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IN

13 September 1963

MEMORANDUM

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Summary of Cable from Sheldon:

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1. Brent, Director of USOM, concurs with Sheldon's recently expressed views as do most of the military. Rufus Phillips dissents and Brent's staff dissents.
2. Brent feels we must stop, look and listen before exercising sanctions by cutting off aid as such action would adversely affect South Viet Nam's closely balanced economy.
3. General Timmes, Chief, MAAG, expressed firm opinion from ARVN division level down that there is no discernible lessening of troop discipline, morale or will to prosecute the war effort. The senior officers have been paying attention recently to political rather than military matters.
4. Ambassador and Truehart convinced war cannot be won with regime, timing running out, cutting off aid would provoke unpredictable and uncontrollable situation; Ambassador considering initiating coup through General Don with MACV. The Ambassador has the authority to undertake this. Ambassador feels that if such a plan were frustrated by Diem/Nhu and therefore failed, U. S. would be faced with invitation out of SVN.
5. The original abortive attempt to stimulate a coup was based on hope rather than reality with the SVN generals. This attempt revealed to Nhu, leaving U. S. in a weak position. Nhu has further consolidated his position but lacks organization and direct command on part of SVN generals, except for General Dinh who supports Nhu and whose Headquarters are penetrated by Nhu's agents.
6. In summary the U. S. now lacks a means to stage another coup attempt under circumstances of control which will guarantee success.

PO-27 VISTS

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7. Proponents of complete cessation of aid feel this would provide necessary and sufficient catalyst for early overthrow of government but belief is that Nhu has built into the military establishment effective checks and balances to impede generals from taking action.

8. Lack of realistic opportunity for coup narrows chances to exert pressure for reforms on regime. Selective aid cuts considered extremely complex and must be approached carefully because of effect on economy, currency, etc. Reduction in military aid would directly affect SVN's ability to pursue struggle against VC. Cut in Colonel Tung's Special Forces would probably have no effect on portion of his operation which is active in the political arena. Certain aid frills could be cut but they would have little immediate effect on the regime and would merely be a nuisance.

9. We must note we have been conspicuously unsuccessful in long series of attempts to get Diem to liberalize his regime. Diem in the past has been immovable, extremely stubborn and absolutely closed to outside influences and considers concessions a sign of weakness. There is little hope that Diem will agree to the withdrawal of Nhu from the scene as he considers Nhu indispensable as driving force behind strategic hamlet program and as political manipulator.

10. Following a business-as-usual course in the interest of biding our time until successful alternative appears, we run the risk of having the Diem regime solidify its position and thereby further limit our courses of action.

JOHN A. McCONE