

~~SECRET~~

11 Dec 54

MEMORANDUM FOR AMBASSADOR COLLINS

FROM: Wesley Fishel

SUBJECT: Status of Dr. Quat

President Diem informed me this morning that he had called in seven members of his cabinet yesterday afternoon and evening and polled them on Dr. Quat's appointment as Defense Minister. He stated that six of the seven voiced disapproval, but that he told them he wants Quat in the cabinet because he would bring an element of strength into the government and could build an effective National Army.

This morning he received Generals Phuong (Cao Dai) and Soai (Hoa Hao), both Ministers of State in the cabinet. Their response to the statement that he wanted to appoint Quat Defense Minister was, assertedly, emphatically negative.

Soai voiced strong opposition to the idea, and threatened to withdraw his Hoa Hao support from the Government and go into rebellion. Diem pointed out to me that by virtue of the character and location of Soai's territorial holdings, his troops could (1) effectively cut off the supply of rice to the cities of Saigon and Cholon, (2) block road and waterway traffic through the coastal areas and into the Saigon-Cholon area, and (3) make war against the national army in his territories.

Phuong also stated unequivocal opposition to Quat, and repeated the accusations against him that appeared a few days ago in the local Cao Dai newspaper (i.e. that Quat was primarily responsible, along with the rest of the Dai Viet Party, for the loss of the North; that Quat was dishonest, and that this fact had been proved by investigations of his administration of the Defense Ministry -- among the particular accusations was one involving the alleged purchase of seven airplanes for the Vietnamese Government, out of which Quat allegedly made a huge and illegal profit). Phuong also threatened to withdraw from the Government and oppose it overtly. Diem pointed out the existence of Cao Dai forces as close as Gia-Dinh and the presence even in the city of Saigon of Cao Dai elements which could be used against the Government now even as they were capable of being used against the Army during the ~~Hindu~~ ~~regime~~ ~~of~~ Hinh period. At that earlier time, only the intervention of the French is believed to have prevented the Cao Dai from attacking ~~and~~ ~~the~~ Hinh's local garrison troops. Hinh himself was admittedly concerned over the possibility of such attacks.

Diem told the two generals that the US wanted Quat in the Government. The generals said "a responsible American" should speak for the Americans. Diem thereupon asked me to transmit to you these facts and ask that you "or some other person" talk to the generals. If, he said, you can convince the generals not to actively oppose Quat's appointment, he will appoint him at once.

If these Sect leaders persist in their opposition, Diem thinks the National Army is not now well enough organized and strong enough to put them under control. He would therefore be inclined, under such conditions, to raise Ho Tong Minh to the rank of Minister of Defense, and give him full authority and responsibility to move ahead with the reorganization of the Army.