INCOMING TELEGRAM

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Some three weeks after coup, following are my evaluation and recommendations:

On surface life has returned to normal, Viet Cong activities appear to have diminished somewhat, although this could be lull before storm; Diem has not adopted vengeful attitude against rebels, although certain others have sought take advantage of situation for "settlement of accounts" and some of "people's" actions against rebels' families, newspapers, et cetera, were unfortunate; Diem has taken some steps recommended by us in military field, i.e., partially placed Civil Guard under defense (this being clarified); is reportedly working on plan to set up what we hope will be effective operations commands, including reorganization and streamlining of field headquarters which we hope will be allowed to operate through firm chain-of-command, Diem, Whu and Thuan have told us they working on other reforms, i.e. election youth representatives to village councils, eventual implementation elective representatives to National Economic Council, plan for periodic "fireside chats," promised reorganization of the cabinet structure, and other unspecified moves which Thuan promised would be worked out by Christmas. It is hoped that these reforms are not just reforms on surface with little or no substance. Despite these signs, there is basically quite serious under-current maiaise and skepticism whether effective reforms will be taken soon enough. This uneasy feeling not confined to intellectuals or opposition groups; but to sizeable number of others, i.e.,

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