strong. But these are no substitute for terrorism and poor GVN operations. Incidentally, a recent survey indicates 97 percent of the people know the U.S. is helping, with good opinions of Americans prevailing over bad, and 81 percent believing that Americans are here mainly to prevent Communism. Thieu recognized that his view about negotiation was frankly a guess but he seemed absolutely certain that as soon as the Viet Cong were convinced that they could not win militarily, they would switch their effort to gain a political victory, with or without diplomatic negotiations.

E. It is not a fair criticism of the Vietnamese to say that they cannot defeat the Viet Cong politically because they are tired and weak and this implication is a major fallacy in Lippmann's recent article, "The Stalemate in Vietnam."⁴ The truth is they have not had the chance to do so. When the chance to win over the people was missed some years ago, a

³ Document 157.

⁴ *Washington Post*, September 30, 1965.

situation came into being in which it was indispensable for the Viet Cong large units to be defeated before true community building, with its mixture of political and security measures, would be possible. Otherwise, the Viet Cong battalions, emerging from untouchable sanctuaries, would destroy whatever community building had painstakingly been achieved.

F. Now it looks as though we can surely overcome the Viet Cong main force units. Furthermore, it looks as though the Viet Cong knows this and has already begun to act on this knowledge, transforming themselves into small units, into individual terrorists, and into subversive political operators. General Westmoreland reports an intensification of Viet Cong "incidents" from 605 to 701 in the last week, including a sharp rise in acts of terrorism. This is the highest weekly total since September 1964. There is also a downward total in actions by large units. In fact, no major battles occurred during the week. This transformation to terrorism is emphatically not "de-escalation" as one American "expert" recently said. But it is a change, and a change which we have been anticipating.

G. It cannot be said that since we began defeating main force units the GVN have let the grass grow under their feet. When the Minister of Rural Construction (i.e. community building), Mr. Ung, was killed in a plane crash, the GVN developed a new governmental organization which I discussed in my 1190 to you of 6 Oct.⁵ and which is as well thought out as one can expect. Lansdale's committee is in close and constant touch. This week they called a meeting, which I attended, of all province chiefs plus elected provincial councillors to enthuse them and give them a clear idea of what they had to do. Vietnam is indeed much further ahead militarily than it is politically for the simple reason they could not really get going politically until the Viet Cong battalions were put out of business.

H. I believe the U.S. Mission is doing everything that it can to help prepare this country for a political struggle. But I am eager for new ideas and would very much appreciate any ideas or guidance which Washington can give me so that if a major political offensive were to be undertaken by the Viet Cong, we could gain time until we could score a real political victory. When we win such a victory, we can feel that we have accomplished something durable and truly worthy of our sacrifice.

2. Coup rumors

A. It is disagreeable to have to report a few coup rumors, the first which have occurred since my arrival. Although they do not look serious today, they are a preoccupation to me, and I am putting out the word in every way available that we do not want a coup, that this is the time to

subordinate petty individualistic jealousies and ambitions, and also, that it behooves those who are in government to try to act like real political leaders, by reasoning with the people who are disaffected, by involving them in the new projects, and by arranging matters so that others get some of the credit. This is not normal procedure for Orientals, particularly those who have had a long dose of the egoism of French politicians, but we are trying it.

B. I am also planning to visit the III Corps headquarters which I have not yet visited, to have some frank and, I hope, helpful talks with Generals who, although theoretically military, are actually the heads of civil and political activity and a serious potential threat.

3. Economic

A. The general price trend for the grade of rice used by the working classes continued slow increase as for more than a month. The end of November stock levels are expected to be low but not dangerously so, as a result of delayed PL-480 arrivals. The early rice crop from the Delta area has begun moving into the milling centers. USOM's index of food prices last week rose by 4 percent to a level 6 percent higher than a month ago and 34 percent higher than a year ago. Non-food consumer prices went up 3 percent to a level 6 percent over last and 18 percent over last year. The Vietnamese piaster continued to weaken in terms of hard currencies and gold.

4. Psychological

A. Vietnamese popular attitudes during the week reflected continuing feeling that the war was going badly for the Viet Cong and increasing concern over economic matters.

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