

SECRET

-2- 1216, DECEMBER 24, 6 PM FROM SAIGON

DISCUSSION, HE WAS BASICALLY NEGATIVE. DIEM DID NOT REPLY TO MY REMARKS IMMEDIATELY BUT INSISTED ESSENTIAL HAVE ADDITIONAL 20,000 TROOPS SINCE WOULD DO NO GOOD TO TRY TO PUT IN REFORMS, BUILD FACTORIES, ROADS AND BRIDGES, ETC., UNLESS THESE THINGS AND PEOPLE COULD BE PROTECTED. HE REFERRED SEVERAL TIMES TO THE NEED FOR 20,000 MEN STRESSING NEED BECAUSE OF DETERIORATING LAO SITUATION. I THEN REMARKED WE HAD JUST LEARNED THAT HE HAD INCREASED FORCE LEVEL OF CIVIL GUARD TO 64,000 AND ASKED IF THIS INCREASE WOULD NOT FILL SECURITY FORCE NEEDS. DIEM REPLIED CIVIL GUARD NOT TRAINED SO NEEDS BRING BACK 20,000 RESERVISTS. HE ASKED THAT I URGE DEPT TO GIVE FAVORABLE CONSIDERATION FORCE LEVEL REQUEST AND I REITERATED MATTER UNDER CAREFUL STUDY IN WASHINGTON.

REFERRING TO MY REMARKS HE AGAIN ATTACKED THE VICIOUSNESS OF FOREIGN CORRESPONDENTS, PARTICULARLY THE FRENCH, WHO ONLY SEEK SENSATIONAL NEWS. HE THEN REVIEWED IN SOME DETAIL ECONOMIC AND SOCIAL PROGRESS MADE IN VIET-NAM IN THE PAST SIX YEARS WHICH HAVE RAISED STANDARD OF LIVING HERE ABOVE MOST SEA COUNTRIES AND ASKED WHY CORRESPONDENTS DIDN'T REPORT THIS INSTEAD OF PICKING UP RADIO HANOI REPORTS SPREAD BY DISGRUNTLED VIETNAMESE INTELLECTUALS. AS I HAD DONE IN MY REMARKS, I REITERATED IF HE AND OTHER MINISTERS HAD PERIODIC PRESS CONFERENCES AND IF MINISTERS WOULD HAVE FRANK TALKS WITH CORRESPONDENTS THEY WOULD WRITE MORE OBJECTIVE STORIES.

REFERRING OUR SUGGESTION ALLOW ASSEMBLY TO CARRY ON INVESTIGATIONS, DIEM POINTEDLY STATED THAT SINCE UNDER THE CONSTITUTION THE EXECUTIVE AND LEGISLATURE ARE COMPLETELY SEPARATE, AND IT WOULD NOT BE RIGHT FOR THE ASSEMBLY TO INVESTIGATE EXECUTIVE DEPARTMENTS. I REPLIED WE HAD THE SAME SYSTEM AND, AS HE KNEW, CONGRESS DOES INVESTIGATE EXECUTIVE DEPARTMENTS AND MAKES FINDINGS PUBLIC AND POINTED OUT THIS WOULD BE VERY HEALTHY DEVELOPMENT HERE IN ORDER TO QUELL UNFOUNDED RUMORS. DIEM OBVIOUSLY DIDN'T AGREE. DIEM SPENT SOME TIME DENOUNCING RICH INTELLECTUALS AND BUSINESSMEN WHO DO NOT PAY THEIR TAXES AND THEN BLAME THE GOVERNMENT FOR NOT DOING ENOUGH FOR THE

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