

#0156

~~SECRET~~/SENSITIVE 131006 APRIL 1975

EYES ONLY VIA MARTIN CHANNEL

SAIGON 0699 IMMEDIATE

DELIVER IMMEDIATELY

APRIL 13, 1975

TO: GENERAL BRENT SCOWCROFT

FROM: AMBASSADOR GRAHAM MARTIN *GM*



Messages referred to in Saigon's 0698 this channel

follow:



MARTIN

Determined to be an administrative marking
Cancelled per E.O. 12356, Sec. 1.3 and
Archivist's memo of March 16, 1983

By ICB4 NARS date 1/7/92

AMB:G Martin:jj
April 13, 1975

~~SECRET~~

DEPARTMENT OF STATE TELEGRAM

INDICATE
 COLLECT
 CHARGE TO

FROM
 AMEMBASSY SAIGON

CLASSIFICATION
~~CONFIDENTIAL~~

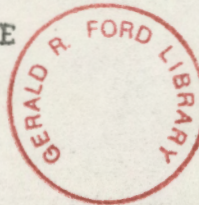
E.O. 11652:
 TAGS:
 SUBJECT:

GDS
 EAID VS
 SUPPLEMENTAL ECONOMIC AID FOR VIETNAM

ACTION:

SECSTATE WASHDC ~~NNNNNN~~ IMMEDIATE

~~CONFIDENTIAL~~ SAIGON 4884



~~XXXXXXXX~~

PASS TO NSC FOR BUTLER, TREASURY FOR BUSHNELL, OMB FOR SANDERS

REFS: A) STATE 084077; B) SAIGON 4865

FOR MILLER, GARDINER AND BIRNBAUM FROM ELLERMAN

1. As you gird your loins to present the supplemental, we want to pass on our thoughts here on the economic side of the President's request. Ref B was our initial response to Ref A and it concentrated on the more specific questions. This message addresses the broader context in a less disjointed manner than was possible in the time we had yesterday. It considers whether the supplemental which the President requested for economic and humanitarian aid should be presented ^{as} an entirely humanitarian package because

DRAFTED BY:
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DRAFTING DATE
 4/13/75

TEL. EXT.
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CONTENTS AND CLASSIFICATION APPROVED BY:
 The Ambassador

CLEARANCES:

DECLASSIFIED
 E.O. 12356, Sec. 3.4.

MR 94-30, #26 State (tr. 6/1/94)

By KBH NARA, Date 6/8/94

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1) development investment is not possible under present circumstances, and 2) the humanitarian label will ensure passage of the request.

2. Those of us who work on an economic side, including development and humanitarian activities, are often accused of ignoring political and military realities. Yet embedded within Ref A lies a clear but implicit conclusion that the GVN for all practical purposes is now finished. It is not difficult to understand how such a conclusion would be reached by ~~just~~ listening to the broadcasts and reading the newspaper dispatches. The objective observations on the ground in Saigon on both the political and military fronts justify at the very least the Scotch verdict - not proven.

3. Whatever the shock of the decision to withdraw from MRs 1 and 2 and the chaotic conditions that developed in the implementation of that decision, the resiliency of the Vietnamese is beginning to emerge. More than 50,000 troops were evacuated or have now made their way out of MR 1 and MR 2 and are being re-formed. Forty miles away at Xuan Loc, one division of the ARVN, with supporting units, is not only holding but inflicting enormous damage on elements of three NVA divisions. Given the fact that two of these NVA divisions are green and have a large

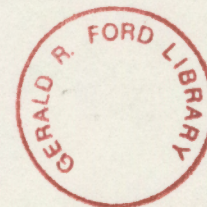
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preponderance of young teenagers the accomplishment of the ARVN as of this morning is nonetheless remarkable. ;It at least should completely dispell the canard circulated all over Washington that the Vietnamese have "no will to fight".

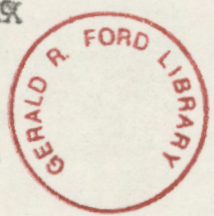
4. On the political front, we cannot exclude continuing difficulties, including the possibility of the departure of President Thieu. Whatever the result, we detect no inclination on the part of any significant political faction to surrender. Even if the present regime or a successor attempts negotiations with Hanoi, we cannot assume that Hanoi will not decide to settle for a good deal less than complete military conquest. In that case, you still have a functioning government of the Republic of Viet-Nam which will still need not only humanitarian aid but enough economic aid to provide an infrastructure which will provide an opportunity for its citizens, including the new refugees, to become rapidly self-sustaining.

5. Now the President's message to the Congress clearly envisioned both an economic component and a humanitarian component in the \$250 millions that he recommended. It, therefore, seems to us that for the Executive to propose to Congress a program which in effect negates the President's clear intention is not only unwise, but really indefensible.



6. We have no doubt that "Congress will be most receptive to humanitarian programs" and that "the unanimous conviction here is that, given the current circumstance of uncertainty, development investment activity is not in the cards." We also do not dispute the validity of the statement "that Congress will not be interested in funding that kind of a program. The overwhelming political focus here is on the ^{humanitarian} ~~economic~~ concern." That is precisely why the nature of the program and the tone of the testimony which presents it to the Congress is of such vital importance.

~~You can go along with the "conventional wisdom." You have the~~
~~experience of at least trying to turn the positive things around.~~



7. We can help considerably by not acting as if we considered the future predetermined. At no time has it been so true that the future will be influenced by how we define it. If we believe that certain outcomes are both possible and ^{preferable,} ~~preferable,~~ then we should bend all efforts to define these possibilities clearly. Only then are we acting in a way that is conducive to their realization.

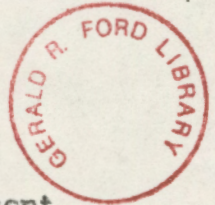
8. We have all become aware of the facile categories that substitute for thought in some quarters and according to which aid to Viet-Nam is not humanitarian. This way of thinking is a gross misrepresentation of reality which simply must no longer stand

unchallenged.

9. It has been ^{argued} ~~argued~~ for several years now that development is not possible in Viet-Nam because of the security situation; and yet, we have witnessed steady increases in agricultural output for two years running despite no peace. This growth was created by widespread, but small-scale and diffused private investment that was permitted by our aid program and encouraged by the price inducements appearing over the past two years. It is true now that private investment cannot be expected to play an important role while the present political and military uncertainties exist; however, expectations can change quickly as they have in the past. Nevertheless, there has always been a need for more public investment than has been possible with existing aid levels. That need still exists and it is made more imperative now by the requirement to resettle refugees in the Delta. Furthermore, the definition of the future that is implicit in such an undertaking will contribute to the formation of those expectations that will again bring private investment to the fore. Therefore, we see every reason to proceed quickly with these development activities. It can be stated that the security situation in the Delta does permit resettlement and investment activity. It always has.



10. If we embrace the view put forward by some that it would be legislatively expedient to propose a wholly humanitarian package whatever the content, then we deserve what we get for good policy never results from the ^{purposeful} ~~purposeful~~ obfuscation of objectives and definitions. The supplemental is part and parcel of the continuing development effort embodied in the FY75 and FY76 requests and in the three-year phase-down proposal. The supplemental is needed, not because suddenly there is a possibility for humanitarian aid, but because the cost of refugee relocation, relief and resettlement represents an additional burden upon the economy that could be met otherwise only by reducing defense, consumption or investment. It is our judgment that none of these aggregates can be diminished without damage to the longer-run economic prospects which, we repeat, while changed are not fundamentally different than before. As such, it not only does not make sense but it is intellectually dishonest to define the supplemental as humanitarian, as if the underlying FY75 program and the proposed FY76 program are not equally humanitarian.



b. In summary, even if, as Ref A implies, this is the last program we may possibly submit to Congress, we should be faithful to the underlying realities. In so doing, we ensure that the President's

program does not participate in the hypocrisy that pretends feeding, clothing and providing medical care for refugees, widows and orphans is humanitarian, but helping to create an economic environment that would make them self-sustaining as quickly as possible is not. We are not saying that the former should be done, only that it is not enough. If South Viet-Nam is not going to make it, we will know it very soon. Until we do, we should not foreclose possibilities that are still open to us.



MARTIN