



August 1, 1957

CONFIDENTIAL

CDS REPORT NO.50

Excellency,

I have the honour to submit the Weekly Report No.50 which is covering the following points:

1. Receipt of Instructions
2. Meetings with Dignitaries
3. Viet-Nam Affairs
4. News from Cambodia and Laos

1. Receipt of Instructions.

In the last pouch I have received Instructions Nos.78, 79, 80 and 81. Also enclosed are "Vital Speeches of the Day", THE KOREAN CORRESPONDENT No.82 and two excerpts from Japanese newspapers, one of which is concerning Kisi's trip and the other is relating to Japanese friendship with Communist Viet Minh. I will watch all these developments carefully.

The staff of this Legation and I are fully aware of the danger of Japan becoming strong enough that she will tie up with Russia, so we will seize every possible opportunity to expose it to the Vietnamese leaders as well as to the foreigners in Viet-Nam. In the period covered by this report I have talked to the Acting Defence Minister and the Vice-President of this country. I will illustrate it with more details in item 2 under the title "Meetings with Dignitaries".



As far as the exchanging of the lists of export items are concerned, this Legation has already done it. Both our Foreign Ministry and our Commerce Ministry have the list of export items of Viet-Nam, and we have also furnished the Viet-Nam Commerce Agency the list of our export items.

As far as the report of American Ambassador in Saigon is concerned, I must admit that we did touch the subject of "Malaya", "Thailand", "Burma" and "Ceylon" in our general conversation. I asked him what will be the reaction if the Republic of Korea expresses the intention of recognizing the independence of Malaya. Because he has been in that area very long, I thought I could get some valuable opinion on it. I told him that my asking had nothing to do with my Government's intention and that I had no instruction from my Government on this matter whatsoever, but that I would like to get more information about "Malaya" in case I might have to use such information. I was rather surprised by his answer. It seemed to him that Malaya's Government does not have a good understanding on Korea. I then told him that what I tried to do during my last trip to Malaya, was to get their better understanding. However, it will be still better if our good American friends give them more correct and just information on Korea. And I asked him whether he could not find out the reaction of Malaya probably through Mr. Wright (the American Consul General to Malaya). Apparently this caused his report to his Government on the matter. I admit to Your Excellency that I learned another lesson in the diplomatic life and I will bear the consequences of this misinterpretation.

2. Meetings with Dignitaries.

a. On Friday, July 26, I called on the Acting Defence Minister Mr. Tran-Trung-Dung. This is the man with whom I had acquainted since

the early days of 1955. I recall that he had represented his then Prime Minister Ngo-Dinh-Dinh and came to the hotel to talk with us (Mr. Young P. Lee and myself) on the then critical situation. Those days were the most crucial days for them, they were fighting the religious sect rebels.

I told him that according to my Military Attache's report, the recent manoeuvre conducted by the First Vietnamese Infantry Division was a successful one. I congratulated him on this. He humbly said that his Army is still young and would like to send his officers to Korea to learn. The 15 officers who just left for Korea are going to train on the job. He also disclosed that the Vietnamese Army is going to form Corps Headquarters, so he has a plan to send some higher ranking officers to Korea to study the functions of Corps Headquarters.

He asked me if I had some suggestions to make or advices to give to his young Army. My answer was that his Army is making very good progress under the assistance and advices from seasoned and well experienced American officers. If I may make a suggestion, it will be only one which is vital to speed up the progress, that is: "According to my Military Attache's report, there was a tendency of your officers that when they feel they cannot well conduct their troop-leading the way they learned recently from American officers, they just change it to the French way of handling the situation, because the Vietnamese officers have been accustomed to it for so long. It is obvious that this kind of tendency will certainly hinder much of the progress." I told him that when we started to train our own army ten years ago, we decided to adopt the American system from A to Z in order to avoid the quarrel between Japanese and Chinese and other systems, and after we had digested it, we then started to study how to fit our own conditions. He agreed with me and complained that this tendency could not be avoided precisely.



Then our talks turned to the news that U.S. Government is planning to finance Japan with the purpose of building up her Armory-factory and produce arms to supply the South East Asian Nations. I told him with firm attitude that this policy of the U.S. is an insult to the people of South East Asia. We all know that the products of Japan-made are cheap and also very inferior. We do not want to have inferior arms on our hands, because we are fighting for life and death. From the strategic point of view, it is not sound at all, because to put the whole Armory-factory in one nation is very vulnerable for atom attack, and in case of war we cannot depend on so long a distance for transportation. Furthermore, I feel this kind of U.S. policy will rebuild the Japanese imperialistic military power in Asia which will undoubtedly again threaten our existence as independent countries. Finally, I advised him that in order to maintain combat-readiness of his Army it is absolutely necessary to have his own Armory-factory on his own ground. It seemed to me that he had not thought of it so seriously. However, finally he had to agree with our opinion.

b. Meeting with Vice-President.

Monday morning, July 29, I called on the Vice-President and Minister of National Economy, Mr. Nguyen-Ngoc-Tho. Firstly, I congratulated him on the effort of economic development and the settlement of the Chinese problem. I told him that it seemed to me the economic stabilization is gradually on the track, the people look happier than before.

Then I asked his opinion on the Japanese Prime Minister Kishi's Southeast Asia Development plan. He said since the reparation problem has not yet been solved, this country will not have any connection with this plan. I then asked how is the prospect on this Japanese reparation. His answer was that there is no prospect to solve



it in the near future. The gap between "his ask" and the "Japanese want to give" is still too far apart. He did not mention it, but as I have already reported "Vietnamese ask" is 200 millions and "Japanese want to give" is 20 millions. When he asked me if I could give him more information on the "Japanese reparation", I told him what I heard is that the Japanese may promise you to raise the "20 millions" to a maximum "50 million" and the Japanese plan is to pay you most part of the reparation with the so-called "Technic assistance" and a little bit of equipment and machines. Under the guise of "technical assistance" the Japanese Government will send out many jobless Japanese to this country to look for jobs.

He said: "No, what we want is firstly, cash, secondly, equipment and machines, the technical assistance will come in third place. We want our people to learn the technic as quickly as possible, we want our people to have the jobs." Through his so strong expression, I can imagine that his policy toward "Japanese reparation" may be as firm as he did toward the "Chinese problem". And I hope that the present policy of "Economic Independence" will not be shattered by pressure from certain big power or powers.

He told me that the former Minister to Korea, General Duong-Van-Duc brought back very very good impressions from our country and told me that his suggestion on dispatching the "Trade Mission" was approved by the President in principle; however, the Vice-President felt that there are very few officials available to be dispatched. There are only few "economic trained men", but they are all involved with important tasks at this moment, so they are not likely to dispatch such a Mission in the very near future.

3. Viet-Nam Affairs.

a. Free Viet-Nam replies to Red's proposal.

July 20th marked the 3rd anniversary of the Geneva Agreements signed by the Viet-Minh and French military authorities in 1954. The Red Viet-Minh's Premier Pham-Van-Dong made a proposal to the Republic of Viet-Nam on the problem of unification. Undoubtedly, this is part of the world communist "peace offensive", and is the same tactics that Red China used a few months ago and also similar to the one the Puppet Communist Regime made just recently to us.

As we did with the Puppet, the Vietnamese Government answered it very firmly. Many of the Vietnamese language newspapers made very strong protests on the unpatriotic acts the Communist Viet-Minh did in the past and still doing now.

In the last report I inserted to the newsclipping only the "About the communique of the Government of the Republic on the reunification of Viet-Nam". This time I am attaching the full text of the "Translation of the communique of the Government of the Republic of Viet-Nam (July 26, 1957)" and also "Saigon Press Reviews on this question". The text of Red Viet-Minh's letter to the President of Viet-Nam was never published by Vietnamese authorities, nevertheless, I tried to get it from another source and attach it to the newsclipping.

b. Yearly production of coal mines to reach 40,000 tons in 1958 and 120,000 tons the following years.

There is a news item which says:

"The exploitation of the Nong-Son coal mines is now making headway under satisfactory conditions. As well known, these mines are presently located on a 15 hectares area. To make the exploitation easier, 5,000 meters of road, 11 foot-bridges and 14 warehouses and lodgings were constructed. The coal production reaches 1,200 tons per month.



It is hoped that with the exploitation operations now nearing completion, the yearly production will be raised to 40,000 metric tons in 1958 and 120,000 tons the following years. This will meet the requirements in coal of the Cho-Quan power plant and the Vietnamese railway service."

c. Vietnamese Petroleum Company founded.

It was announced on July 30, that the first Vietnamese company handling petroleum products was recently founded. The main objective of it is to import petroleum products and to set up a petroleum refinery.

d. Vietnamese Scouts will attend World Scout Movement Conference in London.

The Vietnamese Scout Association, which is official member of the World Scout Movement, has decided to send a 4-member delegation to the World Scout Movement Conference to be held in London on August 14, 1957.

After the Conference, the members of the Vietnamese panel will join the international training camp. This Conference is held every 4 years in a member country.

e. Vietnamese Charge d'Affaires ad interim to Korea is due to leave for his post in a few days. He will call on this Legation tomorrow. His name is Nguyen Quy Anh, rank First Secretary. He has served in Washington several years. The Vietnamese Government finds it hard to get a high ranking man who speaks English, so the choice for the Minister to our country is still under consideration.

4. News from Cambodia and Laos.

a. Cambodia.

On July 26, there was a news item from Phnom Penh, capital of Cambodia, which said:

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"The month old Cabinet crisis of the Kingdom of Cambodia had a happy ending when Mr. Sim Var, a very influential Cambodian official, agreed to run the Government affairs, as a delegate of the Royal Family, and to turn over the rein of the Government to Prince Sihanouk, when the latter recovers his health. The Prince is now in a religious retreat in a Buddhist monastery in Siem Reap, near Angkor.

The new Government, temporarily headed by Mr. Sim Var, was inaugurated last Friday, July 26. Its emergence in the Cambodian political picture is understood to be the result of the July 22 mass demonstration before the Royal Palace, requesting the Prince to resume the leadership of the Government."

b. Laos.

The Cabinet crisis of Laos plunged into its ninth week, saw a slim outlook when former Prime Minister Prince Souvanna Phouma officially agreed to step up efforts to form a new Government on July 25.

The Premier designate Souvanna Phouma is planning to present his Cabinet to the National Assembly early next week, in an attempt to end the two months old Cabinet crisis of Laos following the mass resignation of his Cabinet over the controversial and explosive issue of negotiations with the Communist-inspired Pathet Lao.

Since the Government program must be agreed by the opposition groups which include among others, those of twice defeated Premier designate anti-Communist leader Katay Don Sasorith and of Mr. Bong Souvanna Vong, there is a slim chance to prospect whatsoever.



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In closing I would like to report to Your Excellency that I have dispatched a letter to Senator Knowland (California) copy of which is attached herewith.

With sentiments of deepest loyalty and highest esteem,

Respectfully,

Choi Duk Shin
Choi Duk Shin,
Minister to Viet-Nam

His Excellency,
President of Republic of Korea.

Attachments : I. Copy of letter to Senator Knowland
 2. Newsclipping