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30 September 1963

MEMORANDUM FOR THE DIRECTOR

SUBJECT: Proposal for a U. S. Policy in South Vietnam

CONSIDERATIONS UNDERLYING THIS PROPOSAL

1. The Agency's South Vietnam Working Group believes that existing policy proposals for South Vietnam (i. e., "TRACK IP") are in the main too unrealistic to merit further expenditure of Washington time and energy. We accordingly submit our own proposal which is based on the following fundamental considerations:

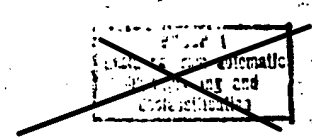
a. U. S. Purposes with Respect to South Vietnam:

(1) Although the U. S. should obviously have concern for the character, behavior, or international image of the GVN, the overriding U. S. consideration should be the effectiveness of the regime in stimulating the armed forces and the populace of South Vietnam to resist and reduce the Communist threat.

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(2) U. S. effort must not waste itself in ideal, but unattainable pursuits, but instead, should seek -- within the realm of the possible, and as an immediate goal -- to repair the damage of recent weeks and prevent any serious decline in South Vietnam's war effort.

b. U. S. Maneuverability vis-a-vis the GVN:

(1) So long as the U. S. remains committed to a successful conclusion of the war in South Vietnam, the leverage we can apply to this or any other regime in South Vietnam is limited.

(2) Any threat by the U. S. to employ its ultimate sanction (pulling out of South Vietnam) would almost certainly be regarded as hollow by the GVN. (By comparison, the GVN can more credibly threaten its ultimate sanction: some arrangement with Hanoi.)

(3) The only other major sanction that the U. S. can hope to apply is to confront Diem and Nhu with the possibility of their forceful removal. Until the ability

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of the U. S. to sponsor a successful coup, or to respond quickly and affirmatively to a developing coup situation, is transparently evident to Diem and Nhu (which is not now the case), the leverage that such a sanction could provide is small.

(4) Most U. S. sanctions thus far proposed (e.g., aid cuts) do not appear feasible because, in our view, they would only damage the war effort without bringing the GVN to heel.

c. The War Against the Viet Cong:

(1) The effort to reduce the Viet Cong threat to manageable proportions will be long and difficult in the best of circumstances.

(2) As matters stand, the U. S. military effort will probably have to remain at present levels for a long time, perhaps years. We delude ourselves if we think otherwise.

(3) Even though the situation is now extremely fragile, collapse does not appear imminent. We still

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have a short period of grace in which to attempt to repair the damage of the summer.

d. The Present Situation of the U. S.:

(1) We are substantially worse off today in our relations with, and our influence on, the Diem/Nhu regime than we have been since Diem came to power. We have tried to replace the regime and failed; we have tried to remove Nhu and failed; we have tried to extract promises of meaningful reform and failed; we have undertaken a heroic re-examination of our policy toward South Vietnam and, thus far at least, have produced nothing significantly different from the policy we have been following for the past few years.

(2) Meanwhile, with each day that passes, there is an increasing danger that the GVN's deteriorating relations with the South Vietnamese people will begin to produce a general sag of enthusiasm for continuing the war against the Viet Cong, both among the populace and the armed forces. Should this occur, the likelihood of

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achieving ultimate U. S. objectives in South Vietnam will have virtually disappeared.

(3) It should be recognized that the emotional states of Diem and Nhu are critical factors in the present situation. If, indeed, Diem and/or Nhu are not rational, genuine communication with them (always difficult) may now be virtually impossible, and their responses to various U. S. actions unpredictable.

(4) The situation in South Vietnam is so fluid that sudden, unanticipated and radical changes may occur which could render any U. S. policy for the area somewhat academic. Such changes could take the form of revolt, riot, assassination, capitulation, GVN rapprochement with the North, dramatic North Vietnamese-sponsored raising of the Communist ante in South Vietnam, approach by South Vietnamese oppositionists to U. S. officials for their blessing of an imminent coup attempt or of one already launched. Thus, the U. S. Mission may at any time be presented with difficult and immediate operational

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decisions, the nature of which, in fact, could virtually determine subsequent U. S. policy.

2. Having said all this, however, we believe that the U. S. must determine upon a general course of action which can best expand the avenue of action now open to us. Our objective should be to maximize U. S. influence on the course of events in South Vietnam in the absence of sudden upset, or to deal swiftly and surely with an entirely new situation should that upset come. To this end, we propose, below, that the U. S. adopt certain measures designed in the first instance to explore the GVN's performance and potential against the Viet Cong, and, subsequently, to permit a definite U. S. decision whether to embrace or replace South Vietnam's present leadership.

PROPOSED POLICY

3. Since we believe that there is at present no way for the U. S. to know, or, indeed, to have a firm basis for judging, whether U. S. objectives can be met with the present GVN leadership, we propose an initial stage of Reconnaissance, in which the U. S. (a) seeks to gather the knowledge about developments in South Vietnam which will enable the U. S. to determine

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whether we would do better to live with the Ngos or to attempt to replace them; (b) to this end, seeks to elicit from the GVN certain tangible indications that it wishes to improve U. S. -GVN relations and is prepared to conduct the anti-Viet Cong effort more effectively; and (c) provides, in return, certain tangible indications that the U. S., too, is interested in restoring better relations. While it is difficult to set a definite time limit for this Reconnaissance stage, we should proceed in the knowledge that, in present circumstances at least, time may be working against us in South Vietnam.

4. After a period of Reconnaissance, the U. S. should, with some confidence, be in a position to proceed along a path either of (a) Reconciliation or (b) Replacement. We discuss below some of the principal problems, hazards, and opportunities implicit in such an overall approach.

RECONNAISSANCE

5. Bases of Feasibility for this Effort:

a. We still have some time available (perhaps as long as several months).

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(1) The deteriorating situation of recent weeks has been confined largely to certain cities and thus far has not crucially harmed the war effort.

(2) The Viet Cong apparently have not been able to capitalize on the crisis situation in any major way, at least as yet.

b. U. S. -GVN working relationships still remain largely intact at the middle and lower levels; cooperation in military, economic, and countersubversive activities is, by and large, being maintained throughout the country.

c. There are certain issues which have not yet become a matter of U. S. -GVN controversy. GVN compromise on these could afford the GVN the opportunity to indicate its readiness to cooperate more fully with the U. S. without necessarily engaging GVN prestige. (These are discussed below.)

d. Moreover, there are certain measures available to the U. S. by which it could -- without loss of face or prestige -- indicate its willingness to clear the air and patch up relationships

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with the GVN. (These are also discussed below.)

6. Desired GVN Actions and Possible U. S. Responses:

a. In our Reconnaissance period we should avoid setting demands which we suspect in advance will not be met (e.g., removal of the Nhu's, inclusion of oppositionists in the government, genuinely free elections). Rather, we suggest a dual course along the following lines:

(1) "De-fusing" measures to quiet the situation and help restore U. S. -GVN cooperation. These involve modest and practicable suggestions which avoid the most sensitive areas of U. S. -GVN controversy and deal with actions which, if implemented, would help de-fuse the crisis and provide the U. S. with somewhat more elbow room.

(2) "Litmus" issues. These would embody minimum steps the GVN must take if the U. S. is to be convinced that Diem and Nhu can win the counterinsurgency struggle. The GVN's overall response to these proposals

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should be a major determinant of our subsequent course of action: Reconciliation or Replacement.

b. In making our demands we should establish, in our own minds, timetables and bench-marks of performance. Moreover, we should recognize that the manner and timing of GVN response may be as important as the substance of GVN actions. Thus, the U. S. should be alert to whether the GVN concessions are made on a timely and effective, or a grudging and piecemeal, basis.

7. "De-fusing" Actions. It is obviously necessary to improve the atmosphere and U. S. -GVN relations in Saigon, enhance the GVN's image abroad and, in particular, in the U. S., and redirect more attention and energy toward the total military-political effort against the Viet Cong. To achieve these ends, we propose actions along these lines:

a. The speediest possible lessening of tensions between the GVN and the South Vietnamese population:

(1) The GVN should be commended for lifting martial law and encouraged to continue curtailing the

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physical manifestations of tension.

(2) Troops should be removed from urban areas as quickly as possible.

(3) Where troops are considered necessary in urban areas, they should be kept as inconspicuous as possible.

A. Renewed activity in the land reform program

Although the land reform program initiated soon after Diem came to power embodied one of the most promising achievements of the GVN's early years, it has since been quietly scuttled short of completion. The GVN has in its possession a great deal of land that it could distribute if it so desired. Though Diem considers the land reform issue closed, this is not now a sensitive point between him and the U. S., probably largely because we have not pushed him on this issue. Should he wish to signal his readiness to cooperate more closely with the U. S., he could do so on this issue without "backing down." Moreover, an energetic reactivation of the land reform program -- perhaps including land distribution to ralliers under the Chieu Hoi program -- could help

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encourage rural support for the GVN and also improve its international image. The U. S. could indicate its full support of a revitalized land reform program and make various gestures of assistance to the program.

c. A joint re-examination of the concepts of the Strategic Hamlet Program as Applied to the Delta: Problems have arisen with the Hamlet Program in the Delta because of the necessity to uproot the scattered population there. Perhaps we could exploit the readiness the GVN has already shown to re-examine the concept of Strategic Hamlets in the light of the Delta's population distribution (e.g., we could encourage less GVN reliance on population relocation and stockades and more emphasis on aggressive small-unit patrolling by land and water). Thus far this has been a relatively non-controversial U. S. -GVN subject relating to a program in which the GVN takes legitimate pride.

d. Revised efforts to improve the immediate impact of the Strategic Hamlet Program on the peasants: In many areas -- even ones in which local security has been improved -- the immediate political impact of the Hamlet Program has been

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counterproductive because of the relocation of "donations" (labor, material) involved in hamlet construction; and, in a number of instances, because of petty graft or "squeeze" exercised by local GVN officials. The GVN should be encouraged to ameliorate such conditions, both by increasing payments to the peasantry for construction and other services rendered and, especially, by making public examples of local officials who have used the program for personal aggrandizement.

3. Release of incarcerated Buddhists and students:

The GVN should be commended for such actions to date and encouraged to continue processing the remaining detainees with all possible speed.

4. Repair of damaged pagodas: There are indications

that GVN forces are aiding, at least unofficially, in the repair of pagodas damaged in the 21 August raids. This, too, should be commended, and the GVN should be encouraged to see this policy through to completion. More publicity, both in South Vietnam and abroad, should be given to such actions.

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g. A public and official statement by Diem, stressing the theme of national unity and indicating redress of legitimate grievances: Diem normally addresses the opening session of a new Assembly and, with elections just held, this would be the final occasion for such a speech. At a minimum, Diem should urge the new Assembly to proceed with all possible speed on the revision of "colonial laws," such as Decree 10 (the law giving Catholic organizations rights not enjoyed by Buddhists).

h. Change in GVN Propaganda Priorities: With U. S. cooperation, the GVN should make a serious effort to publicize abroad the civic action aspects of the Strategic Hamlet Program and devote less attention to justifying its anti-Buddhist policy.

i. Renewed emphasis on the Montagnard program: One of the most encouraging developments noted during 1952 and early 1953 was the increased rapprochement between the GVN and the Montagnards, with the latter in many instances leaving Viet Cong for GVN-controlled areas and taking an active part in the counterinsurgency effort. Of late, this program has flagged,

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partly because of the increasingly prominent role played in the Montagnard program by Colonel Le Quang Tung. Though this is a somewhat sensitive subject because of ingrained Vietnamese-Montagnard antipathy and GVN suspicion of any U. S. activity among ethnic minorities, the Montagnard program is not directly involved in current U. S.-GVN controversies. Renewed GVN efforts in this sphere should be encouraged because of the program's direct contribution to the war effort, because it constitutes a fruitful area for establishing effective U. S.-GVN communication and cooperation, and because work on this program can improve the GVN's image (both domestically and internationally) as a truly "national" government.

8. "Litmus Test" Demands. Although our "litmus test" demands deal with somewhat more sensitive subjects than those discussed above, they involve supplementary steps the GVN must soon take if it is to attract the internal support necessary to lead the country to victory and if it is to indicate its readiness to cooperate in this effort with the U. S. The GVN's response

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to such demands as the following should give us a fairly clear indication whether U. S. objectives in South Vietnam can be achieved with the Ngo family in power:

a. Anti-U. S. actions by the GVN must cease.

False and unwarranted attacks in the GVN-controlled press (e.g., the "CIA coup" story) must be stopped. So, too, must mendacious "briefings" of GVN troops and officials designed to engender anti-U. S. sentiment. The GVN must end its harassment of U. S. official activities (e.g., USIS and USOM) and of the U. S. press.

b. Beyond the modest appeal for unity mentioned

above, Diem must make some effective public call for reconciliation and concentration on the war effort. This could be done in the National Assembly or from some other platform. In his pronouncement, Diem should be willing to include the following points:

(1) Errors have been committed by the^X government (though such an admission can be disguised

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~~ca~~ referring to popular "misinterpretation of government actions" and blaming mistakes on "irresponsible subordinates").

(2) The Constitution guarantees religious freedom and the government backs the Constitution.

(3) An appeal to the youth of the country, offering more opportunity for useful employment and advancement (especially in such government efforts as the Civic Action Program).

(4) An overture to the intellectuals and technically trained intelligentsia -- including those now in exile abroad -- inviting them to enlist their talents in the common cause.

(5) A "let bygones be bygones" approach, coupled with a call for all nationalists to move forward to victory in cooperative harmony with the government.

c. The GVN must be willing to make some significant symbolic gestures sufficiently dramatic to have real impact!

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(1) Nhu's position may not be negotiable, but Colonel Tung must go (if only by being sent abroad as a military attache). Some scapegoat must be found for recent GVN excesses, and he is the best candidate available.

(2) Some gestures must be made to Father Cao van Luan, the ex-Rector of Hue University, whose deposition sparked much of the present student protest movement. If he cannot, for GVN face reasons, be reinstated as Rector in Hue, he should be given some post of honor and prestige.

(3) The problem of the Bonze Tri Quang must be solved in a manner acceptable to the Buddhists as well as the GVN, perhaps by permitting him to leave the country unharmed.

d. Detainees (Buddhists and Students): Not only should as many as possible of those now held be expeditiously released, but formal charges should be preferred against those

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retained, and these persons should quickly be brought to public trial. (In short, the GVN must put up or shut up on this issue.)

e. Repair of pagodas should, of course, be facilitated, but there also should be some form of at least quasi-official GVN benefactions for pagodas and Buddhist organizations.

f. The GVN-sponsored "Union Committee for Pure Buddhism" should be expanded and some genuinely representative Buddhist leaders should be brought in and given responsible positions in order to make it a valid Buddhist organization. The GVN will naturally want to monitor the activities of any such organization (and, probably, exert some measure of influence or control over it); but such GVN involvement should be discreet, not blatant.

g. Some mechanism should be established catering to the religious needs of Buddhist troops. This could involve Buddhist chaplains in the armed forces, or even some arrangement whereby troops not on combat operations could be enabled (and encouraged) to attend religious functions at pagodas near their posts of duty.

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h. The new Assembly should take quick, well-publicized action to eliminate provisions which deny Buddhism equal status.

i. The school and university situation must be calmed down. Classes should be resumed, and students should be returned to school, not pressed into military service. At least some faculty members who have resigned, or have been fired or jailed during recent disturbances, should be reinstated and permitted to hold open seminars.

9. U. S. Actions to Accompany Reconnaissance. The U. S. should employ such actions as the following:

- a. The U. S. should refrain from threats to cut aid.
- b. The U. S. should refrain from demands that Nhu retire and, to the extent possible, should ignore Madame Nhu.
- c. The U. S. should replace certain U. S. officials (not the Ambassador).
- d. The U. S. should take steps to see that better U. S. newsmen are posted to South Vietnam.

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e. The U. S. should unobtrusively reduce its presence in South Vietnam: To the extent feasible, the U. S. military and civilian establishment in South Vietnam, particularly in the cities, and most particularly in Saigon, should be scaled down. In brief, we should trim off the fat. This course of action will not only reduce the problem of security, but will help to make U. S. presence in the area somewhat less conspicuous. If the Ngon became aware of this unannounced and subtle reduction, it may have a sobering effect on them; in any case, it can do no harm.

f. U. S. Contingency Planning for a Replacement

Decision. From the outset of the Reconnaissance phase, the U. S. should embark on a covert, high priority program of contingency planning. We must develop what we do not now have: a capability to opt for Replacement if this should appear to be the policy decision most likely to further U. S. interests. At present the U. S. has neither the necessary contacts nor the necessary detailed knowledge of Diem's military and civil opponents and their action plans to be in a position to instigate or expedite the

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Diem regime's overthrow. Furthermore, the U. S. has not envisioned in concrete terms the alternative non-Communist government it would like to see installed if Diem were to be replaced. Our latitude of choice in this matter may be small, but we cannot exert effective influence to achieve our desires unless we ourselves know what -- and whom-- we want as an alternative to the present regime.

10. Suggested Scenario to Maximise Impact of U. S.

Reconnaissance Demands on GVN:

a. For the next few weeks, the U. S. should maintain a freeze on U. S. policy statements re Vietnam and on U. S. official approaches to the top GVN leadership. In short, we should keep the Ngos in the dark, for some time, as to U. S. intentions.

b. The role of the United States Ambassador: In connection with a above, Ambassador Lodge should return to the United States for consultation. After such consultation, he should return to Saigon with President Kennedy's enthusiastic

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public blessing. Thereafter, the Ambassador should be the sole official voice of U. S. policy in South Vietnam.

c. Reconnaissance demands made known to Diem and Nhu Upon returning to Saigon, Ambassador Lodge should end the U. S. period of "freeze" by confronting Diem and Nhu (together) with the various "de-fusing" and "litmus" demands of the U. S. He should seek to convey the idea that the U. S. wants to clear the air and resume cooperative efforts against the common enemy. To these ends, he should indicate U. S. readiness to take certain actions (see above) to lessen U. S. -GVN tensions. He should indicate that the GVN is, in effect, on trial; but he should refrain from any threats concerning the consequences of GVN uncooperativeness.

d. Covert Warning Approach To supplement the official demarche of Ambassador Lodge, the U. S. should thereafter (and with the Ambassador's full knowledge and consent) covertly arrange a parallel "unofficial" approach to Diem. Some trusted "old friend" should attempt to penetrate Diem's consciousness and get across this message:

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Diem must realize that Washington and the American people have had their fill of the GVN's political methods and that if the GVN persists in its present policies -- including hostility to the U. S. -- the U. S. Government will soon be unable to continue its support of the regime. For his own sake and that of Vietnam, Diem must appreciate the force of domestic political pressures in the U. S. which Washington cannot ignore, particularly in an election year. Whatever their intrinsic merits of justification, the GVN's actions vis-a-vis the Buddhists, the students, and the press; the inflammatory statements of Madame Nhu; and what are considered GVN-inspired attacks on the U. S. in South Vietnamese publications (including the Times of Vietnam) have all had the net result of creating an American image of the GVN so unfavorable that the GVN cannot take it for granted that the U. S. Government will -- without radical change on the GVN part -- necessarily support the GVN against its domestic opponents, or even

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against the Viet Cong and Hanoi.

For such a message to have the desired effect, it must be conveyed by someone whom Diem likes, trusts, and would not suspect of delivering an officially sanctioned warning. The most likely candidates for this task would appear to be Wolf Ladejinsky (Diem's former personal advisor on land reform) or, possibly, Cardinal Spellman.

11. Problems to expect in Reconnaissance:

a. Time. We may not have much time to work with.

The situation is so fragile that sudden new contingencies (assassinations, demonstrations, etc.) could present the U. S. with entirely new problems and choices.

b. Immediate GVN rejection of U. S. approaches:

It is possible that Diem and Nhu might reject out of hand the U. S. demands outlined above. This would, doubtless, confront the U. S. with the difficult choice between tagging along with the Ngos, despite their rebukes and non-cooperation, or attempting to move quickly, and perhaps prematurely, into the Replacement phase.

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c. An attempted coup against the GVN of which the U. S. did not have much, or any, foreknowledge: This will remain a constant possibility, especially on the part of SVN field grade or company officers who might be too uncertain of U. S. support to tip us off in advance. Such a coup attempt would pose great new problems for the U. S., whether it succeeded or failed. Furthermore, the coup attempt might well develop in such a manner that immediate U. S. decisions and action could determine its outcome.

d. Compromise of U. S. coup plans: Security in SVN is so poor that our contingency planning might be compromised, and both Vietnamese and U. S. personnel involved might be endangered. Under such circumstances U. S. relationships with the GVN could sharply deteriorate, perhaps beyond repair.

e. Diem-Nhu obfuscation: The greatest problem the U. S. would face in reconnaissance would probably stem from the Ngos making only token concessions on minor matters

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and stalling on more important ones, thus stringing out the game and denying the U. S. clear-cut grounds for decision-making. It is only prudent to recognize that U. S. determination to come to grips with a final decision might well be weakened by such obfuscation.

RECKONING

12. The situation in South Vietnam will remain so volatile that events may take drastic new turns which will be neither the result of, nor necessarily susceptible to, U. S. policy -- whatever that policy. Thus we must recognize that the situation which obtained at the onset of Reconnaissance may change in such a dramatic and sudden manner as to invalidate the bases of the policy scheme outlined above. For example, if the total military-political effort against the Viet Cong improved even though the GVN had largely ignored U. S. demands, the U. S. might wish to continue playing along with Diem and Nhu. On the other hand, if the war effort should clearly have begun to deteriorate and especially if, in addition, the GVN

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had been unresponsive to U. S. demands, the U. S. would probably have to opt quickly for replacing the regime -- if only to avoid more radical subsequent U. S. courses of action (e.g., withdrawal from Vietnam or the commitment of U. S. combat forces in strength). Finally, we may, depending on the situation obtaining some weeks hence, wish to postpone a definite decision between Reconciliation and Replacement. Such a postponement, however, should be the result of a conscious policy decision based on the progress and prospects of the anti-Viet Cong effort, rather than the result of U. S. inertia, wishfulness, or frustration. Assuming that the U. S. may soon have to face up to the decision as to whether we wish to adopt a policy of Reconciliation or one of Replacement, the following paragraphs pose some of the principal considerations involved.

13. Reconciliation: The U. S. should opt for Reconciliation only if it has been convinced that the GVN had genuinely moved in the direction of the reforms urged by us. If we should be convinced at that time that at least the degree of effective war effort/public support which existed prior to 8 May 1963 was likely to be reestablished, we could live with the Ngon, warts

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and all. We should then proceed to attempt gradually to re-furbish the GVN and to improve its domestic and international image. Our object here would be to stimulate GVN progress toward economic/social/political/psychological steps which would aid the war effort and give promise of eventually permitting the U. S. to reduce its commitment -- without great fear that the GVN would revert to counter-productive measures or that the Viet Cong threat would otherwise seriously recrudescence.

14. Replacement: On the other hand, if the GVN should show little inclination to respond to the relatively modest "litmus test" demands outlined above, and the war effort had not improved, the U. S. would be forced to conclude that the GVN is almost certainly not likely to make the major reforms necessary to save its people, either from eventual military defeat or from deserting the GVN cause.

15. Having drawn these conclusions, the U. S. would then be faced with alternatives such as these:

a. Continue on with Diem and Nhu -- to almost certain eventual U. S. /GVN defeat.

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- b. Commit large numbers of U. S. combat units to South Vietnam in an attempt to save the GVN, despite itself.
- c. Begin plans to withdraw from South Vietnam -- with as little risk and embarrassment as possible.
- d. Negotiate for a Vietnam settlement.
- e. Attempt to replace Diem and Nhu.

All such alternative courses should be examined now, no matter how superficially unpromising. We nonetheless believe that alternative c (Replacement) appears -- at present, at least -- to be the least unfavorable to U. S. interests. This assumes, of course, that the high priority effort to develop contingency plans for Replacement, undertaken from the outset of Reconnaissance, will have then put the U. S. in a better position than heretofore to pursue this alternative.

16. The U. S. must recognize from the outset that the path of Replacement would be beset with difficulties. As mentioned above, there would be constant danger that South

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Vietnamese oppositionists might confront the U. S. with an imminent or actual coup attempt long before the U. S. could be confident of its success or character. Furthermore, U. S. pursuit of the dual path (Reconnaissance and contingency planning for possible Replacement) would be difficult at best; any GVN knowledge of U. S. contingency planning could inject such added suspicion into the political atmosphere in Saigon as to jeopardize our Reconnaissance effort. Finally, U. S. decision for Replacement would also involve legitimate questions concerning capability, security, safety of U. S. personnel, possible need for U. S. combat forces, Viet Cong and North Vietnamese (and Chinese Communist) reactions, consequences of failure, the character and effectiveness of a successor regime, etc. However, these difficulties do not necessarily mean that a well-planned, U. S. -sponsored coup attempt could not succeed, or could not produce a more promising outlook for South Vietnam -- and the U. S. stake there -- than now obtains.

CHESTER L. COOPER
Chairman, CIA Vietnam
Working Group

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