PENTAGON PAPERS
BOOK: 7
PART: IV.C.
SECTION: 9 (b)

HISTORY OF VIETNAM 1963-67 - PART TWO

a. Advent of Ky government (to Feb 1966)
b. Political Developments (to Oct 1966)
c. From Manila Conference to 1967 elections
UNITED STATES - VIETNAM RELATIONS
1945 - 1967

IV. C. 9. (b)

EVOLUTION OF THE WAR

PART II
By the summer of 1965, the war in Vietnam had dramatically changed its complexion from the previous two years. More and more, with U.S. combat forces pouring into SVN and Rolling Thunder underway, it looked like the U.S. against the DRV. The war was no longer being fought with U.S. advice and aid alone; there was now a massive U.S. presence. While official documents still repeated the credo that it was, in the last analysis, a struggle for the GVN to win or lose, the focus of U.S. concern shifted. As the U.S. role increased and then predominated, the need for GVN effectiveness in the now and short-run received less attention. The U.S. would take care of the war now--defeat the enemy main forces and destroy Hanoi's will to persist--then, the GVN could and would reform and resuscitate itself. Only after the immediate security threat to the GVN was blunted and forced to subside did we expect our South Vietnamese ally to improve its performance on all fronts. Until then and in order to get to that point, the U.S. would concentrate on what it could do.

This view--a massive U.S. effort in the short-run leading to and enabling a GVN effort in the long-run--set the tone and content of U.S.-GVN relations. In policy terms, it meant caution in the use of U.S. leverage. There seemed to be no compelling requirement to be tough with Saigon; it would only prematurely rock the boat. To press for efficiency would be likely, it was reasoned, to generate instability. Our objective became simple: if we could not expect more GVN efficiency, we could at least get a more stable and legitimate GVN. Nation-building was the key phrase. This required a constitution and free elections. Moreover, if we could not have the reality, we would start with appearances. U.S. influence was successfully directed at developing a democratic GVN in form. Beginning in September 1966, a series of free elections were held, first for a Constituent Assembly and later for village officials, the Presidency, House and Senate.

U.S.-GVN relations from June of 1965 to 1968, then, have to be understood in terms of the new parameters of the war. Before this date, our overriding objective had to be and was governmental stability. After the Diem coup, the GVN underwent six changes in leadership in the space of one and a half years. From June 1965 on, there was relative stability. Ky and Thiệu, while challenged, proved strong enough to keep their power and position. In putting down the Struggle Movement (following General Thiệu's dismissal by Ky) in the first half of 1966, and then delivering on the September, 1966 election, GVN effectively discredited the militant Buddhist leadership and for the time being ended its threat to political stability. Concern about possible neutralism or anarchy, which had been
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## II. A Rebellion, A Constituent Assembly, and The Hardships of Negotiating With a "Weak" Government

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### A Seven Nation Conference, Legitimate Government, and High Hopes for the Future, Oct 1966-Sep 1967

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1. The Ky Government's Inheritance

Nguyen Cao Ky, Commander of the Vietnamese Air Force, joined with other "Young Turks" of the Vietnamese Armed Forces to overthrow the civilian government of Prime Minister Quat on June 12, 1965. Attempts at civilian government had limped along since October, 1964, following riots in August-September that had forced the generals to withdraw Khanh's military-dictatorial constitution and to promise civilian rule. That entire period had been marked by riots, coups, and attempted coups. By June, when Quat and the civilian President Suu found themselves in an impasse, Ambassador Taylor easily acquiesced in the return to direct military rule.

Pacification kept lagging, and the dark military picture forced the U.S. to decide in June to pour U.S. troops into the country as fast as they could be deployed. The pattern of GVN civil and military ineffectiveness had led the U.S. Government to resolve to do it ourselves, and to abandon any hope of forcing or inducing GVN to do the job without us. All concerned knew that the Young Turks now in open control of GVN had repeatedly defied Ambassador Taylor and had gotten away with it. Attempts at top-level leverage on GVN had produced a virtual diplomatic rupture for a few days at the end of 1964 and the beginning of 1965, and the U.S. was in no mood to try it again.

2. The Ky Government and the U.S. Start Their Dealings, June-July 1965

With Vietnam's return to overt military government, the political blocs with their private armies, perhaps exhausted, bided their time. Communication improved between the U.S. and GVN to a state of cool correctness, gradually revealing lower-level GVN's intention to go on coasting as it always had and higher-level GVN's intention to serve its own interests.

The day after the coup, CUSMACV cabled CINCPAC in alarm about the military picture, requesting authority to send U.S. troops on offensive missions. He recalled that ARVN had lost five infantry battalions on the battlefield in the last three weeks, and he stated that the only possible U.S. response was the aggressive employment of U.S. troops together with the Vietnamese general reserve forces.
To meet this challenge successfully, troops must be maneuvered fully, deployed and redeployed as necessary. 2/

To demonstrate how completely the initiative changes on the subject of combined command, Saigon announced to Washington in mid-June its intention within the next few days to conduct a backgrounder on command relationships. 3/ A reply from the Secretary of Defense said,

As basis for Washington review of proposed Westmoreland backgrounder on command relationships and MACV organizational structure, please furnish draft of text he will use... 4/

In late June, General Westmoreland was authorized by Washington to "commit U.S. troops to combat, independent of or in conjunction with GVN forces in any situation in which use of such troops is requested by an appropriate GVN commander and when, in COMUSMACV's judgment, their use is necessary to strengthen the relative position of GVN forces." 5/

Premier Ky, obviously wishing to play down an issue sensitive to both governments, told Ambassador Taylor he saw no particular reason for any drastic change from the previous practice of combat support. In any specific situation, he said that command should be worked out in accordance with "good sense and sound military principles." 6/ Additional deployments caused no problem, and indeed GVN now asked for more US/W forces than could be deployed or were approved. But in response to a query, Taylor waved aside any hope of using deployments for leverage. Discussions of combined command avoided joining issue and left matters unchanged. 7/

Although Taylor's initial reaction to Ky was one of apprehension, he was soon impressed by Ky's aggressive performance including his 26-point program. He doubted Ky's ability to implement the program, but concluded that military government was less likely to abandon the war effort and thus should be supported. 8/

Early in 1965, AID had decided to stop buying plaster for U.S. controlled sector funds, and in June agreed with the GVN to change the province procedures. Effective June 22, 1965, the Vietnamese Province Chief would requisition and release AID commodities on his own authority, and all supporting funds came through regular GVN channels. The new procedures included elaborate reporting steps both when the U.S. advisers concurred and when they nonconcurred with the Province Chief's actions. In practice, the change reduced U.S. adviser's leverage. 9/

On July 1, Secretary McNamara submitted a memorandum to the President reviewing all aspects of Vietnam policy. However, he naturally concentrated on U.S. deployments, and had little to say on GVN's problems. In a section titled, "Initiatives Inside Vietnam," his only significant
recommendations were that we should increase our ATD to SVN and that Chieu Hoi Program should be improved. However, in another memorandum to the President on July 20, following a trip to Saigon, McNamara suggested that the U.S. Government should lay down some terms for its assistance. SVN was again pressing for more U.S. forces than were available. He mentioned rice policy, plus a "veto on major SVN commanders, statements about invading SVN, and so." 10/

McNamara's overall evaluation was deeply pessimistic, making clear why he recommended increased U.S. forces at that time:

**Estimate of the Situation.** The situation in South Vietnam is worse than a year ago (when it was worse than a year before that). After a few months of stalemate, the tempo of the war has quickened. A hard VC push is now on to dismember the nation and to mail the army. The VC main and local forces, reinforced by militia and guerrillas, have the initiative and, with large attacks (some in regimental strength), are hurting ARVN forces badly. The main VC efforts have been in southern I Corps, northern and central II Corps and north of Saigon. The central highlands could well be lost to the National Liberation Front during this monsoon season. Since June 1, the SVN has been forced to abandon six district capitals; only one has been retaken. U.S. combat troops deployments and US/VNAF strikes against the North have put to rest most South Vietnamese fears that the United States will forsake them, and US/VNAF air strikes in-country have probably shaken VC morale somewhat. Yet the government is able to provide security to fewer and fewer people in less and less territory as terrorism increases. Cities and towns are being isolated as fewer and fewer roads and railroads are usable and power and communications lines are cut.

The economy is deteriorating -- the war is disrupting rubber production, rice distribution, Delta vegetable production and the coastal fishing industry, causing the loss of jobs and income, displacement of people and frequent breakdown or suspension of vital means of transportation and communication; foreign exchange earnings have fallen; and severe inflation is threatened. 11/

In Saigon Ambassador Taylor gave the SVN the first definite sign of U.S. concern about the effects of U.S. deployments on Saigon port operations and on the Vietnamese economy. In a letter to Prime Minister Ky dated July 1, 1965, he said:

Your experts and ours are in constant contact on the budgetary deficit and have always worked effectively together...[They] will need your support in carrying out the anti-inflation measures which they may recommend from
time to time...The rice procurement and distribution agency which you have in mind is an important measure of...a program which should also include the further development of port capacities.

USOM also began talking about devaluing the piaster. 12/ These matters were to come to a head a year later. At this time, however, the Embassy treated these matters routinely and applied no pressure to GVN. GVN officials opened the serious bidding in their meeting with Secretary McNamara on July 16, saying that their gold and foreign exchange reserves had suffered the alarming drop from $175 million to $100 million since January, 1964, and requested a big increase in AID. 13/ Ambassador Taylor preferred to limit our counter-demands to get quick agreement; he said,

We would avoid giving the impression of asking for new agreements or imposing conditions for our increase AID... We do not want to raise conditions in terms likely to be rejected or to require prolonged debate. 14/

On July 28, the Embassy and GVN settled it. The agreement touched very lightly on GVN obligations and on joint economic planning. It provided for "joint discussions to precede policy decisions...for control of inflation," etc. 15/

On July 8, MACV reviewed its relationships with the military leadership. There was no problem; they agreed that operations involving both U.S. and ARVN troops would use the concepts of coordination and cooperation. They did not discuss combined command. 16/ However, a flap developed late in July when General Thi was reported to be planning operations in the DaZ. Both Taylor and Westmoreland took it up with GVN, who reassured them; Thi got back on his leash before it was too late. Such operations commenced more than a year later. 17/ A candid subsequent statement from Saigon shows the Vietnamese desired to have the best of both worlds. Ambassador Lodge reported to Washington the disparaging reactions of ARVN general officers on the JGS staff to the U.S. Marine victory south of Chu Lai. "I flag this small straw in the wind as pointing up the importance of portraying our operations here as combined with the GVN in nature." 18/

3. Quiet Sailing Through January, 1966

In August, Ky wanted to make a trip to Taiwan, being interested in getting Nationalist Chinese troops into Vietnam. The U.S. Government objected both to the trip and to its objective, but failed to persuade him to give up the trip. Later he brought in some Chians on the sly. An idea floated in Washington that he or Thieu should visit the United States was dropped without having been brought up with the GVN. 19/
Lodge arrived around the middle of August to replace Taylor. Having avoided the confrontations with GVN of the type that Taylor had, he came with a residue of goodwill. Because he was considered responsible for Diem's overthrow, the Buddhists were pleased, and the militant Catholics dubious. In that connection, State thought it prudent to direct the Embassy to assure GVN that neither Lodge nor Lansdale, whom he was bringing with him, was going to try to make changes in GVN. On August 26, Ky told Lodge that he thought U.S. forces should "hold strategic points" so that the Vietnamese could concentrate on pacification operations. That is, he wanted the United States to take over the main force war. He also said he thought the Chu No program was a waste of money.

In early August, Ky established a Ministry of Rural Construction (MRC) and a Central Rural Construction Council (CRCC). These absorbed functions and personnel from predecessor groups and other ministries for the announced purpose of providing centralized direction to the pacification effort. Nguyen Tat Ung was made Minister of Rural Construction while the Council was chaired by General Co, Minister of War and Defense. Timing and circumstances give no evidence of a strong U.S. hand at work. The U.S. Embassy viewed the new organization as the result of political maneuvering, but also hoped the change would promote inter-ministerial cooperation. The move signalled renewed emphasis of pacification by both GVN and the mission. In late August, Ambassador Lodge announced the appointment of retired General Lansdale as chairman of the U.S. Mission liaison group to the GVN CRCC.

There followed a period of shuffling and reorganization during which Ung was killed in a plane crash. Two weeks later Prime Minister Ky announced that General Thang would succeed to the Ministry. The appointment was for six months only, and Thang retained his position on the JGS. At the same time, General Co was elevated to Deputy Prime Minister for War and Reconstruction in a realignment that made six ministries including Rural Reconstruction subordinate to him.

On August 28, General Thi told Lodge he thought he could do a better job running the government than Ky was doing. He spoke at some length on Ky's political weaknesses, with particular emphasis on his lack of support in I Corps, where Thi was strong. As was his usual practice, Lodge politely brushed aside this approach. (Later Thi proved harder and harder to control until his dismissal in March.)

In mid-September, Lodge went on an inspection trip to Da Nang and Qui Nhon. On his return he waxed eloquent about the benefits of the U.S. presence:

All reports indicated that the American troops are having a very beneficial effect on VH troops, giving them greater confidence and courage. I am always mindful of the possibility that the American presence will induce the VH to slump back and "Let George do it." But here seems to be no sign of this.
I wish I could describe the feeling of hope which this great American presence on the ground is bringing. There can no longer be the slightest doubt that persistence will bring success, that the aggression will be warded off and that for the first time since the end of WWII, the cause of free men will be on an upward spiral. 24

Lodge's end-of-month appraisal was that civil and political progress lagged behind the military. He felt there would be a political vacuum that the VC would fill if the U.S. pulled out. Therefore, he was trying to start a program to provide security and to generate indigenous political activity at the hamlet level. He noted with pleasure that Ky was taking the initiative in bringing his pacification plans to Lansdale, to get U.S. reactions before these plans were too firm to change. 25

By September, a combination of inflation, black-marketeering by U.S. troops and other related problems led both governments to agree on important steps. The U.S. introduced military payment certificates, and the GVN agreed to exchange 115 piasters to the dollar for personal use of troops and U.S. civilians. Official U.S. purchases of piasters continued at the old exchange rate of 35, however. 26

September brought an evaluation of the three-month three-province pacification experiment during which each was under the unified control of a team chief; one an embassy EGCO, one a MACV sector adviser, and one an AID province representative. COUS MACV judged that test only partially successful; progress achieved was attributed to the "keen spirit of cooperation" by all team members. Because he believed the results inconclusive and in view of the existing military situation, General Westmoreland concluded that the team chief concept should not be implemented. The experiment was officially ended.

The U.S. also became deeply involved in the rice trade. Vietnam changed over from a rice exporter in the years through 1964 to a heavy importer from 1965 onwards. AID provided the imported rice under CIP. In September, 1964, Ambassador Lodge spoke of measures we are taking to control the price of rice; inasmuch as AID provided the imports, USOM had a say in the GVN's policies on price control, subsidization, and distribution of rice. 27

During this period a problem flared up over a corrupt Province Chief. Lt. Colonel Chi, Province Chief of Binh Tuy, was accused of misuse of $250,000 of AID funds. After pressure from AID had merely produced threats against the lives of AID personnel in the province, on September 23 AID withdrew them and suspended AID to the province. Chi was a protege of General Co, the Minister of Defense and Deputy Premier, who himself figured in charges of corruption a year later. On October 5, the story got into
the papers, and on the 7th Ky promised publicly to remove Chi. Lodge played no role in starting this episode, and told the Mission Council on October 7 that he did not want it repeated. After a six-weeks delay, Ky did remove Chi on November 25, and gave him a job in the Ministry of Defense. AID to the province resumed. 28/

Advisers in the field kept on complaining about the delays in the Vietnamese system, and pressed for restoration of some resources of their own. On October 1, 1965, MACV began giving its sector and sub-sector advisers plasters funds they could spend on urgent projects. Each subsector adviser had access to 50,000 piasters which could be replenished as necessary. Toward the end of 1965 it became obvious that this method was highly successful. Consideration was given to permanent establishment of the revolving fund. 29/

However, after the trial period of about four months MACV abandoned the plan because of strong opposition by General Thang, Minister of Revolutionary Development. He argued that under U.S. urging he had been developing an effective, flexible organization that would take care of urgent projects of the type the sector and subsector advisers wanted to promote; letting them bypass his people would encourage the latter to lapse into their old bad habits and thwart both governments' main objectives. 30/

USMACV also had second thoughts about abandoning the sign-off system. Early in October 1965, the Mission Council approved a plan to restore the "troika sign-off" procedure as it existed prior to June. After the Mission had already reopened the issue with the GVN, 31/ the State Department objected, saying that the United States wanted to make the Vietnamese more independent and effective.

After a time the frustrations of the advisers began striking a sympathetic chord at the highest levels. In a draft memorandum to the President dated November 3, 1965, Secretary Maxwell stated his own impatience with the GVN and urged a more active role for our advisers at province and district. There is no sign of such high-level interest earlier, except as expressed by decisions to extend the advisory system to lower levels; as just noted, State objected to the restoration of troika sign-off on October 16, 1965.

Some uncertainty and disagreement with respect to pacification developed within United States groups in Vietnam. In November, Major General Lansdale, Special Assistant to the Ambassador, asked who on the U.S. side should have the executive role in dealing with the Rural Construction Ministry? Lansdale envisaged that MACV and JUSPAO would be observers only.

COMUSMACV disagreed with the proposed limitation. USMACV was the only structure advising GVN at all levels; so MACV shared responsibility for pacification. Manpower required for cadre teams would impact directly
and seriously on MACV efforts to maintain RVNAF strengths. Minister of
Rural Construction was Major General Thang who also was Director of Opera-
tions, JCS. He looked to MACV for advice and assistance on the whole
spectrum of pacification problems.

On December 15 in a memorandum to Major General Lansdale, the Amb-
assador said,

I consider the GVó effort in this domain (apart from
the military clearing phase) to be primarily civilian...
Consequently, on the American side it is preferable that
the two civilian agencies, USAID and CAS, be the operating
support agencies. 32/

The GVó military plan in support of the 1966 Rural Construction plan
was given in the JGS Directive AS 140 of December 15, 1965, which had been
developed in coordination with MACV and the Ministry of Rural Construction.
In November onward, portions of the 1966 GVó defense budget prepared in
accordance with U.S. guidelines were received by MACV. 33/

At the time of the Christmas truce, President Johnson launched a peace
offensive, including a suspension of bombing in North Vietnam that lasted
37 days. The moves were carefully cleared with GVó and with its Ambassa-
dor in Washington, and caused no significant problems. Lodge's appraisal
was that the "offensive" achieved all its aims, at no significant cost.
However, trouble flared up over a plan to release 20 FVA prisoners across
the DMZ; General Thi was not consulted, and said he would not permit it (in
his Corps). Things were smoothed over amicably by Tet. 34/

One troublesome area was GVó's hawkishness over such issues as border
incidents. Ky kept pressing for action against Cambodian sanctuaries;
the U.S. stood firm on the rule of self-defense in emergencies only, which
could mean shooting across the border but not maneuvering troops across
it. Ky wanted to encourage a Khmer Serai expedition, which would cause
a flare-up with the Cambodian Government; State directed Lodge to keep
him on a tight leash. 35/

Coup rumors started to circulate around the first of the year; Lodge
remarked that just before Tet was a normal season for that. On December 29
Ky told Lodge of an alleged assassination plot directed at Ky, Co, the
Buddhist leader Thich Tam Chau, and Lodge. On January 15, RVNAF took to
the air in nervous reaction to some supposedly suspicious troop movements;
Lodge reported more rumors on January 19, and took the opportunity to spell
out his position:

If...corridor coup...caused directorate members to fall out,
consequences could be disastrous...A peaceful reshuffle within
directorate is a continuing possibility. I would deplore it.
We take all rumors and reports of government change very seri-
ously and never miss an opportunity to make clear U.S. support
for, and the need for, governmental stability. 36/
Around the middle of January 1966, Ky addressed the Armed Forces Convention. He announced the prospective formation, after Tet, of a "Democracy Building Council" to serve as a constituent assembly and legislature. It would write a new constitution by October, 1966, preparatory to elections in 1967. This was the opening shot in what became a big issue within a few weeks. 37/

4. The Honolulu Conference of February 6-8, 1966

By late January, it was clear that Lodge's policy of not pushing GVN too hard may have helped keep things amicable but permitted pacification to keep lagging and permitted economic problems to grow serious. With conspicuous haste that caused GVN some loss of face, the U.S. summoned Thieu, Ky, and other GVN officials to Honolulu to express renewed and heightened U.S. concern. The U.S. wanted to re-emphasize pacification, with a corresponding shift of authority from the ARVN line command to the province chiefs; and it wanted strong action to limit inflation, to clear the Saigon Port, and to limit the unfavorable effect of U.S. deployments on the U.S. balance of payments. 38/

For the first time in over a year, the U.S. bargained hard with GVN on issues of these kinds. The GVN agreed to the main U.S. demands on authority for the provinces chiefs. Moreover, it promised fiscal reform, devaluation, port and customs reform, and the use of GVN dollar balances to finance additional imports. The GVN also agreed that an International Monetary Fund team should be invited to give technical advice on these economic programs. Thieu and Ky promised to go ahead with a new constitution, to be drafted by an appointed Advisory Council, and then ratified by popular vote in late 1966; following that, they promised, the GVN would create an elected government rooted in the constitution. The U.S. promised to increase AID imports to $400 million in 1966, plus $150 million in project assistance.

Altogether the two governments exchanged over 60 agreed points and assurances, ranging over free world (third country) assistance, rural construction (pacification), refugees, political development, Montagnards, Chieu Hoi, health, education, agriculture, and economic and financial programs. This package was far more specific than any previous US/GVN agreement. Their public statements after the conference emphasized social justice, the promise of elected government, and the U.S. lack of interest in bases or permanent alliance in South Vietnam.

In a public appearance at the conference, President Johnson embraced Prime Minister Ky, before photographers. Although it caused no loss of face directly, in the eyes of many observers this act added to the impression that Ky was tied to our apron strings. If Lodge sensed this effect, he said nothing about it; characteristically, he said to State that the Honolulu Conference was good psychologically for Vietnam.
Directly after the conference USG remained seriously concerned about the high and rising black market piaster rate for dollars, which they and the Vietnamese business community regarded as the bellweather of inflation. Moreover, besides its harmful psychological effect, the high rate tempted U.S. personnel into illegal transactions, causing unfavorable publicity.

The thrust of the Honolulu Conference was clearly to stimulate non-military pacification efforts. Upon his return to Saigon, Lodge issued a memorandum reconstituting the Mission Liaison Group under Deputy Ambassador Porter. Though charged by the memorandum with the management and control of all U.S. civilian agency activities supporting Revolutionary Development, Porter saw his responsibility as primarily a coordinating effort. He said he did not intend to get into individual agency activities. 40/
Chapter II - A Rebellion, A Constituent Assembly, and the Hardships of Negotiating With a "Weak" Government

1. The Rise of the Struggle Movement, March 1966

General Thi, Commander of I Corps, was a thorn in Ky's side as a potential rival. Both private and public disagreements showed there was no love lost between them; and Thi had a considerable base of support in his connections with the Buddhist leadership and in his identification with Annamese sensitivities. These factors also made the other generals of the Military Directorate (formerly National Leadership Council, etc.) suspicious of Thi; they felt better able to cope with Ky. 1

Armed with President Johnson's public support of him, Ky resolved to exile Thi, and he persuaded his colleagues to go along with the idea in a meeting on March 10. The day before he told Lodge of his intention, saying that Thi had been culpably insubordinate; Lodge replied that he should be sure he could prove the charges, so as to put a good public face on the move, and pave the way carefully. Later in the day Lodge also advised him to make sure he had the votes in the Directorate, saying that for him to lose on the issue and be replaced as Prime Minister would be catastrophic. Ky was sure of himself, although he admitted he could not prove his charges. In a later meeting the same day, Thieu told Lodge "had conducted himself in a way that was not suitable," and was confident Thi could be dismissed without ill effects. 2

On March 10, when the Directorate voted to fire him, Thi resigned. Ky told Lodge that Thi would go to Da Nang the 11th for the change-of-command ceremony and then leave the country for four months. The same day, Thi told Colonel Sam Wilson that he did not want to leave the country, and that he had been encouraged by the Director of National Police to stay; Wilson suggested that he go gracefully. On the 11th, when the time came for Thi to fly to Da Nang, he was detained at Tan Son Nhat; Ky had got wind of, or suspected, his intentions. Ky then urgently requested Lodge to invite Thi to the United States for a physical examination. 3

The Annamese Buddhists, led by Tri Quang, who had quietly bided their time for about a year, now entered the action. (Ky later told Lodge that Tri Quang had assented to Thi's dismissal and had then double-crossed him.) They began demonstrations in Da Nang and Hue on March 12, joined by the students, and over the next several days gained control of those cities as the police stood aside. Again Ky used Lodge's good offices to try to persuade Thi to leave the country gracefully; but the 16th, Ky and the Directorate decided to try to use Thi to restore order, and permitted him to return to Da Nang. For a few days things quieted down slightly, but the end was not yet in sight. 4

State offered Lodge suggestions on how to get things calmed down. First, he might counsel a firm attitude by GVN, saying it would meet with
the Buddhists but not under threats, and that it would not permit dis-
orders. Second, GVN might steal the initiative from the Buddhists by
making a generous public offer of elections. Whichever course they
followed, State wanted them to be sure it would work and would avoid a
head-on collision with the Buddhists. In reply, Lodge agreed on the
need to avoid a head-on collision; as for the means, he, like State,
simply hoped for the best:

We should not settle on one solution or another. Rather it
is possible, if not probable, that, unless uncontrollable mass-
reaction is brought about, each side will seek to arrange what
can be looked upon as widely acceptable. 5/

On March 22, Lodge and Ky had a long discussion of tactics relating
to elections and constitution-writing. Elections were scheduled to come
up for the largely powerless but symbolic provincial councils (which
advised the Province Chiefs on policy matters), and Ky had reportedly
toyed with calling off these elections. He was also far behind schedule
on the constituent assembly he had publicly promised on January 19 for
just after Tet, and as noted had privately promised the U.S. Government
at Honolulu. 6/ Lodge reported:

2. ...He is eager for advice and when he received it,
he said he agreed with it. Now it remains to be seen whether
it will be carried out.

3. My advice was based on careful reflection and consul-
tation with my associates and was to this effect:

4. The GVN should not cancel provincial elections as I
had heard reported. He said that this was not exactly the
case; that there were two provincial councils, which didn't
want elections. I said in that event these councils should
be made to say publicly that they didn't want elections so
that the onus of not holding these elections would not fall
on the Government. A public announcement had been made that
the Government was in favor of holding these provincial
elections; the offices involved have little actual consequence
but are of symbolic significance; Washington had been informed
of this fact; and if there was some reason why in one or two
provinces they should not be held, then the provinces should
make the reason plain.

5. I then advised that he should take the lead and influ-
ence opinion, and not be at the mercy of events. I suggested
that a list of names for so-called consultative assembly (which
I suggested would be better named "preparatory commission")
which aims to draft a constitution, should be confirmed by the
Generals. When this had been done, I suggested that then Ky
should make a very carefully written and persuasive announce-
ment which would be done on film for use on television and in
the movie theaters. The Vietnamese are great movie-goers and
it is a very important medium here. I said that he should not
read it on film with his head bobbing up and down as he looked
down at the text, but should have it put on cue card along side
the camera and read it as he looks right into the lens.

6. His statement should be written in such a way as not to
exclude the possibility of elections later on for a constitu-
tional convention. In other words, this should be deliberately
fuzzed and left open by implication. I said I much preferred
the phrase "constitutional convention" to the pernicious French
phrase "constituent assembly." The constitutional convention
would meet, adopt the constitution and disband, whereas the
constituent assembly stays around and makes trouble for an
indefinite period.

7. He agreed with all this and seemed to understand it.
He said that last night, the Generals had unanimously confirmed
the names of the members of the preparatory committee. He would
announce all this as I suggested. I wish he would do it quickly.

8. I suggested that impulsive unprepared statements were
most dangerous at this time. Experienced politicians often
make statements which seem to be "off the cuff," but actually
are carefully thought out. His unprepared statements always
worry me.

9. He agreed with me that certain Buddhists were unwittingly
taking Communist inspired advice, as were the students in Hue
who had attacked me...

10. He was absolutely sure that the Buddhists were divided
among themselves -- an analysis which I share. He agrees with
me that Tri Quang simply has not got the powerful psychological
factors working for him nor that he had in October '63. All
the Communist Propaganda in the world cannot alter these facts:
That in '63, the Buddhists were discriminated against, and now
they are not; that in the latter days of '63 the Buddhists were
persecuted whereas now they are not; and that Tri Quang was an
underdog then, and now he is not. Yet Tri Quang is evidently
determined.

11. My advice to him was not very drastic and quite simple
to do, and yet I believe that if he follows it conscientiously
and expeditiously without procrastination that there may be
enough of a budding sense of national interest to start moving
things along in the right direction.
12. He thanked me more effusively and warmly than he has ever done before and said he was so grateful for my interest in his welfare, physical and political.

13. The situation is not yet out of hand. Ky has had offers from Catholics and Southerners for them to enter the fray on his side and start throwing their weight around, which he so far has been able to prevent them from doing. This is one of the things which I have been fearing. I talked in this vein with the Papal delegate and the Archbishop of Saigon yesterday, and they agreed completely. The leadership of the Southerners is not, I fear, as responsible. 7/

On March 25, Ky followed Lodge's advice more or less closely, and announced the Constitutional Preparatory Commission and said it would finish its work within two months; elections might follow by the end of 1966. However, he insisted that GVN would exclude "Vietcong or corrupt elements" from the elected assembly. The move failed to restore order. On March 26, demonstrators in Hue broke out anti-American banners written in English, and an ugly incident followed in which a Marine tore one down. (After detailed negotiations, an apology was given and accepted.) The radio stations at Da Nang and Hue fell under control of dissident elements.

On March 29, Ky told Lodge that he and the generals wanted to move on Hue and Da Nang with military forces, and said that he could show that an unpublicized Buddhist split had caused the uprising. Lodge concurred in Ky's plan to use forces, but urged him not to try to create an open breach among the Buddhists. 8/

Although Lodge had no objection to using force against the Buddhist movement, both he and Rusk felt that U.S. men and equipment should stay out of it, to avoid heightening anti-American feelings. Rusk told Lodge of his deep concern about Vietnamese internal bickering at a crucial time; he was particularly disturbed by the anti-American propaganda coming from the Hue radio, which was physically defended by the U.S. Marines in that general area. He went on to say,

We face the fact that we ourselves cannot succeed except in support of the South Vietnamese. Unless they are able to mobilize reasonable solidarity, prospects are grim. I appreciate your frank and realistic reporting and am relying heavily upon your good judgment to exert every effort to get us over the present malaise. 9/

Lodge replied that his influence with the Catholics had kept them out of it, but that his talks with Tri Quang had been unproductive. He estimated that Tri Quang had used the anti-American theme to put
pressure on the GVN. 10/ (Through an intermediary the Embassy learned that General Thi said that the United States was too committed to leave; this belief may have led Thi and the Buddhists to feel free to use the theme as a weapon against GVN.)

On March 29, the Catholic leaders in whom Lodge had placed his hopes came out against the GVN and demanded a return to civilian rule. 11/

2. Ky's First Attempt to Suppress the Struggle Movement, April 1556

Events now happened in rapid succession. Assured of Lodge's sympathy, on April 3 Ky declared that Da Nang was in the hands of Communists. On April 5, despite mild questioning from State, MACV airlifted two battalions of Vietnamese Rangers to Da Nang under personal command of Ky, and they started to seize the city. That same day the 1st ARVN Division Commander declared for the Struggle Movement, with his officers backing him, and U.S. advisers were withdrawn from the Division. On April 6, "non-essential" U.S. civilians withdrew from Hue. On April 8, the GVN flew two more Ranger battalions to Da Nang, using its own airlift after MACV refused to provide any. On April 9, U.S. representatives protested to Struggle Movement leaders about mortars under their control positioned within range of the Da Nang airbase; the leaders agreed to pull them back. Two hundred U.S. and third country civilians evacuated Da Nang. 12/

Washington played little role in all this. From time to time it offered mild advice, but Lodge had a free hand. It was his decision to withhold any further U.S. airlift on April 8, although after he acted State agreed by urging him to push GVN toward a political rather than a military solution:

Accordingly we believe you should not repeat not urge immediate Da Nang operations at present, but rather that entire focus of your efforts at all levels should be to get political process started.

(It was at this time that Lodge wrote his long cable, discussed in the next section below, saying that the U.S. does not have enough influence in Vietnam, and that it should set up a leverage system that bypasses Saigon and works at the Province level.) Lodge accepted the fact of Buddhist power, and wanted to avoid bloodshed, but as always his sympathies were squarely with the military leadership:

The political crisis which has been gripping VN is now almost one month old. The situation has deteriorated steadily as the Buddhist opposition has increased pressure on the GVN.

Buddhist demands, when stripped of hypocrisy... boil down to a naked grab for power.

15
Throughout this period we have sought certain fundamental objectives:

A. To preserve the Vietnam nation, and thus, the present government.

B. To provide for an orderly political evolution from military to civil government.

C. To preserve the Armed Forces as an effective shield against VC.

D. To guard and expand all our political, economic, social and military gains, notably those which flowed from the Honolulu declaration.

E. To maintain the effectiveness of the Free World forces in VI.

On April 12, GVH found a face-saving formula and withdrew its Ranger battalions from Da Nang to Saigon, and the streets became relatively quiet. On the 14th, the Directorate gave way to the demands for elected civilian government by promising elections for a Constituent Assembly within three to five months. For the time being the Buddhists and other political groups, while making additional demands, called off the demonstrations on condition that Ky honor his promises.

On April 23, Lodge reviewed for State all the leverage available that might be used to help bring the I Corps area under government authority, and rejected using any of it.

We have considered possibility of using U.S. control over economic and military commodities in I Corps to foster re-establishment of government authority in the areas.

The bulk of USAID-controlled commodities are scheduled for use in rural areas. Comparatively little anti-government activity is carried on by the rural population...

The Hue-Da Nang area currently is relatively well stocked with basic commodities. There is an estimated four month supply of rice on hand and the countryside is now starting the harvesting of a rice crop...

The U.S. currently controls, through the USAID, the following: (A) Warehouses in the part of Da Nang containing quantities of construction material and PL-480 foodstuffs...(B) Three deep draft vessels and one coastal vessel now
in the Da'ang harbor with CIP cement, rice, fertilizer, and miscellaneous commercial cargo... (C) three chartered coastal vessels... operated for USAID...

With respect to military commodities, RVNAF maintains a 30-60 day supply of expendable combat items while their rice stocks are maintained at a 30-day level. However, under rationing these rice stocks can be extended to 60 days. The RVNAF items which are in short supply throughout Vietnam, as well as in the Hue-Da'ang area, include vehicle batteries, brake shoes, and FOL. We consider it unwise to interfere with the flow of supplies to RVNAF at this time since it would limit effectiveness of operations against Viet Cong forces...

Indeed any U.S. effort to withhold resources which it controls in this area may stimulate excesses by the struggle movement even though an attempt is made to conceal the U.S. role in the imposition of sanctions. 15/

3. Violence Explodes in May, 1956

After promising the elections by August 15, against Lodge's public disagreement, Ky said in a public statement on May 4 that "we will try to hold elections by October." In Lodge's absence, on a long trip to Washington, Porter protested privately to Ky that once he had made a public commitment on election timing he was risking further disorders to appear to shirk it. Nevertheless, Ky added to the flames by a further public statement that he expected to remain in office for another year. New disorders broke out, and Da'ang and Hue again fell under overt control of the Struggle Movement. Without consulting the Embassy, the Directorate laid plans for several days and then on May 15 airlifted troops to Da'ang and then to Hue. 16/

State first reaction showed unrestrained fury, and sanctioned "rough talk" to stop the fighting:

This may require rough talk but U.S. cannot accept this insane bickering... do your best in next few hours. Intolerable that Ky should... move... against Da'ang without consultation with us. Urgent now to insist that fighting stop. 17/

State did not, at first, sanction the threat of force; for example, it said Gen. Walt should continue to harbor the dissident General Dinh in III MAF Headquarters, and that Walt should tell GVN he "can't foresee the U.S. Government reaction" if GVN forces should break into his Headquarters. Its overall guidance was to use persuasion, withdrawal of advisers, and a public posture of non-intervention, with the following specifics:
1. Announce that the U.S. was not consulted, gave no help. Ky's use of T39 routine, "not material assistance."

2. Furnish no airlift.

3. Withdraw all advisers from I CTZ, including from loyal GVN units, except for any clearly in position to fight VC. Keep U.S. forces out, except maybe to fight VC.

4. Inasmuch as withdrawal of civilians and military from DaNang in early April had a sobering effect, State authorized withdrawing them again (including combat forces).

5. Exception to 3: Keep contacts with Thi and 1st Division, and make other like exceptions. (Purpose of withdrawal is to avoid appearance of involvement.)

6. Use contacts to get a compromise that avoids bloodshed.

7. Find out "soonest" the effect on election preparations.

8. Do not throw U.S. weight behind GVN effort. 18/

However, the "rough talk" actually used did reach the point of a clear threat of force. General Walt heard of a possible VIAF attack on dissident ARVN units in their compounds, and threatened to use U.S. jets to shoot down the VIAF aircraft if they did. (The pretext was that U.S. advisers would be threatened if they did, and did not apply to VIAF self-defense against dissident ARVN units closing on DaNang.) If such an attack was planned, the threat succeeded. 19/

Porter followed State's guidance closely; he put it strongly to Ky and Thieu that the failure to consult was unacceptable, withheld airlift from GVN and withdrew advisers from units on both sides, and obtained from Thieu the assurance that the election would be held as promised. He refused to give public backing or opposition to either side, and tried to mediate. State sent several more messages with guidance along the same lines, and directed him to tell both sides of USC's impatience with Vietnamese factionalism:

The American people are becoming fed up with the games they are playing while the Americans are being asked to sustain such major burdens. 20/

On May 17, a U.S. helicopter received small arms fire from a dissident ARVN unit when carrying a GVN officer to parley with them; the helicopter returned the fire, causing several casualties. In a stormy meeting the next day with Corcoran, the U.S. Consul in Hue, Tri Quang
accused the U.S. of joining forces with SVN in attacking his people, and threatened violence against U.S. forces and facilities. Corcoran stood firm, saying that U.S. forces would defend themselves. State's guidance the same day, reaffirming the previous guidance, was to limit U.S. assistance to administrative aircraft, and then only when GVN had none available, to reassure Thi and the leaders of the Struggle Movement about U.S. support for free elections, to bring opposite sides (especially Ky and Thi) to face to face discussions, and to intervene as needed to end the squabbling. On May 20, Tri Quang complained to another U.S. official about the administrative aircraft who pointed out to him that the U.S. also provided such aircraft to Thi and other dissident military officers. That same day a dissident leader threatened to attack GVN forces at Dalang, and State directed that he be reminded that the U.S. forces also in Dalang would have to defend themselves. State also authorized the threat of total U.S. withdrawal. 21/

On Lodge's return to Vietnam at this time, he received detailed guidance from State, very similar to that previously given to Porter, for his first meeting with Ky. The guidance re-emphasized the demand for prior consultation by GVN before it made any important move, and directed him to urge GVN to be conciliatory and to use its forces with the utmost restraint:

1. We must have absolute candor from Ky as to his plans, and opportunity to comment before significant actions.

2. Tell him to leave Saigon alone, except for surveillance and encirclement.


4. Elections vs military role: Sound out.

5. Encourage election progress.

6. Keep GVN in contact with Buddhist leaders.

7. Help Ky meet Thi.

8. Consider further the suggestion of withdrawal from Dalang and Hue.

9. Give us "your judgment as to whether we ought to move forcefully and drastically to assert our power" to end strife.

10. Suggest broadening the Directorate with civilians. 22/

By this time, Ky had begun leaning over backward to consult Porter, and then Lodge, before every move. GVN forces overpowered roadblocks...
and controlled Da'ang, but demonstrators were operating freely from pagodas in Saigon, and the Struggle Movement had absolute control of Hue, where in the next few days they surrounded and blockaded the consulate. In Saigon GWU followed Lodge's advice and neutralized the pagodas by surrounding them without violating them; but in the I Corps he was preparing to occupy Hue forcefully as he had Da'ang. The Buddhists began a series of self-immolations. Amid mounting threats, the U.S. evacuated the consulate and its other facilities in Hue. 23/

Lodge was unreservedly sympathetic to Ky, as in April, and viewed the Buddhists as equivalent to card-carrying Communists; but he followed instructions and pressed Ky to be conciliatory. When Ky would blurt out fire-eating statements and whittle down his previous promises on elections, Lodge would patiently urge him to avoid off-the-cuff statements and to limit himself to prepared statements on radio and TV. Lodge and Westmoreland repeatedly pressed Ky and Thi to get together, which they did on May 27; Ky offered Thi and Dinh unspecified Army jobs. 24/ State was gratified, but cautious. 25/

4. Ky Restores GWU Control in I Corps, June 1966

One of the main subjects of Lodge's conferences in Washington was what the U.S. Government position should be on elections for the Constituent Assembly. Having finished deliberations and drafting after Lodge returned to Saigon, State cited the principles it thought should guide the Mission's operations on election matters:

A. General Principles of U.S. Action

The U.S. Mission should seek to exert maximum influence toward the achievement of the substantive objectives stated in B. below. At the same time, this must be done with recognition that a key objective is to avoid anti-Americanism becoming a major issue; we shall be accused of interferences in any event, but it is vitally important not to give potential anti-American elements (or the press and outside observers) any clear handle to hit us with.

B. Objectives

1. Elections should be held as announced by GWU on April 15th, that is by September 15 of this year.

2. The issue of anti-Americanism should be kept out of the election campaign as far as possible.

3. The question as to whether the constitutional assembly will only have the role of drafting the constitution or will have some further function should not be allowed to become an active pre-election issue and the U.S. should take no position on this question.
4. The elections should be conducted so as to produce a constitutional assembly fairly representing the various regions and groups within South Vietnam (except those actively participating with the Viet Cong), including the Army, Montagnards, Khmer minorities, et. al.

5. The elections should be conducted so as to gain a maximum improvement in the image of the GVN in the United States and internationally; this calls for a wide turnout, scrupulously correct conduct of the voting and counting process, as little political limitation on voter eligibility as possible and vigorous efforts to avoid voter intimidation from any quarter. Ideas to be explored are a brief election period ceasefire, international observation of the elections, students participating as poll watchers, etc.

6. The emphasis in the campaign should be on the selection of good men to draft the constitution; political parties are not expected to play a major role although the campaign may provide the occasion for laying foundations for future party organization.

7. Unless new developments change our assessment, major efforts should be devoted not to stimulating the formation of a large nationalist party but rather to the adoption of the concept that these elections bring together all non-communist groups who are pledged, among other things, to their country’s independence and the continuing need to defend it with American help. Specifically, efforts should not be made to split the Buddhists or isolate the militant Buddhist faction.

8. The election process should be a vehicle for educating and engaging the population in the democratic process and it should be used to launch political and psychological initiatives with youth groups, students, labor, etc.

9. Restore as far as possible the unity of the Directorate and promote a reconciliation between Generals Ky and Thi. However, discourage efforts by the Directorate to form a government party designed purely to perpetuate the Directorate in power to the exclusion of other significant political groups. 26/

At the end of May things seemed to settle down. McNamara sounded out the Embassy about a trip in early June, but Lodge talked him out of it on the grounds that it might tempt the Buddhists to start demonstrating again. Ky met Buddhist Institute leaders on May 31 and offered civilian participation in an enlarged Directorate. He reported that the Buddhists accepted this along with reassurances about elections, and agreed with Ky’s new appointment of General Lam as Commander of I Corps. Lodge was skeptical:
The above is what Ky said and it stood up to questioning. It sounds too good to be true, and we will await next steps. 27/

The next day, June 1, a mob of students burned the consulate and consular residence in Hue. Then GVN forces prepared to move on Hue, the Struggle Movement filled the streets with Buddhist alters, serving as roadblocks the GVN forces hesitated to disturb, while dissident ARVN units deployed in the city. 28/

The Directorate's April 14 promise of elections of a Constituent Assembly on August 15 had led to the creation of an Electoral Law Commission, which the Buddhists boycotted as a result of the subsequent disagreements. The Commission presented its proposals on June 5, and they included several features unacceptable to the Directorate, especially those related to the powers and tenure of the Assembly. Ky reacted publicly on June 7, saying that if military-civil unity proceeded smoothly enough over the next few months it would be possible to postpone elections. Demonstrations continued in Saigon, while a combination of negotiations and force gradually brought Hue under GVN control. 29/

On June 15, Ky made it clear that the Assembly would not be permitted to continue and to legislate after drafting a constitution, and that the Military Directorate would continue in power until promulgation of the new constitution and the seating of a subsequently elected Assembly in 1967. (Note that Lodge backed this attitude.) The Buddhist Institute called a general strike in response to the GVN declaration that June 18, the anniversary of the Thieu-Ky government, would be a national holiday. On June 19, the Directorate scheduled the elections for the Constituent Assembly for September 11, 1966. The announcement had a calming effect, and the disorders came under control within a few days. The approved electoral law gave the Directorate ample scope to exclude unwanted candidates, and prevented the Buddhists from putting their symbol, the red lotus, on the ballot. 30/ (Again, note Lodge's concurrence.)

On July 31, Thi went into exile. 31/

5. Revolutionary Development, March - June, 1966

To help implement the increased emphasis given pacification at Honolulu, President Johnson in late March appointed Robert Komer as his special Assistant for "peaceful reconstruction." The creation of a high level focal point for pacification planning and coordinating had the effect of supplanting the interagency Vietnam Coordinating Committee (created in 1964 and originally headed by William Sullivan.) Though Komer's charter was more limited than that of the VCOC, his direct access to the President conferred particular importance to this position. To his desk came the MACV and Mission reports on the progress of pacification that struck the same gloomy note month after month. 32/ The Status Report
of March 30 on the Honolulu agreements said:

1. Assure that Province Chief actually retains con-
over necessary military forces to support program in his
Province. Status: In Long An Province two regiments of
the 25th Division are under Province control. This is
electronic, but tactical situation elsewhere makes it
difficult. MACV plans to augment regular forces by 120
companies in 1966-67 (approximately 47 will go to priority
areas.) This augmentation if successful will be major step
forward.

2. Areas where the program is underway and four priority
areas in particular should be placed under superior Pro-
vine Chiefs who should not be removed while program is
underway without serious cause. Status: Since Honolulu,
eight Province Chiefs have been replaced. Most fall
within category mentioned by General Co at Honolulu when
he said GVN was about to make several changes to strengthen
their ability to achieve plans. The Mission continues to
emphasize at every level the need for continuity, but in
most cases it is dangerous for U.S. to go down the line in
support of individual Province Chiefs. 33/

The Mission report on the status of "Revolutionary Development" for April
said:

RD remains behind schedule with progress slow. As reported
in March, lack of effective leadership, military as well as
governmental, marginal local security, and late availability
RD cadre teams, continue to hamper program accomplishments. 34/

The corresponding report for May said:

Lack of effective low-level leadership and lack of local
security continued to have adverse effects on RD program
...progress primarily reflects consolidation of hamlets
and population already under a lesser degree of GVN control
rather than direct gains from VC control. There was no
appreciable expansion in secured area or reduction in VC-
controlled population. 35/

An incident in June highlighted the frustrations of U.S. field represen-
tatives, and showed that leverage could work, at least on procedural
matters. In Kontum, the Province Chief flatly refused to set up any end-
use control procedures (filling out requisitions, etc.) for USAID com-
modities. This refusal could not be accepted, and AID suspended all
commodity shipments to the Province. After four days, the Province Chief
gave in, and AID resumed shipments. 36/
Meanwhile, the GVN was doing nothing about its Honolulu promises in the areas of administration, economic reform, and dollar balances. There were several U.S. Government reactions to these failures and continuing weaknesses. There was a series of studies and proposals for leverage, and there was rising pressure for renewed direct negotiations with GVN.

An example of the studies was the U.S. Army's "Program for the Pacification and Long-Term Development of South Vietnam," (PROVIN).

The PROVIN study was completed in March 1966 by a Department of the Army staff team and briefed on May 17 at CINCPAC Headquarters during a visit by COMUSMACV to Hawaii. His comments at that time were that most of the recommendations already had been acted on. He emphasized that particular care should be exercised to avoid conditions which would cause RVN officials to be branded as U.S. puppets.

The study results were presented in the MACV conference room on May 21. In response to a JCS request, COMUSMACV commented in detail on May 27. He noted that PROVIN recommended two major initiatives: (1) creation of an organization to integrate the total U.S. civil-military effort, and (2) exercise of greatly increased U.S. involvement in GVN activities.

COMUSMACV agreed with the first recommendation but felt it was already being accomplished. COMUSMACV agreed that immediate and substantially increased U.S. involvement in GVN activities, in the form of constructive influence and manipulations was essential to achievement of U.S. objectives in Vietnam. He felt there was great danger that the involvement envisioned would become excessive and boomerang on U.S. interests; U.S. manipulations could become an American takeover justified by U.S. compulsion to get the job done.

COMUSMACV saw the advantages in removing ARVN divisions from positions of command over provinces, and attaching some of their units to provinces, but this action would require a major shift of Vietnamese attitudes. Assignment of ARVN units to provinces in the past had had limited success because of restrictions on employment and command jealousies.

Accordingly MACV recommended that PROVIN, reduced primarily to a conceptual document, carrying forward the main thrusts and goals of the study, be presented to the National Security Council for use in developing concepts, policies, and actions to improve effectiveness of the American effort in Vietnam.

Subsequently, JCS inquired about Revolutionary Development effectiveness. They asked why RD objectives could not be more effectively achieved with the program under military execution. COMUSMACV's reply repeated the views of the Ambassador's December memorandum to Lansdale and said the program was primarily civilian.
Lodge Favors Decentralized Leverage

Embassy officials, meanwhile, continued to press for the restoration of the leverage that was lost with the dropping of the troika sign-off in June, 1965. There is no indication that the issue of sign-off came up at Honolulu, very likely because of disagreement on it between State and Saigon. But in April, Ambassador Lodge went on the record in favor of the sign-off system, and against civil encadrement in the Ministries.

Experience and study have made it apparent that the United States has not the influence which it should have in Viet Nam and also that /e/ could be organized so as to be relatively much more immune from some of the worst effects of changes of government in Saigon.

I refer to influence in the provinces, and lower units of government, and not to our influence at the top of the Government in Saigon, which is just about as good as it can be. The GV in Saigon sometimes disagrees, often agrees, and is rarely able to get much done...

An error was made in giving up our right to withhold funds from USAID projects until we have conducted a successful bargain with the Vietnamese in which they agreed to carry out certain things which we wanted... 39/

There are two ways of not solving this problem of contact:
(a) One is for a US agency head with big administrative responsibilities to pop over to the ministry to argue briefly and intensely, American-fashion, with the Minister -- a system which is almost guaranteed not to produce results. (b) Nor do I believe the problem is solved by putting American offices in the Vietnamese Ministries. This was the French practice, and it too does not prevent bureaucratic paralysis...

We should always be on the lookout for Americans who have the sympathy with and the knack of getting along with these people, and we might find some good material among the young men who are in the provinces.

Another idea is to bring about a situation where we are really economic partners of the GV and not merely the people who pay for the CIP Program without effective participation in the use of the piaster proceeds of that program. At present we have very little say in the disposition of such piaster funds. Somewhere along the line we gave up this very important leverage. In fact, we are now trying to recover joint authority over those funds, but
progress is difficult... If we had this joint ARVN/US authority, we could get at corruption, provided we also had advisers with the Ministries who were really "persona grata." 10/ 

In the first week of May, Porter put the sector fund idea to Ky, who rebuffed him. Lodge tried to keep the idea alive, but without success. 41/ 

7. The Military Advisory Program, March-July 1965

COMUSMACV's concern over declining present for combat strength of ARVN units resulted in a study which showed that as of February 28, only 62% of their authorized strength were mustered for operations. There were two principal reasons: (1) Division and regimental commanders had organized non-TOE units such as strike/recon, recon and security, recruiting teams, and (2) Large numbers of deserters, long-term hospital patients, and KIA had not been removed from rolls. MACV instructed JGS to disband non-TOE units and give increased attention to improving administrative procedures. Senior advisers were told to monitor their counterparts and use their influence to bring present for operations strengths up to at least 450 men (75%) per battalion.

At the same time, MACV had a study made to determine the need for reconnaissance units. When field advisers were asked, all replies were favorable; so JGS was asked to develop the organization for a regimental reconnaissance company. 42/

Training was another problem. One adviser stated, "It is more accurate to describe the training program as non-existent instead of unsatisfactory." Another said, "It appears that the battalion commander desires the deterioration of the training status of the battalion so that higher authority will place the unit in a training center to be retrained." COMUSMACV wrote to the Chief JGS in March on the subject of training, but training progress did not change appreciably through May from the level recorded during the first four months. 43/

There was a question of what to do about units which advisers rated ineffective. The combat effectiveness of the 5th and 25th ARVN Divisions was the subject of a staff study completed April 19. Five courses of action were considered:

(1) Deactivate division headquarters and place subordinate units under province chiefs.

(2) Exchange the divisions with two other divisions from different CTZ's.

(3) Relieve the key leaders at all levels who were marginal or unsatisfactory.
4. Relieve the divisions of their primary responsibility of fighting VC and leave them to pacification.

5. By expression of CONUSMACV's concern, encourage intensification of adviser efforts to solve the divisions' underlying problems. If there were no improvement, withdraw all advisers. If there were still no improvement, withdraw all MACV support.

CONUSMACV vetoed the last proposal and had it removed from the study. His guidance was to avoid sanctions against GVN, to intensify the effort to associate and integrate the 5th and 25th ARVN Divisions with the 1st and 25th U.S. Division, and to consider the possibility of greater U.S. participation in pacification in Hau Nghia and Binh Duong provinces.

In April, a study based on exhaustive analysis of field adviser reports and interviews was presented to RVNAF. It concerned itself with several major problem areas: Leadership, discipline, and personnel management. RVNAF reacted positively and quickly to the recommendations by establishing a committee to develop a leadership program.

In response to CONUSMACV guidance in May, J-5 studied courses of action to produce more dynamic progress in the counterinsurgency effort in RVN. It recommended establishing a Deputy CONUSMACV for RVNAF matters as a way to influence RVNAF more. General Westmoreland said in his endorsement that this step had already been taken with the appointment of Brigadier General Freund as Deputy Assistant to CONUSMACV. At the same time, he directed J-5 to review Brigadier General Freund's Terms of Reference and recommend changes or extensions. The completed J-5 study was forwarded to Chief of Staff Army on July 23, recommending that the Special Assistant to CONUSMACV not be given responsibility for any portion of the U.S. Advisory effort.

Low personnel strength was another critical factor in ARVN effectiveness. Only one of 22 battalions rated combat ineffective or marginally effective in July did not report a shortage of personnel. CONUSMACV advised Chief JCS to form an inspection team at general officer level to inspect the strength situation of ARVN division. The Inspector General, JCS, headed the team and was assisted by CONUSMACV's personal representative. The team began its inspection with the 25th Division.

8. Economic Policy and the Port of Saigon, April-June 1966

As noted, this period saw rising pressure for renewed direct negotiations with GVN. When the first phase of the Struggle Movement ended in mid-April, Washington was thoroughly dissatisfied with accumulated delays on the economic program agreed at Honolulu. The USG had gone ahead and delivered on its side of the bargain, but GVN had done nothing. State proposed the threat of sanctions; without apparently going that far, Lodge
persuaded GVN to cooperate fully with the IMF team, then on its way, to work out an anti-inflationary and balance-of-payments program. 48/ 

The IMF team worked through late May and at the end of the month agreed with GVN on a program with the following main points:

(1) The exchange rate for imports, including tariff, would be increased from 60 to 118 piasters to the dollar except for rice, which would be brought in at 80. Purchases of piasters by U.S. troops and civilians, and other "invisibles," would have the 118 rate in both directions.

(2) A new tax on beverages would raise about 1.5 billion piasters in revenue.

(3) The GVN would sell gold to jewelers to push the price down closer into line with black market dollar exchange rate.

(4) The GVN would raise wages and salaries of its employees by 20% immediately, with a further 10% to follow in six months if necessary.

The GVN asked the USG for assurance on the following points:

(1) The GVN/IMF plan would substitute for the fiscal and customs reforms promised at Honolulu.

(2) The USG would liberalize the Commodity Imports Program to cover all importers' requests.

(3) The USG would buy all its piasters for official programs at the exchange rate of 80 (versus the previous 35).

(4) All appropriated Commodity Import Funds not used up would be applied to economic development projects in Vietnam. 49/

The USG raised no problem about points (1) and (3) of the GVN requests, but for obvious reasons could give only vague and non-committal assurances on the amount of AID that Congress would authorize and reprogram. However, it made other concessions to increase total economic aid. 50/

The two governments reached prompt agreement on these points, and the piaster was devalued as proposed on June 18, along with the associated fiscal reforms. The GVN's promise to hold down its dollar holdings (given at Honolulu) remained "binding," although the generous AID package of the previous July was now raising GVN's dollar balances at a rate of about $100 million per year. 51/

These decisions overrode a proposal from OSD (Systems Analysis) to get tough with GVN and to get deeper and more enforceable reforms. The DASD (Economics) predicted that the GVN would fail to carry out any
reforms other than changing the exchange rate, and proposed to force the GVN to maximize its legal revenues from CIP by threatening to curtail the program. Without reform of the licensing, high market prices for CIP commodities yielded extortionate profits to those merchants who could get licenses, with a presumption of kickbacks to the licensing agencies. The proposed reform was to auction the licenses in the presence of US observers. He also proposed direct US purchases of piasters, in a "grey" market. 52/

Upon settling the devaluation package, the Embassy immediately pressed for drastic changes in Saigon port management; the pile-up of civilian cargoes had grown so much as to add to the already serious congestion. Lodge proposed a complete MACV takeover of the port and warehouses with a Vietnamese general to be appointed as figurehead port director. 53/ However, the Mission backed away from the idea of complete takeover for the time being, and settled for MACV handling of AID direct assistance commodities, not including CIP. 54/

The agreement reached with GVN at the end of June said:

The United States Military Agency appointed by COMUSMACV...
...shall forthwith assume responsibility and all necessary authority for...

A. The receipt and discharge of all AID-financed commodities consigned to CPA.

B. The obtaining of customs clearances and all other clearances...for such commodities.

C. The storage and warehousing of such commodities in transit as necessary.

D. The transport of such commodities to such first destinations, including GVN holding areas and/or CPA/ministerial depots as may be designated by USAID/CPA. 55/

9. Political Affairs in the Third Quarter, 1966

This period was comparatively quiet, and transactions between the two governments were routine. Late in June, Ky had brought up with Lodge the idea of a cabinet reshuffle, and Lodge had advised him to go slow. In July, Ky agreed to put it off. In August Ky volunteered to do something about the most corrupt generals in the Directorate, especially Co and Quang. Again, Lodge, who had frankly given up on corruption in the highest places, cautioned him to go slow, and Ky decided to put off any action until after the September elections. Lodge's advice, with State concurrence, concentrated on making sure Ky had definitive evidence of the alleged corruption; Lodge was sure that following this advice would delay things sufficiently. 56/ Late in August, Ky received an invitation to
talk to a press group in Los Angeles, and Ky tentatively accepted. Both Lodge and State panicked, especially when the group started to set up a debate between Ky and Senator Fulbright; and in the upshot they talked Ky out of going.\textsuperscript{57}

GVN launched its transition to legitimate government on September 11, electing the long-promised Constituent Assembly. Although GVN systematically excluded from the elections all persons connected with the Struggle Movement, and although the Buddhists declared a boycott, the electorate turned out in large numbers and the results gratified the Embassy. State had reservations about the exclusion of Struggle Movement people, but Lodge unreservedly backed this exclusion, on the ground that GVN "should not be discouraged from taking moderate measures to prevent elections from being used as a vehicle for a Communist takeover of the country." \textsuperscript{58} As the election approached, Washington and the Embassy began to think about what they wanted to see in the new constitution. Lodge's view listed the following minimum essentials for the US best interests:

A. A strong, stable executive.
B. Executive control of the military.
C. Emergency powers, so that the legislature can't hamstring the executive during the war emergency.
D. Appropriate provision for the people's aspirations and rights.
E. Minority group representation.

Lodge also listed lower priority requirements for the new constitution:

A. Relative ease of amendment of the constitution.
B. Removal of either the President or the Legislature should be very difficult.
C. A limited term for the President.
D. Appropriate provision for establishment and improvement of the judiciary.
E. A superior court for constitutional review of laws and decrees.
F. Expansion of the powers of provincial councils and other forms of local government.

State expressed broad agreement with Lodge's views, with reservations about emergency powers and about constitutional provisions to forbid communism and neutralism. \textsuperscript{59}
The Roles and Missions Study

In response to a May 27 directive from Deputy Ambassador Porter, the Director JUSPAO had named Colonel George Jacobson chairman of a study group to define RD strategy and the roles and missions of the various elements. The group submitted its report on August 24, 1966.

The major recommendations of Roles and Missions Study were:

1. The many elements and echelons charged with destroying VC infrastructure are confusing. The National Police should have the primary mission and responsibility for this goal.

2. Reforms in basic CVK attitudes are necessary. Many rural residents believe that the US condones corrupt practices. This must be changed.

3. ARVN forces should be encouraged to increase participation in pacification activities.

4. PF/RF should be developed into a constabulary-type organization.

5. PF/RF should be transferred from the Ministry of Security to the Ministry of Revolutionary Development.

6. CIDG should be stationed only in remote areas.

7. The Vietnamese Information Service is not effective at local level. It should assume supporting role to propaganda activities of other agencies.

8. A Directorate of Intelligence should be established to coordinate all intelligence activities.

9. Reinstitution of the MACV Subsector Advisor Fund is urged.

10. ARVN Divisions (eventually Corps as well) should be removed from the chain of command in RD affairs. For instance, there were no USAID, JUSPAO, or CAS representatives at ARVN division headquarters.

11. Because of generally bad behavior of ARVN Ranger units, they should be disbanded with Rangers reassigned as individuals throughout the Army.

12. The physical and attitudinal consequences of present air and artillery employment policies should be studied.

13. A logistic system which provides for US government control until delivery of material to end users should be substituted for the present MAP procedures.
On September 7 COMUSMACV made the following comments with respect to the Roles and Missions Study:

(1) Action had been taken to increase ARVN participation in RD, but removal of Division from the chain of command in RD activities appeared illogical. If ARVN combat battalions were dispersed to all 43 provinces, the Corps span of control would be ineffective and this arrangement would risk having these units defeated in detail. The proposed placement of battalions under sector commanders was feasible only in some areas -- to be considered on an individual basis. The 1967 Combined Campaign Plan would clarify the functions of ARVN. Other things such as the buddy system with US units were the realistic ways of accomplishing the goal.

(2) The recommended disbandment of Ranger Battalions would seriously reduce ARVN combat strength. They should be retained and reorganized under new commanders.

(3) Recruitment of PF personnel for RD would weaken hamlet security.

(4) Although the study recommended giving primary responsibility for intelligence to the National Police, the nature of the problem dictated that all US and GVN military and quasi-military elements contribute to this important goal.

(5) The idea of a single intelligence director seems sound theoretically, but it is not realistic when DIA and CIA are not amalgamated in Washington.

(6) RD requires both military and civil participation. Continued emphasis on military participation would be given but the major change in the MACV organization suggested by the study did not seem necessary.

One of the year's changes that could have led to implementation of a major recommendation of the Roles and Missions Study, but didn't, was the March decision in Washington to transfer the support of FWMAF and RVNAF from MAP funding to service funding. Studies were made by MACV on how best to implement this change, which became effective in September. It was decided that only the logistic advisory function would be transferred to USARV. Programming budgeting and executing programs remained under MACV. Most important, MAP goods were still put into RVNAF logistic channels, although under the new funding they could have been held in US channels down to the receiving unit.
Although in political affairs there was no significant friction between USG and GVN in the Third Quarter, GVN's accumulation of dollar balances and its inaction on economic matters caused growing impatience in USG and in Washington.

In late July, 1966, Komer and Ambassador Lodge laid the basis for the US position, including a suggestion that from now on USG should make sure it has the means to monitor and enforce GVN compliance with its commitments.

Komer said:

Devaluation, port takeover, CIP expansion, RD reorganization if all skillfully meshed — could yet have early impact on VN public and do much in these critical weeks to refurbish GVN image at home and abroad.

So far, however, GVN has failed to move aggressively enough with supplies in country to curb rice and port speculation; has been unwilling to try to develop wage restraint policy in private sector, has dithered on promulgating and carrying out promised regulations re Warehouse removals; has gone about moving expanded CIP goods in country on business as usual basis; has shuffled about on RD reorganization, and Thang's or Ky's famous report to the nation. 61/

Lodge proposed specific means to monitor GVN, and wished to urge the GVN to fund Revolutionary Development with counterpart plasters, so that USG could assure that the funding was adequate. Komer agreed with these proposals.

Porter further proposed:

We intend using budget review process and counterpart releases on leverage on GVN CY 67 programs and to seek GVN acceptance of both overall ceiling and commitment to essential revolutionary development programs before we agree to support any part of the budget.

But Porter opposed a complete takeover of the Saigon port, proposed by Komer. 63/
I. The Manila Conference, October 1966

In the first week of October, just as planning was beginning for a seven-nation conference at Manila on Southeast Asia, latent mistrust between Southerners and Northerners in Ky's cabinet broke into an open split. A Northerner persuaded Colonel Loan, the Police Director, to arrest one of the Southerners, and although Loan released him on Ky's order a few hours later, six Southerners took it as an affront to all of them and threatened to resign from the cabinet. While conference planning was going forward, the crisis simmered on for almost three weeks, up to the eve of the conference. Lodge tried to mediate, but the six proved difficult to mollify; he conjectured that they were trying to get all the mileage they could out of the embarrassment the crisis would cause Thieu and Ky if it were not resolved before the conference. It was patched up at the last minute. 1/

In preparing for the conference, Lodge was particularly concerned that Ky or Thieu, if put in the limelight through the opening speech to the conference, should avoid embarrassing the USG:

One crucial factor must be degree to which you believe they can be persuaded to make constructive and reasonable speech, avoiding talk of invasion of the North or any other subjects that put us openly at variance with each other...We hope that the GVN can delegate Tran Van Do and Bui Diem as its drafting representatives, so that even before they arrive in Manila we would be a long way toward common agreement on the kinds of language we need. 2/

The USG was also concerned that GVN should announce a broad and attractive program that would put a good face on itself and its prosecution of the war:

We welcome your news that Tran Van Do and Bui Diem will arrive Manila October 21...

Since this gives us at least a solid day, the 22d, to refine drafts, we are inclined here not repeat not to ask you to work with GVN on detailed submissions... Rather and absolutely vital to favorable conference result, we believe you should be working with Ky to get his concurrence on the following list of action areas in which we believe forthcoming statement by GVN is not only wise in itself, but essential to US strong and successful public statement from the conference.
A. Land Reform  
B. Constitutional Evolution  
C. National Reconciliation  
D. Economic Stabilization  
E. Improved Local Government  
F. Radically Increased Emphasis on RD/Pacification  
G. Postwar Planning  
H. Corruption  
I. Port Congestion  
J. GVN Reserves  

In each of above categories, basic problem is to get GVN commitment and willingness to state its intentions. 3/ 

Secretary McNamara put down his views on priorities in a Memorandum to the President on October 14. He noted that the US had not yet found the formula for training and inspiring the Vietnamese. The main thrust of the memorandum concerned shifting ARVN more into pacification and shifting the US pacification responsibility to IAGV. But in discussing GVN's weaknesses, he commented, "drastic reform is needed." He let that one drop without any recommendation.  

The conferees met in Manila on October 24-25, 1966, and after due deliberation issued a long communiqué on policies for Southeast Asia in general and South Vietnam in particular. They backed the defense of South Vietnam against North Vietnamese aggression, and supported the major outlines of US policy. The GVN emphasized its promises of social revolution, economic progress, and political freedom. They concluded with the declaration of intent to withdraw all US and Free World forces under specified conditions:

29. In particular, they declared that allied forces are in the Republic of Vietnam because that country is the object of aggression and its Government requested support in the resistance of its people to aggression. They shall be withdrawn, after close consultation, as the other side withdraws its forces to the North, ceases infiltration, and the level of violence thus subsides. Those forces will be withdrawn as soon as possible and not later than six months after the above conditions have been fulfilled. 4/ 

2. Bargaining Begins on National Reconciliation, October-December 1966  

The USG, having chafed at the lack of action on the Chieu Hoi Program, wanted GVN to broaden it to attract high-level defectors by offering them posts comparable to their existing ones in the VC organization. This idea went down poorly with the Vietnamese. Lodge was pressing the idea from the beginning of October, and although they were reluctant, Thieu and Ky finally agreed on October 20 to proclaim the new program, called
Then on November 1, the promised proclamation failed to appear; instead, there was a vague reference to it in a speech on other subjects. When the Embassy inquired, Ky said the speech had to be prepared very carefully, and that he had not had time before November 1; he promised he would have the speech and proclamation ready in early December. Lodge found this explanation hard to swallow, but had to accept it. When "early December" arrived, there was a dead silence; and the end of this exercise was not yet in sight. 6/

3. More Hard Bargaining on Economic Policy and the Port,
October - December 1966

Economic policy negotiations had the same flavor as those relating to National Reconciliation. The USG was dissatisfied, in the third quarter 1966, as noted, on the lack of GVN follow-up on budgetary and foreign exchange promise in June following the IEF agreement. And in the fall, the Saigon Port congestion problem grew serious again; the June agreement had not gone far enough.

At the end of September, Governor Hanh of the RVN National Bank came to Washington to negotiate specifics on economic policy. During the negotiations, Komer cabled Lodge:

"We are pressing GVN hard to agree to spend rapidly growing foreign exchange reserves on imports. Otherwise, it will appear and rightly so, that GVN is getting rich at US taxpayer's expense. It is apparent that GVN's chief reluctance on this score is that Thanh/Hanh want to squirrel away reserves for postwar rehabilitation in case US goes away and leaves them. 7/

In the upshot, however, they reached only a vague and general agreement, on October 6, the most specific item being that GVN would limit its inflationary gap to 10 billion piasters in 1967. Dollar balances were deferred to later negotiations. 8/

There was some effort to resolve disagreements on economic matters and the Port just before the Manila Conference, but no progress. Komer went to Saigon after the Conference and, assisting Porter in the negotiations, reached the following agreement with GVN on November 2:

(1) GVN will use all gold and foreign exchange available to it in excess of $250 million, not including commercial bank working balances, to finance invisibles and imports, including import categories now financed by the US.

(2) GVN will place at least $120 million of its reserves in US dollar instruments of at least 2 year maturity.
(3) During US FY 67 USG will make available at least $350 million of grant aid for imports, not including PL 480 Title 1 Commodities. Any portion of the $350 million not required for such imports will be used during the US FY 67 as grant assistance for economic development projects.

(4) Within the balance of payments accounts, the amounts or categories to be financed by each of the governments will be determined through joint consultation on a quarterly basis. 2/

The putting of GVN dollar reserves into US two-year or longer-term bonds would technically improve the US balance of payments, though the gain would be more nominal than real. The agreement left plenty of room for further problems and State recognized that each item would probably have to be pressed again. 10/

Following this agreement, the Embassy prepared to negotiate a GVN budgetary ceiling and related matters. The strategy would be to seek agreement on a firm budget ceiling for GVN without committing the USG on its spending in Vietnam. But the Embassy had misgivings about this approach:

...It deprives US of the monetary gap analysis as a hinge on which stabilization agreements can be hung...Note that Komer-Hanh memorandum signed in Washington used 10 Billion gap figure as objective.

GVN officials are anxious to resume discussions. Prime Minister now has on his desk proposed GVN CY 67 budget of 100 billion piasters. The differences between that figure and acceptable one is much greater than the differences in US ceiling estimates last discussed here during McNamara's visit. 11/

State cabled its agreement that shoring GVN the US plan to limit its own piaster spending would help get GVN to accept tight ceilings itself. 12/

In December, Embassy negotiators tried to pin down GVN on the means to limit its accumulation of dollar balances, talking mainly with Governor Hanh. To evade specific commitment, he repeatedly talked as though he could not determine GVN budget policy (which he had negotiated in Washington two months before) and that he could not as a good banker make the bookkeeping transactions that would be required to permit GVN to run them down by buying imports. The Embassy negotiators then turned to the idea of asking for a GVN contribution of 8 billion piasters to the Free World Forces' operating budget in Vietnam as a cost-sharing arrangement, which would incidentally reduce GVN's receipts of dollars and so help run down the balances. GVN's reply was that that was impossible. After a series
of talks that read like haggling in an Arabian marketplace, Porter went to Ky about it and got the following understanding:

The GVN accepts the principle of contributing to free world forces local expense and will make a contribution of 1 billion piasters for that purpose at the end of March 1967. The matter of further contribution would be considered at that time. I would send him a letter of understanding on that subject. 13/

The story was much the same on GVN support for AID projects. 14/

The Saigon Port congestion problem led to discussions starting around the 1st of October, which produced nominal, ineffective agreements in the first week. When McNamara went to Saigon to discuss new major troop deployments with MACV, he talked to Ky on October 11, Ky kept talking about infiltration whenever McNamara brought up the subject of the Port. Finally, Ky said he had solved the Port problem by telling the Minister of Finance "to write a decree to get rid of the mafia which was dominating the port." 15/

That did not solve the problem; the Embassy kept pressing. On November 2, Ky promised a tough decree on port management and a deliver-or-get-fired order to the General who had been put in charge of the Port after the June agreement. (Accepting merely this order would permit further delay before any change in the system, of course.) Later on in November, Ky changed port charges and accepted some increase in US military personnel there; but both GVN and MACV strongly resisted any increase in MACV responsibility for the port. The GVN also refused to confiscate goods left unclaimed over 30 days in the port warehouses. Further talks in December got nowhere, although State authorized drastic leverage to move GVN:

To this end you might also tell Ky that I have gone so far as to propose a two month moratorium on shipment of US financed CIP goods beginning 1 January to permit backlog in transit warehouses and on barges to be removed. You could cite my view as being that if GVN won't clear port, why should US add to congestion by continuing to ship goods?

I recognize that actual moratorium would be draconian measure and perhaps unrealistic, but citing it...might help move Ky. 16/

4. Corruption Becomes an Issue at Year's End

The issue of corruption came up in several ways in November and December, 1966. On November 10, Ky told Lodge he was now prepared to relieve General Quang of his command of IV Corps, following up on intentions he first told Lodge about in August. Lodge again urged caution, saying Ky should carefully avoid starting "another General Thi incident." But Lodge was satisfied that by this time Ky had prepared well for the move. 17/
He had: on November 18, the Embassy got word that General Quang would head a newly-created Ministry of Planning and Development; the Ministry would deal primarily with postwar planning. The command changed and Quang moved up on November 23. Possibly Ky's idea of how to deal with Quang came from an end-October suggestion from the Embassy for a joint postwar study team, to which Ky had agreed and was to announce jointly with the White House. (Creating the Ministry scrambled the plans for the study team and announcement, so the Embassy had to go to work on a new plan.)

A couple of weeks later, following allegations of corruption in news stories, State cabled the Embassy that the President wanted accelerated efforts both to cope with diversions and to deflate distorted allegations. State was also considering sending a "blue ribbon panel" from Washington to assess the problem of AID misuse. Responding to the stories and to the Washington concern, Ky said he planned a national campaign against corruption. State told the Embassy on November 25 of suggestions in Washington for a joint US/GVN inspectorate general to follow up AID diversions, and asked for a reaction. After a delay due to active truce discussions with the VC, Saigon replied on December 2:

There is already an interchange of information on the working level between Ky's investigative staff and our responsible people in USAID. We doubt GVN would respond positively to idea of joint US/GVN inspectorate to work on AID diversions. This would touch very sensitive areas. While we want to expose and cut diversions to maximum extent possible, we doubt that this rather public way is best suited to achieve GVN cooperation.

On December 3, Lodge and Ky had an "enamble discussion" on corruption, and Ky agreed to study and consider all these suggestions.

5. Political Matters at Year's End, 1966

Washington and the Saigon Mission watched closely as the Constituent Assembly did its work. Concern arose at word that GVN was providing a complete draft constitution either formally or through sympathetic Deputies, particularly because it provided that ultimate political power would be vested in the Armed Forces Council.

Washington, consistent in its championing of National Reconciliation, urged the Mission to make the USG's views known both to GVN and to key CA members before the matter became a major issue. Lodge spoke with Ky who said he was at that very moment about to leave to talk with Thieu on the matter. Lodge further encouraged Ky to state his views on the constitution to the Chairman of the Drafting Committee and reminded Ky that the American constitutional expert, Professor Flanz, was available to go to Ky at any time to give advice in complete confidence.
General Thieu concluded one of his regular discussions of the military situation with General Westmoreland by making a few pronouncements on political matters. Westmoreland stressed what was to become a persistent American theme, the importance of unity in the GVN leadership. Unabashedly Thieu said that the key question was whether the Army would stay in power and what power they would retain. 24/

6. Pacification and the Shift of ARVN

Komer, in Washington, continued to prod the Mission to good GVN. It seemed time to remind them, he thought, of their Manila promise to give top priority to land reform. Lodge was asked to press Ky for vigorous application of existing laws. 25/

Continuing emphasis on pacification and increased impatience at the lack of progress brought another reorganization of the US Mission effort. To unify and streamline the civilian side, the Office of Civil Operations (OCCO) was established in late November under Deputy Ambassador Porter. An OCCO Director in Saigon and a single Director of Civil Affairs for each of the four corps became responsible for the Mission’s civil support of Vietnamese Revolutionary Development. 26/ Within GVN General Thang not only lasted beyond the originally envisaged six months but was elevated to Commissioner-General for Revolutionary Development with supervision over the Ministries of RD, Public Works, Agriculture, and Administration (Interior). 27/ These changes seemed to enhance the chances for substantive improvements. Washington wired,

Why not approach Thang and after telling him about your reorganization and new faces you plan to put in region and then provinces, suggest he essay a shake-up too.... As I recall, around Tet GVN issues a new promotion list, which usually also entails some joint shifts. This might provide a good cover. 28/

The reply offered now familiar themes as the reasons for inaction,

Specifically, if we were to give Thang a list of district chiefs and ask that they be removed, we do not think any significant change would result. In the past this tactic has proved cumbersome, even counterproductive, and tends to lead either to reshuffling of positions with little or no positive end result or to the Asian deep freeze treatment.

...At times we will have to make our views known on particular personalities if we find an intolerable situation in key leadership positions, as we have done in Long An and the ARVN 25th Div. Basically, however, we will seek to avoid too deep an immersion in Vietnamese personalities,
which can so easily become a quagmire from which there is no escape and concentrate instead on encouraging the GVN/RVN to take the initiative in a situation they know best how to tackle in specific tactical terms. 29/

Meanwhile, efforts went forward to convert half of ARVN to the primary mission of supporting Revolutionary Development. On October 5, the Chief of the Central Training Agency, Major General Vy, chaired the high level joint conference which assigned administrative tasks and developed a schedule of required actions. Subsequently, a joint MACV/JGS team visited a few ARVN division headquarters and found that personnel had not understood the July JGS directives and thus had not undertaken the actions directed. 30/

At about the same time, Revolutionary Development Minister Thang entered one of his recurring periods of pouting because he considered recent American criticism of slowness to imply their evaluation of the program as a failure. He told Ky he was ready to resign if Americans were so critical that they wanted to take it over and run it. Lansdale was able to placate Thang, but ARVN reluctance continued. 31/

The conversion to RD was fraught with criticism on both sides, for the American press continued to suggest that the ARVN shift to pacification meant Americans would bear the brunt of the fighting and take the bulk of the casualties. 32/ State considered this line tendentious and urged Lodge and MACV to use "all leverage provided through IAF and advisor program" to shift ARVN to RD. 33/

7. Military Advisory Matters at Year's End, 1966

COMUSMACV backed out of ARVN personnel selection by serving notice in a message to Corps Senior Advisors that only policy matters, not the detailed problems of failure to perform, were to be referred to him.

In reviewing the deficiencies discussed in the Senior Advisor's Monthly Reports, it is noted that many items are correctable in command channels at unit, division, or corps level; yet it is not apparent that such action is being taken aggressively at local and intermediate command levels. Deficiencies involving policy are referable appropriately to this headquarters; deficiencies involving non-compliance with directives, apathy on the part of a command, etc., are to be resolved in RVN/AF channels.

The role of the advisor is difficult and often frustrating. It requires military acumen, dedication, selflessness, and perseverance. It is desired that addressees channel the professional abilities of the advisory
apparatus into efforts designed to complement tactical advice with improvement in the quality, efficiency, and reliability of the RVNAF structure as a whole. 34/

Shortly afterward the Chinh-Hunnicutt affair erupted. As it unfolded it revealed the near impossibility of eliciting satisfactory performance by means of the existing advisory system. CG 25th Division published an order of the day accusing the Senior Advisor of trying to have the CG removed, of attempting to dismiss other division officers, of bypassing the chain of command, and of destroying the "spirit of cooperation between Americans and Vietnamese."

The MACV command history describes General Chinh as extremely weak, afraid to command. The Senior Advisor was a dynamic, competent officer assigned to improve effectiveness. He pursued his objective in a firm manner.

COMUSMACV felt the incident received distorted press coverage in the US where it was portrayed as a challenge to the entire position of the US advisory effort. He noted that the Vietnamese were sensitive to real or imagined infringements on their sovereignty. Great care had to be exercised to avoid even the appearance of violating their pride; an officer who yielded too readily to US advice was regarded as a puppet. He felt the most effective way to work with the Vietnamese was to discuss matters with them and then allow them to resolve their problems. CG 25th Division did have redeeming qualities. He was considered honest; and for his stand at the coup trials in the early 1960's, when he had accepted punishment while many others were running; he had acquired a sizeable following among ARVN officers. He was, in addition, a boyhood friend of CG III Corps, who was said to recognize the CG's fault but felt that his hands were tied.

Deputy COMUSMACV who enjoyed good rapport with CG 25th ARVN Division, visited General Chinh. In a two-hour meeting, the Vietnamese spoke freely and openly. He displayed genuine and extreme concern and admitted his error in issuing the Order of the Day. He had already apologized to CG III Corps. Deputy COMUSMACV received the impression that the advisor might have been a little too aggressive with the Vietnamese general, who was hypersensitive. Deputy COMUSMACV suggested that a memorandum be published to the division which would mention that the Order of the Day had leaked to the press which had taken it out of context and that there was no intention to disparage the advisory effort. The memorandum was published on December 21. It said the past must be forgotten and that cadre of all ranks should display warm, courteous, and friendly attitudes toward their American counterparts. General Chinh appeared to turn over a new leaf. Colonel Hunnicutt was reassigned to an apparent terminal assignment in the United States. 35/ COMUSMACV addressed a letter to all advisors in December, 1966, to again emphasize the importance of rapport. He said, the key to success or failure was the relationship achieved and maintained by the advisor.
with his counterpart. The natural tendency of the US professional soldier was toward immediate reaction. He expected the same in others, but it was necessary to temper counterpart relationships with patience and restraint.

General Westmoreland affirmed this view in his remarks at a conference of his senior subordinate commanders.

In order for ARVN to be successful, a re-education process is necessary, from the generals on down... The attitude of the soldiers toward the people frequently is poor... We must do all we can toward to change this...

...In conduct of operations in support of Revolutionary Development, we will frequently have units buddy up with ARVN units... A word on command relations in these combined operations is appropriate. We have had great success with our cooperative efforts in the past. We should establish a proper relationship from a technical command standpoint. Proper types of missions are general support and direct support. When conducting operations where we have the preponderance of forces committed... their association will be in direct support or general support of our operations. This is good military terminology and quite proper for us here. General Vien agrees in this terminology. 36/

Sometimes ARVN was not receptive to advice. In November, recognizing the validity of a recommendation from the Corps Advisor that an additional battalion be activated in the ARVN 23d Battalion, COMUSMACV suggested this to JGS. Inactivation of a marginally effective battalion in another division was suggested as compensation. Chief JGS, for reasons of his own, declined to authorize the 23d Division to have an additional battalion.

Still, the effort moved forward. Training of RD Mobile Training Teams from each ARVN Division was conducted in December. The actual conversion training of divisions started in early 1967, and a similar program for RF/FF was planned. In fact, planning was viewed as the surest sign of progress. The 1967 Combined Campaign Plan was ceremoniously signed by Generals Westmoreland and Vien on December 8. Its significant innovations were requirements for subordinate commands to prepare supporting plans and for quarterly reviews to maintain the plan's viability. 37/


Progress within the Constituent Assembly and preliminary jockeying over the new constitution were persistent concerns during the first quarter of 1967.

At times the Assembly seemed remarkably independent. It publicly fought against a law which gave the military junta the right to over-rule
its decisions. The controversy subsided in January with Junta assurance that it would not use the law. There was considerable discussion within USG circles as to how American influence should be disposed in supporting presidential candidates. Marshall Ky was already making noises about running. Washington cautioned Saigon not to automatically oppose a Ky candidacy. While State would prefer a civilian president, the most important matter was to effect transition to a constitutional government that was strong and unified enough to continue to prosecute the war effort (or negotiate a peaceful settlement).

...and at the same time broadly enough based to attract increasing local and national political strength away from VC. 38/

Ambassador Lodge's reply was, "the continued viability of SVN depends very heavily on the cohesiveness of the military." 39/ This had been and remained his evaluation of the political situation.

...Unity of the military is essential to government stability in SVN. From the standpoint of stability, this is the Law and the Prophets.

Movement toward a broadly based, truly popular government is impossible without stability.

The military is also the chief nation-building group in the country. It has education, skills, experience, and discipline which no other group can offer. 40/

State acquiesced in this argument but continued to hope for a government broadly enough based so that the VC would find avenues to conquest of South Vietnam effectively blocked.

...In our view it is less a question of any civilian candidate controlling the military and more a question of the military being educated to accept a sharing of power and responsibility with civilians as a necessary elementary political progress. This means a readiness to accept the outcome of a free and open election in which the candidate favored by the directorate may not win. 41/


The problem of GVN dollar balances remained a thorn. GWN did nothing to carry out its November agreements. With scarcely concealed impatience, Ambassador Porter offered GVN a tough economic program, in a meeting in the first week of January, 1967, with special emphasis on the dollar balances. Reporting on the meeting, he said:
We underlined many times the very high level of the US commitment and said that we could not make this commitment unless we had an iron-clad guarantee that the GVN would live up to the foreign exchange agreement...we stated that this was the minimum the US could accept.

Hard bargaining continued, including another Hanh trip to Washington. Preliminary to the Conference, Washington considered several steps which might be taken:

...1. Agreement on a piaster/dollar rate of 118 for official US purchases.
2. US use of all counterpart over P-30 billion.
3. Increase of Assistance In Kind from GVN.
4. Possible transfer of some official purchases from the 80 to a 118 exchange rate without changing the official rate.
5. Transfer of DoD contracts to the 113 rate.
6. Tying all 80 rate dollars to US procurement.
7. 100% US use of PL 480 sales. Saigon's opinion was that for these negotiations there were two main routes:
   (1) A switch of counterpart funds from their use to ours, and
   (2) A change in the exchange rate.

The first seemed preferable because it was more negotiable. The second might be counter-productive by "simply angering Hanh without moving him." On February 20, GVN merely agreed to work on an "interim memorandum of understanding which would include actions to implement the foreign exchange agreement of last November." When Komer went to Saigon later in February to negotiate, he found it necessary to threaten specifically to reduce the CIP program to force down GVN's dollar balances, noting that once the program was cut Congress would be unlikely to restore the cuts. The negotiations amply demonstrated the truth of Hanh's remark that Orientals only act after much bargaining. As Komer started to walk out the door after a meeting, Hanh hinted at a raise in the official purchase piaster rate from 80 to 118, but made no other concession. (At no time did the US threaten explicitly to buy piasters in the open market, as Porter and DASD (Economics) had earlier proposed, a procedure that would knock down GVN dollar balances to whatever extent we wanted while using fewer dollars to get the required piasters.) In an exchange of letters early in March, Hanh said he understood the US was willing to