

SECRET

-3- 1151, December 4, 2.p.m. (SECTION 1 OF 2), from Saigon

most critics still respect Diem as only leader at moment but this feeling could easily change unless he takes fairly drastic action to meet criticism and basic desires most strata population.

We believe also that unless Diem takes early effective action on political front, coup has increased chances for development neutralism and for anti-Americanism among those critical of GVN. Despite our close identification with Diem and his regime critics have not to date bracketed us with government in expressing their dissatisfaction. Many have told us however that only we can induce Diem adopt changes which will save his regime, thus indicating they look to us to help them. If, after failure of clearly anti-Communist coup attempt to bring about changes we are not successful in inducing Diem to make peaceful changes, critics may well become frustrated, turn against U.S., seek other means bring about change and might even move toward neutralist position in middle. If Viet Cong guerrilla successes in countryside continue at rate registered during past year, this will also increase frustration of armed forces and population and could provide soil in which neutralism may grow.

DURBROW

HMR/3

Note: Read by Mr. Clark (FE) 11:30 a.m. 12/4/60, (CWO-M)

SECRET

1336