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Enclosure 1
Despatch 264
From Saigon

Memorandum Handed to President Diem by Ambassador Durbrow on December 23, 1960

I have reported to the Department of State your serious concern and that of other high-ranking Vietnamese officials about the critical articles about Viet-Nam which have appeared in American as well as other foreign papers. I have also reported on the progress being made in working out new policies, and organizational and liberalization changes in the governmental and military structure which you and other officials have informed us you are planning to implement in the near future.

As you know, my Government has taken certain steps to assist you in strengthening the GVN against the Communist attacks being made against it. The new AD-6 planes whose delivery was speeded up I understand are proving effective and helpful, and you are aware of the large quantity of electronic communications equipment MAAG and USOM secured on an expedited basis. Lastly, I have instructed Mr. Gardiner to seek an appointment with the Vice President and Secretary of State Thuan to re-examine carefully the entire problem of your piastre shortage to see whether there may be some new technique or action to meet your critical need in this area. Your comparatively satisfactory foreign exchange and balance of payments position has of course created special problems which we hope we can jointly solve.

On the basis of these reports I have received instructions to discuss these matters with you, particularly certain liberalizing projects which would have a favorable effect on world public opinion. As you no doubt know, Mr. President, since the press conference held by Mr. Thuan on November 17 at which he stated that the Government had for some time been working out details for new organizational and liberalization schemes, many elements here in Viet-Nam and in the world press have questioned whether these projected schemes would be adequate and sufficiently profound to increase the public support for your Government and make it clear to world opinion that the criticisms of your Government in the world press were unfounded.

In an effort to be as helpful as we can to assist you in your efforts to broaden the base of your Government, the Department of State has instructed me to discuss with you some of the suggestions which we have already made and

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