The beginning of 1966 found the GVN in a relatively stable position. The military government headed by Chairman Thieu and Prime Minister Ky had been in office since June 1965 without a major coup and was cooperating closely with the United States in the war effort. But this outward semblance of stability belied a number of fundamental sources of trouble, any one of which could erupt and threaten the fragile Thieu-Ky government. Among these sources of trouble, many of them interrelated, were a basic feeling of dissatisfaction toward the military junta, especially on the part of out-of-power politicians and the Buddhists; an uneasy relationship among the senior officers composing the ruling National Leadership Committee (NLC); an increasing tension between "northerners" and "southerners" within the government; political differences between Catholics and Buddhists; and a worsening economic situation.

In mid-January, Premier Ky outlined to the Second Armed Forces Congress, composed of over 1,400 senior RVNAF officers, the major objectives of his government in 1966. These included winning the war, pacifying the countryside, and reconstructing rural areas; stabilization of the economic situation; and the building of democracy in RVN. Ky emphasized that the armed forces had seized power, not with the intention of clinging to it, but to create the necessary conditions for the establishment of true democracy. GVN officials, however, had already indicated to the United States that this might be a lengthy process since the NLC opposed free elections for a national assembly at this critical juncture of the war. Instead, the NLC proposed only to appoint a "Democracy-Building Council" to draft a constitution and appropriate statutes concerning political parties and elections.

2. Ibid., pp. 598-599. (C) Msg, Saigon 2463 to State, 10 Jan 66. (U) Msg, Saigon 2544 to State, 15 Jan 66.
In an effort to demonstrate US confidence in the GVN, President Johnson decided in early February to meet with GVN leaders to review both the military and non-military situation in Vietnam. The President, with his Secretaries of State, Defense, Agriculture, and Health, Education, and Welfare met with Generals Thieu and Ky during the period 6-8 February in Honolulu. This conference produced a joint communique and declaration reaffirming the broad purposes of the two governments and their common commitment "to defense against aggression, to the work of social revolution, to the goal of free self-government, to the attack on hunger, ignorance, and disease, and to the unending quest for peace."3

Political Developments

The Honolulu Conference inspired the Thieu-Ky government with more self-confidence than was warranted by the popular support it enjoyed in the country. The result was a confrontation between the GVN and the Buddhists. The Buddhists, who represented between two and four million in a population of 16 million, had on several occasions already demonstrated their zeal and obstructive capacities in political affairs. Politically minded Buddhists, most of whom were associated with the Unified Buddhist Association, were antipathetic to the Thieu-Ky military government, unenthusiastic about the war, and resentful of what they called the "overlordship" of the United States..."4

The event that sparked the new struggle with Buddhists was a cabinet reshuffle announced by Prime Minister Ky on 21 February. The reshuffle, which included the addition of two ministries to meet military economic requirements and to pursue the programs decided upon at Honolulu, would have strengthened the government by adding young energetic southerners, but the Buddhists found the changes unacceptable. Thich Tam Chau, Director of the Buddhist Secular

Affairs Institute in Saigon, felt the changes favored the Catholics, and initially intended to follow a watch-and-see policy, but eventually became involved in the struggle. Thich Tri Quang, the leading bonze in Central Vietnam, began action against the GVN in Hue. This began a struggle that was to reach almost the proportions of a civil war, to hinder military operations, and to plague the government until late June.

The Government's confrontation with the Buddhists deepened when Ky relieved I Corps Commander, General Nguyen Chanh Thi, on 10 March for failure to obey orders. Thi, widely regarded as a potential rival of Ky, enjoyed great popularity in I CTZ, and his relief precipitated an immediate reaction. On the following day 2,000 persons demonstrated in Da Nang, chanting "Down with the Generals' Command in Saigon." In succeeding days, the demonstrations grew and schools were closed in Da Nang and Hue, with the approval of local officials who owed their appointments to General Thi. A general strike in Da Nang on 13 March was 90 percent effective. In Saigon, leaders of the Buddhist Institute declared the country to be in a "state of crisis" and demanded the return of several generals who had taken part in the overthrow of Diem.

On 15 March, the GVN, in its most questionable decision of the March-June political crisis, permitted General Thi to return to Da Nang to pack his belongings, say goodbye to friends, and demonstrate publicly his acceptance of dismissal prior to departing for a trip to the United States. Large and enthusiastic crowds greeted Thi on his arrival. By the end of the week he was occupying his old official residence with his general's flag flying.

The GVN decided to stand fast in face of the growing opposition. The NLC had supported Ky's relief of Thi, and on 19 March Ky announced that the disturbances would have

no influence on the government, adding that "the armed forces and the Administration will not yield to unjustified claims which are contrary to the interests of the nation and the people." He also reaffirmed the government's plan for a constitutional referendum in the fall of 1966 and general elections in 1967. The Buddhists reacted with a call for the replacement of the present government with an elected civilian government, and for the first time, demonstrators began to attack Ky by name.

In the last days of March the demonstrations in Da Nang and Hue continued to grow, and they became increasingly acrimonious in tone. The so-called "struggle forces" now included Buddhists, students, civil servants, and some ARVN personnel. The demonstrations took on an increasing anti-American character. This was heightened on 25 March when a US Marine tore down an anti-American banner in Hue. The Marine apologized and the incident was smoothed over, but Ambassador Lodge cabled Washington that "we cannot allow the struggle committee to make unreasonable and humiliating demands on our troops."

By the beginning of April, the struggle forces controlled many of the centers of political power in Da Nang and Hue. Hard-core elements were established not only in I CTZ towns and villages but also in areas of the II CTZ. On 30 March National Police in Hue staged an anti-GVN and anti-American demonstration, and radio stations in both Da Nang and Hue began to broadcast daily attacks against the government and the United States. This remained in I CTZ, ignoring all GVN requests to return to Saigon. His presence divided loyalties of the ARVN; much of the 1st ARVN Division supported the "struggle movement."

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(S) Msg, Saigon 3817 to State, 8 Apr 66, JCS IN 14850.

These problems and the turmoil they occasioned had telling effect on the conduct of the war. RVNAF activity in I CTZ dropped off sharply, owing largely to the activities of the 1st ARVN Division commander who led the division in a passive mutiny against the GVN. The number of heavy ARVN contacts and coordinated US/GVN operations decreased. RVNAF casualties for the last week in March dropped to the lowest weekly figure since the Khanh coup in February 1965. Labor strikes and general unrest hampered the discharge of ships, construction activities, and the movement of supplies, reducing the offensive capabilities of US and GVN forces.11

In an attempt to mollify the struggle forces, Chairman Thieu announced on 3 April that a national political congress would be convened shortly to draft a constitution. The effect of this concession was quickly negated, however, when Ky publicly declared Da Nang to be "in the hands of the communists." He added that the government would organize an operation to retake the city, and warned that the mayor would be shot without a trial. During the night of 4-5 April, Ky, Defense Minister Co, and the Chief of the JGS, General Vien, with three VNMC battalions, flew to the Da Nang air base.12

Fearing a military clash between GVN and struggle forces, Washington instructed Saigon to withdraw all US advisors from the VNMC battalions, and to avoid any endorsement of the GVN claim of communist domination of the struggle forces. US forces were not to become involved in any conflict, and were to use "only minimum measures necessary" if directly attacked.13

Washington's fears of an armed clash proved unfounded. After spending 5 April in consultation with local officials at the air base, Ky announced over local radio that he had found some communist infiltration, but that Da Nang was not completely occupied by communists. He then

11. Ibid., pp. 13-14. (C) Msg, COMUSMACV to CINCPAC, 050910Z Apr 66.
13. Ibid., pp. 605-606. (S-GP 3) Jt State-Def Msg (State 2955) to Saigon, 5 Apr 66, JCS IN 99045.
flew back to Saigon without reaching any settlement, and the struggle in the I CTZ continued.14

On the following day, 6 April, the CG, 1st ARVN Division, formally committed his division to the struggle forces, claiming the GVN had betrayed the "people's" interest. At this stage, the United States withdrew all its advisors and aircraft support from the division and began the evacuation of US civilians from Hue and Da Nang.15

The withdrawal of the US advisors had an immediate impact. Shocked by this action, the CG, 1st ARVN Division, toned down his anti-American attitude and urged the return of the US advisors, promising to protect US installations. He stated that, although his division had no confidence in the Ky government, it would always stand side by side with allied soldiers, particularly US soldiers, in fighting communist aggression.16

There was a further improvement in the Da Nang crisis when the NLC replaced General Nguyen Van Chuan, who had succeeded General Thi as I Corps Commander, with a Hue-born General, Ton That Dinh. General Dinh avoided any show of force in Da Nang, and urged all soldiers to return to their units and civilians to turn in their guns. At the direction of General Dinh and JGS Chief Vien the three VNMC battalions, sent to Da Nang on 4 April, were returned to Saigon on 12 April.17

Meanwhile the GVN had convened the National Political Congress in Saigon. The Congress adopted a ten-point proposal, including provisions for both the election of a constituent assembly within four months to draft a constitution and the retention of the military government

15. Ibid., p. 606. (S-GP 3) Msg, Saigon 1801 to State, 5 Apr 66, JCS IN 98958. (S-GP 3) Jt State-Def Msg (State 3035) to Saigon, 8 Apr 66, JCS IN 16065.
to organize the elections. At the conclusion of the conference, Thieu promulgated a decree for the election, to be held within three to five months. The Buddhist Institute accepted both the program and the decree, agreeing that the Ky-Thieu government should remain until the election was held. With the Buddhist acceptance of the GVN decree, the demonstrations in Da Nang and Hue ended, and a brief interlude of quiet settled over the ICTZ.18

The delicate calm in Da Nang and Hue was shattered on 7 May when Ky announced that the constituent assembly to be elected later in 1966 would merely draft a constitution, and that it would not be transformed directly into a national assembly. For this reason, Ky said, the present government would remain in power until a legislative assembly was elected "some time in 1967." This statement provoked strong reactions from Buddhist leaders and the struggle forces who had expected the Thieu-Ky government to resign with the election of the constituent assembly. Tri Quang, the Buddhist leader who acted as the main spokesman for the struggle forces, issued a series of increasingly inflammatory statements, and the demonstrations renewed.19

This time the GVN decided on swift action. On 15 May RVNAF paratroops and marines were airlifted to Da Nang and quickly secured the air base, the Da Nang garrison, the city hall, the National Police garrison, and the radio station. I Corps Commander, General Dinh, opposed the GVN operations, and he was subsequently replaced by General Huynh Van Cao.20

Buddhist reaction to the move against Da Nang was also swift. On the same day the RVNAF moved into Da Nang Tri Quang cabled President Johnson, Ambassador Lodge, and the World Buddhist Association protesting the GVN use of force. He charged that the GVN was preparing to attack the Buddhist pagodas.21

21. (C-GP 4) Msg, Saigon 4610 to State, 15 May 66, JCS IN 77196.
The GVN move at Da Nang caught the United States unaware. The US Mission had no advance notice, and both Ambassador Lodge and General Westmoreland were out of the country. Because of Washington's concern over the situation, the Chairman, Joint Chiefs of Staff, directed the immediate return of COMUSMACV from Hawaii. On his arrival in RVN, General Westmoreland reported that the situation was "a complex one," and he feared that "there will be unfortunate bloodshed and political repercussions before the matter is quieted, from which nobody but the Communists will benefit." The State Department instructed Saigon to avoid supporting any GVN effort that appeared badly planned, ill-advised, and likely to drive militant Buddhists and many others into opposition which the GVN might not be strong enough to handle without compromise or extended bloodshed. Deputy Ambassador Porter replied that no such action had been taken, but he cautioned that the opposite course--moving quickly and giving the impression of pulling the rug out from under Ky--would cause the government to fall and be succeeded by the "worst sort of jury-rigged affair imaginable," one incapable of waging war or even making an acceptable peace.22

While Washington was considering appropriate US action, the situation in Da Nang grew more serious. On 19 May, struggle forces fired on Vietnamese marines and GVN forces moved on a number of struggle positions. Heavy street fighting followed. On 21 May GVN forces occupied the Tan Linh Pagoda and an ARVN hospital, but the main struggle stronghold, Tinh Ho Pagoda, continued to hold out.23

Washington officials were growing increasingly alarmed over the widening struggle in Da Nang. Secretary Rusk instructed Ambassador Lodge to impress on the GVN leadership and dissident leaders the necessity for some compromise modus vivendi to stop the fighting and demonstrations and to allow all efforts to be turned to fighting the VC, preparing for elections, and bringing inflation under

control. The Chairman sought General Westmoreland's opinion of a proposal to terminate all US economic and military assistance, suspend military and civilian advisory efforts, withdraw US units to base areas, and direct high US officials to urge leading GVN officials and opposition leaders to resolve their differences.24

COMUSMACV did not share Washington's alarm. He believed the press coverage had exaggerated the crisis in Da Nang and that the situation had not deteriorated to the point where such drastic action as Washington proposed was required. He recommended against sending special emissaries. General Westmoreland informed General Wheeler that he was preparing a plan for US forces to take over ammunition and engineer depots at Da Nang under "the facade of a combined activity." In addition, MACV was assisting the ARVN to improve the GVN image in Da Nang through leaflets, broadcasts, civic action, and prompt indemnification. CINCPAC supported COMUSMACV's view, stating that Ky was doing the best he could to restore order, and the United States should not "badger" him with demands to negotiate with struggle leaders.25

In accordance with COMUSMACV's plan, elements of the 4th Marine Regiment assumed control of the Da Nang East ammunition dump without incident on 23 May. Later in the day, the Tinh Hoi Pagoda surrendered to GVN forces and by evening the last pockets of resistance had collapsed. The Mayor and other key leaders of the struggle forces were arrested. The pacification of Da Nang had cost 150 Vietnamese killed and 700 wounded; 23 US personnel had been wounded.26

The surrender of the struggle forces in Da Nang did not end the government's confrontation with the Buddhists.

25. (S) Mags, COMUSMACV 4070 and 4081 to CJCS, 22 May 66; (S) Msg, CINCPAC to CJCS, 23 May 66; OCJCS File 091 Vietnam May 66.
In Hue, Tri Quang accused the government of destroying the pagodas in Da Nang, and new demonstrations erupted in the ancient capital.  

A further complicating factor was the continued presence of General Thi in Hue. In a broadcast on 23 May, he had urged his former troops to turn their weapons against the GVN. On 24 May he dispatched a message to COMUSMACV threatening to bring 1st ARVN Division troops to Hue to defend the city. Later on 24 May, COMUSMACV met with Thi. They both recognized that the continuing political unrest was profiting the VC, but Thi was adamant that the Thieu/Ky government must be replaced prior to the election. Thi did, however, agree reluctantly to meet with Ky. This meeting took place on 27 May at a US headquarters in Chu Lai. The meeting was cordial and Thi agreed to cooperate with Ky.

While the generals were negotiating, the situation in Hue had grown more violent. The demonstrations increased in size each day, and on 25 May, students sacked and burned the USIS Library. On 29 May a Buddhist nun burned herself to death, beginning a series of self-immolations to protest GVN and US actions. Buddhist monks also began demonstrations in Saigon.

In an effort to resolve the conflict with the Buddhists peaceably, Generals Thieu and Ky met with Tam Chau and other Buddhist Institute leaders in Saigon on 31 May and offered, in return for their support, to expand the NLC to include ten civilians. Tam Chau was receptive, but asked for time to think the proposition over. On the following day the Saigon Buddhist accepted the government's...

28. (S) Msg, MACV 4196 to CJCS, 25 May 66; (S) Msg, Saigon 4966 to State, 26 May 66, JCS IN 95268; (S) Msg, MACV 4300 to CINCPAC, 27 May 66; (S) Msg, MACV 4342 to CJCS, 28 May 66; OCJCS File O91 Vietnam May 66.
offer, and in a joint communique of 2 June, the NLC publicly
pledged to add the ten civilians to its membership by
6 June. For their part, the Buddhists promised to suspend
all struggle activities.30

The Buddhists in Hue, however, refused to accept the
agreement reached in Saigon. Tri Quang continued to demand
the removal of Thieu and Ky, and the demonstrations and
self-immolations continued. The GVN added ten civilians
to the NLC on 6 June. The new members were primarily
political or professional figures, but, of those who were
Buddhists, none were officials of the Institute. This
brought the immediate opposition of the Institute. Tam
Chau announced that the GVN was trying to destroy the
Buddhist faith, and that the struggle would continue.31

Tri Quang launched a hunger strike to protest US
support for the GVN, and the Buddhists introduced a new
nonviolent technique of placing family and pagoda altars
in the streets to block traffic. The new stratagem was
employed initially in Hue, Da Nang, Quang Tri City, and
Qui Nhon, but only in Hue did it reach serious proportions.32

The GVN now decided to apply military pressure to end
Buddhist agitation. On 10 June 350 riot police were flown
to Hue. The GVN reinforced these forces on 13 June with
another 300 riot police and on 15 June with a PAVN air-
borne battalion. On 16 June the GVN declared martial law
in Hue.33

At this point, the split between Tam Chau and Tri
Quang, which had been growing wider since the beginning
of June, became public. Tam Chau charged Tri Quang with
usurping his executive powers and causing irreparable
friction in Buddhist ranks; he demanded that Tri Quang
concern himself only with clerical matters. In reply, Tri
Quang called for a general strike, for continuing

30. (S) Msg, MACV 4474 to CJCS, 1 Jun 66, OCJCS File
091 Vietnam Jun 66. (TS-NOFORN-GP 1) COMUSMACV Command
32. Ibid., pp. 62-63. (C) Msg, Saigon 5322 to State,
6 Jun 66, JCS TN 23633.
nonviolent demonstrations, and for all Buddhist soldiers to lay down their arms.34

In Saigon, where spasmodic Buddhist demonstrations had continued since 27 May, there was a particularly violent Buddhist demonstration on 18 June. During the day demonstrators clubbed a policeman to death, and a 16-year-old girl burned herself to death at the Institute. ARVN troops responded by sealing off the Institute. On 23 June GVN troops and police, without resorting to violence, moved into the Institute compound, rounded up 350 persons, including the confessed murderer of the policeman, and seized a quantity of weapons. The neutralization of the Institute ended Buddhist agitation, and marked the reestablishment of GVN control.35

The three and a half months of Buddhist agitation and political crises had severely hindered military operations against the VC/NVA, especially in the I CTZ. US/Free World forces had been tied down by the necessity to provide additional troops and aircraft on alert, and to provide security for installations, roads, and bridges. RVNAF operations were even more seriously hampered by the crisis. The number of large operations by the 1st ARVN Division against the VC/NVA decreased markedly. Such operations as were conducted were usually in areas where the forces could be readily deployed to Da Nang or Hue. The personnel strengths present for duty for the 1st ARVN Division were down 23 percent for officers and 14 percent for enlisted men. The operational effectiveness of both the VNMC and the VNAF was lowered considerably. Overall RVNAF ordnance capability in I CTZ suffered an estimated 20 percent loss, and engineering capability was greatly reduced.36

With the pacification of Da Nang and Hue and the restoration of government control in the I CTZ, the GVN found itself in a much stronger position, and it moved at once to take advantage of it. The GVN inaugurated on 5 July 1966 the 80-man People-Army Council, a predominantly civilian body to advise the government on political, economic, and social matters. On 13 July Prime Minister

34. Ibid., p. 65.
35. Ibid., pp. 66-67.
36. Ibid., pp. 57-59.
Ky reshuffled his cabinet, adding four civilians and removing the two members who represented the only significant militant Buddhist influence. Meantime, in I CTZ, General Lam, who had replaced General Cao as Corps Commander on 31 May, was restoring the 1st ARVN Division to an effective fighting force.37

The GVN also moved ahead with its plans for elections for the constituent assembly on 11 September. In early July, the Ministry of Information launched a four-phased program, designed to publicize the election, to explain the purpose and importance of the election, and to get the people out to vote. In conformity with Vietnamese laws and regulations, the elections were to be supervised by locally appointed committees, with participation by representatives of the candidates. The RVNAF was charged with providing security in order to assure maximum participation in the elections. The RVNAF concept of operations for this mission was to mount no major operations during the period and to provide security over as wide an area as possible. The cost to military operations for this brief lull period was not considered sufficient to outweigh the anticipated psychological gain from a big election turnout.38

The US position on the GVN elections was a sensitive one. The United States was anxious for a good voter turnout, yet it wished to avoid any action which might be construed by world opinion as influencing or interfering with the elections. Consequently, US/FWMAF were ordered to maintain strong mobile reserves to react to any VC/NVA threat, to increase harassment and interdiction programs to keep the VC/NVA forces off balance, and to avoid operations in the vicinity of populated areas or polling places. The US Mission Council decided that US transportation would not be used to transport voters, election officials, or ballot boxes. The United States did, however, furnish logistic support in moving election materials into the field and in the production and dissemination of election materials. The Mission also ordered US forces to relieve the VNAF of routine missions to

38. Ibid., pp. 621-622.
enable it to meet requests from local officials to move candidates and others from place to place during the campaign.39

As a possible means of increasing voter participation, the United States contemplated an election ceasefire. The State Department had suggested this approach on several occasions, but both Ambassador Lodge and the Joint Chiefs of Staff had opposed it. Ambassador Lodge believed that such a ceasefire would diminish rather than increase the vote. The Joint Chiefs of Staff, addressing the Secretary of Defense on 31 August, said that a voluntary reduction in military pressure against the enemy at election time would invite expanded guerrilla terrorism and enemy attacks, and would release enemy forces for interference with the election. They recalled that past stand-downs had been counterproductive and recommended "strongly" against the imposition of any additional limitations on US/FWMAF during the election. The suggestion of an election ceasefire subsequently was abandoned.40

As the elections approached, COMUSMACV and the other members of the Mission Council exercised extreme care to avoid any sudden stress on the GVN political structure. When COMUSMACV received word that the NLC was considering ousting two of its members, the Mission Council informed the GVN that it was important that they do nothing at this time "to rock the boat," and the GVN did not carry out the planned expulsion.41

Undeterred by scattered acts of VC terrorism, some 4.3 million South Vietnamese, or 81 percent of the registered voters, went to the polls on 11 September to elect the 117 members of the Constituent Assembly. This did not represent an overwhelming endorsement for the GVN, since only two-thirds (5 million) of the adult RVN population was registered, but it was a remarkable event in a nation torn by guerrilla war.

40. (S-GP 3) Msg, State 3230 to Saigon, 27 Apr 66, JCS IN 19692; (S) Msg, State 3883 to Saigon, 14 Jun 66, JCS IN 37661; (S-GP 3) Msg, Saigon 5662 to State, 21 Jun 66, JCS IN 50227; (S-GP 1) JCSM-550-66 to SecDef, 31 Aug 66 (derived from JCS 2343/892-1); JMF 9155.3 (24 Aug 66).
and refuted Hanoi's claim that only the NLF could speak for the South Vietnamese. 42

US officials in both Saigon and Washington were pleased with the election outcome. The White House expressed its surprise and pleasure with the size of the vote, but cautioned that this election was only one step along the road to constitutional government. Hanoi dismissed the election as a "fraud" meant to perpetuate Ky in power, and to entrench the US military presence in South Vietnam. 43

Both the State Department and Ambassador Lodge had been hopeful that the new Constituent Assembly would encourage the formation of political parties and bring greater political stability and responsibility to South Vietnam's political life, but the composition of the Assembly did not seem to promise that these hopes would be realized. The State Department hoped that the constitution drafting process would lead to evolution of coalitions, and instructed Ambassador Lodge to encourage the Vietnamese to subordinate individual and group differences to the national interests. He was also to point out to the Deputies that the Assembly would be a crucial test of RVN political maturity, both in terms of establishing a viable political system and in terms of competing with the highly-organized and disciplined VC political efforts. 44

With the large turnout for the election of the Constituent Assembly, the GVN felt more secure, and in late October Chairman Thieu and Prime Minister Ky went to Manila to meet with President Johnson and the leaders of the other Free World nations (Australia, New Zealand, the Philippines, the ROK and Thailand) that had sent troops to RVN. The Manila meeting of 24-25 October reviewed the progress of the war as well as South Vietnam's political, social, and economic progress. The conference produced a joint communique pledging continued determination to secure freedom.

42. NY Times, 12 Sep 66, 1.
43. (S) Saigon Mission Council Action Memo No. 120, 15 Sep 66, 0CJCS File 091 Vietnam Sep 66. NY Times, 13 Sep 66, pp. 1, 4.
for South Vietnam and committing the GVN to a Revolutionary Development program.45

On 18 November, Prime Minister Ky, rearranging his Cabinet to allay some regional dissatisfaction, split the powerful Ministry of Economy into two separate posts, the Ministries of Commerce and Industry, and replaced the Secretaries of State for Youth and for Education and Social Welfare. He also created a new Ministry of Cultural Affairs. Ky's most potentially dangerous action in the reshuffle was the relief of General Dam Van Quang, IV Corps Commander, and his appointment as Minister of Planning and Development, a new post dealing mainly with postwar planning and development. Quang accepted the change without protest, and the Cabinet reshuffle passed without incident.46

At the close of 1966, US officials were optimistic about the political situation in Saigon. After nearly three years of political unrest, characterized by coups, countercoups, and revolving-door governments, all indicators seemed to point to a return of political stability to South Vietnam. The Thieu-Ky government had held office for over 18 months, and had survived a severe challenge in the Buddhist agitation in the I CTZ during the early months of 1966. Ky had shown considerable insight and political acuity in the formation of his Cabinet, bringing into it a few civilians, as well as military officers, with differing religious backgrounds, and from both North and South. A widening personal quarrel between the two principal RVN Buddhist leaders, Thich Tam Chau and Thich Tri Quang, had split the powerful Buddhist opposition. Despite the Viet Cong threats of retaliation, 51 percent of the registered voters had demonstrated their support for the government by voting in October for a constituent assembly to draft a constitution. Thieu and Ky had publicly committed themselves to submit the constitution to the

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46. (S) Msg, Saigon 7752 to State, 5 Oct 66, JCS IN
49105. (C) Msg, Saigon 7945 to State, 7 Oct 66, JCS IN
53008. (S) Msg, Saigon 8681 to State, 17 Oct 66, JCS IN
70334. (S-GP 3) Msg, Saigon to State, 19 Oct 66, JCS IN
76521. (C) Msg, Saigon 10363 to State, 8 Nov 66, JCS IN
23034. (S) Msg, Saigon 10937 to State, 11 Nov 66, JCS IN
23037. (C) Msg, Saigon 11249 to State, 18 Nov 66, JCS IN
40494.
people in 1967 and, subsequently, to hold national elections. All that the United States could do was to continue its encouragement of the GVN, watch, and hope.

**Economic Problems**

In addition to the dangerous political turmoil that plagued the GVN in the first half of the year, South Vietnam continued to face soaring inflation in 1966. With the greatly accelerated US troop buildup, and the construction of the necessary supporting facilities, inflation in South Vietnam had become acute in 1965. It grew even worse in 1966, with prices rising at a rate of 70 percent annually. The increase of US forces from 184,000 to 389,000 during the year, together with the $60 million per month peak in military construction, brought a large and rapid inflow of US dollars further stimulating the already dangerous inflationary spiral. A vigorous GVN anti-inflation program and efforts by the United States to curb military spending in Vietnam were required. Such programs were begun in 1965 and continued in 1966, but were hindered by political unrest in early 1966.

In late December 1965; officials in Washington were considering a number of measures to lower US troop spending in Vietnam. These measures were designed to reduce troop incentives to make purchases on the local economy and to divert military pay into US channels, thus reducing the requirement for piaster expenditures. In early January, US AID Administrator David Bell visited Saigon and discussed the measures with COMUSMACV. Certain of the measures had already been implemented or planned for by MACV, including an information program to bring the inflationary problem to the attention of military personnel, a planned increase of out-of-country R&R from 2,500 to 13,500 per month during 1966, the addition of 100 US service clubs, motion picture facilities, and PXs, and the prohibition of competitive purchase of construction materials from the local market, except in emergencies. General Westmoreland and Mr. Bell agreed on the need for programs to stimulate voluntary troop savings, simplify procedures for the transfer of troop pay to the United States, and establish US banking facilities in Saigon (but not in outlying areas). Neither COMUSMACV nor CINCPAC was favorably disposed to certain other of the measures, including the assignment of an economic advisor to the MACV staff, the amendment of
regulations to limit the amount of monthly pay an individual might draw in RVN, restricting the access to the local marketplace beyond current restrictions (no more than ten percent on leave or pass at any one time), the frequent and unannounced conversion of MPCs to new series, or limiting the amount of piasters US military personnel might purchase. General Westmoreland recognized the undesirable effects of large troops concentrations in or near population centers, and already had this problem under study.47

During his stay in Saigon, Mr. Bell also met with GVN officials to stress the need for further GVN anti-inflationary measures. At Bell's urging, the GVN agreed to double import financing to a level of $200 million in 1966, with $50 million expended in the first quarter. In return, the United States pledged to expend $120 million in the first quarter, with a target for the year of $400 million. The GVN rejected US suggestions for action to meet the demand for capital transfers abroad, for dollar-dominated bonds sold for piasters, liberalization of the piaster exchange rate, and austerity taxes. The GVN did agree to use all foreign exchange earnings and not build up reserves during 1966, to aim at a 1966 tax collection of P 22 billion, and to review with the United States measures to keep the black market rate in check.48

Another factor contributing to the RVN inflation was port congestion. The movement of the necessary supplies and equipment to support the large-scale military operations being conducted in Vietnam through the limited RVN port facilities resulted in an extensive buildup of cargo awaiting discharge in RVN. This, in turn, restricted the commodity supply in RVN and pushed prices up. General Westmoreland and Mr. Bell discussed this problem, and the Chairman, Joint Chiefs of Staff, reported to the Secretary of Defense on 8 January that actions had been taken to eliminate the port congestion through use of private contractors to provide port clearance and coastal shuttle, provision of additional LSTs to improve the shipping situation, and maximum effort to palletize and utilize cargo

47. (S) CM-1204-66 to OASD(ISA), 19 Feb 66, OCJCS File 091 Vietnam Feb 66.
to provide more efficient handling at the destination port. Since 15 November 1965, shipments from the CONUS to RVN had been loaded for single-port discharge and MSTS shipping had been routed to "holding areas" outside RVN waters to await call by MACV into discharge areas. The Chairman anticipated that construction projects planned and in progress would bring significant improvement in physical port discharge by mid-1966. These were the first of a series of US actions to eliminate port congestion that culminated in the eventual MACV takeover of most of the non-commercial activities of the Saigon port.49

The maintenance of economic stability was one of the matters considered when President Johnson and his chief advisors met with Chairman Thieu and Prime Minister Ky in Honolulu in early February. It was the consensus of the meeting that South Vietnam faced a serious problem of inflation during the current year, but that with appropriate stabilization measures, the situation could be managed. On the basis of the reports of their economic advisors, the President and Chairman Thieu and Prime Minister Ky approved a number of actions to combat inflation in Vietnam. The leaders of the two nations reaffirmed the agreements reached during Mr. Bell's visit to Saigon in January. In addition, the United States agreed to support a GVN request to the International Monetary Fund for technical assistance in the financial area, to provide US technical assistance, where appropriate, to support GVN anti-inflationary measures, and to moderate the demands of US expenditures on the RVN economy. The GVN committed itself to a number of actions to strengthen its economy, including simplification of import procedures, enlarging its customs forces, and increasing revenues through increased and better tax collection. In the area of monetary policy the GVN promised to consider raising the exchange rate for import duties, modifying the Special Currency Fund rate of 118 piasters per dollar, and increasing and using GVN's gold component of its international reserves. To improve the port congestion problem, the GVN agreed to appoint a master port director, directly responsible to the Prime Minister's

49. (S) CM-1204-66 to OASD(ISA), 19 Feb 66, OCJCS File 091 Vietnam Feb 66. (S-GF 4) CM-1094-66 to SecDef, 8 Jan 66, OCJCS File 091 Vietnam Jan 66.
office. The United States would supply technical assistance in port management.50

The economic program adopted at Honolulu represented a sincere attempt to blunt inflation in RVN. Its expeditious implementation might have gone far toward slowing inflation. But hardly had the RVN leaders returned to Saigon when political agitation by the Buddhists began. The turmoil that gripped South Vietnam from early March through late June prevented any effective GVN action to carry out its Honolulu pledges. A status report on the Honolulu measures at the end of March showed little progress, and the AID Director told the President that the political problems had diverted almost all attention away from economies. He added that few officials could make policy decisions, and that only minor implementation of the Honolulu economic accords could be expected until the crisis was resolved.51

While the GVN was attempting to resolve the political confrontation with the Buddhists, the United States was moving ahead with implementation of its portion of the Honolulu agreements. In Saigon, General Westmoreland introduced additional actions to reduce US troop spending in Vietnam. On 13 April 1966, all R&R leaves to Saigon were suspended, and on 18 April COMUSMACV ordered positive actions to preclude the introduction of additional units or activities into the Saigon area. On 2 May he prohibited the acquisition of further Vietnamese-owned buildings for use as billets, without his personal approval. Strict black market controls were put into effect, and COMUSMACV took drastic action to reduce the high rate of pilferage from US stocks. Stringent controls were placed on US personal currency transactions and postal money orders, two US banking facilities were opened in Saigon, and PXs were


expanded to absorb more troop spending. As had been planned, COMUSMACV expanded out-of-country R&R, and he initiated a command-sponsored savings bond drive.52

US officials in Washington were also considering ways the United States could assist in slowing the inflation. Presidential Special Assistant Robert Komer returned from an April visit to RVN convinced that inflation was becoming the principal civil problem. He found that while much thought had been given to anti-inflation measures, not enough had actually been done. On 29 April, Mr. Komer stated in a memorandum to the Secretary of Defense that "the most effective, least painful, and ultimately least expensive way" to control inflation would be to operate on the supply side of the equation by "flooding" RVN with goods. One means of accomplishing this flooding was to relieve the bottleneck of port congestion. Komer proposed a series of interim measures by COMUSMACV for relief of the port problem, including release of civilian port facilities, stepped-up port construction, greater use of Vung Tau, military unloading of civil cargoes, and military trucking assistance in Saigon. He also suggested two longer-term steps: establishment of a joint shipping and port priority system; and US military operation of Saigon and other main ports.53

A week later, on 6 May, Mr. Komer informed the Secretary of Defense that the growing inflationary pressure in Vietnam was a matter of "intense concern." He thought that inflation could soon reach such runaway proportions as to become a threat to US political objectives comparable to the Viet Cong or the severe political unrest. He recognized, said Mr. Komer, that the solution included actions that the GVN would have to take. He believed that the rapid military buildup was the chief contributor to inflation in Vietnam, and suggested additional actions the United States could take. In the management area, he listed: development of projections of the likely

53. (S-GP 4) Memo, SpecAsst to Pres/Komer/ 19 Apr 66, Att to Encl to JCS 2343/815, 21 Apr 66, JMF 9155.3 (19 Apr 66). (S-GP 4) Memo, SpecAsst to Pres/Komer/ to SecDef, 29 Apr 66, Encl to JCS 2343/821, 5 May 66, JMF 9155.3/9700 (29 Apr 66).
inflationary impact of new troop deployments and military construction; adoption of an overall US military and civilian piaster budget; establishment of a GVN manpower budget; development of a system of priorities to consider requirements in light of resources; and implementation of an effective procedure, both in Washington and in the field, to police military and civil programs from the standpoint of inflationary impact and political implications.54

Mr. Komer also proposed the following specific anti-inflationary measures the military could take: more self-sufficient construction methods, postponement or stretch-out of less essential military construction, greater use of third country labor, greater reliance on RVNAF in military construction, reduction of less essential military shipments to relieve port congestion, and reduction of US demands for housing and other structures in urban areas. Mr. Komer was impressed with current efforts to recapture the earnings of US military and contractor personnel, but questioned whether further actions in this area could be accomplished, such as increased out-of-country R&R, further expansion of in-country R&R and PX facilities, cost-savings incentive awards to US, Vietnamese and third country personnel, and expansion of programs to alert US forces to the impact of their expenditures on the RVN economy and the necessity for measures taken.55

The Komer request, coupled with the threat that inflation posed to the war effort, prompted the Secretary of Defense to direct an analysis of US military spending in Vietnam and the preparation of a plan to hold down the inflationary impact of the US buildup. Secretary McNamara designated Dr. Stephen Enke, Deputy Assistant Secretary (Systems Analysis), to head a task force, with representatives from the major DOD elements, including the Joint Chiefs of Staff, to consider various alternative methods of achieving this goal and to prepare a coordinated DOD plan.56

54. (S-GP 1) Memo, SpecAsst Komer to SecDef, 6 May 66, Encl to JCS 2343/825, 10 May 66, same file.
55. Ibid.
With the quieting of the political disturbances in mid-June, the GVN again turned its attention to economic problems. The GVN devalued the piaster on 18 June 1966. This drastic move, taken in collaboration with the International Monetary Fund and with strong US support, adjusted the exchange rate from 60 to 118 piasters to the US dollar. There was no change in the special rate for personal transactions of US personnel in-country. At the same time, the GVN established a free market in gold to force down the black market price of the piaster.

While these measures were steps in the right direction and brought some improvement in the economic situation, they did not strike at a basic cause of the inflation that the GVN could control—the huge GVN budget deficit. The GVN had attempted to increase its revenues, and thereby reduce the deficit, by the introduction of new tax measures calculated to yield one billion piasters in additional revenue. The new measures included strict collection of motor vehicle taxes, conversion of the tax on restaurants from a percentage of proceeds to a flat assessment, and strict collection "on excessive rentals." The new tax measures fell short, however, of what had been accepted at the discussions in January and at Honolulu in February.

The most significant factor contributing to inflation in RVN was the massive US military buildup and the resulting in-pouring of indigestible amounts of money for military construction. With the completion of the DOD analysis, directed by the Secretary of Defense in May, of the impact of further military spending on the RVN economy, Secretary McNamara on 13 July set quarterly piaster limits for US military piaster spending in RVN, in an attempt to hold US military expenditures and their impact on the economy to a manageable level. He explained to the Chairman that

the DOD goal was to hold total US piaster expenditures to the end-FY 1966 level without any reduction of military effectiveness. Secretary McNamara felt that this could be accomplished through careful management by field commanders. He fixed the first quarter FY 1967 piaster spending limit at P 9 billion, including spending by military contractors, plus 2.8 billion of PL 480-generated and counterpart piasters currently spent in support of the joint funded portion of the GVN military budget. The Secretary of Defense instructed the Joint Chiefs of Staff to plan a total four-quarter spending objective of not more than P 36 billion. He assigned the Joint Chiefs of Staff responsibility, with appropriate delegation to CINCPAC, COMUSMACV, and component commands as required, for enforcement of the quarterly limits, for a system of reporting of military spending in SVN, and for the establishment and maintenance of a monthly Activities Cost Index to measure the impact of rising wages and prices on the piaster cost of DOD activities in Vietnam. He directed the Military Departments, the Assistant Secretaries of Defense, the Director of Defense Research and Engineering and the Directors of the Defense Agencies to assist the Joint Chiefs of Staff in operating within the established limits.59

The Joint Chiefs of Staff acted at once to implement the Secretary's directive. They assigned CINCPAC the enforcement responsibility and directed CINCPAC and COMUSMACV to submit appropriate reports of spending in RVN. The Assistant Secretary of Defense (SA) established Activities Cost Guidelines and COMUSMACV maintained the indices.60

In early September, the Secretary of Defense set the second quarter FY 1967 piaster spending limit in Vietnam at P 11.8 billion, including Joint Support, then estimated at P 2.8 billion. The piaster spending objective for the year 1 October 1966 through 30 September 1967 was P 50 billion. At a conference in Washington on 20 September, a MACV representative stated that the P 2.8

59. (S-GP 4) Memo, SecDef to CJCS, 13 Jul 66, Encl to JCS 2343/864, 15 Jul 66; (S-GP 4) Memo, SecDef to SecA et al., 13 Jul 66, Encl to JCS 2343/864, 15 Jul 66; JMF 9154.3 (13 Jul 66).

60. (U) J-3 SM-353-66 to Secy, JCS, 29 Sep 66, Encl to 1st N/H of JCS 2343/864, 4 Oct 67, same file.
billion of Joint Support funding would not be sufficient to pay past years' obligations, meet the current year's obligation issued prior to the imposition of controls, and support the GVN military pay raise that followed the piaster devaluation. Consequently, COMUSMACV requested a Joint Support of P 4.7 billion for the second quarter FY 1967. CINCPAC confirmed this requirement and added P 25 million for past and current year obligations covering Assistance in Kind (AIK) funding for a total requirement of P 4.725 billion. General Wheeler requested the Secretary of Defense to raise the second quarter FY 1967 piaster limit by P 4.725 billion, but the Secretary of Defense approved only a P 3.6 billion addition.

Ambassador Lodge, on 1 October 1966, recommended to Washington that US military piaster expenditures be held to 42 billion, plus 16 billion for civilian elements. COMUSMACV objected to these figures, but the AID Director and Ambassador Lodge felt that any higher figure would accelerate inflation and jeopardize political and military programs. In an effort to stay within the 42-billion limit, the Secretary of Defense on 11 November rejected the JCS force deployment program for CY 1966/1967 that called for an expenditure of P 46.21 billion in 1967. He approved instead Program #4, which he termed the maximum consistent with any reasonable hope for economic stability.

On 18 November, the Secretary of Defense set the piaster spending limit for the first quarter CY 1967 at P 10.3 billion and for the second quarter at P 10.7 billion. These limits included AIK spending but did not include Joint Support of the GVN military budget. The total DOD piaster spending figure for CY 1967 for use in negotiations with the GVN on economic stabilization

61. (S-GP 4) Memo, SecDef to CJCS, 2 Sep 66, Encl to JCS 2343/884-6, 7 Sep 66; (S-GP 4) DJSM-1280-66 to CJCS, 1 Oct 66; CN-1288-66 to SecDef, 6 Oct 66, Encl to JCS 2343/884-8; (S-GP 4) Memo, SecDef to CJCS, 22 Oct 66, Encl to JCS 2343/884-10, 27 Oct 66; JMF 9155.3 (13 Jul 66).
62. (S) Msg, Saigon 7332 to State, 1 Oct 66, JCS IN 42777. (TS-GP 4) Memo, SecDef to CJCS, 11 Nov 66, Encl to JCS 2343/855-27, 15 Nov 66, JMF 9155.3 (18 Jun 66)
was estimated at P 42 billion. Again COMUSMACV found these figures unacceptable, and the Chairman requested an increase of 10.5 billion for the first quarter and 11.0 billion for the second (for a total of P 21.5 billion); he also recommended a negotiating and planning figure for the year of P 44.0 billion. Secretary McNamara did revise the quarter figures as requested by the Chairman, but he refused to alter the P 42 billion negotiating figure.63

While Washington officials had been busy fixing US spending limits in RVN and fitting deployment programs within these limits, COMUSMACV had continued efforts to hold down US spending and eliminate other factors contributing to inflation. In an attempt to relieve port congestion, he had negotiated and signed with the GVN on 4 July 1966 an agreement transferring from the GVN to MACV the responsibility for the discharge and clearance to final destination of all US AID/Central Purchasing Authority (CPA) cargo in the Saigon port. Despite this action and GVN action to improve the Saigon port, the congestion was even worse by December 1966, and the United States was considering taking over the operation of the entire port as the year ended.64

On 13 September, COMUSMACV issued a comprehensive directive outlining policies, procedures, and responsibilities of the US military for limiting military expenditures. HQ MACV would establish maximum permissible quarterly piaster-expenditure authorization for all official MACV activities. Piaster expenditures from the Joint Support portion of the GVN defense budget would be controlled through a system of cash releases to the GVN, so that quarterly and annual limits would not be exceeded. COMUSMACV also established a Piaster Expenditures Control Working Group (PECWG) to access requirements and allot piaster limitations for MACV activities. The MACV directive
did not restrict individual expenditures, but COMUSMACV continued his policy of encouraging savings programs and individual purchases of commodities from other than SVN markets.65

Despite the determined efforts of both the United States and the GVN, inflation increased at a rampant rate during 1967. Prices rose by 70 percent and there were shortages of essential foodstuffs, supplies, and manpower. Only an end of the war could eliminate the sources of the inflation, and failing that, continued vigilance by the GVN and the United States to control inflation would be required to retain a semblance of economic order in South Vietnam.

Pacification

During 1966, the GVN survived four months of severe political turmoil, elected a constituent assembly, and adopted a number of economic measures to check the growing inflation. All these actions were encouraging signs for the future, but if the GVN was to become a stable, effective government, it was necessary for it to have the support of the South Vietnamese people. To gain this support, it was essential that the GVN provide adequate local security and protect the people from Viet Cong terrorism. It was to this end that the GVN had adopted successive pacification programs. These programs, dating back to 1959, had been characterized by ambitious plans that appeared promising on paper, but achieved little success in actual operation.

In December 1965, the GVN approved a new plan, the 1966 Rural Construction (RC) Plan, and issued appropriate implementing instructions. The key feature of this plan, which went into effect in January 1966, was the use of specially selected and trained rural construction cadre groups. The cadres, trained at the new National Training Center at Vung Tau, would be sent into the villages and hamlets for six to twelve months, rather than for just a few weeks as in previous pacification programs. The cadres would screen the inhabitants of the hamlets to

establish identities and to determine aspirations and needs. The cadres would follow up the initial census with interviews with all residents at intervals of 10 to 15 days. They would then attempt to solve the problems of the hamlets, organizing self-help programs. It was hoped that the local residents would then begin to identify and assist in rooting out the local underground, thereby breaking up the VC infrastructure.

The United States in 1966 continued its support of the GVN pacification/rural construction effort. During the period 8-11 January, senior representatives of the US Mission, Saigon, and the Washington Vietnam Coordinating Committee met in Warrenton, Virginia, to review, among other matters, the joint GVN-US pacification/rural construction program. The participants, encouraged by the 1966 GVN plan, recommended: continued direct US funding to support the most crucial aspects of the RC program; optimum organization of the US Mission for support of the RC program; collection both in Washington and Saigon of available material to meet primary needs and requirements of rural population; encouragement of representative bodies on the hamlet and village level, as well as the development of nongovernmental bodies, such as cooperatives and labor unions; and continued guidance to the GVN to assure proper relations of the respective roles and missions of the RC teams, police, and regional and popular forces with the mission of the regular forces.

President Johnson assured Chairman Thieu and Prime Minister Ky of continued US support for the RC program when he met with the GVN leaders in Honolulu in early February. With regard to specific actions, the United States and the GVN agreed that ARVN military commanders would give "adequate" priority to rural construction areas; that the GVN would move forward with the election of village executive councils, and that emphasis would be given, increasingly, to effective cadre training, with concentration on political indoctrination. The GVN leaders promised that greater attention would be placed on RVNAF troop indoctrination (with the United States to study additional support


67. Ibid.
requirements) and that more effort would be directed toward the development of agriculture, handicraft and cottage industries, and expansion of rural electrification programs and credit facilities for farmers. But even with these improvements, the GVN RC Minister, General Nguyen Duc Thang, estimated at the meeting that only 75 percent of the 1966 RC goals could be achieved by the end of the year. 58

On 21 February 1966, the GVN redesignated the Ministry of Rural Construction the Ministry of Construction, in order to eliminate the implication that the RC program was concerned only about rural and not urban areas. Since the English translation of the new ministry title did not describe adequately the broad objectives of the program, Prime Minister Ky coined the English term "Revolutionary Development (RD)." The GVN defined Revolutionary Development as:

the integrated military civil process to restore, consolidate and expand government control so that nation building can progress throughout the Republic of Vietnam. It consists of those coordinated military and civil actions to liberate the people from Viet Cong control, restore public security; initiate political, economic and social development; extend effective Government of Vietnam authority; and win the willing support of the people towards these ends. 69

The dynamic General Thang, who had been Minister of Rural Construction since mid-1965, continued as Minister of Revolutionary Development.


In accordance with the 1966 RC/RD Plan, the GVN in February established a series of RD councils, extending from the national level down to the district, with the chairman at each level being a member of the council at the next higher level. The Minister of Revolutionary Development served as Chairman of the National RD Council. These councils met periodically to review projects and progress, to suggest program improvements, and to give emphasis and direction to the RD effort.70

In order to improve coordination on RD matters on the US side, COMUSMACV named the Chief of his RD Division, on 24 February, as an advisor to Deputy Ambassador Porter for RD matters. The MACV advisor served as the focal point for all MACV RD problems requiring coordination with the Embassy; he presented MACV views to the Ambassador, insuring the appropriate interrelationship of MACV programs with those of other elements of the country team.71

In an attempt to integrate the direction, coordination, and supervision in Washington of all nonmilitary programs in Vietnam, including RD, President Johnson designated Robert W. Komer, on 28 March 1966, as his Special Assistant for Vietnam. Also, the President named Ambassador William Leonhart as Deputy Special Assistant for Vietnam, charging him with responsibility for coordinating the RD/Pacification program with the programs for combat force employment and military operations.72

Mr. Komer's first action was to visit Vietnam to learn for himself the status of all nonmilitary programs. On his return to Washington, Mr. Komer reported to the President that, although "our splendid military effort is going well," civil programs lagged far behind. He made a number of recommendations, including a higher priority for certain key pacification programs, particularly the cadres and the national police. Also, he cited a need for faster progress in land reform and urged a higher priority for RD in the Delta (IV Corps) region. Mr. Komer recognized that while US military programs in RVN were largely self-contained,

70. Ibid., p. 510.
71. Ibid., p. 506.
72. (S-GP 4) NSAM 343 to SecDef et al., 28 Mar 66, Encl to JCS 2343/804, 31 Mar 66, JMF 9155.3 (28 Mar 66).
civil programs, including RD, had to operate through a "feeble GVN." He stated that the United States must try to build up a stable, progressive GVN, rather than "(as some suggest in their frustrations)" taking over the civil as well as the military role in Vietnam. He also called for better coordination in civil and military planning to coordinate the military's sweep operations with civil pacification. The Assistant Secretary of Defense (ASA) assured Komer of "continuing support from DOD resources" in the pursuit of a more effective nonmilitary program in Vietnam.\(^3\)

Meanwhile, COMUSMACV reported in mid-April that RD programs were getting under way, "though slowly," adding that it was too early to predict the success of the programs. The primary military contribution to these programs was in establishing the requisite level of security to permit initiation of other RD tasks. US support for the RD effort took the form of advisory assistance; over 2,000 US military advisors assisted the GVN RD organization from the national down through the district levels. In addition, OAS, USAID, and JUSPAO personnel operated at the region and province levels. At the national level MACV had 34 full-time advisors assigned to work with the Ministry of RD. There were MACV sector advisory teams, consisting of approximately 20 personnel, in each of the 43 SVN provinces, and MACV had subsector advisory teams of about 6 personnel in 187 of the 243 districts in RVN. A typical subsector team consisted of the subsector advisor, a major or captain; an assistant advisor, a captain or lieutenant; an E7 operations/intelligence advisor; an E6 light weapons infantry advisor; an E6 medical advisor, and an E4/E5 radio operator. Certain of the subsector advisory teams consisted of US Special Forces detachments. At the district or subsector level, the MACV advisors were the only resident US personnel available to advise the district chiefs on all military or civil matters. COMUSMACV estimated that, in general, the subsector advisory teams

\(^3\) (S-GP 4) Memo, SpecAsst Komer to President, 19 Apr 66, Att to Encl to JCS 2343/815; (S-GP 3) Ltr, ASD(ISA) to SpecAsst Komer, n.d., Encl to JCS 2343/815-1, 2 May 66; JMF'9155.3 (19 Apr 66).
contributed 50 percent of their time in support of non-military aspects of RD.\textsuperscript{74}

In addition, US naval advisors were attached to each RVN ship, River Assault Group, Junk Division, and naval base facility, and the United States furnished medical and engineering support for Revolutionary Development. Twenty-one teams of the US Military Provisional Hospital Assistance Program (MILFHAP) provided medical care to the RVN civilian population, advice in public health and sanitation, and training to Vietnamese health personnel. Seven US Seabee Technical Assistance Teams (STAT) performed construction work, such as well drilling, sewer construction, and general rural improvements, and four US Army Engineer Central Advisory Detachments (ECADS) supported the GVN rural surface water supply programs.\textsuperscript{75}

In early April, Deputy Ambassador Porter proposed to Mr. Komer a rapid expansion of the US-supported cadre training center to raise the annual training rate from 19,000 to 39,000 by the end of 1966. COMUSMACV, who had not been consulted prior to the submission of the proposal to Washington, found the objectives of the proposal laudable, but thought that such an expansion would strain existing resources and would produce more cadre personnel than RF/PF could support in the countryside. The cadres would then be compelled to devote themselves to security, thereby hindering the overall RD program. Instead, he suggested the creation of a study group with representatives from all the Saigon Mission agencies to examine the proposed expansion in light of its impact on current programs. The Joint Chiefs of Staff supported COMUSMACV's suggestion,


\textsuperscript{75} (S) Information Book for CJCS for Use during the Seven-Nation Conference, 24-25 Oct 66, OCJCS Files.
and no further action was taken on expanding the cadre training program.7

Despite the promising GVN RC/RD 1966 plan, continuing US support, and the GVN and US actions to strengthen RD organizations, the RD program, by June, had not progressed as well as had been hoped. The RD effort, like other civil efforts, had been hindered by political unrest. Ambassador Lodge informed the State Department at the end of May that, although 70 percent of the May goals had been achieved, the RD program remained behind schedule. Such progress as had been made was questionable, Mr. Lodge said, because some GVN officials tended to meet their goals by accepting substandard construction and performance, and inadequate security. He saw, as the major obstacles to the RD effort, the continued lack of local security and the marginally effective leadership at the lower levels of the RD organization. The first RD cadres had graduated from the Vung Tau center on 21 May 1966 and returned to their home provinces, but the Ambassador stated that it was too early to judge their effectiveness.7

Mr. Komer was more sanguine about the RD effort. He returned from a trip to Vietnam in June both "an optimist and a realist"—optimistic because COMUSMACV's spoiling operations as well as the political and economic sides were all going well, and a realist because he recognized how much further there was to go. In a memorandum for the President on 1 July, Mr. Komer reported that the progress of military action against the VC was not matched by the pacification and "civil side" operations. He found the greatest weakness was the inability of the GVN to capitalize on the opportunities that the military operations had provided to extend control over large areas of the countryside. The erosion of GVN control had ceased, but "we" had not really extended "our" control outside the

76. (C) Memo, DepAmb Porter to SpecAsst Komer, 6 Apr 66; (S) Memo, SpecAsst Komer to SecDef et al., 21 Apr 66; Encis to (S-GP 3) JCS 2343/816, 22 Apr 66, JMF 9155.3 (6 Apr 66). (S-GP 3) JCSM-261-66 to SecDef, 25 Apr 66 (derived from JCS 2343/816-1), same file. (TS-NOFORN-GP 1) COMUSMACV Command History, 1966, pp. 515-517.
77. (C) Airgram, Saigon A-709 to State, 28 Jun 66, OCJCS File O91 Vietnam Jul 66.
main towns during the last year. Mr. Komer believed that victory could not be assured until the United States and the GVN got rolling on pacification and gave the peasants both security and a hope for a better future. He viewed the GVN and the ARVN as the weak links in the chain; the 700,000-man ARVN was not pulling its weight. The United States was "bearing the brunt of the effort, which is neither necessary or desirable." Mr. Komer's two main conclusions were that the United States must 1) step up its support of Pacification/Revolutionary Development, and 2) galvanize the GVN and the ARVN into a much greater and better effort in this field.78

A MACV briefing for the Mission Council on 8 August 1966 indicated much the same conclusions. The MACV briefing officer told the Mission Council that military operations alone could not win the war in Vietnam. In the final analysis, he said, the RD program offered "the only real hope" to bring the conflict to a successful conclusion. One of the reasons for the lack of success in the RD effort, the briefing officer stated, was the lack of adequate ARVN support. MACV explained that this lack of ARVN support resulted from the requirements on the ARVN to devote its main efforts toward elimination of VC main force units; inadequate plans, directives, and organization; apathy of the ARVN personnel; leadership and manpower deficiencies; and a lack of ARVN appreciation of the importance of the RD program. The resources and efforts of all US Mission agencies, as well as those of the GVN, must be organized and directed toward maximum support of RD.79

During the summer both the GVN and the United States acted to bolster the lagging RD effort and to step up military support for RD. On 12 July the GVN elevated General Thang to the position of Commissioner-General for Revolutionary Development with responsibility for the Ministries of Agriculture, Public Works, and Administration (formerly Interior), in addition to his former task of Minister of RD. In late July, the Chief of the JGS, at COMUSMACV's urging, directed the ARVN to increase

78. (S-GP 4) Memo, SpecAsst Komer to Pres, 1 Jul 66, Encl to JCS 2343/862, 8 Jul 66, JMF 9155.3 (1 Jun 66).
the support and tempo of RD operations. The Chief of the JGS emphasized to the ARVN commanders the importance of the RD program and instructed them to assign the same importance to pacification/RD operations as to search-and-destroy operations. In addition the GVN revised the RD mission and instructions for clarity and precision.80

In support of the GVN actions, COMUSMACV instructed all US advisors to encourage ARVN commanders to comply with the JGS directives. General Westmoreland believed that at least 50 percent of the ARVN forces in I, II, and III CTZs should be employed in direct support of RD, and he directed US advisors to urge ARVN and RF/PF forces to operate at night to "take the night away from the VC," to execute small unit operations based on timely intelligence, and to carry out saturation patrolling of long duration. MACV advisors would assist the ARVN in establishing education and training programs at all levels and in orienting ARVN attitudes toward RD. In September COMUSMACV proposed to the Chief, JGS, that, as a means of enhancing the military support for RD, the JGS and MACV form a joint team to prepare appropriate directives to establish Mobile Training Teams (MTTs) to provide guidance to field commanders and organize a detailed two-week RD indoctrination program for all ARVN maneuver battalions. The Chief, JGS, accepted the proposal, and MACV and ARVN representatives proceeded with the preparation of the necessary guidance, instructions, and training programs. These programs did not get under way until January 1967.81

At the direction of Deputy Ambassador Porter, a US interagency study group in Saigon examined the roles and missions assigned to the various Revolutionary Development elements, and considered ways of improving the current RD concept and performance. The study group presented its voluminous report to Ambassador Porter on 24 August 1966. In essence, it called for US/Free World forces to continue their efforts to destroy VC main force and NVA units in order that the ARVN could "be reoriented

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81. Ibid., pp. 523-527.

TOP SECRET
38-35
toward the mission of providing the requisite active security for Revolutionary Development." COMUSMACV objected to certain findings of the study group. No action was taken on the report.82

On 13 September 1966, Mr. Komer presented to the President a comprehensive report of the "other war" ("civil side activities") in Vietnam. Komer told the President that the RD program had been "relatively slow in gathering speed." Over the past several months there had been, in terms of numbers, a "modest gain" in the security of hamlets and population. Komer placed the number of secure hamlets as of 30 June 1966 at 4,054—an increase of 855 since 1 July 1965. He estimated that as of 31 August 1966, 55 percent of the population in RVN was in reasonably secure areas as opposed to 50 percent at the beginning of the year. This did not mean that the balance was under VC control; rather, much of the countryside was controlled by neither side or was in the process of being recovered. He estimated that 21 percent of the population was still under VC control with the remaining 24 percent caught in the middle. As in all previous assessments of pacification/RD progress, Mr. Komer emphasized that much more remained to be accomplished, but he emphasized that the ground work for an accelerated RD effort was being effectively laid and that better results were in prospect. He stated that, as ARVN and US/FWMA forces achieved continuing success in driving back NVN and VC main force units, an increasing proportion of regular RVNAF units could help provide the indispensable security base for RD.83

In a draft memorandum for the President, dated 22 September, the Secretary of Defense expressed his conviction that the divided US responsibility for pacification between the military and civilian elements of the country team in Saigon was a major factor in the "negligible" progress being made in the pacification sphere. The

82. (S-GP 1) Saigon Mission, "Report of Inter-Agency 'Roles and Missions' Study Group," 24 Aug 66, Att to Encl to JCS 2343/696, 6 Dec 66; (S-GP 1) Ltr, MACV to CINCPAC, 26 Sep 66, Att to Encl to JCS 2343/696, 6 Dec 66; JMF 9155.3 (24 Aug 66).
83. (U) Memo, SpecAsst Komer to Pres, 13 Sep 66, Encl to JCS 2343/909, 19 Sep 66, JMF 9155.3 (13 Sep 66).
civilians effort included AID, then called the United States Operations Mission (USOM), the Joint US Public Affairs Office (JUSPAO), and the CAS. On the military side, the Revolutionary Development Division of the MACV staff coordinated the military support aspects of pacification/RD. Only at the ambassadorial level was there a single in-country manager. The Secretary of Defense proposed to eliminate this fragmented responsibility by placing all US activities and personnel that were part of the pacification program under COMUSMACV, with the responsibility delegated to a Deputy to COMUSMACV for Pacification. He requested JCS comments on this proposal, and the Joint Chiefs of Staff readily endorsed it. 84

The Joint Chiefs of Staff reaffirmed this view on 14 October. In a memorandum for the Secretary of Defense they stated that the pacification/RD program was not adequate to the situation; they continued to favor the transfer of the entire program to COMUSMACV. But, if for political reasons, the President thought a civilian organization mandatory, they would not object. They were not optimistic, however, that a civilian organization could be created, except at the expense of costly delays. 85

Responsibility for the pacification program was considered at a White House meeting of 15 October 1966. The Secretary of State strongly objected to the suggestion that this responsibility be transferred from civilian to military hands. The President, although dissatisfied with the progress of the program, was unwilling to override Secretary Rusk. President Johnson did specify, however, that he wanted action "soonest"—within a period of 90 days. The implication was that he would again consider a transfer of responsibility at the end of that time if the situation had not improved. In May 1967 COMUSMACV was assigned responsibility for the pacification program "under the overall authority of the Ambassador." 85

84. (S-GP 1) Draft memo (Draft/22), SecDef to Pres, 22 Sep 66, Encl to JCS 2343/917, 24 Sep 66; (S-GP 1) Memo, ASD/ISA to CJCS, 22 Sep 66, Encl to JCS 2343/917, 24 Sep 66; (S-GP 3) JCSM-626-66 to SecDef, 29 Sep 66 (derived from JCS 2343/917-1); JMF 9155.3 (22 Sep 66).
85. (TS-GP 3) JCSM-672-66 to SecDef, 14 Oct 66, JMF 9155.3 (14 Oct 66).
Late in October President Johnson met in Manila with GVN leaders and the leaders of other Free World nations assisting RVN, to review the purposes and progress of the war. During the course of the two-day conference, Chairman Thieu and Prime Minister Ky reported on the RD effort, and reaffirmed the GVN intent to train and assign "a substantial share" of the RVNAF to clear-and-hold actions in order to provide a shield for RD programs. The GVN leaders pledged that RD measures, particularly the training of RD cadres, would be improved and expanded.87

The Manila Conference, coupled with the President's dissatisfaction with the pacification program, sharpened the focus of US attention on RD support. On 21 November 1966, Ambassador Lodge created the Office of Civil Operations (OCO), under Deputy Ambassador Porter to integrate all of the Mission's fragmented civil support for pacification/RD into a consolidated effort. The OCO would be represented in the four regions by regional directors who would be responsible for all US civil RD support in their region. Under these directors, there would be OCO representatives in the provinces. COMUSMACV concurrently upgraded his Revolutionary Development Division to the Revolutionary Development Support Directorate (RDSD), a separate staff agency to deal with the increasing scope of RD operations, and to add stature to the office.88

A continuing problem in the pacification/RD effort was the measurement of progress. Over the years, many systems had been tried and discarded in favor of what, each time, seemed a better method. Following the Honolulu Conference in February 1966, COMUSMACV developed a new system for evaluating the RD program, measuring progress in relation to the specific goals and programs fixed at Honolulu. The new approach involved examining major problems, breaking them out in terms of tasks, evaluating progress made in accomplishment of specific tasks, and

finally, analyzing the separate results in the context of their contributions to the total effort.89

On 13 December 1966, the US Mission Council in Saigon approved a new RD evaluation system. This system, entitled the Hamlet Evaluation System (HES), was designed to develop and maintain data that would effectively measure RD progress at the hamlet level. The evaluations would be made by the subsector advisors who would have a standard worksheet with 18 indicators and eight problem areas. Numerical values were assigned to each indicator and area and the results were computerized, permitting the storage of vast amounts of material and printouts of detailed analyses of comparisons, changes, and quantifications. The HES was put into operation on 1 January 1967.90

When, early in the year, it became evident that all of the 1966 RD goals could not be met, the GVN and the United States began planning for 1967 a RD concept that they hoped would be more successful. A MACV planning group met with appropriate representatives of the JGS and RD Ministry to develop estimates and to plan a tentative concept for 1967; the RD Minister or his representative visited every province to gain a clearer understanding of the problems; and a JGS team, with MACV and AID representatives, visited each Corps to coordinate military plans with RD programs. These efforts culminated in a RD concept for 1967 that was annexed to the Combined Campaign Plan for 1967 approved on 7 November 1966. In general terms, the 1967 concept assigned the ARVN the primary mission of providing security for RD, while US and Free World forces would continue efforts to destroy VC/NVA main forces and base areas. In the three northern CTZs, the ARVN would devote at least half of its efforts to RD support, but in IV CTZ, ARVN RD support might have to be limited to 25 percent. Free World forces would support RD by the provision of security in their tactical areas of responsibility and base areas, and by contributing "implicit aid" to RD and "the resurgence of the RVN economy as a by-product of normal operations."91

COMUSMACV was determined that all US personnel, particularly the ARVN advisors, would understand this new RD concept. On 22 December 1966, he wrote all the Corps Senior Advisors, stressing the importance of success of the 1967 RD effort and reminding all ARVN advisors that it was essential for them to understand every aspect of RD support and to use this knowledge "in every way possible" to assist the ARVN. On 29 December 1966, COMUSMACV signed a combined MACV/JGS directive requiring the preparation of sector security plans to provide coordinated military support for provincial RD activities. General Westmoreland was hopeful that the new GVN RD concept, together with stronger military support, would enable the GVN to "surge ahead" with Revolutionary Development in the coming year.92

COMUSMACV was also concerned over a view circulating in "US civilian circles" in Saigon that the ills of RD were the fault of the ARVN and MACV. This view held that the ARVN was improperly organized at the outset, with emphasis on the creation of a "conventional" rather than a counterguerrilla force. This basic error, compounded over the years by shortsighted advisors, had produced an ARVN powerless in terms of organization and attitude to cope with the security task necessary to destroy the communist infrastructure and guerrilla forces. In an attempt to nullify this view, COMUSMACV made a presentation to the Mission Council, stressing the following four points: the "ARVN's structure and capabilities have been molded by the necessity for its employment against major conventional enemy forces as well as guerrillas"; only with the US/Free World buildup had it been possible "to contemplate reemphasis on ARVN capabilities from operations against enemy regular formations to security tasks in support of RD"; the RVNAF provided the only feasible framework for mobilization of a major segment of RVN manpower, and "with the zenith of the mobilization having been reached," attention could be and was being shifted to improving the quality of the RVNAF; and the fundamental weakness within the RVNAF was and could continue to be the inadequacy of leadership at all levels.93

92. Ibid., pp. 549-550.
At the year's end there was also some difference of opinion on Revolutionary Development between the military and civilians in Washington. General Wheeler thought that there was too much concentration by "many Washington agencies" on pacification/RD as the answer to all problems in RVN. While he did not disagree with "the crucial influence which will ultimately stem from a successful RD/Pacification program," he feared that the tendency to seize on one facet of the complex situation in Vietnam as the "key" to eventual victory might cause an undue focus on that program to the detriment of other critical programs.94

As 1966 ended, the pacification/Revolutionary Development situation in SVN remained much the same as it had been at the beginning of the year. Despite the improved military situation, an ambitious GVN RD program, continued US assistance and support for the program, and improvements in both the GVN and US RD machinery, the progress of Revolutionary Development during 1966 was not impressive. The efforts of the GVN and the United States had only been able to raise the percentage of the RVN population in secure areas by five percent during the year, from 52 to 57 percent. On the eve of 1967, as at the beginning of 1966, the GVN had a promising program in the wings, and both the GVN and US officials again prognosticated substantial improvement in RD in the coming year. But for the United States the problem was the same. US and Free World forces could keep the VC from winning; the United States could support, pressure, and cajole the GVN on RD matters, but only the GVN could "win the hearts and minds" of the South Vietnamese people. The Secretary of Defense summed up the situation when, after a visit to RVN in October 1966, he stated that the concepts of the GVN pacification plan were sound and the GVN leadership "vigorous and able," but the "progress is very slow indeed. This is one area that requires vigorous action during the next year."95
