

NATIONAL ARCHIVES AND RECORDS SERVICE
WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

10/13

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
	8-21-79 <i>ins</i> <i>All open per State 7-5-78 + NSC 6-26-79 letters</i> WH TO STATE DEPT. FOR CONSULTATION		
#7 memo	Secret to president from Walt Rostow	1 p 02/08/68	A
#9 memo	Secret to president from Walt Rostow	1 p 02/15/68	A
#13 memo	Secret to president from Walt Rostow	1 p 02/29/68	A
#14 memo	Secret to president from Walt Rostow	1 p 03/06/68	A
#16 memo	Secret to president from Walt Rostow	1 p 03/14/68	A
#17 memo	Secret to president from Walt Rostow	1 p 03/20/68	A
#19 memo	Secret to president from Walt Rostow	1 p 03/29/68	A
#20 memo	Secret to president from Walt Rostow	2 p 03/29/68	A
#23 memo	Secret to president from Walt Rostow	1 p 04/03/68	A
#24 memo	Secret to president from Walt Rostow	2 p 04/04/68	A

FILE LOCATION

National Security File, NSC History
March 31st Speech, vol. 6

RESTRICTION CODES

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#40b memo	<i>To CIA</i> top secret (special intelligence material) to president from Gen. Wheeler 3 p	02/17/68	A
#40d memo	[duplicate of #40b]		

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
	<i>All decisions per JCS 10-3-78 letter</i> TO ████ JCS		
#26 memo	top secret (gp 1) to president from Gen. Wheeler	3 p	02/03/68
#28a memo	top secret to president from Gen. Wheeler	3 p	02/05/68
#29a memo	top secret to president from Gen. Wheeler	2 p	02/06/68
#29b cable	secret MAC01666 from Gen. Westmoreland to Gen. Wheeler	2 p	02/06/68
#30a memo	top secret to president from Gen. Wheeler	3 p	02/07/68
#30c memo	top secret to president from Gen. Wheeler	4 p	02/07/68
#31b memo	top secret to president from Gen. Wheeler	2 p	02/08/68
#32 memo	top secret to president from Gen. Wheeler	2 p	02/09/68
#33c memo	top secret to president from Gen. Wheeler	2 p	02/10/68
#34a memo	top secret to president from Gen. Wheeler	2 p	02/11/68
#36f memo	top secret to president from Gen. Wheeler	3 p	02/13/68
#37c memo	top secret to president from Gen. Wheeler	4 p	02/14/68
#38c memo	top secret to president from Gen. Wheeler	3 p	02/15/68
#39e memo	top secret to president from Gen. Wheeler	2 p	02/16/68

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
	TO TOP SECRET JCS <i>All decisions per JCS 10-3-78 letter</i>		
#41b memo	top secret to president from Gen. Wheeler	2 p 02/19/68	A
#42a memo	top secret to president from Gen. Wheeler	2 p 02/20/68	A
#43c memo	top secret to president from Gen. Wheeler	2 p 02/21/68	A
#44 memo	top secret to president from Gen. Johnson	2 p 02/23/68	A
#45a memo	top secret to president from Gen. Johnson	2 p 02/24/68	A
#49b memo	top secret to president from Gen. Johnson	2 p 02/28/68	A
#50a memo	top secret to president from Gen. Johnson	2 p 02/29/68	A
#54a memo	top secret to president from Gen. Wheeler	1 p 03/05/68	A
#46a cable	top secret Gen Johnson's report	2 p 02/25/68	A

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
	<i>all divisions per State 11-7-78 letter</i>		
#4 cable	STATE DEPT. Secret (gp 1) From Saigon 387	1 p 02/01/68	A
#5 cable	Secret <i>sanitized</i> 17920 from Saigon	11 p 02/04/68	A
#6 cable	Secret (gp 1) 505 from Saigon	1 p 02/07/68	A
#7a cable	Secret <i>sanitized</i> 18582 from Saigon	7 p 02/08/68	A
#8 cable	Secret (gp 1) 633 from Saigon	1 p 02/14/68	A
#9a cable	Secret <i>sanitized</i> 19428 from Saigon	8 p 02/15/68	A
#10 cable	Secret (gp 1) 749 from Saigon	1 p 02/21/68	A
#11 cable	Secret 20175 from Saigon	15 p 02/22/68	A
#12 cable	secret (gp 1) 935 from Saigon	1 p 02/28/68	A
#13a cable	secret <i>sanitized</i> 20798 from Saigon	11 p 02/29/68	A
#14a cable	secret 21321 from Saigon	12 p 03/06/68	A
#15 cable	secret (gp 1) 240 from Saigon	1 p 03/13/68	A
#16a cable	Secret 22088 from Saigon	8 p 03/14/68	A
#18 cable	Secret 22579 from Saigon	14 p 03/20/68	A
#21 cable	Secret <i>sanitized</i> 23308 from Saigon	10 p 03/28/68	A

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
	<i>All decisions per State 11-7-78 letter</i> STATE DEPT.		
#22 cable	Secret <i>sanitized</i> 22 23308 from Saigon	11 p 03/28/68	A
#23a cable	Secret (gp 1) 695 from Saigon	1 p 04/03/68	A
#24a cable	Secret <i>sanitized</i> 23956 from Saigon	9 p 04/04/68	A

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
	OSD letter JAN 3 1979	+ CIA 1-1A80	
#32b cable <i>open 4-13-05 m) 96-198</i>	Secret text of cable from Gen. Westmoreland	2 p <i>sanitized 1-17-80 sig</i>	A
#33a cable <i>open 4-13-05 NL 96-198</i>	Secret text of cable from Gen. Westmoreland	2 p <i>sanitized 1-17-80 sig</i>	A
#34c cable	Secret <i>open 4-1-97 NL 96-35</i> text of cable from Gen. Westmoreland	2 p <i>sanitized 1-17-80 sig</i>	A
#35a cable	Secret <i>agen 6-25-79 sig</i> text of cable from Gen. Westmoreland	2 p	A
#36a cable	Secret <i>Exempt</i> text of cable from Gen. Westmoreland	2 p	A
#36c Cable	secret text of cable from Gen. Westmoreland (duplicates #36a)	2 p	A
#37a cable	Secret <i>open 6-25-79 sig</i> text of cable from Gen. Westmoreland	2 p	A
#38a cable	Secret text of cable from Gen. Westmoreland	2 p	A
#39a cable	Secret text of cable from Gen. Westmoreland	2 p	A
#40a cable	Secret text of cable from Gen. Westmoreland	2 p	A
#41a cable	Secret text of cable from Gen. Westmoreland	2 p	A
#43a cable	Secret text of cable from Gen. Westmoreland	2 p	A
#43d cable	Secret text of cable from Gen. Westmoreland	2 p	A
#43X cable	Secret		
#44a	Text of cable from Gen. Westmoreland	2 p	A
XXX	Secret		
#45b cable	Today's Khe Sanh Report	2 p	A

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
	OSD letter JAN 3 1979 Secret open 6-25-79 csp		
#46 cable	text of cable from Gen. Westmoreland 2 p	02/25/68	A
#47a cable	OSD Daily Khe Sanh Report 3 p	02/26/68	A
#48 cable	OSD Text of Gen. Westmoreland report 3 p	02/27/68	A
#49a cable	OSD text of cable from Gen. Westmoreland 3 p	02/28/68	A
#49c cable	OSD text of cable from Gen. Westmoreland (duplicates #49a) 3 p	02/28/68	A
#50c cable	OSD text of cable from Gen. Westmoreland 3 p	02/29/68	A
#50d cable	OSD Khe Sanh - I Corps report 4 p	03/02/68	A
#51 cable	OSD text of Gen. Westmoreland's report 3 p	03/02/68	A
#52 cable	OSD daily Khe Sanh-MMX DMZ report (duplicates #53) 3 p	03/04/68	A
#53 cable	OSD daily Khe Sanh-DMZ report 3 p	03/04/68	A
#55a cable	OSD text of cable from Gen. Westmoreland 2 p	03/07/68	A
#56a cable	OSD text of cable from Gen. Westmoreland 3 p	03/08/68	A
#57 memo	OSD memo for the president 2 p	03/10/68	A
#58a cable	OSD text of cable from Gen. Westmoreland 2 p	03/11/68	A
#58b memo	OSD for WH Situation Room from Gen. Shannon 2 p	03/11/68	A

FILE LOCATION

National Security File, NSC History
March 31st Speech, vol. 18 6

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NATIONAL ARCHIVES AND RECORDS SERVICE
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90/13

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
	OSD letter JAN 3 1979		
#59a cable	secret Text of Cable from Gen. Westmoreland <i>again 6-25-79 sig</i>	03/12/68	A
#61 cable	secret situation in KHE Sanh/DMZ <i>Exempt</i>	03/17/68	A
#62 cable	secret Khe Sanh report <i>again 6-25-79 sig</i>	03/18/68	A
#63a cable	secret text of cable from Gen. Westmoreland "	03/21/68	A
#66a cable	secret text of cable from Gen. Westmoreland "	03/26/68	A
#68 cable	secret text of cable from Gen. Westmoreland "	03/30/68	A
#68a cable	secret MAC 4333 - Khe Sanh Report "	03/30/68	A

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National Security File, NSC History
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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#43e cable	JCS top secret <i>agen 9-2-80 ip</i> Gen. Johnson's report 2 p	02/22/68	A
#44b cable	JCS top secret <i>agen 9-2-80 ip</i> Gen. Johnson's report 2 p	02/23/68	A
#45c cable	JCS top secret <i>agen 9-2-80 ip</i> Gen. Johnson report 2 p	02/24/68	A
#47 cable	JCS top secret <i>agen 9-2-80 ip</i> Gen. Johnson's report 2 p	02/26/68	A

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#32a memo	WH to OSD FOR CONSULTATION <i>decisions per OSD 10-18-78 letter</i> Secret to president from Rostow 1 p	02/09/68	A
#33 memo	secret to president from Rostow 1 p	02/10/68	A
#35 memo	secret to president from Rostow 1 p	02/12/68	A
#36 memo	secret To president from Rostow 1 p	02/13/68	A
#36b memo	secret to president from Rostow (duplicates #36) 1 p	02/13/68	A
#38b memo	Top secret to president from Rostow 1 p	02/15/68	A
#39b memo	top secret to president from Rostow 1 p	02/16/68	A
#40 memo	secret to president from Rostow 1 p	02/17/68	A
#40a-1 memo	top secret to president from Rostow 1 p	02/17/68	A
#41 memo	secret to president from Rostow 1 p	02/19/68	A
#49 memo	top secret to president from Rostow 1 p	02/28/68	A
#50 memo	top secret to president from Rostow 1 p	02/29/68	A
#50b memo	secret to president from Rostow 1 p	02/29/68	A
#55 memo	secret to president from Rostow 1 p	03/07/68	A
#56 memo	secret to president from Rostow 1 p	03/08/68	A

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
	WH TO OSD FOR CONSULTATION <i>Decisions per OSD 10-18-78 letter</i>		
#58 memo	Secret to president from Rostow 1 p	03/11/68	A
#60 memo	secret to president from Rostow 1 p	03/16/68	A
#63 memo	secret to president from Rostow 1 p	03/21/68	A
#66 memo	secret to president from Rostow 1 p	03/26/68	A
#68b memo	secret to president from Rostow 1 p	03/30/68	A

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
	<i>all</i> <i>declassified per JCS 10-2-78 letter</i> WH TO JCS FOR CONSULTATION		
#28 memo	top secret to president from Rostow 1 p	02/05/68	A
#29 memo	top secret to president from Rostow 1 p	02/06/68	A
#30 memo	top secret to president from Rostow 1 p	02/07/68	A
#31a memo	top secret to president from Rostow 1 p	02/08/68	A
#33b memo	top secret to president from Rostow 1 p	02/10/68	A
#34 memo	top secret to president from Rostow 1 p	02/11/68	A
#36e memo	top secret to president from Rostow 1 p	02/13/68	A
#37 memo	secret to president from Rostow 1 p	02/14/68	A
#37b memo	top secret to president from Rostow 1 p	02/14/68	A
#38 memo	secret to president from Rostow 1 p	02/15/68	A
#42 memo	top secret to president from Rostow 1 p	02/20/68	A
#43 memo	secret to president from Rostow 1 p	02/21/68	A
#43b memo	top secret to president from Rostow 1 p	02/21/68	A

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BUNKER REPORTS

KHE SANH REPORTS

2

BUNKER

3

<u>4 Feb 68</u> -- Bunker's 37th report (with msg of delay)-----	A
<u>8 Feb 68</u> -- Bunker's 38th report (with msg of delay) -----	B
<u>15 Feb 68</u> -- Bunker's 39th report (with msg of delay) -----	C
<u>22 Feb 68</u> -- Bunker's 40th report (with msg of delay) -----	D
<u>29 Feb 68</u> -- Bunker's 41st report (with msg of delay) -----	E
<u>6 Mar 68</u> --- Bunker's 42d report -----	F
<u>14 Mar 68</u> -- Bunker's 43d report (with msg of delay) -----	G
<u>20 Mar 68</u> -- Bunker's 44th report -----	H
<u>28 Mar 68</u> -- Bunker's 45th report -----	I
<u>28 Mar 68</u> -- 45th report, President used at Press conf #121 ---	J
<u>3 Apr 68</u> -- Bunker msg to President, Vietnamese to shoulder the burdens of the war effort -----	K
<u>4 Apr 68</u> -- Bunker's 46th report -----	L

4

Bunker

~~SECRET~~

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WHCA

1968 FEB 1 10 27

DLA542
OO YEKADS
DE YEKADL 536 0321025
O 011018Z ZYH
FM SAIGON
TO WHITE HOUSE
ZEM

(Handwritten signature/initials)

~~SECRET~~ 010950Z FEB 68 VIA CAS CHANNELS
FM AMB BUNKER SAIGON 387 FOR WALT ROSTOW

REGRET DELAY IN SENDING WEEKLY MESSAGE TO PRESIDENT, BUT HOPE
TO GET THIS OFF TOMORROW. CIRCUMSTANCES HERE LAST FEW DAYS HAVE
MADE IT NECESSARY TO CONCENTRATE ON EMERGENCIES. AS WITH YOU,
IT HAS MEANT BEING ON THE JOB 24 HOURS OUT OF 24. REGARDS.

~~SECRET~~ VIA CAY CHANNELS
GP-1
070

S

NNNN

~~SECRET~~

DECLASSIFIED

Authority State 11-7-78
By ip, NARS, Date 3-14-79

A

SANITIZED
Authority: State Letter 11-7-78
By ip, NARS, Date 3-15-795
Sunday, February 4, 1968

FOR THE PRESIDENT FROM BUNKER (Saigon 17920)

Herewith my thirty-seventh weekly message:

A. General

Because of the emergency caused by the widespread enemy attacks which began in the early hours of January 31, I have regretfully had to delay this week's message. It thus covers a period of ten days from January 25.

The early days of the period, although witnessing a continuation of the massive build-up of enemy strength along the DMZ and the norther part of the First Corps, with anticipatory preparations for the Tet holidays underway, began in an atmosphere of relative calm. It began, however, with what to me was an occasion of great significance, an occasion largely overlooked as so many important developments here tend to be because of the concentration on the military situation. Appearing as the nation's freely elected President before the freely elected legislative branch, President Thieu delivered his first State of the Union message. It was a sober, positive, and constructive speech, wide-ranging and comprehensive in scope, outlining plans to benefit the Vietnamese people. He began by a reference to the constitutional framework now in place and expressed the hope that the executive and legislative branches can work effectively together to serve the nation. He indicated his plans to move quickly in establishing the other institutions called for in the constitution, notably the judiciary, the inspectorate, and the advisory councils. But he noted that the democratic system cannot exist only through an external form; that it demands fundamental changes in organizations and laws as well as in political structures and habits; and he noted the importance of the development of political parties.

While he mentioned some of the substantial achievements which had already been accomplished, the main thrust of his speech looked to the future. Here he covered both plans for the longer term and short range priority programs on which the government proposed to concentrate in the next six to seven months. These included judicial and administrative reform, expansion of educational opportunities; the development of industry and agriculture; the stimulation of land reform, in the social field, vigorous measures to improve the refugee situation; to expand public health measures; to improve the conditions of labor and measures and incentives to bring the youth into the service of the nation. To carry out these programs, he presented a budget of 95 billion piasters which the Assembly is scheduled to take up as the first order of business when it resumes its session on February 6. It is almost certain, however, that by mid-year the government will have to submit a supplementary budget since the amounts provided in its present submission for the military effort are inadequate.

~~SECRET/NO DIS~~ COPY - Lyndon Baines Johnson Library

In dealing with the government's position on the question of peace and negotiations, Thieu stressed the fact that the Government of Vietnam is merely acting to defend itself against aggression and re-affirmed the government's adherence to the principles established by the Manila Summit Conference. Implicit in this program is the desire and intention of the Government of Vietnam to strengthen its position before any negotiations open. The contrast between Hanoi's methods and that of President Thieu's government is very great and, I hope, instructive to the critics of this regime and our effort in support of it.

The massive, countrywide terrorist attacks on centers of population which began in the early morning hours of January 31 have been fully reported. I will not attempt to duplicate this reporting here. It is obvious that they were premeditated and planned well in advance. It is equally clear that they were coordinated and correlated with the massive and open invasion in northern First Corps by North Vietnamese Forces.

It is evident, too, that the initial success of the attacks was due in part to the element of surprise and to the fact that they were made in flagrant violation of the Tet truce period which Hanoi as well as the Government of Vietnam had proclaimed. I think it's fair to say also that there was some failure of intelligence on our side, for a sizeable number of Government of Vietnam troops and many Government of Vietnam officials were on leave.

That these widespread, concerted attacks will result in a massive military defeat for the enemy is evident in the casualty figures reported Saturday morning. From 6:00 p.m. January 29, the beginning of Tet Truce period, to midnight, February 2, according to our figures, 12,704 of the enemy were killed, and 3,576, many of whom will become prisoners of war, were detained; 1,814 individual and 545 crew-served weapons were captured. Allied losses were 983 killed of which 318 were U. S., 661 Army of the Republic of Vietnam, and 4 other free world; the number of allied wounded was 3,483. Enemy casualties for these few days are considerably larger than for any previous month of the war. Based on the enemy casualties, I asked General Westmoreland for an estimate of the total number of enemy committed and he said he thought that this was probably in the neighborhood of 36,000.

Enemy military operations have been well orchestrated with their psychological warfare. As you know, for a considerable period, both Hanoi and the National Liberation Front have spread rumors that negotiations and a resulting coalition government were imminent after Tet. The inference, of course, was clear: If peace is so near, why go on fighting and getting killed? When the attacks came, the liberation radio called for everybody to rally to the revolution, alleged that many Army of the Republic of Vietnam troops had defected, and of course claimed great victories, that the "U. S. bandits and their lackeys had never before been dealt such stinging blows." Liberation radio also spread the rumor that U. S. forces were cooperating with Viet Cong attacks in order to put greater pressure on the Government of Vietnam to agree to a coalition government; and Hanoi radio announce the formation of a "front of national, democratic, and peace alliance" in Saigon and Hue.

~~SECRET/NODIS~~

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Given the fact that the enemy has suffered massive military defeat, the question arises whether he has secured in spite of it a psychological victory; whether peoples trust in the invincibility of the allied forces has been shattered; whether their confidence in the ability of the Government of Vietnam to provide security has been shaken; or whether on the other hand Viet Cong perfidy in flagrant violation of the truce during the traditional Tet holiday, their use of pagodas, hospitals, and residential areas as sanctuaries and their terrorist tactics have aroused peoples indignation and resentment. While our information at this point on the reaction of the Vietnamese, especially in the provinces, is sketchy, it seems apparent that both reactions have occurred. But it also seemed to all of us here that if the Government of Vietnam would take prompt action, if Thieu would give evidence of strong leadership, would call in all elements in support of the government, then what might have turned out to be a pyrrhic victory for the Government of Vietnam and its allies could be turned into a psychological victory as well.

It is for this reason, as I have reported, that I saw Thieu Thursday morning and told him that I thought this was the psychological moment for him to demonstrate his leadership and to galvanize the nation by a statement which would constitute a declaration of national unity. I said it would not only reassure the civil population, especially in the provincial centers, but could also be a positive declaration to give life and meaning to the main programs and priorities he had spelled out in his State of the Union message. I suggested that he might want to meet with leaders of both houses of the Assembly and perhaps have them associate themselves with his declaration and intentions. I think Thieu was impressed with the arguments for taking advantage of the present situation to mobilize greater popular support. The next morning, he held a meeting of the National Security Council and included the Presidents of both Houses of the Assembly to lay out an action plan of relief and recovery for the civil population. In the afternoon, he recorded a speech to the nation which was delivered on TV and radio the same evening.

As I have reported, at a meeting of the mission council yesterday morning, we agreed that it would be useful to propose to Thieu that a joint task force be formed, reporting to him, that could address itself to problems across the board in Saigon and the provincial centers affected by the Viet Cong attacks; and that he might want to consider delegating supervision to Vice President Ky. On the Government of Vietnam side, the appropriate Ministries could be instructed by the Prime Minister and Ambassador Komer would serve for the U.S. as his opposite number. General Westmoreland and I, therefore, saw Thieu and proposed that we jointly set up such a task force. We went into considerable detail with him regarding the scope of measures which could be taken to turn the psychological situation around and to gain the people's participation and support; and said that with the resources we both had we should be able to demonstrate quickly that the government was on top of the situation. Thieu reacted favorably to our suggestion and agreed that we would meet the next morning (Saturday) to go into the matter in greater detail. General Westmoreland, Bob Komer, and other members of the mission council and I met with President Thieu and his colleagues Saturday morning. With him were Vice President Ky, Prime Minister Loc, Secretary General Nguyen Van Huong, Defense

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Minister Vi, Foreign Minister Do, Chief of the Joint General Staff Vien, Minister of Interior Vien, Minister to the Prime Minister Cang, Director General for Information Linh, Brigadier General Thung (Army of the Republic of Vietnam Pol. War Department). Thieu opened the meeting by saying that they had considered the proposals we had made the day before, outlining what preparations the Government of Vietnam had been making, agreed that a joint task force should be set up which would report to him, and that Vice President Ky would serve as the supervising head for the Government of Vietnam. Overnight, General Westmoreland had had our suggestions put into diagrammatic form and made an excellent presentation to the President and his colleagues. With no hesitation at all, it was agreed that we should proceed immediately, the meeting was adjourned, and Ky, Bob Komer and some of their associates went to Ky's office to begin work on establishing the organization. One interesting thing we observed was the fact that on the Government of Vietnam side the group included some who until now had scarcely been on speaking terms, but now seem to be working closely together. This is, at least, a hopeful sign. Thieu informed me also that both Houses of the Assembly would convene as soon as members could get into Saigon from the province.

As of the moment, there is still cleaning up to be done in Saigon and elsewhere in Hue and in some of the Delta provincial capitals. General Loan estimates that there are still eight Viet Cong Companies in Saigon on the edges of the 7th and 8th districts, varying in strength from 50 to 130 each. He believes that he may be able to eliminate these by Monday or Tuesday of next week. But General Cao Van Vien believes that the enemy has the strength to stage a second wave attack on Saigon that the elements of the 5th, 7th, and 9th Viet Cong Divisions still could be committed to such an attack. In the meantime, the curfew has been lifted from 0800 to 1400 hours. People are moving around, trucks are being sent to some districts of Saigon to sell rice, pork, bread, and frozen chicken to the people, and the Ministry of Social Welfare is making strenuous efforts to provide food and shelter to victims of the fighting in the city. People have been advised of points in the city where they can find food and shelter. Another encouraging factor is that General Loan reports that the police are getting many telephone calls from people alerting them to locations where Viet Cong are holed up, a good indication that there has been no "popular uprising" in support of the Viet Cong.

One naturally considers what the motives and purposes of Hanoi and the Front have been in staging these massive attacks and apparently preparing momentarily to launch extremely heavy ones in Northern First Corps. Were they prepared to suffer these tremendous casualties in order to gain a psychological and propaganda victory? There are some evidences that they might actually have had some expectations of popular uprisings, and in any case they are publicly claiming that these have occurred. The British ambassador, who has had much Asian experience, remarked that the Viet Cong, having made these claims, will suffer, in Asian eyes, a very serious defeat if they prove to be not true. Had they planned these offenses hoping to put themselves in a strong position to enter negotiations, hoping to force a coalition government by demonstrating that the National Liberation Front commands the loyalty of the South Vietnamese people and must have a major voice in any peace settlement; conversely hoping to demonstrate that the Government of Vietnam is a weak puppet government and can be ignored?

Or is this part of a longer Winter-Spring offensive which would endeavor to exert pressure to the extent of the enemy's capabilities at least until our elections, hoping if possible to score some major victory, but in any case to inflict heavy casualties on our troops in the expectation that they might create adverse psychological reactions in the United States and thus a chance in policy?

I am inclined to the former theory. It seems to me that the primary purpose of this particular operation was probably psychological rather than military, that it was designed to put Hanoi and the Front in a strong position for negotiations by demonstrating the strength of the Viet Cong while shaking the faith of the people in South Vietnam in the ability of their own government and the U. S. to protect them. This would be consistent with the determination on their part to press towards peace talks.

In my talk with him today, Thieu expressed somewhat similar views. He felt that Hanoi and the Front are tired and would like to get into negotiations, that while their power has been steadily diminishing, they still have the capability to mount operations such as the recent one and the current invasion of the First Corps. They are, therefore, willing to make a major effort and to take heavy losses in the hope of gaining enough advantage, especially psychological, both here and abroad, to put themselves in a strong bargaining position at the table. Failing in this, Thieu believes that they will endeavor to keep on as much pressure as they can during the summer in the hope that they can at least give the impression of a military stalemate, so as to maintain themselves in a strong bargaining position. We are sending in a more detailed, though preliminary, discussion and estimate of our views of the enemy's purposes.

Progress continues to be made at cleaning up the situation, though as I mentioned above, there is a possibility of a second wave attempt by the enemy. General Westmoreland reported that the enemy has not yet committed his 7th Division in the Third Corps area. In the meantime, enemy casualties continue to mount. As of this morning, February 4, our reports are that to midnight February 3, the enemy had suffered about 15,000 killed, approximately 4,000 detainees, with 3,000 individual and crew-served weapons captured. General Westmoreland is having an audit and spot checks made of the country and believes that these figures are conservative. They are substantiated to some extent by the high count of weapons captured. On our side, casualties for the same period amounted to 1,116, of which U. S. were 367, Army of the Republic of Vietnam 738, and free world forces 11. Enemy losses for the previous five days have been approximately 50 percent greater than the highest casualties he has suffered in any month of the war to date. He has thus met with an extremely heavy military setback.

Since I began dictating this section yesterday, rapid progress has been made in the establishment of the joint task force. At the meeting presided over by Ky, which followed our joint meeting with Thieu, reported earlier, rapid agreement was reached on the setup of the organization. Ky will head it up with the Prime Minister and Bob Komer at the policy level. General Thang and General Forsythe will act as the operating heads. The public image will be that of a Vietnamese organization, but

we will have opposite numbers at every level. In effect, the Vietnamese people have accepted all of our functional and organizational suggestions but they will be out in front and we in the background back-stopping and supporting which is as it should be. It was agreed that daily breakfast meetings will be held to review the situation and to make necessary plans. Bob Komer reports that the first meeting was held this morning (Sunday) and that Thang and Forsythe have already gone into action. Two thousand five hundred cadre are to be brought from Vung Tau to help with operations in the Saigon area. Ky is to go on TV tonight to explain the organization and what the Government of Vietnam, through it, will do to provide prompt relief to the civilian population and to get the country back to normal as quickly as possible.

In closing this section, I want to say a word in tribute to all members of the U. S. mission here, military and civilian. To every demand made upon them they have responded with great courage, calmness, devotion, and determination. They have worked long hours and performed difficult and exhausting tasks willingly and cheerfully with never a word of complaint. Through the country, they have been exposed to great dangers and hazards and have met every challenge fearlessly and with a high sense of duty. They deserve well of their countrymen and I am immensely proud and humble to have the privilege of being at the head of such a mission.

B. Political

As I reported in the General section, after the initial stunning impact of the Viet Cong attack on the cities had passed, Vietnamese leaders at least here in Saigon began to show a most encouraging willingness to close ranks and work together. The Assembly in particular has rallied to the government in an effective way. The chairmen of both Houses issued a communique on the morning of February 3 which denounced the "treacherous scheme of the Viet Cong, who propose a seven day cease fire in order to take advantage of that opportunity to carry out a predetermined military plan". The statement went on to say that the Assembly is "cooperating closely with the executive to carry out effective measures aimed at restoring security and order", and called on the people to support the government.

Earlier, on February 2, the Senate National Defense Committee issued a resolution calling on the government to strictly apply the 24-hour curfew and use all necessary means to restore security. The Lower House met February 3, but took no action because they did not have a quorum, many deputies still being in the provinces where they had gone for the Tet holiday. Under the rules, the House may take action without a quorum on the second such day, and the Lower House is in fact meeting again this afternoon. They are expected to issue a statement of support for the government.

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Individual legislators and opinion leaders have also voiced to us their desire to back the government and get the situation here back to normal. Former Deputy Premier and leading political figure | told an Embassy officer yesterday that he and many of his supporters are most anxious to take part in any effort to restore the situation. He complained that the government was not taking the lead in mobilizing those who are outside official ranks but who nevertheless want to "struggle" against the enemy. I hope that this kind of spirit will prompt a broad and effective response to the government's appeal for help from such citizens when the task force operation center is set up. We will certainly be encouraging people such as Tuyen to pitch in.

There is, of course, a good deal of criticism of the government as well. | for example, told an Embassy officer on the morning of February 2 that the attacks clearly revealed the "weakness and ineffectiveness" of the government security apparatus. He went on to speak of a possible vote of no-confidence in the government because of its failure to protect the population. At the same time, however, | observed that the people were outraged by the Viet Cong use of the Tet holiday and it is up to the government actively to seek their assistance so as to share with them "anti-Communist responsibilities".

| pointed out to an Embassy officer that despite Viet Cong propaganda, there seems to have been no instance in which the Viet Cong were welcomed by any part of the city population, and there were apparently no defections from police or military ranks. From the limited reports available from the provinces, this seems to be the case throughout the country. I think it clearly gives the lie to the Viet Cong claim that the people support their cause.

Some citizens and officials are not waiting for the central government to organize their active support. Senator Nguyen Van Huyen, for example, was off early this morning to visit the wounded and make his own survey of the needs of the Saigon population. Mayor Cua has been at his office day and night, along with most of his staff. Dr. Nguyen Day Tai, a man close to Tri Quang and not noted for any pro-government sympathies, was busy getting water to hospital operating rooms that had none -- his own clinic being well supplied. Thich Tam Giac announced that his pagoda would provide shelter and food to victims of the fighting. Thich Tam Chau put out a communique calling on all Buddhists to support the government and oppose the Communists. (The whereabouts of Tri Quang and some other militant Buddhist leaders of the An Quang faction is unknown at this time, however.)

Although our reports from the provinces are scattered, there is no denying that many people see the events of the last few days as initially a substantial Viet Cong victory despite the heavy losses suffered by the enemy. The fact that the Viet Cong were able to enter and in some cases hold for extended periods so many provincial capitals has certainly shaken the confidence of the people in the ability of the government to provide security. At the same time, as noted above, there is no evidence that anyone welcomed or helped the Viet Cong in the province towns. The political and psychological damage in the provinces can be repaired, but it will take time and vigorous government action.

One continuing problem will be the need to dispel the rumors and half truths floated by the Viet Cong. The Viet Cong radio at one point announced that American forces were cooperating with them to set up a coalition government. This of course played on the worst fears of the nationalists here, and I felt it essential to respond at once to the Prime Minister's request for an official statement of denial and support for the Government of Vietnam. Another similar rumor is being heard in many parts of the country, to the effect that we deliberately allowed the Viet Cong to enter the cities in order to put pressure on the government to come to terms with the National Liberation Front.

The Communists are also busy trying to back up their claims that the populace met them with open arms. Hanoi radio claims the formation of a number of "popular" organizations, including peace fronts and peace forces in Saigon and Hue. In Hue, the "peace alliance" is allegedly headed by a Hue University professor who was active in the 1966 Buddhist "struggle". Radio Hanoi has also alleged the formation of "uprising committees" in Saigon and other cities. Any further outbursts of terrorism which the enemy may be able to mount -- and I anticipate a strong effort to make further attacks, even if they are only token -- will probably be portrayed as the work of these phantom organizations. We must mount a major psychological war offensive and I strongly urged this on Thieu and his colleagues at our joint meeting yesterday.

Concern that the U. S. will force an unacceptable settlement on South Vietnam remained very high during this reporting period. Although President Thieu has told me he thinks the crest of this wave is past, I am not yet certain that this can be said with a great degree of confidence. The pre-Tet press continued to express misgivings about our intentions. On January 21, the politically important Catholic Greater Solidarity Force held a "seminar" in the Saigon City Hall and adopted a resolution which strongly opposed any recognition of the National Liberation Front and warned against a coalition government. Among the participants in the "seminar" were influential Senators Nguyen Gia Hien and Tran Van Lam. The Senate Foreign Affairs Committee on January 24 heard Foreign Minister Do's views. This session was part of the committee's investigation of the government position in the face of rumored U. S. pressure for Government of Vietnam contact with the National Liberation Front and the formation of a coalition government. Active and influential Senator Nguyen Van Ngai in particular questioned Do closely on the possibility that the U. S. could force a coalition government on South Vietnam.

The government itself obviously continues to be very sensitive on the question of a coalition government. In both his Tet message to the nation and in a series of speeches made during a trip to the First Corps just before Tet, President Thieu made strong statements opposing any form of coalition government. These statements were picked up by Vietnam press. In his Tet message to the nation, Thieu said "the purpose of my visit (to the First Corps) was to reiterate the government commitments and the determination of the armed forces to never accept a coalition with the Communists nor to surrender to the Communists any inch of our land". Earlier, on January 27, Vietnam press carried a statement by Prime Minister Loc: "Coalition with the Communists would amount to suicide and would be a form of surrender to the Communists." In his January 31 emergency message, Lyndon Baines Johnson said,

President Thieu threatened severe punishment for all political movements aimed at helping the Communists through the so-called "peace and coalition government."

Fears of coalition government and a "false peace" have been fed somewhat by the "professor's" appeal. Before Tet, sixty-five university teachers issued a simplistic and emotional appeal calling for "all the belligerent parties to extend indefinitely the Tet ceasefire and to negotiate immediately a peaceful settlement". The appeal suggests no prior conditions for the cease-fire, a situation that would, of course, permit the Communists to continue infiltration and terrorism.

The group issuing the appeal is very young and junior in academic circles, and most of the signers are both relatively unknown and politically naive. Among the signers are some extremist Buddhists with very shady backgrounds. Nevertheless, the government felt it necessary to respond directly to their statement, and on January 27 the Ministry of the Interior put out a communique spelling out the government's position on the Tet truce. The communique refers directly to the professors' appeal and notes that "the President of the Republic and the government of the Republic of Vietnam have affirmed and reaffirmed that the question of a coalition with the Communists will never arise and that the government of the Republic of Vietnam will never recognize the so-called National Liberation Front".

As I have mentioned, in his state of the union message, President Thieu referred to the importance of political party formation. While noting that "at present we do not have strong political parties to assume power and form the opposition", he expressed his conviction that such parties will be developed.

Thieu, in part, persuaded by our representations, has in fact decided to form a party to support his program and policies. He has appointed his Secretary General, Nguyen Van Huong, to serve as chief organizer of this pro-government party, and we understand from Huong that he intends to convene a preliminary party congress which will launch the party sometime in March. While Huong is not an ideal choice for a party organizer, we are hopeful that Thieu can put together a strong national organization which will back his program and his candidates in future elections.

Senator Tran Van Don is also moving ahead in organizing a political machine. In addition to his Nhong-Cong Binh group which did so well in the Senate race and which reportedly has a number of affiliated members in the Lower House. Don is apparently having some success in finding new allies and in developing another organization, the Freedom Fighters.

Don is known to be trying to bring both militant An Quang and moderate Tam Chau Buddhists in line behind his group, and he seems to have captured some support from individuals though he certainly cannot claim the backing of either Buddhist organization. In the Senate, he has formed an alliance with Dai Viet leader Nhnguyen Van Ngai and put together a Senate bloc of 9 Senators. While the degree of cooperation between the Dai Viets and Don's supporters outside the Senate is still unclear -- and both sides are evidently planning to use each other and maintain a degree of independence -- the alliance could flower if more common interests develop.

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Don formed a Veterans organization before his Senate campaign but did little with it. Recently, however, he held a meeting of this group, the Freedom Fighters, at which he claimed a total of 20,000 members throughout the country. Statements in the Freedom Fighters "platform" issued at the meeting suggest that Don may hope to use all of the various groups under his influence as a nucleus for a broadly based political party. He has also been talking with Tran Quoc Buu about using the labor party organizations in the provinces as nuclei.

Don's apparent success would be encouraging if we were more certain of the source of his funds. He has been spending a good deal more money than we think he and his chief allies have, most recently purchasing a very expensive newspaper which will soon begin publishing under Don's aegis. We will be trying to learn something more about where these funds are coming from.

C. Economic

Economic movement is usually almost at a complete stand-still during the Tet holiday, so the initial impact of the Viet Cong attacks was not too great. Now, however, it is urgent to get supplies moving normally into the cities. The government is giving such movement a high priority, and while there will probably be some transitory shortages, we do not anticipate any prolonged squeeze.

Before Tet, the Saigon Retail Price Index stood at 326, up from the 318 of the previous week and the 308 of my last regular weekly report. This was the result of the Tet holiday, a period when prices traditionally move up sharply. (The upward price movement was the result of increases in commodities other than rice, which declined six to nine percent this week.) The upward movement of the Retail Price Index was countered by a continued fall in the Import Price Index, which dropped to 219 the week before Tet. Gold also continued to fall, from 214 to 211 to 208.

Six thousand demonstration rice kits, each sufficient to plant 1/10 hectare, will be made available to farmers in most provinces in Vietnam this spring. The kits, containing than nong (IR-8) rice seed, will be a major promotional tool in the coming campaign for farmer adoption of the new rice varieties in the country. Materials will include 4 kilos of than nong rice seed, plus chemical fertilizer and insecticide.

D. Chieu Hoi

During the period January 8-15, there were 291 Chieu Hoi returnees, and for the period January 15-21 there were 26. This compares with 420 and 592 for the same periods last year. The total for this year is 1,033.

Unfortunately, the Chieu Hoi rate has not yet experienced any Tet upsurge like that of last year. Last year's rate was twice as high during January and jumped to over 1,000 per week during and after Tet. Chieu Hoi Minister Phong attributes the current low rate to the intensified Viet Cong anti-Chieu Hoi campaign, increased enemy military operations and the apparently successful Viet Cong propaganda ploy regarding negotiations and coalition government. Phong proposes, and we agree, to mount a post Tet psychological war campaign playing up non-fulfillment of the Viet Cong promise of coalition government.

E. Vietnamese Killed

In the week ending January 20, the Viet Cong killed 131 Vietnamese civilians, wounded 180, and kidnapped 187. For the week of January 21-27, the figures are 147, 206, and 179, respectively. (Since January 1, 1968, 501 civilians have been killed, 1030 wounded, and 593 kidnapped by the enemy.)

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Bunker

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TO THE WHITE HOUSE, EYES ONLY WALT ROSTOW

1. DUE TO HEAVY LOAD HERE TODAY AND RESTRICTIONS ON STAFF AS RESULT OF CURFEW, I HAVE HAD TO DELAY SENDING WEEKLY MESSAGE UNTIL TOMORROW. SINCE PREVIOUS MESSAGE WAS SENT LAST SUNDAY, I TRUST DELAY WILL NOT BE INCONVENIENT.
2. REGARDS.

BUNKER

~~SECRET EYES ONLY~~ VIA CAS CHANNELS

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DECLASSIFIED

Authority State 11-7-78 letter
By ip, NARS, Date 3-14-79

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INFORMATION ✓

THE WHITE HOUSE
WASHINGTON

~~SECRET~~

Thursday, February 8, 1968
6:05 p.m.

Mr. President:

Herewith an extraordinarily
interesting summary from Ellsworth
Bunker. Thus far plusses greater
than minuses, although we are not out
of the woods.

Walt
W. W. Rostow

Saigon 18582

~~SECRET~~

DECLASSIFIED

Authority State 7-5-78, NSC 6-26-79

By isp, NARS, Date 8-21-79

Thursday, February 8, 1968

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FOR THE PRESIDENT FROM BUNKER (Saigon 18582)

Herewith my Thirty-Eighth Weekly Telegram:

A. GeneralSANITIZED
Authority State 11-7-78 letter
By ip, NAKS, Date 3-15-79

Because of the emergency situation caused by the Viet Cong Tet attacks, my last report was sent to you on February 4, just four days ago. Nevertheless, I think enough has happened in the meantime to justify a short report at this time. As more facts concerning the massive Tet offensive of the enemy comes to light and the story unfolds, a number of things become evident. Information is being steadily accumulated as reports come in from the country and Saigon. Consequently, what were somewhat tentative assumptions a few days ago begin to take more definite shape.

It seems fairly clear now that:

A. Plans for the offensive were worked out long in advance and with meticulous care. Instances have come to light in which enemy units were infiltrators disguised as civilians to reconnoiter targets, withdrawn, and re-infiltrated again as civilians immediately before the attack.

B. Commitment of enemy troops was considerably larger than the estimate I reported in my last message. Estimates now are that 52,000 enemy troops, plus another possible 10,000 guerrillas, for a total of approximately 62,000 enemy forces, were committed to these widespread attacks.

C. The enemy believed that there would be uprisings in their support and that they would be able to take over many of the cities. This is supported by captured documents and prisoner interrogations which indicated that enemy troops were told they would find popular support, that there would be defections from the Army of the Republic of Vietnam troops, and that reinforcements would follow. Unlike previous heavy attacks, they had no orders covering possible withdrawal. The tenacity with which the Viet Cong and North Vietnamese Army have held on to some of the areas they have captured (as in Hue and parts of Saigon) also suggests that the leaders envisaged a seize-and-hold and not a hit-and-run operation. Given the forces available to the Viet Cong and North Vietnamese Army, this would not be possible without massive popular and Army of the Republic of Vietnam support. The enemy radio constantly pounded on the theme that the masses were rising to help the Viet Cong, and the government forces were defecting to join with the Communist troops.

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A particularly interesting captured document is the order of the day from the headquarters of the South Vietnam Liberation Army to all military forces in South Vietnam. The document has a tone of urgency and calls all enemy troops "to liberate the 14 million people of South Vietnam" and "fulfill our revolutionary task." It refers to the attacks as the greatest battle in Vietnamese history and states that the assaults "will decide the fate and survival of the fatherland". It exhorts the enemy forces "to achieve the final victory at all costs."

D. No popular uprisings took place in any city, nor did the security forces defect to the enemy. Initially, many Vietnamese were frightened and impressed by the enemy's ability to attack on such a wide scale, and their confidence in the ability of their government and the United States to provide security was shaken. Now they have observed that the enemy was not able to stand in the face of our forces but has instead fallen back and has been able to remain in none of the cities he has tried to seize. The reaction consequently has changed from one of apprehension and doubt to anger, indignation, and resentment at the treachery of the enemy's attack during the Tet holidays, at the widespread destruction he has caused, and the terrorist tactics he has employed.

E. The enemy has suffered a major military defeat. He has suffered losses on an unprecedented scale. From the early morning hours of January 31 until midnight of February 7, the enemy lost nearly 25,000 killed in action, nearly 5,000 detainees, more than 5,500 individual and nearly 900 crew-served weapons. These losses are two and one-half times that of any previous month. Although these losses seem extraordinarily high, they are substantiated to a considerable degree by the number of detainees and weapons captured. Friendly losses have been 2,043 killed (703 U. S., 1,303 Army of the Republic of Vietnam, and 37 Free World) less than one-twelfth of the enemy's. General Westmoreland tells me that this estimate of enemy killed in action is computed on a very conservative basis, since neither enemy killed by air strikes nor artillery have been included. This has been a heavy blow for the enemy, particularly as many of the men killed were among the best they had, carefully trained regulars and commandos, many of them from North Vietnam. From a military point of view, he had gained little in return for his heavy expenditure of men and equipment.

F. In inflicting this severe military defeat on the enemy, our forces everywhere turned in a superior performance. A highly encouraging development also was the very commendable performance of Army of the Republic of Vietnam forces. General Westmoreland reports that all the Army of the Republic of Vietnam Division Commanders were on their toes and performed well, as did the Corps Commanders. General Abrams has been visiting the Army of the Republic of Vietnam Divisions. He returned yesterday from the Second Corps with glowing reports of the performance of the Army of the Republic of Vietnam 22nd and 23rd Divisions. The commander of the 23rd Division, with headquarters at Ban Me Thuot, allowed no Tet leave and, anticipating an attack, had deployed his troops outside the city; had he not done this, destruction would have been much greater.

G. Although the enemy has suffered a heavy setback, he still retains the capability of launching a second wave attack in Saigon and in the Third Corps area. Elements of three enemy divisions, the 5th, 7th, and 9th, are in the Third Corps area. In Northern First Corps, in the DMZ, and the Khe Sanh area, he still has four divisions and farther south is threatening to exert pressure on Danang. As I have previously reported, it is Thieu's opinion that the enemy will endeavor to keep up pressure throughout the summer in the First Corps and the central highlands. In my talk with him yesterday, he added the view that in addition to this pressure, he believed the enemy would continue efforts at harassment and infiltration against the cities in order to pin down friendly troops in defense of the populated areas and would also endeavor to recover territory in the countryside, in what he called a "counter-pacification effort".

H. Enemy attacks have resulted in heavy damage in many cities and towns. We do not yet have an accurate count of the number of houses destroyed or refugees created, but we do have enough information to know that there has been very considerable property damage. As of this morning, the refugee count in the Saigon metropolitan area was 93,000 and for the country as a whole about 190,000. Thus far, with 31 provinces out of 50 reporting, even though sketchily, we estimate the number of evacuees (many of whom will return home as soon as fighting subsides) may reach between 250,000 and 300,000. About 15,000 homes are reported destroyed though this figure will undoubtedly increase. Civilian casualties compiled from preliminary figures total almost 800 dead and 7,500 injured, though this also is probably much under the actual total. Some important installations, such as hospitals, radio stations, and power plants, have also been damaged. The Government of Vietnam, however, has taken prompt measures to deal with all these problems through the joint task force, which I mentioned in my last message, and to which I shall refer in some detail later in this report.

It may be argued that the enemy objective was not primarily military, that his military defeat is more than compensated by his political and psychological gains. But I believe clear evidence is emerging that Hanoi expected to take and hold a number of cities. Enemy documents and interrogations clearly suggest that at least middle and lower level cadre and officers thought this was to be the final push to victory. The order of the day of the South Vietnam Liberation Army would lend credence to this view. Some Vietnamese leaders who know the Communists well tell us that they think the Communists expected to take the cities and so end the war. This, in fact, seems to be a fairly general interpretation among our contacts.

As I mentioned in my last message, however, Thieu leans to the theory that the Tet attacks represent an effort to get into a more favorable position for negotiations. He believes that the enemy realizes his strength is ebbing and so took a desperate gamble so they could at least give the impression abroad of great and growing Communist power in South Vietnam.

I think the two interpretations are not mutually exclusive. It seems possible that Hanoi would actually expect that the Vietnamese people would in many cases side with the invading forces, either out of fear or because of grievances against their own government. The experience of the Buddhist "struggle" movement in the First

Corps in 1966, when military and police units sometimes sided with the anti-government forces, may have encouraged Hanoi to believe that it was possible to trigger defections from the Government of Vietnam security forces. Thus their maximum objective may have been the occupation of some major urban centers and the collapse of the Government of Vietnam.

But the primary objective of winning the war in one great series of attacks on the cities does not preclude a lesser objective. Hanoi may well have reasoned that in the event that the Tet attacks did not bring the outright victory they hoped for, they could still hope for political and psychological gains of such dimensions that they could come to the negotiating table with a greatly strengthened hand. They may well have estimated that the impact of the Tet attacks would at the very least greatly discourage the United States and cause other countries to put more pressure on us to negotiate on Hanoi's terms.

But I am convinced that there is now a great opportunity not only to frustrate Hanoi's expectations, but to compound the enemy's military defeat by also turning it to political and psychological advantage for the Government of Vietnam. Much depends on the promptness and effectiveness with which the Government of Vietnam acts to return the situation to normal, to set about the task of reconstruction and to care for the victims of the fighting. I have urged on Thieu that this is the psychological moment to assert aggressive, dynamic leadership, to mobilize and energize elements of the government, and to let the people know that he proposes to push ahead with the programs he outlined in his State of the Nation message. I have stressed the importance of capitalizing speedily on the mood of anger and resentment at the Viet Cong treachery at Tet which is sweeping the nation. And I have urged on him the importance of keeping the people informed about the Government of Vietnam's programs to help them; that through frequent brief appearances on radio and TV he should tell the people what is going on and seek their support.

I have also suggested to Thieu that other Cabinet members supervising emergency activities should speak to the people about their programs and that notables in Vietnamese life should be involved in all these activities and should be encouraged to stimulate efforts by the population. I offered our assistance and participation on these information activities in any way that he thought useful, and left him with a memorandum of specific suggestions.

I also suggested to Thieu yesterday he might want to consider broadening the base of his Government by associating with it in some way prominent and influential civilians such as

and others,

Thieu said that perhaps such individuals could be asked to serve as an advisory council to the government and that he was considering convening a congress of notables, something along the lines of the congress which had been convened in 196 to promote the movement for elections for a constituent assembly to draft the constitution. He also noted that Ky had gone on television on February 5 to inform the people of the Government of Vietnam's relief and recovery effort and that he himself will address a joint session of both Houses of the Assembly on the morning of February 9.

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Our pacification organization has turned itself into a relief operation for the time being. Bob Komer is managing U.S. support of the Government of Vietnam's relief and recovery effort under Vice President Ky and has established a command post in the palace with Ky. A small group of bottleneck-breakers and problem solvers are working there to pull together civil-military operations on both Government of Vietnam and American sides. One basic issue in getting recovery operations into full swing is still unresolved, those in charge of clearing operations, General Vien, Military Governor Khang, Loan, Saigon Mayor Cua and others, are still insisting that tight security measures such as curfews and checkpoints take precedence over relief. Ky and the Government of Vietnam fear a "second wave" assault on Saigon. Continued Viet Cong activity in the Cholon-Phu Tho area lend some credence to their fears. Operating under these restrictions, the emergency committee at the palace is making headway nevertheless. Curfew has been relaxed in Districts 1 and 2 and runs from 1700 to 0700. Government offices and universities will be open; public utilities are operating 24 hours; buses will operate. In effect, except for primary and secondary schools, about everything will be normal during daylight. It is expected that the curfew will be relaxed tomorrow in District 4 and part of District 3. Twenty-seven rice distribution points were opened yesterday. Rice was sold at 20 piasters per kilo with two kilos, a five-day supply, allotted to each member of a family. Revolutionary Development cadre provided security, checked family rosters, talked to people, and helped with distribution. In some areas, students chipped in to help the Revolutionary Development cadre.

One sideline is of interest. The contractor who furnished 50 laborers for the Thu Duc rice run showed up with a written contract asking for payment of laborers' wages only with no portion to himself. Instead, he said he was donating his share to the people of Saigon.

The road situation is improving. The main routes into the city are in good condition. Route 4 to the Delta is now open to military convoys to as far as My Tho. The main problem is to restore security sufficiently so that Army and police checkpoints can be opened to trucks and barges carrying food and produce to the city. When this is done, private enterprise will soon take care of food distribution.

Dr. Que and the Ministry of Social Welfare and Refugees, now pretty well accustomed to emergencies, are doing an excellent job under still difficult conditions. Mobile teams are working with major concentrations of refugees in Saigon and surrounding urban areas. Two thousand five hundred Revolutionary Development cadre arrived in Saigon Monday by LST and two smaller boats from Vung Tau to assist in recovery operations and are reinforcing the Ministry. The Minister of Health and the Minister of Public Works and their respective ministries have also done excellent work.

In the Fourth Corps, an emergency-recovery committee paralleling the National Committee, began functioning yesterday with U.S. representation. Today the committee intends to survey the three worst hit cities, Ben Tre, Vinh Long, and

My Tho. Throughout the Corps, except in Go Cong and Vinh Binh, where they still hug the cities, the Viet Cong seem to be withdrawing to intermediate areas. Provincial reconnaissance units, broken down into ten-man teams, are attempting to follow Viet Cong units in order to direct air and artillery on them as they withdraw. Ky visited Can Tho yesterday afternoon and explained recovery plans to Corps and provincial officials.

The Third Corps Emergency Recovery Committee is in full operation and emergency needs are being met.

It is a little early to judge the reaction of the people to the efforts of the government. There have been a large number of expressions of willingness to chip in and help and I think various labor and religious groups are heading in the right direction. At the same time, there is also some tendency to blame the government for failing to anticipate and prevent the attacks, and this may grow if vigorous action is not now taken.

Criticism of the government's failure to provide adequate security was voiced in the Senate at its session on February 6, particularly by Dai Viet Senators Nguyen Van Ngai and Senator Pham Nam Sach. Yesterday the Senators were in a calmer and more constructive mood and there was no irresponsible criticism of the Government of Vietnam. The draft resolution approved unanimously by the 43 Senators in attendance denounced the savage actions of the Viet Cong and its treachery in carrying out their preconceived attack during Tet; expresses its concern for the refugees and advocates that assistance and protection be a matter of priority; expresses its gratitude to the armed forces and all those participating in the defense of the nation; applauds the effective contributions of allied forces, especially the armed forces of the United States; and warmly welcomes the movement of unity and cooperation between the people and the authorities for self defense. It urges public agencies to bring unity to fruition in order to continue to defeat the Communists and construct the nation; heighten the vigilance of the people, contribute financial and material resources to help the victims of recent events; severely punish and prevent corrupt elements to take advantage of this situation; develop a movement of groups and people for armed self defense.

Fortunately, both in the Senate and the Lower House, critics of the government are greatly outnumbered by members who are anxious to do whatever is necessary to help the government in the present situation. These include such "oppositionists" as MRS. Leader Ly Quy Chung who is busy spreading the word that the attacks were a great political defeat for the Communists because the populace refused to help them. Also encouraging are strong statements of support from deputies such as Khieu Thien Ke whose latest speech at Danang on February 3 (rebroadcast several times since) is just the sort of thing that is needed.

One of the most encouraging factors of the present situation is the degree of cooperation and better feeling which it has created between President Thieu and Vice President Ky. These two have consistently risen above their personal rivalry

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to do what is necessary for the nation. This was true during the Buddhist "struggle" in 1966, in the Cabinet crisis of the same year, in their joint effort to persuade the military to accept the constitution just after the Guam Conference, and in the final decision to run together on one ticket for the sake of military unity. They are doing it again. I have mentioned previously that I believe they have been working together better than at any time since my arrival here last April. I think there is good reason to hope that this present experience will show them the way to work effectively together in the new constitutional framework in the future. At the moment, it is an important factor in the good beginning which has been made in turning the Tet attacks into a political as well as a military defeat for the Communists.

B. Economic

The economic situation in Saigon one week after the beginning of fighting presents us with some serious worries, but as yet these chiefly concern the future, and events have not yet gotten out of hand. Most Saigon families had large food stocks laid in for Tet, and markets would have been closed most of the week in any case. Therefore, there probably have been few really hungry people, at least among those whose homes have not been disrupted.

The civilian economy of Saigon began to revive as early as Thursday and Friday of last week. Beginning with a few items sold at very high prices, food markets started to operate without official sanction, and by Tuesday quite a large variety of fruit, vegetables, fish and meat, and miscellaneous foodstuffs became available in markets in secure parts of town. Prices range from around pre-Tet levels for a few staples evidently still in large supply, such as sugar, to roughly double pre-Tet prices for fresh meat and fish. In Cholon, where security is worse, prices are reported much higher and the population of Cholon may be on the threshold of severe hardship.

No figures are available this week on the Saigon Retail Price Index or the Imported Commodity Index.

C. Chieu Hoi

Because of the emergency, latest figures are not available.

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TO THE WHITE HOUSE, EYES ONLY ROSTOW

BECAUSE OF THE NEED FOR STAFF TO COMPLY WITH CURFEW HOURS, I
REGRET THAT I MUST ONCE AGAIN SEEK YOUR INDULGENCE AND PUT OFF
THE TRANSMISSION OF MY WEEKLY MESSAGE UNTIL TOMORROW. I TRUST THAT
WITH SAIGON AND THE COUNTRYSIDE SLOWLY BUT QUITE DEFINITELY RETURNING
TO NORMAL I WILL BE ABLE TO RESUME THE USUAL SCHEDULE NEXT WEEK.
REGARDS.

~~SECRET EYES ONLY~~ VIA CAS CHANNELS

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Authority State Letter 11-7-78

By ip, NARS, Date 3-14-79

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INFORMATION

THE WHITE HOUSE
WASHINGTON

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~~SECRET~~Thursday, February 15, 1968
6:00 p.m. 6:12

Mr. President:

Herewith Bunker's weekly. I believe you will wish to read all of it, but the main themes are summarized in the first 6 paragraphs.

In any case, you will not wish to miss the last paragraph.

W. W. Rostow

Saigon 19428

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Authority State 7-5-78, NSC 6-26-79
By rsf, NARS, Date 8-21-79

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Authority State 11-7-78 letterBy if, NARS, Date 3-15-79

Thursday, February 15, 1968

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FOR THE PRESIDENT FROM BUNKER (Saigon 19428)

Herewith my thirty-ninth weekly message:

General

As the massive Viet Cong Tet offensive subsides, it becomes increasingly possible to draw certain conclusions. What was blurred a week ago begins to come more clearly into focus. Although it will be several days before we have a fairly accurate country-wide assessment of the physical and material damages, certain things are now fairly evident:

A. The enemy has suffered a heavy military setback with nearly 33,000 killed, over 5,600 detained, and the loss of more than 8,000 individual and 1,250 crew-served weapons. A large part of the force he had committed, estimated at about 60,000, has been put out of action. A second wave of attacks against Saigon and some other major cities, which it was feared for some time might take place, has not materialized and there is increasing evidence, for the present at least, that it may not.

B. That Hanoi and the Viet Cong made a major miscalculation in expecting uprisings among the people and defections among the Vietnamese forces. While the Government of Vietnam may not enjoy great popularity among the people in general, there is strong evidence that in the city and countryside alike the Viet Cong attacks during the last two weeks have caused widespread resentment and bitterness toward the Viet Cong.

C. That it seems apparent that Hanoi's maximum objective was to take and hold many of the cities, thereby creating a political situation which would compel the Government of Vietnam and the U. S. to virtual surrender. The second and fallback objective (and this is Thieu's opinion also) was probably to put themselves in a strong position for negotiations, one in which they could insist, at a minimum, a coalition government.

D. That despite the heavy military defeat suffered by the enemy, much damage has resulted throughout the country. The number of evacuees which had climbed to 485,000 yesterday showed a decline to 457,000 today, probably an indication that people are beginning to return to their homes. The number of houses destroyed has now been reported at 48,000, although on the basis of our observations, we believe the figure may be exaggerated. The figures on civilian deaths increased to almost 3,800, and the wounded to nearly 21,000. In addition, there has been substantial damage to industry and to lines of communication. Commercial activity has been slowed, at least temporarily, and will take some time to recover.

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E. The economic situation in Saigon and in most of the country is improving. Food prices, which rose rapidly in the first days of the attack, are coming down. Lines of communication are beginning to be opened up. In looking beyond the immediate crisis, economic prospects are less bright than they appeared a few weeks ago. It will take time to restore damage to industry and the loss of confidence in the business community which the attacks have caused. The Vietnamese economy, however, has demonstrated powers of recuperation in the past and hopefully, these negative factors may prove short lived.

F. That the predominant reaction of the people is that of anger, indignation, and a sense of outrage at the Viet Cong, especially its treachery in attacking during the Tet holidays, although there is also apprehension and fear of the possibility of future attacks. There is, too, surprise that the enemy was capable of attacking on such a wide scale in such force, and criticism of Government of Vietnam intelligence capabilities. But there is also a feeling of pride in the performance of the Vietnamese forces, a new confidence in the Government of Vietnam, and a willing up of support for it from many quarters. I think it is fair to say, therefore, that the Government of Vietnam is facing a crisis of confidence. If it reacts quickly and effectively, moves ahead with reconstruction and other constructive programs, the resentment of the people at the losses they have suffered will be replaced by confidence and gratitude; if not, the Government of Vietnam can be seriously weakened.

It is to meet the crisis of confidence to which I have referred that I have been pressing, as strongly as I know how, on Thieu and other leaders in the government the idea that there is a great opportunity to be seized in this situation; that if the government moves quickly to help the victims, to move ahead vigorously with recovery and reconstruction, if it mobilized the potential support available to these efforts, it can score a very significant political as well as military success. I am glad to be able to report that the government has moved ahead on a number of fronts and has received encouraging evidence of support from a good many sources, from both Houses of the Assembly, from organized labor, from the intellectual community from other organizations (it has listed thirty-seven organizations who have offered assistance in the work or reconstruction), and from individuals.

On February 9, Thieu addressed a joint session of the National Assembly. His speech was well received both by the Assembly and the public. He asked for support in general and specifically for the special security measures now required; informed the Assembly of the need to speed up mobilization; to accomplish in six months what had been originally planned for a year; to request that the budget be approved before the end of February; and to request power to enact by decree urgent financial and economic measures for a period of one year. Reaction from members in both Houses seems to indicate that Thieu's proposals regarding mobilization and speedy passage of the budget will have little difficulty, but that the Assembly is less favorably disposed to his request for decree power over economy and finance, and that it will want to see this clearly limited and the details spelled out.

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Thieu also took an active and effective role in the Cabinet meeting on February 11. It is reported by one of the members present that he ran the meeting well, was in full command at all times, and knew what he was talking about. He announced that mobilization will be speeded up, and the bases on which civil defense units would be formed; that he would request the Assembly for emergency powers for one year in order to deal quickly with situations and to avoid debate over potentially unpopular measures such as tax increases; announced that there would be an immediate increase in excise and sales taxes; and asked for cuts in all but absolutely essential expenditures. Thieu also said that he planned to give top priority to implementation of the provisions of the constitution and will ask the Assembly to provide enabling legislation for the establishment of a national security council and armed forces council, as well as laws governing the press and political parties. And he emphasized the fact that he did not want the crisis used as an excuse to prevent action on the regular program of the government.

In an effort to build confidence, Thieu is getting out in the provinces this week. He is visiting one corps area each day, talking with the officials and people and making an on-the-spot personal assessment of the situation. This is the sort of thing I have been urging him to do, and I am sure it will have a beneficial effect.

I have made the same point in talking with Ky and with Prime Minister Loc. Loc noted that he will be appearing on TV today to talk about the situation and the government's response to it. He mentioned that he has himself visited four of the most affected provinces the day before, and that he plans additional trips through the country.

I have also been advising Thieu to try to broaden the political base of support for his government, that by forming something akin to a government of national union, he could mobilize enthusiasm for the recovery program, for the fight against aggression and for the government's top priority programs. I suggested several names, which he noted down, including people such as

On a second visit, Thieu told me that he is planning to call in various leaders, one at a time, to get their views and seek their support. After he has done this, he may ask some of them to join in an advisory council.

I have also been continually urging Thieu to make frequent appearances on radio and TV, to inform the people of what the government is doing, and to show its concern for them, to take them into his confidence,

The recovery program. In the meantime, the central people's recovery committee is moving quickly and effectively in its efforts to provide for the evacuees and in getting Saigon and the countryside back to normal. A shrewd Vietnamese observer told us that the new committee under Ky had accomplished more in ten days than the Government of Vietnam normally could have managed in two months. This may be exaggerated, but I am convinced that this group, with quiet U. S. participation and prodding, has been the prime mover of the Government of Vietnam's relief and recovery effort. Without it, we would not be as far along toward restoring the situation as we are today.

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The central committee, with Ky and Thang as its sparkplugs and Komer and his able deputy as behind-the-scenes expeditors, has:

1. Arranged special distribution of over 8,000 tons of rice in Saigon, till commercial channels took over yesterday; this has also stabilized the price;
2. Provided 77 Saigon refugee centers and 40 in Gia Dinh Province to care for an estimated 196,000 refugees;
3. Divided Saigon into blue (secure) and red (insecure) zones as a device for phased return to normalcy;
4. Set up countrywide recovery committee operations on the Saigon model;
5. Laid plans for urban reconstruction to replace destroyed housing; and
6. Has moved out on a host of other pressing emergency problems.

From a series of inspection visits to the provinces, Bob Komer is convinced that initial evacuee and damage estimates were somewhat exaggerated. Many so-called refugees, for example, did not have their homes destroyed but rather left insecure areas for safety's sake or to get food. They are now trickling back to their homes. While we still face plenty of acute relief problems, we are more hopeful now than a week ago of a relatively fast recovery. To this end, the Military Assistance Command in Vietnam is placing great emphasis on reopening key roads. Many of them have already been repaired.

Meanwhile, it will take at least two weeks or so to get a good picture of what has happened to pacification in the countryside. Our recent focus naturally has been on the towns and cities. Many Revolutionary Development battalions, Regional and Popular Forces and Revolutionary Development teams were called in from the hamlets to assist in their defense and are now in relief activities. Though the enemy does not appear to have hit the Revolutionary Development hamlets, but rather to have by-passed them en route to the towns, Bob Komer is concerned that a vacuum has developed which the Viet Cong could easily fill. At any rate, the longer the Viet Cong are allowed a free hand in the countryside, the greater the set-back to pacification.

Therefore, we are pressing our advisors to get out and assess the situation, encourage the Republic of Vietnam Armed Forces and Revolutionary Development teams to get back on their rural jobs as fast as possible, and push out the Viet Cong where it has moved in. This may prove a lengthy process in some areas, though we have firm reports that yet others were untouched.

Along this same line, the Viet Cong Tet offensive offers another opportunity we are trying to seize. In many areas the elusive Viet Cong infrastructure surfaced to propagandize people, assist attacking units as guides and in some cases join them as fighters. Now they are known to the populace and ripe for picking by police-type operations.

In Nha Trang, for example, the Viet Cong city committee emerged from hiding almost to the man and joined the invading forces. Alertly, the Government of Vietnam city police chief sent his special police in civilian clothes to roam the city and spot enemy agents. Once enemy military forces were driven out, police and friendly army units cleaned up the infrastructure which had exposed itself.

The economic situation. We have been trying to make some assessment to both the immediate economic situation and of the impact of the Tet attacks beyond the immediate economic crisis.

The economic situation in Saigon is much improved over the near chaos of the first few days after the attack. Government rice distribution to the public picked up last week and in Saigon at least has been more than adequate to meet requirements. In Cholon, distribution has been far less satisfactory although it should show rapid improvement with improved security conditions. Sales of rice through commercial channels have been resumed and, with the exception noted of Cholon,

the rice distribution crisis appears to be a thing of the past. The government has also begun to release significant quantities of frozen pork from its stocks. Other foods are available but in limited supply and prices are still substantially higher than before Tet. A crude price index indicates that retail prices are about 80 percent above their level of late January. Food is coming in from the nearby countryside and small quantities are arriving from the traditional coastal and Delta sources of supply.

In other cities both the problem of food distribution and the manner of coping with it has followed much the same pattern as in Saigon. In many places the food situation is better than in Saigon. In the countryside, the peasants seem to have resumed their economic activities. Transportation remains a serious problem as much for security reasons as because of physical damage to roads.

In looking beyond the immediate economic crisis, no economic collapse appears likely, barring a major deterioration in security, but economic prospects are less bright today than they appeared a few weeks ago. In cities there has been significant destruction of industrial facilities. The largest and most modern of the textile factories have suffered extensive damage.

Significant stocks of raw materials and inventories of imported goods have also been destroyed. Perhaps of most concern is the effect the attacks have had on business and commercial confidence. Saigon had been viewed by the commercial community as a safe area where the risk of war damage seemed relatively slight. This confidence has now been badly shaken and it is unlikely that the importer business community will function with as much vigor as it has in the past for some time to come.

The inflationary problem is likely to become more serious because of increased government spending to cope with the emergency, a loss of confidence in the currency, less importer activity, and less rapid growth in domestic production. How serious the stabilization problem will be is not yet possible to ascertain. President Thieu's determination to increase taxes and his request for emergency powers to implement these measures should help. Finally, the remarkable technical and economic revolution which had begun to take place in the rural economy may be slowed. It is unlikely that the burgeoning commercial distribution system in the countryside will operate as effectively as we had previously hoped it would. This was an important element in the continuation and acceleration of the rural economic progress that was such a notable feature in 1967. The rural economy of the Delta has performed as well as it has over the past half decade because military activity there has been limited. If the Viet Cong offensive in the Delta is maintained or if it signals a shift by the Viet Cong to a policy of cutting the flow of goods between Saigon and the Delta, it could prove costly to the rural economy.

Nevertheless, one must remember that the Vietnamese economy has demonstrated time and again in the past a remarkable resiliency. As time goes on, if the commercial community regains its confidence in the security situation, these negative factors may prove shortlived and the basic strengths of the economy reassert themselves.

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It is still too early to tell what motivations, if any, there will have to be in the aid program as a result of the Viet Cong Tet offensive. We are beginning to make an assessment of this problem and should have a better picture of it in the next week or so.

In the days ahead, we shall be continuing to make further assessments of the situation, of the material and physical damage countrywide, an estimate of both time and resources required for reconstruction, and the effect of the Tet offensive on other priority programs; and we shall especially want to see what the effect has been on pacification. It is apparent that there are minuses in the situation but I believe there are also many pluses. In the field of both the Republic of Vietnam Armed Forces reorganization and civil administration there should be an excellent opportunity to evaluate performance, to reward those who have performed well, to get rid of the incompetent and corrupt. This will be one means of speeding up the attack on corruption. Thieu's prompt move on speeding up mobilization is a constructive development, as are the other measures he proposed to the Assembly and to the Cabinet at its meeting on February 11. There is an opportunity to do something positive about the situation in the overcrowded cities, especially to provide better housing in the destroyed areas.

In all of this, the psychological factor is the most important. The mood of the people is always difficult to assess but so far as we can determine the Tet attacks have resulted in a widespread reaction against the Viet Cong. The destruction caused by the attacks is not always blamed on the enemy but there is near universal condemnation of the Communist exploitation of Tet. In Saigon, those not directly caught in the fighting tend to see the attacks as an impressive demonstration of Communist strength, but also as a major defeat for the enemy. In areas still more or less contested by Viet Cong forces, people are understandably apprehensive about the possibility of further Viet Cong attacks. The Viet Cong have frightened them and shaken their confidence in the government and the United States to provide security.

Most important in the psychological picture, however, is the fact I have mentioned previously that nowhere did any significant numbers of people respond to Communist appeals for voluntary support. With the right kind of action to meet this crisis, if the government acts promptly and vigorously (and I believe it has made a good beginning), it should be possible to improve its popular image and to increase the degree of positive, active support which it can call on in any emergency. There is a long way to go in this respect, and I believe Thieu and the other top leaders understand and agree with this analysis. It is now a question of what they are capable of doing. But I have impressed on them, and will continue to impress on them, that this is a golden opportunity.

A final question relates to the enemy's intentions. General Westmoreland believes that the enemy may be preparing to go all out militarily in the next few months in a continuation of his efforts to end the war on his own terms. I have reported Thieu's views that Hanoi's principal objective in the recent Tet offensive was to put itself in an advantageous position for negotiations so that it could demand

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recognition of the Front and its inclusion in a coalition government. Failing in this immediate objective, he believes that Hanoi's plans will include three major elements: a) an effort to launch major attacks in the northern provinces of the First Corps and in the central highlands in order to tie down as many U.S. and Army of the Republic of Vietnam troops as possible; b) to continue efforts at harassment and infiltration of the cities, including political "spoiling" operations, i. e., propaganda and subversion efforts; and c) an effort to regain and hold territory lost to pacification.

Thieu believes that Hanoi's objectives are the same as those of his Tet attack, to put itself in a strong position for negotiations by demonstrating at a minimum that militarily, the situation has reached a stalemate. In carrying out this plan, he believes the enemy, as in the Tet attack, will be ready to accept heavy losses, commenting that Giap did this in the siege of Dien Bien Phu. But failing in this effort as he did in the Tet offensive, Thieu believes that Hanoi may well begin to withdraw or "fade away." It seems to me that General Westmoreland's views and Thieu's theory about enemy intentions are not contradictory, for Hanoi may well be ready to gamble heavily on the possibility of either military victory or the belief that they can attain equivalent results through negotiations; it is certainly consistent with Communist philosophy and strategy to mesh military with political and psychological aims.

I do not want to get into the business of prophesying, but I believe we have never been in a stronger position than now to meet anything the enemy can throw at us. Our own forces have performed magnificently and are being strengthened. The Vietnamese forces have been alerted by their preliminary intelligence failure and have proved their mettle in combat, have taken heavy losses (more than twice ours), and they have gained confidence in themselves. The Government of Vietnam is showing energy and effectiveness in getting the country back to normal. If it seizes the opportunities now on the other fronts I have mentioned, it should gain wider and stronger support from the people.

In retrospect we may well look back on these recent events as a turning point in the war, when the people in the heretofore relatively secure cities realized it was their war too; and that out of it has come a sense of national unity, or nationhood, that under other circumstances would have been long in developing. But this will depend, in great measure, on how well Thieu and the other leaders seize the occasion. From the earliest days of the Tet attack, I have tried about everything on him I know except Shakespeare; "There is a tide in the affairs of men which, taken at the flood, leads on to fortune: omitted, all the voyage of their life is bound on shallows and in miseries." But as always the gap between the ideal, what we want to attain, and what actually is achieved is affected by, and dependent on, the limitations of the human resources with which we have to work. But we shall keep pushing.

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TO THE WHITE HOUSE, EYES ONLY WALT ROSTOW

WILL SEND PRESIDENT'S MESSAGE THURSDAY. AGAIN REGRET DELAY,
BUT TODAY I HAD TO ATTEND TO A NUMBER OF EMERGENCY PROBLEMS AND
SPENT MOST OF AFTERNOON WITH MY COLLEAGUES OF DIPLOMATIC CORPS
AT BRIEFING WHICH WESTMORELAND AND I HAD ARRANGED FOR THEM ON
MILITARY SITUATION, PACIFICATION, AND GENERAL SITUATION IN COUNTRY-
SIDE. THIS, I BELIEVE, WAS HIGHLY USEFUL EXERCISE SINCE THEY HAVE
BEEN SUBJECT TO MANY CONFLICTING REPORTS EMANATING FROM RUC PRESS
CORPS HERE, NOW NUMBERING OVER 600. I THINK WE WERE ABLE TO PUT
THINGS IN GOOD PERSPECTIVE. THEY ALL EXPRESSED APPRECIATION.
REGARDS.

~~SECRET EYES ONLY~~ VIA CAS CHANNELS

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Authority State Letter 11-7-78

By ip, NARS, Date 3-14-79

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Department of State

TELEGRAM

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CN: 6627Q

1968 FEB 22, 9:08AM

~~SECRET~~ SECTION 1 OF 5 SAIGON 20175

NODIS

FOR THE PRESIDENT FROM BUNKER

HEREWITH MY FORTIETH WEEKLY MESSAGE.

DECLASSIFIED

Authority State Letter 11-7-78

By ip, NARS, Date 3-14-79

I. GENERAL

1. SINCE MY LAST WEEKLY MESSAGE, THERE HAVE BEEN A NUMBER OF SIGNIFICANT DEVELOPMENTS IN THE SITUATION, SOME FAVORABLE, OTHERS LESS SO. I SHALL TRY TO SUMMARIZE THESE BRIEFLY AT THE BEGINNING AND WILL ENDEAVOR TO ENLARGE ON THEM LATER IN THE REPORT:

A) THE GVN HAS CONTINUED TO PRESS THE RECOVERY PROGRAM WITH COMMENDABLE ENERGY. DESPITE FRUSTRATIONS, SUBSTANTIAL PROGRESS HAS BEEN MADE. IN THE SAIGON AREA, PUBLIC SERVICES HAVE BEEN MAINTAINED, DISTRIBUTION OF FOOD HAS BEEN EXPANDED, PRICES HAVE COME DOWN (NOW ABOUT 20 PERCENT HIGHER THAN PRE-TET), AND THE PROBLEM

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OF EVACUEES HAS BEEN HANDLED EFFECTIVELY. THE CURFEW HAS BEEN RELAXED AND PEOPLE ARE GETTING BACK TO THEIR NORMAL OCCUPATIONS. IN THE CITIES AND TOWNS THROUGHOUT THE COUNTRY, RECOVERY WORK IS UNDERWAY, FOOD SUPPLIES ARE ADEQUATE, AND EFFORTS ARE BEING MADE TO OPEN LINES OF COMMUNICATION AS RAPIDLY AS POSSIBLE. THE COUNTERPARTS OF THE CENTRAL RECOVERY COMMITTEE AT CORPS AND PROVINCE LEVEL ARE FOR THE MOST PART WORKING EFFECTIVELY. PERHAPS A MAJOR BY-PRODUCT OF THE EFFORT HAS BEEN THAT OF GETTING MINISTRIES TO WORK TOGETHER, HORIZONTALLY INSTEAD OF VERTICALLY.

B) WE HAVE AS YET NO COMPREHENSIVE INVENTORY OF DESTRUCTION THROUGHOUT THE COUNTRY BUT THIS IS NOW UNDERWAY. IT IS OBVIOUS FROM PRELIMINARY REPORTS, HOWEVER, THAT DESTRUCTION HAS BEEN HEAVY. EVACUEES WILL PROBABLY NUMBER FROM 400,000 TO 450,000, OF WHICH PERHAPS 30-40 PERCENT HAVING LEFT THEIR HOMES FOR SECURITY REASONS WILL BE RETURNING. MOST OF THE REMAINING WILL BE REFUGEES IN THE TRUE SENSE IN THAT THEIR HOMES HAVE BEEN DESTROYED. WE HAVE NO ACCURATE COUNT OF THE NUMBER OF HOUSES DESTROYED NOR AN INVENTORY OF THE DAMAGE TO INDUSTRY. OUR LATEST COUNT SHOWED 61,00 HOUSES DESTROYED,

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A FIGURE CONSIDERABLY HIGHER THAN THAT OF THE GVN. AS REPORTED IN MY LAST WEEKS MESSAGE, INDUSTRIAL PLANTS HAVE SUFFERED EXTENSIVE DAMAGE. IT IS APPARENT, THEREFORE, THAT THE REPAIR OF PHYSICAL DESTRUCTION CAUSED BY THE TET OFFENSIVE WILL INVOLVE AN EXTENSIVE AND TIME CONSUMING EFFORT, AND A SUBSTANTIAL ALLOCATION OF RESOURCES.

C) FURTHER ELEMENTS IN THE ENEMY'S STRATEGY DEVELOPED WITH RECENT ATTACKS ON A NUMBER OF CITIES DURING THE NIGHT OF FEBRUARY 18-19 IN WHAT APPEARS TO BE THE SECOND PHASE OF THE TET OFFENSIVE. THESE FOR THE MOST PART WERE ROCKET AND MORTAR ATTACKS DIRECTED PRINCIPALLY AT AIRFIELDS AND BASES. EXCEPTIONS WERE THE CITIES OF PHAN THIET AND SONG BE WHICH THE ENEMY ENTERED AND FROM WHICH HE WAS THROWN OUT WITH HEAVY LOSSES. BUT WHAT IS EVIDENT IS THAT THE ENEMY IN EFFECT IS ATTEMPTING AN INVESTMENT OF SOME OF THE MAJOR CITIES. FOR EXAMPLE, TROOPS ARE BEING MOVED CLOSER TO SAIGON AND TO CAN THO IN THE DELTA. HE IS MAKING INTENSIVE EFFORTS TO DISRUPT LINES OF COMMUNICATION, CUTTING HIGHWAY 4 FROM THE DELTA EVERY NIGHT. HIS PRESENT MOVES SEEM TO CONFIRM THIEU'S VIEW THAT HE WILL CONTINUE TO ATTEMPT TO

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HARASS, ISOLATE, AND CHOK OFF THE CITIES. HE REMARKED TO ME YESTERDAY THAT THE COUNTRYSIDE HAS ALWAYS BEEN OF PRIME IMPORTANCE TO THE VC FOR THIS REASON.

D) THE ENEMY IS BRINGING IN HEAVY REINFORCEMENTS TO THE SAIGON AREA AND SEVERE FIGHTING HAS BEEN TAKING PLACE IN GIA DINH. THESE REINFORCEMENTS EVIDENTLY HAVE BEEN COMING FROM REPLACEMENT CAMPS IN CAMBODIA. HEAVY TRUCK TRAFFIC HAS BEEN NOTED ON THE CAMBODIAN SIDE PROCEEDING UP TO THE BORDER AND HEAVY SAMPAN TRAFFIC OBSERVED FROM THE BORDER INLAND INTO VIET-NAM. THIS RAISES THE QUESTION AS TO HOW LONG WE CAN AFFORD TO PERMIT THE ENEMY TO MAKE USE OF THE LAOS AND CAMBODIAN SANCTUARIES AS FREELY AND EFFECTIVELY AS HE HAS BEEN DOING FOR THE INFILTRATION OF MEN AND MATERIAL. I RECOGNIZE THAT THIS IS AN EXTREMELY DIFFICULT PROBLEM HAVING MANY COMPLEX AND SENSITIVE POLITICAL ASPECTS, AND WILL THEREFORE WANT TO MAKE IT THE SUBJECT OF ANOTHER MESSAGE.

E) THE ENEMY'S PRESENT MOVES, IT SEEMS TO ME, LEND CREDENCE TO GENERAL WESTMORELAND'S VIEWS AND THOSE OF PRESIDENT THIEU ON THE PROBABLE FUTURE COURSE

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OF HIS STRATEGY. AS I REPORTED LAST WEEK, GENERAL WESTMORELAND BELIEVES THAT THE ENEMY MAY BE PREPARING FOR A MAJOR OFFENSIVE IN THE NORTHERN PROVINCES, PERHAPS SUPPORTED ALSO IN THE CENTRAL HIGHLANDS, AND THAT HE HAS THE CAPABILITY TO MOUNT SUCH AN OFFENSIVE. THIEU'S VIEW, WHICH HE CONFIRMED AGAIN IN MY TALK WITH HIM YESTERDAY, IS THAT THE PRESENT OFFENSIVE WILL BE FOLLOWED BY A SECOND ONE WHICH MAY COME SOME MONTHS FROM NOW, PERHAPS AROUND MAY TO JULY: THAT IN THIS HE WILL TRY TO PIN DOWN OUR TROOPS IN THE NORTH, IN THE CENTRAL HIGHLANDS, AND IN DEFENSE OF THE CITIES; TO CONTINUE MORTAR AND ROCKET ATTACKS ON AIRFIELDS IN AN EFFORT TO REDUCE OUR AIR POTENTIAL; TO CONTINUE HARASSMENT AND INFILTRATION OF THE CITIES TO CARRY ON POLITICAL "SPOILING" AND ATTEMPT TO PARALYZE THE GOVERNMENT THROUGH TERROR ATTACKS; AND TO ATTEMPT TO REGAIN AND HOLD AS MUCH OF THE COUNTRYSIDE AS POSSIBLE. THIEU BELIEVES THAT THE MAIN ENEMY OBJECTIVE IS STILL THE COUNTRYSIDE, AND THAT HIS PURPOSE IN ITS CONTROL IS TWO FOLD: TO CHOKE OFF THE FLOW OF FOOD AND OTHER SUPPLIES TO THE CITIES, AND TO BE ABLE

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TO DEMONSTRATE THAT HE CONTROLS A LARGE PART OF VIETNAMESE TERRITORY BEFORE GOING TO NEGOTIATIONS. THIEU BELIEVES, THEREFORE, THAT THE ENEMY'S ULTIMATE OBJECTIVE IS A POLITICAL SETTLEMENT, AND HIS VIEW OF TIMEING LOOKS TOWARD THE END OF 1968 OR EARLY 1969.

(A) IF THESE VIEWS ARE CORRECT, AND THEY SEEM TO ME *major* QUITE LOGICAL, THEN IT APPEARS THEY WILL INVOLVE A MAJOR EFFORT ON THE PART OF THE ENEMY. HOW LONG HE CAN SUSTAIN SUCH AN INTENSIVE EFFORT, GIVEN THE LOSSES WHICH HE HAS ALREADY TAKEN AND WHICH SUCH AN EFFORT WILL INEVITABLY ENTAIL, IS PROBLEMATICAL, ESPECIALLY IF WE HAVE THE MEN AND MATERIAL TO MEET AND FRUSTRATE HIM AT EVERY TURN; I THINK THERE IS NO QUESTION ABOUT THE WILL. BUNKER

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G) IT IS APPARENT THAT THE PACIFICATION PROGRAM HAS SUFFERED A SETBACK, THOUGH TO WHAT EXTENT IT HAS NOT BEEN POSSIBLE TO DETERMINE. EIGHTEEN OF THE FIFTY-FOUR ARVN BATTALIONS ASSIGNED TO PACIFICATION WERE WITHDRAWN FOR DEFENSE OF THE CITIES; SO APPARENTLY WERE A CONSIDERABLE NUMBER OF THE REGIONAL AND POPULAR FORCES AND SOME OF THE RD TEAMS, THOUGH THE EXACT NUMBERS ARE NOT KNOWN. THE CONSEQUENT IMPAIRMENT OF SECURITY WHICH HAS RESULTED HAS RAISED DOUBTS IN PEOPLE'S MINDS CONCERNING THE CAPABILITY OF THE GOVERNMENT TO PROVIDE ADEQUATE SECURITY IN THE COUNTRYSIDE. ON THE POSITIVE SIDE, HOWEVER, IS THE FACT THAT SUBSTANTIAL NUMBERS OF THE VIET CONG FORCES WERE WITHDRAWN FROM RURAL

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AREAS FOR THE ATTACKS ON THE CITIES AND THAT FOR THE FIRST TIME A LARGE PART OF THE INFRASTRUCTURE HAS SURFACED AND BEEN IDENTIFIED. THIS SHOULD MAKE POSSIBLE A MORE EFFECTIVE ROOTING OUT PROCESS.

FIRST PRIORITIES, ALREADY UNDERWAY, ARE TO GET SUPPLIES TO THE PROVINCES; TO GET REFUGEES INTO PERMANENT CAMPS; AND TO GET INSPECTION TEAMS OUT. THE NEXT PRIORITIES ARE TO GET THE FORCES BACK INTO THE COUNTRYSIDE AS SOON AS POSSIBLE; TO RE-ESTABLISH SECURITY; TO REVIVE THE ECONOMY; THROUGH PSYOPS TO CAPITALIZE ON THE TET FAILURE; AND TO ATTACK THE EXPOSED INFRASTRUCTURE.

H) POPULAR REACTIONS HAVE CONTINUED TO SURFACE. CONFIDENCE IN THE GOVERNMENT WAS AT FIRST BADLY SHAKEN; BUT AT THE SAME TIME POPULAR OPINION HARDENED AGAINST THE VC. WHILE THE ENEMY INSTILLED NEW FEAR IN THE CITY DWELLERS, HE LEARNED THAT THE MASSES WILL NOT VOLUNTARILY SUPPORT HIM. IN THE VIEW OF MANY EXPERIENCED OBSERVERS, THE CRISIS HAS GENERATED A GREATER FEELING OF UNITY AND MORE WILLINGNESS TO CONTRIBUTE TO THE COMMON CAUSE THAN HAS EVER BEEN WITNESSED IN THIS COUNTRY. THERE ARE

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ANXIETIES ABOUT THE "SECOND WAVE" ATTACKS, BUT THERE IS ALSO AMONG MANY VIETNAMESE A NEW SPIRIT; THEY FEEL THEY HAVE MET AND DEFEATED THE BEST THE ENEMY HAD, THEY ARE PROUD OF THEIR ARMY FOR THE FIRST TIME IN MANY MONTHS, AND AS PHAN QUANG DAN PUTS IT, THEY BELIEVE THAT THEIR GOVERNMENT AND THEIR SYSTEM HAS PROVED IT IS "VIABLE" IN THE TOUGHEST KIND OF SITUATION.

2. MILITARY SITUATION. SINCE GENERAL WESTMORELAND HAS REPORTED DAILY, COMPREHENSIVELY AND IN DETAIL, DEVELOPMENTS IN THE MILITARY SITUATION, I SHALL ONLY MAKE A BRIEF SUMMARY OF THE PRESENT OUTLOOK. THE "SECOND WAVE" OF THE TET OFFENSIVE IS APPARENTLY UNDERWAY. IT BEGAN WITH A COORDINATED SERIES OF ROCKET AND MORTAR ATTACKS THROUGHOUT II, III, AND IV CORPS IN THE EARLY MORNING HOURS OF FEBRUARY 18. SINCE THEN, MANY CITIES AND AIRFIELDS, INCLUDING SAIGON AND TAN SON NHUT, HAVE SUFFERED HARASSING MORTAR AND ROCKET FIRE. ENEMY FORCES AT CONSIDERABLE STRENGTH ARE CLOSE TO SAIGON WITH THE OBVIOUS PURPOSE OF INVESTING THE CITY. THE APPARENT INTENTION OF THESE ATTACKS THROUGHOUT THE COUNTRY IS TO

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TIE DOWN DEFENSE FORCES AND PREVENT THEM FROM MOVING BACK TO THE COUNTRYSIDE, WHILE AT THE SAME TIME CONTINUING TO MAINTAIN TENSION AMONG THE URBAN POPULATION AND IMPRESS THEM WITH VC POWER. THE PRIME ENEMY OBJECTIVE, I BELIEVE, IS III CORPS AND SAIGON, ALTHOUGH HE ALSO POSES A THREAT TO CAN THO IN THE DELTA, AND A CONTINUING AND VERY SERIOUS THREAT IN THE NORTHERN PART OF I CORPS WITH FOUR DIVISIONS IN QUANG TRI AND THUA THIEN PROVINCES.

3. ALTHOUGH WE HAVE BY NO MEANS NECESSARILY SEEN THE WHOLE OF THE ENEMY INTENTION OR CAPABILITY FOR "SECOND WAVE" ATTACKS, I AM INCLINED TO BE ENCOURAGED BY THE SLOWNESS AND APPARENT RELATIVE WEAKNESS OF HIS FOLLOW-UP ATTACKS. OBVIOUSLY, IT WAS ESSENTIAL FROM HIS POINT OF VIEW TO HIT THE CITIES AND THE GVN AGAIN AS QUICKLY AS POSSIBLE. ENEMY RADIO BROADCASTS MADE THE POINT THAT WE MUST NOT BE ALLOWED TO GET BACK ON OUR FEET. IN FACT, IT APPEARS TO ME THAT THE GVN, WITH OUR HELP AND PRODDING, HAS REACTED TO THE NEW SITUATION, BOTH MILITARY AND POLITICAL, FASTER AND BETTER THAN HAS THE ENEMY.

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4. ON THE POLITICAL-ECONOMIC SIDE, WE HAVE REPORTED DAILY THE GOVERNMENT EFFORT OVER THE PAST THREE WEEKS TO PROVIDE IMMEDIATE RELIEF TO THE VICTIMS OF THE FIGHTING, SHOW VIGOROUS LEADERSHIP AND INSPIRE CONFIDENCE BY PUBLIC APPEARANCES AND STATEMENTS, AND RALLY ALL NATIONALIST GROUPS TO THE SUPPORT OF THE GOVERNMENT IN THIS CRISIS.

5. THE RECOVERY PROGRAM. DESPITE MANY FRUSTRATIONS, THE RECOVERY EFFORT IS STILL MOVING FORWARD AT A GOOD PACE. IN FACT, KY BELIEVES THAT THE CENTRAL PEOPLES RECOVERY COMMITTEE HAS LARGELY ACCOMPLISHED THE FIRST PHASE OF ITS MISSION AND THAT ITS DIRECTION SHOULD BE TURNED OVER TO THE PRIME MINISTER. HE HAS BEEN INFLUENCED IN THIS ALSO BY SOME CRITICISM THAT HE HAS BEEN USING THE POSITION OF CHAIRMAN TO GRAB POWER AND THAT IT COULD THEREFORE BECOME A POLITICAL LIABILITY TO HIM. I DO NOT BELIEVE THIS IS SO AND NEITHER DOES THIEU WHO HAS SPOKEN TO ME IN VERY COMPLIMENTARY TERMS OF KY'S ACCOMPLISHMENTS. WHEN I MENTIONED THIS TO THIEU YESTERDAY, HE TOLD ME THAT HE, KY, AND LOC HAD DISCUSSED THE

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MATTER AND AGREED THAT THE TIME HAD COME WHEN IT SHOULD BE PLACED UNDER THE DIRECTION OF THE PRIME MINISTER, BUT THAT KY WOULD KEEP WATCH OVER THE WORK OF THE COMMITTEE AND GIVE SUPERVISION AND DIRECTION WHEN NECESSARY. THE LOCUS OF THE COMMITTEE WILL BE MOVED TO THE PRIME MINISTER'S OFFICE. IT WILL CONTINUE IN ITS PRESENT FORM WITH ITS US SUPPORTING AND COMPLEMENTARY STAFF AND WILL HOLD DAILY MEETINGS. THIEU INFORMED ME THAT HE ALSO WILL KEEP CLOSE WATCH OVER THE WORK OF THE COMMITTEE AS WELL AS THE CORPS AND PROVINCIAL COMMITTEES.

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FOR THE PRESIDENT FROM BUNKER

6. THE BIGGEST PLUSES IN RECOVERY WORK TO DATE HAVE BEEN SATISFACTORY HANDLING OF NEARLY A HALF MILLION EVACUEES (200,000 IN SAIGON/GIA DINH ALONE), FEEDING PEOPLE IN THE CITIES WITHOUT ASTRONOMICAL PRICE INCREASES (SAIGON INDEX IS NOW ONLY ABOUT 20 9/9 HIGHER THAN PRE-TET), AND RESPONSIVE EMERGENCY ASSISTANCE BOTH IN MONEY AND MATERIALS TO HARD-HIT PROVINCES. OVERALL PERFORMANCE OF SOCIAL WELFARE/REFUGEE, HEALTH, AND PUBLIC WORKS MINISTRIES HAS BEEN HEARTENING. THE BIGGEST DIFFICULTY ENCOUNTERED IN BALANCING THE MILITARY NEED FOR TIGHT SECURITY AGAINST AN ESSENTIAL RELAXING OF RESTRICTIONS TO SPEED CIVILIAN RECOVERY.

7. DURING THE WEEK, 269 PRIVATE RICE DEALERS STARTED

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BUYING FROM GOVERNMENT STOCKS AND DISTRIBUTING THROUGH RETAIL OUTLETS. DISTRIBUTION IS NOW GOING SO WELL THAT GOVERNMENT OPERATED DISTRIBUTION POINTS HAVE ALL BEEN PHASED OUT. THE 2,500 RD CADRE PERFORMED WELL HELPING ORGANIZE AND OPERATE RICE DISTRIBUTION POINTS. NOW, ALL ARE ENGAGED IN SOCIAL WELFARE WORK IN MANY OF 81 REFUGEE CENTERS IN SAIGON AND 44 IN GIA DINH.

8. PLANS ARE UNDERWAY FOR URBAN RENEWAL IN SAIGON/CHOLON DESTROYED AREAS. KY HAS BEEN THE LEADING ORGANIZER OF A PLAN TO BUILD 15,000 MULTI-STORY APRTMENT UNITS TO REPLACE BURNED OUT WARRENS WHERE FIGHTING OCCURRED. INITIAL BIDS FROM PRIVATE CONTRACTORS, LOOKING TO PROFIT FROM INCREASED DEMAND, HAVE BEEN MUCH TOO HIGH. AS I HAVE REPORTED I HAVE SUGGESTED TO THIEU THE FREEZING OF NEW PRIVATE HOUSING STARTS IN SAIGON TO FORCE CONTRACTORS TO BID COMPETITIVELY FOR THESE GOVERNMENT SPONSORED PROJECTS.

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9. PACIFICATION. BOB KOMER IS HAVING A DETAILED ASSESSMENT MADE OF THE AFTEREFFECTS OF THE TET OFFENSIVE ON PACIFICATION. OUR INITIAL JUDGMENT THAT VC UNITS IN LARGE

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MEASURE BYPASSED HAMLETS ON THEIR WAY TO THE CITIES APPEARS CORRECT. NEVERHELESS, WE HAVE SUFFERED A PACIFICATION SETACK BECAUSE THE GVN PULLED BACK MANY, THOUGH BY NO MEAND ALL, OF ITS LOCAL SECURITY FORCES FROM THE COUNTRYSIDE TO DEFEND THE CITIES. THIS THE VACUUM IN THE COUNTRYSIDE WHICH WE FEARED DOES EXIST; MORE SO IN III AND IV CORPS THAN IN II CORPS (IN I CORPS GOVERNMENT CONTROL HAS NEVER EXTENDED MUCH BEYOND THE NARROW STRIP ALONG ROUTE 1 BECAUSE FEW PEOPLE LIVED ELSEWHERE). PERHAPS TWO-THIRDS OF THE RD TEAMS ARE NOW SSIGNED DEFENSE AND SOCIAL WELFARE DUTIES IN PROVINCE AND DISTRICT TOWNS. IN MANY PROVINCES, THE TEAMS CAME IN BECAUSE THE LOCAL SECURITY FORCES WERE RECALLED OR DRIFTED BACK TO THE TOWNS. AS I HAVE MENTIONED, OF THE 54 RD SUPPORT BATTALIONS, 18 WERE CALLED IN TO DEFEND PROVINCE CAPITALS AND DISTRICT TOWNS. PERHAPS A THIRD OF RF/PF UNITS IN COUNTRYSIDE WERE ALSO USED FOR DEFENSE OF POPULATION CENTERS. HOWEVER, THE PRESS ACCOUNTS HAVE GROSSLY OVERPLAYED TE EXTENT TO WHICH OUR PACIFICATION ASSETS WERE PULLED BACK. IN MANY PROVINCES NOT HARD HIT BY

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THE ENEMY, THE STATUS QUO ANTE STILL PREVAISL.

10. WE ARE PRESSING CONSTANTLY AND HARD TO GET THE RVNAF FORCES AND RD TEAMS BACK TO THEIR RURAL JOBS. THE GVN, AT OUR URGING, HAS ISSUED THE RIGHT ORDERS, THOUGH THEY ARE STILL TOO GENERAL AND PERMISSIVE. PREISDENT THIEU IS CONVINCED THAT FILLING THE VACUUM BEFORE THE ENEMY RECOVERS AND SHIFTS HIS OPERATIONS TO THE VULNERABLE HAMLETS IS CRUCIAL. THIS WILL TAKE TIME BECAUSE THE ARVN IS TIRED FROM CINTINUOUS FIGHTING, SOME OF THE ARVN LEADERS IN THE FIELD ARE STILL IN A STATE OF SHOCK FROM THE ENEMYS NEAR SUCCESS, AND SECURITY OF THE CITIES AND TOWNS IS STILL A MAJOR PROBLEM. NONETHELESS WE MAY BE ABLE TO SHORTEN THE TIME FRAME IF THE GVN RESPONDS.

11. AS PLANS TO RECOVER GROUND LOST ARE BEING MADE, KOMER HAS ALSO BEEN ANALYZING 1967 RESULTS IN ORDER TO MAKE IMPROVEMENTS IN 1968. USING THE HES WE HAVE TAKEN A CLOSE LOOK AT THE 1,191 HAMLETS INCLUDED IN THE 1967 RD PROGRAM. DESPITE ANNOUNCED ENEMY INTENTIONS TO SMASH THE RD EFFORT DURING 1967, ONLY 89 OF THESE 1,191 HAM-

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LETS REGRESSED DURING THE YEAR. ALL OTHERS SHOWED IMPROVEMENT OR HELD THEIR OWN. SECURITY FACTORS, USUALLY PRESSURE FROM NEARBY COMPANY-SIZE VC FORCES, ACCOUNTED FOR 80 0/0 OF THE REGRESSION. IN PRIORITY IV CORPS, ONLY FOUR RD HAMLETS WENT BACKWARDS. MOST REGRESSION OCCURRED IN II CORPS (41 HAMLETS) WHERE WE HAD TO THIN OUT OUR FORCES AND LEAVE MORE OF THE JOB OF HANDLING ORGANIZED VC UNITS TO THE VIETNAMESE.

12. INDEED, OUR 1967 SUCCESS IN GETTING PACIFICATION AT LONG LAST OFF THE GROUND MAY HAVE BEEN ONE OF THE FACTORS LEADING THE ENEMY TO SHIFT HIS STRATEGY TO ONE OF ALL OUT EFFORT RATHER THAN PROTRACTED WAR. WHILE OUR SOLID PACIFICATION ACCOMPLISHMENTS WERE MODEST, HANOI DOUBTLESS TOOK FUTURE PROSPECTS INTO ACCOUNT IN REASSESSING ITS STRATEGY.

13. ECONOMIC SITUATION. THE ECONOMIC PICTURE HAS NOT CHANGED SIGNIFICANTLY IN THE LAST WEEK. ON THE FAVORABLE SIDE, PRICES IN SAIGON-CHOLON HAVE FALLEN SUBSTANTIALLY. WE NOW ESTIMATE THAT THE COST OF LIVING HERE IS LESS THAN 20 0/0 HIGHER THAN IT WAS IN THE LAST WEEK BEFORE TET, WITH

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FOOD PRICES ALOPE UP ABOUT 25 0/0. DELIVERIES OF FOOD PRODUCTS FROM THE COUNTRYSIDE HAVE BEGUN TO PICK UP AND DISTRIBUTION PROBLEMS IN SAIGON APPEAR TO HAVE BEEN RESOLVED.

14. BUT ON THE UNFAVORABLE SIDE, THE TENDENCY I NOTED LAST WEEK FOR THE COMMERCIAL COMMUNITY TO PULL IN ITS HORNS HAS BEEN CONFIRMED. ALTHOUGH THE GVN IS SERIOUSLY AND CONSTRUCTIVELY REVIEWING THE PROBLEM OF HOW TO HELP LOCAL BUSINESS RECOVER FROM THE SEVERE WAR DAMAGE THAT SOME OF THEM SUFFERED, AS YET NO DECISIONS ON RECONSTRUCTION LOANS OR COMPENSATION HAVE BEEN MADE. THERE IS BEGINNING TO BE EVIDENCE THAT THE RICE MERCHANTS ARE DRAGGING THEIR FEET IN PURCHASING THE NEWLY-HARVESTED PADDY SINCE THEY RE NOT SURE THEY CAN TRANSPORT IT FROM THE DELTA TO SAIGON. BECAUSE OF THE CURFEW, TRANSPORTATION PROBLEMS, AND THE GENERAL CONFUSION IN THE AFTERMATH OF THE VC ATTACK MANY BUSINESSES HAVE NOT YET REOPENED AND A CONSIDERABLE UNNUMBER OF WORKERS HAVE NOT YET BEEN ABLE TO GET BACK TO WORK. SINCE THE TET PERIOD IS A TRADITIONAL TIME FOR TAKING VACATIONS, THIS PROBLEM HAS NOT YET REACHED CRISIS PROPORTIONS. BUNKER

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NODIS

FOR THE PRESIDENT FROM BUNKER

15. THE GOVERNMENT HAS UNDER ACTIVE CONSIDERATION A NUMBER OF NEW TAX AND STABILIZATION MEASURES. IN GENERAL, THE GVN HAS LABORED EFFECTIVELY AND RESPONSIBLY ON THE ECONOMIC SIDE IN RECENT WEEKS AND SHOWS SIGNS OF BEING WILLING TO FACE UP TO THE ECONOMIC PROBLEMS OCCASIONED BY THE VC TET OFFENSIVE. NEVERTHELESS, THE PROBLEMS ARE FORMIDABLE AND WE CAN'T YET TELL WHAT THE ENDURING ECONOMIC REPERCUSSIONS WILL BE.

POLITICAL

16. I HAVE MENTIONED THE RALLYING OF MANY NATIONALIST GROUPS IN SUPPORT OF THE GOVERNMENT IN THIS CRISIS. I HAVE ALSO REPORTED ON THE LARGE NUMBER OF VOLUNTARY ORGANIZATIONS AND INDIVIDUALS WHO HAVE COME FORWARD TO DEMONSTRATE THEIR SUPPORT. ANOTHER OUTSTANDING EXAMPLE WAS THE HOLDING OF

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THE "PEOPLES CONGRESS TO SAVE THE NATION" ON FEBRUARY 18. ORGANIZED BY TRAN VAN DON, THE CONGRESS WAS ATTENDED BY A WIDE RANGE OF POLITICAL LEADERS. AMONG THE NOTABLES WHO TOOK PART WERE PHAN KHAC SUU, HA THUC KY, TRAN VAN HUONG, TRAN QUOC BUU, TRAN VAN TUYEN, THICH TAM GIAC, AND A NUMBER OF LEADING SENATORS. IN HIS OPENING SPEECH, DON CALLED FOR NATIONAL UNITY AND SAID "NO ONE CAN SAVE US IF WE DO NOT KNOW HOW TO SAVE OURSELVES." THE UNITY IN ADVERSITY THEME PREVAILED IN ALMOST ALL OF THE SPEECHES THAT FOLLOWED, AND THE CONGRESS ENDED BY SETTING UP A STANDING COMMITTEE AND AN ADVISORY BOARD FOR THE FORMATION OF A NATION WIDE FRONT. ACCORDING TO DON, THE FRONT IS NOT TO BE A TOOL OF THE GOVERNMENT, BUT IT WILL COOPERATE WITH THE GOVERNMENT AND LOOK TO THE GOVERNMENT FOR "A CERTAIN AMOUNT OF ASSISTANCE AND SUPPORT." DON INTENDS TO PUSH AHEAD WITH THE ORGANIZATION OF THE FRONT SO AS TO GIVE IT ROOTS IN ALL OF THE PROVINCES AND MAKE IT A REAL POLITICAL FORCE.

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17. THIS FRONT INCLUDES MANY ELEMENTS OF THE KIND OF BROAD, ANTI-COMMUNIST POLITICAL GROUPING WHICH HE HOPE

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THE PRESENT CRISIS WILL GENERATE. AS USUAL THERE ARE SUSPICIONS IN MANY VIETNAMESE MINDS THAT DON'S FRONT IS THE WORK OF VICE PRESIDENT KY AND REFLECTS A CONTINUING EFFORT BY KY TO TAKE OVER POLITICAL POWER. DON HAS TOLD US THAT KY "PUSHED" HIM INTO THE EFFORT, AND HE WORKED WITH A NUMBER OF KY MEN TO ORGANIZE THE CONGRESS. NEVERTHELESS, THE FACT THAT THE CONGRESS INCLUDED A NUMBER OF LEADERS WHO ARE STRONGLY OPPOSED TO KY, NOTABLY TRAN VAN HUONG AND HA THUC KY, SEEMS TO INDICATE THAT IT IS MUCH MORE THAN A KY VEHICLE AT THIS TIME. I DO NOT BELIEVE THAT THIS REPRESENTS AN EFFORT BY KY TO TAKE OVER POLITICAL POWER OR ANY RIVALRY WITH THIEU, BUT THAT HE HAS WANTED TO GALVANIZE PUBLIC SUPPORT OF THE GOVERNMENT. IN FACT, AS I HAVE REPORTED SEVERAL TIMES RECENTLY, I BELIEVE THIEU AND KY ARE WORKING MORE CLOSELY TOGETHER THAN AT ANY TIME SINCE I HAVE BEEN HERE. THIEU TOLD ME YESTERDAY THAT HE WOULD BE TALKING WITH DON TODAY IN AN EFFORT TO ENCOURAGE HIM TO GET SOME PRACTICAL RESULTS FROM THE CONGRESS. HE SAID THAT HE HAD WORNEED ON BEFORE THE CONGRESS WAS HELD THAT

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SUCH BROADBRUSH EFFORTS IN THE PAST HAD NEVER BEEN VERY EFFECTIVE. USUALLY WELL MEANING RESOLUTIONS HAD BEEN PASSED AND THAT HAD BEEN THE END OF IT; HE HOPED SOMETHING MORE CONCRETE IN THE WAY OF TANGIBLE RESULTS WOULD COME OUT OF THE PRESENT EFFORT.

18. THIEU, IN THE MEANTIME, IS GOING AHEAD WITH HIS OWN PLAN TO CONSULT WITH SMALL, HOMOGENOUS GROUPS OF RELIGIOUS AND POLITICAL LEADERS AT THE PALACE, TO EXPLAIN THE SITUATION FACING THE COUNTRY AND TO ASK FOR THEIR SUGGESTIONS AND SUPPORT. HE HAS BEEN SENDING INDIVIDUAL WRITTEN INVITATIONS TO EACH SUCH LEADER, SPENDING SEVERAL HOURS IN INFORMAL CONVERSATION WITH THEM, AND BELIEVES THAT FOR THE LONG PULL, THIS IS A BETTER WAY OF CREATING A REALS SENSE OF UNITY AND COMMON PURPOSE THAN THE IMMEDIATE CONVENING OF ANY CONGRESS OR COUNCIL OF ADVISORS, ALTHOUGH ADMITTEDLY THESE HAVE THEIR USES. HE ALSO REMARKED THAT THERE WERE SOME SERIOUS OMISSIONS IN THE LIST DON HAD INVITED TO PARTICIPATE IN THE CONGRESS, AND HE WILL URGE DON TO INCLUDE THESE IN HIS GROUP. ALL OF THESE EFFORTS ARE USEFUL AND BEAR TESTIMONY TO WIDE-

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SPREAD SUPPORT OF THE GOVERNMENT MUCH AS WE HAVE NOT
BEFORE WITNESSED.

19. I HAVE ASKED THE MEMBERS OF OUR MISSION COUNCIL TO PROCEED ACTIVELY TO A STOCK-TAKING OF OUR PRESENT POSITION AND AN EVALUATION OF WHAT WE NEED TO DO ABOUT IT: ON THE EXTENT OF THE PHYSICAL DAMAGE; THE EFFECT OF THE ATTACKS ON PACIFICATION; THE EFFECTS ON AGRICULTURAL PRODUCTION, DISTRIBUTION, AND LABOR; THE PRESENT SAIGON SITUATION; THE EFFECTS ON INDUSTRY; THE TIME AND RESOURCES REQUIRED FOR RECONSTRUCTION; THE PSYCHOLOGICAL AFTER-EFFECTS OF THE ATTACK; AND THE CURRENT POPULAR RESPONSE TO CALLS FOR UNITY AND MUTUAL COOPERATION. AS NOTED ABOVE, PHYSICAL DAMAGE WAS GREAT. IN ADDITION TO THE DESTRUCTION OF HOUSES, ROADS, BRIDGES, POWER INSTALLATIONS, TELEPHONE NETS, RADIO STATIONS, AND INDUSTRIAL PLANTS HAVE BEEN HARD HIT. AT THE PRESENT TIME, WE DO NOT HAVE A COMPREHENSIVE PICTURE OF THOSE DAMAGES. US AID, IN COOPERATION WITH CORDS, ON FEBRUARY 17 BEGAN A SYSTEMATIC INVENTORY OF THE DAMAGE THROUGHOUT THE COUNTRY WHICH WE EXPECT WILL BE COMPLETED IN ABOUT

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THREE WEEKS. IT WILL PERMIT AN ORDERLY SERIES OF DECISIONS ON PRIORITIES, CONTRACTS, AND RESPONSIBILITIES.

20. INFORMATION ON THE ENEMY'S COUNTER-PACIFICATION EFFORT IS ALSO INCOMPLETE. AS I HAVE MENTIONED, A SIZEABLE PROPORTION OF GVN SECURITY FORCES WERE PULLED INTO THE URBAN AREAS. WHILE EVIDENTLY FEW RD TEAMS WERE ATTACKED IN THE INITIAL ASSAULTS, WE CANNOT YET JUDGE TO WHAT DEGREE THE VC HAVE A FREE HAND IN THE COUNTRYSIDE NOW. I DO NOT THINK THEY HAVE BY ANY MEANS ERASED THE PROGRESS WE HAVE MADE IN THE RURAL AREAS IN THE PAST FEW YEARS, BUT WE CAN EXPECT TO FIND THAT THE PACIFICATION PROGRAM HAS BEEN SET BACK. IF PRESIDENT THIEU IS CORRECT IN HIS JUDGMENT THAT THE ENEMY IS NOW CONCENTRATING ON GETTING CONTROL OF THE COUNTRYSIDE, WE MAY FIND THAT THE "SECOND WAVE" IS IN FACT A RACE TO RE-ESTABLISH CONTROL IN THE RURAL AREAS. WITH BOTH ENEMY AND FREE WORLD FORCES HEAVILY DEPLOYED IN THE URBAN AREAS FOR THE PAST FEW WEEKS, SOMETHING OF A VACUUM HAS EXISTED IN THE COUNTRYSIDE. WE MUST DO OUR BEST TO PREVENT THE ENEMY FROM FILLING THAT VACUUM FIRST. THIEU, KY, AND LOC RE ALL WELL AWARE OF THIS REQUIREMENT. BUNKER
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Department of State

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FOR THE PRESIDENT FROM BUNKER

21. IF SECURITY CAN BE RESTORED IN A REASONABLE PERIOD, WE DO NOT ANTICIPATE THAT THE TET ATTACKS WILL CAUSE A GREAT DECLINE IN AGRICULTURAL PRODUCTION. HIGH PRICES COULD EVEN STIMULATE PRODUCTION. CONVERSELY, CONTINUED DISRUPTION OF ROADS AND CANAL TRANSPORT COULD RESULT IN LESS FUTURE PLANTING AS FARMERS ANTICIPATE A SMALLER POTENTIAL FOR SELLING THEIR CROPS. THE TET OFFENSIVE MAY ALSO SQUEEZE AN ALREADY TIGHT FARM LABOR MARKET. THE GREAT MAJORITY OF ABLE-BODIED YOUNG FARMERS HAVE ALREADY BEEN DRAFTED, EITHER BY THE GOVERNMENT OR THE VIET CONG, LEAVING WOMEN, CHILDREN, AND OLDER MEN TO DO MOST OF THE FARM WORK. THE RECALL OF MEN UNDER 33 WHO HAVE NOT

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YET COMPLETED FIVE YEARS OF MILITARY SERVICE, AND THE DRAFTING OF 18 AND 19 YEAR OLDS, WILL CUT HEAVILY INTO AGRICULTURAL LABOR, AND MAY RESULT IN A DECLINE IN PRODUCTION.

22. I HAVE NOTED SOME OF THE HIGHLIGHTS OF THE SAIGON SITUATION ABOVE. I SHOULD ADD THAT THE PORT OPERATION, WHILE NOT BY ANY MEANS BACK TO NORMAL, IS IMPROVING. ONE DIFFICULTY IS THE CURFEW, WHICH CUTS INTO THE WORKING HOURS OF STEVEDORES AND WHARF PORT PERSONNEL. WE ARE TRYING TO GET THIS RELAXED SO THAT DISCHARGE OF VESSELS CAN PROCEED AROUND THE CLOCK. COMMERCIAL IMPORTERS ARE DOING A GOOD JOB IN REMOVING CARGO FROM THE PORT AREA. ON THE LESS ENCOURAGING SIDE IS GENERAL LOAN'S ESTIMATE THAT IT WILL TAKE TWO TO THREE MONTHS TO CLEAR THE VIET CONG OUT OF THE CITY. PRESUMABLY HE IS THINKING OF THE TIME REQUIRED TO PICK UP THE AGENTS SURFACED DURING THE ATTACKS AND USE THEM TO UNCOVER OTHER VC GROUPS.

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23. IN REGARD TO THE PSYCHOLOGICAL SITUATION AND POPULAR RESPONSE TODAY, I THINK THESE ARE SUMMARIZED ABOVE AND IN MY PREVIOUS MESSAGE. THE ENEMY WON RESPECT THROUGH FEAR BY HIS ATTACKS, BUT HE DID NOT WIN VOLUNTARY SUPPORT. THE USE OF THE TET HOLIDAY AS A COVER FOR THE ATTACKS WAS MUCH RESENTED. PERHAPS MOST IMPORTANT, THERE IS A TENDENCY ON THE PART OF VIRTUALLY ALL NATIONALIST VIETNAMESE TO CLOSE RANKS IN THE FACE OF THE COMMON DANGER. WHILE THE FRONT REPRESENTED BY THE "PEOPLES' CONGRESS TO SAVE THE NATION" MAY NOT PROVE VIABLE IN THE LONG RUN, IT DEMONSTRATES THE DEGREE OF UNITY AND WILLINGNESS TO WORK TOGETHER WHICH THE PRESENT CRISIS HAS CREATED.

24. CONVERSELY, I FEAR THAT THE ATTACKS HAVE HAD A NEGATIVE IMPACT ON OPINION ABROAD. THE RECENT ATTACKS SEEM TO BE TAKEN IN MANY QUARTERS AS EVIDENCE THAT THE VIET CONG COMMUNISTS ARE SUPPORTED BY THE PEOPLE--INSTEAD OF THE OPPOSITE, WHICH THE ATTACKS CERTAINLY DID PROVE--AND THAT THE COMMUNISTS ARE WELL ON THE WAY TO VICTORY WHEN IN FACT THEY HAVE JUST SUFFERED A MAJOR MILITARY DEFEAT.

25. IN ADDITION TO THE EVIDENCES OF UNITY AND SUPPORT FOR THE GOVERNMENT, WHICH I HAVE MENTIONED, I AM ALSO ENCOURAGED BY THE SENATE'S HANDLING OF THE GOVERNMENT'S EMERGENCY MEASURES. WHILE NOTING THAT BOTH THE DECLARATION OF

PAGE 4 RUMJIR 20175/5 ~~SECRET~~

MARTIAL LAW AND PRESS CENSORSHIP SEEM TO CONFLICT WITH THE CONSTITUTION, NO VOICE HAS BEEN RAISED TO CRITICIZE OR OPPOSE THESE ACTIONS. RATHER THE WHOLE THRUST OF THE DISCUSSION HAS BEEN TO FIND PROPER MEANS TO BRING GOVERNMENT MEASURES INTO LINE WITH THE CONSTITUTIONAL PROCESS BY PROVIDING FORMAL LEGISLATIVE APPROVAL. IT WOULD BE HARD TO IMAGINE A MORE STRIKING VOTE OF CONFIDENCE AND SHOW OF SOLIDARITY IN ANY COUNTRY. HERE IT IS NOTHING SHORT OF PHENOMENAL.

26. FINALLY, I AM ENCOURAGED BY THE WAY IN WHICH THIEU AND KY ARE WORKING TOGETHER. I HAD A LONG TALK WITH KY ON FEBRUARY 19 IN WHICH WE COVERED THIS FAMILIAR GROUND ONCE MORE. AS I REPORTED THEN, HE REASSURED ME THAT HE UNDERSTOOD HE AND THIEU MUST WORK TOGETHER "NOT AS A TEAM BUT AS A UNIT." YESTERDAY IN TALKING WITH THIEU ABOUT THE CHANGES IN THE ADMINISTRATION OF THE RECOVERY COMMITTEE AND THE RUMORS WHICH HAD ARISEN IN CONNECTION WITH IT, HE SAID THAT THERE WERE NO PROBLEMS BETWEEN HIM AND THE VICE PRESIDENT. HE ADDED, "WE ARE CONFERRING DAILY AND WORKING CLOSELY TOGETHER." THERE ARE, OF COURSE, DIFFERENCES OF TEMPERAMENT BUT THESE CERTAINLY ARE NOT INSURMOUNTABLE. SUCH PROBLEMS

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AS THERE ARE ARISE CHIEFLY FROM THE AMBITIONS OF THEIR RESPECTIVE ENTOURAGES. I BELIEVE THAT BOTH THIEU AND KY ARE TRYING TO WORK TOGETHER AND TO MAKE AN EFFECTIVE JOINT EFFORT TO CAPITALIZE ON THE PRESENT MOOD OF THE NATION AND I SHALL DO ALL I CAN TO ENCOURAGE THEM TO CONTINUE IN THEIR EFFORT.

27. THE PROBLEM NOW IS TO KEEP UP THE MOMENTUM ON ALL FRONTS, AND TO ACCELERATE IT WHERE WE CAN. WITHIN THE LIMITATIONS OF THE HUMAN RESOURCES WITH WHICH WE HAVE TO WORK, I AM CONFIDENT THAT WE SHALL MAKE PROGRESS.

28. IN CONCLUSION, EVEN WITH THE MANY PROBLEMS WE FACE, I BELIEVE THE PRESENT SITUATION GIVES US

AN OPPORTUNITY, TOGETHER WITH THE GVN, TO RE-EXAMINE ALL THE THINGS WE CAN DO, IN AND OUT OF COUNTRY, TO IMPROVE THE EFFECTIVENESS OF OUR PROGRAMS IN COUNTRY AND TO ADD TO THE PRESSURE ON THE VIET CONG AND HANOI. WE PROPOSE TO GO AHEAD WITH THIS HERE. BUNKER
BT

NOTE: ALL SECTIONS PASSED WHITE HOUSE BY OC/T FEB 22

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TO THE WHITE HOUSE, EYES ONLY WALT ROSTOV

WILL BE SENDING PRESIDENT'S MESSAGE TOMORROW. AM TRYING
TO PULL TOGETHER PRELIMINARY ASSESSMENT OF IMPACT OF TET
OFFENSIVE AND ACTIONS BEING TAKEN TO COUNTER IT. THIS IS TURNING
OUT TO BE A LENGTHIER JOB THAN I ANTICIPATED, BUT I SHALL TRY
TO GET IT OFF TOMORROW. REGARDS.

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0 INFORMATION

THE WHITE HOUSE
WASHINGTON

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Thursday, February 29, 1968
5:10 p.m.

Mr. President:

Herewith Bunker's lucid and comprehensive
evaluation of where we are in Vietnam.

It begins with a summary (paras. 1-4).

Bunker says (para. ^{p. 12} ~~33~~): "I think we shall
need some additional troops."

He concludes: "If we stick with it, I am
confident we shall come out all right in the end."

W. Rostow Rostow

Saigon 20798

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Authority State 7-5-78; NSC 6-26-79
By isg, NARS, Date 8-21-79

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SANITIZED

Authority State 11-7-78 letter
By if, NARS, Date 3-15-79

Thursday, February 29, 1968

FOR THE PRESIDENT FROM BUNKER (Saigon 20798)

Herewith my forty-first weekly message:

A. General

It is now four weeks since the enemy launched his Tet offensive. Many factors are still only partly known in this new situation, but I thought it would be worthwhile to try to make a preliminary assessment of where we stand. This will have to be a rather rough approximation since it will be some time before the returns of the comprehensive and detailed examinations now underway will be in. Nevertheless, I believe the following general points can be made:

1. It is evident that the enemy made a heavy commitment of his forces to the Tet offensive; some 62,000 plus guerrilla and other elements in supporting roles; that more than half of the forces committed have been destroyed and more than 10,000 weapons captured, a figure which tends to substantiate the reported personnel losses. These heavy losses would appear to have a number of consequences: many enemy units are expected to be ineffective for a considerable period; a heavy replacement flow will be required from North Vietnam which is likely to result in a significant increase in the proportion of North Vietnamese Army troops in South Vietnam; and there is a possibility that he may be forced to reassess his strategy, for example, the all-out offensive versus the "conservation of forces" policy, the attack on urban areas versus his "frontier" strategy, or the desirability of going into a primarily guerrilla war posture.

2. This reassessment of strategy by the enemy may be influenced by the psychological effect on him of the heavy losses and defeats he has suffered. He mounted an intense propaganda effort prior to the attacks, thoroughly indoctrinated his troops with the idea that the winter-spring campaign would be the decisive and concluding period of the war, that a coalition government would be formed, and their hardships would cease. Now enemy propaganda is talking about a long war, and there are no further references to "victory this spring". It would seem logical that this pre-Tet psychological buildup would be followed by a letdown as the enemy troops come to realize that they have not won the final victory, but on the contrary have taken very heavy losses only to be thrown out of all the cities they attempted to seize. Probably the letdown will be most rapid and severe among Viet Cong provincial and regional forces, guerrillas, and infrastructure. If this should take place, it may well result in an upturn in Chieu Hoi rates.

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3. It is clear also that the enemy made a major miscalculation in believing that the people would rise to support his forces. A recently captured document makes this even clearer than before. A Central Office for South Vietnam order dated February 1, a critique of the first phase of the Tet offensive, points to the lack of popular uprising and Army of the Republic of Vietnam defections as key failures. But, as I have noted before, failure of the masses to actively support the enemy does not necessarily mean there is solid popular support for this government; and among many elements of the population, there is widespread apprehension and fear of further attacks by the enemy. Nevertheless, opinion has hardened against the enemy, and Vietnamese Government efforts to assist the victims of the fighting have probably improved the government's image in certain quarters. In some areas, popular indignation against the enemy is running very high. The post-attack feeling of national unity and willingness to cooperate with the authorities remains strong, granted there is still a considerable distance to go to create a solid, enduring climate of opinion which can be described as strong, positive support for the government as against the present essentially anti-Viet Cong feeling! Nevertheless, these are positive elements in the present military picture.

4. There are factors on the other side of the ledger. The enemy has shown a capacity for continued heavy infiltration from the North. Indeed, it seems apparent that this was substantially stepped up in the months immediately preceding the Tet offensive, a fact which raises acutely the question of what measures should be taken to reduce substantially infiltration through Laos and Cambodia. The enemy has also been able to equip his troops with increasingly sophisticated weapons; they are in general better equipped than the Army of the Republic of Vietnam forces, a fact which has an adverse bearing on the Army's morale, and the enemy has demonstrated flexibility, skill, resourcefulness, discipline, and determination. That he suffered such a severe setback has been due to the skill, tenacity, and bravery of our commanders and troops and those of the Army of the Republic of Vietnam, to our mobility, and to our superiority in artillery and air power.

5. It seems apparent also that a number of options are open to the enemy. If instead of reverting to a policy of a prolonged war, or a guerrilla posture, he decides, as Thieu believes he will, to go "fast" in the months ahead with the objective of putting himself in a strong posture for negotiation, we may be approaching a decisive period in the war should this be his decision. And provided we act quickly and decisively to meet the threat! If we take positive action now, and this, of course, involves getting the Government of Vietnam to take a whole range of decisions and actions, I am confident in our ability to meet the threat successfully. It is possible that indeed this could shorten the conflict and bring us more quickly to a decision. Thieu sees this in a time frame encompassing late 1968-early 1969.

6. The physical destruction caused by the Tet offensive has been heavy and widespread. One-hundred two cities and district towns were attacked, creating at present count some 550,000 evacuees, of which it is expected some 30-40 percent will return to their homes when security is restored. The number of houses destroyed now stands at 66,400, but this does not yet take into account figures for

the heavy destruction at Hue. The present count of civilians killed stands at 4,700 with another 19,500 injured, but again this does not include figures for Hue. These figures give some idea both of the magnitude of the problem and of the time and resources that will have to go into the recovery effort. But assisted, prodded, and supported by our people, the Government reacted well at the outset and is now showing more drive and effectiveness than at any time since my arrival in this country. While its performance is not beyond criticism, it is better than many of us expected; and far better than press reports indicate. We have to bear in mind the limitations of the human resources available here in drawing a fair judgment. Most important, I believe, is the fact that the government has recovered faster and is moving more swiftly than the enemy. Both sides are tired and disorganized in the wake of the near armageddon, which the enemy provoked, but our side is reviving more rapidly.

7. The relief and recovery program is moving ahead with no apparent loss of momentum since Ky turned over the direction of the central recovery committee to Prime Minister Loc. This in part is the result of a more active participation on the part of the President Thieu who chaired the February 24 and 28 meetings and has exhibited both comprehension and decisiveness in his interventions. He has told me he plans to chair the task force twice a week in the future. It is also due in part to the surprisingly effective performance of who has turned out to be a more hardnosed and efficient coordinator than It is also due to the very effective efforts of Bob Komer, General Forsythe, and our staff. At this writing, Saigon is approaching normal in many ways: prices are down to 15 percent above the pre-Tet level, rice distribution is back in the retailers' hands and no longer poses a problem, public utilities are functioning, there is a uniform 1900 to 0700 curfew throughout the city. One hundred sixty-nine thousand evacuees are being cared for, the work of clearing away the rubble is well underway, and the long task of rebuilding has begun. While moving more slowly in the provinces in many cases, relief and recovery is also going forward there in a satisfactory manner.

8. Having failed to hold the cities, the enemy is now keeping up harassment of the urban population and attempting to dominate the countryside. The second wave of the offensive, as I mentioned last week, is in many ways becoming a race to re-establish control in the rural areas. Both enemy and friendly forces were withdrawn from the countryside to take part in the fight for the cities. That phase seemed to end February 25 when President Thieu attended an emotion-filled ceremony at which the Vietnamese flag was again raised over what remains of the ancient and sacred city of Hue. If Thieu is correct in his analysis of the enemy strategy, the present enemy concentrations near the cities and harassment by mortaring and rocketing of the urban populations is intended to tie us down to urban defense while he attempts to take over and hold as much of the countryside as possible. Interrogation of an enemy officer in the First Corps supports this view of the enemy intentions. Thieu is fully aware of this; so are General Westmoreland and General Vien, and our troops are beginning to move back into the rural areas.

9. Pacification has been set back, but contrary to some press reports, certainly is not dead. While it is imperative that we move fast, we have by no means lost the race. About one-half of the Revolutionary Development cadre have remained in their assigned hamlets with the other half working in the urban areas. Some provinces were relatively untouched, and in at least 16 provinces, it should be possible to get the program back on the rails rather quickly. Thirteen provinces were hard hit and we estimate that it will take a minimum of six months to get the program there back to the pre-Tet level. By corps areas, we can say the situation in the First Corps is bad, with the program suffering most severely in the northern-most provinces; in the Second Corps, it is relatively in good shape; the Third Corps is in worse condition, though we view the situation there as very serious in only three provinces, but those three include two provinces which are neighbors of Saigon, Gia Dinh and Bien Hoa. The Fourth Corps is perhaps the most serious problem with something approaching area-wide paralysis prevailing in that key region.

10. It is clear that we must move rapidly. Given a free hand, the enemy will use the people in the countryside, step up recruitment, replenish food stocks, and erode previous Government of Vietnam pacification gains. Instructions have gone out to Vietnamese forces and U. S. advisers to seize the initiative and to go on the offensive, roads and waterways are being re-opened and commercial traffic is beginning to move north of the Mekong. The next step is to break the Regional and Popular Forces out of their defensive shells, and to get all Revolutionary Development teams back to their hamlets. While some risks are involved, it seems to me important that we do not over-commit ourselves in defense of the cities. Our ability to take the offensive, especially in the countryside, will be psychologically important both in restoring the morale of the South Vietnamese population and in persuading the enemy that he cannot possibly win militarily.

The effects of the Tet offensive on the Vietnamese economy must be rated as adverse and seriously damaging, without significant positive offsets. Estimates of the physical damage have been reported elsewhere. It is doubtful that the extent of this widespread damage will ever be estimated accurately in money terms, but for a country whose capital wealth is low, it is a severe blow. If peace and security were now restored, one could imagine a rapid recovery of the sort that often takes place after localized natural disasters. But the continuation of fighting and insecurity will make the recovery longer and more difficult for Vietnam. Reconstruction will inevitably divert resources from the war and the pacification effort. In the meantime, the effect, both monetary and psychological, on people who have lost their homes, seen factories and places of business destroyed, and communications interrupted will be hard to sustain.

Another result of the damage inflicted during the past month and the consequent reconstruction effort will be a buildup of inflationary pressures. It seems certain that Government of Vietnam expenditures will increase by at least 10 billion piasters. At the same time, disruption of economic life will inevitably lead to reduction of tax revenues, probably by the same order of magnitude. Our preliminary estimates

show more than a doubling of the increase in money supply, from 19 billion piasters to more than 50.

In last week's message, I reported on the adverse effects of the offensive on confidence in the business community, on transportation in the countryside and the rural prosperity dependent on it, and on agricultural production. How serious and longstanding these effects may be depends in large measure on how quickly security can be restored. Its restoration, therefore, is vital to all our calculations.

A more detailed consideration of the above points follows.

Performance of the government. President Thieu was in My Tho when the Tet offensive began. Fortunately, Ky was in Saigon, and he reacted fast with orders to defense forces and a declaration of martial law. Thieu, as you know, returned to Saigon as quickly as he could. By February 3, the worst of the enemy assaults had been blunted, and we had formed the joint task force under Vice President Ky. On February 4, the Lower House held a special session and put out a five-point proclamation condemning the enemy attacks. By February 6, the government had set up 59 relief centers in the Saigon-Gia Dinh area. President Thieu addressed a joint session of the National Assembly on February 9, gave a sober account of the Tet attacks, explained government actions to meet the situation, and requested special emergency powers. By February 15, over 8,000 tons of rice had been distributed in Saigon, with the help of 2,500 Revolutionary Development trainees from Vung Tau, and commercial outlets were beginning to take over the job. At that time, two weeks after the attacks, 117 refugee centers in Saigon and Gia Dinh were providing for the nearly 200,000 evacuees. Countrywide recovery committees on the Saigon model were in operation, and relief supplies were flowing to the provinces. While a long way from normal, the situation was coming under control.

On February 18, the enemy finally got his second wave under way with a series of coordinated mortar and rocket attacks in three of the four corps areas. Only at Phan Thiet and Song Be did he again seriously threaten urban populations, however, and those attacks were repulsed with heavy losses to the enemy. Since then, the enemy has been largely concentrating on harassing mortar and rocket attacks on the cities although last week he continued to take heavy losses in ground actions near Saigon and in other parts of the country. Enemy broadcasts and captured enemy orders indicate that Hanoi's objective was to keep us off balance by again striking in force. Apparently, their resources were not equal to the opportunity which the Tet attacks had created.

Most of the Government of Vietnam provincial administrative apparatus is now in operation, although with reduced staffs. In many cases, the province capital is not yet in contact with all of the villages and hamlets under its jurisdiction. During the emergency, many province chiefs performed at least satisfactorily, while some did poorly and others turned in truly splendid performances.

President Thieu told me February 26 that despite the Tet attacks, he intends to go ahead on schedule with his plans for reorganization of both the civilian and military structure. On March 1, he intends to announce the replacement of the Second and

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Fourth Corps commanders, General Lan replacing General Vinh Loc in the Second Corps and General Thang replacing General Manh in the Fourth Corps. At the same time, the administrative changes needed to bring the province chiefs more directly under the control of the central government will be initiated. After a one-month trial period, a seminar will be held to review the operations under the new set-up, and changes will be made as needed. The training program for new province chiefs will also begin on schedule March 1. After the training program is completed, province chiefs whose performance due to incompetence or corruption has been unsatisfactory will be replaced.

The government will also speed up mobilization. Recall of veterans under 33 with less than five years' service has already begun. Nineteen-year-olds will be called up beginning March 1, and 18-year-olds will be drafted beginning May 1. Present plans are for an increase of 65,000 in the Republic of Vietnam Armed Forces, but Thieu thinks it may be possible to add another 30,000 to this figure provided equipment and funding can be arranged. He believes that advantage should be taken of the fact that the country is now psychologically prepared for full mobilization.

Relief and recovery efforts. As I have mentioned, the physical damage inflicted by the enemy was very great. In addition to the evacuees, the killing and wounding of civilians, the destruction in the cities and towns to which I have referred, 13 industrial plants were severely damaged plus another 20 which suffered smaller losses. Estimates of repair and reconstruction costs for these industries are about U.S. \$25 million in imported equipment and supplies plus about U.S. \$10 million in plaster costs. In contrast to this heavy urban damage, only about 50 hamlets were significantly hurt as most were by-passed for the attack on the cities.

We are continuing to assess the damage and make adjustments in our aid programs as seems necessary or advisable. As of now, we intend to go ahead with such programs as the increased cultivation of the "miracle" IR-8 rice, but security limitations could curtail this effort.

Reconstruction and speeded-up mobilization is expected to increase the manpower squeeze. One measure which the government is taking to ease the manpower and resources problem is a ban on private building construction, in order to channel resources into the rebuilding of destroyed houses. Shortage of manpower and other resources, as I have mentioned previously, will also contribute to inflationary pressures.

A good start has been made on all of these problems. As noted in the summary, Saigon is approaching normal in many respects and other urban areas are following, though more slowly. Moving supplies from the Delta remains difficult, with Route 4 frequently interdicted by the enemy, and we have yet to achieve a nationwide curfew. Hue in particular is in bad shape, with President Thieu estimating that out of the population of 200,000 as many as 32,000 are at least temporary refugees.

The race for the countryside -- pacification. We are now getting a little better view of the pacification situation. Of the 51 Army of the Republic of Vietnam battalions supporting the Revolutionary Development program directly, eighteen were withdrawn

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to protect the cities. Regional and Popular Forces generally remain in pre-Tet positions, though more statically employed than before. About 100 out-posts, mostly squad size, are believed to have been overrun or abandoned. Regional Force companies present-for-duty-strength is generally 80 percent or better: Popular Force platoon strength is running 85 percent or better. Half (278 by latest count) of 555 Revolutionary Development cadre teams are in hamlets. Two hundred forty-five were withdrawn to province/district towns to provide security, to protect the teams, or perform social welfare work. Preliminary figures show 79 cadre killed, 111 wounded and 845 missing. Eighty-six out of 108 Truong Son (Montagnard) cadre teams are in hamlets; 22 were withdrawn. Police strength on-the-job is more than 90 percent. Generally, police performed satisfactorily during the offensive. Four hundred forty-seven police were killed, 758 wounded and 157 reported missing between January 30 and February 23.

General Lat, Thang's replacement in the Joint General Staff, has ordered all Revolutionary Development cadre teams back to their hamlets by March 1, and he has begun field visits to assess the situation and follow up on his orders. General instructions have been sent to Vietnamese forces and U. S. advisors telling them to seize the initiative and go on the offensive.

Mood of the people -- political reactions. After the first shock of the Tet attacks wore off, there was in many places an obvious revulsion against the Viet Cong, both for their bloody attacks on densely populated areas and for their cynical use of the Tet holiday. From this revulsion, heavily tinged with fear, grew a nationalist spirit of cooperation and unity very rare in Vietnam. There was, and is, criticism of both the Government of Vietnam and the U. S. for failing to foresee and forestall the attacks. Army of the Republic of Vietnam is blamed for looting and U. S. forces are accused of reacting with too much firepower, thus needlessly increasing the loss of life and property. In some areas, there are dark suspicions, fanned by Viet Cong propaganda, that the U. S. was somehow in collusion with the enemy. The government is charged with being too slow and too inept in its efforts to help the victims of the fighting. But this criticism was muted, and much more in evidence was the recognition of the great need for unity in the face of the enemy.

One result of this feeling, which I reported last week, was the Senate's obvious desire to legitimize the governing emergency measures while at the same time holding fast to constitutional forms and procedures. Other evidence was the people's congress to save the nation which Senator Tran Van Don put together hastily and launched on Sunday, February 18. Although many of the leading participants had misgivings about working with old antagonists, the front drew together an astonishing number of top politicians from all camps.

As the situation is moving back to normal, the high emotions of the past few weeks are tending to subside. Unfortunately, a great many political leaders now see Don's front as a Ky organization aimed at undermining President Thieu. Leaders such as Tran Van Huong and Phan Khac Suu seem to be pulling away from the front. It is clear to me that Ky has no intentions of using the front against Thieu, but it is a political fact of some importance that many Vietnamese politicians believe the front is a Ky maneuver. Thus, its staying quality and its exact role remain to be seen.

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President Thieu, for his part, has continued his careful, private meetings with small groups. He told me that he expected to complete this process about February 27. His intention is to try to find a basis for mutual trust and cooperation between the government and many of these groups and the people they represent by discussing the situation with them very frankly, explaining government problems and policy, asking for their advice and support. We have yet to see the fruit of this effort, although Thieu has expressed himself to me as pleased with the results. It has at least the merit of being more carefully prepared and a more Vietnamese kind of activity than the showy but perhaps transitory Don front.

We have continued to press Don to work with President Thieu, while I have urged Thieu to use Don to achieve at least a desirable psychological climate. Don has kept Thieu informed of the results of his efforts, and he also accompanied Thieu to Hue last Sunday. Thieu for his part has promised to help Don by providing transportation for the 1,000 delegates which Don hopes to convene in Saigon on March 10 for the national congress of his front. While Don and Thieu have not been especially friendly in the past, I think they have both shown themselves capable of working together in good faith for the welfare of the nation.

In the meantime, Thieu has also encouraged Tran Van An to form a more cohesive and better organized political organization which An describes as something between a political party and a political front. In conversation with Embassy officers, An has stressed his desire to cooperate with Don and to avoid at any cost the appearance of conflict or competition with Don's front. We will be pressing both sides to find a good formula for joint efforts. The optimum result would be a "super front", grouping both An's followers and the collaborators of Tran Van Don, and a smaller but more effective pro-government party. The front, not directly tied to government, could serve to rally the people broadly and emotionally against the Viet Cong, serving both to inform and mobilize the masses for that limited purpose. The pro-government party, with a more disciplined and tighter organization, could be the proper vehicle to field candidates, contest elections and undertake other kinds of pro-government political action. We are not persuaded that the An group, or any other now on the horizon, has yet shown the ability to build a broadly-based and effective pro-government party. If the front should evaporate with the immediate Communist threat, elements of it might reform into one or more political parties, both pro-government and nationalist opposition.

Unfortunately for the future success of both the Don front and An's organization, we have seen a series of arrests here which tend to put the government's good will in question. In the past week, oppositionists Au Truong Thanh, Truong Dinh Dzu, and Tri Quang were arrested, followed shortly thereafter by labor union leaders Tran Huu Quyen and Vo Van Tai. Also reportedly being held are Tri Quang supporters Thich Ho Giac and Thich Lieu Minh. The government position, as expressed publicly by President Thieu, is that these persons are under threat of being kidnapped and exploited by the Viet Cong. While this is certainly a possibility, virtually no one in Saigon believes that the arrests are truly a case of protective custody. On the other hand, there has been far less concern here about these actions than in the U. S.

I have brought forcibly to Thieu's attention the unfortunate consequences the detention of the labor leaders can have in the U. S. Perhaps in part as a result of these protestations, labor leader Quyen has been released. However, Tai remains in jail. This is particularly unfortunate because the largest labor group in the country, the Vietnamese Confederation of Labor, was the quickest to rally to the aid of the government. Soon after the Viet Cong/North Vietnamese Army attack, the labor union did not only issue a proclamation condemning the "criminal action" of the enemy, but also engaged actively and effectively in relief activities, both in Saigon and in some of the provinces. Labor Union President Tran Quoc Buu has been on the job at labor union headquarters every day since February 1.

Whatever the police motivations may be, the labor union regards the police action as arbitrary and unjustified, and designed to undermine it as an economic and political force. Buu has received assurances from high Government of Vietnam officials that the Government has no intention to repress organized labor, but Buu's response has been that, whatever the intentions, the actions of General Loan, National Director of Police, have indeed been repressive. Buu's criticism of his old enemy, Loan, has been so severe and persistent that it appears nothing may satisfy Buu short of Loan's removal.

In contrast to the reaction to the arrest of Quyen and Tai, there has been no significant response to the arrest of Au Truong Thanh, Truong Dinh Dzu, and Tri Quang. Most Vietnamese regard these leaders as somewhat suspect with regard to their attitude toward the Viet Cong and apparently for that reason do not object to their arrest.

In a summing up last night, President Thieu reported to the nation on television his plans for relief and restoration. He noted that a special effort will be made to aid the people of Hue who have suffered from the most savage attack. A special committee of the central relief committee is to be established for Hue. He will also send a special representative there, and he added that he himself would return to Hue from time to time to check personally on progress. Thieu announced allowances of 5,000 piasters per family plus building materials for victims in the Delta, and 10,000 piasters plus building materials for victims in Hue and Saigon. He announced that March 1 will be a National Day of Prayer for the victims. Noting the need for nation unity, he referred to his series of meetings with national leaders, said he found them useful and will continue them. He mentioned that he might establish a Presidential Council of Advisors, and also took note of the need for a nationwide, anti-Communist front (without referring to any group). Thieu also thanked all those who have contributed to relief efforts, called for redoubled efforts by civil servants, and reiterated the determination of his government to accept only an honorable peace.

Enemy position and strategy. I have mentioned that the enemy committed about 62,000 men plus guerrilla and support elements to the Tet offensive. Of these, about 30 percent were North Vietnamese Army troops. By February 28, the number of enemy killed in action had gone to well over 43,000. About 6,000 have been captured. Individual weapons taken now total 10,399 and captured crew-served weapons are 1,574. The killed in action from January 29 to February 28 averages out to about 500 per day, a truly staggering loss.

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The enemy has the capacity to make up these heavy losses through infiltration (and secondarily, through certain new sources for recruitment), though it will take time and result in a higher proportion of North Vietnamese Army units in South Vietnam. The weapons loss is not likely to seriously hamper the enemy. In the short run, he has lost some of the personnel to man them, and in the longer term, he retains the capacity to bring in arms from his out-of-country sanctuaries. I have referred to one of the graver aspects of the Tet defensive, have faith that the enemy proved to be very well armed, often even at that local unit level, with excellent Soviet weapons. The result was that, particularly in the Delta, Army of the Republic of Vietnam units often found themselves with less firepower than the enemy, even guerrillas being beautifully armed with RPG 7's.

As noted above, the enemy seems to be pursuing a very flexible strategy. While probably he intends to concentrate now on the countryside, his objective also seems to be to tie down our forces and to maintain the threat to the urban areas by grouping units in a position to hit such cities as Saigon, Hue, Quang Tri, and Can Tho (the grand objective, of course, is Saigon). If the opportunity should be offered, he would no doubt make further assaults on those and other urban centers. Such attacks would further his political and psychological effort even though he failed to take a city. For the time being, he keeps up the pressure on the urban areas by harassing, mortaring, and rocketing attacks. At the same time, he is trying to cut off the flow of supplies to the cities by cutting strategic roads.

I am inclined to believe that the major enemy intention remains political, i. e., that while he may have hoped to achieve some military decision through surprise and treachery, having failed in this objective, his strategy is now directed at achieving a strong posture for negotiations. To this end, he will coordinate and apply all his resources -- military, political, and psychological -- here and abroad. If this is a correct appraisal, we can expect him to maintain pressure in the norther provinces and the central highlands by his main force units; to keep up harassment and infiltration of the cities, and to maintain tension in the population through assassination, propaganda, and terrorism; and to attempt to take over as much real estate as he can in the rural areas. At the same time, we can expect him to carry on psychological warfare playing on the well-nigh universal desire for peace and an end to destruction and killing, with promises of representative democracy in an independent South Vietnam; and to continue propaganda abroad on the sweet reasonableness of his proposal for cessation of the bombing.

Conclusion: We shall have our work cut out for us in the months ahead.

If the enemy follows the strategy I have suggested, we shall have to meet a massive military threat from a disciplined and resourceful foe. But with continued improvement of and additions to the Vietnamese forces (and I think we shall also need some additional troops), I am confident that we can meet any threat the enemy can pose.

There is a massive reconstruction task facing us that will take time and a large allocation of resources. Housing must be constructed, industry, utilities repaired,

roads and waterways opened, repaired and secured, the public health protected, and relief measures expedited. The Government of Vietnam has made a good beginning but manpower, management and resources will have to be effectively coordinated to get the job done in the shortest possible time.

We must win the race to the countryside, go on the offensive, destroy the Viet Cong who for the first time are in the open, and fill the vacuum which now exists.

We must re-establish security in the rural areas, in the hamlets and villages, as well as in the towns and cities to restore people's confidence in our ability to provide security. The farmer must have confidence to plant his crops, the businessman to start up trade and commerce, the laborer to know that his job is secure.

The economic dislocations and inflationary pressures which the present crisis has caused must be foreseen and guarded against. At the same time, we should re-examine our aid programs and prune out the non-essentials.

The reforms which the government has promised must be pressed. Especially, advantage should be taken of the present situation to evaluate the performance of officials and the incompetent and corrupt in both the civilian and military organizations should be weeded out. Administrative reforms and the attack on corruption should be pressed. The social revolution which the people have been promised not only can go forward, but it can help to make the accomplishment of all tasks more possible.

We must take advantage of the mood of the people, seize the occasion. There is more unity perhaps today than has ever before existed in the country. People have come forward wanting to help in the reconstruction, to support the government and to organize themselves for self-defense. But they want action by the government; they want imaginative leadership. Young and inexperienced though it is, we have tried to impress on the government -- I have tried to impress on Thieu, we have tried to impress on all the members -- that this is the time to act, a time "to nobly win or meanly lose the last best hope" for their country. We shall keep working along these lines to the best of our ability. If we stick with it, I am confident we shall come out all right in the end.

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INFORMATION

THE WHITE HOUSE
WASHINGTON

~~SECRET~~

Wednesday, March 6, 1968
8:05 p.m.

Mr. President:

Herewith Amb. Bunker's cable.

Key passages are marked --
interesting and worth reading.

W2W! Rostow

Saigon 21321

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Authority State 7-5-78, NSC 6-26-79

By NSB, NARS, Date 8-21-79

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~~SECRET/NODIS~~

Wednesday, March 6, 1968

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FOR THE PRESIDENT FROM BUNKER (Saigon 21321)

Herewith my forty-second weekly message:

DECLASSIFIED

State Letter 11-7-78

Authority

By ip, NARS, Date 3-14-79

A. General

In my last week's message, I attempted to give an interim evaluation of the effects of the Tet offensive pending more detailed reporting from the provinces. I think it is important also to try to make some evaluation of what motivated an obvious change of tactics on Hanoi's part and what the implications are of their failure to achieve their immediate objectives in order to plan for the period ahead. I should also like to mention some of the things to which I think we should be giving top priority.

This change of tactics represented a radical departure from the theory of a prolonged war. It may be that the most likely reason for the change, a view shared by Thieu, was a growing awareness on Hanoi's part that the war was not going well; that with the great increase in American power, the progress toward a representative, nationalist government in South Vietnam and the spreading of pacification through the countryside, the gradual approach did not seem capable of coping with it. Hanoi also undoubtedly calculated that it had assets it could use in South Vietnam in the anticipated wide popular support and defections from the Army of the Republic of Vietnam. Their widespread propaganda to this effect would indicate that this was an essential part of their plan.

The Communists seemed to have hoped that the result of the initial offensive would leave them in control of a number of cities and perhaps portions of others, including Hue and Saigon; that the countryside would have come into their hands automatically through victory in the cities; that there would be enough popular response to enable them to form coalitions between the National Liberation Front, newly formed front groups like the Alliance of Democratic and Peaceful Forces, and independent "progressive" groups to govern on the local and ultimately perhaps on the national level. Not only was the Government of Vietnam not envisioned as part of the coalition, but on the contrary, the Communists expected that it would have been discredited, its army weakened by the defection of large numbers of troops, the U. S. humiliated by the occupation of its Embassy and attacks on other installations, and disillusioned with the showing of its Vietnamese allies against whom the brunt of the attack was directed.

In such a situation, Hanoi would be in the posture of strength from which they would like to negotiate hoping thus to achieve a ceasefire and provisions for eventual American withdrawal; and perhaps under such conditions, quite willing to accept

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a coalition between the National Liberation Front, the newly created non-Communist fronts, and independent "progressive" groups.

It is clear that the Communists have not achieved anything like these expectations, but it is undoubtedly true also, as Thieu has said, that they have had a fallback position. It would appear now that while they have kept up some harassment of the cities, they are in the process of making an assessment of the present situation and there have come hints of a new course of action. In recent propaganda, there is renewed emphasis on the countryside, the "destruction" of the pacification campaign as a major achievement of the offensive. The suggestion arises that they may now try to move to exploit their current gains against our rural programs.

Another current theme is the "collapse" of the Government of Vietnam administration. We may expect that the Government at all levels may be a continuing target in the period ahead through what Thieu referred to as "political spoiling tactics", propaganda, assassinations, and terrorism. A third element in the Communist propaganda is the frustration of the U. S. "search and destroy" programs. They claim that they are tying down our troops in a defensive role, and the importance of Saigon and Hue in current Communist propaganda would indicate that these may be, as Thieu has said, two principal targets of future Communist military action.

As I have previously mentioned, there are options open to Hanoi and their choice of options will probably depend on their assessment of the developing situation in the urban and rural areas of Vietnam and the outcome of new military engagements. But it may be significant that Communist propaganda is now speaking of the long war, of the need for each victory to be the basis for another, and of the stubbornness of the Americans. They are not promising easier, quick solutions. This may well indicate that the strategy outlined by Thieu in his recent conversations with me, which I have previously reported, i. e., pressure in the First Corps and the central highlands to tie down our troops, harassment of the cities, and an attempt to take over the rural areas, may well be the course they will follow. This could involve a prolonged effort through the spring and summer (Thieu sees a critical period as probably May-October) in the hope of attaining their political objective of achieving a strong posture for negotiations.

But while, because of the nature of the war, the enemy may have options, we have opportunities which through prompt and decisive action can be turned to our advantage; action as prompt and decisive as lies within Vietnamese capabilities, channeled by our advice and guidance, and stimulated to the maximum extent possible by our persuasion, prodding, urging, and leverage. The following are things to which we are giving top priority: 1. Vigorous prosecution of the recovery program. Priority to adequate care of the refugees, construction of housing, repair and replacement of facilities such as ports and waterways, lines of communication, industrial plants, and utilities, restoration of security in urban and rural areas. The Government of Vietnam has moved with commendable promptness and vigor. Thieu is chairing central committee meetings twice weekly and has made prompt decisions to eliminate delays and bottlenecks, cut red tape, get funds and supplies quickly into the hands of the refugees, placed a ban on luxury

construction, and started the rebuilding of homes.

2. Resumption of aggressive offensive operations. It is essential that this should be undertaken throughout the country in order to preempt the vacuum left by the withdrawal of our forces to defend the cities and towns and by the Viet Cong forces for the attack. In a number of provinces, the Viet Cong have themselves attempted to fill this vacuum, spreading propaganda, increasing recruitment, collecting food and intimidating the population. It has been necessary first to reinforce and bring our forces up to strength, and they are now going over to the offensive. General Westmoreland and General Vien have worked out plans jointly with the Corps commanders and our own forces commanders for sustained offensive operations and these are now being initiated.

3. Mobilization. I have already^{reported}/Thieu's intention to increase the Vietnamese armed forces to the maximum possible within the capabilities for training and equipment. He believes that manpower is available to mobilize an additional 100,000 men and that it might even be possible to stretch this to 125,000. Drafting of 19-year-olds is scheduled to be completed by April 30, and 18-year-olds by June 30. Thieu has said to me if necessary to achieve the required number, the draft age should be reduced further to 17. Thieu wants to achieve this force increase as rapidly as possible, hopefully within the first six months, since he views the period May-October as critical. The provision of necessary equipment will be essential to making effective use of this increase. At the same time, we shall need to make optimum use of available manpower in order not to cripple essential civilian operations while increasing the armed forces.

4. Reorganization of the armed forces. A beginning has been made in the appointment of Generals Lu Lan and Thang to command the Second and Fourth Corps. Evaluations should be made of the performance of all commanders, those who performed well commended and rewarded, those whose performance was unsatisfactory replaced. It is essential to upgrade the leadership of the Vietnamese forces. It is also essential, I believe, to improve the equipment of these forces. It is difficult to expect the maximum in moral or performance of troops who go into combat knowing they are outgunned by the enemy.

5. Attack on the infrastructure. A considerable portion of the infrastructure has surfaced and the opportunity to attack it is now better than at any previous time. Operation Phoenix, which is directed at the infrastructure, must be expanded and strengthened.

6. Reorganization of the Civil Administration. This should also be pressed. Thieu himself proposes to chair the committee on the reform of the civil service. He proposes to streamline the service, weed out incompetents, substantially reduce the number of employees, adequately compensate the remainder, thereby increasing efficiency and reducing the incentive to corruption. A school for the training of province chiefs was inaugurated March 1, with 30 candidates enrolled; training will be completed April 1. Thieu has told me he will go ahead immediately with the replacement of the five or six poorest of the province chiefs and will

replace others on April 1 from the candidates now being trained. He has in his possession a list of province chiefs whose performance we believe has been unsatisfactory.

7. Stabilization and other economic measures. Added inflationary pressures will develop and the budgetary gap increase as a result of expenditures for recovery and increases in the armed forces as well as through a loss of taxes because of the widespread destruction of property by the Tet offensive. Since it is doubtful that Thieu will get the decree powers he has requested from the assembly, he told me yesterday, he plans to request additional taxes when presenting a supplementary budget to the assembly. These would include direct and indirect taxes, customs duties, and petroleum, oil, and lubricants taxes. In addition, he is establishing a national fund for solidarity and reconstruction, through which he hopes to secure very substantial contribution on a country basis.

8. Mobilization of all available resources, material and spiritual. The government must capitalize on all of the resources available to it. These include not only such things as increasing the armed forces, the optimum and most efficient use of manpower, but also all the voluntary offers of aid and assistance which have come to it or which can be organized and used effectively. The spirit of cooperation and unity which developed in the wake of the Tet offensive must be channeled and harnessed to effective purpose. The fronts being formed by Tran Van Don and Tran Van An, a front being formed in Danang, are examples. These should work together cooperatively and if possible to be tied together in a super-front.

Thieu's continuing consultations with group leaders, enlisting their advice and support and those of the groups they represent is another hopeful development. The relief work of the labor unions is still another example of voluntary co-operation. These and similar efforts need to be stimulated and inspired by vigorous leadership. This I have been trying to impress on Thieu in my almost daily encounters with him.

9. Thieu relationship. Given the difference of temperament of the two men, this will always be a difficult matter and one that will need constant nurturing and watching. I felt that it had considerably improved up to the time of the Tet offensive and through the early days of the attacks. Now it has retrograded again, in considerable measure, I fear, through the ambitions and scheming of people around them, and I shall have to take prompt measures to attempt to restore it.

10. Restoration of confidence. Security is the key to this. People want assurance that the Government is able to provide security, that the armed forces can and will protect them; that there is no competition for power within the government; and that the government will no longer be a sanctuary for privilege and corruption, that incompetence will be weeded out. People want information not only about what the government proposes to do, but what it is doing. They want the government to take them into its confidence. Hopefully, this in time will engender trust in the government, eventually overcome the ingrained cynicism and disillusionment toward the government which is characteristic of the Vietnamese people. In a people as highly individualistic, skeptical, and prone to intrigue as the Vietnamese, this is a large order, but I think people everywhere tend to respond to a call to greatness.

B. Additional Government Actions

Thieu told me on March 5 that he has begun to choose the members of his Council of Advisors, a process which he expects to conclude in a few days. While he did not say whom he is considering, we understand that they will be drawn from the men with whom he has been consulting over the past several weeks. If Thieu succeeds in getting a fairly wide range of respected political and religious figures into his Advisory Council, I believe it will be a significant step toward the broadening of support for the government.

In any event, Thieu intends to push for wider support in a variety of ways. He told me March 2 that even after forming the Advisory Council, he means to continue his informal meetings with the leaders of various groups. While this effort is hard to evaluate, we have had some reports from participants which suggest it is at least a useful way of putting across government politics and blunting opposition. The participants are flattered, if nothing else.

I have encouraged Thieu to develop closer relations and have more personal contact with Assembly leaders. (This seems particularly important in light of the Lower House action rejecting his request for emergency economic powers, which I will discuss more fully below.) Thieu had lunch with ten Assembly leaders March 5, and I believe he has become fully aware of the need to continue to cultivate them.

I have been urging Thieu to make frequent and brief radio and television appearances to inform the people of his government's programs and achievements. As I reported last week, he made a very good, if long, speech February 28, and since then has also met several times with foreign correspondents. He thinks informal meetings with the foreign press are useful -- as I certainly also do -- and he told me that he intends to have selected pressmen to the palace for lunch from time to time.

Thieu is making a special effort to help the people of Hue, having named a personal representative, Father Cao Van Luan, to act for him there, and he has in various ways demonstrated both publicly and privately his concern for the victims in the unhappy city.

Thieu/Ky relations. On the negative side, as I noted above, I am now concerned at what appears to be a deterioration of the personal relations between Thieu and Ky. On March 2 Thieu told me that he had that same morning a long talk with Ky about enemy strategy, troop requirements, and the pacification effort. It was apparent from Thieu's discussion that he and Ky were in substantial agreement on these topics. Thieu further said that he had asked Ky to accompany Minister Tri in an effort to evaluate countrywide the state of the pacification effort, and that Ky would be making recommendations to him after the survey was complete. I was encouraged by these and other remarks from both Thieu and Ky to believe that they were continuing to find ways to cooperate in dealing with national problems.

However, on March 5, I found Thieu in a plainly different mood with regard to Ky. Whereas on March 2 he had laughed about the rejection by the Lower House of his request for special economic powers and said he was not disturbed by the Assembly action, on March 5 he told me he thought the adverse vote was the result of threats by General Loan. He noted the connection between Ky and Loan, said that Loan's actions are tending to create two governments, and observed that although he has tried to be kind and friendly with Ky, Loan's actions make it very difficult.

Prime Minister Loc earlier told Calhoun that the Assembly members responsive to Ky and Loan had received no instructions from them with regard to the request for special economic powers and spoke very critically of Loan and his henchman, Mai Den. We are not clear whether Ky simply failed to use his influence, or Loan actively sought to have the measure rejected. In any event, it is clear that Ky did not do all he might have to assist the President in a rather important matter,

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and Thieu is understandably disturbed by the fact.

The same day, an Embassy officer found Ky in a critical mood, complaining that Thieu's failure to take decisive actions was causing unrest and dissatisfaction among elements of the armed forces. In all of this I suspect that, as usual, their entourages are much to blame.

I advised Thieu to have another frank talk with Ky about the matter, and I also made a point of assuring him that as President he has our strong backing. But I said that as President, it is he who must take the initiative. As I mentioned previously, I shall be following up actively on this to get them back on a cooperative footing.

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The Fronts. Tran Van Don expects to hold his National Convention for the National Salvation Front on March 10 as scheduled, but it is not clear how successful he will be. Many people are suspicious that the front is a Ky vehicle, and such stones are fed by the continued effort of Tran Van An to form his own front. An is seen as Thieu's man, put forward to undermine the Don front which represents Ky. Judging from what Thieu and Ky have told me there may be no real substance to these stories, but their existence is a political fact and they are so widely believed that people like Tran Van Huong are doubtful about continuing their association with the front. The militant Buddhist representative, Thich Thien Minh, has in fact definitely withdrawn, apparently because of the arrest of Thich Tri Quang. (Minh links the front to Ky, and he blames the arrest on Ky's man, Loan. Hence he pulled out of the Don Front as a gesture against Ky.)

Efforts to bring An and Don together went forward last week. And the two groups met again Monday. Don reported to one of our Embassy officers that An 'made too many conditions' to permit a merger, and he said that he does not expect An and his group to take part in the March 10 convention. However, Thieu's brother Kieu told Calhoun yesterday that he expects An may attend in his personal capacity and may be elected by the convention to the steering committee of the front. If this should happen, some of the talk about a Thieu/Ky split being mirrored in the fronts would probably subside, and Don's prospects for building a broader anti-communist coalition would be considerably improved.

I think that Don's Front would be most useful as a device for mass information programs and to rally the people in the relief and reconstruction efforts now going forward throughout the nation. Don has these ideas in mind, but he also is thinking in terms of civil defense. We are inclined to be a little doubtful about the front's role in civil defense, as that kind of organization, particularly if it involves setting up local militia, would need to be rather tightly tied to the government security arms.

C. Relief and Recovery Operations

As I noted above, President Thieu has put special emphasis on the relief program in Hue. He cited three reasons for this emphasis: a) Hue suffered extremely heavy damage; b) Hue is the "second capital" of South Vietnam, and so has great psychological importance to all of the people, and c) the government must erase the impression that Saigon neglects the people who live near the demilitarized zone.

Latest information from Hue is that the refugee population there has declined by 22,000 as improved security permitted many people to return to their homes. (The total for Hue refugees now stands at 94,000, but local officials expect this figure to shrink rapidly as more refugees return to their homes.) Neither rice nor funds are a problem in Hue, with 30.6 million piasters allocated and large rice shipments enroute.

In First Corps generally there is now an 1800 to 0800 with the exception of Hue which still has a 1600 to 0800 curfew. General Lam is considering setting the curfew at 1900 to 0700 throughout the Corps area. We also have reports of the organization of self-defense systems in First Corps, with more than 5,000 already involved. (Of these, more than half are civil servants and about 40% have been armed.) Plans are for 2,000 persons to be recruited in each Province, with emphasis on the cities.

The recovery committee now has two teams traveling in the provinces, explaining government policies, carrying back emergency requests, and getting a first-hand view of the situation. The teams bring back mixed reports. Some provinces, with capable, resourceful leaders are able to convert the policies and assistance furnished by Saigon into meaningful progress. Others are still floundering.

Pleiku, for example, has issued reconstruction materials and allowances to half of 1,000 homeless families, schools have been reopened, refugees in temporary camps have been reduced from more than 20,000 to zero, all roads have been restored to pre-Tet security conditions, many members of the Viet Cong infrastructure have been rounded up, and the 1968 pacification plan is being carried out. By contrast, a sorry lot of Kien Hoa Province officials, including the province chief, are holed up in battered Ben Tre, guarding the city with the bulk of the provincial forces against an enemy whose strength and location are virtually unknown. Kien Hoa's 22,000 evacuees still living in squalid camps, rubble has not yet been cleared from the city streets, no reconstruction materials or allowances have been paid to any homeless family, and the police are totally inactive in attacking the Viet Cong infrastructure.

Most provinces fall somewhere between Pleiku and Kien Hoa, with good examples beginning to outnumber the bad.

As noted above, President Thieu has organized a recovery fund drive starting March 10 and lasting one month. Army and civil servants are being asked to contribute one day's pay. The unofficial drive now under way has already netted more than 70 million piasters in Saigon/Gia Dinh. Most provinces are finding that local businessmen and civic organizations are eager to contribute to local campaigns. This spirit of helpfulness and charity in time of emergency is an encouraging sign.

Among this week's accomplishments, the following are noteworthy:

1. Distribution of reconstruction commodities began Monday in Saigon (each homeless family receiving 10,000 piasters, 10 bags of cement, and 10 double sheets of roofing).
2. Curfew was regularized in Saigon from 1900 to 0700, allowing people to put in a full day's work and commercial activity to revive substantially.
3. The schedule for opening schools (March 11 for the university; April 1 for all others) was announced.
4. Funds were allocated to the provinces for recovery and reached VN\$603 million, with more available to support plans when they are submitted and approved.

Some outstanding problems include:

1. 600,000 post-Tet evacuees are still on the government's hands. (I estimate the number had peaked out.) There are indications that a goodly number of these are not bona fide refugees, i. e., they have homes which they can return to, but find the dole attractive.
2. In some cases, cash is not getting to the provinces even though funds have been allocated (we will furnish Air America planes to carry piasters to provinces instead of relying on largely inoperative mail to deliver checks.
3. Gasoline is in short supply in many outlying provinces.
4. Road/waterways are still not back to pre-Tet levels. As a result, commercial traffic is not flowing freely.
5. Rice is stacking up in the Delta and in Saigon. With regard to the pacification program, I reported last week on our preliminary assessment of the status of that effort after the Tet attacks. Our great interest in getting back into the countryside as rapidly as possible is shared fully by President Thieu. He has stressed to me more than once his feeling for the importance of regaining the initiative and moving out from defense of the cities into the rural areas. As I have mentioned, both General Westmoreland and General Vien are visiting field commanders to explain their concept of a stepped-up offensive campaign which has in fact been kicked off in some areas.

No one, not even the enemy, knows precisely the conditions in the countryside. As Bob Komer has explained, it's a matter of aggregating what is happening; in 12,600 hamlets, what 4,000 Popular Force platoons and 900 Regional Force companies are doing, activities of 555 Revolutionary Development cadre teams plus 108 Truong Son Dams, status of police forces in 44 provinces and districts, as well as discovering just what the enemy is up to. A cadre team census shows 321 of 555 Revolutionary Development teams now in their assigned hamlets (though many are engaged wholly in defense as opposed to their normal activities). Part of the offensive campaign will be to reinsert Revolutionary Development teams, restore lost Regional and Popular Force outposts (which now total more than 200), reopen (repair if needed) secondary roads, and re-establish the Government of Vietnam sway over the rural population. Where forces and cadre teams have already returned, they are not finding that the Viet Cong's short duration attempts at their particular brand of pacification have been any more successful on the skeptical peasants than the Government's program would have been over the same time span.

D. Political

The Assembly is still in a generally cooperative mood in spite of the Lower House rejection of the President's request for emergency economic powers. The debate that led to that rejection was restrained and very responsible for the most part, with

emphasis on the constitutional problem. A number of deputies and Senators have made it clear that they intend to act fast on any legislation which the President submits.

The Lower House expects to complete work on the budget in seven or eight days. This will probably result in final approval of the budget being voted by the Senate about the end of the month. We anticipate no significant alterations in the budget by the Assembly, particularly as there is sure to be a supplementary budget request as a result of the Tet attacks.

The Lower House is only now completing its organization into blocs. The democratic bloc, with 42 members, was formed February 27. Generally pro-government, the bloc is in many respects the lineal descendent of the democratic alliance in the constituent Assembly. Some of the membership is the same, and like the alliance, the new bloc includes a majority of the ethnic minority representatives. Also like the democratic alliance, the democratic bloc is understood to be responsive to the direction of Vice President Ky.

A Catholic-revolutionary Daviet alliance took shape in Keim, the independent bloc which was officially formed March 5. It has 21 members. Two other blocs are reportedly in the process of formation, the 20-member new society bloc and the unity bloc, with 19 members; membership of the latter two has not yet been announced.

E. Economic

Monetary data just released by the National Bank, the first available covering the period of the Tet offensive, show a VN \$9.2 million (11 percent) rise in the money supply during the period January 13-February 17. The increase amounted to VN \$6.9 billion during the week of January 13-20, and could be attributed almost entirely to payment of the Tet bonus and prepayment -- one week ahead of normal schedule -- of January salaries. Money supply increase during January 31-February 17, i. e., since the onset of the attacks, was VN \$2.4 billion, or barely more than the normal increase for the period.

Both the overall U. S. AID price index and its food portion rose 1 percent during the week of March 4. Rice prices were lower, most protein food prices unchanged, and vegetable prices were sharply higher. Cause of the latter appears to be the movement last week, for security reasons, of truck distribution points, and hence the effective wholesale market, to points outside of Saigon. The U. S. AID index now stands 11 percent above January 22 (last pre-Tet calculation) with the food portion of the index up 17.5 percent.

It is expected that a new P. L. 480 agreement, for the provision of 100,000 tons of rice to Vietnam, will be signed at the beginning of next week. The Government of Vietnam has agreed to increase the selling price of imported rice, and has also agreed to purchase additional rice from the United States, using its own foreign exchange.

The domestic rice situation is gloomy. The March-April crop in the First Corps will be severely reduced, not simply by military activity; but also because that area has suffered from a drought. While the Fourth Corps crop was relatively good, little rice has been transported to Saigon since mid-January due to Viet Cong interdiction of roads and waterways; these transportation difficulties, plus the reluctance of merchants and bankers to risk further purchases of Delta rice, have led to a sharp decline in paddy prices in the Delta. In this situation, as in so many others, the re-establishment of security and the return of confidence is essential.

We shall be pushing for these and other priorities I have mentioned as hard as we know how in the days ahead.

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TO THE WHITE HOUSE, EYES ONLY WALT ROSTOW

I HAVE JUST FINISHED DICTATING MY WEEKLY MESSAGE TO THE
PRESIDENT, BUT DUE TO CURFEW HOURS, I REGRET THAT I WILL NOT BE
ABLE TO GET IT OFF UNTIL TOMMORROW. REGARDS.

~~SECRET EYES ONLY~~ VIA CAS CHANNELS

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DECLASSIFIED

State Letter 11-7-78

Authority

By ip, NARS, Date 3-14-79

~~SECRET~~ ~~EYES ONLY~~

NNNN

16

③
INFORMATION
THE WHITE HOUSE
WASHINGTON

~~SECRET~~

Thursday, March 14, 1968
5:15 p.m. *Rec 5?*

Mr. President:

I have marked key passages in
Bunker's weekly which shows some
forward motion as well as continuing
problems.

W. W. Rostow

Saigon 22088

~~SECRET~~

DECLASSIFIED

Authority State 7-5-78; NSC 6-26-79
By ing, NARS, Date 8-21-79

Thursday, March 14, 1968

16a

FOR THE PRESIDENT FROM BUNKER (Saigon 22088)

Herewith my forty-third weekly message:

DECLASSIFIED

Authority State Letter 11-7-78By ip, NARS, Date 3-14-79A. General

In my last two messages, I reported on our preliminary readings on the effect of the Tet attacks on the situation countrywide, and their meaning in terms of enemy strategy. It is clear that we must push ahead not only with the recovery program to get things back to the pre-Tet normal situation, but also move ahead as rapidly as possible toward achievement of our longer range priority objectives, i.e., mobilization, reorganization of the armed forces and civil administration, pacification, the attack on corruption, and economic measures. These latter will first have to be concerned with a restoration of the badly damaged economy, and in restoring confidence in the business and farming communities before any real advance can be envisaged. Taxes will have to be increased to close the inflationary gap and a vigilant watch kept on the upward pressure on prices. In surveying the situation this week, I can report progress on both the recovery effort and on some of our longer range objectives. At the same time, there are areas where we face continuing difficulties.

Progress is evident in the following areas:

1. President Thieu is continuing to take an increasingly active and decisive role in the government, providing more effective and more visible leadership than at any time in the past. Because of his temperament, he does not give the picture of the dynamic, charismatic leader that we might think of as ideal. But he has shown increasingly a desire to take hold of the reins and I think he is doing better in both American and Vietnamese eyes. He has continued to chair meetings of the Central Recovery Committee where he has made quick, sound decisions, pushed his ministers to rapid action, and in general imparted more of a sense of urgency and confidence in the Vietnamese bureaucracy. He has moved to speed up mobilization, has taken steps on administrative reform, outlined his tax proposals, and enforces austerity measures, including the closing of bars and nightclubs, and imposed a ban on luxury building.

2. In pushing the relief and reconstruction effort, Thieu made a second personal inspection in Hue March 9, where he gave further impetus to the relief effort by making on-the-spot decisions and a display of interest and concern. While in Hue, he made a point of contacting ordinary people and touring the entire city to see and hear their problems first hand. General Forsythe, who accompanied Thieu, tells

me that the gratitude and warmth of the people toward him was obvious. Remembering the attitude of the Hue population toward the central government in the "struggle" and even in the recent past, this response to Thieu is doubly significant. On March 11, Thieu also made a brief radio and TV appearance, as I have been urging him to do, in which he launched the official campaign for voluntary contributions to a national fund for the Tet victims.

3. The relief and reconstruction effort is continuing to move forward with good results. Universities and some other schools have reopened, relief convoys are moving to Hue and the Delta, distribution of relief supplies continues, and reconstruction is underway. Some 81 million piasters have been hand carried in cash to the provinces to speed the relief effort. In Saigon, the curfew has been cut by two hours, resulting in improved morale, and the port is functioning much better, the discharge rate now having reached 8,000 tons per day. Prices continue to move downward. Nationwide, the number of refugees now stands at about 500,000 and will probably continue to decline as people whose homes have not been destroyed move back as security is established. Other statistics, though not final, also testify to the magnitude of the problem. The number of houses destroyed is now estimated at 74,000 and civilian casualties at 9,100 killed and 21,200 wounded.

4. The movement back into the countryside has begun, at least 321 of the 555 Revolutionary Development teams are in the hamlets; 93 out of 109 Truong Son (Montagnard) teams are also in place. The President has also issued instructions that all Revolutionary Development cadre would be sent back to normal Revolutionary Development duties effective immediately, and that they therefore would no longer be supervising refugee camps, manning command posts, guarding cities and towns as they have been doing in some instances. Both General Cao Van Vien and Revolutionary Development Minister Tri have been making personal inspections, urging on rural officials an aggressive return to the pacification effort. The Revolutionary Development ministry also has 12 teams in the countryside to develop the necessary program changes to adapt Revolutionary Development plans to the present situation.

5. On the military side, an encouraging development was the fact that both volunteer enlistments and draftees jumped dramatically in February. There were 10,084 volunteers in February compared with 6,059 in January and 3,924 in February of last year. Over 10,600 draftees also reported for induction in February, as compared with 3,766 in January and 4,006 in February of last year. It is worth noting that despite personnel losses in the recent heavy fighting, the Republic of Vietnam Armed Forces unit strength is generally satisfactory and Government of Vietnam forces are maintaining a high level of combat effectiveness. Of the 155 Republic of Vietnam Armed Forces maneuver battalions, 98 were combat effective as of February 19, but this had jumped to 118 by March 1. Average countrywide present-for-duty-strength of Regional Force companies is 99 (full strength, 123) and for Popular Force platoons is 29 (full strength, 35).

6. A civil defense directorate was established in the Ministry of Interior March 7. ~~The organization of local units is going forward throughout the country, and at latest reading there were nearly 19,000 volunteers in 20 provinces.~~

7. ~~The Prime Minister has signed a decree on the organization and functions of the new directorate general of the civil service which should provide a sound institutional base from which to launch an effective reform program within the civil service.~~

8. Tran Van Don successfully held his national congress to form a broad, nationwide anti-Communist front on March 10. While there were some conspicuous absences among the invited notables, attendance was impressive in terms of the wide span of political elements represented. Also noteworthy on the political scene this week was the passage by the Lower House of the national budget, with no significant changes from the administration draft. The budget now goes to the Senate.

Among the difficulties still confronting us are the following:

1. Perhaps the most negative development this week has been an obvious tendency on the part of some Vietnamese leaders to return to politics as usual. While the success of the Tran Van Don congress testifies to the continuing strength of the feeling of national unity which emerged from the Tet offensive, there have also been disturbing signs that characteristic Vietnamese factionalism is again emerging. Most troublesome in this category have been reports of intention by Ky, particularly spread by his supporters, to force a change in the power structure which would give Ky more authority. Some reports even went so far as to suggest a forcible change in government leadership might be in the offing. I took up this matter specifically with Ky yesterday morning and will report on it in more detail in the political section.

2. Related to the Thieu/Ky problem is the continued activity by Tran Van An and Nguyen Van Huong to form political organizations which are generally viewed to be in competition with Don's front.

3. Another matter is the effort by some Lower House Deputies to place on the House agenda a motion of no confidence in the government, although at last report it appears that this may not materialize.

4. The enemy continues to pose a formidable military threat in several areas. He is apparently having considerable success in recruiting to make up for losses as well as continuing to reinforce his shattered units by infiltration. The situation seems to be most serious in the Delta. Ky told me this morning that General Thang had reported to him last Saturday that 367 outposts had either been overrun or their complements withdrawn to defend the towns and that some 2,000 men, with as many weapons, are unaccounted for; whether they were killed or deserted is not known. There are reports that Viet Cong recruitment starts at age 14 for guerrilla forces and even as low as age 10 for hamlet defense units. Harassment by mortar and rocket fire, sometimes accompanied by ground assaults or the planting of rumors

of pending offensives, have created fear and uncertainty among some urban dwellers as well as a lack of confidence in the ability of the Government of Vietnam to provide security. But with the U. S. and Army of the Republic of Vietnam troops beginning to go over to the offensive, the initiative appears to be shifting to the allies. Communist documents have emphasized the need for "continuous and fierce attacks" to prevent the allies from going on the offensive. The enemy's fears may be justified, for last week a majority of the ground contacts were allied-initiated, with the enemy generally attempting to disperse into small units to avoid combat. The low level of enemy activity and the unusual risk in attempting to bring in supplies by sea suggests that he is having logistic difficulties, or that he is trying to conserve his strength for another big effort. The First Corps is an exception to this general statement where the enemy seems to be preparing for large scale conventional warfare.

5. Labor union leader Vo Van Tai, along with Tri Quang and several other prominent oppositionists, remains in jail. This seems to have had relatively little impact on Vietnamese opinion, but it continues to hurt the Government image abroad. The fact of Vo Van Tai's detention seems to be the only element which has had a disquieting effect on the two-man AFL-CIO delegation, headed by Irving Brown, which is here discussing relief and longer range cooperation with the labor union. I expect to have a full report from them today on the results of their meetings here which Brown told me yesterday had been otherwise very satisfactory. We shall be reporting on this separately.

B. Situation in the Countryside

Administrative reforms. I reported last week the removal of two Corps Commanders and the decision to make province chiefs directly responsible to the central government. The full effects of these two important decisions are not yet clear. In the Fourth Corps, General Thang is predictably making an initial impression by his drive and color. He has reportedly eliminated noontime siestas and has a seven-point program which he launched at a meeting with the Fourth Corps Province Chiefs March 9. While less dynamic than Thang, the Second Corps Commander, Lu Lan, is expected to be a considerable improvement over his predecessor because of his intelligence and his willingness to listen to American advice; General Westmoreland reports that he was greatly pleased with the meeting which he and General Vien had with General Lan recently.

Thieu is now moving on the replacement of province chiefs who have not performed satisfactorily. The appointment of eight new province chiefs was announced this week, of which six replaced men who are being removed for inefficiency. President Thieu has divided all of the province chiefs into three categories: (a) "bad-urgent" -- about seven men who must be relieved no later than March 20 (This leaves one to go); (b) "bad-not urgent" -- These will be replaced when the course for province chiefs is completed on or about April 1; and (c) "good-need refresher training" -- these are men who will be included in future courses for province chiefs. Thieu

implied that the last category are basically good men who need to be updated on government policies and indoctrinated very carefully on the anti-corruption and administrative efficiency concepts of the President. In discussing the removal of the province chiefs, Thieu said he has our list of 13 men who should be relieved and that he is using it.

Thieu is also having instructions prepared to implement his plan to appoint civilians as government delegates in the corps areas. The instructions will define the functions of the corps commanders, the government delegates, and the province chiefs, and the relationship of each to the central government. Six administrative regions will be established, each headed by a civilian delegate who will be appointed by the President. The delegate will assume the administrative functions which were formally delegated to the corps commander, leaving the latter with authority in the military sector only. The delegate will act as an inspector over all civil administration activities in his region. While he will not have authority over the province chief in the chain of command, he will see all correspondence between the province chief and the central government and, therefore, be in a position to advise and influence both. On administrative matters, the delegate will report to the Ministry of Interior or other appropriate Ministries, but will report directly to the President on political matters.

Popular attitudes in the provinces. It is difficult to generalize about public opinion in most situations in this country, and that is particularly true at the present time. People are still unsettled by recent events, and their attitudes are still changing. Many remain very ill informed. Purely local events influence them heavily in many cases. Some are more subject to enemy propaganda than others. Still, I think we can make some meaningful statements about the state of popular attitudes in the provinces at this time.

The Tet attacks certainly inspired fear of the Communists among the provincial population, though there is no evidence of any increased positive support for the enemy. The fear has probably been reinforced by what now appears to be fairly intense Communist activity in the countryside since the Tet attacks. Propaganda and food collecting teams are reportedly active in many areas. Viet Cong control or influence in many villages and hamlets is evidently adequate to permit fairly large-scale recruiting and intensive propagandizing.

At the same time, the provincial population has noted that the Communists were thrown back with heavy losses, that the Government did not dissolve, and that there was no general uprising. There is some pride in the fact that the Army of the Republic of Vietnam fought well, although this feeling is marred by Army of the Republic of Vietnam looting in a number of areas. Those who are connected either directly or by family ties with the army or the civil administration -- and this is a significant number of people -- are relieved to find that the enemy offensive failed to undermine the Government or the Vietnamese military establishment.

It is also worth noting that the stories of U. S. collusion with the Viet Cong still are credited to a considerable degree, especially in the First Corps. In areas where U. S. forces have been heavily engaged and where the local population has seen U. S. casualties, the collusion stories tend to die quickly.

In the First Corps the population is keenly aware of their close proximity to North Vietnam. Communist forces are known to be present in strength in nearby areas, and there is considerable fear of renewed Communist attacks. While the presence of U. S. forces is reassuring, the recent attacks, particularly the long struggle for Hue, have tended to revive the rumor that the U. S. will abandon the two northernmost provinces to the enemy. There has been a general lull in both Viet Cong and North Vietnamese Army activity in the First Corps since the beginning of the month, but enemy propaganda operations have certainly continued during the lull. We have reports of hamlet meetings and leaflets; some of the leaflets are signed by the "National Peace and Democratic Union", the Communist front which was launched during the immediate aftermath of the Tet offensive.

One sign of heavy pressure on the local population in the First Corps is the report that the enemy is using women in military units in Quang Tin Province. Four women were killed in action in Tam Ky District and two in Thang Binh District in recent engagements there.

In the Second Corps we have reports which suggest there is now significant fear of renewed attacks. In areas which were hit hard there is a widespread feeling that the enemy has made a great leap forward, particularly in their ability to control the economy of the region. In those areas which were not attacked, the people remain basically oriented toward the Government of Vietnam, but their confidence in the Government's ability to protect them has been eroded. Most recent reports indicate that in almost every province in the Second Corps, the enemy has become extremely active in propaganda activities, food collection, and recruitment. There are also numerous reports that the enemy is making a major effort to build up his political organization in the villages and hamlets.

In the Third Corps the attacks on province and district capitals were not on as large a scale as elsewhere, possibly because Viet Cong and North Vietnamese Army strength was diverted for the attack on Saigon. Since the Tet attacks, however, a number of province capitals have been hit by rocket and mortar fire, and major Viet Cong and North Vietnamese Army units are reportedly operating in the provinces surrounding Saigon. This has had some effect on the population's attitude, with many fearing that the Viet Cong will step up their attacks. Local guerrilla forces are active in recruiting, and we have reports of heavy propaganda activities in a number of areas. One line which the Communists are pushing is summed up in the jingle "blood will flow in May, there will be peace in June." This jingle may be part of an effort to justify heavy demands for food and recruits.

Throughout the Fourth Corps, the enemy continues to harass urban population centers and cut lines of communication while at the same time tightening its grip

on the rural areas. Popular resentment against the Viet Cong for exploiting the Tet holidays exists, but it is believed to be much weaker than the prevailing fear of Communist power. The enemy is active in recruitment here as in other areas. We have some reports that indicate a decline of morale in My Tho, with a consequent decline in allegiance to the Government of Vietnam.

C. Political

The fronts, As I have mentioned, Tran Van Don launched his front Sunday with a national convention that drew 2,000 delegates, many of them from the provinces. There was a wide spread of political groups at the convention, and Don can claim with some justice that his front now has a broad, nationwide mandate. The meeting was not carried off without some friction however; in fact, the convention was unable to select a high steering committee, and finally entrusted that task to the central executive committee instead. Also, noticeably absent from the convention were Tran Van Huong, Phan Khac Suu, Ha Thuc Ky, and Thich Thien Minh. (It was announced that Huong and Suu were both ill, but had agreed to serve on the high steering committee if invited. Thien Minh reportedly agreed to attend if Tri Quang could be transferred from jail to a clinic where the police could "guard" him as they did for a time following the struggle. This arrangement evidently fell through, as Thien Minh did not appear and Tri Quang is still in jail.)

Don now intends to go ahead with his organizational effort in the provinces. He wants the front to engage in civil defense and relief programs as well as to serve to rally sentiment against the Viet Cong. His success in these efforts will depend in part on how long the present national feelings of unity against the enemy last, in part on how the government -- and the factions within it -- reacts to his future activities.

Don's task is also complicated by the continued efforts of Tran Van An and Nguyen Van Huong to form their own political organizations. While An claims not to be in competition with Don, most Vietnamese do not believe him. Huong is plainly opposed to Don's efforts. Both Huong and An claim to have Thieu's blessing. A front in process of formation in Danang also apparently plans to function independently.

Thieu/Ky relationship. I referred to this matter in last week's message, observing that it had its peaks and valleys. I had a long, and I think, constructive and useful talk with Ky yesterday morning and put this whole problem to him fully and frankly pointing out to him, among other things, the complete unacceptability of any move to force any change in government leadership through unconstitutional methods. - He agreed that any such move, to use his own words, would be "disastrous". He indicated that he was ready and willing to receive instructions from Thieu and to act on them. I found him in a considerably more constructive frame of mind than in my last talk with him. I plan to see Thieu today to discuss this relationship further and to do my best to get it channeled in the right direction.

Much of the maneuvering and pressure with which this relationship has been afflicted has come from the people around Ky. However, it is also clear that he is aware of what is happening and has been doing little or nothing to stop it. I am inclined to believe his motive in this is to try to pressure Thieu -- and us -- to give him more power and responsibility in the present government. If this is true, it should be possible to find a formula which will be at least acceptable to both Thieu and Ky, and also to us, and I intend to pursue this objective vigorously with them both.

D. Economic

Prices in Saigon have resumed the generally downward trend underway since the early part of the crisis period. The U. S. AID Retail Index fell 6 percent during the week ended March 11, with food prices alone down 8 percent. The drop in food prices was especially marked in vegetables, reflecting improved traffic conditions on the main routes into Saigon, but also the smoother functioning of the new systems whereby wholesalers must take deliveries of produce outside of the city. With last week's drop in prices, the U. S. AID Retail Index now stands only 2-1/2 percent above its level of January 27, date of the last pre-Tet calculation. Food prices alone are up 5-1/2 percent and non-food prices down 5 percent. This is a rather remarkable performance in view of all that has happened.

On Monday, March 11, a supplementary PL 480 agreement to provide 100,000 additional tons of rice to Vietnam was signed. At the same time, the two governments agreed, in a negotiating minute appended to the PL 480 agreement, that Vietnam would seek to purchase rice commercially in the United States, using its own foreign exchange, to cover the gap between the amounts that can be provided under PL 480 and the nation's total rice requirement. This residual amount was earlier estimated to be 40,000 tons. The disruption caused by the Tet offensive may well have substantially increased the amount required. Government of Vietnam commercial purchases of rice in the United States could contribute notably to increasing the total volume of American-origin imports to Vietnam.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

17
Wednesday, March 20, 1968

21
~~SECRET/NODIS~~

DECLASSIFIED

Mr. President:

Authority State 7-5-78, NSC 6-26-79

By ing, NARS, Date 8-21-79

Herewith a capsule version of Bunker's 44th weekly report: (attached)

A. General

- Allied forces are gaining the initiative.
- Bunker cites 13 examples of Thieu's substantial decision-making since Tet offensive.

B. Political

- Thieu deplores corruption in address to student province chiefs.
- GVN Information Director wants joint effort with US to coordinate psychological operations.
- GVN responding to widely felt need for civil defense.
- Don Front moves into rice roots organization.
- SVN labor leader released - probably at intervention of Irvin Brown.
- GVN Congress conducts hearings on censorship.
- In the provinces, the enemy still interdicts, recruits and propagandizes.
- Hue's provincial administration is still weak.

C. Pacification

- Reports now in from all provinces show not nearly as much damage as we thought or the press still reports.
- Severe setbacks in 19 provinces; moderate in 17; little or none in 6.
- Best shape is II Corps; IV Corps is the worst.
- Massive relief and recovery problems remain, but the emergency is over.
- We will know the problems of Tet offensive have been overcome when the economy is back to pre-Tet conditions.

D. Military

- MACV's assessment of the RVNAF shows the effects of Tet offensive less serious than thought.
- ARVN's overall performance was very good.
- RF/PF was better than most expected.
- Enemy is being forced away from urban areas; large arms caches have been found.
- Operation QUYET THANG signifies the RVNAF's reassertion of leadership.

E. Economic

- The Retail Price Index dropped 2% from last week.
- There has been no rush into gold.

~~SECRET/NODIS~~

W. R.

Wednesday, March 20, 1968

FOR THE PRESIDENT FROM BUNKER (Saigon 22579)

18

Herewith my forty-fourth weekly message:

A. General

DECLASSIFIED
Authority State Letter 11-7-78
By ip, NARS, Date 3-14-79

During the past week, U.S. and Government of Vietnam forces have increasingly assumed the initiative. At the same time, there has been a corresponding decline in enemy activity. In all Corps areas, enemy harassment by mortaring and rocketing has continued but on a reduced scale. In the major US/Army of the Republic of Vietnam combined sweep from Saigon outward, no contact has been made with any large enemy forces; in withdrawing he has evidently split up his forces into smaller units for protection and to minimize losses. It is interesting that numerous large caches of arms and ammunition have been uncovered, which at first sight appeared to have been abandoned. Thieu said to me yesterday, however, that these had not been abandoned, but had been hidden by the enemy to be picked up when he returned for a second major, all-out effort which, as I have reported, Thieu believes will come during the spring-summer months.

In the crucial Fourth Corps area of the Delta, General Thang's performance is instilling new hope and encouragement. He has mounted extensive offensive operations and while these have resulted generally in small contacts with the enemy, they have given evidence of new vigor and determination. The situation in the Delta, however, is still far from satisfactory. The enemy is still able to attack and interdict lines of communications with the result that road and waterway traffic is much below pre-Tet levels. Security in the countryside is unsatisfactory. The Viet Cong continue efforts at recruitment or forced impressment and propaganda. This had led to a feeling of apprehension and uncertainty among the people and, together with road interdiction, has affected the economy of the area. Rice deliveries have fallen to a low level and prices have been falling. The Government has taken measures to counter this situation and has organized water transport to bring supplies to the area and to move rice to Saigon. The Government of Vietnam is moving actively to meet these and other problems in the area, Thieu himself giving them much of his personal attention.

While it is true that I have kept prodding Thieu to action and making suggestions to him, I think it only fair to him to say that he has increasingly shown initiative in dealing with the problems the Government of Vietnam is facing and in making decisions. He has expressed to me dissatisfaction with the functioning of many elements of the Government and is taking steps to remedy them. He has, for example, taken direct responsibility for the Central Recovery Committee; he will also chair the Committee on the Reform of the Civil Service, and on economic development and planning, and invest both with authority they have not heretofore possessed. In fact, if one reviews the number and the importance of the decisions

and actions taken by Thieu or at his direction since the Tet offensive, one must conclude, I think, that these are substantial:

1. Immediate problems caused by the destruction of the Tet offensive have been met, food and shelter provided for some 600,000 refugees, medical assistance given to the wounded, money and building supplies issued to the victims throughout the country to repair and rebuild their homes, and major reconstruction projects started in Saigon and Hue.

2. The decision has been taken to increase the Vietnamese Armed Forces by 125,000 men. The drafting of 18 and 19 year old age groups is being speeded up, and veterans aged 18 to 33 with less than five years of service will be recalled to duty. Military training programs have been started for students and civil servants and stern measures taken against draft dodgers.

3. The organization of civil defense units in cities, villages, and hamlets has begun throughout the nation. More than 26,000 volunteers have come forward to be trained for civil defense tasks, and the number is constantly increasing.

4. Strict orders have been issued and repeated for the closing of bars, cabarets, and dance halls throughout the country.

5. At the direction of the President, the Prime Minister has issued a ban on luxury construction so that resources will be channeled to the emergency building of homes for the war victims.

6. Thieu has ordered an aggressive movement of Vietnamese forces into the countryside, and is also taking steps to press forward with the Revolutionary Development program. He outlined to me yesterday steps he is taking to simplify, make more effective, and enlarge the program.

7. In the field of administration reform, a number of constructive steps have already been taken and more are in prospect. Henceforth the province chiefs will be directly responsible to the Central Government. Thieu has told me that he personally will decide on their selection and take great care to try to secure the best individuals for these important positions, and that he intends to watch their performance closely.

8. He has also re-defined the functions and powers of the Government delegates and the Corps commanders. Further clarification of these relationships is being worked out and will be made effective April 15; the areas of authority of the Government delegates will be re-defined in order to strengthen their inspection function. I reported last week on the removal of six province chiefs and the appointment of eight new ones. Thieu told me yesterday he will be making further changes among the province chiefs during this month and still more on April 1, at the conclusion of the training course for province and district chiefs, which was opened March 1.

9. Thieu has also moved forward on the attack on corruption. Prime Minister Loc reported in his March 14 speech that 32 military men and eight civilian officials had recently been brought to trial for corruption; three of the offenders have received the death penalty. He reported that many other cases are being examined and that disciplinary measures had been taken against 34 lesser offenders. Punishment included dismissal, reduction in grade, and suspension for investigation. In fact, I think more has been done in the attack on corruption than is generally known. Some 138 province and district officials were removed for cause during 1967. The number included six province chiefs, 55 district chiefs, 15 village and hamlet officials, 11 province deputies for security, and 21 province service chiefs. Of the total, 68 were removed for corruption, 40 for incompetence, and 30 for other reasons.

10. Thieu has also ordered the Prime Minister to take stern measures against any officials who permit the sale of illegally acquired merchandise such as PX supplies, or relief supplies destined for the victims of the Tet attack.

11. Thieu has also moved on other fronts. He is seeking the cooperation of the assembly and endeavoring to improve his relations with the members by holding more frequent meetings with them.

12. He has also sought the support, advice, and suggestions of all political groups. He has been meeting privately with the leaders of political, religious, and social groupings asking for their criticism as well as for their support. He told me yesterday that he is compiling a Council or Panel of advisers who will cooperate with him and act as individuals in an advisory capacity.

13. Thieu has also moved to improve the Government of Vietnam image with the foreign press. He has begun a series of lunches with correspondents, using names which we have suggested to him. He plans to strengthen the Ministry of Information, raising it to Cabinet level and appointing Tran Van An as Minister with Nguyen Ngoc Linh as his deputy. This should strengthen a situation where performance has left much to be desired.

I shall be reporting in more detail on some of these matters later in the message. But I think there is here evidence of action and movement, perhaps more than has been generally realized. This is not to say that there is any room for complacency. Serious problems confront us and much remains to be done. The situation in the countryside is dangerous, if not critical. But I also want to try to keep things in balance and in proper perspective. I think we have made progress, much has been and is being done, and elements of strength are apparent.

B. Political

I mentioned above the emphasis which the Government of Vietnam is now putting on the elimination of corruption and inefficiency. Thieu expressed the seriousness with which he views these reforms when he spoke to the opening session of the school for province chiefs on March 1. He said, "If we do not remedy our spirit and our behavior, we may lose our country--not because of military or political defeat, not because we lack

an adequate policy or line of action, not because we lack programs and means, but because of bribery and corruption." Thieu called corruption a "national shame" and told the student province and district chiefs "only when the people know this national shame, are aware of this national shame, and are determined to remedy this national shame, will corruption and bribery be eliminated."

We have heard from Thieu's brother that the chances are good both Tran Van Hung and Ha Truc Ky will agree to serve as advisers to Thieu. If this materializes, having both of these senior political figures closely tied to the Government would tend to attract a good deal wider support, and we will do what we can to encourage the collaboration of such leaders.

Also on the administrative side, I am encouraged to learn that the Director General for information and Press wants to establish a joint Government of Vietnam-US Committee to coordinate all psychological operations. The Government of Vietnam information effort since the Tet attacks has not been very impressive by all accounts. For this reason, among other, Thieu, as I have mentioned, has been considering the naming of a Minister of Information, probably Tran Van An. With more authority, more Presidential interest, and more direct cooperation with Joint US Public Affairs Office, I hope that the information effort can be made more effective in the near future. This is particularly important now because of the enemy's increased drive to propagandize the rural population.

The natural desire of the Vietnamese to strike back at North Vietnam in the wake of the Tet attacks has taken some undesirable forms, as for example the initiatives for a formal declaration of war and the formation of a "March to the North Army." More positive and more practical is the response to the widely felt need for civil defense. The Government has not given a very clear lead on this effort, apparently in part because of competing plans and personal rivalries for control of the effort. Nevertheless, at latest report, 27 provinces and two cities have formed civil defense units with a total membership of 26,417. Of these, 6,136 are armed.

If these efforts can be drawn together and controlled so as to form the civil defense groups into effective auxiliaries for the regular security forces, I believe they can make a most valuable contribution to both security and intelligence. This is particularly true in the urban areas. It was this reason that I encouraged Thieu to consider appointing Ky as the head of a nationwide civil defense drive and he has now spoken to him about it. The attraction of the "March to the North Army"--the wish to do something concrete against the enemy--can and should be transferred to the war in the south and thus to the civil defense effort.

Tran Van Don is apparently going ahead with his efforts to extend his front organization into the provinces and districts of the nation. A Quang Tri provincial organization is reportedly in process of being set up by the Quang Tri delegates to the Front's March 10 Congress in Saigon. Don and a delegation of Front leaders went to Hue March 15 where Don addressed the people over radio Hue. He expresses his sympathy for the victims of the Tet attacks and explained the objectives of the Front. We understand that there is also a possibility of the locally formed and independent Danang anti-Communist political Front merging with the Don Front. At this time, however, we have no other reports which would indicate Front activity at the rice roots.

Thieu told me March 15 that Don had been to see him to report the results of his March 10 convention. Thieu said he had encouraged Don to continue his efforts to attract political groups, and he offered his own support if Don's efforts succeeded. Don also told us of his meeting with Thieu, and he mentioned Thieu's offer of help. According to Don, he got a similar offer from Ky, to whom he also reported the results of his convention.

In discussing the Don and Tran Van An Fronts with me, Thieu remarked that he has no Front organized by or for himself. I take it from all this that Thieu intends to allow Nguyen Van Huong, Tran Van An, and Tran Van Don all to go ahead without any clear signal from him about his ultimate support. As it is quite unclear how successful any of the three can be in putting together a viable political organization, this is perhaps the most prudent course, though not perhaps the best way to capitalize on the popular feelings about the need for unity following the Tet attacks. I am encouraged in any event to observe that Thieu and Don are seeing one another with some regularity, with Thieu being willing to help Don if the Front seems to offer a real means for uniting the people.

Probably in part as a result of the intervention of Irvin Brown, Vietnamese labor union leader Vo Van Tai was released from jail March 15. Tai has told us that he was questioned closely by the police about several strikes in which he was involved, apparently in the belief that the strikes were in part instigated by the Viet Cong. Tai believes that he may in fact have been in some danger of capture or assassination by the Viet Cong, but he does not think that his imprisonment was motivated primarily by that consideration. In any event he has been released, and this move, while long overdue, should serve to improve relations between the labor union and the Government of Vietnam.

Noteworthy in Assembly developments this week were committee hearings on press censorship and the formation of a Lower House opposition Bloc. On March 16 the Senate Committee on Information and Foreign Affairs held an open hearing at which press representatives were invited to express their views on censorship. Some 25 to 30 publishers, editors, and reporters appeared, and the predictable consensus was strongly in favor of abolishing censorship.

On March 19 the Director General of Information, Nguyen Ngoc Linh, appeared before the Senate Information Committee. Linh said the Government also favors dropping censorship, but noted the dangers to national security if the press is completely uncontrolled. Linh also said that he is submitting a draft press law to the Prime Minister. (The Lower House reportedly has a draft press law of its own under study.) Lower House Chairman Luong told embassy officers recently that the press law has a very high priority, while the Chairman of the Senate Information Committee told reporters that the press law will be on the Senate agenda for the regular session beginning April 1. It thus appears likely that the Assembly will complete a press law even before turning to legislation to set up such Government bodies as the Supreme Court.

In the Lower House Deputy Ly Qui Chung has formed a People's Bloc of 17 deputies, ten of whom were in the past associated with the Buddhist "struggle" movement. Given the predominance of these "militant Buddhists" in the Bloc, we rather expect the Bloc to play the role of militant opposition. (It was this group which pressed unsuccessfully for a discussion of non-confidence in the Government after House leaders had used their influence to keep the question off the Agenda.) However, Bloc leader Ly Qui Chung is in general a responsible as well as a very able young politician, and he claims that he intends to moderate the politics of the Buddhist Deputies. He has told us that he thinks this can be more easily accomplished by including them in a Bloc than by isolating them.

Provincial situation. As I noted in the General section, the enemy continues to concentrate on the rural areas. He appears to avoid major contact, with the exception of the Khe Sanh battlefield, while seeking to pose a continuing threat against the cities. Much activity is focused on recruiting and propaganda, with the dual aim of making up the Tet losses and capitalizing on the psychological impact of the Tet offensive.

Typical of many reports is the account of an Embassy officer who recently spent several days in the Key Delta Province of Dinh Tuong, he found that the enemy is harassing and attacking outposts, cutting roads, engaging in forcible recruiting, trying to persuade people to return to Viet Cong areas, and actively spreading propaganda about coalition Government. In the province capital of My Tho, fear of another attack is subsiding. Recent offensive actions by both Government of Vietnam and US forces plus the appointment of General Thang as Corps Commander has given morale a lift there. Nevertheless the enemy still moves freely in the countryside at night, and the people have little confidence in the Government of Vietnam.

In Hue the provincial administration is reportedly still weak, both because of the officials killed and wounded by the Tet attacks and because the recent removal of the province chief has made other officials fearful of losing their jobs.

Chieu Hoi rates remain quite low, with 160 reported this week and 113 last week. Probably one of the reasons for the continued low rate is the intensity of enemy activity in the countryside. Most defectors came in from the rural areas in the past, and in those areas allied forces have not yet gone on the offensive sufficiently to generate a renewed flow of Chieu Hoi.

C. Pacification

We now have a better feel of the pacification situation, Reports are in from all province senior advisors, preliminary runs of hamlet evaluation system are available, a new evaluation system to report on 5,000 odd Regional Force/Popular Force units has been instituted, experienced evaluators (many Vietnamese speaking) have been out to all important provinces, and Bob Komer and his top staff have visited most of them also.

Their major conclusion is that there is not nearly as much damage to pacification as we earlier feared and press is still reporting. Pacification is far from dead. The big problem is not loss of physical assets--roughly 85-90 percent of our Regional Force/Popular Force Revolutionary Development teams, outposts, etc. are still intact. Rather the key problem is one of defensive-mindedness. South Vietnamese Army forces and US advisors alike are recovering only gradually from the shock effect of the Tet offensive. As a result they are only slowly pushing back into the rural areas which were lost.

We are convinced that in many cases the Viet Cong have not yet fully taken over those areas of the countryside where our presence was withdrawn. They themselves withdrew and upgraded many guerillas for their attack on the cities. A vacuum was thus created when both sides withdrew forces from the countryside. The enemy has since taken heavy post-Tet losses which further limit his capability to fill the rural vacuum quickly.

But he is increasingly trying to do so, and is in fact gathering recruits and rice as well. We must get our local forces back out into the hamlets to cope with him, which means overcoming the defensive-mindedness of Government of Vietnam pacification forces in the field.

Briefly our assessment of pacification shows severe (3-6 months) setback in 19 provinces (11 of them among our 26 priority provinces for 1968), moderate setback (1-2 months) in 17, and little or no setback in 6. Regional Force/Popular Force losses (killed in action, missing in action or deserted) were 6,583 nationwide--just 2 percent. Out of some 5,000 outposts countrywide, only 477 were lost--377 of these in Fourth Corps. Revolutionary Development Cadre strength is actually greater (29,377) now than before Tet (29,161) as a result of 2,000 Cadre graduating from Vung Tau. More than 383 Revolutionary Development teams out of 564 are working in assigned hamlets. In at least 12 provinces, attack against Viet Cong infrastructure is going well. For example, in Khanh Hoa, 109 Key Cadre have been eliminated since the Tet offensive. But the anti-infrastructure drive is unimpressive as yet in 24 provinces, so we are working on these. Police strength in the provinces declined from 9,150 to 5,561 (loss of 589 due to relocation to major cities, casualties, and unauthorized absences).

The overall pacification situation looks best in Second Corps and worst in Fourth Corps. Komer is focusing on Fourth Corps, both because of the poor situation and because of the fact that it is our top 1968 priority. So far, General Thang has been making correct moves in Fourth Corps, but hasn't yet been able to activate the entire Government of Vietnam structure. Some South Vietnamese battalions have not responded to orders to take the offensive; Regular Force/Popular Force units haven't gotten the word. Nevertheless the downtrend has been halted, initiative has been taken from the enemy in half the provinces, and friendly morale is much improved.

Readjustment of pacification priorities. Because the critical need is to reassert a Government of Vietnam presence in the countryside as fast as possible, we are seeking quick-fix solutions which can produce high impact in the critical three to

six months ahead. Slow, painstaking work by Revolutionary Development teams in hamlets as they seek through 98 tasks to accomplish everything from elimination of Viet Cong infrastructure to eradication of illiteracy simply cannot be afforded. Komer and I impressed this point on Thieu in our talk Saturday. He indicated general agreement, and yesterday outlined to me in general terms his ideas for simplifications and speeding up the process, which coincide generally with ours.

Since then we have outlined our thoughts on how to move much more quickly in pacification as part of an overall counter-offensive. Instead of a 59-man team moving into one hamlet for six months, perhaps 30 to 40-man half-teams should show the Government of Vietnam flag by rotating through 6-12 hamlets in the same period. Security, psywar, self-defense and anti-Viet Cong activities would be stressed. Developmental activities, construction of schools, training village health workers, etc. -- could be resumed later.

Better local officials. Since upgrading officials is high on our priority list, we are glad to see signs of improvement already in the eight provinces where Thieu appointed new province chiefs ten days ago one advisor remarked that his new chief is quite different--aggressive, not defensive; willing to act rather than scared to make decisions; interested in people's welfare instead of wedded to bureaucratic procedures. As I have mentioned, Thieu says he is ready to move on several more poor province chiefs this month. This housecleaning in wake of Tet offensive is a distinct plus.

Recovery program. While we still face massive relief and recovery problems, we think the initial emergency period is over. Essential utilities are functioning. Food is no problem. Danger of epidemics is low. Perhaps one-third to one-half the 600,000 plus evacuees have gone home or have been absorbed by moving in with friends and relatives; the remainder are being cared for adequately (as measured by usual Government of Vietnam standards). Many roads and waterways are physically open, though poor security is still greatly limiting commercial traffic. Schools are either open or will open by April 1. Curfews are confined to hours of darkness.

But the longer term recovery job has just begun. Evacuee resettlement is just starting, urban rebuilding hasn't gotten past the planning stage, the economy is practically stagnant, and the psychological climate is improving only slowly. We have set before the Government of Vietnam and ourselves several high priority tasks: (1) Keep roads and waterways open and provide a climate of security which will encourage people to use them; (2) Resettle the 80-100,000 families whose homes have been destroyed or severely damaged; and (3) Revive the economy fastest.

Route 4 is our biggest single problem. It ties the entire Delta to Saigon. At low cost to themselves, Viet Cong are damaging Route 4 faster than we at great cost are able to repair it. US Army engineers estimate that unless Route 4 is repaired and sealed with asphalt surface by the start of the rainy season one month from now, it will deteriorate to the point where it will be unusable for heavy military and commercial traffic. MACV has made securing and upgrading Route 4 a high military priority. Fourth Corps is running several major military operations to force large Viet Cong units away from the road. Local security along the road is being beefed up, and several new innovations are being tried out. Other key roads are getting similar but less intensive treatment.

Payment of resettlement allowances (piasters, roofing, and cement) started in Hue this week. In the Second Corps, many provinces have already resettled significant portions of families who lost their homes. Resettlement has gotten underway in the Third Corps. But in the Fourth Corps, the combination of greater damage, shortage of supplies, and inactive provincial administrations has resulted in much slower improvement. With the approaching rainy season in the Third and Fourth Corps, much faster progress is essential.

On the final priority of restoring the economy. We are attacking on a broad front. Opening roads is one essential. Restoring confidence of the business community is another. We are pressing the central committee daily for relaxation of controls. We are looking at such proposals as war risk insurance or low interest loans to encourage truck and barge contractors to accept greater risks. Getting rice moving from the Delta to Saigon has our attention. I feel we will know that problems created by the Tet offensive are over when we see that the economy is back to its pre-Tet condition.

D. Military

General Westmoreland has given me a report of the countrywide assessment of the status of the Republic of Vietnam Armed Forces as of February 29, which has been compiled by the Military Assistance Command in Vietnam staff. This is an interesting and valuable updating of the Republic of Vietnam Armed Forces today. Salient points of the assessment are the following:

1. Personnel Status:

a. From all reports the Tet offensive had less serious effect on the Republic of Vietnam Armed Forces personnel situation than was initially anticipated. Most units report that personnel actions as a result of the Tet offensive have not seriously degraded their operational capability. There are some exceptions as will be noted. There are shortages of officers, NCO's, and specialists. This condition existed prior to the Tet attacks and still remain absent from their units; however, a significant number of these are reporting back. Morale and esprit of the regular soldiers, sailors, and airmen are good and, in fact, seem to be higher than before the Tet offensive began.

b. Mobilization measures established by the Government to compensate for losses and to increase the force level show promising results.

c. Due to incomplete reports, it has not been possible to make a complete assessment of the impact the Tet attacks had on the personnel situation in the Regional and Popular Force units. Reports received indicate that Regional and Popular Force units in the Fourth Corps sustained heavy losses. Five provinces in the Fourth Corps report a severe degradation of capability.

2. Operational Status:

a. Army of the Republic of Vietnam. The overall performance of Army of the Republic of Vietnam forces during the Viet Cong/North Vietnamese Army Tet offensive was very good. Of the 149 Army of the Republic of Vietnam maneuver battalions, advisors cite units encompassing 42 battalions as having performed exceptionally well, while only eight battalions were listed as having performed poorly. The following is a summary of the status of the Army of the Republic of Vietnam, highlighting the problem areas:

1. Since blunting the enemy Tet offensive, the First Corps has worked toward restoring the combat effectiveness of all units by effecting replacements and refitting those units which sustained losses, with the priority of effort going to the First Division and the First Ranger Group. The training of replacement personnel is being expedited. Replacing company grade officers and key NCO's will require some time. The shortage of vehicular transport, barrier materials and some items of ammunition will continue to have an effect on the overall program. If replacements and equipment materialize as programmed, it is estimated that the First Corps units will have regained their pre-Tet operational status by April 1, 1968, with the possible exception of the First Division.

2. Within the Second Corps, only the 11th and 23rd Ranger Battalions suffered losses during the reporting period which significantly reduced their combat capabilities.

3. In the Third Corps, two divisions and the capital military district have battalions that presently are rated less than satisfactory in operational capability. Steps are being taken to elevate their combat effectiveness. In the main, the factor most degrading unit combat effectiveness is present for operations strength. However, adequate replacements are programmed and many absentees who were on Tet leave are returning to their units.

4. Within the Fourth Corps, the Corps troop units and the 7th Infantry Divisions are rated combat effective. Though the 9th and 21st Infantry Divisions are also considered satisfactory in the overall assessment, there are some significant weaknesses. Ninth Division units are generally understrength and two of its regiments are considered marginally effective for combat. The 21st Division remains capable of conducting combat operations though not at the strength or level of effectiveness that existed prior to Tet. A period of four to six weeks is estimated to be required before former strength can be achieved.

5. Though still a potent strike force, the Airborne Division combat effectiveness has been degraded significantly as a result of the loss of key officers and NCO's and general combat attrition. The overall present for operations strength of the division is inadequate. Approximately 35 percent of the listed men in the Airborne Battalions are replacements that were assigned during the Viet Cong/North Vietnamese Army Tet offensive without training. The Joint General Staff has assigned the highest priority to rehabilitating the Airborne Division.

b. Regional/Popular Forces

1. During the Tet offensive, Regional and Popular Force unit performance was generally better than expected by most advisors. There were many instances of outstanding action against the enemy as well as several cases of defection on the parts of individual Regional and Popular Force soldiers or small groups. Although in the Fourth Corps some watchtowers and outposts were abandoned without significant contact with the enemy, in the majority of contacts throughout the country the Regional and Popular Force units stood and fought.

2. A degradation of Regional and Popular Force capability and the support capability of the province was reported in 20 of 44 provinces. The advisors estimate of this degradation is based upon casualties, weapons lost and destroyed, facilities destroyed, logistics requirements, and a three- to six-month recovery time.

3. As of February 29, there were 96 Regional Force companies and 388 Popular Force platoons with changes in mission and/or location as a result of the Tet offensive in the Second, Third and Fourth Corps. To reestablish these units to pre-Tet location and mission will require, as a minimum, reconnaissance in-force operations to develop the local situation. Many larger scale operations will be required by the Army of the Republic of Vietnam and Regional Force units before the Popular Force platoons can be relocated in their assigned pacification areas.

4. The upgrading of Regional and Popular Force weapons is recommended by almost all advisors as an urgent requirement. Action is being taken by Military Assistance Command in Vietnam and Joint General Staff to accomplish this at the earliest possible time.

5. It is estimated that replacement of personnel losses could be accomplished by May in the First Corps, and by August in the remaining three Corps. Plans call for accomplishing the majority of recruiting and new unit training by June 30, and for emphasizing refresher training in the last six months of the calendar year.

6. The availability of supplies, in particular, construction and barrier materials, is a limiting factor in the capability of Regional and Popular Force units. Associated with this is the limitation on vehicle travel and shortage of air transport in support of Regional and Popular Force units.

c. The overall Navy combat effectiveness is considered excellent. The enemy's attacks stimulated naval units to assume a high degree of readiness. In the face of increased operational commitments, no deleterious effects on fleet readiness were noted. The Navy met and exceeded operational commitments placed on it.

d. The Marine Brigade combat capability is considered highly effective. Though significant numbers of casualties were suffered, the "personnel pipeline" proved adequate to maintain combat capability.

3. Training Base Status:

The primary impact of the Viet Cong/North Vietnamese Army Tet offensive on the Republic of Vietnam Armed Forces training base was the temporary cessation of training for varying periods of time. On February 11, Central Training Command/Joint General Staff directed that all training activities resume immediately unless prevented by tactical considerations. By March 18, training had all but returned to normal. Due to the increased input of personnel, division training centers are now assigned the mission of conducting Army of the Republic of Vietnam and Regional Force recruit training -- modifications to programs of instruction have been made and reprogramming has been accomplished to insure a continuous flow of trained personnel. Under current conditions, the Republic of Vietnam Armed Forces training base can accomplish the training programmed for calendar year '68.

4. Logistics Status:

The Republic of Vietnam Armed Forces logistics system generally performed in a creditable manner during the Tet offensive. In the majority of cases, equipment and supplies were available when required to support combat operations. Many Republic of Vietnam Armed Forces logistical units, particularly in the First Corps, Second Corps and in the Saigon area, performed in a manner meriting recognition by higher authority. Within the Fourth Corps, emergency resupply to using units has been a severe problem due to the introduction of surface lines of communication and the lack of sufficient transport aircraft to take up the slack. Shortages of barrier materials, petroleum products and certain types of ammunition were indicated country-wide. However, resupply from Republic of Vietnam Armed Forces base and field depots, and in-country U. S. sources have reduced the impact of these shortages. Expedited supply action on certain critical items has been requested from the Continental U.S. to reestablish a satisfactory overall supply posture within the Republic of Vietnam Armed Forces.

5. Communications-Electronics Status:

a. Army of the Republic of Vietnam long distance fixed area radio communication were virtually unaffected by the recent Tet offensive. Local cable and wire communications suffered most heavily. Several courses of action which will require material have been initiated to minimize future damage of this nature. Under investigation is the programming of microwave radio relay equipment for alternate route use in interconnecting dial central offices. Underground burial of multipair cable is being considered for installation in populated areas. Communications of immediate interest to tactical commanders, division and lower, suffered overall country-wide losses of less than five percent. These losses are not uniformly distributed through the Army of the Republic of Vietnam, but are concentrated in units most heavily engaged. Losses of organic radio equipment have not contributed to the degradation of combat operations.

b. The Vietnamese Navy capability to conduct sustained operations was not impaired by the Tet offensive or the post-Tet attacks.

c. The Vietnamese Air Force operational capabilities remained intact throughout the Tet offensive. The destruction of the storage facility at Bien Hoa has not affected communications. Sufficient quantities of components are on hand to meet present requirements.

6. On-Going Operations; Discovery of Caches:

The most tangible indicators of progress are the continuing toll of Communist casualties, the reduction of enemy initiated attacks and the number and size of enemy caches that have been uncovered.

The initial requirement, to drive the enemy from the cities, has been fulfilled. The enemy has continued attempts to maintain pressure on urban areas throughout the country, but he has been unable to do so in many areas largely due to the press of friendly operations. In the Saigon area, the enemy is being progressively forced back from the capital perimeter and denser population areas. The Fourth Corps continues to present a singular situation, marked by shelling of urban areas and key facilities, and by scattered small scale attacks.

As indicated above, the Communist combat units are gone from the cities. The present requirement is to displace the enemy from the populous rural areas around the cities. For this purpose, the allied forces have moved increasingly into the countryside since the first of the month. Each area is being handled as an individual case, according to the requirements of the situation. Enemy initiatives have largely been suppressed. While an attack on the scale of the Tet offensive is unlikely, we do not completely discount his remaining capability and possible designs for renewed effort in this vein. Our task now is to ferret out and destroy a dispersed and evading enemy, within the limits of available assets. Steady, heavy attrition continues to deny enemy First Corps units the massing capability necessary for major success. Upgrading of Route 9 east of Ca Lu has commenced. Reconnaissance and strike operations against Route 547 and A Shau continues. Thinly spread allied forces in the Second Corps have effectively frustrated enemy efforts throughout that sprawling territory.

Republic of Vietnam Armed Forces leadership has markedly reasserted itself in the past few weeks; and we now have a truly combined and comprehensive operation in progress in the capital military district and four surrounding provinces. Major elements of three divisions, together with two Army of the Republic of Vietnam Divisions, Vietnam Airborne, Marine and Ranger units, and the national police are engaged in a fully integrated offensive under a common operation plan in a thorough, methodical and sustained effort to eliminate all enemy positions, havens and organized forces in this extended area. Quyet Thang (resolve to win) is an appropriate name for this unprecedented undertaking. General Thang, newly appointed Fourth Corps commander, has similarly initiated an imaginative corps-wide offensive to restore the situation and public confidence by showing the flag and forcing the organized enemy units to stress survival over attack. Keeping the individual sappers off of Route 4 remains a problem. A major portion of the U. S. 9th Infantry Division has been assigned to the Fourth Corps to support General Thang in that operation.

A most significant consequence of our counter offensive has been the discovery of large and numerous arms caches. The terrain in and around Gia Dinh Province alone has yielded nearly one hundred 122MM rockets, 1900 mortar rounds, and 460 repeating rounds to allied search operations during the past eleven days. Circumstances of these finds indicate rather clearly that some of the arms have been abandoned by an enemy under pressure from Operation Quyet Thang.

E. Economic

The Retail Price Index fell 2 percent from the level of last week. The main cause was a decline in prices of pork, shrimp, duck eggs and milk. According to market sources, the demand for many protein foods is well below pre-Tet levels, and purchasing patterns have moved, in general, to less expensive protein foods.

The announced changes in the operation of the London gold pool have produced little visible response in the Saigon gold or U. S. dollar markets. While the price edged up slightly, there was no indication of any rush into gold. The National Bank of Vietnam has informed us that they will refrain from selling gold to private holders. Their previous commitment to sell gold at a fixed price has placed an effective lid on the free market gold price which now will move freely. Since the Saigon market is primarily supplied from Hong Kong and Laos which, in turn, buy gold on the London market, we will have to wait until the London market opens on April 1 to see what the world free market prices will be and its effect on the Laotian and Hong Kong markets.

INFORMATION

THE WHITE HOUSE
WASHINGTON

~~SECRET~~

Friday, March 29, 1968 - 1:25 p.m.

Mr. President:

Rec'd 2:30p

I have marked the key passages in
Bunker's interesting weekly.

You will be particularly interested
in the first post-Tet hamlet evaluation
picture, p. 9 (paper-clips).

A summary of the text is also
attached.

W. W. Rostow

Saigon 23308

~~SECRET~~

DECLASSIFIED

Authority State 7-5-78, NSC 6-26-79
By inf, NARS, Date 8-21-79

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

Friday, March 29, 1968

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~~SECRET/NODIS~~

Mr. President:

Herewith a capsule version of Bunker's 45th weekly report:

A. General

- Thieu's March 21 speech was his best and briefest.
- Mobilization proceeding well, but with some adverse effects on civic and pacification activities from critically skilled persons being drafted.
- Civil Defense training progresses, but is not yet well coordinated.
- Proposed new law would increase tax revenue.
- Proposed legislation would give Ky statutory duties.
- Tran Van An and information function elevated to Ministry level.
- Thieu continues establish council personal advisers.

B. Military

- US and GVN forces increase initiatives.
- Enemy harasses Khe Sanh and highland cities and infiltrate at high rate. Enemy may be redeploying to Cambodia and in highlands under pressure from allied bombardments and sweeps.
- RVNAF aggressiveness increases -- evidenced by major actions throughout Vietnam. Operation (Resolve to Win) continues.
- Thang energizes IV Corps with excellent results.

C. Political

- Don Front may be losing some support of National figures.
- The new Huong Force, announced March 27, may have some real rice root support.
- Ky wants Thieu publicly to designate his responsibilities and proposed legislation may help.
- Upper House continues detailed scrutiny of budget.

D. Pacification

- Pacification programs revive slowly, but GVN isn't moving fast enough.
- Key problem is defensive attitude not loss of assets.
- Losses have been considerable, but less than first feared.
- Thieu and Ky show personal interest.

E. Project Recovery

- Brightest news is that Tet refugees have dropped to 392,000 and continue to decline.

DECLASSIFIED

Authority State 7-5-78, NSC 6-26-79

~~SECRET/NODIS~~

By inf, MM, Date 8-21-79

-- Roads and waterways are gradually reopening, but Route 4 traffic is 50% of pre-Tet level and rice flows are down. The key, we push in GVN circles, is economic revival.

F. Economic

-- The Retail Price Index is now at pre-Tet level, but this stability results from sluggish business conditions.

-- GVN is considering measures to improve Delta rice situation affected by Tet Offensive.

-- The Saigon Port congestion problem should be resolved by the end of the month.

Walt R.

SANITIZED

Authority State 11-7-78 letter
By ip, NARS, Date 3-15-79

Thursday, March 28, 1968

21

FOR THE PRESIDENT FROM BUNKER (Saigon 23308)

Herewith my forty-fifth weekly message:

A. General

On March 21, in a wide ranging speech, the best and briefest he has made since taking office, Thieu outlined what is being done and what his plans are for mobilization, recovery, administrative reform, civil defense, revolutionary development, the attack on corruption, and austerity. He warned that the people would have to face many ordeals in all areas, asked them to accept greater sacrifices, and ended with a plea for greater efforts, for courage, and perseverance.

~~Mobilization is being pushed.~~ Last Tuesday, Thieu met with Vice President Ky, Minister of Defense General Vy, and Chief of the Joint General Staff, General Cao Van Vien to discuss the rate of call up of draftees, training, and the character and disposition of units. Thirty-eight thousand men in the 19-year age group have received draft cards; 40,000 in the 18-year group will be called up during May and June. Nearly 12,000 reservists have rejoined the armed forces, and 8,000 will be called up in the next phase. ~~In the last two and one-half months, 48,500 men, nearly half of them volunteers, have joined the armed forces, a number greater than in any similar period.~~ The military training of civil servants and students is being accelerated.

~~Civil defense training is also proceeding~~ and has made substantial progress though it is not yet well enough coordinated. Thieu has asked Vice President Ky to take charge of the program and to come up with a comprehensive plan for the whole country. It is important that this should be carried out carefully and in an orderly and systematic way to avoid the reappearance of any private armies such as existed in prior years. ~~A good beginning is being made in first arming civil servants.~~ Veterans should provide another good civil defense pool.

In its haste to increase the armed forces by at least 135,000, the Government of Vietnam has ~~not given enough attention to protecting important civic and pacification activities.~~ I have raised this problem several times with both Thieu and Prime Minister Loc, furnishing the latter a list of 3,000 essential government jobs whose incumbents should not be drafted unless qualified replacement is available. While the situation relative to the central government in Saigon has been handled fairly well, there is danger that the provincial services and the economy may be seriously affected unless preventive measures are promptly taken. For example, refugee mobile teams are being decimated by the draft just at the time when the refugee load is the greatest; the only anesthesiologist at the Dalat hospital has been drafted,

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~~SECRET/NODIS~~

effectively cancelling the hospital's surgical capability. We are, therefore, working on a longer list covering the provincial organizations. The Government of Vietnam has not yet provided clear instructions or adequate machinery to insure that essential civilian government and public services continue to function effectively. Since the contest in Vietnam is not only a contest between military forces, but also between the Government of Vietnam and Viet Cong organizations, it is essential that the Government administrative structure be not weakened. I have suggested to Thieu and Ky that the mobilization directorate be placed either under the Presidency or the Prime Minister's office so that the interests of all the Ministries can be coordinated.

Thieu has also moved on the civilian front:

1. In addition to the eight new province chiefs, whose appointment I mentioned in last week's message, Thieu yesterday appointed four more province chiefs in the provinces of Go Cong, Kien Hoa, Vinh Binh, and Phong Dinh, all in the Fourth Corps area. He has informed me that he expects to replace the province chiefs in Bien Hoa and Gia Dinh in the Third Corps and to make further appointments when the course for province and district chiefs is completed in April.

2. Thieu has also submitted to the Assembly draft laws covering establishment of the Inspectorate, the Supreme Court, the Special Court, the Magistrate Council, and a statute for political parties. Yesterday he submitted draft laws covering the organization and operation of the Economic and Social Welfare Council, the Cultural and Education Council, and the Ethnic Minority Council. The Vice President will preside over these councils. It is anticipated that these draft laws will be debated and put to a vote in the Lower House in early April. This is a welcome development for it will give Ky definite responsibilities which he has hitherto lacked.

3. To provide increased revenue, Thieu told me last Tuesday that he will send a draft law to the Assembly proposing a surtax for "reconstruction and solidarity" which he anticipated would bring in about 3 billion piasters. On March 30, he plans to issue an Executive Order increasing taxes on luxury items and importing goods, expected to bring in about 4 billion piasters in additional revenue. As a first step, he plans to raise the tax on petroleum products from 9 to 13 piasters per liter. He estimates that this will bring in an additional 2 billion piasters. In one or two months he plans to increase the tax to 17 piasters. Since petroleum products are so widely used in the economy and affect all principal means of transportation, Thieu has decided on a two-step increase in order to avoid too sudden and drastic an impact. In connection with these tax measures, Thieu made a special plea to me to have our authorities work closely with his to prevent supplies from American sources getting into illegal channels of trade. He made the point that obviously non-taxable gasoline and PX supplies would become more attractive.

4. Information was raised to Ministerial level and Tran Van An appointed Minister of Information on March 22. Thieu hopes that An will develop a more effective and imaginative program both at home and abroad. This is badly needed, for information has been one of the weakest elements in the Government of Vietnam structure. An has talked to us about establishing a joint U. S. / Government of Vietnam working

C O P Y - Lyndon Baines Johnson Library

committee and we shall follow up with him on this. He wants to have closer working relationships with all the Ministries and to work out some joint arrangement with the Army of the Republic of Vietnam political warfare section. He also hopes to develop a more realistic "political warfare" campaign against the enemy with more adroit use of TV and radio. We shall lend all the assistance we can for, in my opinion, Government of Vietnam psychological warfare has been a good deal less effective than the enemy's.

5. ~~Thieu has made progress toward the establishment of his council of political and spiritual advisors.~~ He informed me that so far, eighteen individuals had agreed to serve, that he wants to talk to three or four others before making an announcement which he hoped might be this week. Among those who have agreed to serve are Phan Quang Dan and Ha Thuc Ky; he also hopes to have satisfactory Buddhist representation among them. Tran Van Huong has agreed to serve privately as an adviser, but does not wish to be officially listed as such. All had agreed that it would be best not to meet formally in a large group since frank and constructive discussions could better be had in meetings with small selected groups, or individual

6. ~~Announcement has been made that an administrative reform council will be set up in the President's office "under the direct control of the President; and will be responsible for studying and deciding on administrative reforms."~~ It will have a committee on civil service reform which can be used as a vehicle for reviving the proposed civil service general statute which was drafted in October, 1967, by an ad hoc Government of Vietnam committee, and which has never been implemented. A National Planning Council will also be set up "under the direct control of the President, and will be responsible for studying and drawing up all national plans as well as the supervision and execution of these plans."

7. Work is also underway on the establishment of ~~a production rehabilitation fund and a war risk insurance plan, both mentioned by the President in his March 21 speech.~~

8. On corruption, Thieu said "I have considered it to be a shame for the whole nation" and emphasized his determination to wipe it out. He observed, "I will not pass up any infraction, and in order to start in the right direction, I shall not treat with indulgence any clearly established cases of corruption, especially the abuses committed in the relief program." ~~He promised to strictly carry out punishments handed down by the courts, including the death penalty recently announced in three cases.~~

According to the President's brother, Nguyen Van Kieu, ~~Tran Van Huong has been persuaded to serve as head of the Inspectorate. Past claims to this effect have not materialized, but if true, this would be a most favorable development, as Huong has a wide reputation for honesty and dedication to clean government.~~ Thus Huong could add some much needed credibility to the government's anti-corruption campaign. His presence should go a long way to instill confidence that this time the government really means business. (Huong recently told an Embassy officer that the only way to handle those who divert relief funds and supplies is to "shoot, shoot, shoot". He seemed to mean it.)

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B. Military

U. S. and Government forces increasingly took the initiative last week while the level of enemy activity declined, although there were a number of sizeable actions. During the last two days of last week, Khe Sanh was subjected to very heavy rocketing, but this has since slacked off. It seems probable that our very heavy bombing has inflicted heavy casualties; 1,200 of the enemy are known killed and this may be a relatively small proportion of the total. General Westmoreland believes it is conceivable the enemy may have given up the idea of attacking Khe Sanh and may be withdrawing part of his forces to Cambodia and intending to redeploy in the central highlands. In the southern three provinces of the First Corps, the enemy seems to be disorganized. In the Second Corps, he has maintained a threatening attitude around the cities of Kontum, Pleiku, and Ban Me Thuot, but activities have largely been confined to harassment through mortaring and rocketing. In the Third Corps, the Joint U.S. /Army of the Republic of Vietnam operation, Quyet Thang (resolve to win), is progressing well, with sweeps being carried out during the day and ambushes at night. Heavy losses have been inflicted on the enemy. The enemy continues to hang in around Saigon in Gia Dinh, Hau Nghia, and Bien Hoa provinces. In the Fourth Corps, offensive operations have been accelerated, activity last week being the highest on record. The enemy has pulled back from around My Tho and Can Tho and seems to be trying to avoid contact. On the other hand, he has been actively attempting to disrupt traffic. Highway 4 is interdicted almost every night, but is back in operation during the day time.

The enemy apparently is infiltrating from the north at a very high rate. With only four to six weeks of good weather remaining in the Laos panhandle, he is trying feverishly to replenish stocks. He is relying heavily on trucks, building cleverly concealed motorable roads in remote areas from Cambodia into Tay Ninh and Phuoc Long Provinces and from the tri-border area into Kontum Province.

The determination of the Vietnamese Armed Forces to engage the enemy and to expel him from positions from which he can threaten military installations and population centers has become increasingly evident throughout the month of March.

In the First Corps, since the battle of Hue, in which 4,578 enemy were killed (2,623 by the Army of the Republic of Vietnam), there have been three significant Army of the Republic of Vietnam engagements.

1. In Quang Tri Province, the First Army of the Republic of Vietnam Regiment operation resulted in 208 enemy killed in action, 18 detainees, 49 individual and 16 crew-served weapons captured. Army of the Republic of Vietnam losses were 8 killed in action and 35 wounded in action.

2. In Quang Tri Province, in a Second Army of the Republic of Vietnam Regiment operation, 155 of the enemy were killed in action, 19 individual and 6 crew-served weapons captured. Army of the Republic of Vietnam were 14 killed in action, 63 wounded in action, and one missing in action.

3. In Quang Tri Province, in another Second Army of the Republic of Vietnam Regiment operation, the enemy losses were 407 killed in action, 18 detainees, 74

individual and 24 crew-served weapons captured. Army of the Republic of Vietnam losses were 45 killed in action and 185 wounded in action.

In the Second Corps, the Army of the Republic of Vietnam had three significant contacts:

1. In Darlac Province, in an operation by the 45th Army of the Republic of Vietnam Regiment, 160 enemy were killed, 52 individual and one crew-served weapon captured. Army of the Republic of Vietnam sustained 16 killed in action and 16 wounded in action.

2. In Binh Dinh Province, in two engagements in which the Regional and Popular Forces participated, the enemy lost 298 killed in action, 24 individual and 16 crew-served weapons; yet the Regional and Popular Forces losses were one killed in action and 8 wounded in action.

In the Third Corps, the combined campaign, Quyet Thang (resolved to win), began on March 11 with elements of the U. S. First, Ninth, and 25th Infantry Divisions in coordination with the 5th and 25th Army of the Republic of Vietnam Divisions and Vietnamese Airborne, Marines, and Ranger Task Forces. The operation, designed to clear the capital military district and surrounding areas, is progressing with significant results. As examples:

1. In Hau Nghia Province, a combined reconnaissance in force by elements of the 49th Army of the Republic of Vietnam Regiment and 11th U. S. Armored Cavalry, against an estimated enemy battalion, resulted in 142 enemy killed in action, 6 individual and 2 crew-served weapons captured, friendly losses were 8 killed in action (one U. S.) and 21 wounded in action (five U. S.).

2. In Hau Nghia Province, in the early hours of March 25, a combined force of the 34th Army of the Republic of Vietnam Ranger Battalion and elements of the 4th Battalion, 23rd Infantry (U. S.) engaged an estimated 300 enemy while reinforcing a popular forces outpost under attack. U. S. tanks, artillery, gunships, and tactical air also participated. Enemy losses now stand at 243 killed in action, 24 individual and 15 crew-served weapons captured. Friendly losses are 32 killed in action (10 U. S.), 103 wounded in action (71 U. S.), two missing in action (Army of the Republic of Vietnam), and three trucks destroyed.

3. Cumulative casualties through midnight March 25 are: enemy (by Army of the Republic of Vietnam) 845 killed in action, 44 detainees, two returnees, 225 individual and 47 crew-served weapons captured; by U. S.: 879 killed in action, 236 detainees, 268 individual and 68 crew-served weapons captured. Friendly (Army of the Republic of Vietnam: 89 killed in action, 231 wounded in action; U. S.: 63 killed in action, 538 wounded in action; 407 evacuated).

In the Fourth Corps:

1. Operation Truong Cong Dinh campaign commenced on March 7 with the First and Second Brigades, 9th U. S. Infantry Division and Army of the Republic of Vietnam 7th, 9th, and 21st Divisions. Army of the Republic of Vietnam losses were 100 killed in action, 200 wounded in action, 100 captured. U. S. losses were 100 killed in action, 200 wounded in action, 100 captured.

energized by the new corps Commander, General Thang, have achieved excellent results. Campaign cumulative casualties through midnight March 25 are: enemy (by Army of the Republic of Vietnam): 502 killed in action, 377 detainees, 157 individual weapons and 16 crew-served weapons captured; by U. S.: 198 killed in action, 141 detainees, 23 individual and five crew-served weapons captured.

2. Another significant engagement occurred in the Fourth Corps in An Kuyen Province at Ca Mau on the morning of March 5 when an estimated reinforced enemy battalion attacked the city and airfield. Popular Forces and 32nd Army of the Republic of Vietnam Regiment troops attacked with artillery, gunships, and tactical air support. After an eight-hour engagement, the enemy was driven from the battle area leaving 282 dead, 49 individual and 21 crew-served weapons and two radios captured. Friendly losses were 11 killed in action and 47 wounded in action (2 U. S.)

C. Political

~~Political organizations.~~ Organizing activity continued this week for two major new political groups, Tran Van Don's Peoples Front for National Salvation and Nguyen Van Huong's Free Democratic Force. Don held a press conference March 22 to announce the composition of the Front's high steering committee and report on his organizing trips to the provinces. Huong's force was publicly launched March 27 with a two-day National Congress for Delegates from all over the country. (It is not clear whether Tran Van An is still going ahead with his plans for another front organization now that he has been named as Minister of Information.)

While Don has suffered no public defections, it is becoming increasingly clear that some of the national political figures who originally took part in his front are now cooling off on it. The question of the continued participation of men such as Tran Van Huong, Phan Khac Suu, and Ha Thuc Ky was avoided at the March 22 press conference by announcing that all members of the Front's temporary advisory board will now be members of the high steering committee. While Huong, for example, has not objected to this continued use of his name, he has appeared only at the first public meeting and he has subsequently let it be known privately that he does not believe the Front is a useful device.

Don, meanwhile, has been making a number of trips to the provinces to set up provincial branches of his organization. It is not yet clear how much success he is having in this effort, though he himself admits that ideally, he should have begun with this activity and then proceeded to the kind of national congress which he held on March 10.

There is a continuing impression that Don's organization is basically pro-Ky and Thieu himself seems still to take a rather dim view of the Don front. He recently told a mission officer that Don's front has no value for use as an instrument to develop and organize public action and Don's concept is not practical for Vietnam

at this time. Thieu said that the Don front will attract no one of substance outside of Don's entourage and his political allies.

Huong's force at its inception appears to be notably lacking in leaders of national stature. His temporary Executive Committee, unveiled at the March 27 meeting, includes several Senators and Deputies, but none of these have been prominent in the Assembly. Huong himself is staying completely in the background, with a relatively unknown southern nationalist, Ngo Ung Tai, serving as the chairman of the force executive committee. The force inaugural was attended by delegations from 36 provinces, however, and Embassy officers observed that these delegations included a sprinkling of provincial councilors and village chiefs. It may be that, despite the lack of national figures among the leaders of the force, Huong has in fact prepared the ground for a national organization with some real support at the rice roots level.

An important difference between the Don front and the Huong force is the fact that the force accepts members only as individuals. Don's front, on the other hand, aims at attracting already organized groups to band together in pursuit of common goals. For the immediate problem of mobilizing the nation against the present Communist threat, Don's approach has clear advantages. However, over the long haul, the Huong method probably offers a better hope of constructing a closely-knit and disciplined political organization.

Huong's concept is a party of cadre, organized in cells, and directed from the top. He has clearly been much influenced by the example of the Lao Dong and Can Lao parties, and the force can be expected to bear a strong resemblance to those organizations if it is successful. Hopefully, there will be one vital difference, however -- the force is being organized with the avowed purpose of seeking power through free elections, and its bylaws pledge adherence to the constitution.

The Don front and the Huong force are not necessarily incompatible, though most Vietnamese politicians persist in seeing them as rivals. Tran Van Don, in fact, attended the public inauguration of the force as a guest. He told an Embassy officer there that he hopes all parties, including the force, can be induced to and together for certain purposes under the banner of his front. This is very close to the idea of Thieu's brother, Nguyen Van Kieu. Kieu told Calhoun on March 27 that he has been consulting with Don, Huong, and Tan Van An about arrangements for linking their organizations together, and he claimed that all had agreed to work out such an understanding. We will be working to influence some such development so as to maximize the unifying influence of these political groups in the face of the enemy.

Thieu-Ky relations. Bui Diem has been talking, by his own account very frankly indeed, with both Thieu and Ky on the absolute necessity for them to close ranks publicly and work together for the good of the nation. I hope that his efforts will reinforce my own frequent attempts to impress this idea on both Thieu and Ky. According to Bui Diem, Ky reiterated his feelings of loyalty and personal obligation to you and his pledge that he will do nothing to upset the present situation. He also

reportedly told Bui Diem that he is willing to get rid of some of the more troublesome members of his staff, |
Thieu wishes him to do so. if

In recent conversations, Ky has seemed to focus on the need for Thieu to publicly designate some area for him to work on. Thieu has told me and he has told Ky that he wants Ky to manage the Civil Defense Program, and Ky has said he is willing to accept this responsibility. However, he also feels he must have a public mandate from Thieu. I agree that he should and I intend to take this up with Thieu as soon as possible.

Thieu's sending of draft legislation to the Assembly for the establishment of the three advisory councils should also help to alleviate the problem. As Vice President Ky is supposed to chair these councils, and their establishment should help to occupy him in something besides ill-devised comments to reporters.

Some of the recent friction between Thieu and Ky has no doubt been generated by persistent reports that Ky's supporters were pushing for a constitutional amendment which would allow Ky to become Prime Minister. General Loan seems to have been behind this particular maneuver, and perhaps as a result of some rather frank talks between Komer and Ky about Loan, ~~Loan has been sent to the First Corps to "cool off" for a time.~~ As Loan was also the prime mover behind the effort to have the Assembly declare war on North Vietnam, I hope that his absence will also tend to dampen that particular project.

~~Assembly developments.~~ The Upper House has been circulating a petition to interpellate the Prime Minister, Defense Minister Vy, and Interior Minister Vien on the government's performance during and since the Tet attacks. The petition already has the required number of signatures, and it is reasonably certain that the ministers will be "invited" to appear following passage of the budget.

According to some of the more moderate Senators, the Ministers can expect some very vigorous questioning. According to Senator Dang Van Sung, the impetus behind the interpellation effort is the "general feeling" that the government must make some fairly extensive changes in the Cabinet to restore public confidence. While some Senators no doubt sincerely believe this, others are probably motivated by more personal considerations. We will do what we can to moderate this development.

The Upper House is now nearing the end of its consideration of the budget. It has taken a much more careful look at the government's plans than did the Lower House, and has made a number of economies. The Senators reportedly have been told by the Minister of Finance that there will be a supplemental budget request from the government within about three months. The Senate, therefore, is taking a very hard look at budget items such as new automobiles or new personnel, while at the same time taking the position that they will approve any funds really needed for essential operations. Thus, they have cut the budgets of the Ministries of Health, Social

Welfare, and Education, but expect to vote more money for all three Ministries when they get the supplemental request to meet the extraordinary demands put on those Ministries by the Tet attacks.

Among other cuts were reductions in the funds allotted for the offices of the government delegates, the Senate taking the position that these offices are not provided for in the constitution, and they only add to "administrative frictions." The Senate also took an action which some Senators have interpreted as a slap at Vice President Ky. Noting that the Vice President has no power to sign decrees under the constitution, they questioned his right to establish a separate office by decree. They then voted to put the funds for the Vice Presidency under the same chapter of the budget as the funds for the office of the Presidency.

Because of the numerous Senate changes in the Lower House version of the budget, the bill will have to go back to the Lower House following passage by the Senate. Compromising the House and Senate versions could take some time, but we are told by most sources that final passage will take place during the first week in April.

D. Pacification

The pacification program is continuing to revive slowly, although the Government of Vietnam is not yet moving fast enough to win the race for the countryside. As I reported last week, the key problem is less one of loss of assets, the great bulk of them are again in hand, than defensive attitudes which inhibit aggressive movements back into those hamlets now lost or contested.

These losses have been considerable, but less than initially feared. For example, our hamlet evaluation system figures for end-February show a 7 percent decline in relatively secure population (ABC hamlets plus the towns) from the end-January estimate of 67 percent. About 800 hamlets and 1.3 million people dropped from the "secure" category. But it is important to note that most of these dropped into the "contested" category. Only 200 hamlets and 280,000 people are estimated to have reverted to Viet Cong control. Moreover, we believe that these losses as of end-February are being slowly recouped during March.

Meanwhile, President Thieu has been given more guidance to the program. He has moved to reassert Central Government authority over Province Chiefs by cutting Corps Commanders out of all save the military chain of command. His appointment of first eight and now four more Province Chiefs manifests Thieu's desire to have more controlling influence. He also plans to shift the Revolutionary Development Cadre directorate from under the Joint General Staff back to the Revolutionary Development ministry, which may cause disruption and delay just at the time when quick action is essential. Komer has urged Thieu to delay this change until later in the year when pacification is back on the track.

Ky also is active, visiting each Corps to manifest his approval of the modified 1968 Revolutionary Development plans and carry the word that pacification is still a high priority program being given personal attention by top government leaders.

Out of 595 Revolutionary Development teams 464 (77 percent) are now back in the hamlets. Local security forces have had to go with them, which helps achieve Government of Vietnam and U.S. aim of reestablishing a presence.

E. Project Recovery

The brightest news on the recovery front is continued drop off in Tet evacuees, indicating that people are gaining confidence in security and that resettlement machinery is beginning to function. Between 13 and 25 March total of Tet refugees declined from 486,000 to 392,000 and are still declining. In Saigon, Gia Dinh, refugees dropped from 122,000 to 99,000 during the same period.

We continue to stress in top Government of Vietnam circles that recovery is much bigger than just repairing damage and helping evacuees. The key is economical revival, which in turn depends critically on restoring roads and waterways to the point where people are confident that they can travel as safely as before Tet. Key roads are reopening, but traffic on them is only slowly reviving because the psychological impact of the Tet offensive hasn't worn off and the Viet Cong are practicing calculated harassment. In Third Corps, even though major highways are open, commercial traffic is below 50 percent of pre-Tet levels. On vital Route 4 in the Delta, traffic flow is now roughly 50 percent of pre-Tet level. On the two most important canals in the Delta, the Mang Thit and the Cho Gao, boat traffic is 20 percent and 30 percent respectively of pre-Tet volume.

As a result, the flow of rice from the Delta to Saigon is way down. Because there isn't enough storage space in the countryside, Delta rice must be moved to covered storage in Saigon before the rains start next month. Traffic out of Saigon is way down too, causing critical shortages of petroleum, oil and lubricants in many Delta provinces, slowing distribution of relief materials, and forcing prices of commodities normally obtained from Saigon to rise to as much as 100 percent above pre-Tet figures. We are doing our best to restore security and confidence.

SANITIZED

Thursday, March 28, 1968

Authority _____

By _____, NARS, Date _____

FOR THE PRESIDENT FROM BUNKER (Saigon 23308)

Herewith my forty-fifth weekly message:

22
 President used
 at Press Conference
 #121, 3/30/68

SANITIZED

Authority State Letter 11-7-78By if, NARS, Date 3-15-79A. General

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THIEU EXPLAINED HIS PLANS FOR INCREASED TAXES

3. To provide increased revenue, Thieu told me last Tuesday that he will send a draft law to the Assembly proposing a surtax for "reconstruction and solidarity" which he anticipated would bring in about 3 billion piasters. On March 30, he plans to issue an Executive Order increasing taxes on luxury items and importing goods, expected to bring in about 4 billion piasters in additional revenue. As a first step, he plans to raise the tax on petroleum products from 9 to 13 piasters per liter. He estimates that this will bring in an additional 2 billion piasters. In one or two months, he plans to increase the tax to 17 piasters. Since petroleum products are so widely used in the economy and affect all principal means of transportation, Thieu has decided on a two-step increase in order to avoid too sudden and drastic an impact. In connection with these tax measures, Thieu made a special plea to me to have our authorities work closely with his to prevent supplies from American sources getting into illegal channels of trade. He made the point that obviously non-taxable gasoline and PX supplies would become more attractive.

4. Information was raised to Ministerial level and Tran Van An appointed Minister of Information on March 22. Thieu hopes that An will develop a more effective and imaginative program both at home and abroad. This is badly needed, for information has been one of the weakest elements in Government of Vietnam structure. An has talked to us about establishing a joint U. S. / Government of Vietnam working

committee and we shall follow up with him on this. He wants to have closer working relationships with all the ministries and to work out some joint arrangement with the Army of the Republic of Vietnam political warfare section. He also hopes to develop a more realistic "political warfare" campaign against the enemy with more adroit use of TV and radio. We shall lend all the assistance we can for, in my opinion, Government of Vietnam psychological warfare has been a good deal less effective than the enemy's.

5. Thieu has made progress toward the establishment of his council of political and spiritual advisors. He informed me that so far, eighteen individuals had agreed to serve, that he wants to talk to three or four others before making an announcement which he hoped might be this week. Among those who have agreed to serve are Phan Quang Dan and Ha Thuc Ky; he also hopes to have satisfactory Buddhist representation among them. Tran Van Huong has agreed to serve privately as an adviser, but does not wish to be officially listed as such. All had agreed that it would be best not to meet formally in a large group since frank and constructive discussions could better be had in meetings with small selected groups, or individually.

6. Announcement has been made that an administrative reform council will be set up in the President's office "under the direct control of the President, and will be responsible for studying and deciding on administrative reforms." It will have a committee on civil service reform which can be used as a vehicle for reviving the proposed civil service general statute which was drafted in October, 1967, by an ad hoc Government of Vietnam committee, and which has never been implemented. A National Planning Council will also be set up "under the direct control of the President, and will be responsible for studying and drawing up all national plans as well as the supervision and execution of these plans."

7. Work is also underway on the establishment of a production rehabilitation fund and a war risk insurance plan, both mentioned by the President in his March 21 speech.

8. On corruption, Thieu said "I have considered it to be a shame for the whole nation" and emphasized his determination to wipe it out. He observed, "I will not pass up any infraction, and in order to start in the right direction, I shall not treat with indulgence any clearly established cases of corruption, especially the abuses committed in the relief program." He promised to strictly carry out punishments handed down by the courts, including the death penalty recently announced in three cases.

According to the President's brother, Nguyen Van Kieu, Tran Van Huong has been persuaded to serve as head of the Inspectorate. Past claims to this effect have not materialized, but if true, this would be a most favorable development, as Huong has a wide reputation for honesty and dedication to clean government. Thus Huong could add some much needed credibility to the government's anti-corruption campaign. His presence should go a long way to instill confidence that this time the government really means business. (Huong recently told an Embassy officer that the only way to handle those who divert relief funds and supplies is to "shoot, shoot, shoot". He seemed to mean it.)

B. Military

U. S. and Government forces increasingly took the initiative last week while the level of enemy activity declined, although there were a number of sizeable actions. During the last two days of last week, Khe Sanh was subjected to very heavy rocketing, but this has since slacked off. It seems probable that our very heavy bombing has inflicted heavy casualties; 1,200 of the enemy are known killed and this may be a relatively small proportion of the total. General Westmoreland believes it is conceivable the enemy may have given up the idea of attacking Khe Sanh and may be withdrawing part of his forces to Cambodia and intending to redeploy in the central highlands. In the southern three provinces of the First Corps, the enemy seems to be disorganized. In the Second Corps, he has maintained a threatening attitude around the cities of Kontum, Pleiku, and Ban Me Thuot but activities have largely been confined to harassment through mortaring and rocketing. In the Third Corps, the Joint U.S./Army of the Republic of Vietnam operation, Quyet Thang (resolve to win), is progressing well, with sweeps being carried out during the day and ambushes at night. Heavy losses have been inflicted on the enemy. The enemy continues to hang in around Saigon in Gia Dinh, Hau Nghia, and Ben Hoa provinces. In the Fourth Corps, offensive operations have been accelerated, activity last week being the highest on record. The enemy has pulled back from around My Tho and Can Tho and seems to be trying to avoid contact. On the other hand, he has been actively attempting to disrupt traffic. Highway 4 is interdicted almost every night, but is back in operation during the day time.

The enemy apparently is infiltrating from the north at a very high rate. With only four to six weeks of good weather remaining in the Laos panhandle, he is trying feverishly to replenish stocks. He is relying heavily on trucks, building cleverly concealed motorable roads in remote areas from Cambodia into Tay Ninh and Phuoc Long Provinces and from the tri-border area into Kontum Province.

The determination of the Vietnamese Armed Forces to engage the enemy and to expel him from positions from which he can threaten military installations and population centers has become increasingly evident throughout the month of March:

In the First Corps, since the battle of Hue, in which 4,578 enemy were killed (2,623 by the Army of the Republic of Vietnam), there have been three significant Army of the Republic of Vietnam engagements.

1. In Quang Tri Province, the First Army of the Republic of Vietnam Regiment operation resulted in 305 enemy killed in action, 18 detainees, 49 individual and 16 crew-served weapons captured. Army of the Republic of Vietnam losses were 8 killed in action and 35 wounded in action.

2. In Quang Tri Province, in a Second Army of the Republic of Vietnam Regiment operation, 155 of the enemy were killed in action, 19 individual and 6 crew-served weapons captured. Army of the Republic of Vietnam were 14 killed in action, 63 wounded in action, and one missing in action.

3. In Quang Tri Province, in another Second Army of the Republic of Vietnam Regiment operation, the enemy losses were 407 killed in action, 18 detainees, 74

individual and 24 crew-served weapons captured. ~~Army of the Republic of Vietnam~~ losses were ~~45 killed~~ in action and 185 wounded in action.

In the Second Corps, the Army of the Republic of Vietnam had three significant contacts:

1. In Darlac Province, in an operation by the 45th Army of the Republic of Vietnam Regiment, ~~160 enemy were killed~~, 52 individual and one crew-served weapons captured. ~~Army of the Republic of Vietnam sustained 16 killed in action and 16~~ wounded in action.

2. ~~In Binh Dinh Province, in two engagements in which the Regional and Popular Forces participated, the enemy lost 298 killed in action, 24 individual and 16 crew-served weapons; yet the Regional and Popular Forces losses were one killed in action and 8 wounded in action.~~

In the Third Corps, the combined campaign, Quyet Thang (resolved to win), began on March 11 with elements of the U. S. First, Ninth, and 25th Infantry Divisions in coordination with the 5th and 25th Army of the Republic of Vietnam Divisions and Vietnamese Airborne, Marines, and Ranger Task Forces. The operation, designed to clear the capital military district and surrounding areas, is progressing with significant results. As examples:

1. In Hau Nghia Province, a combined reconnaissance in force by elements of the 49th Army of the Republic of Vietnam Regiment and 11th U. S. Armored Cavalry, against an estimated enemy battalion, resulted in ~~142 enemy killed in action~~, 6 individual and 2 crew-served weapons captured, ~~friendly losses were 8 killed in action (one U. S.) and 21 wounded in action (five U. S.).~~

2. In Hau Nghia Province, in the early hours of ~~March 25~~, a combined force of the 34th Army of the Republic of Vietnam Ranger Battalion and elements of the 4th Battalion, 23rd Infantry (U. S.) engaged an estimated 300 enemy while reinforcing a popular forces outpost under attack. U. S. tanks, artillery, gunships, and tactical air also participated. ~~Enemy losses now stand at 243 killed in action, 24 individual and 15 crew-served weapons captured. Friendly losses are 32 killed in action (10 U. S.), 103 wounded in action (71 U. S.), two missing in action (Army of the Republic of Vietnam), and three trucks destroyed.~~

3. Cumulative casualties through midnight March 25 are: enemy (by Army of the Republic of Vietnam) 845 killed in action, 44 detainees, two returnees, 225 individual and 47 crew-served weapons captured; by U. S.: 879 killed in action, 236 detainees, 268 individual and 68 crew-served weapons captured. Friendly (Army of the Republic of Vietnam: 89 killed in action, 231 wounded in action; U. S.: 63 killed in action, 538 wounded in action; 407 evacuated).

In the Fourth Corps:

1. Operation Truong Cong Dinh campaign commenced on March 7 with the First and Second Brigades, 9th U. S. Infantry Division and Army of the Republic of Vietnam 7th, 9th, and 21st Divisions. Army of the Republic of Vietnam forces

C O P Y - Lyndon Baines Johnson Library

energized by the new corps Commander, General Thang, have achieved excellent results. Campaign cumulative casualties through midnight March 25 are: enemy (by Army of the Republic of Vietnam): 502 killed in action, 377 detainees, 157 individual weapons and 16 crew-served weapons captured; by U. S.: 198 killed in action, 141 detainees, 23 individual and five crew-served weapons captured.

2. Another significant engagement occurred in the Fourth Corps in An Kuyen Province at Ca Mau on the morning of March 5 when an estimated reinforced enemy battalion attacked the city and airfield. Popular Forces and 32nd Army of the Republic of Vietnam Regiment troops attacked with artillery, gunships, and tactical air support. After an eight-hour engagement, the enemy was driven from the battle area leaving 282 dead, 49 individual and 21 crew-served weapons and two radios captured. Friendly losses were 11 killed in action and 47 wounded in action (2 U. S.)

C. Political

Political organizations. Organizing activity continued this week for two major new political groups, Tran Van Don's Peoples Front for National Salvation and Nguyen Van Huong's Free Democratic Force. Don held a press conference March 22 to announce the composition of the Front's high steering committee and report on his organizing trips to the provinces. Huong's force was publicly launched March 27 with a two-day National Congress for Delegates from all over the country. (It is not clear whether Tran Van An is still going ahead with his plans for another front organization now that he has been named as Minister of Information.)

While Don has suffered no public defections, it is becoming increasingly clear that some of the national political figures who originally took part in his front are now cooling off on it. The question of the continued participation of men such as Tran Van Huong, Phan Khac Suu, and Ha Thuc Ky was avoided at the March 22 press conference by announcing that all members of the Front's temporary advisory board will now be members of the high steering committee. While Huong, for example, has not objected to this continued use of his name, he has appeared only at the first public meeting and he has subsequently let it be known privately that he does not believe the Front is a useful device.

Don, meanwhile, has been making a number of trips to the provinces to set up provincial branches of his organization. It is not yet clear how much success he is having in this effort, though he himself admits that ideally, he should have begun with this activity and then proceeded to the kind of national congress which he held on March 10.

There is a continuing impression that Don's organization is basically pro-Ky and Thieu himself seems still to take a rather dim view of the Don front. He recently told a mission officer that Don's front has no value for use as an instrument to develop and organize public action and Don's concept is not practical for Vietnam

at this time. Thieu said that the Don front will attract no one of substance outside of Don's entourage and his political allies.

Huong's force at its inception appears to be notably lacking in leaders of national stature. His temporary Executive Committee, unveiled at the March 27 meeting, includes several Senators and Deputies, but none of these have been prominent in the Assembly. Huong himself is staying completely in the background, with a relatively unknown southern nationalist, Ngo Ung Tai, serving as the chairman of the force executive committee. The force inaugural was attended by delegations from 36 provinces, however, and Embassy officers observed that these delegations included a sprinkling of provincial councilors and village chiefs. It may be that, despite the lack of national figures among the leaders of the force, Huong has in fact prepared the ground for a national organization with some real support at the rice roots level.

An important difference between the Don front and the Huong force is the fact that the force accepts members only as individuals. Don's front, on the other hand, aims at attracting already organized groups to band together in pursuit of common goals. For the immediate problem of mobilizing the nation against the present Communist threat, Don's approach has clear advantages. However, over the long haul, the Huong method probably offers a better hope of constructing a closely-knit and disciplined political organization.

Huong's concept is a party of cadre, organized in cells, and directed from the top. He has clearly been much influenced by the example of the Lao Dong and Can Lao parties, and the force can be expected to bear a strong resemblance to those organizations if it is successful. Hopefully, there will be one vital difference, however -- the force is being organized with the avowed purpose of seeking power through free elections, and its bylaws pledge adherence to the constitution.

The Don front and the Huong force are not necessarily incompatible, though most Vietnamese politicians persist in seeing them as rivals. Tran Van Don, in fact, attended the public inauguration of the force as a guest. He told an Embassy officer there that he hopes all parties, including the force, can be induced to and together for certain purposes under the banner of his front. This is very close to the idea of Thieu's brother, Nguyen Van Kieu. Kieu told Calhoun on March 27 that he has been consulting with Don, Huong, and Tan Van An about arrangements for linking their organizations together, and he claimed that all had agreed to work out such an understanding. We will be working to influence some such development so as to maximize the unifying influence of these political groups in the face of the enemy.

Thieu-Ky relations. Bui Diem has been talking, by his own account very frankly indeed, with both Thieu and Ky on the absolute necessity for them to close ranks publicly and work together for the good of the nation. I hope that his efforts will reinforce my own frequent attempts to impress this idea on both Thieu and Ky. According to Bui Diem, Ky reiterated his feelings of loyalty and personal obligation to you and his pledge that he will do nothing to upset the present situation. He also

reportedly told Bui Diem that he is willing to get rid of some of the more troublesome members of his staff, if Thieu wishes him to do so.

In recent conversations, Ky has seemed to focus on the need for Thieu to publicly designate some area for him to work on. Thieu has told me and he has told Ky that he wants Ky to manage the Civil Defense Program, and Ky has said he is willing to accept this responsibility. However, he also feels he must have a public mandate from Thieu. I agree that he should and I intend to take this up with Thieu as soon as possible.

Thieu's sending of draft legislation to the Assembly for the establishment of the three advisory councils should also help to alleviate the problem. As Vice President, Ky is supposed to chair these councils, and their establishment should help to occupy him in something besides ill-devised comments to reporters.

Some of the recent friction between Thieu and Ky has no doubt been generated by persistent reports that Ky's supporters were pushing for a constitutional amendment which would allow Ky to become Prime Minister. General Loan seems to have been behind this particular maneuver, and perhaps as a result of some rather frank talks between Komer and Ky about Loan, Loan has been sent to the First Corps to "cool off" for a time. As Loan was also the prime mover behind the effort to have the Assembly declare war on North Vietnam, I hope that his absence will also tend to dampen that particular project.

Assembly developments. The Upper House has been circulating a petition to interpellate the Prime Minister, Defense Minister Vy, and Interior Minister Vien on the government's performance during and since the Tet attacks. The petition already has the required number of signatures, and it is reasonably certain that the ministers will be "invited" to appear following passage of the budget.

According to some of the more moderate Senators, the Ministers can expect some very vigorous questioning. According to Senator Dang Van Sung, the impetus behind the interpellation effort is the "general feeling" that the government must make some fairly extensive changes in the Cabinet to restore public confidence. While some Senators no doubt sincerely believe this, others are probably motivated by more personal considerations. We will do what we can to moderate this development.

The Upper House is now nearing the end of its consideration of the budget. It has taken a much more careful look at the government's plans than did the Lower House, and has made a number of economies. The Senators reportedly have been told by the Minister of Finance that there will be a supplemental budget request from the government within about three months. The Senate, therefore, is taking a very hard look at budget items such as new automobiles or new personnel, while at the same time taking the position that they will approve any funds really needed for essential operations. Thus, they have cut the budgets of the Ministries of Health, Social

Welfare, and Education, but expect to vote more money for all three Ministries when they get the supplemental request to meet the extraordinary demands put on those Ministries by the Tet attacks.

Among other cuts were reductions in the funds allotted for the offices of the government delegates, the Senate taking the position that these offices are not provided for in the constitution, and they only add to "administrative frictions." The Senate also took an action which some Senators have interpreted as a slap at Vice President Ky. Noting that the Vice President has no power to sign decrees under the constitution, they questioned his right to establish a separate office by decree. They then voted to put the funds for the Vice Presidency under the same chapter of the budget as the funds for the office of the Presidency.

Because of the numerous Senate changes in the Lower House version of the budget, the bill will have to go back to the Lower House following passage by the Senate. Compromising the House and Senate versions could take some time, but we are told by most sources that final passage will take place during the first week in April.

D. Pacification

The pacification program is continuing to revive slowly, although the Government of Vietnam is not yet moving fast enough to win the race for the countryside. As I reported last week, the key problem is the loss of assets, the great bulk of them are again in hand, but defensive attitudes which inhibit aggressive movements back into those hamlets now lost or contested.

These losses have been considerable, but less than initially feared. For example, our hamlet evaluation system figures for end-February show a 7 percent decline in relatively secure population (ABC hamlets plus the towns) from the end-January estimate of 77 percent. About 800 hamlets and 1.3 million people dropped from the "secure" category. But it is important to note that most of these dropped into the "contested" category. Only 200 hamlets and 280,000 people are estimated to have reverted to Viet-Cong control. Moreover, we believe that these losses as of end-February are being slowly recouped during March.

Meanwhile, President Thieu has been given more guidance to the program. He has moved to reassert Central Government authority over Province Chiefs by cutting Corps Commanders out of all save the military chain of command. His appointment of first eight and now four more Province Chiefs manifests Thieu's desire to have more controlling influence. He also plans to shift the Revolutionary Development Cadre directorate from under the Joint General Staff back to the Revolutionary Development ministry, which may cause disruption and delay just at the time when quick action is essential. Komer has urged Thieu to delay this change until later in the year when pacification is back on the track.

Ky also is active, visiting each Corps to manifest his approval of the modified 1968 Revolutionary Development plans and carry the word that pacification is still a high priority program being given personal attention by top government leaders.

Out of 595 Revolutionary Development teams 464 (77 percent) are now back in the hamlets. Local security forces have had to go with them, which helps achieve Government of Vietnam and U.S. aim of reestablishing a presence.

E. Project Recovery

The brightest news on the recovery front is continued drop off in Tet evacuees, indicating that people are gaining confidence in security and that resettlement machinery is beginning to function. Between 13 and 25 March total of Tet refugees declined from 486,000 to 392,000 and are still declining. In Saigon/Gia Dinh, refugees dropped from 122,000 to 99,000 during the same period.

We continue to stress in top Government of Vietnam circles that recovery is much bigger than just repairing damage and helping evacuees. The key is economical revival, which in turn depends critically on restoring roads and waterways to the point where people are confident that they can travel as safely as before Tet. Key roads are reopening, but traffic on them is only slowly reviving because the psychological impact of the Tet offensive hasn't worn off and the Viet Cong are practicing calculated harassment. In Third Corps, even though major highways are open, commercial traffic is below 50 percent of pre-Tet levels. On vital Route 4 in the Delta, traffic flow is now roughly 50 percent of pre-Tet level. On the two most important canals in the Delta, the Mang Thit and the Cho Gao, boat traffic is 20 percent and 30 percent respectively of pre-Tet volume.

As a result, the flow of rice from the Delta to Saigon is way down. Because there isn't enough storage space in the countryside, Delta rice must be moved to covered storage in Saigon before the rains start next month. Traffic out of Saigon is way down too, causing critical shortages of petroleum, oil and lubricants in many Delta provinces, slowing distribution of relief materials, and forcing prices of commodities normally obtained from Saigon to rise to as much as 100 percent above pre-Tet figures. We are doing our best to restore security and confidence.

~~SECRET/NO DIS~~

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F. Economic

The money supply declined slightly in the week ended March 9 following two weeks of fairly rapid advance. The public sector deficit continued to rise strongly, but a \$12 million decline in foreign exchange holdings was more than sufficient to offset this factor. Prices fell by about one percent in the week ended March 25 leaving the U. S. Aid retail index only 6 1/2 percent above January 2 and about one percent below January 27, date of the last pre-Tet calculation. As before, the stability in prices can be attributed to the extreme sluggishness in general business conditions.

Rice. While communications between the Delta and Saigon have improved somewhat (one barge convoy has made a round trip), the rice trade remains stagnant, and paddy prices in the countryside continue to soften. The Government does seem to have accepted the idea of providing additional credit, coupled with a commitment to purchase rice at a stated price. Discussions are now going on between the Ministry of Economy and the Trade regarding the amounts available and the price to be set. There is reason to hope that positive Government of Vietnam action along these lines will stimulate commerce in the Delta in general.

The Saigon port congestion problem should be solved by the end of the month. 9,500 tons are now being discharged daily, and the number of contractors clearing the port has increased.

INFORMATION
THE WHITE HOUSE
WASHINGTON

~~SECRET~~

Wednesday, April 3, 1968
8:45 a.m.

Mr. President:

Herewith Amb. Bunker notes
that "one immediate result of the
speech is evidence of greater
determination on the part of Viet-
namese to shoulder the burdens of
the war effort."

W. W. Rostow

Saigon 695 (CAS)

~~SECRET~~

DECLASSIFIED

Authority State 7-5-78; NSC 6-26-79

By ms, NARS, Date 8-21-79

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~~SECRET~~ ~~EYES ONLY~~

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FM AMB. BUNKER SAIGON 695

TO WHITE HOUSE EYES ONLY WALT ROSTOW

REGRET AGAIN TO HAVE TO SAY THAT I HAVE NOT YET COMPLETED PRESIDENT'S MESSAGE DUE TO MUCH ACTION IN WAKE OF RECENT DEVELOPMENTS, BUT WILL GET IT OFF TOMORROW. AS YOU MAY SURMISE, THERE IS INTENSE INTEREST HERE IN ALL ASPECTS OF PRESIDENT'S SPEECH AND MUCH SPECULATION AS TO HANOI'S REACTION. I THINK ONE IMMEDIATE RESULT OF THE SPEECH IS EVIDENCE OF GREATER DETERMINATION ON THE PART OF VIETNAMESE TO SHOULDER THE BURDENS OF THE WAR EFFORT. REGARDS.

~~SECRET EYES ONLY~~ VIA CAS CHANNELS

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DECLASSIFIED

State Letter

11-7-78

Authority

By ip, NAKs, Date 3-14-79

~~SECRET~~

~~EYES ONLY~~

NNNN

13
THE WHITE HOUSE

WASHINGTON

24
Thursday, April 4, 1968~~SECRET/NODIS~~

DECLASSIFIED

Mr. President:

Authority Stet 7-5-78, NSC 6-26-79By inf, NARS, Date 8-21-79

Herewith a capsule version of Bunker's 46th weekly report:

A. General

- Bunker relates Thieu's views on your March 31 speech.
- Initial reactions to your speech fearful and confused but later generally favorable.
- Your statement on nominations generally brought dismay but many Vietnamese expressed hope Americans would change your mind.
- Bunker points out evidences of determination in excellent Thieu press conference and within Vietnamese society itself.
- Thieu publicly discusses relationship with Ky and gives him mandate to organize civil defense.
- Two new province chiefs appointed in important Bien Hoa and Gia Dinh Provinces.
- Thieu repeats pledge to increase forces by 135,000 in excellent message to April 1 opening of Assembly.

B. Political

- Budget gets through Senate without serious cuts. Final passage expected next week.
- Thieu signs decrees establishing Administrative Reform and National Planning Councils.
- Although national supervision is still inadequate, the civil defense program is expanding -- 83,503 persons in 585 self-defense units.
- Population in the First Corps still fearful of attacks although outrage toward VC has ebbed.
- Terrorist activities and recruiting by VC in the First Corps at high level.
- Attitudes of the First Corps Buddhists unclear as Tri Quang arrest causes little stir.

C. Military

- Activity level is down as the enemy seeks to consolidate his hold on countryside and to choke off lines of communication to the cities.
- The enemy, shifting pressure from Khe Sanh, is building up forces in the highlands and the Danang area.
- III Corps enemy forces continue harrassments and assassinations.
- In IV Corps well armed enemy forces continue to hold initiative.
- Enemy infiltration continues at high level -- 10,000 per month.

~~SECRET/NODIS~~

D. Pacification

- In IV Corps Delta area, where most ground was lost during Tet Offensive, General Thang's efforts are beginning to show results.
- RD teams are gradually returning to villages.
- Sections of Route 4 in northern Delta are open to heavy traffic, but roads and waterways in lower Delta are still insecure.
- Recovery operations are moving ahead.

E. Economic

- Economy continues sluggish in Saigon and in Delta.
- Flow of goods from Delta slowed by enemy interdiction, and propaganda and by GVN regulations.
- We are encouraging GVN to announce appropriate economic policy measures including rice credits.

W.W.R.

Thursday, April 4, 1968

24a

FOR THE PRESIDENT FROM BUNKER (Saigon 23956)

Herewith my forty-sixth weekly message:

A. GeneralSANITIZED
Authority State Letter 11-7-78
By if, NARS, Date 3-15-79

By far the chief event of the week was your speech announcing the bombing pause and your decision not to seek the nomination. Although the effect here of your statements and decisions are not yet entirely clear, we can make some preliminary judgments at this time.

As I have reported, I immediately sought an interview with Thieu. I found that he had already underlined the salient points in the speech. He wanted, of course, my views regarding your announcement with respect to your candidacy and the significance to be attached to it. I replied that I could only give him my personal views: that I felt that by taking this step you had gained a free hand to pursue the new policies which you had announced, but which represented no departure from your stand on Vietnam; that it would cut the ground from under the critics of your Vietnam policy; that it had lifted Vietnam out of the area of domestic politics; and that you are asking the country, including the opposition, to face up squarely to what must be done.

Thieu said that inevitably there would be much speculation and many interpretations among the Vietnamese, questioning as to whether this represented a change in U. S. policy, as well as speculation on the effect on the U. S. domestic political situation. He went on to say that he felt that the speech was unexceptional, flexible, and very carefully constructed, and that it would give him no difficulties. He remarked with a smile that "in this speech President Johnson was more Asian than we Asians."

He thought that Hanoi would deal with the statement on two planes. Officially they would say it was not responsive to their demand for a complete cessation of bombing. Privately, Hanoi would circulate rumors that the speech showed President Johnson recognizes his policy failed and has now abandoned it. When I saw Thieu later, he remarked that he thought the fact that Hanoi had not commented on your statement indicated that they had been taken by surprise.

The general reaction to your speech was at first confused and fearful, but as the text became widely available and was studied carefully, reactions were generally favorable. While there remains some fear, particularly with the man on the street, that the decision to sharply reduce the bombing may be a sign of American wavering in the face of the enemy, most opinion makers here now see it as a necessary gesture toward American and world opinion.

The reaction to your statement about the nomination was also characterized by shock and dismay at the outset. Many feared that this announcement meant that Vietnam had in effect lost its greatest and most powerful ally. I have the impression now, however, that more and more Vietnamese are viewing your decision in the terms which you yourself used to explain it -- a move to unite the American people and to get the Vietnam war out of partisan politics. A number of Vietnamese, including Ky, have expressed the idea that this decision is in Asian eyes an act of "supreme virtue", a selfless (and rather Confucian) placing of the needs of the nation and the free world first, and many, probably most, cherish the hope that the American people will somehow compel you to change your mind about seeking another term as President.

Perhaps second in importance to your speech was the very excellent press conference which Thieu held yesterday jointly with Ky. In it, he gave voice to the increased Vietnamese determination to stand against the enemy, regardless of the outcome, and the willingness to shoulder the burdens of the war. This attitude has become increasingly apparent since the Tet offensive. Thieu said, "I have said many times that if the allies cannot continue their assistance, we will fight on alone." He went on to say that South Vietnam will increase its efforts if Hanoi does not respond favorably to our latest effort, and within a "few weeks" will implement general mobilization. He also said that "with the increase in our own troop strength, with the plan for general mobilization, if the U. S. Government deems it necessary, a partial withdrawal of U. S. troops could begin late in 1968".

He spiked reports that we had not consulted with the Government of Vietnam before deciding on the bombing pause, he noted very effectively the fact that in your speech, you gave renewed voice to American determination to accept nothing less than a free and independent South Vietnam, and he demonstrated his own determination to unite with all nationalists (particularly Ky and Ky's followers), and to mobilize the full resources of the nation.

Thieu also spoke out frankly about his relationship with Vice President Ky. While not denying that there have been differences, he made it clear that he and Ky are united on the important issues before the nation, and that they are determined to work together. He specifically gave Ky a public mandate to undertake the organization of civil defense, something which Ky felt he needed and wanted. Thieu also expressed the hope that the draft legislation sent to the National Assembly for the organization of the advisory councils, chaired by the Vice President, would be enacted promptly.

I think Thieu's press conference was extraordinarily successful. He was confident, sincere, and convincing in his answers to all of the questions. It seemed to me further evidence that Thieu has been growing in stature and that increasingly he has been exhibiting a degree of forcefulness and leadership much to be desired.

As a further commentary on the Thieu/Ky relationship and Thieu's stature in general, |

made an interesting assessment. |

he is an Asian from a country which has

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many things in common with Vietnam, including a basic Chinese culture, a corruption problem, new democratic institutions, and a constant Communist threat.

I told me and Ambassador Berger that he does not share the rather general western view of Thieu as a man of indecision. He feels that in Asian eyes, there is greater confidence and respect for leaders who are reflective and deliberate than for those who are impulsive and move swiftly. Thus, Thieu is really likely to be more effective with the Vietnamese than Ky. I also believe that Thieu and the Government of Vietnam generally have been given new confidence by their demonstrated ability to meet and survive such an all-out attack as the Tet offensive. He felt that Thieu still needs increased confidence, but that he is doing better all the time.

The spirit of determination which Thieu exhibited in his press conference, and which has also been apparent in his recent speeches, has also become evident in other aspects of Vietnamese life. I have reported on the general spirit of unity in the face of the enemy that characterized the Vietnamese body politics, perhaps for the first time in this long struggle, after the Tet attacks. As the attacks on our Vietnam policy mounted in the United States following the Tet offensive, we saw here a greatly increased willingness to shoulder the war's burdens. Voluntary enlistments shot up dramatically. There seemed to be a general desire among the population for arms and training so that they could defend themselves in the event of future attacks on the cities. Voluntary contributions to relief and reconstruction efforts were, by Vietnamese standards, very large. In political circles, the response to Tran Van Don's effort to form a single, big anti-Communist front has been surprisingly good. As I reported on Sunday, Thieu got a great ovation from students undergoing military training; students have been almost traditionally against the government, but the reception given Thieu was to my mind symbolic of the changed public atmosphere here. Now we hear Vietnamese saying even if American withdraws, they will fight on to the bitter end. They are talking openly and approvingly of general mobilization.

During the past week, Thieu has made further constructive moves:

1. He has appointed two new province chiefs in the important provinces of Bien Hoa and Gia Dinh surrounding Saigon, bringing the total post-Tet purge so far to 14. Both Lt. Col. Hai in Bien Hoa, a protected favorite of General Cao Van Vien, and Major Cau, General Loan's brother-in-law, were two of the most inept, allegedly corrupt province officials on our list. In the case of Hai, his poor performance in pacification and unwillingness to accept advice had already led Bob Komer to withdraw U. S. commodity support to Bien Hoa's pacification program and Bien Hoa City had been put off limits to U. S. troops. Both measures were aimed at cutting into Hai's rackets, which were netting him and his cronies considerable money each month. The fourteen newly appointed province chiefs generally appear to be improvements over their predecessors. Apparently, Thieu has picked the men from among officers whom he had personally observed to have turned in superior performances over the past several years. As a result, the new chiefs are less beholden to division and corps commanders, and, from preliminary reports, seem determined to turn in a good performance. We have had reports that General Vien and some of the other Generals are unhappy with their loss of power.

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Thieu expects to make further changes at the conclusion of the course for province and district chiefs. There are still some weak province chiefs whom he has indicated that he plans to remove as soon as he has better men available to take their places. He plans to hold a meeting on April 15 of corps commanders and province chiefs at which the new regulations defining relationships between corps commanders, province chiefs, and the new civilian delegates, and their respective duties and responsibilities will be explained.

2. He has forwarded to the Assembly legislation on press regulations and a draft law for a "reconstruction and solidarity" tax, estimated to bring in 3 billion piasters. By decree issued March 30, he also increased the surtax on luxury imports, through which he hopes to bring in revenue of about 4 billion piasters. These bills bring to ten (not including the budget) the number of major bills sent to the Assembly by the government since the Tet attacks. It seems to me this is a commendable record, considering the youth of the government and the difficulties it faces.

3. Thieu also sent a very good message to the opening meeting of the Assembly's regular session April 1. He noted that democracy is working in Vietnam despite the heavy strains and burdens imposed on the government; he repeated his decision to increase the Armed Forces by 135,000 and added that further increases might be necessary; with regard to relief and reconstruction, he reported that the Tet refugees are now down from 700,000 to 380,000; 309 million piasters have been allotted to the provinces for the refugees; and reconstruction is going forward, with new homes underway in Saigon, for example, for 7,000 families. He reported also on the military situation, reiterated the Government of Vietnam's position on peace, noted his recent administrative reforms, and asked the Assembly to move promptly on legislation recently sent to it, particularly the bills on political parties and press regulations.

B. Political

Assembly developments. The Senate has completed work on the budget. While making numerous small cuts, it did not seriously amend the administration's draft bill in any important particular. Nor did it change the overall figure voted by the Lower House. The bill now goes back to the Lower House and final passage is expected next week.

I reported last week that the Senate was likely to try to interpellate the Prime Minister, the Minister of Defense, and the Minister of Interior. These Ministers have, in fact, now been "invited" to appear "as soon as possible" to discuss the Government's performance during and since Tet. Until now, the Government has not answered the Assembly request, however, and it is not clear whether the Ministers concerned will or will not appear before the Senate. (The Constitution leaves the question of whether they must appear open, and most Vietnamese seem to think Government Ministers can refuse to be interpellated.)

The administration bill on political parties now before the Assembly provides for legal recognition of parties which establish within one year from date of application ten provincial branches with at least 100 members each. The draft has provisions to encourage the merging of parties, but does not provide for any government assistance to parties which achieve demonstrated minimum levels of public support. Like another draft prepared by | the bill also reflects the Vietnamese tendency to think in terms of cadre-based organizations. The criteria of party strength is not votes garnered at the polls, but the number of formally affiliated activists. This approach is in line with Vietnamese experience and political thinking, but we believe it will not help the development of broadly based national parties, at least not as rapidly as we would hope.

Government changes. In line with previous announcements, President Thieu on March 30 signed decrees setting up the administrative reform council and the national planning council, both of which he will chair himself. The Presidential Council of Advisors has not yet been announced, but we understand from various sources that several additional leaders have consented to serve on it. These include Phan Quang Dan, Ha Thuc Ky, Mai Tho Truyen (prominent southern lay Buddhist leader and Tran Van Huong's running mate in the Presidential election), Pham Huu Chuong (civilian member of the "Directorate," Minister of Health under Diem, and a man reportedly close to militant Buddhist leaders), Tran Dinh Nam (elder central Vietnamese Nationalist Party leader), Pham Khoang (Vietnamese Nationalist Party leader who served as a civilian member of the "Directorate"), and Ho Tri Chau (Chairman of the Saigon Bar Association).

Civil Defense. In his report to the Assembly on April 1, Thieu noted that 83,503 civil servants, students, and other civilians have been organized into 585 self-defense units. According to Thieu, the Government has furnished these units with over 9,000 weapons.

We do not have full information on the formation of these groups, and it appears that in some cases local authorities are going ahead with their own plans for civil defense without much reference to central direction. (Vice President Ky will no doubt bring a greater element of organization and central control into these efforts now that he is formally charged with responsibility for this program.) In general, however, the authorities are moving ahead cautiously, arming and training civil servants first, relying heavily on veterans, and emphasizing control and proper organization.

In the Fourth Corps, for example, General Thang reportedly approved proposals to provide 100 weapons per province for self-defense groups and also to arm one in every three government officials. However, he rejected a proposal to arm "religious youth" (the Hoa Hao would probably like very much to again form their private armies under the guise of civil defense). Similarly, in the Third Corps, the authorities have armed mostly civil servants. In the First Corps, our people report considerable enthusiasm for the program. While most of the arms there have gone to civil servants, other groups, including Catholics, have also received

a few weapons. In Quang Tri, most threatened province in many ways, the program reportedly has stimulated cooperation between parties which have in the past been bitter rivals.

In Saigon about 140 civilian defense groups are in some stage of organization or training. About 2,000 weapons have been issued, mostly to civil servants, but also including at least one Catholic group. While the majority of the 140 Saigon groups are said to be concentrated in the central parts of the city, the mayor said that he is also trying to set up a ring of self-defense units along the outer edges of the city.

Political developments in the First Corps. Embassy officers who travel in the First Corps report that the population there is still preoccupied by fear of further enemy attacks, particularly in the northernmost provinces of Quang Tri and Thua Thien. The feeling of outrage that tended to polarize public opinion against the Viet Cong seems to have ebbed, but uneasiness about the future remains widespread. This ebbing of anti-Communist anger coupled with continued fear of more attacks probably accounts for a decline of enthusiasm among the organizers of the local Danang anti-Communist Front. (The Front remains in business, however, and we are trying to stimulate it and similar groups in the provinces.)

In Hue, relief and reconstruction work is going forward, but morale there also remains low because the population is convinced that they face a new attack in the near future. Helping to overcome these negative attitudes are groups such as the Buddhist Boy Scouts and a large contingent of Saigon students working under the direction of Thieu's personal representative, Father Cao Van Luan. It is becoming clear, however, that it will take time to restore confidence as well as the destroyed homes and temples of Hue. We are considering how we might help in getting Hue University in operation again.

The Viet Cong in the First Corps, meanwhile, have reportedly been very active in the past month in kidnapping and terror activities. Assassination of village and hamlet officials has been significantly increased, and recruiting efforts continue at a high level.

The attitude of the First Corps militant Buddhists and their political future remain unclear. While there are reports of plans to arrest those who have long been regarded as Viet Cong or Viet Cong sympathizers by the authorities, no arrests have taken place. Thich Don Hau, the Monk who was reported by the Viet Cong Radio to have called on the people to support the Communists, is evidently still in Viet Cong hands despite many reports that he was freed. The arrest of Tri Quang and some of his followers in Saigon has caused very little stir among the First Corps Buddhists, possibly because they fear arrest themselves if they try to demonstrate against the Government.

C. Military

The level of military activity was down this week, with the enemy apparently still engaged mainly in reforming his units, recruiting and infiltrating men to make up the Tet losses, and making strong efforts to consolidate his hold on the countryside. At the same time enemy forces continued their efforts to interdict highways in order to choke off the flow of supplies in and out of the cities. They also continued to remind the population of their presence by mortaring province and district towns.

With good weather for a number of days over Khe Sanh and the reduction of enemy forces in that area, the immediate threat to that particular area ceased. In both One and Two Corps, there were reports that indicated the enemy perhaps intended to launch a general offensive about March 31. However, the offensive did not materialize--probably pre-empted by friendly operations. There are indications that the enemy may now be focusing his offensive intentions on the highlands.

In One Corps, the Hoi An-Danang area appeared to be threatened during this reporting period, with reports of heavy infiltration of enemy personnel and supplies into the surrounding countryside. Enemy efforts to build base areas in the mountainous regions continued and a high level of terror and assassination was maintained. The lengths to which the enemy is going in recruiting were indicated when after one recent One Corps engagement it was estimated that the average age of the seven enemy killed in action was 15 years. (Similarly, in Two Corps the enemy is reported to be employing children for intelligence gathering because government security forces do not prevent them from entering and leaving the cities.)

In Three Corps, mining, interdiction of lines of communication, and attacks on outposts continued. Assassinations of hamlet officials are reported, and numerous low level reports indicate that the Viet Cong in some provinces are still promising new recruits an early victory. Four Corps reports that despite the more vigorous military efforts stimulated by General Thang, the enemy apparently still has the initiative in the countryside and continues to gather his forces for future attacks. One report states that the new automatic weapons issued to guerrilla forces prior to the Tet attacks are being withdrawn from enemy forces in contested areas, perhaps in an effort to hoard the better weapons in anticipation of later massive efforts.

The level of infiltration apparently continues to be high. Since December, it is estimated to be of the magnitude of 10,000 per month.

D. Pacification

We have been particularly concerned about pacification in the Four Corps Delta area, where we lost the most ground in countryside from the Tet offensive. However, General Thang's efforts to get back on the offensive are beginning to

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pay off. Revolutionary Development Cadre teams and supporting security elements have mostly moved back to their assigned areas, though in some cases we are reconsolidating hamlets affected by the Tet offensive rather than moving on to new hamlets. Plans have been amended to place main attention along major roads and waterways for the purpose of enhancing their security.

Better security has brought nearer to normal traffic on the roads in the Northern Delta. An average of 600 vehicles per day traveled the stretch of Route 4 between Saigon and the My Thuan ferry last week. Pre-Tet traffic seldom exceeded 750 vehicles a day. Lower in the Delta and on the waterways traffic is still trickling over routes which, while physically open for traffic, are not yet secure in the judgment of truck owners, rice merchants or the local populace.

Thus change for the better is now appearing in the Delta too. Friendly activity is increasing; enemy activity is decreasing. Recovery operations are moving ahead toward a target of getting the homeless resettled before the rainy season starts 30 days from now.

E. Economic

~~The economy continues to show signs of stagnation~~, both here in Saigon and in the Delta.

Saigon retail prices fell once again in the week ending April 1. They are now less than five percent above the January 2 level. Rice is at the January 2 level; pork is slightly below or somewhat above that level, depending on the cut. Inflation is not our problem today.

Problems continue to exist with respect to the marketing of agricultural products in Saigon. For security reasons most vegetables now are unloaded from trucks and reloaded onto three-wheeled vehicles at the gates of Saigon, which is costly and inefficient. The conditions of the Saigon market for foodstuffs are such that the increased costs are not being passed on to the consumer, but are being absorbed by the middlemen--and by the peasant producers. Both commercial activity and agricultural production will suffer if this situation continues.

However, ~~the flow of goods into the city has improved~~. Route 20 from Dalat has generally been open, and vegetable and fruit supplies are ample given the present state of demand. Barge convoys between Saigon and the Delta are moving regularly and are bringing in appreciable supplies of rice (although larger shipments probably await announcement of the Government's new rice program). Finally, despite the fact that truck trips from the more distant parts of the Delta now take two to five days, and the further hazards produced by the somewhat chancey nature of the military road convoys, hog shipments have come back to normal; they averaged 1732 hogs in the period March 20-27 which matches the pre-Tet level.

The relative weight of (1) Viet Cong economic warfare (ranging from psychological campaigns among the peasantry to blowing up Route 4); (2) mercantile uncertainty; and (3) the continuing but intensified frustration of trade by Government of Vietnam checkpoints and regulations, in reducing Delta-Saigon trade overall, is hard to determine. In any event, recent visitors to Delta towns such as Bac Lieu report that commercial activity there is at a very low level. Furthermore, the flow of consumer goods into the area is down, and there is a serious shortage of fuel in some areas.

~~Continuing insecurity is the major reason for the commercial stagnancy.~~ However, present conditions are not so bad that appropriate economic policy measures can't make a big difference. The Government now seems on the verge of announcing one such measure, whereby it will finance further credit to the rice trade, and also provide a guaranteed price for rice. This would be a big step forward.

~~We probably have at least another month, and maybe several, before inflation~~ rather than stagnation is the danger. At present, the rapid increase in the money supply, up 17 percent since the end of December, is not being translated into increased prices because of the continuing low level of economic activity. At some point, when the economy picks up, as we hope and expect it to, prices may again start to follow the money supply.