



30 August 1956

CONFIDENTIAL.

CDS REPORT NO. 016

Excellency,

I have the honour to submit my Weekly Report No. 016 covering the following points:

1. Receipt of Instruction
2. Vietnam Affairs
3. Vietnam-China Relationship
4. Vietnamese call for 'Economic Independence'
5. Social Activities

1. Receipt of Instruction

The Vietnamese Junior Chamber of Commerce extended an invitation to me to attend their monthly Agape dinner and to preside over the ceremony of the presentation of a gift of ten tons of rice for Jaycee-Korea for distribution to the flood victims. Upon receiving the offer of ten (10) tons of rice for Jaycee-Korea by the Vietnamese Junior Chamber of Commerce, I cabled:

"KORPITAL FORMIN, Seoul, Korea.

"Vietnam Jaycee's offering ten tons rice in favour of Korean flood victims PD Please urgently instruct if we may accept.

KOLISA NUMBER NINE."

The reply from Seoul read:

"Reyoucable Nine accept Vietnam Jaycees donation ten tons rice with thanks. FORMIN."

Upon receipt of cabled instruction, accompanied by a representative of the Korean residents in Vietnam, I attended the monthly

229
Saigon



-2-

Agape dinner given by Vietnam-Jaycee on Friday, August 24. Mr. Dong Ken Lee, the Vice-Chairman of the Korean Residents Association in Vietnam, accepted this donation of rice as the representative of Jaycee-Korea. I expressed my gratitude by saying: the ten tons of rice means not only the weight of rice, but ten tons of generous heart of the free people of Vietnam". I attach for Your Excellency's information news dispatch.

We will endeavour to deliver the ten tons of rice as soon as transportation becomes available.

2. Vietnam Affairs.

- a. A Vietnamese Mission studies provincial and local administrative organizations in Japan and the Philippines.

On 21 August a Vietnam press dispatch read:

"A Vietnamese delegation headed by Mr. Tran-Ngoc-Lien, including ten persons and accompanied moreover by six representatives of the U.S. Michigan State University, will go to Tokyo and from there it will leave on September 5 for Manila.

"Within the scope of a project of administrative reorganization of Vietnam at provincial and local echelon, the group will study, in Japan and Philippines, the inter-ministerial relations on the problems concerning: provincial and local administrative organization; budgetary problems and problems of personnel. It will also examine the administration and management of the municipalities of Tokyo and Manila and one or two typical cities of Japan and the Philippines".



-3-

This is not the first such mission which has been sponsored by the United States Operation Mission (USOM). There have already been such missions before. I very much regret to say that they always seem to have by-passed Korea and Free-China.

I understand that some Vietnamese and American good friends of Korea have complained that the "planners" do not seem to include Korea and Formosa in their "plans" in spite of the fact that Korea has so many similarities with this country. However, they could not do anything about this situation, because it seems this is the policy set up by an authority higher than USOM here in Saigon. I cannot imagine the reason except that Korea and Free-China are "stubborn" anti-Communist nations and it seems also some persons in higher positions do not want the anti-Communist spirit of Koreans and Free Chinese to affect the Vietnamese people. It would seem that they want them to learn from 'Japan' more than from other countries.

This mission will remain in Japan more than twelve days, but only five or six days in the Philippines.

b. Japanese Ambassador's return.

The Japanese Ambassador returned to Saigon after his month-long stay in Japan for instructions about the "war reparation" and it is reported that since his return he has called on the Foreign Minister and Economic Minister. No disclosure has been made as to the context of the conversations.

The Japanese Government has already made a "gesture" toward Free Vietnam by announcing that Japan will not negotiate on war reparations with Communist North Vietnam. The Japanese apparently think this will be a good start of "negotiations"!



-4-

c. Promotion of General Duong Van Duc, Vietnamese Minister to Korea.

I am reporting to Your Excellency with pleasure that General Duong Van Duc, the Vietnam Minister to the Republic of Korea, has been promoted from a Two-Star General of active at temporary title to a Two-Star General of active at permanent title beginning from the date of August 25, 1956.

At the present time, the Vietnam Armed Forces have only one Three-Star General, and about ten (10) Two-Star Generals. A General's rank starts from a Two-Star.

3. Relationship between Free-Vietnam and Free-China.

In my report No. 011, dated July 26, I mentioned very briefly the position of the Chinese in Vietnam.

During the past weeks the relationship seems to be coming rather more delicate. The Chinese people here in Vietnam are, naturally, hoping to have very cordial diplomatic relationships with Vietnam. They are anxiously awaiting a real diplomatic exchange of representatives. There is a Chinese Legation in Saigon, which was promoted from the former Chinese Consulate to a Charge d'Affaires in charge of this Legation and there is no diplomatic representative in Taipei from Vietnam.

Recently the people here welcomed a news item saying that the Republic of Nationalist China had already acquainted the Secretary of State for Foreign Affairs of Vietnam with the name of its first and future diplomatic representative to Vietnam. According to this paper, Mr. Vu Van Mau, Foreign Minister, after a study of the received documents, will submit them to the President of the Republic for a decision.

-5-

In spite of this hopeful news for the Chinese people here, there have occurred two very important events in the past week: one, through Presidential Ordinance No. 47, the Vietnamese Government has put under Vietnamese citizenship all the Chinese people born in Vietnam. Two, [the Government of Vietnam has dispatched a naval force to the Nan-Sa Islands Group (南沙群島) and announced that this naval force has placed the Vietnamese National Flag on one of these Islands.

We will recall that Free-China and the Philippines disputed very hotly over these Islands. Also, we will recall that the Vietnamese Government and Red China were also involved in claiming legal right to the Islands. However, it is only recently that the Vietnamese Government has ever made so strong a claim using force, even though it is small in size.

Both of these above mentioned actions by the Vietnamese Government have surprised and shocked the Chinese people and their diplomatic representative here.

For the first action, "Vietnamese citizenship of Chinese born in Vietnam", the Chinese here are very much concerned. The Chinese Charge d'Affaires in Saigon has asked for instructions from his Government in Taipei more than three times in the past week. Apparently, the Overseas Chinese are pressing him to do something for them. No action has been taken by Taipei so far concerning the "Vietnamese Citizenship of Chinese born in Vietnam". The Chinese newspapers published this news with great prominence, but until now could not express any opinion on it. However, one of the Vietnamese newspapers said under the title "Chinese in Vietnam" the following:



-6-

"The Chinese constitute the majority of foreigners living in Vietnam. They are in a very special situation. Living just like the Vietnamese, they participate in all branches of activity. They have even created others of which we are entirely strangers. All the wealths of the country are partly exploited by the Chinese.

"There is no reason that the latter are not bound to assume some duties toward Vietnam. It is necessary to understand that if the Chinese can live in peace in Vietnam, it is thanks to the Vietnamese Order and law whose re-establishment we have shed so much blood.

"It is in this spirit, it seems, that in Ordinance No. 47 which he has just signed, the President of the Republic has put under Vietnamese citizenship all the Chinese children born in Vietnam, even if their mother was of Chinese nationality.

"This Ordinance is very judicious, but it is to be hoped that all the Chinese friends living in Vietnam for ten years will be also considered as Vietnamese citizens. Living in our country and enjoying the same prerogatives like ourselves, it is logical that they have some duties to be fulfilled towards Vietnam as her own citizens."

As the friend of both the Vietnamese and the Chinese, and considering both are strong anti-Communist nations, we hope that a good and reasonable settlement will be worked out to avoid the possibility of giving the Communists further opportunity for infiltrations and subversive activities within the Overseas Chinese community.



4. Vietnamese call for 'Economic Independence'

I am writing this item with great pleasure, because the Vietnamese are aware of the danger of economic enslavement and are calling for 'economic independence'. A Vietnamese paper called "Cah-Mang-Quoc-Gia" says in one of her editorials:

"Without the economic independence, the political independence is nothing but a catch. Inversely, when our political sovereignty falls in the hands of foreigners, we want it or not, we will not have a single chance to safeguard our interests, facing the capitalist colonialist effective control.

"The revolutionary work of people's liberation is now a reality on the internal as well as external plans, Vietnam is a totally independent state. Foreigners can no longer lean on any power to corner all the sources of profit of the country as in the past.

"But so far, nothing particular has been noticed in the economic domain. One has simply witnessed the creation of a few commercial companies and a few small enterprises. Its really too little comparing the gigantic progress made in other domains.

"How can one explain this state of things? It is natural that we cannot put the blame on whatsoever lack of initiative, of spirit, of cooperation, working with old-fashioned methods, the Vietnamese employers must assume a part of responsibility concerning the poor situations of our present economy."

-8-

Still another editorial of the same paper under the tital "Renovation of Economy" reads:

"One of the objectives of the economic plan of the Government is the renovation of the economy in view of the heightening of the people's living conditions, especially of the class of workers and peasant circles.

"Where is the present situation of our economy? Our imports attain important figures while our exports are nearly nil. This situation is comparable to that of a family whose budget could not be maintained in balance due to the fact that its expenditures are not compensated by any income. And if, despite this situation, our economy does not collapse, it is because we benefit by the economic aid of the friendly countries, especially of the United States.

"But as we want to attain economic independence we must try by every means to get along without this aid."

All the nations receiving aid seem to have the same complaints. I again say that without a change in the present U.S. policy toward under-developed nations that the menaces of world-Communists can never be checked. We notice that Cambodia and Laos have fallen to the camp of "Neutrals" and have become pre-Communist nations. We do know that the United States has large diplomatic missions in these two countries and have given and are still giving them lots of aid, but still the United States has not been able to prevent them from going to the 'Red' camp. There must be something wrong in this policy. As an alarming example of what is happening in Cambodia I quote a portion of a recent statement made by Cambodian Prince Norodom Sihanouk as follows:

276



-9-

"Speaking of the economic and technical aid he obtained from China, Poland, Russia and Czechoslovakia, Sihanouk recalled that "Poland has given us a magnificent surgical room It is only in this way that Cambodia may progress, he said, "In fact, our country has for a certain time received aid from France and the United States. But in spite of the importance of such aid, it has not up to now brought any change in the life of the Cambodian masses."

Because of the importance of the above quotations, I attach the full text of the news item into a newsclipping as it appeared in "The Times of Vietnam" on August 25, 1956, page 4.

5. Social Activities.

a. On August 25th, Saturday, I was invited by the Chinese anti-Communist Association to attend the first anniversary of the campaign of Denunciation of Communist subversive activities. The ceremony was placed under the Chairmanship of the Secretary of State for Information and Youth and the Charge d'Affaires of the Republic of China in Vietnam.

b. On Tuesday, August 28th, I attended a dinner given by General Le Van Ty in honour of General O'Daniel. I was seated at the table of honour along with Ambassador Reinhardt and General Williams. It was as the newspapers said "a brilliant dinner".

During the dessert course General Le Van Ty got up and wished General O'Daniel welcome. He then evoked the achievements of General O'Daniel in his great work of reorganizing the Vietnamese Army.



-10-

In his reply, General O'Daniel expressed his emotion to be again in Vietnam and addressed his congratulations to the Vietnamese Armed Forces. He went on to say "The Vietnamese Armed Forces are the right hand of President Ngo Dinh Diem in the work of unification and pacification of the country". He continued "I am proud of having contributed, in the measure of modest capacity, to the reorganization of your army. During these ten days I have visited many provinces and everywhere I have noticed and admired the courage of your people. I have said in Dalat, and I repeat it again today: the United States only aids rich people, rich in courage and determination."

When speaking to General O'Daniel after the dinner I praised him for his words "rich people, rich in courage and determination".

I might mention for the information of Your Excellency that myself and my Military Aide were the only foreigners at the dinner outside of Americans. There were about thirty Vietnamese and ten American high-ranking officers present.

c. Last evening I attended a dinner given by U.S. Ambassador and Mrs. Reinhardt in honor of General O'Daniel. It was a small dinner and in this way gave each guest more of an opportunity to have long talks with the General.

General O'Daniel had just returned from travelling around the Northern part of this country and I believe he has now almost completed his tour of Vietnam. He told me that he is greatly impressed and amazed at the accomplishments of these people in less than a year - that they have made considerable progress. He told me that the Vietnamese Army has really become a fighting army. When he left last year it was just in the process of being 228



-11-

reorganized and he strongly feels that if the enemy started to come down that the Vietnamese Army could hold them back for at least three or four months, which would give them time to ask for assistance from SEATO or other friendly countries. He is in agreement with my statement which I reported to you some time back: that the danger is not in Vietnam itself, but in the surrounding countries.

His tour of Vietnam has really been a survey one. He has gone into the countryside and visited the villages. Has talked with the farmers and the refugees in the resettlement areas. He has found a great renovation amongst these people. He found that these people are working with a new freedom of spirit, which a year ago was certainly not in evidence.

We then joined in a general discussion with Ambassador Reinhardt when the resettlement of the abandoned ricelands of Caisan was discussed. Ambassador Reinhardt emphasized that the time has come when the refugees are now becoming self-sufficient and no longer want to be called 'refugees' and so that the aim of the U.S. is to encourage their wishes and to do all they can to permit these people to again have their status of farmers or workers on their own land. The plan is to divide the whole area of Caisan into sections A, B, C, D, etc. for example, and when all within their particular section feel that they can take care of themselves without assistance from the Government, then they shall so state that they are able to take care of themselves and thereby they will no longer be thought of as refugees.



-12-

With sentiments of deepest loyalty and highest esteem.

Respectfully,

Choi Duk Shin

Choi, Duk Shin
Minister of Korea to Vietnam

His Excellency

President of the Republic of Korea

- Attachments:
1. News Clippings.
 2. Weekly Newspaper "The Times of Vietnam" issue August 25, 1956.