

SECRET

19 October 1966

MEMORANDUM FOR THE DIRECTOR

SUBJECT: The South Vietnamese Cabinet Crisis

1. The South Vietnamese cabinet crisis is subject to hourly changes, and we in Washington must look for the latest word to Embassy Saigon -- which is in direct touch with the Presidential Party.

2. On the whole, we think the chances are better than even that the crisis will be compromised in some fashion which will limit the damage and leave Ky where he is. In these circumstances, the best thing the US can do is play it as cool as possible. However, there is sufficient potential here for real trouble that it is worthwhile assessing the more ominous possibilities. This we have done in the attached -- working with SAVA and OCI. At the moment, we do not believe that it would be useful to initiate coordination with other agencies on a paper.

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FOR THE BOARD OF NATIONAL ESTIMATES:

SHERMAN KENT
Chairman

cc: DDCI
DDI
DDP
OCI
SAVA

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MEMORANDUM

SUBJECT: Implications of the Current Cabinet
Crisis in South Vietnam

1. Situation: The current cabinet crisis derives from an unfortunate meshing of two of the major divisive factors which have long complicated political life in South Vietnam -- regional rivalries and the issue of civilian versus military control. ^{1/} It does not represent a new development, but merely the first significant manifestation of these fundamental maladies since the September elections. It will not be the last.

 2. The seven cabinet ministers (out of 29) who have proffered their resignations are all of Southern (Cochinchinese) origin and are civilians. ^{2/} They share the general Southern antipathy toward the Northern "carpet-baggers" who dominate the Ky government and the military establishment. They also suspect that the military
- ^{1/} A third major divisive influence is religion which is not yet openly involved in the crisis; but should the crisis drag on, religious animosities and political jockeying among the various religious groups could readily come into play.
- ^{2/} The exact status of these ministers is unclear. Ky has said that they have agreed to remain at their posts until after the Manila Conference (24-26 October). Nonetheless, the resignation statements have appeared in the press after the ministers supposedly agreed to stay on, and the statements at least appear unequivocal.

SECRET

SECRET

leadership will not fulfill its pledge for a transition to a civilian government. The visits of various GVN leaders (in particular those of Police Director, General Nguyen Ngoc Loan) to military-dominated South Korea adds fuel to Southern suspicions. With this backdrop of traditional mistrust, the heavy-handed action by Loan, a Northerner, in arresting an acting cabinet minister provided a rallying-point for the Southern ministers. They began to pressure Ky and to charge that Loan was attempting to create a "police state." Moreover, the imminence of the Manila Conference gave them an advantageous moment to bring pressure on Ky. The ministers assumed that Ky would be eager to avoid any political crisis before the Conference, in particular one involving the issue of civilian-military relations which the US considers crucial to the "other war" in Vietnam.

3. It is also likely that General Dang Van Quang (IV Corps Commander) and perhaps General Nguyen Huu Co (Deputy Prime Minister and Minister of War) are involved behind the scenes in the challenge to Ky's regime. Both men are Southerners. More important, they have strong personal reasons to oppose Ky: both men are prime candidates to be removed from their posts for corruption.

4. In any event, Ky, a Northerner (Tonkinese) and a military man, is almost certainly the ultimate target of the Southerners, although the ministers have scrupulously avoided attacking Ky

SECRET

personally. Instead they have aimed their attack at those close to Ky, particularly Loan, head of the two principal security organizations; but also at General Le Nguyen Khang, III Corps and Marine Commander; Bui Diem, Secretary of State for Foreign Affairs; and Dinh Trinh Chinh, Secretary of State to the Prime Minister: (Ky). These men are all Northerners. Because they command the security forces in the Saigon area, Loan and Khang provide much of the physical protection for the Ky regime. Should Ky be obliged to remove these men, his power base and prestige would be seriously weakened.

5. The crisis has already done some damage to Ky's image. Regardless of the immediate outcome of the crisis, Ky will go to Manila with his domestic house in a state of some public disarray. There has already been adverse foreign publicity on this score, and the heavy press coverage of the proceedings in Manila will engender more. In South Vietnam, the crisis has helped him the glow left by the successful September election. It also has publicly raised the issue of civilian-military conflict. This will have reverberations in the Constituent Assembly where there is a sizeable and vocal bloc of Southern delegates, the most notable and most vocal being Tran Van Van, who may be working covertly with the dissidents.

6. Implications. The crisis can almost certainly not be resolved before the Manila Conference, and the best that can be

SECRET

SECRET

looked for is its deferral until after the Manila Conference. Such a deferral would put the best face on an embarrassing problem at Manila and might allow things to simmer down in Saigon. On previous occasions, Ky has been adroit at fashioning compromises which have at least temporarily tended to placate the contending elements. If no compromise can be reached this time, or if Ky is compelled to meet the problem head on, he has two alternatives: 1) to accept the cabinet resignations, or 2) to sack or substantially curb Loan.

7. If Ky does accept their resignations, it would be a blow to civilian-military relations and would further exacerbate regional rivalries. There would be a chorus of unfavorable publicity in the foreign press. To lessen the impact of such a move, Ky would probably try to replace the ministers with other Southerners. He could probably do so, and this would help. Nevertheless, there would be a new round of anti-GVN statements, charges of "military dictatorship," and the like. Some of the firebrand Southerners in the Assembly might resign in protest. In these circumstances, there might be some street demonstrations and the militant Buddhists might strike up a temporary alliance with some Catholic Southern elements.

8. A move by Ky to drop Loan could cause more immediate and serious problems. Ky realizes this and has said that he will

SECRET

SECRET

not fire Loan, though like all decisions in South Vietnam, this is probably not irreversible. As director of the two major security organizations, Loan is a power in his own right. Moreover, he is the foremost figure in the loose grouping of young, hard-line officers collectively called the "Baby Turks." Loan's removal would raise the spectre of renewed military factionalism which has not seriously plagued the GVN since the removal of General Thi last spring. Moreover, Ky has confidence in Loan, who played a major role in upholding the GVN in its recent victory over the militant Buddhists. In considering a move against Loan, Ky would be aware that this would only temporarily appease the opposition elements and only whet the Southerners' appetite for more concessions. Loan's removal under pressure would weaken Ky in the eyes of all concerned.

9. On the whole, the best thing that could happen would be that the crisis not come to a final head before Manila and that after Manila it can be settled by a compromise or at least by a not overly disruptive showdown. The worst that could happen would be a shattering of the unity among the military. At present and for a long time to come, military support, and probably predominance as well, is essential for any regime in South Vietnam.

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Approved For Release 2005/06/23 : CIA-RDP79R00904A001200060013-1

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