



Department of State

TELEGRAM

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SUMMARY

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62-S
ACTION EA-13

INFO OCT-01 SS-14 NSC-10 NSCE-00 PM-03 L-02 INR-05 CIAE-00
NSAE-00 DODE-00 PRS-01 T-01 RSR-01 RSC-01 /052 W

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ANDERSON _____
HOLDRIQUE _____
JORDEN _____
LEHMAN _____
LEVINE _____
MCGOPHON _____
O'DEER _____
RATLIFF _____
ROBSON _____
SAUNDERS _____
TORNENTELLI _____
WALSH _____

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FM AMEMBASSY SAIGON
TO SECSTATE WASHDC 0756
INFO CINCPAC



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LIMDIS

1. IN THE COURSE OF A CALL ON VICE PRESIDENT HUONG WITH WHITEHOUSE YESTERDAY, I HAD THE OPPORTUNITY TO DISCUSS HIS ANTI-CORRUPTION EFFORTS AT CONSIDERABLE LENGTH.
2. THE VICE PRESIDENT STATED THAT HE CONTINUED TO BELIEVE THAT THE PROBLEM OF CORRUPTION WAS THE MAJOR FLAW IN SOUTH VIETNAM TODAY. IN THE COURSE OF A RECENT CONVERSATION WITH PRESIDENT THIEU, THE VICE PRESIDENT SAID THAT HE HAD POINTED OUT THAT THE REASON CHINA HAD FALLEN TO THE COMMUNISTS WAS THE RAMPANT CORRUPTION WHICH CHARACTERIZED THE CHIANG KAI-SHEK REGIME. HE BELIEVES THAT UNLESS DRAMATIC AND URGENT MEASURES ARE PUT INTO EFFECT IN SOUTH VIETNAM, IT MIGHT WELL SUFFER THE SAME FATE.
3. THE VICE PRESIDENT WAS OBVIOUSLY PLEASED WITH THE INVESTIGATION WHICH HAS BEEN CONDUCTED ON THE SMASF (SERVICEMEN'S MUTUAL AID AND SAVINGS FUND) SCANDAL. IN REPLY TO A QUESTION WITH REGARD TO THE ACTIONS WHICH WOULD BE TAKEN AGAINST THE GUILTY OFFICERS, THE VICE PRESIDENT STATED THAT HE WAS SUBMITTING A 50-PAGE ANALYSIS TO PRESIDENT THIEU IN THE NEXT FEW DAYS WHICH RECOMMENDED THE LEGAL AND DISCIPLINARY ACTIONS WHICH SHOULD BE TAKEN AGAINST THE PERSONS INVOLVED IN THE SMASF SCANDAL.
4. THE VICE PRESIDENT REPEATEDLY STRESSED THE DIFFICULTY OF THE TASK WITH WHICH HE HAS BEEN CHARGED, ALTHOUGH HE GETS

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DECLASSIFIED
E.O. 12958, Sec. 3.5
State Dept. Guidelines
By *Witwa*, NARA, Date *12/28/99*



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SOME FINANCIAL SUPPORT FROM PRESIDENT THIEU'S SECRET FUNDS, HE IS GREATLY HANDICAPPED BY LACK OF STAFF AND LACK OF FUNDS. HE POINTED OUT THAT IT WAS HARD TO FIND INCORRUPTIBLE AND BOLD OFFICERS TO WORK IN THIS FIELD AND THAT THE CORRUPTIBILITY OF MAGISTRATES MADE IT VERY DIFFICULT TO GET CONVICTIONS.

5. I DREW THE VICE PRESIDENT'S ATTENTION TO THE FACT THAT AMERICAN SUPPORT OF THE "CORRUPT THIEU REGIME" WOULD BE A CAMPAIGN ISSUE AND THAT IT WOULD BE IN THE INTEREST OF THE GVN TO TAKE VIGOROUS MEASURES AGAINST CORRUPTION PROMPTLY. I ALSO EXPRESSED THE OPINION THAT AS THE INTENSITY OF THE ENEMY OFFENSIVE DIMINISHED IT WOULD BE DESIRABLE FOR THE GVN TO KICK OFF AN AGGRESSIVE CAMPAIGN IN THIS FIELD. THE VICE PRESIDENT AGREED THAT AN INTENSIVE CAMPAIGN WAS DESIRABLE BUT POINTED OUT THAT AT THE PRESENT TIME PRESIDENT THIEU HAD TO MAKE USE OF COMPETENT AND BRAVE OFFICERS EVEN IF THEY WERE NOT ENTIRELY CLEAN. WHEN THE MILITARY SITUATION PERMITTED IT, SUCH OFFICERS SHOULD BE RELIEVED. IN THIS CONTEXT THE VICE PRESIDENT STATED THAT IT WAS IN PART THANKS TO HIS EFFORTS THAT GENERALS LAM AND DZU HAD BEEN REPLACED. HE ALSO DREW ATTENTION TO THE RECENT REMOVAL OF THE VINH LONG PROVINCE CHIEF ON CHARGES OF CORRUPTION.

6. THE VICE PRESIDENT APPEARED TO BE IN GOOD HEALTH, BUT IT SEEMS TO ME UNLIKELY THAT HE WILL BE ABLE TO DO MUCH MORE IN THIS FIELD THAN HE HAS IN THE PAST, GIVEN HIS LACK OF STAFF AND FUNDS UNLESS THESE CONDITIONS ARE REMEDIED. THIS CAN ONLY COME ABOUT THROUGH VIGOROUS BACKING AND SUPPORT FROM PRESIDENT THIEU.

7. I HAD AN OPPORTUNITY TO BRING UP THE MATTER WITH THIEU ONCE AGAIN IN MEETING WITH HIM TODAY AND TO IMPRESS HIM WITH NEED TO PROVIDE ADEQUATE SUPPORT TO THE VICE PRESIDENT. I SAID THAT IT WAS OBVIOUS THAT DEFEAT OF THE ENEMY HAD TOP PRIORITY AND THAT IT WAS IMPERATIVE FOR HIM TO MAKE USE OF COMPETENT AND COURAGEOUS OFFICERS EVEN THOUGH SOME OF THEM MIGHT BE KNOWN TO BE CORRUPT - FOR EXAMPLE THE APPOINTMENT OF GENERAL TOAN AS COMMANDER IN II CORPS AND COLONEL THO, PROVINCE CHIEF OF BINH DINH, IN REPLACEMENT OF COLONEL CHUC, WHO HAD BEEN RESPECTED BY THE SOLDIERS AND ADMIRER BY THE HONEST CITIZENS OF THE PROVINCE. THERE WAS NO QUESTION THAT GENERAL TOAN AND COLONEL THO WERE ABLE,

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AGGRESSIVE, AND EFFECTIVE COMMANDERS AND THEIR ABILITIES HAD TO BE USED. HOWEVER, WHEN THE MILITARY SITUATION PERMITTED IT, OFFICERS KNOWN FOR CORRUPTION SHOULD BE RELIEVED. IT IS EVIDENT THAT THOSE COMMANDERS WHO ARE NOT ONLY COMPETENT AND EFFECTIVE, BUT ALSO KNOWN FOR THEIR INTEGRITY AND HONESTY COMMAND THE GREATEST LOYALTY AND RESPECT ON THE PART OF THEIR FORCES AND HENCE ARE THE MOST EFFECTIVE - MEN LIKE GENERAL TRUONG - AND THERE ARE MANY SUCH IN THE VIETNAMESE ARMED FORCES. BUT IT IS NOT ONLY IN THE MILITARY, BUT ELSEWHERE THAT THE PROBLEM OF CORRUPTION NEEDS TO BE ATTACKED IN AN ENERGETIC AND FORTHRIGHT MANNER. WITH A POLITICAL CONTEST IN THE OFFING, IT IS IMPERATIVE THAT THIS SHOULD BE DONE WITHOUT DELAY.

8. THIEU AGREED THAT THE PROBLEM WAS IMPORTANT AND THAT HE INTENDED TO CONTINUE TO SUPPORT THE VICE PRESIDENT'S ACTIONS. ONCE THE MILITARY SITUATION WAS IN HAND, THE PROBLEM OF CORRUPTION WOULD BE TACKLED MORE BROADLY.
BUNKER



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