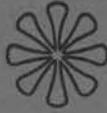


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Internal Documents (9 Vols.)
3. The Eisenhower Administration: (4 Vols.)
d. Volume IV: 1956 French Withdrawal - 1960

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UNITED STATES - VIETNAM RELATIONS

1945 - 1967



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269.	The State Department informs Defense of the understanding that TERM personnel will perform functions of training which are inseparable from tasks of recovering and maintaining MDAP equipment. Only formal approval by the ICC is necessary for the TERM to arrive in Vietnam. State Letter to Secretary of Defense, 1 May 1956.....	1057
270.	The Army states its position on the Southeast Asia issue. Specifically, the U.S. should qualify its position with neutral nations, should allocate the major proportion of U.S. resources into economical and technical assistance, should assist indigenous forces to provide internal security, should prepare to intervene against aggression, and should oppose continuance of colonialism. Army Memorandum for NSC Planning Board, 20 June 1956.....	1060
271.	The President approves U.S. military action to encourage Vietnamese military planning for defense against external aggression and to manifest other ways to assist Vietnam to defend itself in accordance with the Manila Pact. Secretary of Defense Memorandum for JCS, 16 July 1956.....	1064

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272. The intelligence estimate of the political, economic, and military situation in Vietnam through mid-1957 concludes that: (1) DRV will not attempt an invasion of South Vietnam; (2) the trend toward stability in South Vietnam will continue barring invasion, guerrilla action, or death of Diem; (3) basic economic progress will be slow; and (4) significant sect resistance has been eliminated, but 8-10,000 armed communists pose a serious internal security problem. NIE 63-56, 17 July 1956.....	1066
273. The President approves NSC 5612 statement of U.S. policy in mainland Southeast Asia. This policy treats the Viet Minh as not constituting a legitimate government and sets forth actions to prevent the Viet Minh from expanding their political influence and territorial control in Free Vietnam and Southeast Asia. NSC 5612/1, 5 September 1956.....	1082
274. The JCS recommend that the United States make no specific force commitments to the SEATO, but that the Military Advisor inform SEATO nations of the U.S. forces deployed and available to the Pacific for contingency planning. JCS Memorandum for Secretary of Defense, 16 November 1956....	1096

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275. Defense urges the State Department to seek international concurrence in the abolition of the ceiling on MAAG personnel in Vietnam in order to fulfill increased training requirements resulting from withdrawal of French training missions. ISA Memorandum to State, 15 April 1957..... 1098
276. Vietnam seems clearly persuaded that its interests lie in stronger affiliation with the Free World. The Army in Vietnam is now capable of insuring internal security. 321st NSC Meeting, 12 May 1957..... 1100
277. The prospects for North Vietnam for the next year are estimated. Essentially, it is concluded that the DRV remains in firm control even though there have been outbreaks of sporadic violence, that the DRV would attack only if Moscow and Peiping were sure that the U.S. would not intervene, and that the DRV will continue its tactics of "peaceful competition." NIE 63.2-57, 14 May 1957..... 1101
278. President Diem discusses his plans and programs with Deputy Secretary Donald Quarles. Among these are the resettlement programs, road building, the SEATO plan, and reorganizing the Army structure to include an increase in strength to 170,000. ISA Memorandum for Record, 15 May 1957..... 1103
279. Progress is reported in developing a representative government in Vietnam. Executive leadership is strong but effective counter measures against non-violent Communist subversion remains a priority requirement. NSC Planning Board Meeting, 26 November 1957..... 1108
280. The NSC considers a progress report on U.S. policy on mainland Southeast Asia (NSC 5612/1) which is essentially the same as the Planning Board report. 347th NSC Meeting, 5 December 1957..... 1111
281. NSC 5809 reaffirms that the national independence of Southeast Asia is important to the security interests of the United States. NSC 5809 contains draft revisions of NSC 5612/1. A statement of policy on the special situation in North Vietnam is included which continues to treat the Viet Minh as not constituting a legitimate government. NSC 5809, 2 April 1958..... 1113
282. In general, the U.S. is achieving its objectives in Vietnam. Major problems which exist consist of the continued dependence on foreign aid, political and security problems of the Diem Government. Both military and economic assistance will be reduced in FY 58 and FY 59, compared to FY 57. OCB Report on Southeast Asia, 28 May 1958..... 1134

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283.	Draft editorial amendments of NSC 5429/5 are forwarded to the National Security Council for consideration. Substantive change in U.S. policy is not intended but elimination of ambiguity in use of the term "hot pursuit" where doctrinal meaning in international law conflicts with use in NSC 5429/5. JCS study on "hot pursuit," 23 October 1958, is included. Memorandum for the NSC, 5 January 1959.....	1148
284.	Vietnam displays serious concern about developments in Laos, Cambodia's recognition of Communist China, and the U.S. position in the Taiwan straits. Major problems facing the U.S. are Diem's internal political position, internal security, and economic development. CIA analysis and financial summaries of assistance programs to Southeast Asia are included. OCB Report on Southeast Asia, 7 January 1959.....	1156
285.	Defense (ISA) suggests that it is advisable to withhold the replacement of F-8F aircraft in VNAF with AD-4 type aircraft. Defense Memorandum for JCS, 22 January 1959.....	1183
286.	The JCS recommends improvement of Tan Son Nhut Airfield and Tourane Airfield be improved for jet aircraft "under the guise of commercial aviation." JCS Memorandum for Secretary of Defense, 19 March 1959.....	1184
287.	Responsibilities within the Defense Department are assigned for the twenty courses of action in the OCB "Operation Plan for Vietnam." Among the courses of action are: popularize the image of Vietnam among neutralists, probe weaknesses of the Viet Cong, develop maximum combat capabilities of RVNAF, and encourage GVN to maintain an effective Self-Defense Corps. ISA Memorandum for JCS, 20 May 1959.....	1185
288.	An intelligence analysis of the situation in Vietnam and estimates of probable developments conclude that (1) the prospect of reunification of DRV and GVN is remote, (2) Diem will be President for many years by repressing opposition via the Can Lao political apparatus, (3) internal security forces will not be able to defeat DRV supported guerrilla and subversive forces, (4) GVN will continue to rely heavily on U.S. aid, (5) and DRV is in full control of North Vietnam and likely to continue harassment of GVN and Laos. NIE 63-59, 26 May 1959.....	1190

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289. The Department of State submits a draft revision of NSC 5429/5, U.S. policy in the Far East. The principle objectives of U.S. policy should be: (1) preservation of territorial and political integrity of Asian nations against communist expansion, (2) deterrence of local or general war; (3) bring about desirable changes in the Communist Bloc, (4) strengthen the economic, political and military position of the Free Far East, (5) promote Free World unity, and (6) identify the U.S. with Asian aspirations. NSC Memorandum for the Planning Board, 29 June 1959.....	1196
290. The JCS submits their and the Services' views on U.S. policy in the Far East. "The U.S. faces a delicate problem in presenting its Far Eastern policy to the world. A U.S. policy will not be very sympathetically received if it is presented in the purely negative terms of preventing communist expansion or the reduction of its power." JCS Memorandum for NSC Staff, 14 July 1959.....	1211
291. A resurgence of tensions between Vietnam and Cambodia threatens to frustrate U.S. objectives in Cambodia. In Vietnam the Diem Government continues its strong controls which antagonize the Vietnamese elite. "Vietnamese military forces have improved under the MAAG training program." OCB Report on Southeast Asia, 12 August 1959.....	1236
292. An intelligence analysis of Communist capabilities and intentions in Laos concludes that the Communist resumption of guerrilla warfare in Laos is a reaction to initiatives of U.S. support of Laos. The chances of Communist success are high at a low risk. Non-Asian forces intervening in Laos increase the likelihood of Communist invasion, but preference would be to diplomacy, propaganda, and guerrilla action to cause the West to back down. SMIE 68-2-59, 18 September 1959.....	1242
293. The U.S. seeks to increase the MAAG ceiling on personnel before furnishing the ICC with plans for withdrawal or phase-out of TERM. ISA Memorandum for Joint Staff, 20 October 1959.....	1248

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294.	The evolution of political conditions necessitates that policy guidance should be directed at the problem of dealing with Sihanouk of Cambodia, "by all odds the major single factor in Cambodia and the principal target of U.S. policy." Further, the guidance of NSC 5809 is not adequate to cope with the situation in Laos. OCB Special Report on Southeast Asia, 10 February 1960.....	1249
295.	The Vietnam Country Team prepares a special report on the current security situation in Vietnam. "...the rural population is generally apathetic towards the Diem Government and there are signs of considerable dissatisfaction and silent opposition." Without support of the rural population, no final solution can be found to the internal security problem. Militarily, the GVN organization lacks unity of command. The situation is summed up. "...the government has tended to treat the population with suspicion or to coerce it and has been rewarded with an attitude of apathy or resentment." Saigon 278 to State, 7 March 1960.....	1254
296.	Williams testified that he was working "MAAG out of a job" and this is impressive to Senator Mansfield and the Foreign Relations Committee. Mansfield requests information on the situation which now requires "the addition of 350 men to the MAAG." Mansfield Letter to Lt General Williams, 5 May 1960.....	1276
297.	Williams replies that the 350 spaces referred to are the TERM personnel now in deactivation. The turnover of TERM spaces to MAAG ends the "subterfuge as actually TERM has had the undercover mission as logistical advisers since activation." Williams MAGCH-CH91 to OSD (for Mansfield), 20 May 1960.....	1279
298.	The President approves changes in NSC 5809 and directs implementation as NSC 6012, "U.S. Policy in Mainland Southeast Asia." Policies toward Vietnam are essentially unchanged. NSC 6012, 25 July 1960.....	1281
299.	Developments in South Vietnam indicate an adverse trend and if they remain unchecked will almost certainly cause the collapse of President Diem's regime. SNIE 63 1-60, 23 August 1960.....	1293

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300. The U.S. assesses the possible coup groups in Saigon (e.g. peasants, communists, labor, students, Catholic refugees, sects, police and Army) and concludes that long term effects of any demonstration depends on the attitude of the Army. Saigon 538 to State, 5 September 1960.....	1302
301. Lansdale offers several proposals to meet the threat to security posed by the Viet Cong in Vietnam. Specifically, he recommends shifting the MAAG function emphasis to assistance on tactical operations, increasing the MAAG staff, priority be given to furnishing selective equipment, more emphasis on counter-guerrilla intelligence training, and certain actions on activities of the Civil Guard, civic action, and MAP requiring interagency coordination. Lansdale Memorandum for ISA, 13 September 1960.....	1307
302. The Diem regime is confronted by two separate, but related dangers -- a non-communistic coup attempt in Saigon and gradual Viet Cong extension of control in the countryside. U.S. objectives rest on a strongly anti-communist but popularly supported government; continued failures by Diem is cause to seek alternative leaders. Saigon 624 to State, 16 September 1960.....	1311
303. The U.S. suggests numerous political actions to President Diem, among them are Cabinet changes, more responsibility for Cabinet members, alteration of the Can Lao Party from a secret organization to a normal political party, investigation of Government departments by the National Assembly, freer press functions, and measures to enhance the Government's support in rural areas. In addition, it is suggested that Ngo Dinh Nhu, the President's brother, be given an ambassadorial post outside the country. Saigon 157 to State, 15 October 1960.....	1317
304. Diem's responses to the suggestions for political action and removal of Nhu outwardly show no resentment. Saigon 802 to State, 15 October 1960.....	1323
305. The U.S. urges preparation of an over-all plan, acceptable to GVN, for integration and centralized direction of maximum resources to combat the insurgency. DOD-State 658 to Saigon, 19 October 1960.....	1325
306. U.S. urges Diem and the coup leaders to reach a quick agreement and avoid further bloodshed. Herter 775 to Saigon, 11 November 1960.....	1327

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307. Lansdale suggests that, in light of the abortive coup against Diem, General McGarr's role should be expanded to permit freer contact with President Diem. Ambassador Durbrow has apparently lost "personal stature" with Diem and should be removed. Lansdale Memorandum for Secretary of Defense, 11 November 1960.....	1328
308. Diem may react firmly toward the coup leaders since there are similarities to the circumstances of the 1954 attempt. Also Diem is probably now very suspicious of Ambassador Durbrow. State Cable 775 invited Durbrow to engage in this "demoralizing meddling in Vietnam's affairs." Lansdale Memorandum for Douglas, 15 November 1960.....	1330
309. The JCS consider that there is a valid requirement to increase the helicopter lift capability of the Vietnamese armed forces at this time, in view of the deteriorating internal security situation in Vietnam. JCS Memorandum for Secretary of Defense, 1 December 1960.....	1332
310. Nhu and Diem are rankled by American press stories on "autocratic regime." There is below the surface talk of another coup. The coup has increased chances of neutralism and anti-Americanism among GVN critics. It is recommended to continue to urge Diem to adopt effective programs even though the situation in Vietnam is highly dangerous to U.S. interests. Saigon 1151 to State, 5 December 1960.....	1334
311. The U.S. assessment of the Laotian situation is that, if present trends continue, it will remain one of "confusion, drift, and disintegration....Laos is heading toward civil war." SNIE 68-60, 6 December 1960.....	1340
312. The Bon Oum Government is in control, but faces critical problems in the continuing Laos situation. Immediate matters of concern are to bolster Phoumi forces, forestall Nehru on reconstituting the ICC, and assumption by the U.S. of primary advisor status. 470th NSC Meeting, 20 December 1960.....	1346
313. Diem stresses his need for 20,000 additional troops. Diem states also that corvee labor is the only way to collect "equivalent taxes" from peasants. Durbrow urges adoption of liberalizing programs. Saigon 1216 to State, 24 December 1960.....	1348

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314. Ambassador Durbrow hands a memorandum on liberalization to President Diem. Specifically, suggestions are made to: (1) publicize budget heavings, (2) authorize the Assembly to conduct investigations, (3) work out an effective press code, (4) and grant broader credit to the peasants. Saigon 264 to State, 27 December 1960..... 1353

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315.	Defense reviews its files to determine the actions taken with State concerning Defense requirements for facilities in Vietnam, Laos, and Thailand. No requests for facilities in Laos or Vietnam have been made to State except for correspondence on improvement of two airfields in Vietnam. ISA Memorandum for NSC, 4 January 1961.....	1356
316.	The Counter Insurgency Plan (CIP) for South Vietnam is submitted for approval to Washington. MAAG prepared most of the CIP which is based on State and DOD guidance. Some of the recommendations set forth have already been communicated to GVN. The Country Team is not unanimous, however, on the recommended 20,000-man increase in RVNAF -- Durbrow maintains reservations. The CIP, which is an enclosure to Tele 276, is not reproduced here. Saigon 276 to State, 4 January 1961.....	1357
317.	President Eisenhower meets with President-elect John F. Kennedy on the subject of Laos. Attendees are Dean Rusk, Robert McNamara, Douglas Dillon, and Clark M. Clifford. Eisenhower gives the impression that if Laos applies for SEATO aid, the obligation of the U.S. and other signatories is binding. Eisenhower says that "Laos is the key to the entire area of Southeast Asia" -- if Laos falls, then all the area is written off. Kennedy asks "how long it would take to put a U.S. division into Laos." Memorandum of Eisenhower-Kennedy Conference, 19 January 1961.....	1360

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DEPARTMENT OF STATE
WASHINGTON

11/25/56 (212)



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May 1 1956

Dear Mr. Secretary:

I refer both to your letter to the Secretary dated December 13, 1955, on the subject of dispatching additional military training personnel to Viet-Nam, and to your letter to the Secretary dated January 31, 1956, bearing more specifically on the problem of recovering and maintaining MDAP-origin equipment in Viet-Nam.

See Wilson's letter 1/17/56

11/25/56

As you are aware, our two Departments have been studying and discussing these related problems for several months. On February 25, 1956, during these discussions, the Department of State initiated negotiations with other governments principally concerned with a view to obtaining their acquiescence to our joint project of sending a Temporary Equipment Mission to Viet-Nam. These negotiations have now been favorably completed, leaving only the formal approval of the International Control Commission in Viet-Nam still to be obtained. We are now seeking this approval which we hope can be given in time for the first TERM elements to arrive in Saigon on May 9, the date mutually agreed upon for initial arrivals.

Meanwhile, with our concurrence your Department has begun implementation of this project. Accordingly, it may be appropriate for me to elaborate the State Department's understanding of certain aspects of the TERM operation which are only briefly alluded to in the Joint State/Defense message to Saigon numbered State 3430, dated April 12, 1956, in which you concurred.

1. It is our understanding that the TERM operation has the double purpose of (a) supervising the recovery (identification, inventory and accounting control) and outshipment of excess MDAP equipment; and (b)

of assisting

The Honorable
Charles E. Wilson,
Secretary of Defense.

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of assisting in the improvement of Vietnamese logistical capabilities.

The TERM operation was originally conceived to implement the decision of the Secretary of State, dated February 3, 1956, to explore with other governments concerned the possibility of sending additional military personnel to Viet-Nam to assist in the recovery of our equipment. It has been understood between our two Departments from the beginning of discussions on that problem that if significant amounts of this equipment are inventoried, much of it including equipment nominally turned over to the Vietnamese forces, will be shipped out of Viet-Nam. It is on the basis of this understanding that the Department of State obtained the acquiescence of other governments concerned, the rationale for their acceptance being that the TERM operation will not contribute to the growth of the military potential in the zone south of the 17th parallel.

While it is understood, therefore, that TERM personnel will perform certain functions of training which are inseparable from their tasks of recovering and maintaining United States-origin equipment in Viet-Nam, such functions of training should in no case be allowed to become the single or even the primary duty of TERM (as distinguished from MAAG) personnel. Moreover, a substantial quantity of the equipment recovered in Viet-Nam should be shipped out of the country, so as to implement in good faith the promises made to other governments whose benevolent acquiescence to the operation we have obtained.

2. In regard to the clothing of the military personnel involved, and as indicated in our joint message of April 12, 1956, to Saigon this question is being left to the discretion of Chief MAAG, Chief TERM, and the American Ambassador at Saigon. However, I wish to indicate again our very strong desire that owing to the political and psychological factors involved, civilian clothing be used whenever possible by TERM personnel upon their arrival in and departure from Viet-Nam, as well as during their period of assignment in the country.

3. With respect to administrative support services for TERM, it is our understanding that the appropriate personnel and funds will be provided by the Department of Defense for the full administrative backstopping of the group. In this connection, it has been our view for some time now that steps should be taken to have the MAAG mission administratively supported by military personnel. The Embassy at Saigon has had increasing

difficulty

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difficulty over the past several years in performing adequate support services for the MAAG. We feel that since your Department will now establish a complete administrative unit for TTHQ, it would be appropriate to consider the transfer of all support arrangements for MAAG from the Embassy's jurisdiction as soon as practicable. I understand that the MAAG mission in Saigon has given considerable thought to this proposition in the last several months and I would like to urge that the appropriate administrative units of our two Departments begin formulating definite plans for such a transfer.

I shall appreciate your views as soon as it is convenient and hope that you will concur in the points expressed above. A copy of this letter is being sent to Mr. Allen Dulles, Director, Central Intelligence Agency, Washington, and to the American Ambassador to Saigon.

Sincerely yours,

Robert D. Murphy

Robert D. Murphy
Deputy Under Secretary

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20 June 1956

MEMORANDUM FOR: THE DEFENSE MEMBER OF THE NSC PLANNING BOARD
THE SPECIAL ASSISTANT TO THE JCS FOR NSC AFFAIRS

SUBJECT: Tentative Army Position on "United States Policy in Southeast Asia," dated 15 June 1956 (U)

The subject document has been reviewed and the following Department of Army comments thereon are submitted.

a. Add the following course of action: "Insofar as possible, grant US economic assistance in accordance with a definite plan for economic development, avoiding the scattering of economic aid over a large number of isolated projects."

REASON: To increase the effectiveness of the US economic aid program.

b. Add the following course of action: "Encourage the conditions necessary to develop a Western Pacific collective defense arrangement including the Philippines, Republic of China, Japan, and the Republic of Korea, eventually linked with SEATO."

REASON: To improve the collective defense arrangements in Southeast Asia and the Western Pacific.

L. C. SHEA
for EARLE G. WHEELER
Major General, GS
Director of Plans, ODCSOPS

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20 June 1956

MEMORANDUM FOR: THE DEFENSE MEMBER OF THE NSC PLANNING BOARD
THE SPECIAL ASSISTANT TO THE JCS FOR NSC AFFAIRS

SUBJECT: Tentative Army Position on "Issues in Southeast Asia" (U)

1. Allied vs Neutral Countries.

a. Question: To what extent should the degree of alignment with the Free World determine the U. S. attitude toward the countries of Southeast Asia, particularly as regards economic, technical and military assistance?

b. Answer:

(1) U. S. attitudes toward the countries of Southeast Asia should be governed by U. S. national objectives. U. S. objectives must be based upon what is obtainable and therefore will vary from country to country. These objectives range from retention of positive support for U. S. positions to the prevention of any additional Communist influence in neutral nations.

(2) The above notwithstanding, it is generally in U. S. interests to give preference to Allied nations who share in the belief that regional alliances are the only effective way to deter further Communist aggression. This should include special consideration for U. S. allies in the granting of economic, military and technical assistance. However, this should not preclude the granting of a substantial amount of aid to a neutral nation in preference to an allied nation, when it has been determined to be in the national interest to do so. In granting aid to neutral nations the US should declare its respect for the opinions of those nations, but the US should at the same time make clear that it does not agree with the logic of their positions.

2. Relative Weight of Assistance Programs.

a. Question: What proportion of U. S. resources available for assistance to Southeast Asia should be allocated to economic and technical assistance as against military assistance? Should greater emphasis be placed on operating an expanding number of technically-competent, pro-Western leaders and on "political warfare" activities, at the expense of economic assistance, if necessary?

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b. Answer: A major proportion of U.S. resources available for assistance to Southeast Asia should be allocated to economic and technical assistance. Greater emphasis should be placed on creating an expanding number of technically competent, pro-Western leaders and on "political warfare" activities, at the expense of economic assistance, if necessary. Grant military assistance should, in general, be limited to those nations which either are threatened by Communist aggression or are willing to provide forces for collective defense measures in support of common commitments. Reimbursable military assistance should be extended to allied nations capable of bearing the cost and to other nations which are ineligible for grant assistance but are willing to develop their own capabilities to resist Communism.

3. Absolute Level of Assistance

a. Question: Should the absolute level of U.S. economic, technical and military assistance to Southeast Asia be increased, decreased, or maintained at present levels in the light of the current Soviet campaign of political and economic penetration?

b. Answer: The absolute level of U.S. economic, technical and military assistance should be maintained at present levels in the light of the current Soviet campaign of political and economic penetration. However, in neutralist countries, military assistance should be decreased where it is in excess of the needs for maintaining internal security.

4. Functions of Indigenous Military Forces

a. Question: Should indigenous military forces in Southeast Asia be designed (a) solely to maintain internal security, (b) to maintain internal security and assist local external Communist aggression, or (c) in addition to (a) and (b), to contribute to collective defense efforts in the area?

b. Answer: Indigenous military forces in Taiwan, Thailand and the Philippines should be designed to maintain internal security, to resist local external Communist aggression and to contribute to collective defense efforts in the area. Indigenous military forces in South Vietnam should be designed to maintain internal security and resist Viet Ninh overt Communist aggression. Military forces of other Southeast Asian nations should be designed solely to maintain internal security.

5. U.S. Response to Aggression

a. Question: What political and military action should the U.S. be prepared to undertake alone or in cooperation with allies in the event of Communist seizure of control within, or overt aggression against, a Southeast Asian country? What would be the role of SEATO in these eventualities?

b. Answer: The U.S. should be prepared to intervene, preferably with other SEATO nations, in the event of Communist overt aggression against Southeast Asia. SEATO military forces should function under a Unified Command, perhaps in the name of the United Nations.

6. Communist Activities

a. Question: What can the U.S. do to remedy the existing lack of adequate Free World capabilities for countering Communist subversion and penetration? Should the U.S. oppose or attempt to match all Communist activities in Southeast Asia or should Communist-bloc trade, technicians, and investments be tolerated within certain limits?

b. Answer: The U.S. should not oppose or attempt to match all Communist activities in Southeast Asia. With a careful selection of projects, US aid can show the greater advantages of Western methods.

7. Colonialism

a. Question: Should the U.S. uniformly oppose the continuance of colonialism or should it assist its European Allies to retain strategic outposts against Communist penetration in Southeast Asia?

b. Answer: The U.S. should oppose the continuance of colonialism. However, an exception should be made when colonies, e.g. Hong Kong, serve as strategic outposts against Communist penetration.

V. P. MOCK
for EARLE G. WHEELER
Major General, GS
Director of Plans, ODCSOPS

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THE SECRETARY OF DEFENSE
WASHINGTON

JUL 16 1956

MEMORANDUM FOR THE SECRETARY OF THE ARMY
THE SECRETARY OF THE NAVY
THE SECRETARY OF THE AIR FORCE
THE CHAIRMAN, JOINT CHIEFS OF STAFF
THE ASSISTANT SECRETARY OF DEFENSE
(International Security Affairs)

SUBJECT: Capability to Deal with Local Aggression in Vietnam

REFERENCES: Memo for NSC from Executive Secretary, subject:
"U.S. Policy in the Event of a Renewal of Aggression
in Vietnam", dated 16 September 1955; NSC 5602/1;
Memo for NSC from Executive Secretary, subject:
"Basic National Security Policy", dated 13 February
1956; NSC Action No. 1522-c

1. At its meeting on 7 June 1956, the National Security Council took the following action with respect to the above subject (NSC Action No. 1571):

- a. Noted and discussed a presentation on U.S. capabilities, referred to in NSC 5501, to deal with local aggression in Vietnam in accordance with the provisions of current policy (NSC 5602/1). The presentation was made by the Chairman, Joint Chiefs of Staff, for the Department of Defense pursuant to NSC Action No. 1522-c.
- b. Noted the President's view that it would be desirable for appropriate U.S. military authorities:
 - (1) To encourage Vietnamese military planning for defense against external aggression along lines consistent with U.S. planning concepts based upon approved U.S. policy.
 - (2) To discreetly manifest in other ways U.S. interest in assisting Free Vietnam, in accordance with the Manila Pact, to defend itself against external aggression.

2. The action in paragraph 1-b above, as approved by the President, has subsequently been transmitted to the Secretary of Defense for appropriate implementation.

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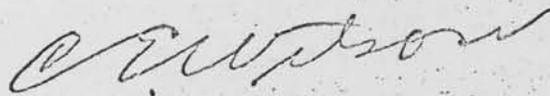
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3. The above is transmitted for your information and implementation as appropriate. Responsibility within the Department of Defense for follow-up of the action in paragraph 1-b above is hereby assigned to the Joint Chiefs of Staff, in collaboration as appropriate with the Assistant Secretary of Defense (International Security Affairs).



cc: Director, Office of Special Operations

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NIE 63-56
17 July 1956

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NATIONAL INTELLIGENCE ESTIMATE NUMBER 63-56

(Supersedes NIE 63.1-3-55 and NIE 63.1-55)

1011613

PROBABLE DEVELOPMENTS IN NORTH AND SOUTH VIETNAM THROUGH MID-1957

*Portions superseded
by NIE 63. 2-57*

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 17 July 1956. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, Intelligence, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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PROBABLE DEVELOPMENTS IN NORTH AND SOUTH VIETNAM THROUGH MID-1957

THE PROBLEM

To analyze the current political, economic, and military situation in North and South Vietnam and to estimate probable developments through mid-1957.

CONCLUSIONS

1. We believe that the Communist "Democratic Republic of Vietnam" (DRV) will not attempt an open invasion of South Vietnam or a large scale guerrilla warfare effort during the period of this estimate because of the danger of US or possibly SEATO counteraction and because such action would prejudice Bloc emphasis on peaceful coexistence elsewhere. The Communist regime will almost certainly remain in firm political control throughout the period of this estimate, despite some passive resistance and serious economic difficulties. It will require continued large scale Bloc aid to make even limited progress toward developing a self-supporting economy. The DRV army will retain the capability of defeating the total forces of South Vietnam, Laos, and Cambodia. (Paras. 7-11, 13-16, 18-21, 64-68)
2. In South Vietnam, the trend toward political stability and popular confidence in the government will probably continue, barring a DRV invasion, large scale guerrilla action, or the death of Diem. Nevertheless, such contingent developments as intensified Bloc support for DRV objectives or reduction in Diem's international support could stimulate greater Communist subversive pressure, weaken the South Vietnam government's confidence, cause some loss of its public support, and revive opposition efforts for reconciliation with the north. (Paras. 35-39, 69-72)
3. Progress toward resolving basic economic problems will probably continue slow, but economic conditions in South Vietnam are not likely to have serious adverse political effects during the next year, as rice production, rubber exports, and large scale US aid provide reasonable living standards. (Paras. 40-46)
4. All significant sect resistance in South Vietnam has been eliminated, but some 8,000-10,000 armed Communists and a Communist political network scattered through the villages continue to pose a serious internal security problem. The effectiveness of the South Vietnam army will probably improve gradually as more units are released from security missions for training, but by mid-1957 it will still be unable to contain a DRV attack for a prolonged period. (Paras. 47-56)

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DISCUSSION

I. INTRODUCTION

5. Under the terms of the 1954 Geneva Accords on Indochina, the area of Vietnam north of the 17th parallel was placed under the administration of the Vietnamese Communists. The French assumed responsibility for implementation of the Armistice provisions in the area south of the 17th parallel, but neither the French nor the Diem government has acknowledged responsibility for implementing the political settlement envisaged in the Final Declaration of the conference.

6. The UK and the USSR, as co-chairmen of the Geneva conference, met in London in April and May 1956 and reaffirmed support for the political settlement foreseen at Geneva but implicitly approved postponement of its implementation, including the nationwide elections. The co-chairman called upon all parties to preserve the status quo and requested the International Supervisory and Control Commission (ICC) to continue supervising the Armistice. Thus no steps have been taken to bring about unification or a political settlement in Vietnam, and the partitioning of Vietnam has been tacitly accepted by the Geneva conference powers for an indefinite period of time. In the meantime, the Communist regime in the north and the Diem government in the south have been developing their own institutions and preparing for an extended period of struggle for control of Vietnam.

II. NORTH VIETNAM — CURRENT SITUATION AND TRENDS

7. The Communist Party of Vietnam (commonly called the Viet Minh) and its governmental apparatus, the "Democratic Republic of Vietnam" (DRV) continue to exercise firm and effective control over the estimated 13 million inhabitants of North Vietnam. Although critically lacking in technically trained personnel, the Communist regime possesses a large number of experienced po-

litical workers and has made considerable progress in developing an effective administrative machine. It has strengthened its control despite severe food shortages, continued passive resistance to its internal policies, and the gradual reduction of its prospects for early domination of all Vietnam.

8. Ho Chi Minh continues to occupy a pre-eminent position among Vietnamese Communist leaders, despite some de-emphasis of his public role. His prestige as a nationalist leader is still a significant factor in the attitude of many people in South Vietnam and Southeast Asia toward the Vietnamese Communist regime. Power relationships at the level below Ho are not clear, but party Secretary Truong Chinh, Premier and Foreign Minister Pham Van Dong, and army commander Vo Nguyen Giap appear to share top level responsibilities. We have no evidence of policy or personal differences among these three men or of the existence of "pro-Chinese" and "pro-Soviet" factions in the party.

9. The regime's primary concern in the past year has been to develop more effective controls over the people and the economy and to deal with such immediate problems as rehabilitation, malnutrition, widespread disease, famine, tightening of the party apparatus, and the development of the armed forces. Although violence and intimidation have been employed selectively, the Communists have so far refrained from the publicized, widespread terror employed in Communist China during the consolidation period in 1951-1952. Strenuous efforts are still being made to rally popular support behind front groups on the basis of nationalist and unification slogans. The most important of these is The Fatherland Front which is designed not only to mobilize support in the north for immediate reconstruction tasks but also to attract support in South Vietnam for Communist efforts to unify the country.

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10. The Catholic population of approximately 750,000 appears to be the main center of passive resistance to Communist indoctrination and DRV control. The Communists appear to have recognized the special nature of the Catholic problem and, probably with an eye both to reducing opposition and impressing the evacuees in the south, have moved slowly to restrict church activities. At the same time, they are attempting to weaken the hold of the clergy over the communicants by various means including visits of "puppet" priests from Eastern Europe. To date the Vietnamese Catholic hierarchy appears to have been fairly successful in maintaining its position among the Catholic population.

11. The substantial ethnic minorities, who live outside the river deltas, have an ingrained dislike for all Vietnamese and there have been some instances of armed opposition by the tribal groups of north and northwest Tonkin. To integrate these minorities politically and to lessen their opposition to Communist leadership, the DRV has established "autonomous administrative areas" nominally controlled by tribal dignitaries loyal to the Communists. In any event, Communist military and security forces are capable of eliminating any active resistance in the north.

Economic Policies and Courses of Action

12. The regime is moving gradually to extend its control over all aspects of the economy, but it has not yet attempted detailed over-all planning, the nationalization of small productive units and domestic trade, or the collectivization of agriculture. At present, the regime is attempting to deal with immediate problems on the following priority: (a) increasing agricultural production; (b) restoring the transportation network; and (c) rehabilitating export industries, e. g., coal, cement, phosphates, and textile and other light industries. Thus far the regime has not begun to stress heavy industrial development and is concentrating a major portion of its industrial production on consumer goods.

13. The regime's major economic problem is to meet the minimum consumption needs of the population while developing a self-sup-

porting economy. Prior to 1954 the annual rice deficit of North Vietnam averaged about 200,000 metric tons. As a result of wartime damage to irrigation facilities and an unprecedented series of floods, droughts, and insect scourges, the rice deficit in each of the past two years has amounted to at least 500,000 metric tons. With shipments from South Vietnam cut to a trickle since 1954, the DRV appealed to the Bloc for relief. However, imports through April 1956, consisting of token shipments from Communist China and some 200,000 tons of Burmese rice purchased by the USSR, have fallen far short of minimum requirements. In December 1955 the DRV announced that the per capita food consumption in that year had dropped at times to as low as 500 calories per day.

14. There will probably be some improvement in the food situation in 1956-1957. The USSR has agreed to accept up to 400,000 tons of Burmese rice each year through 1959. It is likely that the Burmese will actually ship a high percentage of this figure and that the DRV will receive a major share of this rice. Although the spring crop in 1956 will probably again fall below normal because of continued adverse weather, the extensive efforts of the regime to mobilize all segments of the population for irrigation repair, reclamation of abandoned land, cultivation of new land, and planting of subsidiary crops should lead to a gradual increase in domestic output.

15. However, North Vietnam will not achieve self-sufficiency in rice in the next few years even with optimum weather conditions. Planned investment to increase the supply of fertilizers, pumps, improved seeds, and agricultural implements appears insufficient to achieve a substantial increase in output in the near future. Moreover, the current program for redistribution of land will probably depress production.

16. Rehabilitation of modern industries has gone slowly due to a lack of raw materials, technicians, and equipment. Coal production in 1955 is estimated to have been about 700,000 tons compared to 900,000 tons under the French in 1953 and the pre-World War II peak of 2,600,000 tons. The rate may reach

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800,000 to 1,000,000 tons in 1956, permitting an export of 300,000-500,000 tons. By the end of 1956 cement production may reach its former annual rate of 300,000 tons. The large textile plant at Nam Dinh returned to limited production in December 1955 but even when operating at full capacity it will provide only about half of North Vietnam's requirements and it is dependent on imported cotton.

17. With Chinese Communist technical and manpower assistance, rapid progress has been made in restoring transportation and communication facilities. The rail link from Hanoi to the Chinese border at Nam Quan has been restored and the Haiphong-Kunming line will probably be fully restored this year. This construction will link southwest China with sea transport at Haiphong and the main Chinese rail system at Nam Quan. The line from Hanoi to the 17th parallel is also being rehabilitated and it is possible that service south to Vinh will be established by the end of the year. With Chinese assistance, the DRV has also made rapid progress in rehabilitating North Vietnam's highway system. A bridge building program for 1956 is aimed at eliminating most of the ferries on primary roads. Rehabilitation of the Hanoi-Lai Chau route and of roads south from Hanoi toward the 17th parallel will facilitate the movement of troops and supplies to any point along the borders of Laos and South Vietnam. Soviet assistance is making possible the improvement of port facilities at Haiphong which will further expedite the distribution of Bloc military and economic supplies.

18. The chronic deficit in the balance of payments position of the North Vietnam area has been deepened by the failure to restore agricultural and industrial production and by the abnormal requirements for foreign goods and technical aid. The foreign exchange position has also been worsened by the break in complementary trade relations with the south. A measure of the deficit and of the critical economic situation is suggested by the magnitude of Bloc grants to the DRV. In July 1955, Communist China granted the sum of 800,000,000 yuan (about \$330,000,000 at official rates) and the USSR promised 400,000,000 rubles (\$100,000,000 at official rates). Smaller

grants have been extended by several of the European Satellites. A substantial portion of the aid received has been in the form of consumer goods.

19. We believe that during the period of this estimate the DRV will continue to concentrate, with moderate success, on efforts to increase agricultural, mineral, and light industry production. The DRV has the resources to increase exports and to support a modest industrial development. However, at least for several years, it will require substantial Bloc assistance to support even a minimum standard of living and there appears little prospect for substantial forced saving to support rapid industrialization in the near future.

DRV Military Strength

20. The "Vietnam People's Army" (VPA) now has a total strength of about 266,000 men organized in 16 infantry divisions, 2 artillery divisions, 1 AAA groupment, 10 separate infantry regiments, and 5 border and coastal security regiments. As the VPA continues its evolution toward a modern force, several more divisions may be organized using existing separate regiments. Although further substantial increases in the numerical strength of the army appear unlikely, a ready pool of semitrained manpower exists among the 117,000 men now in regional and popular troop units. The recent announcement by the DRV of a troop reduction probably reflects the release of unfit personnel since the Armistice.

21. More extensive training was probably made possible by reduced commitments to internal security missions and reconstruction projects, and multidivisional maneuvers were reported in late 1955. We believe that about half of the major combat units are combat-ready and the remainder probably will reach that status during 1956. Even at its present level of training, the VPA is capable of defeating the total military forces of South Vietnam, Cambodia, and Laos.

22. There were no significant changes in the dispositions of VPA units during the past

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year and the largest concentration remains in the Delta region, approximately 300 miles from the 17th parallel. However, clandestine guerrilla operations, including infiltration of small units, could be conducted against South Vietnam and Laos without major troop movements.

23. The Vietnamese Communists have no combat air capabilities at the present time, but some air training probably is underway in Communist China. It is possible that the DRV will have one or two regiments of piston fighters operational in 1957. There are 26 former French air fields in North Vietnam, five of which could be used with little or no development to support sustained operations by Communist jet fighters, and one of which could probably support sustained jet light bomber operations. The DRV has no separate naval organization and coastal defense depends on small armed craft and ground patrols.

DRV External Relations and Policies

24. *Relations with the Bloc.* We believe that the DRV is firmly committed to the policies of the Sino-Soviet Bloc, even to the extent of subordinating or postponing the pursuit of its local or regional objectives in the interest of over-all Bloc tactics and strategy. The attitude of DRV leadership follows from its Communist world outlook and from the fact that DRV objectives can only be realized with Sino-Soviet Bloc support.

25. Despite its close ties with and dependence on Peiping and Moscow, the DRV on occasion acts in less conformity with the Bloc than the European Satellites. A number of considerations account for this special status. The Vietnamese Communists fought their own fight against French colonialism. The DRV possesses an army and security organization which was developed prior to 1950 independently of Sino-Soviet material assistance. The appearance of relative independence created by some DRV actions may, nevertheless, serve to further Bloc interests elsewhere in South-east Asia.

26. Over the past year, Bloc economic and diplomatic support may not have met DRV

expectations. Bloc deliveries of rice have been far below levels necessary to prevent widespread debility in North Vietnam. Mikoyan's visit to Hanoi in April 1956, the first by a major Soviet official, was made a great public occasion and DRV propaganda suggested some expectation that new aid or economic agreements might result. No new Soviet-DRV arrangements were announced, however, and in fact Mikoyan departed without issuance of the usual joint communique. The USSR also failed to press DRV demands either for the "strict implementation" of the Geneva Agreements with respect to north-south consultations and elections, or for reconvening the Geneva conference. The Soviet position, as it developed at the April-May Geneva co-chairmen talks, accepts maintenance of the status quo for the time being. Although the Chinese Communists have been more forthright in supporting the stated DRV position, the Soviet Union has shown no disposition to support the DRV's basic objective of securing control of all Vietnam at the risk of jeopardizing Soviet policy objectives in other areas or the Bloc's campaign of emphasizing "friendship" and reducing tensions.

27. The rather aloof position of the USSR, which increases the dependence of the Vietnamese Communists on Communist China, may be disappointing to the DRV. Some element of the traditional Vietnamese distrust of the Chinese probably survives among Vietnamese Communist leaders, despite the bond of Marxism, and the DRV may well wish that it could counter Chinese influence with closer Soviet ties.

28. Substantial differences over policy toward South Vietnam, and possibly Laos, may develop between the DRV and the USSR and Communist China if prospects for an early extension of Communist control to South Vietnam continue to decline. Even in this event, however, and despite the DRV's potential capacity for independent action, we believe that other considerations would prevail to cause the DRV to continue its loyal adherence to the Bloc.

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29. *Policies Toward South Vietnam.* Lacking full Bloc support for its reunification demands and recognizing that the July 1956 deadline for elections would not be met, the DRV is now adjusting its policies for the longer pull. The regime's public position that the Geneva provisions must be fulfilled and that nationwide elections must be held remains unchanged. However, the DRV is now playing down the demand for early reconvening of the Geneva conference and increasing its demands for direct north-south consultations. The DRV has accepted the position taken by the Soviet Union at the London talks that the ICC and Joint Armistice Commission should continue their functions despite the dissolution of the French High Command. The DRV has also enlarged the scope of its diplomatic activity to enhance its international prestige and position and to secure the broadest possible foreign support for eventual implementation of the Geneva Agreements.

30. At the same time, the DRV has maintained its network of political and paramilitary cadres in the south. It has continued its efforts to penetrate the government of South Vietnam and probably is maintaining contact with non-Communist but anti-Diem Vietnamese, chiefly those now in exile, who favor conciliation with the north. Through use of nationalist themes and front organizations, it is attempting to retain popular following in the south. Ninety-five thousand men were evacuated from the south in the first few months following the Armistice. The DRV probably views this group as a possible instrument for subversive activity in South Vietnam and some may have been retrained, indoctrinated, and perhaps even infiltrated.]

31. *Policies Toward Laos and Cambodia.* The Communist rebel movement in Laos, the Pathet Lao, is completely dependent on DRV support and assistance to maintain its position in the northern provinces. Although the DRV continues to support the Pathet Lao, it has begun to soften its line toward the Royal Lao government. In place of its earlier criticism of the Lao government, the DRV now praises the Lao government's professed

adherence to the "five principles of coexistence," encourages Laos to adopt a neutral foreign policy and to enter into direct consultations with the Pathet Lao to resolve their differences.

32. DRV policy toward Cambodia encourages neutralism and the establishment of wider contacts between the Cambodian government and the Communist world. The Hanoi radio has virtually eliminated its previously bitter condemnation of the Cambodian government and is now extravagant in its praise of Cambodian foreign policy and its "resistance" to alleged US "plots" to undermine Cambodian independence. Future DRV policies with respect to Laos and Cambodia will probably reflect the guidance of Moscow and Peiping.

33. *Policies Toward Other Countries.* In its relations with other states in Asia, the DRV has attempted to increase support for its position on unification, to further the general Bloc peace campaign, and to obtain diplomatic contacts and recognition. At present, North Vietnam is recognized by all Bloc countries, but no non-Bloc country has extended full diplomatic recognition. India and Indonesia have exchanged consular representatives with both North and South Vietnam and Burma has permitted the DRV to maintain an Information Office in Rangoon. The DRV has taken special pains to woo the Indian delegates to the ICC.

34. The DRV has severely curtailed remaining French cultural activities in North Vietnam and the much publicized commercial arrangements have been too restrictive to hold or attract any significant economic activity by the French. However, the DRV has won French agreement to the establishment of a commercial and cultural mission in Paris. Its presence will complicate French relations with Diem and facilitate the maintenance of DRV influence among Vietnamese resident in France.

III. SOUTH VIETNAM — CURRENT SITUATION AND TRENDS

Political

35. During the past year President Ngo Dinh Diem's government has greatly strengthened

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its internal political position in South Vietnam, a country with an estimated population of 12 million. The national referendum in October 1955 established the legitimacy of the Government of Vietnam (GVN), and completed the elimination of Bao Dai as Chief of State and as a major political factor in South Vietnam. By the end of March 1956, Diem reduced the Cao Dai and Hoa Hao groups to political impotence by a series of moves which culminated in the elimination of the Cao Dai army as an independent military force and the capture, trial, and execution of Ba Cut, the last important active Hoa Hao resistance leader.

36. On 4 March 1956, in South Vietnam's first national elections, 80 percent of the eligible voters participated in electing 123 deputies from 405 candidates for the Constituent Assembly. The returns gave pro-Diem forces a substantial majority. Although nearly one-third of the government-favored candidates were defeated, no openly anti-Diem deputy was elected. This was due in part to government manipulation of the election campaign and in part to a boycott of the elections by most of the opposition parties. Despite efforts by the Vietnamese Communists and other resistance groups to disrupt and sabotage the voting, the elections generally were calm and orderly. The Constituent Assembly will sit for a four-year term as the first National Assembly.

37. The deputies in the Constituent Assembly, which convened 15 March, are divided among political parties as follows: National Revolutionary Movement (NRM), 61; Revolutionary Workers Party (RWP), 15; Citizens Rally (CR), 26; Movement of Struggle for Freedom (MSF), 6; and Independents (including one Dai Viet), 15. The NRM is the Diem government's primary source of organized political power. Although Information Minister Tran Chanh Thanh is its titular head, a large part of the party is controlled by Diem's brother, Ngo Dinh Can, who controls Central Vietnam. The RWP, also a government party, is led by Diem's brother, Ngo Dinh Nhu. While the CR, MSF, and most Independents now support Diem, they contain some members

who have reservations about some of Diem's methods and are potential centers of parliamentary opposition.

38. Diem will probably maintain his dominant political position in South Vietnam during the period of this estimate. The constitution, which has been drafted under Diem's supervision, gives the President wide powers including the right to appoint the first Vice President and to suspend civil rights during the life of the first Assembly. Diem's personal prestige will probably be enhanced by improvement in internal security and by continued frustration of Vietnamese Communist objectives. However, he will continue to face serious problems in attracting additional active support for his government, in part because of his reliance on a small circle of relatives and trusted friends. While Diem's control of the Assembly during the period of this estimate will probably be adequate to insure adoption of any important measure he wishes enacted, his inclination to hold a tight rein on the legislature may accelerate the development of an active opposition.

39. The appointment of a Vice President by Diem, now 55, will remove much uncertainty over presidential succession. Nevertheless, Diem's death, whether by natural causes or assassination, could result in serious factional disputes in the government and among the major political parties which could strain the new governmental institutions. Ngo Dinh Nhu and Tran Chanh Thanh, key figures in the RWP and NRM, have a great deal of political power and would play important roles in any redistribution of power, but neither of these men has a wide popular following. To some government critics and government supporters Thanh symbolizes the more regressive features of the Diem regime. At the moment, Secretary to the President and Acting Minister of the Interior Nguyen Huu Chau appears to enjoy Diem's favor and has grown rapidly in stature and power, but he has no organized political backing apart from his support by Diem and Nhu. Ngo Dinh Can would probably play an important behind-the-scenes role in any redistribution of power, but his lack of national stature and poor

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health would almost certainly rule him out as a leading contender for leadership. Tran Van Lam, leader of the CR, is ambitious and enjoys considerable popularity in the southern provinces, but his political position is weak. Although the army high command has been trying to keep the army out of politics, the prestige and strength of the army would almost certainly play a major and possibly decisive role in the redistribution of political power. The numerous anti-Diem nationalists in South Vietnam and France would probably attempt to re-enter the picture and their maneuvers would add to the confusion. However, many of these men are discredited because of their past relations with Bao Dai, the French, or the Communists, and it is doubtful that any of them could muster sufficient backing to gain control.

Economic

40. South Vietnam is normally an agricultural surplus area, exporting rice and rubber. During World War II and the civil war periods large portions of cultivated land were abandoned and the transportation and irrigation systems deteriorated. Current rice production is less than two-thirds the pre-World War II levels, and exports in 1955 were only about 100,000 tons as compared with the prewar annual total of more than one million tons. Current rubber output of 54,000 tons exceeds the prewar level by about 10,000 tons and rubber has replaced rice as South Vietnam's leading foreign exchange earner. In 1955, high market prices raised the value of South Vietnam's rubber exports almost 80 percent above 1954 and to more than half the value of all exports.

41. Because of the decline in rice exports and the large imports of consumer goods and, to a lesser extent, capital goods for rehabilitation, South Vietnam is running a large deficit in its balance of payments. In 1954 exports covered 17 percent of imports while in 1955, even with unusually high rubber prices, exports covered only 25 percent of imports. At present, US aid is filling the gap and is an important factor in the relatively high standards of living prevalent in much of South

Vietnam. For the fiscal years 1955 and 1956 the planned level of US economic and military aid for South Vietnam totaled approximately \$520 million (not including the value of US equipment already in Vietnam and transferred to the GVN). At present the US is financing about 90 percent of the GVN military budget, 65 percent of the combined military-civilian budget, and 75 percent of all South Vietnam's imports.

42. The withdrawal of French military forces, the termination of France's preferential trade status, and the loosening of French-Vietnamese political ties have combined to curtail the scale of French industrial and commercial activity in South Vietnam. French business interests are withdrawing about as rapidly as Vietnamese restrictions on currency transfers permit. South Vietnam's import trade is moving away from France toward Japan and the US. In 1953 and 1954, France supplied about 80 percent of South Vietnam's imports. In 1955 the figure dropped to 50 percent and the downward trend is continuing. In the same two-year period, Japan's share of South Vietnam's imports has increased from three to 12 percent.

43. The GVN has not yet effectively come to grips with its economic problems. President Diem has stated that 1956 will be a year of economic consolidation, but through the first six months of the year, GVN attention continued to be focused on security and political issues. Only the most pressing economic problems have received serious government attention and those have generally been dealt with by *ad hoc* methods or authoritarian decrees. For example, the government has attempted to cope with a serious threat of inflation by a series of decrees controlling prices and inventories for many items and establishing high fines and even the death penalty for attempts to corner the market. These measures have contributed little to preventing inflation and have aroused the resentment of the important Chinese community. Inflationary pressures have been held in check primarily because the government has been able, with US aid, to maintain a fairly high level of imports of consumer goods.

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44. Progress has been slow in the resettlement of refugees and in the implementation of other measures to increase agricultural production. The limited land reform program inaugurated in 1953 is unattractive to the peasant in comparison with extravagant Communist promises. Landlords are objecting to the low rents provided for in the program and their opposition plus the general lack of official determination and administrative competence has led to the stagnation of land reform.

45. Nevertheless, the GVN has made some progress in building the organizational structure necessary to replace institutions of the French colonial period. The GVN has created an independent national bank, a foreign exchange office, an investment fund, a government-owned commercial bank, and an independent currency. President Diem has proposed establishment of a High Economic Council to guide the country's economic development and he has made informal reference to the possibility of a four or five year plan for economic rehabilitation and development. In addition, government officials now administer a substantial import program and the application of a substantial US foreign aid program. Although these new institutions and economic activities provide an essential beginning for further economic progress, they are not yet fully operative or effective.

46. Though South Vietnam cannot become economically self-supporting so long as it must maintain armed forces of the present size, its economic position could be substantially improved by economic and fiscal reforms. However, during the period of this estimate there is little prospect for marked development of South Vietnam's economy or for a significant reduction in its balance of trade and budget deficits. Inflationary pressures are almost certain to continue. However, the food supply, a critical political factor, is likely to be more than adequate for domestic needs. Provided security conditions continue to improve, the GVN will probably give economic problems increased attention during the coming year and will probably be able to make some progress toward solution of several specific economic problems. A pro-

gram to resettle 100,000 refugees on abandoned land has been developed and some 40,000 of these have already been relocated. This project will probably be followed by further resettlement projects which are likely to reduce substantially the refugee problem during the estimate period. Additional land will probably be brought under cultivation. Some improvement is likely in tax collection and in handling the problem of French disinvestment. By mid-1957, economic development planning will probably be well advanced, but concrete results are unlikely within the period.

Military

47. Current strength of the Vietnamese National Army (VNA) is approximately 145,000 troops. The VNA is organized into 4 field infantry divisions (8,500), 6 light infantry divisions (5,225), 1 airborne groupment (4,000), 13 territorial regiments, 5 separate sect regiments, and 15 assorted combat battalions. Although some progress has been made during the past year, the extensive plans for training and reorganizing the VNA have fallen behind schedule because most major units have been dispersed with many of them engaged in security operations. Principal VNA weaknesses are an inadequate logistical and technical support system, an ineffective chain of command, and inexperience at the command and staff levels. At least six months of uninterrupted training will be necessary to bring the VNA to minimum operational effectiveness at division level. VNA loyalty to President Diem and his policies seems assured. The army's self-confidence and morale are generally good.

48. When the French High Command was inactivated on 23 April 1956, all previous French-Vietnamese military agreements were terminated. All French combat units have been withdrawn from Vietnam. After 1 July, only a few French army personnel remained in South Vietnam, in addition to a 1,000-man French military support group for the ICC. The Vietnamese and the French are now negotiating concerning French support for the ICC and the French role in training the Vietnamese forces, particularly air and naval

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forces. The primary US-directed effort has been the training of a Vietnamese instructor corps and the development of training programs throughout the Vietnamese army. US personnel are detailed to VNA training centers, to units at division level, and to major territorial commands to supervise progress and implementation of the training program. The US military group in South Vietnam has been held to its pre-Geneva size despite the near complete withdrawal of the French mission, which totaled about 2,500 personnel prior to the Armistice. However, a 350-man US Temporary Equipment Recovery Mission (TERM) is being established in South Vietnam.

49. South Vietnam's embryonic air force (VNAF) has grown only slightly during the past year. Its current strength of 3,336 includes 103 trained officer and enlisted pilots and 100 pilot trainees. VNAF aircraft inventory is 143 planes, mostly trainer/liaison and transport types. Although the air force is receiving F8F piston fighter-type planes, it is unable to maintain even limited flight operations because of a lack of qualified maintenance personnel. The VNAF has a limited capability to provide air support to ground troops, artillery observation, air evacuation, liaison, and air lift for paratroop operations. No significant increase in VNAF capabilities appears likely during the next two to three years.

50. South Vietnam's navy is under operational control of the Chief of Staff of the VNA and under the administrative command of a senior naval officer. Personnel strength is 142 officers and 1,755 men, with a Marine Corps of 44 officers and 1,775 men. The forces afloat, which have been augmented over the past year by additions from the withdrawing French forces, include 3 submarine chasers (PC), 3 coastal minesweepers (MSC (O)), 14 amphibious vessels (2 LSM, 2 LSSL, 5 LSIL, 5 LCU), and 170 smaller amphibious and patrol craft. The Vietnamese navy has limited effectiveness, but it is capable of undertaking river patrol and minor coastal and amphibious operations. Capabilities should improve substantially in the near future be-

cause of continued US aid and intensive training programs which include technical training in the US and France.

51. We believe South Vietnam's military and security forces are capable of maintaining the government in power against any potential armed opposition now located south of the 17th parallel. In the event of large scale, concerted guerrilla warfare supported by infiltration of men and supplies from the north, relatively large areas of rural Vietnam probably would be lost to government control. In the event of full scale invasion, the Vietnamese forces at present probably could not delay for more than 60 days a Vietnamese Communist advance to the Ban Me Thout-Nha Trang line. If the trend toward improved internal security and increased effectiveness of the Civil Guard continues, it will be possible to step up training and reorganization of the VNA, thereby improving its capabilities during the period of this estimate. However, by mid-1957 Vietnamese forces will still be incapable of delaying for more than 90 days an advance by DRV forces beyond the Ban Me Thout-Nha Trang line.

Internal Security

52. The internal security situation in South Vietnam has improved substantially during the past year. The sects are no longer a major security problem for the GVN. Most of the important non-Communist sect leaders of a year ago have either fled the country, been killed or captured, lost control of their forces, or rallied to the government. Remaining sect armed bands are scattered and disorganized and probably total no more than 2,000. Although various bandit groups will probably continue to cause local disturbances, it is likely that organized non-Communist resistance will virtually disappear during the period of this estimate.

53. With the sect problem basically under control, the Communist underground represents the only serious threat to internal security in South Vietnam. Reports on Communist armed strength in the south over the past year have ranged from 5,000 to 10,000. Our best estimate of current strength is 8,000 to

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10,000 with approximately 5,000 organized in skeletal company and battalion sized units which could be expanded through recruitment. These armed forces are generally scattered through the mountains paralleling the Annam coast and the remote swampy regions of Cochin-China. They are capable of harassing actions against VNA outposts and of widespread intimidation, assassination, sabotage, and terrorism, especially in rural areas. They could disrupt north-south traffic throughout Central Vietnam and interfere seriously with provincial and local administration. However, any sustained guerrilla operations would require a flow of reinforcements and supply from the north.

54. The Communists have an unknown number of political cadres in the south engaged in subversive and propaganda activities. Although Communist cadres probably exercise effective control over some remote communities where the GVN has not yet attempted to establish its authority, and have some influence in villages through much of South Vietnam, over-all Vietnamese Communist political influence in the south appears to have diminished during the past year. However, if the Communists decide to exercise their capability for armed intimidation and terror they could quickly reassert political control or influence, at least in some rural areas where GVN authority is tenuous.

55. During the past year the Communists in South Vietnam have remained generally quiescent. They have passed by a number of opportunities to embarrass the Diem regime. Although some cadres and supplies are being infiltrated across the 17th parallel, the DRV probably has not sent any large scale reinforcement or supply to the south. Communist activity in the south appears to concentrate on protecting vital bases and supply caches, developing clandestine paramilitary organizations, and implementing a broad program of infiltration and subversion. While seeking to maintain intact as much of their armed strength as possible, their main activity seems to be an effort to weaken the Diem government by subversive and political tactics. Communist directives indicate that penetration and subversion of the GVN military and

security forces is a major objective. Although there is little specific evidence, they probably have penetrated lower echelons of the VNA, especially the integrated sect forces, and probably hold positions of influence in some provincial governments and village councils. Local Communist groups probably gave some assistance to the Cao Dai and Hoa Hào forces opposing the government. Since the collapse of sect armed resistance it is possible that the Communists are seeking to take over the remnants of the sect forces.

56. The GVN has organized a Civil Guard to relieve the VNA of many static internal security duties. Current strength of the Civil Guard is approximately 48,000 men organized in lightly-armed mobile companies. Its mission is to maintain law and order, collect intelligence, and conduct countersubversion operations at the provincial level in areas pacified by the army. Although considerable progress and refinement in its training and organization will be necessary before the Civil Guard can fully discharge its responsibilities, it has shown considerable potential as an instrument for maintaining internal security. A 60,000-man village Self-Defense Corps (Dan Ve Doan) is being organized to provide security at the local level.

Foreign Relations

57. GVN foreign policy objectives are to win recognition as the legitimate government of all Vietnam, to obtain maximum foreign military and economic aid and guarantees of foreign assistance in the event of Communist aggression, and to develop foreign support for its position with respect to the Geneva Agreements. Forty-one nations have recognized the GVN. In addition, India and Indonesia maintain consular relations with the GVN.

58. President Diem consistently has maintained that South Vietnam is not bound by the 1954 Geneva Accords and has no legal responsibility for their implementation. He has refused to deal directly with the DRV on any issue and has been steadfast in his rejection of all-Vietnam elections until "democratic processes can be assured in North Vietnam." He believes that any consultations or implied recognition of the DRV would have

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adverse political effects in the south and could lead to increased internal and international pressure for reunification of Vietnam under a coalition government with the Communists.

59. His refusal to permit nationwide elections and to assume responsibilities under the Geneva Accords raised the possibility of a withdrawal of the ICC following the deactivation of the French High Command in April. To deal with this situation, representatives of the Geneva co-chairmen (the UK and the USSR) met in London during April and May 1956. The USSR failed to press DRV demands that the co-chairmen reopen the Geneva conference. Instead, the co-chairmen finally agreed upon identical letters to the DRV and GVN requesting them to prevent any violation of military clauses of the Geneva Accords, to insure implementation of the political terms, to submit at the earliest possible time a convenient deadline for direct consultations and for holding all-Vietnam elections, and to give every assistance to the ICC. The co-chairmen requested the ICC to continue supervising the Armistice. They requested the French government to continue its good offices in support of the ICC, to reach agreement with the GVN to facilitate the task of the ICC and the Joint Armistice Commission (French-DRV), and to preserve the status quo until such new arrangements could be put into effect.

60. Despite his past refusals to assume responsibilities under the Geneva Accords, in his response to the co-chairmen's message Diem agreed to respect the Armistice and to provide security for ICC members. He recognizes the deterrent value inherent in the presence of the ICC, and appears willing to take action necessary to continue its function but continues to avoid the acceptance of any legal obligation under the Geneva Accords.

61. Franco-Vietnamese relations continue to reflect considerable ill-will and distrust on both sides. Recent causes of friction include disagreements concerning the future status and role of French military training missions, residual military base rights in South Vietnam, and the equivocal French attitude to-

ward the Communist regime in the north. The French now exercise little influence in Vietnamese affairs and there is little prospect for any improvement in relations in the near future.

62. South Vietnam-US relations have remained close and friendly during the past year. There have been few evidences of Vietnamese resentment of increasing US influence and activity in South Vietnam despite continual efforts by the Communists and some local French to stir up dissatisfaction on that score. The GVN would like the US to raise the mutually agreed ceiling on VNA force levels and desires greater autonomy in administering the foreign aid program. Diem would also like the US to exercise maximum political pressure, especially on the UK, India, and France, to enable the GVN to avoid any responsibility for the Geneva Accords.

63. Relations between South Vietnam and Cambodia have been strained by activities of resistance groups in border areas; by treatment of minority groups, by boundary disputes, and most seriously by disagreements relating to trade arrangements. A trade stoppage early in 1956 was removed through informal mediation by the US, and by the terms of settlement official representatives have been exchanged for the first time. The basic causes of friction remain, however. Vietnam does not desire full diplomatic relations with Cambodia because it fears such action would lead to Cambodian recognition of the DRV as well. There are no pressing problems in Lao-Vietnamese relations and South Vietnam's relations with the Philippines and Thailand are generally good.

IV. THE OUTLOOK IN VIETNAM

Probable Communist Courses of Action Toward South Vietnam

64. The DRV probably estimates that its chances for securing control of South Vietnam by means short of open attack or large scale guerrilla action supported from the north will gradually diminish with the passage of time. As indicated by Soviet and Chinese Communist performance in the past

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several months, the DRV probably cannot expect strong support from the Bloc for the "strict implementation" of the Geneva Agreements. The lack of strong Bloc pressure strengthens international acceptance of the status quo in Vietnam and increases confidence in the future in South Vietnam. Although the DRV may still believe that it could obtain control of all Vietnam through ICC supervised nationwide elections, Vietnamese Communist leaders are probably increasingly doubtful on this point because of their own internal difficulties and the growing nationalist stature of Diem. The DRV probably also believes that its covert assets in South Vietnam will gradually decline if the Diem government is permitted to concentrate on internal security and economic problems free of external harassment.]

65. Despite the declining prospects for the "peaceful" take-over of South Vietnam, we believe that the USSR and Communist China will almost certainly continue unwilling to support open DRV military action against South Vietnam during the period of this estimate. They are probably unwilling to risk the chance of US or SEATO intervention which would make it difficult to limit the conflict to Vietnam, and probably believe that overt DRV military action would seriously undercut the worldwide effort of the Bloc to win friends and supporters. Although the DRV retains the capability to launch an independent military action against South Vietnam, the chances of such action in the absence of assured Bloc support appear to be extremely small.

66. The only remaining course of action holding out some promise for the early achievement of Communist control in South Vietnam appears to be the development of large scale guerrilla warfare in the south. In recent weeks a number of reports from sources of untested reliability have indicated that the Communists may have started preparations in both South Vietnam and in the north to begin guerrilla action. DRV allegations of Vietnamese violations of the demilitarized zone along the 17th parallel and Communist claims of US-Diem plans to violate the Armis-

tice could be propaganda cover for the initiation of guerrilla action against the south.

67. However, the possible indications of armed action appear inconsistent with the DRV's insistence on the continued functioning of the ICC — which is in a position to make at least limited observations of DRV activities. Moreover, guerrilla action in South Vietnam, if it were to be sustained and not to result simply in the identification and gradual elimination of Communist cadres, would require large scale support from the north. This would involve some risk of detection by the ICC and of intervention by the US and possibly SEATO. It would also tend to prejudice current Communist maneuvers elsewhere in Asia. For these reasons, we believe that the DRV will refrain from instituting large scale guerrilla action within South Vietnam during the period of this estimate. Communist capabilities for guerrilla warfare in South Vietnam will exist for some time, however, and the chances of their being employed would probably increase in the event of any substantial deterioration in the domestic situation in South Vietnam — such as might conceivably occur on the death of Diem. The chances of Communist guerrilla warfare would also be increased by deterioration of the international aspects of the situation, such as a withdrawal of the ICC under circumstances which would permit the Communists to place the blame for this event on the GVN.

68. The DRV will continue to seek maximum Bloc support for its objectives and will seek, within the limits of Bloc strategy, to harass and undermine the government in South Vietnam. It will continue to seek direct contacts with South Vietnam, offering economic and cultural exchanges while castigating Diem for "blocking" unification. It will continue efforts to penetrate the government of South Vietnam and to improve its covert organization throughout the area. It may attempt to increase pressures for a reconvening of the Geneva conference and to unsettle the Diem government by fabricating or provoking incidents along the demarcation line and by demonstrations of armed strength within South Vietnam.

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Trends in South Vietnam

69. Barring a major Communist effort to disrupt the Diem regime by renewal of large scale guerrilla operations, the over-all prospects for improved security of South Vietnam are good. The VNA, as its training progresses and as more units are released from static security duties, probably will be able to pacify and extend government authority into many areas of present Communist influence. Diem's success in by-passing the July 1956 election date without evoking large scale Communist military reaction will reassure many Vietnamese and encourage them to cooperate with GVN programs to expose and root out Communists. Continued improvement in internal security will depend in some measure on the government's ability to deal with economic and social problems and on the effectiveness of the administrative apparatus.

70. If the Communists were to undertake large scale guerrilla action in South Vietnam, they probably would not be able to develop widespread popular support, especially if the VNA were to register some early military success. The GVN is being increasingly accepted as a nationalist alternative to Communist leadership. Public confidence in the GVN, combined with general war-weariness, may have already reached the point where any effort to upset the government by force would lead to a strong popular reaction against the guerrillas.

71. The trend toward increased political stability in South Vietnam will probably continue during the period of this estimate and President Diem will probably continue to exercise effective political control. The trend toward authoritarian rule through the political parties led by Diem's relatives and small circle of trusted associates will probably continue. Isolation and neutralization of government crit-

ics and men disliked or distrusted by Diem will also continue. Diem and his associates are likely to exert strong pressures against any opposition in the Assembly. Thus it is not likely that Diem or his government will meet any serious opposition in the National Assembly during the period of this estimate; however, over a longer period the accumulation of grievances among various groups and individuals may lead to development of a national opposition movement. The major economic problems will undoubtedly continue and over the longer run may handicap South Vietnam in competition with the Communist north, but economic conditions are unlikely to affect political stability during the period of this estimate.

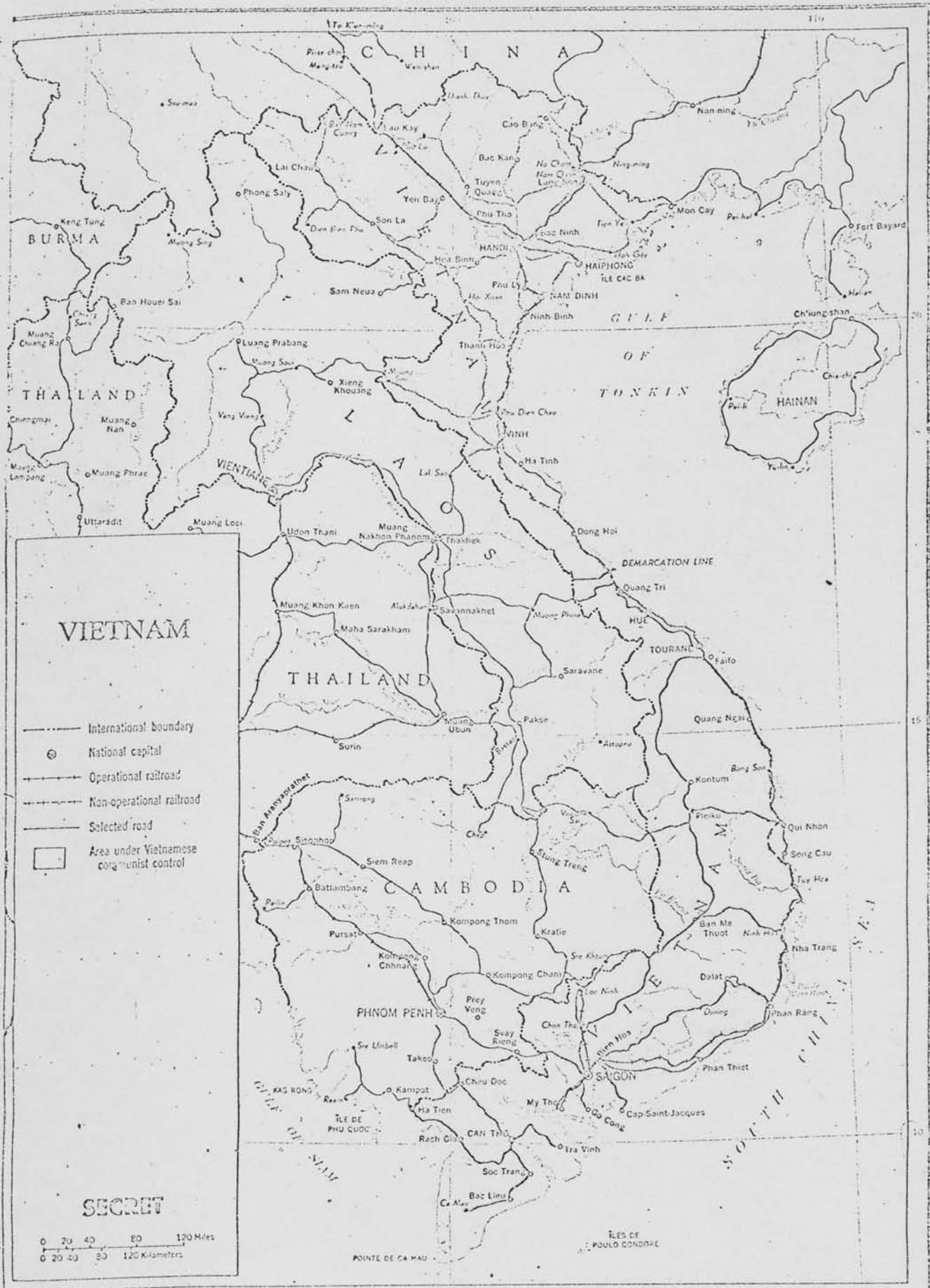
72. Despite the moderately favorable outlook projected for South Vietnam, the situation contains many elements of instability, and progress will continue to depend on firm US support. A number of contingent developments could create new tensions among the foreign powers concerned as well as between the GVN and the DRV. For example, the steps which Diem is willing to take toward facilitating the operations of the ICC may not be adequate to satisfy India whose representative serves as chairman of the Commission. Should the Commission withdraw, DRV agitation might well be intensified and international Communist pressures on the diplomatic level would probably increase. The UK might become less firm in its support of Diem's position. Weakening of international support for Diem, a marked increase in Bloc support for the DRV, or a substantial increase in Communist activity within South Vietnam would probably weaken the government's confidence in its position, cause some loss of public support, and lead to renewed efforts by opponents of the regime in the direction of reconciliation with the north.

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September 5, 1956

NOTE BY THE EXECUTIVE SECRETARY
to the
NATIONAL SECURITY COUNCIL
on

U. S. POLICY IN MAINLAND SOUTHEAST ASIA

- References:
- A. NSC 5405
 - B. NSC Actions Nos. 1526-b and 1527-c
 - C. NSC 5429/5, paragraph 5-d
 - D. NSC 5429/5, Annex A
 - E. NSC Action No. 1415-c
 - F. NSC Action No. 1571
 - G. Memo for NSC from Executive Secretary, subject: "U. S. Policy in the Event of a Renewal of Aggression in Vietnam", dated September 16, 1955
 - H. Progress Report, dated July 11, 1956, by OCB on NSC 5405 and Portions of NSC 5429/5
 - I. NSC 5610
 - J. NSC 5612
 - K. NSC Action No. 1599

The National Security Council, the Acting Secretary of the Treasury, the Attorney General, the Acting Secretary of Commerce, the Special Assistant to the President for Disarmament, and the Director, Bureau of the Budget, at the 295th Council meeting on August 30, 1956, adopted the statement of policy on the subject contained in NSC 5612, subject to the amendments thereto which are set forth in NSC Action No. 1599-b.

The President has this date approved the statement of policy in NSC 5612, as amended and adopted by the Council and enclosed herewith as NSC 5612/1; directs its implementation by all appropriate Executive departments and agencies of the U. S. Government; and designates the Operations Coordinating Board as the coordinating agency.

The enclosed statement of policy, as adopted and approved, supersedes NSC 5405 and Annex A of NSC 5429/5.

JAMES S. LAY, JR.
Executive Secretary

cc: The Secretary of the Treasury
The Attorney General
The Secretary of Commerce
The Special Assistant to the President for Disarmament
The Director, Bureau of the Budget
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence

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STATEMENT OF POLICY

on

U. S. POLICY IN MAINLAND SOUTHEAST ASIA*

I. GENERAL CONSIDERATIONS

1. General. Since mainland Southeast Asia does not represent a unified area, courses of action must generally be determined in the light of widely varying country situations. However, basic objectives and main directions of U. S. policy can and should be established on a regional basis.

2. Consequences of Communist Domination. The national security of the United States would be endangered by Communist domination of mainland Southeast Asia, whether achieved by overt aggression, subversion, or a political and economic offensive.

a. The loss to Communist control of any single free country would encourage tendencies toward accommodation by the rest.

b. The loss of the entire area would have a seriously adverse impact on the U. S. position elsewhere in the Far East, have severe economic consequences for many nations of the free world, add significant resources to the Communist bloc in rice, rubber, tin and other minerals, and could result in severe economic and political pressures on Japan and India for accommodation to the Communist bloc. The loss of Southeast Asia mainland could thus have farreaching consequences seriously adverse to U. S. security interests.

3. The Communist Threat

a. Overt Aggression. Although Communist policy now emphasizes non-military methods, the danger of overt aggression will remain inherent so long as Communist China and North Viet Nam continue a basically hostile policy supported by substantial military forces. There is only a cease-fire in Viet Nam and sporadic hostilities continue in Laos. The Viet Minh have continued to improve

* For purposes of this paper "Mainland Southeast Asia" consists of Burma, Cambodia, Laos, Thailand, Viet Nam, Malaya and Singapore. In addition, there is attached a supplementary statement of policy on the special situation in North Viet Nam.

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their combat capabilities since the Geneva Conference of 1954.

b. Subversion. In most countries of Southeast Asia a threat also arises from the existence of extensive local Communist capabilities for all types of subversive activities, ranging up to armed insurrection. Additionally, the large overseas Chinese communities in Southeast Asia offer a fertile field for subversion. The weak internal security systems of the Southeast Asian states make them highly vulnerable to such activities.

c. Communist Political and Economic Offensive. At present overt aggression and militant subversion are less likely than an intensified campaign of Communist political, economic and cultural penetration in the area. The political instability, economic backwardness, export problems, and extreme nationalism of these countries provide many opportunities for Communist exploitation by trade and economic assistance, conventional political and diplomatic activity, and extensive infiltration. This offensive now constitutes a threat to U. S. interests more subtle and more difficult to cope with than other threats.

4. United States Role. The United States is likely to remain the only major outside source of power to counteract the Russian-Chinese Communist thrust into Southeast Asia. Thus, the retention of this area in the free world will continue to depend on the extent and effectiveness of U. S. support as well as on the local efforts of the countries themselves.

a. Political. The underlying purpose of U. S. assistance in the area is to help the non-Communist countries develop more effective political organizations, strengthen their internal administration and enlist greater allegiance in both urban and rural districts. In part this purpose will be served by programs for military and economic aid dealt with below. In part it will require an intensification of present programs for training competent Asian managerial and technical personnel. And in part new approaches, both governmental and private, will be needed. These should not concentrate exclusively at the national level, but should include activities designed to strengthen and vitalize indigenous traditions and institutions and to have an impact on village life, rural society, and educational systems.

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b. Military. Because these countries do not have the capability of creating armed forces which could effectively resist large-scale external aggression, the United States will be required to provide a basic shield against Communist aggression. For the foreseeable future local will to resist aggression will depend on a conviction in Southeast Asia that the United States will continue its support and will maintain striking forces adequate to counter aggression in Southeast Asia with the capabilities described in NSC 5502/1 (paragraphs 11, 15 and 16). The combination of such U. S. forces and local will to resist would constitute the best deterrent against aggression. Should the deterrent fail, this combination would also provide the most effective insurance that, in conjunction with indigenous and allied forces, the United States could suppress aggression in the area quickly and in a manner and on a scale best calculated to avoid the hostilities broadening into general war.

c. Economic and Technical. The insistence, throughout most of the area, on economic development provides the strongest lever for the exertion of influence by the free world or by the Communist bloc. Without increased external help from some source, most of the governments of the area will be unable, even with adequate indigenous effort, to manage the political demand for rapid betterment in the conditions of life and provide for sound economic development. Failure to obtain such assistance from the free world will tend to drive these countries toward economic dependence on the Communist bloc. The general preference in Southeast Asia for Western technical and economic assistance gives the United States and the free world an opportunity to obtain primacy over Communist efforts in key economic sectors. The outcome may, however, be strongly influenced by the success with which the free world can cope with Communist efforts to exploit the existence of Southeast Asian export problems, particularly those involving rice. In the period ahead, flexibility of U. S. procedure and rapidity of U. S. action will be increasingly important, if effective advantage is to be taken of unexpected and transient opportunities.

5. The Problem of Regional Association. Over the long run, the small, vulnerable, and essentially dependent nations of Southeast Asia cannot exist satisfactorily as free nations without closer associations than now exist.

6. The Problem of Alignment. To preserve their independence, strengthen their internal stability, and protect themselves against aggression, some countries in Southeast Asia

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prefer to join regional security arrangements. Some, however, prefer to avoid alignment with other nations. The basic objective of both groups is to maintain the independence of their countries free of outside interference or dictation, and the independence and vitality of both are important to the United States and to each other.

II. POLICY CONCLUSIONS

7. The national independence of the mainland Southeast Asian states is important to the security interests of the United States. If such independence is to be preserved, U. S. policies must seek to build sufficient strength in the area at least to identify aggression, suppress subversion, prevent Communist political and economic domination, and assist the non-Communist governments to consolidate their domestic positions. U. S. policy should not depend primarily on the degree and nature of Communist activity at any particular time, but should seek to promote these goals within the limits of the economic capacities of the countries concerned and U. S. resources available for the area.

8. Where a national determination to maintain independence and oppose external aggression is sufficiently manifest, the United States should be prepared to provide military assistance based upon the missions of the forces as indicated in the "Country Courses of Action" (Part V, below).

9. In the event of aggression against a Southeast Asian state willing to resist, the provisions of the UN Charter or the SEATO Treaty should be invoked, but the United States should not forgo necessary action in behalf of such a state or states because of the possibility that other allies might be loath to participate or to furnish more than token military forces.

10. In the long run, the ability of the non-Communist governments to attain political, economic and social objectives will be the dominant factor in defeating the Communist attempts to dominate Southeast Asia. The United States should assist the non-Communist states of the area to formulate and execute programs designed to promote conditions of sound development, to demonstrate that they can achieve growth without reliance on Communist methods or dependence on the Communist bloc, and to give their peoples a greater stake in the continued independence of their countries.

11. The United States should continue to make clear its own devotion to the principle of collective security, its belief that regional security arrangements provide maximum protection at minimum cost for all, and its expectation that a

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country's decision to participate in such arrangements is based on its own calculation of its best interests and does not of itself constitute a claim for increased financial aid. Where countries participate, measures to assure adherence are desirable, normally including preferential treatment in the fields of economic and military assistance as justified by U. S. strategic objectives. Where new opportunities for affiliation develop they should be encouraged. The United States should, however, accept the right of each nation to choose its own path to the future, and should not exert pressure to make active allies of countries not so inclined. The genuine independence of such countries from Communism serves U. S. interests even though they are not formally aligned with the United States. The United States should accordingly support and assist them so long as they remain determined to preserve their own independence and are actively pursuing policies to this end.

III. OBJECTIVE

12. To prevent the countries of Southeast Asia from passing into or becoming economically dependent upon the Communist bloc; to persuade them that their best interests lie in greater cooperation and stronger affiliations with the rest of the Free World; and to assist them to develop toward stable, free, representative governments with the will and ability to resist Communism from within and without, and thereby to contribute to the strengthening of the Free World.

IV. REGIONAL COURSES OF ACTION*

13. Support and assist the countries of the area on the basis of their will and ability to defend and strengthen their independence.

14. Respect each country's choice of national policy for preserving its independence, but make every effort to demonstrate the advantages of greater cooperation and closer alignment with the Free World, as well as the dangers of alignment with the Communist bloc.

15. Encourage the countries of Southeast Asia to cooperate closely with each other on a basis of mutual aid and support, and support indigenous efforts to develop regional associations so long as they do not weaken SEATO or the spirit of resistance to Communism.

* The regional courses of action are not applicable to Malaya and Singapore.

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16. Participate actively in SEATO, and seek to develop with its military and non-military aspects in a manner that will convincingly demonstrate the value of SEATO as a regional association, the usefulness of which extends beyond deterrence of Communist expansion. Encourage limited participation of non-Communist, non-SEATO Asian nations in certain SEATO activities.

17. Encourage and support the spirit of resistance among the peoples of Southeast Asia to Chinese Communist aggression as well as to indigenous Communist insurrection, subversion, and propaganda.

18. Maintain, in the general area of the Far East, U. S. forces adequate to exert a deterrent influence against Communist aggression, in conformity with NSC 5602/1.

19. Should overt Communist aggression occur in the Southeast Asian treaty area, invoke the UN Charter or the SEATO Treaty, or both as applicable; and subject to local request for assistance take necessary military and any other action to assist any Mainland Southeast Asian state or dependent territory in the SEATO area willing to resist Communist resort to force: Provided, that the taking of military action shall be subject to prior submission to and approval by the Congress unless the emergency is deemed by the President to be so great that immediate action is necessary to save a vital interest of the United States.

20. In case of an imminent or actual Communist attempt to seize control from within, and assuming some manifest local desire for U. S. assistance, take all feasible measures to thwart the attempt, including even military action after appropriate Congressional action.

21. As appropriate, assist the police forces in Southeast Asian countries to obtain training and equipment to detect and contain Communist activities.

22. In order to strengthen the non-Communist governments of the area and to help forestall their economic dependents on the Communist bloc:

a. Provide flexible economic and technical assistance as necessary to attain U. S. objectives.

b. Encourage measures to improve the climate for private investment, both domestic and foreign, and to mobilize the maximum investment of U. S. private capital in the area consistent with the prevailing climate.

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c. Encourage United Nations agencies, other Colombo Plan countries, and other friendly countries to contribute available resources to promote the economic growth of Southeast Asia.

d. Encourage the Southeast Asian countries to orient their economics in the direction of the free world and to rely primarily on non-Communist markets and sources of supply for trade, technicians, capital development, and atomic development.

e. In carrying out programs involving disposal of U. S. agricultural surpluses abroad:

(1) Give particular attention to the economic vulnerabilities of the Southeast Asian countries and avoid, to the maximum extent practicable, detracting from the ability of these countries to market their own exportable produce.

(2) Give particular emphasis to the use of the resources to promote multilateral trade and economic development.

f. Promote as appropriate the expansion of trade relationships between the United States and the countries of Southeast Asia.

g. Take advantage of adverse local reactions to Communist barter agreements with countries in the area by demonstrating the advantages to these countries of conducting trade on a multilateral commercial basis.

23. Make a special, sustained effort to help educate an expanding number of technically competent, pro-Western civilian and military leaders, working bilaterally, through the United Nations, with the other Colombo Plan countries and with other friendly countries. Stress the development of potential and secondary leadership to support the thin stratum of elite now administering the central governments and bring to their support modern techniques and technology in public information and organization.

24. Place increased emphasis on community development projects, educational programs, and other activities aimed to influence the welfare and attitudes of the people at the village level.

25. Strengthen informational, cultural and educational activities, as appropriate, to foster increased alignment of the people with the free world and to contribute to an understanding of Communist aims and techniques.

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26. Hold or reduce the number of U. S. officials in each country to a strict minimum consistent with sound implementation of essential programs, in order to head off an adverse political reaction to the presence of a large number of Americans in relatively privileged positions.

27. Promote increasing Asian Buddhist contact with and knowledge of the free world. Explore with friendly religious organizations ways of developing Buddhist fraternal associations and identification with free world religious leaders and movements.

28. Continue activities designed to encourage the overseas Chinese communities in Southeast Asia (a) to organize and activate anti-Communist groups and activities within their own communities; (b) to resist the effects of parallel pro-Communist groups and activities; (c) generally, to increase their orientation toward their local governments and toward the free world; and (d) consistent with their obligations and primary allegiance to their local governments, to extend sympathy and support to the Chinese National Government.

29. Discreetly encourage local governments to work toward assimilation of racial minorities.

30. Implement as appropriate covert operations designed to assist in the achievement of U. S. objectives in Southeast Asia.

31. Promote economic cooperation between the countries of the area and Japan and with the Government of the Republic of China, to the extent feasible without jeopardizing the achievement of U. S. objectives toward the individual Southeast Asian countries.

32. In order to promote increased cooperation in the area and to deny the general area of the Mekong River Basin to Communist influence or domination, assist as feasible in the development of the Mekong River Basin as a nucleus for regional cooperation and mutual aid.

V. COUNTRY COURSES OF ACTION IN ADDITION TO THE "REGIONAL COURSES OF ACTION" ABOVE

BURMA

33. In view of the emerging opportunities in Burma and the repercussions that developments there will have on the uncommitted areas of Asia and Africa, make a special effort to influence an increasingly favorable orientation in Burma's policies.

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34. Encourage and support those elements in Burma which do maintain a stable free government that identifies its interest with those of the free world and resists Communist inducements, threats, and programs to subvert Burma's independence.

35. Encourage Burmese assumption of regional and international responsibilities compatible with our own objectives.

36. For political purposes, upon Burmese request make available military equipment and supplies on a loan or reimbursable basis, as consistent with U. S. interests.

37. Encourage the Burmese Government to establish internal security throughout the country, and discourage further foreign assistance to Chinese Nationalist irregulars and ethnic rebel groups in Burma.

38. Should overt Communist aggression occur against Burma, invoke the UN Charter and, subject to Burmese request for assistance, take necessary military and any other action to assist Burma if Burma is willing to resist Communist resort to force and U. S. vital interests are involved: provided that the taking of military action shall be subject to prior submission to and approval by the Congress.

CAMBODIA

39. In order to maintain Cambodia's independence and to reverse the drift toward pro-Communist neutrality, encourage individuals and groups in Cambodia who oppose dealing with the Communist bloc and who would serve to broaden the political power base in Cambodia.

40. Provide modest military aid for indigenous armed forces capable of assuring internal security.

41. Terminate economic and military aid if the Cambodian Government ceases to demonstrate a will to resist internal Communist subversion and to carry out a policy of maintaining its independence.

42. Assist where possible in solution of Cambodian-Thai border problems and in fostering good relations between Cambodia and Viet Nam.

LAOS

43. Seek to strengthen the determination of the Royal Government to resist subversion and to maintain its independence.

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44. In order to prevent Lao neutrality from veering toward pro-Communism, encourage individuals and groups in Laos who oppose dealing with the Communist blow.

45. Develop an attitude of confidence on the part of the leaders that the UN Charter, SEATO, and U. S. support provide a favorable basis for Lao resistance to Communist pressure and inducements.

46. Encourage and support close bonds between Laos and Thailand; including such political associations, economic cooperation, and joint military planning as feasible.

47. Support the expansion and reorganization of police, propaganda, and army intelligence services, provided anti-Communist elements maintain effective control of these Services.

48. Continue support of the Royal Lao Army to assure internal security and provide limited initial resistance to an attack by the Viet Minh.

49. Terminate economic and military aid if the Lao Government ceases to demonstrate a will to resist internal Communist subversion and to carry out a policy of maintaining its independence.

THAILAND

50. Promote the development of Thai leadership which is increasingly united, stable and constructive, is supported by the Thai people, and willing to continue the alignment of Thailand with the United States and the West.

51. Utilize Thailand's central location in Southeast Asia as a point from which to create discontent and internal difficulties within nearby Communist-dominated areas and thwart Communist subversive efforts in neighboring free countries, to a degree consistent with U. S. policies and programs in neighboring free countries.

52. Provide military assistance to Thailand for support of forces sufficient:

- a. To maintain internal security.

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b. To present limited initial resistance to external aggression.

c. To make a modest contribution to collective defense of contiguous SEATO areas.

53. Encourage and support close bonds between Thailand and Laos and between Thailand and Cambodia, including such political associations, economic cooperation, and joint military planning as feasible.

VIET NAM

54. Assist Free Viet Nam to develop a strong, stable and constitutional government to enable Free Viet Nam to assert an increasingly attractive contrast to conditions in the present Communist zone.

55. Work toward the weakening of the Communists in North and South Viet Nam in order to bring about the eventual peaceful reunification of a free and independent Viet Nam under anti-Communist leadership.

56. Support the position of the Government of Free Viet Nam that all-Viet Nam elections may take place only after it is satisfied that genuinely free elections can be held throughout both zones of Viet Nam.

57. Assist Free Viet Nam to build up indigenous armed forces, including independent logistical and administrative services, which will be capable of assuring internal security and of providing limited initial resistance to attack by the Viet Minh.

58. Encourage Vietnamese military planning for defense against external aggression along lines consistent with U. S. planning concepts based upon approved U. S. policy, and discreetly manifest in other ways U. S. interest in assisting Free Viet Nam, in accordance with the SEATO Treaty, to defend itself against external aggression.

SINGAPORE AND THE FEDERATION OF MALAYA

(The following courses of action only, and not the regional courses of action, are applicable to the Federation of Malaya and Singapore.)

59. Accept the present primary role of the British in Malaya in so far as they are willing and able to maintain it, and collaborate with the British so far as practicable.

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60. Encourage the British and local authorities to take vigorous actions to curb Communist subversion, and be prepared to assist in such action as requested by British or local authorities.

61. Employ all feasible means to prevent Singapore and the Federation of Malaya from falling under Communist control. In the case of armed attack, place initial reliance on Commonwealth, ANZUS, or SEATO resources as appropriate, but be prepared to take such additional U. S. action as may be required.

62. Encourage the development of a strong, stable, independent Malayan nation within the Commonwealth.

63. Seek to assure free world strategic interests in Singapore, favoring, only if consistent with this end, elective institutions in Singapore and Singapore's incorporation with an independent Malaya within the Commonwealth.

64. After Malaya attains full self-government and independence, be prepared, as appropriate and consistent with recognition of Commonwealth responsibility, to assist Malaya to maintain stability and independence, and encourage it to join SEATO.

VI. SUPPLEMENTARY STATEMENT OF POLICY
on
THE SPECIAL SITUATION IN NORTH VIET NAM

65. Treat the Viet Minh as not constituting a legitimate government, and discourage other non-Communist states from developing or maintaining relations with the Viet Minh regime.

66. Prevent the Viet Minh from expanding their political influence and territorial control in Free Viet Nam and South-east Asia.

67. Deter the Viet Minh from attacking or subverting Free Viet Nam or Laos.

68. Probe weaknesses of the Viet Minh and exploit them internally and internationally whenever possible.

69. Exploit nationalist sentiment within North Viet Nam as a means of weakening and disrupting Sino-Soviet domination.

70. Assist the Government of Viet Nam to undertake programs of political, economic and psychological warfare against Viet Minh Communists.

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71. Apply, as necessary to achieve U. S. objectives, restrictions on U. S. exports and shipping and on foreign assets similar to those already in effect for Communist China and North Korea.

NSC 5612/1

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TOP SECRET

16 Nov 1956

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: U.S. Force Commitments to the SEATO

1. Reference is made to ADMIN CINCPAC Message O40151Z July 1956, subject: "Preliminary Summary of SEATO Third Military Staff Planners' Conference, Singapore, 11-27 June," which stated, inter alia, that CINCPAC would require high level policy guidance on the matter of U.S. force commitments to the SEATO.
2. The permanent SEATO Military Planning Staff is scheduled to be established in Bangkok by 15 January 1957. As force requirements planning progresses toward detailed plans, there will be increasing pressure placed on the United States, particularly by the Asian members of SEATO, for information as to availability of U.S. forces to support SEATO plans.
3. The United States should not duplicate the pattern of NATO and its significant standing military forces by earmarking U. S. forces for Southeast Asia. Instead, the United States should maintain mobile striking power readily available for immediate operations and sufficient, in concept with other nations, to defeat overt Communist local aggression in the SEATO area. The Joint Chiefs of Staff consider that although detailed U.S. strategic plans should not be discussed with military representatives of the SEATO nations, the United States should discuss her capabilities and methods of providing support to these nations without making a specific commitment of forces. The major effort of the United States should be to provide those types of forces which are needed in the SEATO area and logistic support to indigenous forces.
4. The Joint Chiefs of Staff recommend that the United States make no specific force commitments to the SEATO but that the U. S. Military Adviser, at the next meeting of the SEATO Military

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advisors be authorized to reassure the SEATO nations of U.S. support in the event of overt Communist aggression. The Joint Chiefs of Staff further recommend that the U.S. Military Adviser be authorized to inform the SEATO nations, in broad terms, of the major U.S. forces deployed to the Western Pacific and those forces available to CINCPAC for contingency planning, emphasizing the flexibility and mobility of these forces.

For the Joint Chiefs of Staff:

/s/Arthur Radford
ARTHUR RADFORD,
Chairman,
Joint Chiefs of Staff

TOP SECRET

April 15, 1957

In reply refer to: I-13475/7

Dear Mr. Robertson:

Recent developments have brought about a new urgency in resolving the problem of the ceiling on U. S. military personnel in Viet-Nam. You will remember that by interdepartmental agreement early in 1956 there was established a ceiling of 692, which includes 342 for the MAAG and 350 for TERM, the Temporary Equipment Recovery Mission.

Two facets of the problem now point to the necessity of doing away with the MAAG ceiling and permitting the Departments of the Army, Navy, and Air Force to augment MAAG Viet-Nam with the additional personnel necessary to accomplish the mission there.

The first aspect is that raised in the telegram from the Embassy in Saigon to the Department of State, 2772, of 12 March 1957, which points out that the International Control Commission is becoming increasingly more restive in respect to TERM and recommends consideration of several courses of action. The Department of Defense concurred in the April 9 Department of State telegram to Saigon which stated that a solution of the problem along the lines of incorporating TERM into an increased MAAG was under study and that the Department of State would discuss the problem with the Canadians, British, French, and Indians. This telegram was the result of a conference on March 20 of staff representatives of the two departments in which Ambassador Durbrow participated.

The second aspect of the problem is the necessity for taking over the training of the Vietnamese Navy and Air Force. It will be remembered that TERM was created for a dual purpose, to provide a logistical organization to resolve the problems of excess property in Indochina and logistical training in Viet-Nam, and to free the MAAG from other duties so that its personnel could concentrate on the training of the Vietnamese Army. The withdrawal of the French Army training personnel required this increased emphasis on training. In the telegram from Chief, MAAG Viet-Nam 5607 of 4 April, we have been informed that President Ngo Dinh Diem told the Chief, MAAG that agreement had been reached with the French Ambassador for the withdrawal of the French Air Force and Navy training missions upon the completion of the present courses of instruction. The first completion is scheduled for this month, and additional U.S. military personnel will be required to pick

up the training from the French. CINCPAC has requested in his 062352Z of 6 April that additional personnel over and above the present ceiling reach Viet-Nam in June of this year.

Other aspects of the problem of the ceiling include a request from President Diem for additional Army instructors at the Viet-Nam military academy, a proposal by CINCPAC to transfer underway training of the Vietnamese Navy from Subic Bay to Viet-Nam, and the current difficulty in operating MAAG and TERM efficiently within their present ceilings.

An increase in MAAG strength to achieve a rapid improvement in the effectiveness of Vietnamese forces to compensate for the withdrawal of French forces is considered a matter of urgency. While the French have withdrawn approximately 190,000 regular troops from Viet-Nam since the Geneva Agreement was signed the Viet Minh have continuously reorganized and re-equipped their forces during the same period so as to increase their regular combat strength from six to eighteen divisions. These forces have a capability of conducting combat operations at Corps level. The Vietnamese Army consists of ten divisions which are in the early stages of training at regimental and division level. The current military situation requires that the Vietnamese armed forces expeditiously attain a satisfactory level of combat effectiveness.

In view of the forthcoming visit of President Diem to Washington on May 8th, 9th, and 10th and of the impending training crises for the Vietnamese Navy and Air Force I recommend that steps be taken as a matter of urgency to secure the necessary international concurrences in the abolition of the ceiling on MAAG Viet-Nam. I feel it might be desirable to have this problem resolved, if possible, prior to the arrival of President Diem in Washington so that he could be informed at that time of our plans to assist him in the training of his Navy and Air Force.

Sincerely yours,

(Signed) Mansfield D. Sprague

Mansfield D. Sprague
Assistant Secretary of Defense (ISA)

Honorable Walter S. Robertson
Assistant Secretary of State
Department of State

TOP SECRET

321st NSC Meeting
2 May 1957

ITEM 6 (For Information)

12

PROGRESS REPORT ON MAINLAND SOUTHEAST ASIA (NSC 5612/1)

BACKGROUND

1. The current U.S. policy on SE Asia (NSC 5612/1) was approved 5 September 1956. This is the first progress report thereon and covers the period through 13 March 1957.

SUMMARY

2. No review of NSC policy is recommended by the OCB.

3. Burma appears to be moving closer to the Free World. Although her basic policy of neutralism is unlikely to change, Burma has indicated interest in obtaining U.S. economic and military assistance. The U.S. has been unable to influence Cambodia in the direction of development of a stable government and non-involvement with the Communist Bloc. The situation in Laos worsened, the government being threatened with the possibility of downfall if negotiations with the Pathet Lao should collapse. The Federation of Malaya made further progress in its transition to independence. Thailand's slow progress toward free representative government continued, and Vietnam seems clearly persuaded that its interests lie in stronger affiliation with the Free World.

4. A combined SEATO military exercise was held to improve military cooperation among the SEATO nations. Prospects that other nations might participate in SEATO did not improve, with the exception of Vietnam. On the whole, MDAP has begun to make a contribution. In Vietnam the Army is now capable of insuring internal security, and in Cambodia the MAAG has made some progress toward achieving a working relationship with the Cambodian general staff. In Laos MDAP has made an army possible. In Thailand the armed forces are considered capable of meeting any indigenous threat to internal security, retarding external aggression, and making a token contribution to collective defense.

5. The economic aid programs in the area have all continued to show slow progress. No new U.S. commitments have been entered into during the reporting period. Efforts have been made to lessen demands upon U.S. resources and upon local economies (NSC Action No. 1599-e). In Cambodia and Laos the armed forces were reduced, and in Vietnam the U.S. has refused a request for an increase of forces. In Burma, for overriding political considerations, it was found necessary to grant Burma's request for needed loan assistance. In Thailand no formal consultations have been held with regard to the purposes of NSC Action No. 1599-e.

COMMENT

6. As you know, the JCS recently recommended that U.S. policy re Cambodia be modified to restore the mission for its armed forces of resisting external aggression. We have recommended that you non-concur in the JCS recommendation.

RECOMMENDATION

7. It is recommended that you note the report without exception.

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Office of DIAAP-2A: By
Direction, Chief Coordination Group

NIE 63.2-57
14 May 1957

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No. 176
7

NATIONAL INTELLIGENCE ESTIMATE

NUMBER 63.2-57

(Supersedes relevant portions of NIE 63-55)

THE PROSPECTS FOR NORTH VIETNAM

Submitted by the

DIRECTOR OF GENERAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 14 May 1957. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, Intelligence, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC, and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

COPY 10.
FOR THE SECRETARY OF DEFENSE

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63.2-57
14 May 1957

THE PROSPECTS FOR NORTH VIETNAM

THE PROBLEM

To analyze the current political, economic, and military situations and to estimate the prospects for North Vietnam over the next year or so.

CONCLUSIONS

1. Although the Communist regime in North Vietnam (DRV) has probably lost a considerable measure of its original popular support and has been faced with sporadic outbursts of violence, it remains in firm control largely because of the loyalty and effectiveness of the army. Moreover, with substantial help from the Bloc, it has apparently made significant progress toward economic restoration, particularly in agriculture. (*Paras. 13-16, 20-21*)
2. The DRV has undertaken to "correct its mistakes" which it admits caused popular resentment, and it will probably be able to regain some of the popular support which it lost. If the party organization is sufficiently strengthened and if crop prospects are good, steps toward further socialization of agriculture may come as soon as the fall or winter of 1957. Local disturbances may recur but for the foreseeable future the DRV will be capable of maintaining effective control. (*Paras. 17, 23-26*)
3. The DRV is generally isolated from the outside world except for close ties with the Bloc, on which it depends for aid and support. However, the DRV has probably been disappointed by the lack of effective Bloc support for its objective of unifying all Vietnam under DRV rule. The DRV, with Bloc logistical support, could easily overrun South Vietnam, Cambodia, and Laos if opposed only by indigenous forces. However, the Bloc would support such an attack only if Moscow and Peiping were to estimate that such action carried little risk of US military intervention. (*Paras. 29-34*)
4. The DRV will probably continue its tactics of "peaceful competition" with South Vietnam for the support of the Vietnamese, although it will continue its efforts to infiltrate and to subvert official and nonofficial organizations and to exploit dissident and dissatisfied groups in South Vietnam. In Laos, we believe that the DRV will continue to support Pathet Lao efforts to negotiate a political agreement with the Royal Lao Government, with the ultimate objective of Communist control, and may encourage local Pathet Lao military action in order to bring pressure to this end. The DRV will probably not, in the immediate future, play a primary role in Cambodia. (*Paras. 34-36*)

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OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON 25, D. C.

Handwritten: Dep Sec Def
MAY 15 1957
K.A.R.

MAY 15 1957

INTERNATIONAL SECURITY AFFAIRS

MEETING BETWEEN PRESIDENT DIEM AND DEPUTY SECRETARY QUARLES
10 May 1957, 1040 to 1210 Room 3E924, The Pentagon

Present were: President Ngo Dinh Diem
General Tran Van Don, Staff Chief of the General Staff
Vietnamese Ambassador Tran Van Chuong
Nguyen Huu Chau, Secretary of State for the Interior and to the Presidency
Rear Admiral D. L. McDonald, Aide to President Ngo Dinh Diem
Deputy Secretary Donald A. Quarles
General Nathan F. Twining
Mr. Mansfield D. Sprague, Assistant Secretary of Defense (ISA)
Lt. General Alonzo P. Fox, USA
US Ambassador to Viet-Nam Elbridge Durbrow
Assistant Secretary of State Robertson
Mr. Kenneth Young, Dept. of State
Mr. Sedgewick (Interpreter)
Captain B. A. Robbins, Jr, USN

Secretary Quarles opened the meeting by explaining that instead of a briefing for President Ngo as had originally been scheduled, it was felt that this might be considered presumptuous in view of the President's knowledge of Southeast Asia, and therefore the President was invited to express his views on the situation.

President Ngo proceeded to sketch out his thoughts on the strategic problem of Viet-Nam, the military situation and its requirements. He views Viet-Nam as a bridgehead, which in case of conflict would receive support and assistance from SEATO. Viet-Nam is endangered by two things; subversive elements under Communist direction and aggression by invasion. This latter may take the form of invasion at the 17th parallel, or over the high plateau and then down through Laos to cut off the capital from the west, or a combination of both. The invasion route across the 17th parallel would cut off a large percentage of the population and not enough would be left to raise additional forces for resistance. The interior line

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of invasion along the border area has no natural defenses after the enemy passes through the Annam Chain. This is a soft area for defensive purposes. Either one, or a combination of both, of the above routes is possible and feasible. Above the 17th parallel the Viet Minh have 200,000 regular troops and 250,000 regional troops. Secretary Quarles raised the question as to restriction on those forces by the Geneva Accords. It was stated that there is no restriction on the numbers. The troops, however, have been given modernized equipment and training by the Chinese Communists and their re-equipment is a violation of the Geneva Accords. President Ngo also stated the Russians are particularly concerned with the training of these forces and in accordance with Russian practice have emphasized artillery to the point that they have three times as much as Viet-Nam. He stated that the Viet-Minh air force has been training in Communist China since 1951.

The Vietnamese do not have sufficient forces to guard the entire border. Laos has a weak army, very poor roads and is lightly populated. Infiltration through Laos is both easy and dangerous to Viet-Nam. It is believed possible that the Viet Minh could infiltrate this interior route with as many as a 100,000 troops disguised as coolies which could be very dangerous. President Ngo views a strictly defensive plan as unsatisfactory if only because of the demoralizing factor. He feels the plan must be both offensive and defensive. He covered this concept as follows: (1) Vietnamese do not know the SEATO Plan. (2) The General Staff first conceived a defensive plan which was considered demoralizing. (3) They have now conceived an offensive-defensive plan which has been referred to General Williams. (4) Population of the North is against Communism. If free to move it would move out to the South. In the North soldiers are the principals in the privileged class. (5) It is believed necessary in the event of aggression to bring airborne troops into the high plateau area of Laos-Viet-Nam, and also conduct airborne operations to pin down the Viet Minh and make possible an offensive to the North. In addition the line of the 17th parallel must be held as this is the route of refugees. Any airborne landings must be Vietnamese troops not foreign troops. Foreign troops should be limited to use below the 17th parallel as support forces.

Big question for Vietnamese is when do they get the foreign troops. Thai forces will be otherwise occupied. The civil guard is poorly equipped and would not be effective. There are no other ground forces available in the Southeast

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Asia area. In answer to a question as to whether the troops to be used in the plateau could be Thai, the President answered no. Laos is afraid of the Thais; they are afraid of a Pan-Thai movement to swallow Laos. Laos hates Cambodia, distrusts the Thais but likes the Vietnamese. They would like an outlet to the sea at Tourane. They have promised to send officers to be trained by the Vietnamese. President Ngo then commented on his planned second counter move which is to fill up the vacuum of the high plateau area, the forest border area and the Plaine des Jones. This plan will be begun by placing trained demobilized men from the Civil Guard in these areas with their families, 3,000 so far. He is now appealing to the people of the central Viet-Nam area to settle on the high plateau and is asking people of South Viet-Nam, the southern areas, to move into the Plaine des Jones.

SEATO has always recognized the need of the fight against subversion. Planting men in these areas will construct a human wall effective against Communist infiltration and subversion. The above goes hand in hand with construction of roads in the above areas. Stationing men and building roads serve both a strategic and economic purpose. The road building projects is really a stage of the French plan that goes back to 1919 and continues to 1942.

Secretary Quarles asked the status of the road construction now. The President answered it had not yet begun but Capital Engineering Firm was starting construction studies and he thought construction could begin next year. These roads in the interior are important because the roads along the coast is easily disrupted. It has many bridges and that is why French, thinking of the possibility of Japanese aggression along the coast, thought roads in this area desirable. This was part of the French Empire Plan to tie together Viet-Nam Cambodia and Laos. It is still a good plan for the defense of Southeast Asia. It includes a road across the interior to Pakse on the Mekong which is near the Thai Railroad terminus at Ubon. Route 9 from Tourane to Savannakhet is too close to the 17th parallel, but Laos is interested in an outlet to the sea for economic reasons. SEATO principals are (1) to parry aggression (2) struggle against subversion and (3) economic and social aspects required to support the above. The French and British are interested mostly in number 3. The military strategic aspect of offensive-defensive plan are favored by the air force and navy. In case of aggression tactical atomic weapons could be used. Vietnamese feel they must emphasize ground weapons because the Viet-Nam war showed that it was difficult to use air effectively in this country. Communist

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troops are very mobile. The irregular forces advance ahead of regular troops to sabotage and cut communications. They also follow the regular troops to subdue the population. Use of atomic weapons against the aggression through the sparse settled territory of Laos would not be effective. Therefore, the President believes that the Vietnamese must reorganize their Army to be prepared for such a struggle.

Despite the efforts of General O'Daniel the present Army structure is now not satisfactory. This is due to the French policy which insisted on keeping Vietnamese forces in small units no larger than a battalion, preventing the development of a proper Viet-Nam Army. This is why Diem could not come to power sooner. French said Vietnamese couldn't be trained and were too weak physically. They limited them to light forces. After the Armistice the French continued to control the forces. Following the French phase out, and the elimination of French forces, training was conducted under a mixed French-US training group. The French concept of light battalion, light division, heavy division, made no sense at all not even for use against the sects. I therefore felt the Army should be completely reorganized, and consolidation of training into a strictly US mission made this possible. The U.S. military know that the Vietnamese make good soldiers. I have talked over my idea with General Williams, and it is to reorganize my 6 light and 4 heavy divisions of 5,600 and 8,300 men respectively, into the same number of field divisions with 10,000 each, with 3 regiments per division. To achieve this the Army must increase to 170,000. This would avoid a complete shift of the present division. If we stay at the present 150,000 men it would be necessary to shift or change the basic structure. If our total forces are raised to 170 thousand we could increase each division to 10,000. To reduce the impact on the budget I have decreed a draft as a stop gap plan. Draftees will be inducted for 1 year terms in the age group 20 to 21. Beginning 1 August 150 per day will be inducted. This will amount to 48,000 per year. In 3 years this will make it possible to replace 2/3 of the Army at the end of 3 years. The budget will be stabilized. At the present time Viet-Nam army is organized along French colonial lines with the families traveling with the troops. The average pay is a thousand piasters a month. The military budget is 170 million dollars a year. The use of draftees would reduce the cost by half. Draftees would be young people with no families. The US. military recommend that I not replace all my troops with draftees but retain 30,000 minimum as a hard core. I believe the above is necessary because in my view to meet aggression in my country requires emphasis on the ground forces. As the

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present troops with their families are demobilized they would be settled in the high plateau and the Plaine des Jones area. This would be beneficial both from economic and strategic reasons.

At this point Secretary Quarles noted that the President was due at the Press Club shortly and requested time for a few U.S. questions. His first was whether the Geneva Accords inhibited (US) training personnel. President Diem replied that there had been no protests - there had been embarrassing questions, but the Geneva Accords only prohibited troop reinforcements.

Mr. Quarles asked a general question on the status of training and equipment of the Viet-Nam air force. General Don replied that the planes turned over by the French had been retained for training until no longer usable and then returned. President Ngo said that in general vehicles and communications equipment were in bad shape. These can be replaced with the same type used by the French without violating the Geneva Accords. He continued to say that the French training of the air force and navy in his opinion was very poor because the French were dragging their feet. For the Viet-Nam Air Force actually they were providing only 6 months training for mechanics which U.S. military personnel considered inadequate. When the French questioned him about the renewal of their training contract the conversation resulted in an agreement to withdraw the French Air Force training mission with the exception of special French personnel who would remain until the end of the year for technical training. All other requirements would be met by the U.S. He had therefore requested the MAAG provide these training personnel and several instructors for the military academy (Armed Forces Academy).

After brief closing remark by Secretary Quarles the session ended.

B. A. Robbins, Jr.
per 1072

B. A. Robbins, Jr., Capt. USN
Regional Director, Far East

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PB Meeting
26 November 1957

ITEM 4

PROGRESS REPORT ON U.S. POLICY IN MAINLAND SOUTHEAST ASIA (NSC 5612/1)

BACKGROUND

The U.S. Policy in Mainland Southeast Asia was approved on 5 September 1956. This progress report covers the period 13 March through 6 November 1957.

SUMMARY

2. General. Many surface developments seemed to favor the Free World, although the Communists, often working underground, may have made gains of their own. The coup in Thailand, the repercussions of which are still to be felt, over-shadowed all other developments. If Thailand orients itself toward neutralism, some of the Free World gains might well be reduced. The SEATO staff was strengthened, and the September Military Advisers' meeting was highly successful. There was modest progress in developing SEATO economic and social programs. Nevertheless, the generation of public attitudes favorable to collective security pacts and the West in general is becoming increasingly difficult in the area. The adverse effect on U.S. political objectives of PL 480 rice sales temporarily receded because the area nations found ready markets for their produce in 1957.

3. Political items of interest on specific countries are:

- a. Thailand: The dependability of assurances that Thai foreign policy will not change remains to be seen. A period of considerable domestic instability is anticipated. Adjustments to Communist China will probably continue. Owing to the changed situation, various U.S. programs, particularly military and economic assistance programs, are being reviewed.
- b. Burma cautiously developed closer relations with the Free World while maintaining publicly its neutral position and continuing to receive Communist aid. Awareness of the Communist danger increased. The Government recognized and began to cope with its foremost problem, the preservation of law and order.
- c. Laos: Although the outlook improved with the formation of a conservative cabinet, negotiations for a cabinet including Pathet Lao (Communist-led) representatives became more active. The threat posed by Pathet Lao control of two northern provinces continues, and security conditions in the areas under government control deteriorated.
- d. Cambodia: A sharper awareness of the Communist danger appeared to create a more friendly climate toward the U.S., and the government showed an increased will to resist internal Communist subversion. Nevertheless, the overall internal security situation deteriorated as a result of more vigorous Communist activity.

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- e. Vietnam maintained its close relationship with the U.S. Progress was made in developing a representative government, while executive leadership remained strong. Effective countermeasures against non-violent Communist subversion remain a priority requirement.
- f. Malaya became an independent member of the British Commonwealth in August, and good will continues to exist toward Great Britain. The new cabinet is conservative and pro-Western, but present indications are that Malaya will not join SEATO. Communist terrorists continue to threaten internal security. The government is opposed to any political fusion with Singapore at this time.
- g. The Singapore government, although beset with internal political difficulties, weakened the Communists by additional arrests of known subversives.

4. Economic. Serious obstacles to regional economic cooperation remain, such as preoccupation with domestic affairs, political antagonisms, and lack of complementary economies. Economic development throughout the area is severely handicapped by lack of trained manpower. The Sino-Soviet Bloc continues a high degree of economic activity in the area, with demonstrated flexibility. (Annex B is a discussion of Bloc-Southeast Asian economic relations.) Southeast Asian nations are comparing U.S. and Sino-Soviet Bloc aid programs as to aid levels, administrative procedures and controls, and speed of performance. Complaints continue regarding U.S. aid program delays. Conflicting claims on U.S. aid and inefficient use of local resources present problems in some countries. The climate for U.S. private investment leaves much to be desired. Planned expenditures for U.S. economic and technical assistance for FY 1958 in millions are: Burma - \$10.0; Thailand - \$35.0; Cambodia - \$35.0; Laos - \$36.6; Vietnam - \$209.4; Malaya - none. These expenditures total \$326 million, compared to estimated expenditures of \$379 million for FY 1957.

5. Military. The U.S. has, or will have, Overseas Internal Security Programs in Cambodia, Laos, Vietnam, and Thailand. U.S. police experts will make a survey in connection with a Burmese request for assistance, and the Burmese have been informed that \$10 million U.S. military assistance will be available. The Vietnamese armed forces improved significantly, and Communist capabilities for resistance in South Vietnam were neutralized. The current situation in Vietnam does not permit any reduction in forces, but the U.S. did not accede to President Diem's request for increased troop strength. The Malayan Government agreed to the continued stationing of British Commonwealth troops in Malaya and to their bearing defense responsibilities for Malaya. Estimated Military Assistance expenditures for FY 1958 (with FY 1957 estimates in parentheses) are, in millions: Thailand - \$20.4 (\$25.3); Cambodia - \$6.2 (\$21.1); Laos - \$5.7 (\$3.8); Vietnam - \$43.5 (\$105.0); total - \$75.8 (\$155.2).

6. Recommendation Regarding Policy Review. After the December elections in Thailand, consideration should be given to the need for a review of the pertinent sections. The section pertaining to Malaya is outdated and should be reviewed.

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COMMENTS

7. The sharp drop in estimated MAP expenditures for Vietnam for FY 1958, as compared with FY 1957, reflect a drop in the program (\$38.9 million for FY 1958, compared to \$74.2 million for FY 1957) and a levelling off of the pipeline.

8. Burmese representatives are expected to arrive in Washington on approximately 8 December to negotiate the details of the first military assistance program for Burma. The U.S. team of police experts is now conducting its survey in Burma.

9. Since approval of the report, the Pathet Lao symbolically surrendered authority over the two Northern provinces under its control and a coalition cabinet including two Pathet Lao representatives was formed. The actual imposition of government control over the northern provinces and the integration of 1500 Pathet Lao troops into the army, as agreed, are still uncertain of achievement.

10. The paper is considered to be generally acceptable.

RECOMMENDATION

11. It is recommended that you note the report without exception.

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347th NSC Meeting
5 December 1957

ITEM 5 (For Discussion)

PROGRESS REPORT ON U. S. POLICY IN MAINLAND
SOUTHEAST ASIA (NSC 5612/1)

BACKGROUND

1. U. S. Policy in Mainland Southeast Asia was approved on 5 September 1956. This progress report covers the period 13 March through 6 November 1957.

SUMMARY

2. Political:

- a. Thailand: The coup in Thailand overshadowed all other developments in the area. The dependability of assurances that Thai foreign policy will not change remains to be seen. Owing to the changed situation, various U. S. programs are being reviewed.
- b. Burma cautiously developed closer relations with the Free World while maintaining publicly its neutral position and continuing to receive Communist aid.
- c. Laos: Negotiations for a cabinet including Pathet Lao (Communist-led) representatives became more active. The threat posed by Pathet Lao control of two northern provinces continues, and security conditions in the areas under government control deteriorated.
- d. Cambodia: A sharper awareness of the Communist danger appeared to create a more friendly climate toward the U. S. Nevertheless, the overall internal security situation deteriorated as a result of more vigorous Communist activity.
- e. Vietnam maintained its close relationship with the U. S. Progress was made in developing a representative government, and executive leadership remained strong.
- f. Malaya became an independent member of the British Commonwealth in August, and good will continues to exist toward the U. K. The new cabinet is conservative and pro-Western, but present indications are that Malaya will not join SEATO. Communist terrorists continue to threaten internal security.
- g. Singapore: The government weakened Communist strength by additional arrests.

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3. Economic: The Sino-Soviet Bloc continues a high degree of economic activity in the area, with demonstrated flexibility, and Southeast Asian nations are comparing U. S. and Sino-Soviet Bloc aid programs. Complaints continue regarding U. S. aid program delays. Planned expenditures for U. S. economic and technical assistance for FY 1958 (with FY 1957 estimates in parenthesis) are, in millions: Burma - \$10.0 (\$0.0); Thailand - \$35.0 (\$39.8); Cambodia - \$35.0 (\$41.0); Laos - \$36.6 (\$47.9); Vietnam - \$209.4 (\$249.8); total - \$326.0 (\$378.5).

4. Military: In Vietnam, the armed forces improved significantly, but the current situation does not permit any force reduction. Burma has been informed that \$10 million in U. S. military assistance will be available. Estimated Military Assistance expenditures for the area for FY 1958 (with FY 1957 estimates in parentheses) are, in millions: Thailand - \$20.4 (\$25.3); Cambodia - \$6.2 (\$21.1); Laos - \$5.7 (\$3.8); Vietnam - \$43.5 (\$105.0); total - \$75.8 (\$155.2).

5. Recommendation regarding Policy Review. After the December elections in Thailand, consideration should be given to the need for a review of the pertinent sections. The section pertaining to Malaya is outdated and should be reviewed.

COMMENTS

6. Vietnam: The sharp drop in estimated MAP expenditures for Vietnam for FY 1958, as compared with FY 1957, reflects a drop in the program and a levelling off of the pipeline. Laos: Since approval of the report, a coalition cabinet including two Pathet Lao representatives has been formed.

7. The report is considered to be generally acceptable.

RECOMMENDATION

8. It is recommended that you note the report without exception.

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April 2, 1958

NOTE BY THE EXECUTIVE SECRETARY
to the
NATIONAL SECURITY COUNCIL
on

U. S. POLICY IN MAINLAND SOUTHEAST ASIA

- References: A. NSC 5612/1
B. NSC Action No. 1826
C. Memos for NSC from Executive Secretary, same subject, dated February 20 and March 3, 1958
D. NSC Action No. 1885

The National Security Council, the Acting Secretary of the Treasury, the Attorney General, the Secretary of Commerce and the Director, Bureau of the Budget, by Memorandum Action as of April 2, 1958 (NSC Action No. 1885), adopted the draft revisions of the Laos, Thailand, Malaya and Singapore sections of NSC 5612/1, prepared by the NSC Planning Board in accordance with NSC Action No. 1826-b and transmitted by the reference memorandum of February 20, 1958; subject to:

a. The following comment by the Attorney General:

"Agree, subject to the substitution of the phrase 'of the proviso' for the word 'indicated' in the last line of paragraph 6⁴A so as to make identical the references to the taking of independent action in paragraphs 6⁴A and 6⁴D. It is felt that such an amendment would obviate any future implication that independent U. S. military action in defense of Malaya might be undertaken without regard to the proviso in paragraph 19."

b. The following comment by the Secretary of Commerce:

"The Department of Commerce does not consider that grant economic assistance to the Federation of Malaya is necessary or desirable at this time and understands the revision does not incorporate such provision. Also the Department does not feel that loans to the Federation of Malaya for economic development purposes are necessary at this time and should a proposal for such loans be advanced, would desire participation in the early stages of consideration."

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The above revisions to NSC 5612/1, including the revision proposed by the Attorney General, were approved by the President on April 2, 1958. The President directs that NSC 5612/1, as amended and approved and enclosed herewith as NSC 5809, be implemented by all appropriate Executive departments and agencies of the U. S. Government; and designates the Operations Coordinating Board as the coordinating agency.

A Financial Appendix on the subject, which accompanied NSC 5612/1, has not been reproduced. A new Financial Appendix will be prepared when the policy is next reviewed.

NSC 5809 supersedes NSC 5612/1.

JAMES S. LAY, JR.
Executive Secretary

cc: The Secretary of the Treasury
The Attorney General
The Secretary of Commerce
The Director, Bureau of the Budget
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence

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STATEMENT OF POLICY

on

U. S. POLICY IN MAINLAND SOUTHEAST ASIA*

I. GENERAL CONSIDERATIONS

1. General. Since mainland Southeast Asia does not represent a unified area, courses of action must generally be determined in the light of widely varying country situations. However, basic objectives and main directions of U. S. policy can and should be established on a regional basis.

2. Consequences of Communist Domination. The national security of the United States would be endangered by Communist domination of mainland Southeast Asia, whether achieved by overt aggression, subversion, or a political and economic offensive.

a. The loss to Communist control of any single free country would encourage tendencies toward accommodation by the rest.

b. The loss of the entire area would have a seriously adverse impact on the U. S. position elsewhere in the Far East, have severe economic consequences for many nations of the Free World, add significant resources to the Communist bloc in rice, rubber, tin and other minerals, and could result in severe economic and political pressures on Japan and India for accommodation to the Communist bloc. The loss of Southeast Asia mainland could thus have far-reaching consequences seriously adverse to U. S. security interests.

3. The Communist Threat

a. Overt Aggression. Although Communist policy now emphasizes non-military methods, the danger of overt aggression will remain inherent so long as Communist China and North Viet Nam continue a basically hostile policy supported by substantial military forces. There is only

* For purposes of this paper, "Mainland Southeast Asia" consists of Burma, Cambodia, Laos, Thailand, Viet Nam, Malaya and Singapore. In addition, there is attached a supplementary statement of policy on the special situation in North Viet Nam.

Page 2, par. 3-c. Revise the first sentence to read as follows:

"At present overt aggression and, except in the cases of Viet Nam and Laos, militant subversion are less likely than an intensified campaign of Communist political, economic and cultural penetration in the area."

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a cease-fire in Viet Nam and sporadic hostilities continue in Laos. The Viet Minh have continued to improve their combat capabilities since the Geneva Conference of 1954.

b. Subversion. In most countries of Southeast Asia a threat also arises from the existence of extensive local Communist capabilities for all types of subversive activities, ranging up to armed insurrection. Additionally, the large overseas Chinese communities in Southeast Asia offer a fertile field for subversion. The weak internal security systems of the Southeast Asian states make them highly vulnerable to such activities.

c. Communist Political and Economic Offensive. At present overt aggression and militant subversion are less likely than an intensified campaign of Communist political, economic and cultural penetration in the area. The political instability, economic backwardness, export problems, and extreme nationalism of these countries provide many opportunities for Communist exploitation by trade and economic assistance, conventional political and diplomatic activity, and extensive infiltration. This offensive now constitutes a threat to U. S. interests more subtle and more difficult to cope with than other threats.

4. U. S. Role. The United States is likely to remain the only major outside source of power to counteract the Russian-Chinese Communist thrust into Southeast Asia. Thus, the retention of this area in the Free World will continue to depend on the extent and effectiveness of U. S. support as well as on the local efforts of the countries themselves.

a. Political. The underlying purpose of U. S. assistance in the area is to help the non-Communist countries develop more effective political organizations, strengthen their internal administration and enlist greater allegiance in both urban and rural districts. In part, this purpose will be served by programs for military and economic aid dealt with below. In part it will require an intensification of present programs for training competent Asian managerial and technical personnel. And, in part, new approaches, both governmental and private, will be needed. These should not concentrate exclusively at the national level, but should include activities designed to strengthen and vitalize indigenous traditions and institutions and to have an impact on village life, rural society, and educational systems.

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b. Military. Because these countries do not have the capability of creating armed forces which could effectively resist large-scale external aggression, the United States will be required to provide a basic shield against Communist aggression. For the foreseeable future, local will to resist aggression will depend on a conviction in Southeast Asia that the United States will continue its support and will maintain striking forces adequate to counter aggression in Southeast Asia with the capabilities described in current basic national security policy. The combination of such U. S. forces and local will to resist would constitute the best deterrent against aggression. Should the deterrent fail, this combination would also provide the most effective insurance that, in conjunction with indigenous and allied forces, the United States could suppress aggression in the area quickly and in a manner and on a scale best calculated to avoid the hostilities broadening into general war.

c. Economic and Technical. The insistence, throughout most of the area, on economic development provides the strongest lever for the exertion of influence by the Free World or by the Communist bloc. Without increased external help from some source, most of the governments of the area will be unable, even with adequate indigenous effort, to manage the political demand for rapid betterment in the conditions of life and provide for sound economic development. Failure to obtain such assistance from the Free World will tend to drive these countries toward economic dependence on the Communist bloc. The general preference in Southeast Asia for Western technical and economic assistance gives the United States and the Free World an opportunity to obtain primacy over Communist efforts in key economic sectors. The outcome may, however, be strongly influenced by the success with which the Free World can cope with Communist efforts to exploit the existence of Southeast Asian export problems, particularly those involving rice. In the period ahead, flexibility of U. S. procedure and rapidity of U. S. action will be increasingly important, if effective advantage is to be taken of unexpected and transient opportunities.

5. The Problem of Regional Association. Over the long run, the small, vulnerable, and essentially dependent nations of Southeast Asia cannot exist satisfactorily as free nations without closer associations than now exist.

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6. The Problem of Alignment. To preserve their independence, strengthen their internal stability and protect themselves against aggression, some countries in Southeast Asia prefer to join regional security arrangements. Some, however, prefer to avoid alignment with other nations. The basic objective of both groups is to maintain the independence of their countries free of outside interference or dictation, and the independence and vitality of both are important to the United States and to each other.

II. POLICY CONCLUSIONS

7. The national independence of the mainland Southeast Asian states is important to the security interests of the United States. If such independence is to be preserved, U. S. policies must seek to build sufficient strength in the area at least to identify aggression, suppress subversion, prevent Communist political and economic domination, and assist the non-Communist governments to consolidate their domestic positions. U. S. policy should not depend primarily on the degree and nature of Communist activity at any particular time, but should seek to promote these goals within the limits of the economic capacities of the countries concerned and U. S. resources available for the area.

8. Where a national determination to maintain independence and oppose external aggression is sufficiently manifest, the United States should be prepared to provide military assistance based upon the missions of the forces as indicated in the "Country Courses of Action" (Part V, below).

9. In the event of aggression against a Southeast Asian state willing to resist, the provisions of the UN Charter or the SEATO Treaty should be invoked, but the United States should not forgo necessary action in behalf of such a state or states because of the possibility that other allies might be loath to participate or to furnish more than token military forces.

10. In the long run, the ability of the non-Communist governments to attain political, economic and social objectives will be the dominant factor in defeating the Communist attempts to dominate Southeast Asia. The United States should assist the non-Communist states of the area to formulate and execute programs designed to promote conditions of sound development, to demonstrate that they can achieve growth without reliance on Communist methods or dependence on the Communist bloc, and to give their peoples a greater stake in the continued independence of their countries.

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11. The United States should continue to make clear its own devotion to the principle of collective security, its belief that regional security arrangements provide maximum protection at minimum cost for all, and its expectation that a country's decision to participate in such arrangements is based on its own calculation of its best interests and does not of itself constitute a claim for increased financial aid. Where countries participate, measures to assure adherence are desirable, normally including preferential treatment in the fields of economic and military assistance as justified by U. S. strategic objectives. Where new opportunities for affiliation develop they should be encouraged. The United States should, however, accept the right of each nation to choose its own path to the future, and should not exert pressure to make active allies of countries not so inclined. The genuine independence of such countries from Communism, serves U. S. interests even though they are not formally aligned with the United States. The United States should accordingly support and assist them so long as they remain determined to preserve their own independence and are actively pursuing policies to this end.

III. OBJECTIVES

12. To prevent the countries of Southeast Asia from passing into or becoming economically dependent upon the Communist bloc; to persuade them that their best interests lie in greater cooperation and stronger affiliations with the rest of the Free World; and to assist them to develop toward stable, free, representative governments with the will and ability to resist Communist from within and without, and thereby to contribute to the strengthening of the Free World.

IV. REGIONAL COURSES OF ACTION*

13. Support and assist the countries of the area on the basis of their will and ability to defend and strengthen their independence.

14. Respect each country's choice of national policy for preserving its independence, but make every effort to demonstrate the advantages of greater cooperation and closer alignment with the Free World, as well as the dangers of alignment with the Communist bloc.

* The following courses of action are not applicable to the State of Singapore at this time: paragraph 13, 14, 16, 22-a, and 32.

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15. Encourage the countries of Southeast Asia to cooperate closely with each other on a basis of mutual aid and support, and support indigenous efforts to develop regional associations so long as they do not weaken SEATO or the spirit of resistance to Communism.

16. Participate actively in SEATO, and seek to develop both its military and non-military aspects in a manner that will convincingly demonstrate the value of SEATO as a regional association, the usefulness of which extends beyond deterrence of Communist expansion. Encourage limited participation of non-Communist, non-SEATO Asian nations in certain SEATO activities.

17. Encourage and support the spirit of resistance among the peoples of Southeast Asia to Chinese Communist aggression as well as to indigenous Communist insurrection, subversion, and propaganda.

18. Maintain, in the general area of the Far East, U. S. forces adequate to exert a deterrent influence against Communist aggression, in conformity with current basic national security policy.

19. Should overt Communist aggression occur in the Southeast Asian treaty area, invoke the UN Charter or the SEATO Treaty, or both as applicable; and subject to local request for assistance take necessary military and any other action to assist any Mainland Southeast Asian state or dependent territory in the SEATO area willing to resist Communist resort to force: Provided, that the taking of military action shall be subject to prior submission to and approval by the Congress unless the emergency is deemed by the President to be so great that immediate action is necessary to save a vital interest of the United States.

20. In case of an imminent or actual Communist attempt to seize control from within, and assuming some manifest local desire for U. S. assistance, take all feasible measures to thwart the attempt, (including even military action after appropriate Congressional action.)

21. As appropriate, assist the police forces in Southeast Asian countries to obtain training and equipment to detect and contain Communist activities.

22. In order to strengthen the non-Communist governments of the area and to help forestall their economic dependence on the Communist bloc:

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Page 7, par. 22-a. Add the following to the end of the subparagraph:

"In the framing of U. S. aid programs to Southeast Asian countries take into account the economic and technical assistance being provided by other Free World nations and by international institutions, coordinating with such nations and institutions where appropriate."

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a. Provide flexible economic and technical assistance as necessary to attain U. S. objectives.

b. Encourage measures to improve the climate for private investment, both domestic and foreign, and to mobilize the maximum investment of U. S. private capital in the area consistent with the prevailing climate.

c. Encourage United Nations agencies, other Colombo Plan countries, and other friendly countries to contribute available resources to promote the economic growth of Southeast Asia.

d. Encourage the Southeast Asian countries to orient their economies in the direction of the Free World and to rely primarily on non-Communist markets and sources of supply for trade, technicians, capital development, and atomic development.

e. In carrying out programs involving disposal of U. S. agricultural surpluses abroad:

(1) Give particular attention to the economic vulnerabilities of the Southeast Asian countries and avoid, to the maximum extent practicable, detracting from the ability of these countries to market their own exportable produce.

(2) Give particular emphasis to the use of the resources to promote multilateral trade and economic development.

f. Promote as appropriate the expansion of trade relationships between the United States and the countries of Southeast Asia.

g. Take advantage of adverse local reactions to Communist barter agreements with countries in the area by demonstrating the advantages to these countries of conducting trade on a multilateral commercial basis.

23. Make a special, sustained effort to help educate an expanding number of technically competent, pro-Western civilian and military leaders, working bilaterally, through the United Nations, with the other Colombo Plan countries and with other friendly countries. Stress the development of potential and secondary leadership to support the thin stratum of elite now administering the central governments and bring to their support modern techniques and technology in public information and organization.

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24. Place increased emphasis on community development projects, educational programs, and other activities aimed to influence the welfare and attitudes of the people at the village level.

25. Strengthen informational, cultural and educational activities, as appropriate, to foster increased alignment of the people with the Free World and to contribute to an understanding of Communist aims and techniques.

26. Hold or reduce the number of U. S. officials in each country to a strict minimum consistent with sound implementation of essential programs, in order to head off an adverse political reaction to the presence of a large number of Americans in relatively privileged positions.

27. Promote increasing Asian Buddhist contact with and knowledge of the Free World. Explore with friendly religious organizations ways of developing Buddhist fraternal associations and identification with Free World religious leaders and movements.

28. Continue activities designed to encourage the overseas Chinese communities in Southeast Asia (a) to organize and activate anti-Communist groups and activities within their own communities; (b) to resist the effects of parallel pro-Communist groups and activities; (c) generally, to increase their orientation toward their local governments and toward the Free World; and (d) consistent with their obligations and primary allegiance to their local governments, to extend sympathy and support to the Chinese National Government.

29. Discreetly encourage local governments to work toward assimilation of racial minorities.

30. Implement as appropriate covert operations designed to assist in the achievement of U. S. objectives in Southeast Asia.

31. Promote economic cooperation between the countries of the area and Japan and with the Government of the Republic of China, to the extent feasible without jeopardizing the achievement of U. S. objectives toward the individual Southeast Asian countries.

32. In order to promote increased cooperation in the area and to deny the general area of the Mekong River Basin

OFFICE OF JCS PROPOSAL

Page 8. Add new paragraph after paragraph 32, in Section IV (Regional Courses of Action).

Exercise caution to insure that the United States does not become so identified, either in fact or in the eyes of the world, with particular regimes, individuals or political factions in the countries of the area as to hinder U. S. accommodation to evolutionary changes in the political scene."

REASON: Initially, this paragraph was intended for insertion in the section on Cambodia as guidance for our dealings with Sihanouk. At the suggestion of State it now is proposed as regional guidance so as to be applicable to other countries of the area where we may develop similar problems.

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*The Communist influence or domination, assist as feasible in
The development of the Mekong River Basin as a nucleus for
general cooperation and mutual aid.*

Page 9. Immediately following par. 32, add the following
new paragraph:

"32) Should any country in the area cease to demonstrate
a will to resist internal Communist subversion and to
carry out a policy of maintaining its independence,
terminate U. S. economic and military assistance programs
to such nation."

CAMBODIA (Revision of pars. 39-42 of NSC 5809.)

39. Seek to increase Cambodia's respect for and confidence in the United States and the Free World in order to assist in maintaining Cambodia's independence and in curbing its tendency to increased orientation toward the Sino-Soviet Bloc. To this end demonstrate continued friendly U. S. support for Cambodia's independence, understanding of its policy of neutrality and concern for its economic and social progress.

40. In shaping particular courses of action in Cambodia, take into account the fact that Prince Sihanouk enjoys widespread popularity, particularly among the rural population, and controls all major sources of political power. Devote special efforts toward developing Sihanouk's understanding of U. S. policies and of the U. S. position in Southeast Asia, bearing in mind his extreme sensitivity to any suggestion of pressure or slight.

41. Since real or fancied threats from neighboring Free World countries have been a major factor contributing to Cambodia's sense of insecurity and its consequent readiness to accept Sino-Soviet Bloc support, endeavor persistently and firmly to improve Cambodia's relations with these countries, particularly Thailand and Viet Nam. Take every appropriate occasion to impress on the governments of neighboring countries the importance of repairing their relations with Cambodia.

42. Seek means effectively to promote a sense of responsibility on the part of Sihanouk and other Cambodian leaders for exerting sustained effort to create conditions conducive to better relations with neighboring countries and for avoiding contentious and provocative statements. When feasible and consistent with over-all U. S. interests, take steps to prevent provocative actions by any of the countries concerned.

43. Encourage positive cooperation between Cambodia and neighboring countries such as joint participation in the development of the Lower Mekong River Basin as a nucleus for regional cooperation and mutual aid.

44. Continue to provide modest military aid to enable the Cambodian armed forces to maintain internal security against Communist subversion* and to discourage Cambodia from accepting substantial military aid from the Sino-Soviet Bloc.

* Treasury-Budget proposal.

45. Concentrate U. S. economic and technical assistance primarily in those areas in which increased Communist influence would entail the greatest threat to Cambodia's neutrality and independence.

46. In view of the relatively strong position still maintained by France in Cambodia, seek opportunities for greater mutual understanding and cooperation with the French in the furtherance of common Free World objectives.

LAOS (Revision of paras. 43-49 of NSC 5809)

47. Provide military assistance for the development and support of Lao armed forces capable of maintaining internal security [against Communist subversion]* and providing limited initial resistance to external aggression by the Viet Minh [and Communist China]**. Encourage Laos to formulate and implement a broadly conceived security plan, including both internal and external security, which encompasses the services of all branches of the Royal Government, civil and military.

48. In the provision of U.S. assistance direct our programs to the promotion of social and economic progress and unification of Laos, thus helping maintain the confidence of the Royal Government in its anti-Communist, pro-Free World "neutrality".

49. Continue to promote conditions engendering confidence by Lao leaders that the UN Charter, SEATO, and Free World support provide a favorable basis for Lao resistance to Communist pressure and inducements, and at the same time continue to impress upon the Lao the need for a sense of responsibility and recognition that too drastic actions may have adverse international implications.

* Treasury-Budget Proposal.

** Treasury and Budget propose deletion.

49A. Encourage the Lao to observe constitutional and legal processes as providing the soundest basis for the growth and vitality of democratic institutions; discourage resort to force in political affairs.

49B. Encourage and support cooperation between Laos and other Southeast Asian countries, particularly Thailand, Viet-Nam, the Philippines, Malaya, and Burma, including such joint effort in the anti-subversion, economic, communications, and military fields as is feasible.

49C. Develop greater mutual understanding and cooperation with the French in the furtherance of common Free World objectives.

49D. Strongly support an expanded UN presence and technical assistance in Laos, and make a special, intensified effort to encourage other friendly powers to provide assistance.*

* Treasury reserves on this paragraph

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52. Provide military assistance to Thailand for support of forces sufficient:

- a. To maintain internal security.
- b. To present limited initial resistance to external aggression.
- c. To make a modest contribution to collective defense of contiguous SEATO areas.

Continue efforts to persuade Thai officials to eliminate non-MAP supported forces which do not contribute to the above objectives.

53. Encourage and support close bonds between Thailand and Laos and between Thailand and Cambodia, including such political associations, economic cooperation, and joint military planning as will serve to draw Laos and Cambodia closer to the Free World without weakening Thailand's position with regard to the Free World.

VIET NAM

54. Assist Free Viet Nam to develop a strong, stable and constitutional government to enable Free Viet Nam to assert an increasingly attractive contrast to conditions in the present Communist zone.

55. Work toward the weakening of the Communists in North and South Viet Nam in order to bring about the eventual peaceful reunification of a free and independent Viet Nam under anti-Communist leadership.

56. Support the position of the Government of Free Viet Nam that all-Viet Nam elections may take place only after it is satisfied that genuinely free elections can be held throughout both zones of Viet Nam.

57. Assist Free Viet Nam to build up indigenous armed forces, including independent logistical and administrative services, which will be capable of assuring internal security and of providing limited initial resistance to attack by the Viet Minh.

58. Encourage Vietnamese military planning for defense against external aggression along lines consistent with U. S. planning concepts based upon approved U. S. policy, and discreetly manifest in other ways U. S. interest in

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assisting Free Viet Nam, in accordance with the SEATO Treaty, to defend itself against external aggression.

VIET NAM

Page 12, par. 54. Add the following to the end of the paragraph:

"In this regard encourage and assist public relations and public information programs of the government of Viet Nam directed both internally to the free Vietnamese and externally to north Viet Nam. In this effort priority should be given to areas of greatest dissidence, particularly in the extreme south."*

Page 12 par. 57. Add the following to the end of the paragraph.

"Also encourage and assist elements of the Army of Viet Nam to establish and utilize specific anti-subversive guerrilla formations and operations. In the anti-guerrilla campaign encourage the government of Viet Nam to use the Vietnamese Army in a way which will help ^{WIN} ~~with~~ the favor of the local populace in order to obtain its support for their campaigns, particularly for intelligence purposes."*

* CIA proposal.

Page 13. Immediately following par. 58, add the following new paragraph.

"58A. Encourage and support an improvement in relations between Viet Nam and Cambodia."

VI. SUPPLEMENTARY STATEMENT OF POLICY
on
THE SPECIAL SITUATION IN NORTH VIET NAM

73. Treat the Viet Minh as not constituting a legitimate government, and discourage other non-Communist states from developing or maintaining relations with the Viet Minh regime.

74. Prevent the Viet Minh from expanding their political influence and territorial control in Free Viet Nam and Southeast Asia.

75. Deter the Viet Minh from attacking or subverting Free Viet Nam or Laos.

76. Probe weaknesses of the Viet Minh and exploit them internally and internationally whenever possible.

77. Exploit nationalist sentiment within North Viet Nam as a means of weakening and disrupting Sino-Soviet domination.

78. Assist the Government of Viet Nam to undertake programs of political, economic and psychological warfare against Viet Minh Communists.

79. Apply, as necessary to achieve U. S. objectives, restrictions on U. S. exports and shipping and on foreign assets similar to those already in effect for Communist China and North Korea.

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OPERATIONS COORDINATING BOARD
Washington 25, D. C.

May 28, 1958

REPORT ON SOUTHEAST ASIA (NSC 5612/1)
(Approved by the President September 6, 1956)
(Period Covered: From November 6, 1957 through May 28, 1958)

(NSC 5612/1 was revised on April 2
and issued as NSC 5809.)

I. REGIONAL

A. SUMMARY EVALUATION

1. General. Burma and Cambodia showed a more friendly attitude toward the United States and the Free World, and Cambodian leaders made some attempt to control communist subversion. Thailand's new regime re-invigorated the pro-SEATO, anti-communist policies of its predecessors, and Viet-Nam maintained close relationship with the United States.

On the other hand, as the price for regaining control of the two provinces previously dominated by the Pathet Lao, the Lao Government accepted two Pathet Lao leaders in the National Cabinet and assimilated some Pathet Lao troops into the Royal Lao Army. The conservative governing coalition in newly-independent Malaya suffered some political setbacks. The communist-supported leftist party did very well in Singapore municipal elections in contrast to the poor showing of moderate and conservative political parties.

The short-run economic outlook in Southeast Asia is somewhat clouded by declining foreign exchange reserves and prospects for lower export earnings resulting from poorer rice crops and lower prices for other export commodities. In the long-run better prospects exist, assuming favorable political developments, because of: (a) the wealth of human, agricultural and raw materials resources of the area and (b) the developing power, communications, irrigation and other basic facilities supported by external financial assistance.

2. SEATO. Satisfactory progress continued at the operational level in military and civil aspects; however, the Asian members still seek an expansion of economic activities. Atomic-capable weapons were

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successfully introduced without adverse psychological reaction in the recent "Phiblink" exercise, and a number of military exercises have been scheduled and approved for the coming year. Standardization of equipment is being accomplished between military forces of member nations which will lead to a reduction of the technical obstacles to fuller cooperation in mutual defense. There were significant administrative improvements; political consultation in meetings of the Council Representatives improved in quality and content; and a successful counter-subversion seminar was held in Baguio; and a cultural round table, attended by some non-member governments, was held in Bangkok. In addition, the United States has committed \$2 million for skilled labor training and agreed in principle to assist Thailand in the SEATO context to develop university engineering facilities.

What is generally considered to have been the most successful Council meeting to date was held in Manila in March. Among other things, the Council at that time authorized the Secretary General to enter into limited contact with other regional defense organizations and agreed to a proposal that contact with non-member states be continued and expanded in the coming year.

3. Mekong River Development. The four-power Coordinating Committee established by Thailand, Laos, Cambodia and Viet-Nam to plan the development of the Mekong River basin agreed to set up a system for the cooperative collection of basic data on the river basin. In line with our regional objectives the U. S. offered at the time of the recent ECAFE meeting at Kuala Lumpur to contribute a total of \$2 million to establishment of this system. The offer, which was accepted by the four riparian countries, produced a favorable impact in the ECAFE area. The U. S. contribution, together with funds offered by the UN and other friendly governments, is sufficient to finance the costs for approximately the first year of the development plan--\$2.5 million--recommended by the Wheeler survey mission.

4. No review of policy is recommended.

B. MAJOR OPERATING PROBLEMS FACING THE UNITED STATES

5. Obstacles to Regional Cooperation. At present more factors obstruct the development of regional cooperation in Asia than facilitate it. The most important ones are nationalistic preoccupation with domestic

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affairs, political antagonisms and suspicions, and the general lack of complementary economies.

While four riparian states are now agreed on the collection of basic data regarding the Lower Mekong River Basin, difficulties will probably arise if the time comes to determine means of developing and utilizing power, irrigation, and navigation facilities.

The Regional Telecommunications Project has fallen far behind schedule chiefly because of problems with the engineering contractor. A top-level advisor has completed an evaluation of the fundamental plan of the contractor in an attempt to expedite the project.

6. Slow Economic Development. Economic development in the area is slow because of a shortage of both public and private capital, and limited basic facilities such as power, communications, and transportation, as well as the limited number of trained, skilled personnel. The resistance of many Southeast Asia countries to measures which might encourage or assist overseas Chinese and other minority groups, also retards economic and business development. The fall of prices for the basic export commodities of the area, with resultant government revenue losses, may slow economic development.

It has been difficult to find appropriate means of encouraging Free World industrial countries to contribute to the economic development of Southeast Asia. In the case of Japan, at present Asia's only important industrial country, it is difficult to determine the extent to which the U.S. should encourage Japanese economic development activity in Southeast Asia. While Japanese proposals of June 1957 for Asian regional financial institutions, to be funded largely by the U.S. and joined by other non-regional participants, were not found practicable by the U.S., the U.S. continues to recognize the desirability of close economic ties between Japan and Southeast Asia, and has offered to cooperate with Japan and interested Southeast Asia countries on a case-by-case basis.

7. Public Attitudes. Efforts to encourage favorable public attitudes in the area toward collective security pacts and toward the U.S. and the Free World in general continue to face important obstacles, including: (1) demonstrated growth of Sino-Soviet scientific, military, and economic power; (2) Asian fear of involvement in nuclear warfare; (3) the appeal of communist coexistence propaganda; (4) increasing public interest in domestic, economic, financial and social problems; (5) doubt that participating in collective defense measures offers more benefits and less disadvantages than neutrality; and (6) national sensitivity which

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continues in most Southeast Asia countries regarding the presence of large numbers of U.S., British and French citizens.

8. SEATO. SEATO has a continuing problem in popularizing the organization within Asian member countries as well as in the general treaty area. It is essential that this problem be solved if the leaders of Asian member countries are to succeed in countering domestic criticism of SEATO membership; and if SEATO is to attract new members (notably Malaya). From the position taken by representatives of the Asian members in various SEATO forums, it is clear that they consider membership in SEATO should enable them to obtain preferential treatment in the allocation of economic assistance.

9. Sino-Soviet Bloc Economic and Psychological Inroads. A combination of fairly widespread acceptance of communist coexistence propaganda, a desire to profit from communist "largess" and conviction that communist infiltration is controllable, facilitates communist efforts to promote acceptance of their economic aid programs. In addition, although bloc aid has boomeranged psychologically in certain instances, notably in Burma and less so in Cambodia, the resistance to bloc aid is reduced by its reputation for "speed", "easy terms" and the apparent absence of "strings". In some instances, U.S. assistance, because of premature commitments or assurances of aid on the one hand and subsequent delays, apparent inflexibility and conspicuous checks and control procedures on the other, suffers by comparison in these respects. The high political impact of communist aid projects emphasizes the importance of continuing efforts to maximize the effectiveness of U.S. aid programs.

While Burma and Cambodia continue to be the chief beneficiaries of bloc aid, a general offer of assistance to the underdeveloped Asian countries was made by the Soviet delegate at recent ECAFE meetings in Bangkok and Kuala Lumpur. Also, in addition to credits of up to five years for the purchase of machinery and equipment, the USSR announced it would consider long-term agreements for the purchase of basic exports. The USSR has offered a trade agreement to Thailand.

Burma has indicated its intention to use Soviet assistance in the priority construction of a technological institute, a hotel and a hospital. The number of Soviet technicians in Burma is soon expected to increase greatly. Communist China's assistance to Burma was extended in the form of an agreement with Burma for a \$4.2 million loan. Burma continues to be receptive to bloc assistance but is revising its barter agreements with bloc countries to trade on a permissive and cash basis.

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So far Cambodia has received approximately one-quarter of a programmed \$22.4 million grant from Communist China and seems satisfied with the program, which has received favorable publicity. New buildings for the Cambodian National Parliament will be included in this program. The Chinese Communists have also offered one million riels (\$28,571 at official rate of 35 to 1) to construct a modern building for a 20 kilowatt radio transmitter donated by the Chinese.

Thailand has not yet accepted a Soviet offer of a "cobalt bomb" for hospital use.

10. Economic Aid Program Delays. Much political and psychological credit as well as operational economy and efficiency continue to be lost because of premature commitments and assurances of aid on the one hand and the inordinate time required for formulation and implementation of our economic and technical assistance programs on the other. Recipient countries continue to complain of delays. This raises serious problems with respect not only to the assistance programs, but to U.S. relations in the area. In addition, particularly in uncommitted countries, it also materially reduced the attractiveness of U.S. aid as compared with communist bloc aid.

Commitments for physical construction are frequently made before reconnaissance, engineering and cost estimates are available.

In view of the impact of premature commitments and assurances of aid, and aid program delays on U.S. relations in the area and on the ability of the U.S. to meet the economic challenge of the communist bloc, increased emphasis will be given to a concentrated, coordinated attack to eliminate these difficulties. State and ICA are giving urgent consideration to these problems with a view to reconciling the limitations imposed on our aid programs by statute, by Congressional relations factors and by normal administrative requirements on the one hand, with the need for obtaining an optimum mixture of economic, political and psychological benefits on the other.

11. Efforts to Lessen Demands Upon U.S. Resources and Upon Local Economies (NSC Action No. 1599-e). Under this requirement the Department of State in consultation with the Department of Defense was to explore the possibility of arranging conferences with the nations in the SEATO area to achieve agreements as to future U.S. aid programs which will be more moderate in their demands upon U.S. resources and the local economies. Under present circumstances, this objective has not been accomplished.

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II. BURMA

A. SUMMARY EVALUATION

12. There has been a significant, if modest improvement in the position of the U.S. in Burma and in the attitudes and actions of the Burmese Government as they bear on U.S. objectives. However, the Soviet Union and Communist China have been able to continue their economic activities in Burma, even though, domestically, both communism and Marxist ideology have received a sharp setback. On January 29 Prime Minister Nu, with unanimous approval of the Anti-Fascist Peoples Freedom League (AFPFL) Executive Committee, announced the Government Party's complete disavowal of Marxism as its guiding political philosophy.

B. MAJOR OPERATING PROBLEMS FACING THE UNITED STATES

13. General. We necessarily attempt to accommodate our assistance programs to the political sensitivities and the technical deficiencies of the Burmese Government. However, difficulties in coping with Burmese attitudes, which often fail to take account of MSP legislation and ICA procedures, result in protracted and continual delays. While these disagreements thus far have been reconciled amicably, the consequent delays inevitably tend to vitiate the favorable results we hope to derive from assistance programs.

As a result there may be unfortunate contrast between our seeming rigidity and the apparent flexibility of the communist bloc in its economic and technical aid programs.

14. PL 480 Sales. The signing of a new PL 480 Sales Agreement with Burma has been delayed by Burmese Government requests for special treatment which though not inconsistent with the law required repeated exceptions to established policies. The fact that the Burmese Government is aware that substantial concessions have been made in the PL 480 agreements with other countries, particularly Poland, has complicated these negotiations. Final agreement appears to be at hand.

15. Development Assistance. An approach by the Burmese for a new Development Assistance Loan in the amount of \$75 million is anticipated. Difficulties in developing projects on an acceptable basis under the present \$25 million loan portend inevitable difficulties in the use of the DLF for financing future Burmese projects.

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16. Military Assistance Program. A delay which must appear to the Burmese as inordinate has taken place in the Washington formulation of a specific offer with regard to the magnitude and terms of the military assistance which we are committed in principle to make available to the Burmese. Legal difficulties encountered here have now been resolved and Embassy Rangoon has been supplied with negotiating instructions.

17. Police Assistance Program. Although negotiations on the \$10 million police program loan are still going on, the program has begun. A way was found for initiating the program promptly by providing temporary draw-down against the existing line of credit for the period required to negotiate and conclude an effective agreement. The Burmese appear satisfied that the U.S. is demonstrating a timely interest. A survey of requirements has been completed and procurement of equipment is under way.

18. U. Kyaw Nyein Visit. Plans are being drawn up for a visit to the United States by Deputy Prime Minister U. Kyaw Nyein in the late summer or fall of 1958. Our inability to provide official "red carpet" treatment to U. Kyaw Nyein, who has been lavishly entertained in the USSR and Communist China, is being at least partially overcome by supplemental assistance from the Asia Foundation.

III. CAMBODIA

A. SUMMARY EVALUATION

19. As a result of sustained efforts of the communist bloc to consolidate advantages it gained in Cambodia in 1956, the internal security situation has clearly deteriorated. However, there has been evidence recently that Prince Sihanouk and other Cambodian leaders are increasingly aware of the potential dangers of communist activities, and some steps have been taken to control subversion. In the short run, the situation in Cambodia is not alarming, since the population as a whole remains strongly Buddhist, loyal to the monarchy and united under the leadership of Prince Sihanouk, and it has not yet been heavily subjected to communist influence. In the long run, there is greater danger that the extension of communist influence may overcome such countermeasures as the Cambodians may be prepared and able to take.

There has been a reduction in pro-communist sentiment within the Chinese community in Cambodia, largely because of the Cambodian Government's action in the internal security field.

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B. MAJOR OPERATING PROBLEMS FACING THE UNITED STATES

20. Cambodian Neutrality.

a. Cambodia's neutrality inhibits it from taking a strong stand in favor of the Free World, and together with the long-standing animosity between Cambodia and its neighbors, prevents close association with them in regional organizations.

b. Cambodian neutrality also limits the opportunities for the United States to work closely with the Cambodian Government. It is difficult to take measures to encourage Cambodia to meet the dangers of internal communist subversion without at the same time seeming to contravene Cambodian neutrality. We should encourage the Cambodians to orient their policy in a direction more favorable to the West but any evidence of undue pressure on our part to change the basic policy of neutrality could easily cause Cambodia to abandon its new firmer posture toward communism.

21. Internal Security. In spite of increasing awareness of the magnitude of the communist effort in Cambodia, Cambodian leaders have taken far too few steps to counteract such influence. Implementation of the police training program has progressed satisfactorily, but unification of all Cambodian police services has yet to take place and implementation of an agreed action program is hampered by administrative ineffectiveness.

22. Developments Relating to Operating Problems. It is possible that the Cambodian developments of the past few weeks, which indicate a new awareness of the communist threat and a determination to oppose it, may require that consideration be given to revision of certain paragraphs in NSC 5809 relating to Cambodia. In particular, paragraph 39, implying a continuing drift toward pro-communist neutrality, and paragraph 4i, implying that Cambodia might cease to demonstrate a will to resist internal communist subversion, may need to be replaced by paragraphs calling for U.S. action to promote increased awareness of the danger of subversion and to provide means to combat that danger, as well as U.S. economic aid in which continued stress should be put upon specific technical assistance.

23. Government Administration Weaknesses. One of Cambodia's most urgent needs is for effective civil administration. The ICA program is attempting to strengthen the most important public services: education, agriculture, health and transportation. In 1957 the government requested U.S. advisory assistance to improve its budget operations, tax administration, and customs collections. One advisor has been recruited; two advisors remain to be recruited.

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IV. LAOS

A. SUMMARY EVALUATION

24. The formation in November, 1957, of a coalition cabinet with Communist Pathet Lao participation, additional communist gains of places in army and civil service, and permission for the Pathet Lao to operate as a legal political party throughout the country were generally considered a setback for U.S. objectives. On the positive side the Royal Lao Government has gained substantial control of Sam Neua and Phong Saly and the Royal Lao Army now occupies the frontier posts bordering on China and north Viet-Nam. U.S. policy was reevaluated, following the Lao Government-Pathet Lao settlement, taking into account the Prime Minister's declaration in January that the Lao Government was determined to tolerate no subversion and his request for U.S. assistance, particularly for the purpose of winning the crucial May elections. It was decided to continue U.S. aid as before, but with the clear understanding that provision of such aid depended upon future Lao performance. Our effort has therefore shifted from the negative one of attempting to prevent disastrous concessions to the Pathet Lao to the positive one of helping the Lao Government carry out the settlement already reached, with a minimum of damage to the Free World position. In this connection, the U.S. carried out an impact program of material and administrative assistance. Solution of the exchange rate problem through monetary reform has been deferred until after the recent supplementary elections, new cash transfers of aid dollars meanwhile being placed in an account blocked by action of the Lao Government until agreement on monetary reform is reached with the U.S. Government.

B. MAJOR OPERATING PROBLEMS FACING THE UNITED STATES

25. Pathet Lao. Inasmuch as the Pathet Lao have apparently chosen to concentrate on political means to achieve their ends, the integration and demobilization of Pathet Lao forces have taken place relatively smoothly and the Lao National Army has moved into the two former Pathet Lao provinces. The Pathet Lao made an all-out effort in the May 4 nationwide election campaign for 21 National Assembly seats, utilizing well-organized grass-roots cells and demobilized Pathet Lao soldiers as propaganda agents. Firm final results have not yet been announced but it may safely be assumed that the communists (Neo Lao Hak Xat) have won 9 seats and the Neutralists (Santiphab) have won 4 out of 21 seats at issue in the elections. Since there are 8 leftists in the National Assembly already, a leftist coalition could possibly control about one-third of the seats in the new enlarged Assembly (as many as 21 out of 59 seats). Although Lao officials claim that the strong showing of communist candidates

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does not indicate a choice of communism by the Lao electorate but simply a protest vote against war and corruption and in favor of peace, neutrality and new faces, it is clear that the Neo Lao Hak Xat has emerged as a well-organized and disciplined legal political party whose aim is to establish communist control of Laos, probably by parliamentary means.

The conservative leaders have been badly shaken by the communists show of strength which resulted largely from conservative failure to agree on a minimum consolidated list of candidates. Available figures indicate that conservative candidates received a clear majority of the popular vote but that conservatives got only a minority of the seats at stake. It is possible for the conservatives; if given a little organization and discipline, and reasonably effective leadership, to form an all-conservative government. They have a majority of the enlarged Assembly and they possess the psychological advantage of having received a popular majority in the elections. We are now considering various possibilities relating to a re-appraisal of our effort in Laos.

26. Monetary Reform. Negotiations to achieve a single realistic rate of exchange without trade and exchange restrictions were pursued first in Vientiane and later in Washington during and after the Lao Prime Minister's visit. Because the U.S. could not guarantee that immediate devaluation would not jeopardize conservative chances in the elections, as unanimously contended by Lao leaders, the U.S. agreed that monetary reform should not take place until some time after the recent supplementary elections. The U.S. insisted, however, that new releases of aid dollars be placed in a segregated escrow account pending devaluation and assurances that the ultimate kip value would eventually be deposited into the counterpart fund. The U.S. declined to effect further dollar transfer (project aid was not suspended) owing to the Lao Government's reluctance to accept lenient escrow arrangements offered. Scandalous import licensing was stopped when negotiations led to acceptance by the Lao Government of new procedures proposed by the U.S. There have been no abuses since. The Lao Government proposed that U.S. aid dollars henceforth be placed in a segregated account in the Lao National Bank and not be used until agreement is reached between the U.S. and Laos on such matters. The U.S. agreed that this device would be acceptable until negotiations are reopened in June in the hope that this would accomplish U.S. objectives and also permit the Lao to save face.

27. Lao National Army Training. Because the French Military Mission is so reduced in strength and quality that it is unable to fulfill its responsibilities, the Lao National Army is not receiving proper training, resulting in deterioration of its capabilities and increasing lack of

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discipline. Furthermore, French assessment of the nature and magnitude of the communist threat posed against U.S. objectives through the Neo Lao Hak Xat (ex-Pathet Lao) make it questionable whether or not French military advice and training of the Lao National Army will serve our best interests. We are now studying the practicability of a new approach to the French Government to bring French policy in Laos into agreement with our own and British views on the nature of the communist threat and to induce a more cooperative attitude on the part of the French representatives in Vientiane. At the same time a U.S. MAAG cannot be established because of the present desire of the U.S. to respect the Geneva Agreement prohibition against the introduction of foreign military personnel. This means that U.S. financial and material assistance to the Lao Army is not used to maximum advantage for Laos and the U.S. As an interim solution, consideration is being given to furnishing Filipino civilian trainers to the Lao Army with PEO (Civilian MAAG) assistance. Representations to the French concerning their training responsibilities appear to be an urgent necessity.

V. FEDERATION OF MALAYA

A. SUMMARY EVALUATION

28. The government has shown continued determination to fight communist terrorism and subversion, and has succeeded in maintaining a strong, stable administration and a considerable degree of inter-racial harmony. However, recent local election returns indicate some weakening of support for this basically pro-Western government as underlying racial tensions manifest themselves in a drift toward socialist and ultra-nationalist opposition parties. This deterioration of the government's political strength, particularly among Chinese and Indian voters supporting neutralist-oriented parties favoring recognition of Communist China and the Malay Communist Party, could neutralize the progress made in achieving U.S. objectives in Malaya.

B. MAJOR OPERATING PROBLEMS FACING THE UNITED STATES

29. Requests for Economic Assistance. As of April 30 a total of \$19 million in applications had been received by the DLF from the Federation Government. Of the two projects submitted, one is under serious consideration, the deep-water port facilities project for \$10.9 million; the other, a teaching hospital, has been rejected.

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support are likely to result in proposals for new aid projects. The IBRD team and ICA advisors are assisting the Thai in planning the best utilization of their own resources.

VIII. VIET-NAM

A. SUMMARY EVALUATION

40. In general we are achieving U. S. objectives in Viet-Nam. Relations between Viet-Nam and the Government of the Republic of China are improving since the Chinese community in Viet-Nam has accommodated itself to Vietnamese legislation concerning citizenship and certain key occupations.

B. MAJOR OPERATING PROBLEMS FACING THE UNITED STATES

41. Viet-Nam's Continued Dependence on Foreign Aid. In spite of some evidence of greater economic stability, Viet-Nam continues to depend on foreign aid, the largest part of which goes to support the military establishment. U. S. aid still accounts for approximately 85 percent of imports and two-thirds of the budgetary revenues. Some improvement in the investment climate occurred with the exchange of notes between the United States and Viet-Nam effecting an Investment Guaranty Agreement and with acceptance of the U. S. view that that portion of International Development Corporation capital financed by the U. S. would be available to aid private enterprise only. However, economic nationalism and excessive government intervention continue to discourage private foreign and domestic investment. Moreover, it is likely the Government of Viet-Nam will continue to insist that certain larger industrial projects be government-controlled, at least in their early years of operations.

42. Political and Security Problems of the Diem Government President Ngo Dinh Diem's policy of strict control in the political and economic fields has caused a certain amount of internal dissatisfaction. Should the President's exercise of personal authority develop too far there may be danger that the resultant frustration of government officials might weaken the united support for his regime which the situation requires. Likewise, the President's stern police measures and his emphasis on internal security have led to some criticism of the government. This emphasis on internal security stems from the recent emergence of the country, the continuation of communist-inspired violence and subversion, and such incidents as the assassination of local officials in rural areas of southern Viet-Nam.

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FINANCIAL ANNEX TO REPORT ON SOUTHEAST ASIA
 (In millions of dollars over \$5 million. Up to
 \$5 million shown in nearest tenth million.)
 VIETNAM

EXPENDITURES AND DELIVERIES - CERTAIN U. S. ACTIVITIES

Activity	FY 1957	FY 1958		FY 1959 (Est. as of 4/58)
		Est. Through 12/57	Est. Total	
Military Assistance (see footnotes a/ and b/)	112	22	50	43
Economic Assistance	249.5	105.8	199.3	191.0
Technical Assistance	1.8	1.1	2.3	3.9
Information Services	2.1	1.2*	1.6	1.5
Educational Exchange	.08		.12	.16
Total	365.48	130.1	252.32	239.56
*Ext. through 3/31/58.				
MAP Sales of Military Equipment & Services				
MAP Offshore Procurement Payments (Defense expenditures entering into int'l balance of payments.)			.1	
Other U.S. Govt. Payments (affecting int'l bal. of payments - mil. & civ. pay, construction, procurement of U.S. mil. supplies & equipment.)				

LOANS

LOANS BY	During Period to			As of	
	Disbursements	Repayments	New Loans Authorized	Undisbursed Commitments	Outstanding Debt
IBRD					
EX-IM BANK					

PUBLIC LAW 480 AGREEMENTS

Date	Title	Amount	Est. % Dels.	Major Commodities	Use of Local Currency or Other Comment

All Notes and Comments relating to the above figures are shown on a separate page.

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VIETNAM
 PIPELINE ANALYSIS, MUTUAL SECURITY PROGRAM
 (In Millions of Dollars)

	<u>Programs</u>	<u>Deliveries</u>	<u>Carryover</u>
<u>Military Assistance</u> ^{a/} _{b/}			
Prior to FY 1957	289	174	115
FY 1957	75	112	78
FY 1958 (est.)	57	50	85
FY 1959 (est.)	37	43	79
<u>Economic Assistance</u>	<u>Obligations</u>	<u>Expenditures</u>	<u>Carryover</u>
Prior to FY 1957	522.1	321.2	200.9
FY 1957	253.9	249.5	205.3
FY 1958 (est.)	175.0	199.3	181.0
FY 1959 (est.)	190.0	191.0	180.0
<u>Technical Cooperation</u>			
Prior to FY 1957	3.5	0.7	2.8
FY 1957	4.4	1.8	5.4
FY 1958 (est.)	4.2	2.3	7.3
FY 1959 (est.)	4.5	3.9	7.9

a/ Includes value of all grant military assistance, whether on a country, regional or worldwide basis, with the exception of the value of excess stocks. (In the MAP programming process, country programs include materiel and equipment, training and dollar costs of consumables and construction. Regional or worldwide programs include items such as packing, crating, handling and transportation; spare parts; cost of rehabilitating excess stocks; and advanced weapons, as appropriate)

b/ Excludes \$31 million programmed from stocks excess to U. S. Service or other MAP requirements for FY 1950-59, of which \$9 million was delivered prior to FY 1957 and \$22 million is estimated to be delivered during FY 1957-59.

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EXECUTIVE OFFICE OF THE PRESIDENT
NATIONAL SECURITY COUNCIL
WASHINGTON

COPY NO. 32

January 5, 1959

MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL

SUBJECT: "Hot Pursuit" and Pursuit Under the Doctrine
of Self-Preservation

REFERENCES: A. NSC 5604
B. NSC 5429/5, Par. 5-g

The enclosed draft editorial amendments of paragraph 5-g of NSC 5429/5, "Current U. S. Policy Toward the Far East," and of paragraphs 1 and 2-g of NSC 5604, "U. S. Action in the Event of Unprovoked Communist Attack Against U. S. Aircraft," submitted by the NSC Planning Board on the basis of recommendations by a committee of the legal officers of interested departments and agencies, are transmitted herewith for consideration by the National Security Council.

The report by the committee of legal officers and a JCS study on the subject are also enclosed for the information of the Council.

The enclosed draft editorial amendments are not intended to make a substantive change in U. S. Policies stated in NSC 5429/5 and NSC 5604; but are designed to eliminate an ambiguity which arises from the text, as pointed out in the enclosed committee report, that the term "hot pursuit" has a traditional, doctrinal meaning in international law more restrictive than the meaning obviously intended in NSC 5429/5 and NSC 5604, and that the term may also be used in a non-legal context with regard to activities and situations other than those envisaged by the original doctrine of international law.

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5/8/11/14

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It is requested that each member of the National Security Council, the Secretary of the Treasury, the Attorney General, and the Director, Bureau of the Budget, indicate his action with respect to the enclosed draft amendments by completing and returning the enclosed memorandum form.*

JAMES S. LAY, JR.
Executive Secretary

cc: The Secretary of the Treasury
The Attorney General
The Director, Bureau of the Budget
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence

* Memorandum form not enclosed with this copy.

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DRAFT EDITORIAL AMENDMENTS
of NSC 5429/5 and
NSC 5604

Revise par. 5-g (1) of NSC 5429/5 as follows:

(1) Issue a directive to its armed forces that, in the event of unprovoked Communist armed attack against U. S. military or non-military personnel, aircraft, or vessels outside Communist territory, U. S. forces in the area will take against the Communist attacking force during the course of the attack immediate and aggressive protective measures, including if necessary and feasible hot immediate pursuit of the Communist attacking force into hostile airspace or waters.

Revise Pars. 1 and 2-a of NSC 5604 as follows:

1. Subject to paragraphs 2 and 3 below, in the event of unprovoked Communist armed attack against U. S. aircraft outside Communist territory, those U. S. aircraft attacked or located in the immediate area of the attack may take against the Communist attacking force during the course of the attack immediate and aggressive protective measures, including if necessary and feasible "hot-pursuit" immediate pursuit of the Communist attacking force into hostile air space.

2. . . .

a. "Hot-pursuit" Such pursuit will not include prolonged pursuit deep into hostile air space.

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COPY

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
Washington 25, D. C.

December 2, 1958

MEMORANDUM FOR MR. HAYDN WILLIAMS
DEPUTY ASSISTANT SECRETARY - ISA

SUBJECT: "Hot Pursuit" and Pursuit Under the Doctrine of
Self-Preservation

Pursuant to the recommendations of the NSC Planning Board communicated to me by your memorandum of 5 November 1958, a meeting under the chairmanship of the Assistant General Counsel for International Affairs (Mr. Monroe Leigh) was held on Wednesday, November 19, 1958, to discuss a study of the above subject submitted to the Board by the Acting JCS Adviser.

The meeting was attended by representatives of the legal offices of the Departments of Treasury, Justice, Defense, Navy and the Office of Civil and Defense Mobilization. The Department of State was not represented, but since the meeting the matter has been taken up with the Legal Adviser's office of that agency and it is in agreement with the course of action recommended by the others and summarized below.

It was agreed that, as pointed out in the JCS study under consideration, the term "Hot Pursuit" has a traditional, doctrinal meaning in international law which is more restrictive than the meaning obviously intended in the two NSC papers. There was also agreement that the term may also be used in a non-legal context with regard to activities and situations other than those directly envisaged by the original doctrine of international law. This variety of usage has caused a certain amount of confusion regarding the true meaning of the term "Hot Pursuit", and, insofar as it describes a particular principle of international law, confusion as to its relationship to other principles, especially the doctrine of self-defense or self-preservation.

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It was further agreed that the term "Hot Pursuit" as employed in NSC 5429/5, paragraph 5-g, and NSC 5604 must be regarded as merely descriptive of the policy established by those papers rather than the legal justification for such policy. The international law doctrine of "Hot Pursuit" cannot, alone, be relied on to justify the action required and reliance on that legal doctrine would not appear to be essential to the purpose of the documents. Because of these considerations, and because the development of a certain amount of confusion between the non-legal descriptive qualities and the juridical implications of the term "Hot Pursuit" cannot be avoided, it was felt that its usage in the NSC papers under discussion is undesirable. At least one representative (NAVY) indicated that his service had experienced certain operational difficulties in preparing for implementing NSC policy, simply because Navy personnel are accustomed to using the term "Hot Pursuit" in strict international law sense.

The meeting considered whether it would be advisable to adopt the term "Defensive Pursuit" in lieu of "Hot Pursuit", as suggested in the JCS paper. This solution, however, was objected to on the ground that it would amount to the creation of a new term of art in international law and that furthermore it was, on its face, somewhat misleading. It was apparent that agreement could not be readily obtained among the lawyers in the Government on the coining of this new term.

In view of the foregoing, it was the consensus of the meeting that confusion could best be avoided by eliminating altogether the use of legal terminology in describing the policy set forth in the two NSC papers. In other words, no terms of art were necessary to describe the policy obviously intended. Moreover, it was the unanimous view of the meeting that the legal terminology could be eliminated from the two NSC papers in question without any change whatever in the substantive meaning of these papers. Accordingly, it was agreed to recommend that the ambiguous words "Hot Pursuit" be stricken from NSC 5429/5 (paragraph 5-g) and NSC 5604 and that in their place should be substituted the words "Immediate Pursuit" which have no specialized connotations in law.

Thus, NSC 5429/5, paragraph 5-g, should be redrafted to read as follows:

(1) Issue a directive to its armed forces that, in the event of unprovoked Communist armed attack against U. S. military or non-military personnel, aircraft, or vessels outside Communist territory, U. S. forces in the area will take against the Communist attacking force during the course of the attack ~~immediate and~~ aggressive protective measures, including if necessary and feasible ~~hot/~~ immediate pursuit of the Communist attacking force into hostile airspace or waters.

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(2) In addition to the action directed in (1) above, and as constitutionally authorized and specifically approved by the President, take such additional punitive action as may be necessary and appropriate.

Paragraphs 1 and 2-g of NSC 5604 should be redrafted to read as follows:

1. Subject to paragraphs 2 and 3 below, in the event of unprovoked Communist armed attack against U. S. aircraft outside Communist territory, those U. S. aircraft attacked or located in the immediate area of the attack may take against the Communist attacking force during the course of the attack ~~immediate and~~ aggressive protective measures, including if necessary and feasible ~~hot pursuit~~ immediate pursuit of the Communist attacking force into hostile air space.

2. . . .

a. ~~Hot pursuit~~ Hot pursuit Such pursuit will not include prolonged pursuit deep into hostile air space.

It should be emphasized that these changes in language are in no way intended to alter or modify the policy expressed in NSC 5429/5, paragraph 5-g, and NSC 5604.

/s/ Robert Dechert
General Counsel

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CONFIDENTIAL

October 23, 1953

JCS STUDY
on
HOT PURSUIT AND PURSUIT UNDER DOCTRINE OF
SELF-PRESERVATION

1. The term "hot pursuit" has been used in various joint and service papers, as well as by Commanders in the field, in connection with the protective measures United States military forces are authorized to take in self-defense. The term has also been used with reference to its special meaning under international law. The purpose of this paper is to clarify the concepts involved with a view to eliminating some of the confusion which has arisen from the interchangeable use of the term.

2. The term "hot pursuit" has a well-established and special meaning in international law. It is recognized as the right of a coastal State to pursue COMMERCIAL vessels of a foreign State suspected of violating the laws or regulations of the coastal State applicable to its territorial sea or contiguous zone. Basically, it is a peacetime concept not connected with hostilities or the threat of hostilities by the military forces of a State. Pursuit under this doctrine does not include the right to pursue warships or military aircraft, or for that matter any type of aircraft. In addition, under custom and practice, hot pursuit may be undertaken only under certain limited conditions. For example, the pursued vessel or one of its boats must be within the territorial sea or contiguous zone of the coastal State before pursuit can begin. Once the pursued ship enters the territorial waters of its flag state or a third state, the right of hot pursuit ends. Although hot pursuit may be undertaken for a violation of any law or regulation enacted pursuant to the sovereign authority of the coastal State when the violation occurs within internal waters or the territorial sea, it can be undertaken for a violation of only those laws covering customs, fiscal, immigration, or sanitary matters when the violation occurs within the contiguous zone.

3. In marked contrast, the right of pursuit under the doctrine of self-preservation or self-defense is a much broader concept, not dependent on the territorial sea or contiguous zone. International law recognizes the right of a State to take whatever measures are necessary for its self-defense. A unit of the armed forces of the United States in time of peace may repel or resist any hostile act committed or threatened against it by foreign vessels or aircraft. The right to repel and resist includes "the right of pursuit" where considered feasible and necessary to ensure the safety of threatened forces or territory. In this connection, a hostile act has been defined in various instructions as "any act which involves a clear and present danger to the security of the United States or its forces, territory, possessions, or territory under the United States administration." Some examples of what may constitute hostile acts are:

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a. Military craft release bombs, launch missiles, or fire guns, rockets, torpedoes, or other weapons at any waterborne, air, or ground target other than recognized weapons ranges, and

b. Overt and covert actions by naval or air forces that place in jeopardy craft, installations, or personnel of the United States.

As to the "right of pursuit" incident to repelling a hostile act, instructions provide that craft or subversive units of a State committing hostile acts which are sporadic, isolated or small scale in nature should be counterattacked immediately by authorized means available to the extent necessary to effect control of the situation or the hostile craft. This includes pursuit as feasible and necessary to ensure the safety of United States forces or territory. Instructions also provide that United States forces shall not conduct prolonged pursuit deep into hostile areas or neutral territory, nor shall they deliberately and systematically organize and dispatch a pursuit force to effect reprisal. As is readily apparent, there exists a clear distinction between this concept and the concept discussion in paragraph 2.

4. In view of the above and in order to minimize confusion, the term "hot pursuit" should be reserved to express the precise circumstances as visualized under its recognized meaning in international law. The term "defensive pursuit" should be used in connection with the right of pursuit under the doctrine of self-preservation.

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OPERATIONS COORDINATING BOARD
Washington 25, D. C.

January 7, 1959

REPORT ON SOUTHEAST ASIA (NSC 5809)
(Approved by the President, April 2, 1958)
(Period Covered: From May 28, 1958 through January 7, 1959)

I. REGIONAL

A. SUMMARY EVALUATION

1. General

a. Progress was irregular in assisting the countries in Southeast Asia to develop toward stable, free representative governments with the will and ability to resist communism. The danger that any of them may pass into the communist orbit varies from country to country. Thailand, Viet-Nam and the Federation of Malaya maintained an anti-communist position. A drift toward political confusion in Burma was interrupted by General Ne Win's accession to the premiership and his immediate stand against communism. The Lao Government withstood neutralist and communist efforts to overthrow it, eliminated communists from cabinet positions and took initial steps toward countering communist political and subversive progress in the countryside. Its prospects of successfully warding off communist subversion and achieving stability have improved considerably since the low point reached in the May elections, but genuine non-communist unity has not yet been achieved. Cambodia, while maintaining its neutral position, made a swing to the left in recognizing Communist China and then Prince Sihanouk tried to balance this move to some extent with a visit to the United States. In Singapore the moderate governing Labor Front failed to improve its position. In the future it may be seriously threatened by the extreme leftist People's Action Party which has shown increased evidence of popular support.

b. Slight progress was made in a second objective of persuading the countries that their best interests lie in greater cooperation and stronger affiliations with the rest of the free world. Under SEATO satisfactory progress continued on both the military and civilian sides of the organization. The Military Planning Office in Bangkok developed a comprehensive plan for combined SEATO military exercises in FY 1959. Informal political consultation improved and was characterized by the active participation of all of the members. Particularly noteworthy was the improvement in the material produced by the Public Relations Office.

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The Asian members continued to seek an expansion in economic activities under SEATO, and the U. S. accordingly committed \$2.3 million for skilled labor training and \$425,000 to assist Thailand in establishing a SEATO Graduate School of Engineering. A most successful Council meeting was held in Manila in March which authorized the Secretary General to enter into limited contact with other regional defense organizations and agreed to a proposal that contact with non-member states be continued and expanded.

Some progress was made in developing regional projects. Agreements were signed in June with Thailand, Viet-Nam and Laos to provide \$27 million of U. S. funds toward the cost of a regional tele-communications system. Funds were also tentatively earmarked for the possible inclusion of Cambodia. A mild expression of interest by Burma for participation in the project has been explored, and Burmese participation seems unlikely in the near future. ICA has appointed the prime engineering contractor for the project. A second regional project relating to English language teaching has fallen behind schedule because of problems in obtaining the participating countries' understanding of the project and in drawing up the necessary documentation.

There have been two main themes in Southeast Asian attitudes toward the Taiwan Strait crisis. The initial note of fear that the whole area might be involved in war was replaced, to a large extent, by satisfaction that the U. S. did not back down on this issue.

c. Progress in preventing Southeast Asian countries from becoming economically dependent upon the communist bloc varies from country to country. Seemingly generous trade and aid offers from communist bloc countries have proved tempting to some Southeast Asian nations. Burma and Cambodia have been most vulnerable. In Singapore and the Federation of Malaya the Chinese Communists, for instance, operate through banking and trading interests. The Federation is taking steps to reduce the influence of the Communist Bank of China. In Thailand, the volume of imports from Communist China, which is small but increasing, has important propaganda value to the communists. Laos has so far resisted Chinese Communist trade and aid offers. Even assuming favorable political developments, many uncertainties exist for the economic development of Southeast Asia. Some obvious weaknesses include limited understanding by government and other leaders of the elements essential to economic development and mobilization of capital, both domestic and foreign, lack of managerial and technical experience, lack of diversity in export commodities and vulnerability to price fluctuations for these commodities. Some apprehension exists regarding the possibility of obtaining reasonable prices for the favorable rice crops now expected in the area, particularly Burma.

2. No review of policy is recommended.

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themselves have not been sufficient to effect a rate of growth satisfactory to these underdeveloped countries which tend increasingly to compare their national economic progress with that claimed by communist controlled Asian countries. The urgency of the problem is emphasized by the developing communist economic offensive. From the U. S. standpoint, dissatisfaction is particularly important in these countries, which have come to expect that their alignment with the free world will bring them the external assistance needed for more rapid economic development.

Status of U. S. Actions: Considerable progress has been made during this period in defining policies and the broad approaches which the United States will employ in increasing our effectiveness in assisting these countries to achieve a satisfactory rate of development. These policies and approaches were summarized in the President's recent speech to the Colombo Plan Conference in Seattle and are applicable to all underdeveloped areas, including Southeast Asia. The President presented a program addressed to the following major requirements for economic growth:

- a. expanded international trade
- b. technical skills
- c. private investment
- d. normal bankable loans
- e. financing to cover other sound projects which will afford the borrower flexibility regarding terms of repayment.

Action to meet some of the requirements under each of these points is receiving considerable emphasis in present programs. Consideration is being given to increasing the emphasis on other elements not yet adequately developed. The President has created the Draper Committee to consider, among other things, the impact of our military assistance programs on those related portions and objectives of the mutual security effort which are directed primarily at the economic betterment and growth of the free world and to appraise the relative emphasis which should be given to military and economic programs, particularly in the less developed areas. Certain other major problems involved in carrying out current programs are also under study by such groups as the Straus Study Group and the World Economic Practices Committee.

The problem of economic development as it relates to Southeast Asia reflects the need for clarification of U. S. basic policy in order to determine the objectives, conditions, and time period which should govern U. S. economic assistance for this area. The attention of the NSC is invited to this pressing problem in the context of NSC 5810/1.

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5. Public Attitudes Toward the U. S. Efforts to encourage favorable public attitudes in the area toward collective security pacts and toward the U. S. and the free world in general continue to face important obstacles, including: (1) demonstrated growth of Sino-Soviet scientific, military and economic power; (2) Asian fear of involvement in nuclear warfare; (3) the appeal of communist coexistence propaganda; (4) increasing public interest in domestic economic, financial and social problems; (5) doubt that participating in collective defense measures offers more benefits and less disadvantages than neutrality; and (6) national sensitivity which continues in most Southeast Asian countries regarding the presence of large numbers of foreign citizens.

Status of U. S. Actions: Some of the obstacles outlined above involve the U. S. world position in its entirety and require action beyond the scope of the information program alone. We expect that these obstacles will continue to be a serious problem in our efforts to present U. S. policies and programs to the leaders of Southeast Asia. Efforts continue to be made, however, to provide information and public relations support for U. S. political, economic and military policies and programs in order to achieve more favorable public attitudes.

6. Sino-Soviet Bloc Economic and Psychological Inroads. A combination of fairly widespread acceptance of communist coexistence propaganda, a desire to profit from communist "largess" and conviction that communist infiltration is controllable, facilitates communist efforts to promote acceptance of their economic aid programs. Resistance to bloc aid is reduced by its reputation for "speed," "easy terms" and the apparent absence of "strings". In some instances, U. S. assistance suffers by comparison in these respects.

Burma and Cambodia continued to be the chief beneficiaries of bloc aid. However, the general offer of assistance to the underdeveloped Asian countries made by the Soviet delegate at ECAFE meetings in Bangkok and Kuala Lumpur early this year has not been followed up. Impressive progress has been made in implementing Soviet assistance projects in Burma, which include a technological institute, a hotel, a hospital, and technical assistance in agricultural projects. Under General Ne Win, Burma is likely to be less receptive to bloc assistance. Barter agreements with bloc countries have already been revised to provide for trade on a permissive and case basis. The USSR is making progress on the 500-bed hospital it is "giving" Cambodia. In connection with Cambodia's extension of diplomatic recognition to Communist China in July 1958, the latter has offered to increase its programmed aid of \$22.4 million by the equivalent of about \$5.6 million.

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Cheap cotton textiles and small manufactures from Communist China appeared in greater quantities during the past year in many Southeast Asian markets. This sharp competition has mainly affected exports from Japan and India, but also, in some instances, the production of local textile mills.

Status of U. S. Actions: With a view to offsetting the high political impact of communist aid projects, the U. S. continued to publicize the more dramatic accomplishments of U. S. aid programs. In this connection such a program as PL 480 assistance in the form of raw cotton for processing in third countries was one means of curbing further Chinese Communist inroads into the textile market. A supporting factor in offsetting communist aid projects is that remittances from overseas Chinese to relatives on the mainland have decreased markedly since the establishment of people's communes. From August to October, remittances through the Hong Kong branch of the Bank of China reportedly dropped 40 percent to the lowest volume since 1955, and a similar decrease is reported from Singapore. Part of this reduction is attributed by some to the development of communes on the mainland.

7. Economic Aid Program Delays. Despite recent improvements, the impact of aid program delays on U. S. relations in the area and on the ability of the U. S. to meet the economic challenge of the communist bloc requires continued attention and emphasis at high levels within State and ICA on eliminating these difficulties. Specifically, project approval procedures, contracting and procurement still need faster handling. Personnel selection, though greatly improved, requires continuing attention.

Status of U. S. Actions: Substantially faster program approvals have occurred this year under new programming procedures. Progress has also been made in the initiation of corrective measures to reduce delays in implementing economic aid activities. Several of these improvements stem from action by the special committee recently established under the ICA Director.

The problem of delays has been made more acute in the past by premature commitments and assurances of aid. New legislation effective this year prohibits obligation of any economic assistance funds for projects costing over \$100,000 and requiring substantive technical or financial planning until necessary engineering, financial or other plans are completed and a reasonably firm cost estimate made. On the other hand, the new legislation will also tend to increase the amount of time required between formulation and initiation of certain projects.

8. Political Instability. Political instability is a potential problem in all the countries of the area, owing to the relatively narrow base upon

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which their political frameworks rest, and the importance of the unpredictable personal factor in national politics. Thus the removal of the principal leader, by whatever means, or changes in attitude of the leaders, can have grave repercussions in many of the countries.

Status of U. S. Actions: Indicated, where applicable, under individual country headings.

9. Problem of Overseas Internal Security Program. The Overseas Internal Security Program in Southeast Asia constitutes part of a larger operating problem on a world-wide basis on which policy guidance is needed. On December 8, 1958, the President approved a National Security Council action relating to certain policy issues in connection with the Mutual Security Program which:

Requested the Operations Coordinating Board to review the Overseas Internal Security Programs (OISP) with respect to: (1) The validity of the policy stated in the following portions of the basic national security policy, reporting the results of this review to the Council: to the extent possible without sacrifice of U. S. security, the United States should seek to reduce requirements for military assistance by encouraging selected recipient nations (principally non-European) ***** (b) to emphasize police and constabulary type forces for internal security purposes in lieu of large indigenous military establishments. (2) Certain operational matters raised in the Status Report on the Mutual Security Program.

Status of U. S. Actions: The OCB is currently seized with the above problem.

III. CAMBODIA

A. SUMMARY EVALUATION

14. Recent developments relate particularly to a U. S. course of action to reverse the drift toward pro-communist neutrality and to assist where possible in a solution of the Cambodia-Thailand border problem and in fostering good relations between Cambodia and Viet-Nam. Cambodia's neutral position swung to the left with the recognition of Communist China. Sihanouk's subsequent visit to the United States may have restored, somewhat, better balance to Cambodia's neutrality but there has been a net loss to the free world's position in Cambodia. The deterioration of Cambodia's relations with Viet-Nam and Thailand (the most important international problems in Cambodian eyes) exacerbated the problem of inducing Cambodia to take adequate counter measures against the communist danger.

B. MAJOR OPERATING PROBLEMS FACING THE UNITED STATES

15. Cambodian Neutrality. In view of the Cambodian definition of neutrality as requiring oscillation to the right and the left in order to balance international pressures and influences, we expect some Cambodian actions to be contrary to our interests, and some to be favorable to us. Thus Sihanouk's reaction to his visit in the U. S. may presage at least a brief period more favorable to the U. S.

Status of U. S. Actions. The U. S. is continuing its assistance programs as long as Cambodia demonstrates a will to maintain its independence. U. S. influence continues to be discreetly applied in the hope that the Cambodian Government will be more receptive of U. S. views.

16. Relations with Viet-Nam and Thailand. Cambodia's disputes with its neighbors are a major obstacle to regional cooperation, deter the focussing of Cambodian attention on communist dangers, and inhibit the favorable exercise of U. S. influence in Cambodia because of the identification of Viet-Nam and Thailand as U. S. allies.

Status of U. S. Actions: We continue to urge settlement of these disputes through peaceful negotiations, but have avoided involvement as mediator because of the risk of alienating one side or the other and our doubt that any of the parties genuinely desire a settlement other than on its own terms.

17. Subversion. The Cambodian Government is handicapped in dealing with the problem of subversion by its over-confident belief that

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it is aware of the existing dangers and can cope with them. A danger exists that by expanding its contacts with Communist China and Communist North Viet-Nam it will permit subversion especially of the Vietnamese and Chinese communities to a point beyond its control.

Status of U. S. Actions: Advantage is taken of whatever skepticism Sihanouk may have regarding the assurances he received from Chinese Communist leaders. Efforts are being continued to try to bring about an improvement in the preponderantly pro-communist press and to implement the police program.

18. Reduction of Informational Outlets. During the five-month period preceding Prince Sihanouk's recent visit to the United States, placement of USIS press material and other non-USIS originated material which supported U. S. interests dropped sharply while press usage of pro-communist material increased correspondingly. The decline in the usage of U. S. material was caused by the Ministry of Information's prejudicial treatment of the U. S. in its official press service, by governmental closure of several newspapers which had formerly been receptive to USIS approaches and by the refusal of others to accept USIS output. In view of the apparent communist influence in the Ministry of Information, USIS activities in other media could be seriously affected by one-sided administration of the government's recently promulgated communique on propaganda activities.

Status of U. S. Actions: Special efforts have been made, with some success, to persuade the Cambodian Government, particularly the Ministry of Information, to apply restrictions upon ideological propaganda equally to pro-communist and free world information activities. Since Prince Sihanouk's visit to the United States, the Ministry of Information has taken steps to decrease pro-communist propaganda. Whether or not this represents a permanent change in emphasis remains to be seen.

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IV. LAOS

A. SUMMARY EVALUATION

19. Recent developments related particularly to the U. S. course of action to strengthen the determination of the Royal Government to resist subversion and to maintain its independence. The Phoui Sananikone Government, by announcing on October 10 its decision to undertake monetary reform, faced the first test of its ability to survive with unaccustomed firmness and self-confidence. Subsequently, it foiled an attempt by communists, neutralists and certain disgruntled elements of the Rally of the Lao People to bring it down by a no confidence vote in the National Assembly. The government emerged from this first test with increased authority and in a stronger position to proceed with the establishment of genuine non-communist political unity and the development of a grass roots organization. Its prospects of successfully warding off communist subversion and achieving stability have improved considerably since the low point reached in the May elections, but genuine non-communist unity has not yet been achieved.

B. MAJOR OPERATING PROBLEMS FACING THE UNITED STATES

20. Implementation of Monetary Reform Decision. Maintenance of monetary stability in Laos will continue to be a problem of major U. S. concern. The exchange of notes and protocol of September 30, 1958, constituting agreement on monetary reform, provided for periodic discussions between U. S. and Lao representatives to review economic developments and to consider measures which appear to be necessary to maintain a realistic rate of exchange for the Lao currency. This will involve constant U. S. vigilance and resistance to inflationary policies and proposals.

Status of U. S. Actions: U. S. officials continue to exercise vigilance in order to resist any Lao inflationary policies.

21. Planning for General Elections: The Lao Government is expecting to hold general elections for the National Assembly, probably in December 1959. The outcome of the elections may be of crucial importance in determining the future international alignment of Laos, particularly in its relations with the United States.

Status of U. S. Actions: We are discussing with the Country Team at Vientiane a Country Team plan for major U. S. effort to bring about a favorable outcome in the forthcoming general elections. The planning and execution of this effort will involve at least State, ICA, Defense, USIA and probably other agencies. The Embassy has

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submitted a preliminary plan of action, parts of which are already being carried out.

22. Lao National Army Training. French representatives in Laos have been reluctant to accept U. S. and British views on the nature of the communist threat in Laos and on the need for training of the Lao National Army by qualified persons other than the French.

Status of U. S. Actions: Much progress has been made in bringing French policy in Laos into agreement with our own and British views on the nature of the communist threat in Laos, especially since last May. Furthermore, the French have agreed to accept Filipino civilian trainers for the Lao army, and steps are being taken to strengthen the PEO by the assignment of regular military officers in civilian clothing.

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VIII. VIET-NAM

A. SUMMARY EVALUATION

32. Developments related particularly to a U. S. course of action to assist Free Viet-Nam to develop a strong, stable and constitutional government which would work toward the weakening of the communists in both North and South Viet-Nam. President Diem remained firmly in control despite some political dissatisfaction with his government. As a strongly committed anti-communist country, Viet-Nam displayed a serious concern about developments in Laos, Cambodia's recognition of Communist China, and the U. S. position in the Taiwan Straits. The communists and dissidents continued their campaign of assassinations, especially of officials in rural areas and carried out attacks aimed at disrupting Viet-Nam's economic progress. Although the government gave increasing attention to development of the economy, such development continued to be inhibited by almost pre-emptive military requirements which utilized a substantial portion of Viet-Nam's total resources, including U. S. aid. At the same time, communist North Viet-Nam continued to exploit for political and psychological purposes its own reportedly rapid economic development.

B. MAJOR OPERATING PROBLEMS FACING THE UNITED STATES

33. Diem's Internal Political Position: Diem increased his travels throughout the country for the purpose of popularizing his regime. Increasing accomplishments of the government in the economic and social fields should also have beneficial political results. Nevertheless, the failure of the government to fully rally certain elements of the middle class, the intellectuals and former officials to its support, the frustration and restlessness of some of the present officials, and some discontent in the army are sources of political weakness. This dissatisfaction is caused primarily by the authoritarian and pervasive political controls of the Ngo family and its associates.

Status of U. S. Actions: The desirability of liberalizing political and administrative controls is brought to the attention of the Vietnamese Government, when considered appropriate by the U. S. Ambassador. Possible lines of U. S. action are greatly limited due to the extreme sensitivity of Vietnamese leaders on this subject.

34. Internal Security. It has become increasingly clear that the communists, no longer expectant that Free Viet-Nam will fall to their control through peaceful methods, are executing a carefully planned campaign of violence aimed at undermining the stability of the Diem Government.

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Their concentration of activities in rural areas where communications and terrain make it difficult for the government to cope with them recalls the tactics used against the French during the Indochina War. Assassinations, particularly of officials in rural areas, continue at an alarming rate of about fifteen to thirty-five a month. Attacks on rubber plantations and reported communist plans to break up the land development, land reform and agricultural credit programs indicate deliberate efforts to interfere with Viet-Nam's economic programs.

Status of U. S. Actions: After a long period of negotiation, President Ngo Dinh Diem has now agreed to place the Civil Guard under the Minister of Interior. The Embassy and the Government of Viet-Nam have reached an understanding on a program to be presented to Washington for training and equipping the Civil Guard to enable it to cope with the situation described above. The program, if approved, would be for the training and equipping of only about 32,000 of the Civil Guard and not the total current force of 48,000. A major question is whether this situation requires an improvement in the Civil Guard, or whether other existing Vietnamese security forces, including the Army, can adequately deal with the situation. This question is being discussed by the agencies concerned but agreement has not yet been reached.

35. Economic Development. Economic development, though progressing, is still at a rate below that which is politically necessary to enable Free Viet-Nam to compete successfully with the communist regime in North Viet-Nam. The rate of development is also below what is politically desirable in order to enable Viet-Nam ultimately to reduce its heavy dependence upon external assistance. This problem is further exacerbated at the present time because demands on available resources to meet the communist military and subversive threat are rising. It appears doubtful, therefore, whether our political objectives can be achieved to the degree desired.

Status of U. S. Actions: Means of mobilizing additional Vietnamese resources for development are under study by the Vietnamese Government. Defense support aid available for economic development was reduced by \$40 million in FY 1958 and further reduced by \$15-20 million in FY 1959. Vietnamese access to the Development Loan Fund (which is expected as soon as project engineering studies are complete) may offset the FY 1959 reduction but will probably not bring total aid available for development back to the FY 1957 level.

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The Embassy has been asked to re-examine Viet-Nam's military and civilian budgets for CY 1959 to determine what items, if any, might be postponed for funding until late U. S. FY 1959 when additional resources might become available, or, in view of the lag between the calendar and fiscal years, until U. S. FY 1960 when they might be considered for priority financing from FY 1960 aid funds. This review enabled some reduction in the 1959 military budget, but it is still \$3 million higher than the 1958 budget.

NOTE: The following NIEs are applicable to Southeast Asia:

- NIE 64-58, The Federation of Malaya, Jan. 14, 1958
- NIE 62-58, Thailand, Aug. 19, 1958.
- NIE 63-56, Probable Developments in North and South Viet-Nam Through Mid-1957, July 17, 1956.
- NIE 63, 2-57, The Prospects for North Viet-Nam, May 14, 1957.
- NIE 61-56, Probable Developments in Burma, April 10, 1956.
- SNIE 100-12-58, Probable Developments in the Taiwan Strait Crisis, October 28, 1958.
- NIE 13-2-57, Communist China's Role in Non-Communist Asia, December 3, 1957.

Attachments:

- Annex A - Additional Major Developments.
- Annex B - CIA Intelligence Annex, dated December 18, 1958.
- Financial Annex and Pipeline Analyses.

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ANNEX B

December 18, 1958

SINO-SOVIET BLOC ACTIVITIES IN MAINLAND SOUTHEAST ASIA

Sino-Soviet Bloc Activities in Mainland Southeast Asia. (Prepared by CIA without inter-agency coordination as an informal document for use by the OCB Working Group and as background for the information of the OCB and the NSC)

40. General Bloc Policy: The Sino-Soviet bloc is actively working to encourage neutralism in Southeast Asia, to destroy the Southeast Asia Treaty Organization, and to encourage the creation of a group of independent, nationalist anti-Western entities which might ultimately come under close Sino-Soviet influence.

41. Bloc policy has been flexible and opportunistic, adjusting itself to the degree of anti-communism evident in each state. Peiping and Moscow have avoided pressing too urgently and have sought to influence by example the states in which conditions have been most favorable to them. Thus in Cambodia and in Burma--at least up to the change in government--where bloc activity has been most pronounced, Moscow and Peiping have attempted to be circumspect and have tried to fulfill economic aid agreements smoothly and satisfactorily.

42. Communist China and the USSR for the most part appear to have reserved a judgment for the present on developments potentially adverse to them in Burma, Laos, and Malaya. The bloc continues to stand on a professed plank of noninterference in the internal affairs of other states embodied in the "Five Principles" enunciated by Chou En-lai and Nehru in 1954. Chou repeated his "advice" to Cambodia's Chinese to "refrain from taking part in political activities" during the August visit of Cambodia's Prince Sihanouk to Peiping.

43. The immediate aim of local Communist parties is two-fold--to achieve legality and eventually to turn their governments' policies into neutralist channels. The USSR and Communist China complement that aim by discreet and frequent offers of "disinterested" economic aid and wider cultural relations.

44. Diplomatic Activity. Repeated bloc initiatives to expand diplomatic representation met with success in Cambodia but not in Laos. Cambodia, which already has resident missions from the USSR and Czechoslovakia, recognized Communist China in July and ambassadors have been exchanged. This is a significant diplomatic victory for Peiping in Southeast Asia and will considerably raise Communist China's prestige among the Overseas Chinese in the area. Malayan Prime Minister Abdul Rahman continues his policy of

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refusing any formal relations with the bloc until the ten year Communist rebellion in Malaya is ended.

45. Burma has the broadest bloc representation, having relations with the USSR, Communist China, Poland, Czechoslovakia, Rumania, and Mongolia. In Thailand only the USSR maintains a mission which, with some 30 officials, is considerably overstaffed in terms of the work at hand. Except for some 25 Polish officials on the International Control Commission, there are no bloc officials in South Viet-Nam.

46. Economic Activity: Malaya, with its large Chinese population, has been a focal point of Communist China's commercial drive in Southeast Asia. Peiping is competing with Japan and Hong Kong and has intensified its trade promotion activities in Singapore since April. A wide variety of new Chinese commodities are appearing at prices slashed 10-20 percent below those of normal suppliers. The effectiveness of this campaign is reflected in a 40 percent rise in the value of Chinese Communist goods imported during the first seven months of 1958 over the comparable period in 1957. Malaya's total exports to the bloc from December 1957 through May 1958 were about \$43 million. Compared with the first half of 1957, exports to the bloc as a whole increased during the December-May period by 42 percent and imports declined 5 percent. Communist China was once again the principal bloc purchaser. The marked increase in exports was caused by a doubling of rubber exports to 75,800 long tons--15 percent of Malaya's total rubber exports in the first half of 1958.

47. China's drive for economic influence in Malaya may, however, be jeopardized by recent Peiping threats of trade sanctions against Malaya and Singapore in retaliation for anti-Peiping moves by the Federation government. Even if trade is only temporarily affected, Peiping's actions have caused sharply critical comment in the Federation and have bolstered the alliance government's determination to curtail Chinese Communist economic activities.

48. Cambodia made its first import allocations in April under trade agreements with the USSR, Czechoslovakia and Communist China. The value of export licenses issued was much lower than the level set for imports. However, the allocations totaled about \$2,600,000 and, if actually used, would raise imports from the bloc in 1958 to at least 10 percent of Cambodia's planned imports, exclusive of those under aid programs.

49. The level of bloc trade with Thailand continues to be less than one percent of total trade because of the relatively satisfactory economic conditions in Thailand, its pro-west alignment, and extensive American aid. Thailand refused Soviet formal trade overtures in March, but did lift its

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embargo on rubber exports to Communist China and North Korea on 22 August. An undetermined amount of illegal trade with Chinese Communists is transacted through Hong Kong. Burmese trade with the bloc continues to decline, and rice commitments to the bloc in 1958 have been cut back to 40,000 tons. Total trade declined in 1957 to \$57,500,000 or 11 percent of Burma's foreign trade. Bloc trade with Laos and South Viet-Nam remains negligible.

50. In the field of economic aid, bloc activities are concentrated on Burma and Cambodia. Cambodia is now in the second phase of a \$22,400,000 Chinese Communist grant-in-aid program, which appears to be proceeding smoothly. Phnom Penh has completed plans for various social and economic projects and sites have been selected for the four plywood, cement, paper, and textile factories that form the core of the program. At the end of Sihanouk's Peiping visit, Cambodia accepted an additional grant of \$5,600,000 and Peiping offered to expand the program to include construction of small iron and steel works and surveys of underground fuel resources. In addition, a Cambodian economic delegation headed by the economic planning counselor sent to the USSR completed preliminary economic and technical aid talks in September. Construction is now underway on the Soviet "gift" hospital in Phnom Penh and Cambodia has included in its 1958 import plan \$1,000,000 worth of aid-financed goods to raise funds to defray local costs.

51. Bloc countries, principally the USSR, have extended an estimated \$41,600,000 in loans to Burma. Implementation of Soviet "gift" projects appears to be progressing satisfactorily and construction has begun on the technological institute in Rangoon, a plow factory, and irrigation projects. Two Soviet loans totaling approximately \$8,500,000 were announced in early 1958 but have not yet been implemented. Communist China completed expansion of a government-owned textile factory during the first half of 1958.

52. There were approximately 140 bloc technicians in Burma in the first half of 1958 and the number of Soviet technicians will undoubtedly increase markedly as work on the Rangoon Technological Institute progresses. In Cambodia there were about 30 bloc technicians, mostly from Communist China; additional Soviet Chinese technicians are expected. (Note: There are current unconfirmed reports that the Ne Win Government intends to cancel bloc technicians' contracts but no action has so far been taken.)

53. Cultural and Propaganda Activity: The bloc shift to winter schedules brought an increase in weekly broadcast output in native languages from 79 to 93 hours. Bloc services in Burmese rose from 10.5 to 17.5 hours, and Peiping increased its Cambodian service from 7 to 10.5 hours weekly. There was a slight increase in total Vietnamese weekly output. In addition, Moscow raised its English language broadcasts to South and Southeast Asia from 17.5 to 19.75 hours weekly.

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54. Bloc propaganda activities have been especially marked in Cambodia, where Communist China, the USSR, and North Viet-Nam have all made rapid progress in the film field. During the first nine months of 1958 over 100 Soviet films appeared as compared with a total of 15 to 20 during all of 1957. A number of Chinese technicians have arrived in Phnom Penh to install the 20 kw radio transmitter presented to Sihanouk last year. The bloc's propaganda efforts within Cambodia have been aimed primarily at youth through the educational system, and Soviet diplomatic personnel have continued to make aggressive efforts along this line.

55. Subversive Activity. Bloc officials in the area have usually concentrated on developing correct cordial relations with constituted authorities. Covert contacts, however, are maintained through embassies and through Chinese Communist-controlled banks in places such as Burma and Singapore. The banks provide legitimate financial support to pro-Peiping adherents and are also a means of psychological and economic pressure on the population.

56. Communist China exploits extensively pro-Peiping elements within Overseas Chinese communities throughout the area. These groups are culturally to a large extent resident aliens regardless of formal citizenship and they are drawn toward the "homeland" regardless of politics.

57. In Thailand, South Viet-Nam, Malaya, and Singapore the Communist parties are outlawed and for the most part fragmented. Although aid may have been given from time to time to insurrectionary forces, both the bloc and local Communists generally would prefer legality to continued illegal and guerrilla activity. Bloc subversive efforts have been aimed primarily at stimulating existing discontent among non-Communists.

58. The developing political situation in Laos, where the Communist dominated Neo Lao Hak Zat (NLHZ) won 13 of the 21 assembly seats up for election last May, has shown the Communists to be successful in using legal and semi-legal tactics. The victory was made possible by superior NLHZ grass roots organization and by lack of unity among non-Communist elements who won a majority of the popular vote but dissipated this advantage by running too many candidates. The NLHZ appears to be making strong gains in almost every sector of Laotian society including a swell of pro-NLHZ sentiment among Laos' 13,000 Buddhist monks who have some influence over village opinion. The NLHZ also appears to be making some headway in penetrating the army and eroding government authority in the provinces. Some locally elected officials in rural areas are reported to be resigning under NLHZ pressure.

59. Reaction to Bloc Activities: Generally speaking, the governments of the area are preoccupied with and somewhat fearful about resurgent

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Communist China's rapid rise from "semicolonial" status to economic and military stature as a great power. There is also a great deal of respect for China's economic achievement. Local opinion tends to separate the Russians as outlanders, and except for localized incidents, the pattern of Soviet activity does not evoke a sense of threat comparable to that of Communist China.

60. Some resentment against Communist China has been evidenced in Burma over the protracted Chinese border dispute and in Burma and Malaya over bloc efforts on behalf of opposition parties or dissidents. Singapore and Malaya both have been irritated by Russian tin dumping on the world market and by Chinese Communist textile dumping. On 1 October Singapore and Malaya restricted imports of Chinese textiles.

61. Outlook: The Sino-Soviet bloc's fluid and opportunistic approach within the framework of a policy of developing wider contacts and relations on all levels with the nations of the area, will probably continue. The development of sentiment that is initially neutralist, independent, and nationalist will remain the general bloc aim. Communist China and the USSR will probably bend every effort to developing a smooth implementation of the economic relationship with Cambodia as a demonstration of what neutrality can bring. Normalization of relations with Communist China should lead to an increase in Communist activity in Cambodia. At no time in recent Lao history has the government been more pro-Free World in its foreign policy. Nonetheless, Communist influence is still increasing domestically although at a somewhat slower rate. The bloc is likely to make little progress in South Viet-Nam unless political unrest should develop and disturb the tenure of President Diem. President Diem is now anticipating a sharp upsurge in Communist guerrilla activity and terrorism in South Viet-Nam. Thailand and Malaya will probably continue to pursue policies of minimal relations with the bloc, although in the former there are a few indications of a softening toward the bloc. The trend toward the left in Burma has been abruptly terminated by the accession of General Ne Win and for the duration of his premiership, Communist influence should diminish. Communist China's economic offensive in Malaya and its appeal to the large Chinese minority there--38 percent of the population--will probably result in an increase of unofficial Chinese Communist influence.

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FINANCIAL ANNEX TO REPORT ON SOUTHEAST ASIA

(In millions of dollars over \$5 million. Up to \$5 million shown in nearest tenth million.)

BURMA

EXPENDITURES AND DELIVERIES - CERTAIN U. S. ACTIVITIES

Activity	FY 1957	FY 1958		FY 1959 (Est. as of 11/58)
		Est. Through 10/58	Est. Total	
Military Assistance (See footnotes a/ and b/)	-	-	-	10.2
Economic Assistance	0		.3	18.0
Technical Assistance				
Information Services	1.1	0.3	0.8	0.9
Educational Exchange	.46		.51	.57
Total	1.56	0.3	1.31	29.67
MAP Sales of Military Equipment & Services	.005		.001	NA
MAP Offshore Procurement Payments (Defense expenditures entering into int'l balance of payments.)	0		0	0
Other U.S. Govt. Payments (affecting int'l bal. of payments - mil. & civ. pay, construction, procurement of U.S. mil. supplies & equipment.)	.1		.2	.2

LOANS

LOANS BY	During Period 5/31/58 to 10/31/58			As of 10/31/58	
	Disbursements	Repayments	New Loans Authorized	Undisbursed Commitments	Outstanding Debt
IBRD	1.0	-	-	12.4	19.4
EX-IM BANK	-	-	-	-	-
DLF	-	-	-	-	-

PUBLIC LAW 480 AGREEMENTS

Date	Title	Amount	Est. % Dels.	Major Commodities	Use of Local Currency or Other Comment		
					UC Uses	Eco. Dev. Loan	Totals
5/27/58	I	18.0	100%	cotton	3.55	14.45	18.0
					**Includes \$.8 loan agreement awaiting signature.		

All Notes and Comments relating to the above figures are shown on a separate page.

SECRET

BURMA
PIPELINE ANALYSIS, MUTUAL SECURITY PROGRAM
(In Millions of Dollars)

<u>Military Assistance</u> ^{a/} ^{b/}	<u>Programs</u>	<u>Deliveries</u>	<u>Carryover</u>
Prior to 1957	2.0	2.0	-
FY 1957	-	-	-
FY 1958	20.0	-	20.0
FY 1959 (est.)	-	10.2	9.8

<u>Economic Assistance</u>	<u>Obligations</u>	<u>Expenditures</u>	<u>Carryover</u>
Prior to FY 1957	0	0	0
FY 1957	0	0	.
FY 1958	24.2	.3	23.9
FY 1959 (est.)	8.8	18.0	14.7

a/ Includes value of all grant military assistance, whether programmed on a country or non-country basis, with the exception of the value of excess stocks and cost-sharing programs. (In the MAP programming process, country programs include such items as materiel and equipment, training and dollar costs of consumables and construction. Non-country programs include items such as packing, crating, handling and transportation; spare parts; cost of rehabilitating excess stocks; and advanced weapons).

b/ Excludes \$1.3 million programmed ^{and} delivered from stocks excess to U. S. Service or other MAP requirements prior to FY 1957.

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FINANCIAL ANNEX TO REPORT ON SOUTHEAST ASIA
 (In millions of dollars over \$5 million. Up to
 \$5 million shown in nearest tenth million.)

CAMBODIA

EXPENDITURES AND DELIVERIES - CERTAIN U. S. ACTIVITIES

Activity	FY 1957	FY 1958		FY 1959 (Est. as of 11/58)
		Est. Through 10/58	Est. Total	
Military Assistance (See footnotes a/ and b/)	21.4		7.6	6.0
Economic Assistance	40.1		37.3	27.5
Technical Assistance	1.0		1.9	2.0
Information Services	1.0	0.3	0.9	0.8
Educational Exchange	.19		.25	.34
Total	63.6	0.3	47.5	36.64
MAP Sales of Military Equipment & Services	-		-	-
MAP Offshore Procurement Payments (Defense expenditures entering into int'l balance of payments.)				
Other U.S. Govt. Payments (affecting int'l bal. of payments - mil. & civ. pay, construction, procurement of U.S. mil. supplies & equipment.) c/	NA.		NA.	NA.

LOANS

LOANS BY	During Period to			As of	
	Disbursements	Repayments	New Loans Authorized	Undisbursed Commitments	Outstanding Debt
IBRD					
EX-IM BANK					
DLF					

PUBLIC LAW 480 AGREEMENTS

Date	Title	Amount	Est. % Dels.	Major Commodities	Use of Local Currency or Other Comment
FY 59	I	1.1 est.	to be determined	tobacco	In process of negotiation

All Notes and Comments relating to the above figures are shown on a separate page.

SECRET

CAMBODIA
PIPELINE ANALYSIS, MUTUAL SECURITY PROGRAM
(In millions of dollars)

<u>Military Assistance a/ b/</u>	<u>Programs</u>	<u>Deliveries</u>	<u>Carryover</u>
Prior to 1957	50.4	24.9	25.5
FY 1957	8.1	21.4	12.2
FY 1958	6.2	7.6	10.8
FY 1959 (est.)	12.0	6.0	16.8

<u>Economic Assistance</u>	<u>Obligations</u>	<u>Expenditures</u>	<u>Carryover</u>
Prior to 1957	81.0	40.0	41.0
FY 1957	32.5	40.1	33.4
FY 1958	25.9	37.3	22.0
FY 1959 (est.)	22.5	27.5	17.0

<u>Technical Assistance</u>			
Prior to 1957	1.9	0.4	1.5
FY 1957	2.0	1.0	2.5
FY 1958	2.1	1.9	2.7
FY 1959 (est.)	2.2	2.0	2.9

a/ Includes value of all grant military assistance, whether programmed on a country or non-country basis, with the exception of the value of excess stocks and cost-sharing programs. (In the MAP programming process, country programs include such items as materiel and equipment, training and dollar costs of consumables and construction. Non-country programs include items such as packing, crating, handling and transportation; spare parts; cost of rehabilitating excess stocks; and advanced weapons).

b/ Excludes \$8.1 million from stocks excess to U. S. Service or other MAP requirements for FY 1950-59; of which \$7.4 million is estimated to be delivered by the end of FY 1959.

c/ Information not available except for Indochina (Associated States, Cambodia, Laos and Viet-Nam) reported as \$19.3 million in FY 1957, \$2.0 million in FY 1958 and \$1.7 million in FY 1959.

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FINANCIAL ANNEX TO REPORT ON SOUTHEAST ASIA
 (In millions of dollars over \$5 million. Up to
 \$5 million shown in nearest tenth million.)

LAOS

EXPENDITURES AND DELIVERIES - CERTAIN U. S. ACTIVITIES

Activity	FY 1957	FY 1958		FY 1959
		Est. Through 10/58	Est. Total	(Est. as of 11/58)
<u>Military Assistance</u> (See footnotes a/ and b/)	4.3		4.6	6.4
<u>Economic Assistance</u>	47.1		35.0	21.9
<u>Technical Assistance</u>	.8		1.2	1.6
<u>Information Services</u>	0.6	0.2	0.5	0.7
<u>Educational Exchange</u>	.058		.078	.093
Total	52.858	0.2	41.378	30.673
MAP Sales of Military Equipment & Services	-	-	-	-
MAP Offshore Procurement Payments (Defense expenditures entering into int'l balance of payments.)				
Other U.S. Govt. Payments (affecting int'l bal. of payments - mil. & civ. pay, construction, procurement of U.S. mil. supplies & equipment.) c/	NA		NA	NA

LOANS

LOANS BY	During Period to			As of	
	Disbursements	Repayments	New Loans Authorized	Undisbursed Commitments	Outstanding Debt
IBRD					
EX-IM BANK					
DLE					

PUBLIC LAW 480 AGREEMENTS

Date	Title	Amount	Est. % Dels.	Major Commodities	Use of Local Currency or Other Comment

All Notes and Comments relating to the above figures are shown on a separate page.

SECRET

LAOS
PIPELINE ANALYSIS, MUTUAL SECURITY PROGRAM
(In Millions of Dollars)

<u>Military Assistance</u> a/ b/	<u>Programs</u>	<u>Deliveries</u>	<u>Carryover</u>
Prior to FY 1957	33.0	28.4	4.6
FY 1957	7.4	4.3	7.7
FY 1958	9.3	4.6	12.4
FY 1959 (est.)	10.3	6.4	16.3

<u>Economic Assistance</u>	<u>Obligations</u>	<u>Expenditures</u>	<u>Carryover</u>
Prior to FY 1957	88.3	64.6	23.7
FY 1957	42.9	47.1	19.5
FY 1958	29.7	35.0	14.2
FY 1959 (est.)	20.0	21.9	12.3

<u>Technical Assistance</u>			
Prior to FY 1957	1.0	0.4	0.6
FY 1957	1.5	0.8	1.3
FY 1958	1.5	1.2	1.6
FY 1959 (est.)	1.7	1.6	1.7

a/ Includes value of all grant military assistance, whether programmed on a country or non-country basis, with the exception of the value of excess stocks and cost-sharing programs. (In the MAP programming process, country programs include such items as materiel and equipment, training and dollar costs of consumables and construction. Non-country programs include items such as packing, crating, handling and transportation; spare parts; cost of rehabilitating excess stocks; and advanced weapons.)

b/ Excludes \$11.8 million programmed from stocks excess to U. S. Service or other MAP requirements for FY 1950-59; of which \$11.6 million is estimated to be delivered by the end of FY 1959.

c/ Information not available except for Indochina (Associated States, Cambodia, Laos and Viet-Nam) reported as \$19.3 million in FY 1957, \$2.0 million in FY 1958 and \$1.7 million in FY 1959.

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FINANCIAL ANNEX TO REPORT ON SOUTHEAST ASIA
 (In millions of dollars over \$5 million. Up to
 \$5 million shown in nearest tenth million.)
 MALAYA AND SINGAPORE

EXPENDITURES AND DELIVERIES - CERTAIN U. S. ACTIVITIES

Activity	FY 1957	FY 1958		FY 1959 (Est. as of 11/58)
		Est. Through 10/58	Est. Total	
<u>Military Assistance</u>				
<u>Economic Assistance</u>				
<u>Technical Assistance</u>				
(Malaya	0.6 *	0.1	0.4	0.4
<u>Information Services</u> (Singapore		0.1	0.2	0.2
(Malaya	.22		.17	.23
<u>Educational Exchange</u> (Singapore	0		.079	.069
Total	0.82	0.2	0.849	0.899
MAP Sales of Military Equipment & Services				
MAP Offshore Procurement Payments (Defense expenditures entering into int'l balance of payments.)				
Other U.S. Govt. Payments (affecting int'l bal. of payments - mil. & civ. pay, construction, procurement of U.S. mil. supplies & equipment.)				

* Includes Singapore.

LOANS

LOANS BY	During Period 5/31/58 to 10/31/58			As of 10/31/58	
	Disbursements	Repayments	New Loans Authorized	Undisbursed Commitments	Outstanding Debt
IBRD	-	-	35.6 ***	35.6 **	35.6 **
EX-IM BANK DLP (Malaya)			10. ***		

*** or No. 1149 - trait - early July.

PUBLIC LAW 480 AGREEMENTS

Date	Title	Amount	Est. % Dels.	Major Commodities	Use of Local Currency or Other Comment

**For Malaya only. Agreement providing for this loan has been signed, but the loan does not become effective and disbursements thereunder do not start until the borrower and guarantor take certain actions and furnish certain documents to the Bank.

FINANCIAL ANNEX TO REPORT ON SOUTHEAST ASIA

(In millions of dollars over \$5 million. Up to \$5 million shown in nearest tenth million.)

VIET-NAM

EXPENDITURES AND DELIVERIES - CERTAIN U. S. ACTIVITIES

Activity	FY 1957	FY 1958		FY 1959
		Est. Through 10/58	Est. Total	(Est. as of 11/58)
Military Assistance (See footnotes a/ and b/)	112.5		51.6	47.8
Economic Assistance	249.5		209.5	183.2
Technical Assistance	1.8		2.7	3.8
Information Services	2.1	0.5	1.5	1.5
Educational Exchange	.078		.11	.19
Total	365.978	0.5	265.41	236.49
MAP Sales of Military Equipment & Services	-		-	-
MAP Offshore Procurement Payments (Defense expenditures entering into int'l balance of payments.)	-		-	.1
Other U.S. Govt. Payments (affecting int'l bal. of payments - mil. & civ. pay, construction, procurement of U.S. mil. supplies & equipment.) c/	NA		NA	NA

LOANS

LOANS BY	During Period to			As of	
	Disbursements	Repayments	New Loans Authorized	Undisbursed Commitments	Outstanding Debt
IBRD					
EX-IM BANK					

PUBLIC LAW 480 AGREEMENTS

Date	Title	Amount	Est. % Dels.	Major Commodities	Use of Local Currency or Other Comment		
					US Uses	Mil. Bud. Support	Total
FY 58	I	6.0	to be determined	tobacco	3.0	3.0	6.0

All Notes and Comments relating to the above figures are shown on a separate page.

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VIET-NAM
 PIPELINE ANALYSIS, MUTUAL SECURITY PROGRAM
 (In Millions of Dollars)

<u>Military Assistance</u> ^{a/} ^{b/}	<u>Programs</u>	<u>Deliveries</u>	<u>Carryover</u>
Prior to FY 1957	294.1	173.8	120.3
FY 1957	73.0	112.5	80.3
FY 1958	56.5	51.6	85.7
FY 1959 (est.)	41.0	47.8	78.9

<u>Economic Assistance</u>	<u>Programs</u>	<u>Expenditures</u>	<u>Carryover</u>
Prior to FY 1957	522.1	321.2	200.9
FY 1957	253.9	249.5	205.3
FY 1958	174.4	209.5	170.2
FY 1959 (est.)	177.0	183.2	164.0

<u>Technical Assistance</u>			
Prior to FY 1957	3.5	.7	2.8
FY 1957	4.4	1.8	5.4
FY 1958	4.0	2.7	6.7
FY 1959 (est.)	4.3	3.8	7.2

a/ Includes value of all grant military assistance, whether programmed on a country or non-country basis, with the exception of the value of excess stocks and cost-sharing programs. (In the MAP programming process, country programs include such items as materiel and equipment, training and dollar costs of consumables and construction. Non-country programs include items such as packing, crating, handling and transportation; spare parts; costs of rehabilitating excess stocks; and advanced weapons.)

b/ Excludes \$46.8 million programmed from stocks excess to U.S. Service or other MAP requirements for FY 1950-59 as well as a pending program increase of approximately \$4.8 million; \$47.5 million is estimated to be delivered by the end of FY 1959.

c/ Information not available except for Indochina (Associated States Cambodia, Laos and Viet-Nam) reported as \$19.3 million in FY 1957; \$2.0 million in FY 1958 and \$1.7 million in FY 1959.

SECRET

THE JOINT CHIEFS OF STAFF
Washington, D.C. 20301

JCSM-97-59

19 Mar 1959

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: Airfields for Vietnam (U)

1. Reference is made to the memorandum by the Joint Chief of Staff, for the Secretary of Defense, dated 18 December 1958, subject, "Jet Aircraft for Vietnam (U)."
2. Subparagraph 4 b of the referenced memorandum states that it is deemed advisable to request the International Cooperation Administration to include Cap St Jacques in addition to Tan Son Nhut in their program for airfield improvement, under the guise of commercial aviation.
3. Subsequent review by CINCPAC and the Joint Chiefs of Staff indicates that Tourane would be preferable to Cap St Jacques. Tourane's advantages outweigh its relative vulnerability. Its forward position would be operationally useful. Its improvement would require less money and time than would Cap St Jacques. Tourane's position on the Bangkok-Hong Kong air route lends plausibility to its development as a commercial jet facility.
4. It is recommended that Tourane be substituted for Cap St Jacques in the International Cooperation Administration's improvement program as the proposed second jet facility for Vietnam.
5. It is requested that you advise the Joint Chiefs of Staff of your position and the views of the Department of State on this matter, in order that CINCPAC may, in turn, be informed.

For the Joint Chiefs of Staff:

N. F. TWINING,
Chairman,
Joint Chiefs of Staff

January 22, 1959

MEMORANDUM FOR THE CHAIRMAN, JOINT CHIEFS OF STAFF

SUBJECT: Aircraft for Vietnam (U)

By memorandum dated 30 December 1958, the Joint Chiefs of Staff recommended that thirty (30) AD-4 type aircraft be substituted for T-28s in the Vietnam Military Assistance Program to replace F-8F aircraft now used by the Vietnamese Air Force. We are advised by the Air Force that the F-8F aircraft are supportable through Fiscal Year 1960 and probably through Fiscal Year 1962 and, although obsolescent by U.S. standards, remain capable of performing their mission. While a more advanced capability for the Vietnam Air Force is both militarily and politically desirable, we question the advisability of introducing AD-4 aircraft at this time.

Although the ASCP rate for the F-8F aircraft is extremely low (average less than 2% for the last 18 months) the utilization rate (monthly average 7 hours per assigned aircraft during Fiscal Year 1958) is very unsatisfactory. This unsatisfactory utilization rate, which is 50% of the programmed flying hour requirement, is because of high unscheduled maintenance rate and substandard logistic practices, aggravated by a lack of trained supply and maintenance personnel. The result has been an in-commission rate of less than 35% during the past few months. This poor maintenance and an inability to operate the logistics and supply facilities necessary to support these aircraft are partially due to the fact that the Vietnamese are changing over from a French operated system to a U.S. recommended system which must be operated by the Vietnamese themselves.

Because of the above and the tightness of the 1959 program and in light of the coming Congressional presentation, we believe it advisable, until there is improvement in Vietnamese training and maintenance, and at least until Fiscal Year 1960, to withhold the proposed substitution of AD-4 aircraft for the F-8F aircraft.

SIGNED

John N. Irwin, II
Assistant Secretary of Defense (ISA)

SECRET

ASSISTANT SECRETARY OF DEFENSE
Washington 25, D. C.

20 May 1959

INTERNATIONAL SECURITY AFFAIRS

In reply refer to I-12,975/9

MEMORANDUM FOR THE SECRETARY OF THE ARMY
THE SECRETARY OF THE NAVY
THE SECRETARY OF THE AIR FORCE
THE CHAIRMAN, JOINT CHIEFS OF STAFF
THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

SUBJECT: OCB Operations Plan for Viet-Nam (U)

On 7 January 1959, the Operations Coordinating Board concurred in the "Operations Plan for Viet-Nam", published under date of 9 January 1959, and agreed that the member agencies would implement the actions and programs in the Plan, subject to modification should a change in circumstances so dictate.

The Assistant Secretary of Defense (ISA), on behalf of the Secretary of Defense, has approved this Plan for implementation by the Department of Defense.

The Inclosure assigns responsibilities within the Department of Defense for the specific courses of action for which this Department is assigned a primary responsibility in the Operations Plan.

Components of the Department of Defense, assigned primary responsibilities in the Inclosure, should report on the progress in implementing the assigned courses of action to the Assistant Secretary of Defense (ISA). As a minimum, such reports should be prepared to coincide with the timing of revisions of the subject Plan and with the preparation of the OCB Report to the National Security Council on U.S. Policy toward Viet-Nam.

Inclosure
Assignment of
Responsibilities

3 ISA cys:

1. PLANS/NSC (in turn)
2. Dir, FE (Action)
3. Dir, OP&C



ROBERT H. KNIGHT
Acting Assistant Secretary

OSD Files
R&C Files
ISA Reading File

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INCLOSURE

SUBJECT: Department of Defense Assignment of Responsibilities for the
OCB Operations Plan for Viet-Nam

<u>PAGE</u>	<u>PARA.</u>	<u>COURSES OF ACTION</u>	<u>RESPONSIBILITY</u>
6	17	Popularize, particularly in neutralist nations of Asia, the image of a genuinely independent Viet-Nam striving by its own will and as much as possible with its own resources to enhance its ability to defend and strengthen its independence. (OCB Assignment: All agencies; Timing - Continuing)	Assigned to: JCS Support: OASD/ISA
7	23	Deter the Viet Cong (formerly called Viet Minh) from attacking or subverting Free Viet-Nam or other neighboring states. (OCB Assignment: State, Defense; Timing - Continuing)	Assigned to: JCS
7	25	Probe weaknesses of the Viet Cong and exploit them internally and internationally whenever possible. (OCB Assignment: State, Defense, USIA; Timing - Continuing)	Assigned to: JCS
	26	Continue to support the Vietnamese Government by diplomatic, military, economic, and psychological means. In these efforts the main object should be to maximize the attractiveness of Free Viet-Nam in contrast with conditions in the communist zone of North Viet-Nam. (OCB Assignment: All agencies; Timing - Continuing)	Assigned to: JCS Support: OASD/ISA
8	27	Strengthen Vietnamese relations with and representation in Laos, Cambodia, the Philippines, Thailand, Burma, Malaya and the Republic of China. Keep the GVN as fully informed as possible of developments in Indonesia in order that it may guide its relations in the best interests of the Free World. Support visits by high-ranking officials of Southeast Asian countries to Viet-Nam and vice versa, particularly from neutral countries. (OCB Assignment: All agencies; Timing - Continuing)	Assigned to: JCS Support: OASD/ISA
11	41	Encourage Viet-Nam to develop economic relations with Japan and the Republic of China, and, as appropriate, to accord recognition to the contributions to the Vietnamese economy non-citizen businessmen have made and continue to make under proper conditions. (OCB Assignment: All agencies; Timing - Continuing)	Assigned to: OASD/ISA

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Viet-Nam Contd.

<u>PAGE</u>	<u>PARA.</u>	<u>COURSES OF ACTION</u>	<u>RESPONSIBILITY</u>
11	42	On occasion of an imminent or actual communist attempt to seize control from within, take action in accordance with U.S. policy. Prepare contingency plans to facilitate such action. (OCB Assignment: Defense, State. Timing - Continuing)	Assigned to: JCS
11	43	Jointly with other SEATO powers, or separately, when appropriate, continue to encourage Viet-Nam to send military observers to SEATO military exercises, when such invitations have been extended. (OCB Assignment: Primary - Defense; Support - State; Timing - Continuing)	Assigned to: JCS
11	44	Continue to implement the military assistance program for Viet-Nam. (OCB Assignment: Primary - Defense; Support - State; Timing - Continuing)	Assigned to: OASD/ISA Support: JCS
11	45	Seek to influence Vietnamese defense planning so that it will be consistent with U.S. and SEATO plans. Promote a spirit of cooperation among the Vietnamese officials and people in order to develop an atmosphere favorable to the employment of U.S. forces, if they should be required in the defense of Viet-Nam. (OCB Assignment: Primary - Defense; Support - State; Timing - Continuing)	Assigned to: JCS
12	46	Develop, through training, the maximum combat capabilities of the Vietnamese armed forces, including logistical support services. Develop adequate reserve forces. The present Vietnamese armed force level of 150,000 should be kept under constant review, relating such review to the external menace. Constant efforts should be made to cut the man-year costs of Vietnamese troops. (OCB Assignment: Primary - Defense; Support - ICA, State; Timing - Continuing)	Assigned to: JCS

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Viet-Nam Contd.

<u>PAGE</u>	<u>PARA.</u>	<u>COURSES OF ACTION</u>	<u>RESPONSIBILITY</u>
12	47	The U.S. should continue to provide adequate support to the Vietnamese military budget as long as the threat of aggression so requires. The U.S. should exert continuing efforts to effect reductions in over-all military costs and to induce the Vietnamese Government to increase the total amount of Vietnamese resources available for financing the military budget and economic development. Provide equipment to the Vietnamese forces in conformity with U.S. policy in connection with the Amistice Agreement. (OCB Assignment: ICA, Defense, State; Timing - Continuing)	Assigned to: OASD/ISA Support: JCS
12	48	Encourage, within the limitations of available spaces, attendance of Vietnamese military personnel at schools of the U.S. armed forces and at appropriate foreign schools operated or sponsored by the U.S. armed forces. Maintain U.S. advisors with all major units and schools of the Vietnamese armed forces. (OCB Assignment: Primary - Defense; Support - ICA, State; Timing - Continuing)	Assigned to: JCS Support: OASD/ISA
12	49	Encourage Viet-Nam to participate in the Pacific Defense College when established. (OCB Assignment: Primary - Defense; Support - State; Timing - Continuing)	Assigned to: JCS
13	51	Support the Vietnamese Government's psychological warfare program against the communist zone with a view to inciting dissatisfaction and encouraging defections. Endeavor to prevent ineffective violence or other self-defeating actions by dissidents. (OCB Assignment: All agencies; Timing - Continuint)	Assigned to: JCS

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Viet-Nam Contd.

<u>PAGE</u>	<u>PARA.</u>	<u>COURSES OF ACTION</u>	<u>RESPONSIBILITY</u>
13	56	Encourage U.S. training and orientation visits for potential Vietnamese government and business leaders. Continue the granting of graduate level scholarships, with extensions to permit attainment of advanced degrees of selected cases. Permit U.S. financing of full undergraduate scholarships at U.S. universities for selected outstanding graduates of Vietnamese secondary schools. Encourage fullest assimilation into Vietnamese life (military, economic, social, political and cultural) of returned exchangees, participants and trainees. Maintain and strengthen contact with these beneficiaries of U.S. exchange and training programs. Provide them with continuing access to American sources of technical, professional and cultural information, and help them exercise a pro-Free World influence among fellow Vietnamese. (OCB Assignment: Defense, ICA, USIA, State; Timing - Continuing)	Assigned to: OASD/ISA Support: JCS
14	57	Increase training of Vietnamese technical, professional and administrative personnel in Viet-Nam, U.S. and third country schools. (OCB Assignment: ICA, USIA, State, Defense; Timing - Continuing)	Assigned to: OASD/ISA
14	61	Continue training the Vietnamese armed forces for their internal security role, including counter-intelligence within the armed forces, support of police actions, pacification and anti-guerrilla operations, et cetera. (OCB Assignment: Defense; Timing - Continuing)	Assigned to: JCS
15	64	Continue to translate textbooks on leadership, anti-subversion, counter-intelligence, administration of martial law, riot control, etc., into French and Vietnamese for distribution to Vietnamese armed forces. (OCB Assignment: Defense, ICA; Timing - Continuing)	Assigned to: JCS Support: OASD/ISA
15	65	The Government of Viet-Nam should be encouraged to maintain an effective, well-trained and carefully screened Self-Defense Corps, and to continue other activities which emphasize self-help and protection against Viet Cong terrorism. (OCB Assignment: ICA, Defense; Timing - Continuing)	Assigned to: JCS

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26 May 1959

PROSPECTS FOR NORTH AND SOUTH VIETNAM

THE PROBLEM

To analyze the current situations in North and South Vietnam and to estimate probable developments over the next two or three years.

CONCLUSIONS

1. The prospect of reunification of Communist North Vietnam (DRV) and western-oriented South Vietnam (GVN) remains remote. In the DRV the full range of Communist techniques is used to control the population, socialize the economy, impose austerity and direct investment to economic rehabilitation and development. The DRV maintains large armed forces. In South Vietnam, despite the authoritarian nature of the regime, there is far more freedom. Local resources and US aid are devoted to developing the armed forces, maintaining internal security, and supporting a relatively high standard of living, with lesser emphasis on economic development. (Para. 9)

2. In South Vietnam political stability depends heavily upon President Diem and his continued control of the instruments of power, including the army and police. Diem will almost certainly be President for many years. The regime will continue to repress potential opposition elements and depend increasingly upon the effectiveness of the Can Lao, the regime's

political apparatus, which is run by Diem's brothers Nhu and Can. (Paras. 11-14, 29-31)

3. The capabilities of the GVN armed forces will improve given continued US materiel support and training. Continuance of the present level of training is threatened by a recent finding of the International Control Commission (ICC) that the US Temporary Equipment Recovery Mission (TERM) should end its activities by mid-1959. In any event, GVN forces will remain incapable of withstanding more than temporarily the larger DRV forces. The internal security forces will not be able to eradicate DRV supported guerrilla or subversive activity in the foreseeable future. Army units will probably have to be diverted to special internal security assignments. (Paras. 15-17, 33-34)

4. The GVN is preoccupied with the threat to national security and the maintenance of large military and security

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forces. It will probably remain unwilling to devote a significantly greater share of resources and attention to longer range economic development. Assuming continued US aid at about present levels, modest improvement in South Vietnam's economic position is likely. However, development will lag behind that in the North, and the GVN will continue to rely heavily upon US support to close the gap between its own resources and its requirements. (*Paras. 19-22, 32*)

5. There is little prospect of a significant improvement in relations between South Vietnam and Cambodia so long as the present leaders of the two countries remain in power. Relations with Laos will probably remain generally friendly. Continued suspicion that the French are intriguing in the area to recapture a position of major influence will probably pre-

vent an improvement of Franco-GVN relations. (*Paras. 25-27, 35*)

6. Despite widespread popular discontent, the Government of the DRV is in full control of the country and no significant internal threat to the regime is likely. With large-scale Bloc aid, considerable progress has been made in rehabilitating and developing the economy with major emphasis on agriculture, raw materials and light industry. The regime will probably soon have laid the foundations for considerable economic expansion. (*Paras. 37-38, 42, 44*)

7. The DRV has no diplomatic relations with any country outside the Bloc and its foreign policy is subservient to the Bloc. We believe that it will continue its harassment of the GVN and of Laos, though a military invasion of either is unlikely. (*Paras. 46, 48-49*)

INTRODUCTION

8. The 1954 "provisional military demarcation line" dividing Vietnam at the 17th parallel has become a fixed boundary separating two entrenched and hostile governments, the Government of Vietnam (GVN) in the south and the Communist Democratic Republic of Vietnam (DRV) in the north. The all-Vietnam elections called for under the Geneva Agreements of 1954 have not been held, and the divergent conditions demanded by both governments preclude the holding of such elections. To date the GVN has been preoccupied with the threat to internal security posed by DRV subversion and guerrilla warfare and with the threat that the Communists' numerically superior armed forces will one day invade the south. However, there are no indications that the DRV is willing to assume the risks of US intervention and attempt to conquer South Vietnam by military invasion. Such a

decision would probably be made by Peiping and Moscow rather than by Hanoi.

9. Meanwhile life on the two sides of the boundary is marked by an increasing disparity. The north is organized along strict Communist lines. The standard of living is low; life is grim and regimented; and the national effort is concentrated on building for the future. The DRV claims it has reduced its reliance on Bloc aid to about one-third of its national budget. Its large army is almost entirely financed domestically, except for arms delivered by the Bloc. Both its foreign aid and its Spartanly acquired domestic capital are devoted to restoring and increasing productive capacity in agriculture and industry. In the south the standard of living is much higher and there is far more freedom and gaiety. However, South Vietnam's economic development is still at an early and uncertain

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stage, and basic economic growth has been slower than that of the north. The GVN still depends upon US aid to finance about two-thirds of its national budget, including most of the support for the armed forces.

I. MAJOR TRENDS IN SOUTH VIETNAM

A. Political Trends

10. President Diem continues to be the undisputed ruler of South Vietnam; all important and many minor decisions are referred to him. Although he professes to believe in representative government and democracy, Diem is convinced that the Vietnamese are not ready for such a political system and that he must rule with a firm hand, at least so long as national security is threatened. He also believes that the country cannot afford a political opposition which could obstruct or dilute the government's efforts to establish a strong and secure state. Although respected for his courage, dedication, and integrity, Diem has remained a somewhat austere and remote figure to most Vietnamese and has not generated widespread popular enthusiasm.

11. Diem's regime reflects his ideas. A facade of representative government is maintained, but the government is in fact essentially authoritarian. The legislative powers of the National Assembly are strictly circumscribed; the judiciary is undeveloped and subordinate to the executive; and the members of the executive branch are little more than the personal agents of Diem. No organized opposition, loyal or otherwise, is tolerated, and critics of the regime are often repressed. This highly centralized regime has provided resolute and stable direction to national affairs, but it has alienated many of the country's educated elite and has inhibited the growth of governmental and political institutions which could carry on in Diem's absence. The exercise of power and responsibility is limited to Diem and a very small circle mainly composed of his relatives, the most important being his brothers Nhu and Can. Nhu is particularly influential in international affairs and in matters relative to the southern half of the country. Can is more concerned with internal security and the northern half of the country.

12. An increasingly important and effective mechanism employed by the Diem regime to maintain control over the affairs of South Vietnam is the Can Lao, a semicovert political apparatus. Its structure, like that of the Kuomintang or a Communist party, is based on the cell and cadre system. The Can Lao is organized on a regional basis. The southern region is run by Nhu, an articulate, pragmatic activist. It is loosely organized and administered. The northern region is ruled with an iron hand by Can, a withdrawn eccentric feared by most Vietnamese, who seldom ventures from his headquarters in Hue. Although there is considerable rivalry and tension between the two brothers, there is no evidence that either is less than completely loyal to Diem. Diem apparently finds it advantageous to continue the division of authority as a means of controlling the ambitions of Nhu and Can.

13. Can Lao members are active at virtually every level of Vietnamese political life. Membership is becoming increasingly important for professional advancement. One-third of the cabinet members and over one-half of the National Assembly deputies are probably Can Lao men; the actual figure may be higher. The Can Lao controls the regime's mass political party, the National Revolutionary Movement. It apparently has its hand in most important business transactions in South Vietnam and is engaged in dubious business practices. Recently the Can Lao has stepped up its campaign to recruit key officers in the GVN military establishment, probably to establish a control mechanism within the only organization in South Vietnam strong enough to challenge the Diem regime.

14. Although the popular enthusiasm attendant on the achieving of independence and the end of colonial rule has subsided and some disillusion has arisen, particularly among the educated elite, there appears to be little identifiable public unrest. There is some dissatisfaction among military officers largely because of increasing Can Lao meddling in military affairs. The growth of dissatisfaction is inhibited by South Vietnam's continuing high standard of living relative to that of its neigh-

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bors, the paternalistic attitude of Diem's government towards the people and the lack of any feasible alternative to the present regime.

B. Internal Security

15. The Communist apparatus in South Vietnam is essentially an operating arm of the North Vietnamese Communist Party (Lao Dong), but there have been recent indications of Chinese Communist participation in its operations. It is estimated that there are about 2,000 active guerrillas. They are in small units scattered along the Cambodian border, the south coast, and in the remote plateau region of the north. There are probably several thousand others, now inactive, who have access to arms and would participate in guerrilla activities if so ordered. The guerrillas are able to marshal a force of several hundred men for major hit-and-run raids, as they demonstrated twice during 1958. They have recently stepped up their intimidation campaign, assassinating local officials in remote areas, terrorizing local populations and disrupting government operations. The dissident armed remnants of the religious sects are largely broken up. About 2,000 such dissidents surrendered to the government during 1958 and the few hundred remaining in the jungle are probably now absorbed or dominated by the Communists.

16. The government has been able to restrict but not eliminate the subversive and espionage activities of clandestine Communist agents. It is probable that Communists have penetrated some local army and security units, village councils, and local branches of the government. There is no evidence, however, that such penetration is sufficient to hamper government operations seriously or that it extends to the higher echelons of the government. There is probably a widespread Communist underground in the urban areas, especially Saigon, and Communist intelligence of GVN plans and activities is probably good. Communist agents are also stimulating unrest among the tribal minorities in the central highlands, a relatively inaccessible and sparsely populated area which the government is attempting to settle and develop, primarily for security reasons.

17. South Vietnam's 136,000-man army,¹ supported by the Civil Guard, the Self-Defense Corps and the police services, is capable of maintaining effective internal security except in the most remote jungle and mountain areas. Until mid-1957, the army had the primary responsibility for internal security, and had considerable success. By that time major responsibility for internal security had been given to the provincial Civil Guard (48,000) and the village Self-Defense Corps (47,000). These organizations have proven to be inadequately trained and equipped for the job, and units from the armed forces have continued to be called in to meet special situations. The size and scattered distribution of the Civil Guard and Self-Defense Corps add to the problems of training and equipping them and of coordinating their activities. In some regions, they are infiltrated by Communists. The police services, which include the 7,500-man Vietnamese Bureau of Investigation and 10,500-man police force stationed in the main cities, have had considerable success in tracking down subversives and terrorists and are developing into efficient organizations.

C. Economic Trends in South Vietnam

18. South Vietnam has made only limited progress toward basic long-term economic development in the five years since independence. US aid during that period, excluding military equipment and training, has totaled over one billion dollars. The bulk of this aid has been provided to finance imports of commodities which have been sold domestically. Most of the local currency accruing to the government has been used to support the armed forces and to finance the resettlement of over 700,000 refugees from the north. The GVN meets, out of its own limited resources, about one-third of the total civilian-military budget, including about 15 percent of the military budget. The GVN does not have the necessary additional financial resources to undertake a significant economic development program.

¹ See Military Annex.

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19. Basic economic development is also inhibited by the GVN's preoccupation with South Vietnam's problems of internal security and military preparedness. It continues to regard programs for long-range economic growth as of lower priority than the building of defense strength. Moreover, for political reasons, it is reluctant to take any measures which might reduce the country's relatively high standard of living. Consequently, the GVN devotes only a small part of available resources to long-range economic development. Diem is hopeful, however, that resources for development will be provided from external sources, principally the US and the Japanese reparations settlement. There is little prospect for private foreign investment, primarily because of the unsettled security situation, uncertainty regarding GVN economic policy, and other factors creating an unattractive economic climate.

20. Another aspect of the economic situation has political as well as economic ramifications. A considerable amount of US aid is in the form of grants of dollars which are used to import commodities. This practice has tended to inhibit the development of local consumer goods industries, although steps are now being taken to encourage domestic industries. It has supported a standard of living higher than the country could maintain on its own resources.

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A significant cutback in the standard of living would probably create serious political problems for the government. The present slow pace of economic development holds little promise that the gap between the present living standard and the capacity of the economy will be closed in the foreseeable future.

21. Nevertheless, South Vietnam is making some economic progress. The heavily damaged transportation network is being repaired. After an initial period of frustration and delay, considerable progress is being made in a modest agrarian reform program. In addition, almost 100,000 persons from crowded urban and coastal areas have been relocated on land development projects in the Mekong delta area and in the sparsely populated central highlands. The economic viability of these last mentioned projects has not yet been

proved. The resettlement of refugees from the north is about completed. Rice production is approaching 1939 levels, but increased domestic consumption has kept rice exports far below prewar levels. Rubber has surpassed 1939 levels and has replaced rice as the nation's major export.

22. Some constructive long-range measures are being taken. The GVN is attempting to increase internal revenues by strengthening its tax system and is trying to restrict domestic consumption and total imports to about present amounts. If the main part of the defense burden is carried by the US, it is probable that over the next few years the steps taken and planned by the GVN will enable domestic production to expand and thus reduce the balance of payments deficit on goods and services, which was about \$190 million in 1958. The planned development of manufacturing would make possible over the next five years the lowering of import requirements by about \$25 million a year. In the same period the trade gap should narrow by another \$30 to \$40 million if land development and rice productivity programs produce the planned results. Even if these results are achieved, however, South Vietnam will still have large foreign trade and internal budget deficits and continue to depend upon US aid.

D. South Vietnam's Foreign Relations

23. South Vietnam's foreign policy is based upon fear of and rigid opposition to communism, and upon a conscious dependence on the US as its major source of assistance and protection and as its principal international sponsor. The GVN leaders desire to maintain and to assert their nation's independence, which they believe to be endangered most directly by the activities and military strength of North Vietnam. They are also concerned over what they consider the weakness and pro-Chinese Communist orientation of Cambodia, and the machinations of the French.

24. DRV: In responding to persistent DRV bids to "regularize" relations, GVN policy is to impose conditions it is sure will be unacceptable. By this means the GVN seeks to improve its propaganda position, while main-

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taining intact its opposition to closer contact with the DRV. Although the GVN may agree to limited discussions with DRV representatives, such as the proposed negotiation regarding administrative problems of the Demilitarized Zone, it is not likely to enter into any broader discussions (whether or not held under the auspices of the International Control Commission (ICC)); and even less likely to agree to the establishment of regular official contacts with the north.

25. *Cambodia*: Relations between the GVN and Cambodia have become acutely strained. Diem is convinced that Cambodia's Prince Sihanouk is untrustworthy and is tolerating, if not supporting, anti-GVN operations on the Cambodian border area by both Communists and non-Communists. The GVN leaders have little confidence in the ability of Cambodia to resist Communist pressures and they are convinced that Cambodia's recent recognition of Communist China shows that there is little will to resist. The GVN is fearful of a Communist takeover in Cambodia which would provide a base for subversive operations or attack. GVN leaders were closely involved in recent anti-Sihanouk plots, and probably will continue activities designed to stir up anti-Sihanouk feeling both inside and outside of Cambodia and to lead to Sihanouk's downfall.

26. *Laos*: South Vietnam's relations with Laos are on a generally friendly basis, especially since the Lao Government has indicated greater awareness of the Communist threat and has become more outspokenly pro-West in its foreign policy statements. The GVN has undertaken to advise the Lao Government on an anti-Communist program, has offered to train some Lao troops, and in other ways is seeking to stiffen the anti-Communist position of the Lao Government. However, GVN worries have been only partially relieved by recent Lao Government measures to check Lao Communist political activity; the GVN continues to feel considerable disquiet because of North Vietnamese pressures along the DRV-Laos border.

27. *France*: The GVN leaders continue to suspect the French of intriguing to overthrow the Diem government and to increase their influ-

ence in South Vietnam. French businessmen and officials in South Vietnam are carefully watched and the scope of French commercial, cultural, and educational activities is restricted. The GVN leaders also believe that the French are at least partially to blame for Cambodia's apparent drift towards Communist China and for the failure of recent anti-Sihanouk plots. Although many South Vietnamese leaders have a cultural affinity for France, GVN-French relations are likely to remain cool.

28. *US*: Although we do not expect the present close GVN-US relationship to be undermined, the GVN's sensitivity to its dependence on the US is likely to grow and to complicate our dealings with it. Nhu and some other leaders have expressed resentment at what they consider US attempts to dictate to them and to restrict their freedom of action at home and abroad. Diem has indicated that South Vietnam expects the maintenance of large US aid and special consideration from the US as a reward for its steadfast support. Failure to receive such special consideration could lead Diem to assume a stance of greater independence *vis-a-vis* the US. However, in light of Diem's strong aversion to the French and in the absence of any acceptable alternative source of support, he will almost certainly avoid jeopardizing basic US-South Vietnamese ties during the period of this estimate.

E: Outlook for South Vietnam

29. The prospects for continued political stability in South Vietnam depend heavily upon President Diem and his ability to maintain firm control of the army and police. The regime's efforts to assure internal security and its belief that an authoritarian government is necessary to handle the country's problems will result in a continued repression of potential opposition elements. This policy of repression will inhibit the growth of popularity of the regime, and we believe that dissatisfaction will grow, particularly among those who are politically conscious. The power and unscrupulousness of the Can Lao, if unchecked, will probably prejudice the prestige of the gov-

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EXECUTIVE OFFICE OF THE PRESIDENT
NATIONAL SECURITY COUNCIL
WASHINGTON

June 29, 1959

MEMORANDUM FOR THE NSC PLANNING BOARD

SUBJECT: Current U. S. Policy in the Far East

REFERENCES: A. NSC 5429/5
B. Memo for Planning Board, "U. S. Policy
Toward the Far East," June 15, 1959
C. Record of Meeting of the Planning Board
June 12, 1959

The enclosed draft revision of NSC 5429/5, prepared by the Department of State, is transmitted herewith for consideration by the Planning Board at an early meeting.

ROBERT H. JOHNSON
Acting, Director, Policy
Coordinating Secretariat

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CURRENT U. S. POLICY IN THE FAR EAST

I. GENERAL CONSIDERATIONS

1. The primary problem of U. S. policy in the Far East is to cope with the serious threat to U. S. security which has resulted from the spread of hostile Communist power on the continent of Asia engulfing mainland China (including Tibet), north Korea and north Viet-Nam.

2. Since it seized mainland China in 1949, the regime in Communist China has consolidated effective control over that area and has remained a closely cooperating partner of the Soviet Union. It is prudent to assume in our planning that for the predictable future the Peiping regime will continue to exercise effective control over mainland China, that its military and economic strength will continue to increase and that the Sino-Soviet alliance will hold firm. On the other hand, Communist China will undoubtedly encounter severe strains, dislocations and set-backs in trying to achieve the production goals it has set itself.

3. If -- but only if -- (a) the present ratio of free world military power to that of the Sino-Soviet Bloc is maintained, (b) adequate U. S. aid and support is forthcoming and (c) the U. S. maintains a sufficiently liberal trade policy, the present orientation of most free Far Eastern countries is not likely to be adversely altered to any marked degree in the years ahead. In that case the

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basic trend of the past five years -- stabilization of the demarcation between Communist and non-Communist Asia -- will probably continue. On the other hand, the weaknesses engendered in Asia by its incomplete political, social and economic revolutions and by antagonisms between certain free Far East countries are unlikely to be significantly reduced during at least the next few years and will continue to provide opportunities for Communist pressures internally and externally.

4. A fundamental source of danger we face in the Far East derives from Communist China's rate of economic growth which will probably continue to outstrip that of free Asian countries, with the possible exception of Japan. In view of both the real and the psychological impact of Communist China's growth and the major effort of the Soviet Union to gain influence in the less developed countries with aid and promises of quick progress under Communism, increased emphasis must be placed upon economic growth of the free Far East countries, but this cannot be at the sacrifice of adequate security measures, for, without security and the stability and confidence deriving from security, real economic progress will be unattainable.

5. A growing source of strength for the free world position in the Far East is nationalism, a dominant force in Asia which is directed towards the preservation of national independence and against those who are seen as

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trying to subvert or abridge independence. Although there is still considerable lack of popular understanding in the free Far East regarding Communism, there is increasing recognition, particularly among responsible leaders, of the nature of the Communist menace to national independence and ways of life and there is increasing determination and capacity to resist Communist encroachments. Moreover, the anti-colonialist and anti-western attitudes which dominated Far East nationalist sentiments in the early post-war years are now fading, with Communist China emerging as the main threat to nationalist aspirations.

6. Japan occupies a unique position as the only major industrial and trading nation in the Far East, a nation which can play a leading and stabilizing role in Asia. Rapidly recovering from World War II and fully aware of the importance of developing markets for Japanese goods, Japan is contributing to the long-term economic development of Southeast and South Asia. Japan's future international orientation will be determined in major degree by its ability to sell in free world markets, notably the American market.

7. Since the Communist regime in China is unlikely to be replaced in the foreseeable future and since it is unlikely to be alienated from the Soviet Union, the principal means for dealing with the threat it poses is by helping to build up the political and economic strength and stability

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of free Asia as rapidly as feasible, while maintaining an adequate over-all free world military posture and while exerting such pressures as are available to us to retard the growth and extension of Chinese Communist power and influence.

II. OBJECTIVES

8. The principal objectives of the United States in the Far East should be:

a. Preservation of the territorial and political integrity of the free world countries in the area against further Communist expansion or subversion.

b. Deterrence of general or local war through maintaining a strong, balanced and determined free world military posture in the Far East as elsewhere.

c. Development of conditions which in time are likely to be conducive to bringing about desirable changes within the Asian Communist Bloc and to permitting settlement of issues on terms compatible with U. S. security interests.

d. To the above ends, strengthening the economic, political and military position of free Far East nations; and, to the extent we are able to do so, limiting the growth of the power and prestige of Asian Communist regimes, especially Communist China, and weakening the bonds that hold the Sino-Soviet Bloc together.

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e. Promotion of political and social forces in the Far East which will advance free world unity, cooperation and common purposes.

f. Identification of the United States with the aspirations and efforts of Asians to maintain independence, promote human values and improve conditions of life; and defining our objectives and programs in the Far East in positive terms, emphasizing our constructive relationships, interests and purposes in that area.

III. COURSES OF ACTION

9. In order to preserve the territorial integrity of free world countries and deter enemy aggression, the United States should:

a. Ensure a strong U. S. military position in the West Pacific area, including maintaining the security of the offshore island chain, capable of giving rapid effective expression to all our treaty commitments in the Far East, and be determined and show our determination to use military power flexibly as may be necessary to protect our allies and friends from Communist aggression in a manner most responsive to broad U. S. interests.

b. Promote and strengthen our multilateral (SEATO, ANZUS) and bilateral (with Korea, GRC, Japan

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and the Philippines) defense arrangements in the West Pacific and develop wider understanding of common purposes among all our allies and other friends in the Far East:

c. Through the Mutual Assistance Program and other measures, support the maintenance of free Asian military forces which are (1) capable of maintaining internal security and of identifying and delaying Communist aggression and which (2) together with U. S. and other allied military power and acting in a manner most responsive to broad U. S. interests are capable of coping with, and thereby deterring, any type of Communist aggression.

d. Provide MAP aid to those free Far Eastern countries where it is needed to maintain national independence and where it will be effectively utilized in consonance with U. S. interests.

e. In the event of Communist overt armed attack or imminent threat of such attack against any country in the area not covered by a security treaty to which the United States is party, the menace to U. S. security interests would be so grave as to justify the President in requesting authority from Congress to take necessary action to deal with the situation, including the use of U. S. armed forces, if appropriate and feasible. In

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any event, the United States should consider the advisability of taking the issue before the United Nations.

f. If requested by a legitimate local government which required assistance to defeat local Communist subversion or rebellion not constituting armed attack, the United States should view such a situation so gravely that, in addition to giving all possible covert and overt support within the Executive Branch authority, the President should at once consider requesting Congressional authority to take appropriate action, which might if necessary and feasible, include the use of U. S. military forces either locally or against the external source of such subversion or rebellion.

g. Assist where necessary and feasible non-Communist Governments and other elements in the Far East to counter Communist subversion and economic domination.

h. Continue to recognize the Government of the Republic of China as the only legal government of China and its right to represent China in the United Nations, UN agencies and other international organizations; seek to obtain increasing international support for the GRC and otherwise take steps to maintain and advance its international standing.

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10. In order to promote the political progress, integrity and stability of free Far East countries and to promote more effective cooperation among those countries and between them and the rest of the free world, the United States should:

a. Without interfering in internal political affairs, promote through economic aid and other means the emergence, tenure and standing of friendly governments which are striving earnestly for economic and social advancement.

b. To the extent possible as consistent with our continuing aim of encouraging democratic growth, especially respect for basic human rights, encourage strong responsible executive-type governments which are best suited to the current requirements of various countries taking into account their traditions, circumstances and capabilities.

c. Show respect and understanding for the foreign policy position of any free Far Eastern country, whether allied or neutral, provided that country is striving to maintain its independence from Communist domination or subversion.

d. Encourage the growth of regional and free world cooperation through such measures as support for the Colombo Plan, ECAFE, and regional undertakings

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such as the Mekong Valley Project and the Southeast Asia telecommunications network.

a. Seek to allay animosities between various free Far Eastern countries, urging moderation and mutual respect between parties to the dispute and taking an active role as channel for communication and supplying good offices where that would serve our general interests.

ii. In order to strengthen the economies of the free Far Eastern countries and thereby promote U. S. military, political and economic objectives, the U. S. should:

a. Be prepared to furnish economic and technical assistance on a continuing basis over an extended period of time as can be used effectively (1) to supplement the domestic resources of certain countries receiving military assistance to enable them to carry on otherwise insupportable defense burden without politically disruptive economic deterioration, and (2) to promote the steady economic development of free Asian countries at a rate adequate to give their peoples a sense of present progress and future hope and to strengthen their orientation toward the free world.

b. Continue to assist in the economic development of the area on a bilateral basis, while encouraging

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useful projects that have regional aspects; however, if there should develop genuine initiative and support by most of the countries in the area for a regional lending or other economic development institution and if the countries concerned are disposed to cooperate and to put substantial resources of their own into it, the U. S. should examine such a proposal sympathetically with a view to cooperation and to contributing financial support.

c. Encourage other free nations to contribute available resources to promote the economic growth of free Far Eastern countries.

d. Encourage private investment to provide an increasing share of American investment capital and technical know-how required for economic growth; and encourage less developed countries to improve their investment climate for attracting U. S. capital.

e. Encourage free Far East countries to orient their economies toward the free world and to rely primarily on non-Communist markets and sources of supply for trade, technicians, capital development and atomic development.

f. Take all feasible measures to increase the opportunities of such countries for trade with each other and with the United States and other free world countries; Bear in mind that Japan's long-range

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political and international orientation is likely to be shaped by the degree to which she has fair access to U. S. markets.

g. In administering P.L. 480 in the area, due regard should be shown to Asian reliance on traditional markets for the disposal of commodity exports; utilize local currency proceeds to the best advantage in support of projects furthering U. S. interests.

12. In the informational and educational field, the United States should:

a. Develop and strengthen informational, cultural, education and exchange programs.

b. Make a special, sustained effort to promote the education of an expanding number of technically competent pro-free world civilian and military leaders, working bilaterally or through such multilateral groupings as the UN and Colombo Plan; and stress the importance of developing adequate managerial and executive skills.

c. Seek, by appropriate means, utilizing Asians to the greatest extent feasible, to (1) increase the understanding and orientation of Asian peoples toward the free world and (2) expose the menace of Chinese Communist imperialism and world Communism.

d. In our determined efforts to oppose Communist aggression and expansion, take care to emphasize to

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Asians that we stand for positive constructive actions and objectives and that we are animated by a desire to further the interests, welfare and freedom of the Asian people themselves.

13. In order to avoid enhancing the prestige and power of Asian Communist regimes and in order to retard, within the limits of our capabilities, the economic progress of these regimes and to exploit weaknesses in their position, the U. S. should:

a. Continue to refuse recognition of the Chinese Communist regime and other Asian Communist regimes and avoid actions which might contribute to their international standing and prestige.

b. Continue to oppose the seating of any of these regimes in the United Nations, its agencies, or other international organizations.

c. The United States should continue to apply its financial control against, and its embargo on trade with, Communist China and north Korea, and its embargo on exports to north Viet-Nam.*

d. Urge other free world countries to maintain the current level of export controls on trade with Communist China. In support of this effort, the United States should, without frustrating the

* This recommendation is identical with paragraph 49-c of NSC 5906.

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multilateral embargo program, endeavor to handle questions of routine exceptions in such manner as to preserve and foster the willingness of other countries to retain the present level of controls.

e. Continue to determine our policy on travel of Americans to Communist China, north Korea and north Viet-Nam in a manner most conducive to the furthering of U. S. objectives and courses of action as set forth in this paper.

f. Utilize overt and covert means consistent with our broad political and military interests, to promote discontent and internal divisions within each of the Communist dominated areas of the Far East, and to impair their relations with the Soviet Union and with each other.

g. Do not agree to GRC offensive actions against mainland Communist China, except under circumstances approved by the President. Agree to GRC actions against Communist China which are prompt and clear retaliation against a Chinese Communist attack, provided such retaliation is against targets of military significance which meet U. S. criteria as to feasibility and chance of success and which are selected with due consideration for the undesirability

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of provoking further Chinese Communist reaction
against Taiwan and the Penghus.*

h. If any specific issues arise in our relation-
ships with unrecognized Communist regimes where efforts
at negotiation of these issues would seem to serve a
useful purpose, be prepared to negotiate such issues.

* This is identical with paragraph 11 of NSC 5723.

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Noted by Mr. Williams

THE JOINT CHIEFS OF STAFF
WASHINGTON 25, D. C.

14 July 1959



THE JOINT STAFF

MEMORANDUM FOR THE DEPUTY ASSISTANT SECRETARY OF DEFENSE
FOR NSC AFFAIRS AND PLANS

Subject: U.S. Policy in the Far East.

Reference: Memorandum for the NSC Planning Board
dated June 29, 1959, same subject.

Enclosure: Draft paper, "U.S. Policy in the Far East."

1. The Joint Chiefs of Staff have recently discussed a comprehensive study on the Far East prepared by the Joint Strategic Survey Council.
2. The enclosure herewith was prepared using that study and the reference. Also considered in the preparation of the enclosure were the Service comments on the reference; it is believed these Service views are reflected therein.
3. It is planned to introduce the enclosure at the Planning Board as a tentative JCS position on the subject, and recommend that it replace the reference as a starting point in the preparation of a U.S. Policy on the Far East.

C. O. FRIESEL
Rear Admiral, USN
Special Assistant to the
JCS for NSC Affairs

Copy to: Colonel A. L. West (Office, DCSOPS)
Captain H. F. Holmshaw (Op 614)
Colonel J. L. Weber (Office, DCS PAP)
Joint Strategic Survey Council

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U. S. POLICY IN THE FAR EAST

GENERAL CONSIDERATIONS

A. DEFINITION OF THE AREA

1. The area under consideration comprises Japan, the Ryukyu Islands, Government of the Republic of Korea, the Government of the Republic of China, Indonesia, the Philippines, Thailand, Viet Nam, Laos, Cambodia, the Federation of Malaya, Burma, Communist China, North Korea, and North Viet Nam. For the purposes of this paper, the area will be referred to as the "Far East."

B. THE PRIMARY PROBLEM

2. The primary problem of U.S. policy in the Far East is to cope with the serious threat to U.S. security interests which has resulted from the spread of Communist power over all of Mainland China (including Tibet), North Korea, and North Viet Nam and which threatens other areas of the Far East.

C. FACTORS CONTRIBUTING TO THE PROBLEM

WITHIN COMMUNIST COUNTRIES

3. The regime in Communist China has established and consolidated effective control over the mainland and has maintained and developed close working relations with the Soviet Union. It poses a constant threat to the other nations of the Far East. While there is now no reason to anticipate an early collapse of the regime nor any means of foreseeing when one might occur, inherently such regimes have elements of rigidity and instability which sometimes produce crises. The United States must be ready to exploit any opportunities which might occur as a result of any internal weaknesses.

4. The Communist regimes in North Korea and North Viet Nam have established effective control over their respective areas and represent a constant threat to their free-world counterparts and other nations of the region. Both depend heavily on support of all kinds from the Sino-Soviet Bloc.

5. A fundamental source of danger we face in the Far East derives from Communist China's rate of economic growth which will probably continue to outstrip that of free Asian countries, with the possible exception of Japan.

In view of both the real and the psychological impact of Communist China's growth and the major effort of the Soviet Union to gain influence in the less developed countries with aid and promises of quick progress under Communism, emphasis should be placed upon economic growth of the free Far East countries, but this cannot be at the sacrifice of adequate security measures, for, without security and the stability and confidence deriving from security, real economic progress will be unattainable.

WITHIN FREE WORLD COUNTRIES

6. That portion of the Far East not under Communist control does not represent a unified area. Rather, it is characterized by inter- and intra-national stresses and strains that almost defy solution by orderly processes. Age-old fears, jealousies, and suspicions aggravated by World War II scars and memories inhibit efforts toward developing cohesion among the nations.

7. In Southeast Asia the intense nationalist feelings, fed by residual resentments against European colonialism, coupled with a wide-spread feeling of weakness and inadequacy in the face of the world-wide power struggle, inhibits certain of the countries from cooperating closely with the United States. They are vulnerable militarily, and in varying degrees, politically, economically, and psychologically, to Communist expansionist efforts. At the same time, deep-seated antagonisms and differing assessments of the threat divide them and severely hamper efforts to combine their collective resources for their own defense and welfare. Most of the nations are on a marginal subsistence basis economically and depend heavily on outside aid. Their efforts toward economic stability are hampered by lack of trained technical and administrative personnel, and their people are restless and impatient because they ^{have} / not realized the dramatic improvements in their standard of living that they expect. They are politically naive and have few leaders sufficiently experienced to provide proper administration. Governments rise and fall with alarming frequency.

8. On the other hand, a possible source of strength for the free world position in the Far East is nationalism, a dominant force in Asia which is directed towards the preservation of national independence and against those who are seen as trying to subvert or abridge independence. Although there is still considerable lack of popular understanding in the free Far East regarding Communism, there is increasing recognition, particularly among responsible leaders, of the nature of the Communist menace to national independence and ways of life. There is increasing determination and capacity to resist Communist encroachments.

WITHIN THE UNITED STATES

9. The U.S. faces a delicate problem in presenting its Far Eastern policy to the world. A U.S. policy will not be very sympathetically received if it is presented in the purely negative terms of preventing Communist expansion or the reduction of its power. At the same time, difficulties of the United States are multiplied by the way the Sino-Soviet Bloc reveals the over-all Communist policy to the world. For example:

a. The Sino-Soviet Bloc is a unicenter power system similar to that of any totalitarian despotism. This system of control enables the USSR and the Chinese Communists to present a single picture, world-wide, at any given time and to shift rapidly its two faces that are presented to the world, from hard to soft and the reverse. This is in the Leninist tradition of presenting to the opponent calculated periods of tension and relaxation, thus testing the opponent's will to remain firm in the face of threats; and continually to disappoint non-Communists' hopes for a peaceful solution to the problems between the two Blocs.

b. The government in Peking is making the area outside mainland China the battleground in conducting propaganda, subversive, political and military operations.

10. As a result, the Free World finds itself continually facing threats and Communist activity within its own territory without being able to penetrate into Peking's territory. The United States is further penalized by the fact that it must deal within the framework of a pluralistic society that at any given time may expose grave disagreements among its members to the world at large. It can be argued that the Cold War is actually being fought out under two or more sets of rules governing the activities of the opponents.

11. The problems associated with United States non-recognition of the government of Communist China and its exclusion from the United Nations are ever present, and the evolution of the situation may not meet the convenience of the United States. Time is on the side of the Chinese Communists and unless the United States takes some positive action to weaken or disrupt their control the regime will further consolidate its position. If they continue to gain strength-internally and their respectability grows among other nations, it may be expected that the United States will eventually be faced with a very difficult reassessment of its policy toward Communist China in an unfriendly climate of world opinion.

12. U.S. courses of action are sometimes developed around the person of the head of a government rather than the government itself. This is especially true where the United States has sponsored President Chiang Kai-shek of the ROC, President Syngman Rhee of the ROK and President Ngo Dinh Diem of South Vietnam. In the case of these three nations, the U.S. appears to view the heads of government as being synonymous with the government itself. These men have come to power as a result of armed conflict, are firmly entrenched, and, in practice, their systems do not allow a change of chief executives through peaceful constitutional processes. The United States thus finds itself without room to maneuver politically in dealing with these countries, since negotiations are with the Chief Executives whose actions may or may not be influenced by public opinion. The United States is so closely identified with and committed to Presidents Chiang and Rhee, in particular, that the

timing of major policy changes toward either of their countries is dependent upon the death or retirement of the respective president. Since the three men are firmly sponsored by the United States, policy failure to support them in the international arena, or to allow them to be overthrown violently by the opposition in their countries, would have undesirable repercussions not only in the nation-itself but throughout the world. United States policy in the future should seek to avoid such personal commitments and should be aimed toward the development of governmental institutions in the countries of the Far East that can survive changing chief executives with little or no disruption.

13. The task of the United States in coping with the situation in the Far East is complicated by the divergencies on policy with its European allies. This is particularly important with respect to the posture of the United States toward China and the extent to which political and economic pressures can be applied against the Communist regime in Mainland China. British, French, and Dutch interests still in the area must be taken into account.

14. The United States must meet total hostility on the part of the two major power centers of the Far East, the Soviet Far East and Communist China, projected into the areas under Free World control. The United States must gain and retain the uneasy and in many cases half-hearted allegiance of those countries in the Far East outside the Soviet Bloc. Certain past actions have not only failed to further U.S. interests but perhaps have hindered. For example:

a. There is a lack of logical coherence, discernible to the Asiatics who are presently friendly to the United States, or uncommitted to either side; and,

b. The United States has attempted to gain adherence to the U.S. position by stating the requirements in terms of joining the United States.

15. The peoples of Asia concede that Communist China has exhibited a total hostility toward the United States. They are equally ready to admit that the U.S. harbors an intense dislike of the Chinese Communists. They would probably go further and say that the United States hates Communist China. However, they are unable to rationalize this apparent U.S. hatred of Communist China with U.S. actions aimed at that country. In their view, if the hostility is so complete on both sides, the United States should be willing and ready to seize every opportunity to embarrass Communist China economically and politically and at the same time to support, if not actively engage in, any military activities against Communist China to insure the defeat of that country. Yet, they find that the United States broke off its action in Korea short of a complete defeat of the enemy; that it used its efforts in Korea short of a complete defeat of the enemy; that it used its efforts in Indochina to force upon an ally a peace that appeared as a political victory for the Communists; and, that the United States actively discourages actions against Communist China and against Communists elsewhere in Asia on the part of Syngman Rhee, Chiang Kai-shek, Ngo Dinh or others. At the same time military action is being discouraged, the United States is attacking, by words only, the Communist Chinese. As a result, the Asiatics are inclined to feel that the United States has a powerful emotional dislike of the Chinese Communists while at

the same time it is physically afraid to translate that dislike to a trail of strength. They therefore can see no logical end result to be achieved through U.S. present policies, and no benefits to themselves in actively joining the United States.

16. The U.S. attempts to gain and hold the support of the free nations in Asia have been less successful than might be expected, due at least in part, to its attempts to persuade the other nations that they should join the United States in its holy war against Communism, regardless of the self interest of the individual Far Eastern countries. Such an approach has placed a needless strain upon the political friendliness of these countries for the United States. Almost without exception these nations could be shown that the basic clashes between the Chinese Communists and the United States are due to the championing by the United States of the Free Nations on the periphery of Asia, and its support of their freedom and national aspirations. We must strive to increase these Asians' understanding that the self interests of the United States and those of the non-Communists Asian people are mutually compatible.

17. The maintenance of any effective military installation in a foreign country requires the acceptance by the government of the need for such installation and cooperation on the part of that country. Base agreements and security treaties establishing these working relationships, to be effective, must be sensitive to these requirements.

18. The United States could, without fear of loss of position, allow its Asiatic policy to be guided by the consensus of the vital interests of the Free World nations of the area, vis-a-vis Communist China and the Asiatic USSR. This does not mean that today there exists an agreed consensus of the common interest of these free nations. At this time, these nations have never attempted to derive a statement of these common security interests. Their criticism of U.S. policy and U.S. methods of handling its policies are unilateral criticisms. The critical comments may have certain points of similarity, but basically they are competitive among themselves as well as critical of the United States. As long as the U.S. continues to try to persuade the countries in the Far East to support the position of the United States, rather than demonstrating that resistance to the Sino-Soviet Bloc is in their own enlightened self interest; and as long as the United States does not show clearly why it is in basic disagreement with the Soviet Union and Communist China over Asia, it can expect to be the target of a continuous clamor of criticism from its friends.

D. U.S. ROLE IN THE FAR EAST

I. POLITICAL

19. The underlying purpose of U.S. assistance in the region is to aid in the development of governments whose objectives do not conflict with the vital interests of the United States. To this end it is necessary to help them develop more effective political organizations, strengthen their internal administration, and promote greater allegiance in both urban and rural districts and among the various ethnic groups present in certain of the countries. Efforts must be made to identify regimes that offer possibilities of stability and these possibilities must be developed. Where a regime appears foredoomed because of graft, corruption, or other reasons, the United States should seek through reorientation to develop it or to influence the establishment of one that does offer some hope for the future. In so doing, the United States should not identify itself indissolubly with the person^{of the} ruler but rather should aim toward the development of a system and institutions that can survive changing chief executives with little or no disruption of orderly governmental function. This normally involves a decentralization of authority to a degree unheard of in most, and presently unacceptable in some of the nations.

20. Where certain objectives, policies and processes of a non-Communist state coincide with those of Communism, that should not necessarily be considered sufficient reason for the United States to seek change. The primary concern should be only that the government, irrespective of the form it takes, not be oriented toward or actively support, aid, or abet the Sino-Soviet Bloc. To assist the nations to develop political stability, the United States should support indigenous courses of action that accomplish the following:

e. Development of a governmental system acceptable to the people of the nation and not influenced by Communism.

b. Governmental capability to plan for and make the best use of its own resources and those made available to it from outside sources.

c. Cooperation between neighboring governments.

21. The cold war contest in Asia is for the minds of the people. This creates the requirement to expand U.S. influence into the Communist dominated areas while at the same time restricting any expansion of Communist influence into the Free World areas.

22. The United States should continue to make clear its own devotion to the principle of collective security, its belief that regional security arrangements provide maximum protection at minimum cost for all, and its expectation that a country's decision to participate in such arrangements is based on its own calculation of its best interests and does not of itself constitute a claim for increased financial aid. Where countries participate, measures to assure adherence are desirable, normally including preferential treatment in the fields of economic and military assistance as justified by U.S. strategic objectives. Where new opportunities for affiliation develop, they should be encouraged. The United States should, however, accept the right of each nation to choose its own path to the future, and should not exert pressure to make active allies of countries not so inclined. The genuine independence of such countries from Communism serves U.S. interests even though they are not formally aligned with the United States.

23. The sometimes differing requirements of U.S. political and military objectives respecting certain countries create complications. There is a tendency to lump the two objectives together, create a MDAP requirement and Defense Support requirement in the name of national security, where the issues are really political and no real security interest is involved, thus seriously diluting the U.S. military aid program worldwide, without providing for U.S. military security. This situation does not in any way abrogate the requirement for mutually supporting military and political policies. It does suggest, however, that there be a clearer demarcation between political and military programs, so that the reasons for each program are clear, and the programs are more effective. This is important overseas, and is also of grave importance domestically in gaining support in Congress and among the American people.

24. In the event of aggression against a state, the provisions of the U.N. Charter or the SEATO Treaty should be invoked, but the United States should not forego necessary action in behalf of such a state or states because of the possibility that other allies might be loath to participate or to furnish more than token military forces.

II. MILITARY

25. Because of the limited resources of the countries, it will be necessary for the United States to continue to help them develop armed forces capable of maintaining internal security and of, at least, limited resistance to external aggression. Efforts should also be undertaken to encourage the countries to combine their collective resources for their own defense. For the foreseeable future, local will to resist will depend greatly on a conviction that the United States will continue its support and will maintain a military posture in the Far East that will permit it to assist in countering aggression.

26. Where national independence of any of the friendly Far East nations is threatened, the United States should be prepared to promptly provide military assistance.

27. In order to preserve the territorial and political integrity of the area, the United States must guarantee the security of the nations against internal Communist overthrow and external threats of aggression. To do this, the United States must maintain its own power position in the Far East as assurance to the nations that it is prepared, and intends to support them with military force if necessary.

28. There are means open to the United States to reduce Communist China's influence in the Far East and at the same time undertake positive action to counter the Communists' threats and their use of force in the area. One of these would be provision in the U.S. long-range policy for support of some form of military activities by certain nations against Communist China, North Korea and North Vietnam. These actions, which could include reconnaissance in force, nuisance raids, probes, limited objective attacks and actions to rectify boundaries would be carried out without overt U.S. support. In such situations it is improbable that the USSR, with the miscalculation on Korea still fresh in its memory, would overtly participate. This fact, plus the lack of capability of the opponents to destroy one another without big power interference, would tend to:

- a. Limit the size of the conflicts;
- b. Put strains upon the relations of the Chinese Communists and the USSR;
- c. Keep the Bloc satellites, North Korea and North Vietnam, off balance;
- d. Be a sporadic drain upon the resources of Communist China

(and to a lesser degree upon the USSR) to supply these countries. This would not be a wholly new policy, but a return in general to the one adopted by the United States toward the CRC operations against Communist China prior to the Korean War. Since it is obvious that neither purely defensive moves made to meet actions initiated by the Communists, nor concessions made in an effort to appease them will relieve the tensions or resolve the issues in the area, it is possible that condoning the military activities would regain for the Free World a certain degree of initiative in the Far East.

III. ECONOMIC

29. The need throughout most of the area for economic development provides the greatest possibility for the exertion of outside influence - either by the Free World or by the Communist Bloc. Without considerable external help from some source, most of the governments of the area will be unable to satisfy the political demand for rapid improvement in their standards of living and provide for sound economic development. Failure to obtain such assistance from the Free World will tend to drive these countries toward economic dependence on the Communist Bloc. The outcome may be strongly influenced by the success with which the Free World can cope with Communist efforts to exploit the Southeast Asian export problems. The dramatic economic improvements realized by Communist China over the past ten years impress the nations of the region greatly and offer a serious challenge to the Free World. Flexibility of U.S. procedure and rapidity of U.S. action is of increasing importance if effective advantage is to be taken of unexpected and transient opportunities.

30. The United States should assist the non-Communist states of the area to formulate and execute programs designed to promote sound development, to demonstrate that they can achieve growth without reliance on Communist methods or dependence on the Communist Bloc, and to give their peoples a greater stake in the continued independence of their countries.

31. The governments and peoples of the nations must be made to realize that the United States is seeking to develop indigenous economies to the point of their being self-sustaining with a minimum of outside aid, and that prospects for a healthy and viable economy depend upon association with Free World nations rather than with those of the Sino-Soviet Bloc. United States courses of action must be so designed as to create favorable public impressions immediately and to maintain public support to fruition. To combat the effects of Communist aid programs, the United States must have programs of its own that are actively and openly competitive with those of the Bloc and are more acceptable to the recipients than are the Bloc's. Effective use must be made of grant aid to produce immediate and impressive results that are continuing and progressive in nature and that are readily seen and understandable to the mass of the people, and loans should be as unrestrictive as feasible in terms of use, time, and method of repayment. In the administration of its aid programs, the United States must be prepared to take prompt action to exploit any advantage or to counter any disadvantage that might present itself. In order to strengthen the non-Communist governments of the area and to forestall their economic dependence on the Communist Bloc, the United States should seek measures that:

- a. Provide economic and technical assistance as necessary to obtain U.S. objectives.

b. Serve to improve the climate for private investment, both domestic and foreign, and to encourage the maximum investment of United States private risk capital in the area consistent with the prevailing climate.

c. Encourage the nations to contribute resources and to cooperate multilaterally to promote the economic growth on an area or sub-area basis.

32. In the field of technical assistance and economic development, one of the major problems which must be solved is the delay in decision and implementation in Washington. Such delays are the greatest single source of complaint on the part of receiving countries and present an unfortunate contrast to the frequently rapid responsiveness of the Soviet Bloc to requests from less developed countries.

E. OBJECTIVES

33. The principal objectives of the United States in the Far East are:

a. Strengthening of the United States power, position, and prestige in the area.

b. Enhancement of the power, position, and prestige of the free world countries of the area.

c. Preservation of the territorial and political integrity of the free world countries against further Communist expansion or subversion.

d. Reduction of Chinese Communist power and prestige.

e. Disruption of the Sino-Soviet alliance.

F. POLICY GUIDANCE

I. POLITICAL

34. With respect to the Free World area of the Far East, the U.S. over-all policy must be the unwavering support of territorial and political integrity against direct aggression, or subversion by the Communists and, at the same time, support the development of a mutuality of interests among the free Asian nations and between them and the United States.

35. The United States over-all policy toward the Sino-Soviet Bloc in Asia must in turn be an unwavering opposition to the efforts of the Sino-Soviet Bloc to expand its territorial or political hegemony in Asia or the Western Pacific.

36. In the event of Communist overt armed attack or imminent threat of such attack against any country in the area not covered by a security treaty to which the United States is a party, the menace to U.S. security interests would be so grave as to justify the President, to take necessary action, including the use of U.S. armed forces, to deal with the situation. In each event, the United States should consider the advisability of taking the issue before the United Nations.

37. If requested by a legitimate local government which requires assistance to defeat local Communist subversion or rebellion not constituting armed attack, the United States should view such a situation so gravely that, in addition to giving all possible covert and overt support within the Executive Branch authority, the President should consider taking additional action, including the use of U.S. military forces.

38. Continue to recognize the Government of the Republic of China as the only legal government of China and its right to represent China in the United Nations, UN agencies and other international organizations; seek to obtain increasing international support for the GRC and otherwise take steps to maintain and advance its international standing.

39. Continue to refuse recognition of the Chinese Communist regime and other Asian Communist regimes and avoid actions which might contribute to their international standing and prestige, such as the seating of any of these regimes in the United Nations, its agencies, or other international organizations.

40. If any specific issues arise in our relationships with unrecognized Communist regimes where efforts at negotiation of these issues would seem to produce a net advantage to the U.S., be prepared to negotiate such issues.

41. Promote the tenure and standing of friendly governments which are striving earnestly for economic and social advancement.

42. Consistent with our continuing aim of encouraging democratic growth, especially respect for basic human rights, encourage the establishment of strong responsible executive-type governments, taking care to avoid aligning ourselves irrevocably with one man as head of the government.

43. Show respect and understanding for the foreign policy position of any free Far Eastern country, whether allied or neutral, provided that country is striving to maintain its independence from Communist domination or subversion.

44. Respond in a timely and effective manner when host countries seek adjustments in arrangements governing the stationing of our forces. Stress the mutuality of interest and responsibility which devolves on local governments.

45. Continue to seek appropriate means to bring about an understanding by the Free World nations of the Far East of nuclear warfare.

46. Encourage the growth of regional and Free World cooperation through such measures as support for the ~~Columbia-Plains~~ ~~MECAF~~ and regional undertakings.

47. Seek to allay animosities between various free Far Eastern countries, urging moderation and mutual respect between parties to the dispute and taking an active role as channel for communication and supplying good offices where that would serve our general interests.

48. As feasible, utilize overt and covert means to promote discontent and internal divisions within each of the Communist dominated areas of the Far East, and to impair their relations with the Soviet Union and with each other.

49. Compatible with the security of U.S. citizens while abroad, permit travel of Americans to Communist China, North Korea, and North Viet Nam.

50. As one means of seizing the initiative in the Far East, the United States should, at a propitious time, permit and support certain forms of military activities by certain nations against Communist China, North Korea and North Viet Nam. These actions could include reconnaissance in force, nuisance raids, probing actions, limited objective attacks, actions to rectify borders, or any other form that may be appropriate as conditions warrant.

51. Agree to GRC actions against Communist China which are prompt, clear, and proper retaliation against a Chinese Communist attack.

52. In its Pacific role, the United States should be less influenced by its European allies than in respect to Atlantic affairs.

II. MILITARY

53. Ensure a strong U.S. military position in the West Pacific area, providing for the security of the Pacific island chain, (Japan Sea, South Korea, East China Sea, Taiwan, South China Sea, Kra Isthmus) and capable of effectively fulfilling all our treaty commitments in the Far East.

54. Promote and strengthen our multilateral (SEATO, ANZUS) and bilateral (with Korea, GRC, Japan and the Philippines) defense arrangements in the West Pacific and develop wider understanding of common purposes among all our allies and other friends in the Far East.

55. Through the Mutual Assistance Program and other measures, assist in the maintenance of Free Asian military forces for the purpose of (1) maintaining internal security, (2) identifying and delaying Communist aggression, and (3) together with U.S. and other allied military power, coping with or deterring Communist aggression.

III. ECONOMIC

56. Be prepared to furnish economic and technical assistance on a continuing basis over an extended period of time as can be used effectively (1) to supplement the domestic resources of certain countries receiving military assistance to enable them to carry an otherwise insupportable defense burden without politically disruptive economic deteriorations; and (2) to promote the steady economic development of free Asian countries at a rate adequate to give their peoples a sense of present progress and future hope and to strengthen their orientation toward the Free World.

57. Continue to assist in the economic development of the area on a bilateral basis, while encouraging useful projects that have regional aspects; however, if there should develop genuine initiative and support by most of the countries in the area for a regional lending or other economic development institution, and if the countries concerned are disposed to cooperate and to put substantial resources of their own into it, the U.S. should encourage such a proposal.

58. In the administration of the grant aid program emphasize projects which will produce immediate and impressive results that are continuing and progressive in nature, and that can be readily seen and understood by the masses of the people. Loans should be as unrestrictive as feasible in terms of use, time, interest and method of repayment.

59. Encourage other free nations to contribute available resources to promote the economic growth of free Far Eastern countries.

60. Encourage private investment to provide an increasing share of American investment capital and technical know-how required for economic growth; and encourage less developed countries to improve their investment climate for attracting U.S. capital.

61. Encourage free Far East countries to orient their economies toward the Free World and to rely primarily on non-Communist markets and sources of supply for trade, technicians, capital development and atomic development.

62. Take all feasible measures to increase the opportunities of such countries for trade with each other and with the United States and other Free World countries, bearing in mind that these countries' long-range political and international orientation is likely to be influenced by the degree to which they have fair access to U.S. markets.

63. In administering P.L. 480 in the area, due regard should be shown to Asian reliance on traditional markets for the disposal of commodity exports; utilize local currency proceeds to the best advantage in support of projects furthering U.S. interests.

64. The United States should continue to apply its financial control against, and its embargo on trade with, Communist China and North Korea, and its embargo on exports to North Viet Nam.

65. Urge other Free World countries to maintain the current level of export controls on trade with Communist China. In support of this effort, the United States should, without frustrating the multilateral embargo program, endeavor to handle questions of routine exceptions in such manner as to preserve and foster the willingness of other countries to retain the present level of controls.

66. In administering the technical assistance and economic development programs eliminate to the extent feasible delays in decision and implementation.

IV. INFORMATIONAL AND EDUCATIONAL

67. Develop and strengthen informational, cultural, education and exchange programs.

68. Make a special, sustained effort to promote the education of an expanding number of technically competent pro-Free World civilian and military leaders, working bilaterally or through such multilateral groupings as the UN and Colombo Plan; and stress the importance of developing adequate managerial and executive skills.

69. Next, by all appropriate means, utilizing Asians to the greatest extent feasible, to (1) increase the understanding and orientation of Asian peoples toward the Free World and (2) expose the menace of Chinese Communist imperialism and world Communism. In our determined efforts to oppose Communist aggression and expansion, take particular care to emphasize to Asians that we stand for positive constructive actions and objectives and consistently stress the self interest, welfare and freedom of the Asian people themselves which will result from their opposing Communism.

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OPERATIONS COORDINATING BOARD
Washington 25, D. C.

August 12, 1959

REPORT ON SOUTHEAST ASIA (NSC 5809)

(Approved by the President, April 2, 1958)

(Period Covered: From May 28, 1958 through August 12, 1959)

A. Adequacy of U. S. Policy in Mainland Southeast Asia (NSC 5809)

1. Review of policy with respect to Singapore is recommended on an urgent basis, in order to provide guidance for the new situation which has developed in Singapore with the granting of internal self-government and the victory of the leftist People's Action Party on May 30, a development adverse to U. S. and free world interests. If this revision of policy is made, the review of U. S. Policy Toward the Far East (NSC 5429/5) should be kept in mind.

B. Summary Evaluations of Progress made in Accomplishing U. S. Objectives

2. There has been substantial progress toward meeting the objectives of NSC 5809 in most of the mainland countries of Southeast Asia. In Singapore, however, left-wing political elements won an overwhelming electoral victory. Friction between Cambodia and its pro-U. S. neighbors adversely affected Cambodia's relations with the U. S. for some months but subsequently there was noticeable improvement. There has been an increased awareness of the communist threat. This increase was given new impetus by recent events in Tibet. The resolution of all governments in the area, except those in Singapore and Cambodia, to take a firm line in response to this threat was reflected in the political developments described below. United States political, economic, information and military assistance programs have played a significant part in these developments.

Regional cooperation in Southeast Asia has improved as a result not only of our own efforts to promote political and economic cooperation and to reduce specific areas of discord, but also because of increased Asian awareness of the Sino-Soviet threat and of the material benefits possible from regional development. This favorable trend has been facilitated by the fact that the Southeast Asian leaders feel able to work with one another due to similarities in governmental practice and political philosophy. Aggressive Chinese Communist policies in Tibet and elsewhere in Asia have given them a sense of urgency to draw together regionally. The United States has

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unobtrusively encouraged these developments and supported some regional projects such as malaria eradication, a telecommunications system and the construction or improvement of trans-border highways, taking care to leave the initiative with the Asian leaders.

3. Burma. There has been substantial progress toward the achievement of United States objectives in Burma. The government of Prime Minister Ne Win has introduced stability and vigor into the conduct of Burma's domestic and international policy. The United States has encouraged the new Burmese Government to cooperate with the West and has made available substantial military assistance. The Burmese security forces have effectively used U. S. equipment against insurgent elements within the country. At the same time, the insurgents' relations with communist political organizations have been impaired by the arrest of communist political leaders engaged in liaison. Communist influence in labor, among the students, and in the press has been substantially reduced. The government's information services have evidenced greater willingness to cooperate with the United States Information Agency and other United States services in psychological warfare against the insurgents and in general public indoctrination.

In its international policy, the Ne Win Government has made it clear that, although it may maintain an overt posture of neutrality because of its geographical position, it considers itself, in fact, ideologically aligned with the West and looks to the United States for support and leadership in many fields. The Prime Minister has privately stated that he believes SEATO plays an important and useful role, and, while noting continuing Burmese sensitivity to open identification with the western powers, he hopes to move Burma gradually toward a public posture of closer identification with SEATO. Relationships between the United States and Burma are more cordial than they have ever been. At Burmese request, the United States has agreed to contribute substantially to the construction of a highway and university facilities as evidence of United States interest. By contrast, Burmese relations with the Soviets have deteriorated sharply. Burma is curtailing its trade and aid relationships with the USSR and the press has been severely critical of Soviet Embassy conduct. In its relations with Communist China, Burma has moved much more cautiously but is stiffening its attitude toward the Peiping Government, particularly in the matter of a border settlement.

4. Cambodia. A resurgence of severe tension in relations between Cambodia and its neighbors, particularly Viet-Nam, resulting from Cambodian conviction of Thai and Vietnamese involvement in two abortive anti-Sihanouk plots, threatened seriously to frustrate United States objectives in Cambodia during the early months of 1959. Primarily because of our close association with the anti-communist governments of Thailand and

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Viet-Nam, the Cambodians also harbored strong suspicions of United States complicity in the coup plots and anti-American sentiment reached alarming proportions in February and March. The Communists profited from the situation by actively identifying themselves with the Cambodian side in the dispute and by the fact that preoccupation with opposition movements supported by Thailand and Viet-Nam further distracted Cambodian attention from the threat of internal communist subversion. Communist influence in public information media continued to grow, although there is recent evidence of official alarm and attempts to right the balance in favor of a more strictly "neutral" news presentation. Repeated United States disclaimers of support for anti-Sihanouk activities, sympathetic United States responses to two messages from Prince Sihanouk, visits to Phnom Penh by high American officials and Cambodian fear of alienating the U.S., have recently improved relations. At the same time, continuation of our economic and military aid programs during the period of stress probably had a favorable effect on the Cambodian Government. In this context, relations between French and U.S. officials in Cambodia have improved resulting in better cooperation in our mutual efforts to further free world objectives. No further significant moves were made by Cambodia toward the Sino-Soviet bloc. Relations with Thailand became more cordial and the deterioration in Cambodian relations with Viet-Nam was halted. These developments followed by elimination of anti-Western persons from the cabinet, point to a pro-West oscillation in Cambodia's orientation.

5. Laos. Progress has been made in furthering United States objectives in Laos, particularly with reference to the strengthening of Lao political leadership, the improvement of Lao relations with other Southeast Asian countries, and in providing for the training of the Lao National Army. Since the grant of special powers in January to a new cabinet, there are indications that the prestige and morale of the Communist Neo Lao Hak Xat have deteriorated, while those of the non-communists have improved. Stresses and strains continue between the older conservative leaders in the Lao Home Lao and the younger elements in the Committee for the Defense of National Interests although both groups continued to participate in the government and recently have evidenced greater willingness to cooperate in the face of the NLHX threat. For the first time since Laos became independent, the Lao Government has recently been in a position to consider the long term problem of developing the rural areas. For instance, through the rural aid program, means have been made available to provincial administrators to help villagers carry out small but important development projects. Resumption of communist guerrilla activities in July may reveal communist recognition of their inability to make progress by "soft" tactics in the face of the improving Lao Government position. However, the military situation remains unclear and there is no conclusive evidence as to the exact composition,

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size and objectives of the attacking forces. Nevertheless, it is reasonable to assume that the attacks were at least supported by the North Vietnamese Communists and that their minimum objective is the reactivation of the International Control Commission. Visits by the Foreign Ministers of the Republic of Viet-Nam, Cambodia and Thailand have served to improve the good relations of Laos with those countries and may pave the way for increased cooperation with Thailand and Viet-Nam. Strong British support of the Lao Government's opposition to communist efforts to reactivate the International Control Commission was another encouraging development.

Although the Lao Government appears to have handled the insubordination of the former Pathet Lao battalion at Xieng Khouang in a moderate manner, this episode gives cause for concern on two grounds: first, the Lao Army displayed a disappointing lack of capacity to control a small scale internal security problem when it permitted the battalion to escape; second, communist bloc threats relating to this episode raised the possibility that the bloc may be planning either an accelerated subversive effort in support of the Neo Lao Hak Xat or a more serious move in Southeast Asia. Discussions in Paris at the end of May resulted in a general reconciliation of French and American views on means of improving the effectiveness of the Lao National Army through American participation in training in a manner that the French Government can justify in the light of its responsibilities under the 1954 Geneva Accords. The Lao Government has accepted French-American proposals, and a joint training program has been initiated.

The generally increased pro-Western posture of Laos has included a greater appreciation of SEATO. However, neither the Lao Government nor the United States favors Laos joining SEATO at this time.

Monetary reform, including the adoption of a realistic rate of exchange and free convertibility of the Lao currency, was undertaken by the Royal Lao Government on October 10, 1958. The reform has been successful in virtually eliminating previously widespread financial and commercial abuses and in essentially holding the line on inflation. A number of serious financial problems for the United States and for Laos, which existed in varying degrees of importance prior to the institution of monetary reform, remain unresolved: (1) Lao Government revenues remain strikingly low while expenditures have increased, thus aggravating the already sizeable civil budget deficit; (2) dollar reserves have substantially declined and have only been maintained above the "safe" level by periodic injections of cash grant dollars; (3) with the exception of POL (petroleum and other lubricants) products the use of Procurement Authorizations for imports has almost entirely ceased.

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1952 constitution, appointed a Constituent Assembly responsive to his wishes, and named a small, competent cabinet. The maneuvering of certain of his colleagues to improve their chances of supplanting him should his health fail has waned with the renewal of his vigor. He has used his power in such a way as to win public confidence. He has not succeeded in eliminating graft and corruption from government, nor has he furthered the development of democratic concepts and practices.

Sarit has stressed his desire to promote the economic development and the public welfare of Thailand. Efforts to promote foreign private investments have been initiated. United States technical and economic aid programs, as well as loans from the IBRD, DLF and Export-Import Bank, continue to provide a major impetus to Thailand's gradual economic progress. Although Thailand's economy is essentially sound its economic development continues to be hampered by basic deficiencies such as its dependence on fluctuating amounts of foreign exchange earned through agricultural exports which are subject to weather and market variations; its lack of investment and management experience; a weakness in public administration including budgetary management; and its inadequate transportation, communications and power facilities.

While some communist suspects arrested last October have been released, the government has maintained its active anti-communist policy, and the communists have been unable to resume public dissemination of propaganda. Some important arrests have been made recently but the Thai counter-subversion effort has not become sufficiently effective to stamp out covert communist party activities.

Sarit has frequently publicized the threat of communism and has declared Thailand's faith in SEATO. The Thai, who fear an expansionist mainland China, have welcomed such signs of United States resistance to communist pressures as our firm position on the Berlin issue and our immediate and effective reaction to aggressive Chinese Communist acts in the Taiwan Straits last year. While for defense purpose Sarit desires continued substantial military assistance, he has recently indicated a preference for primary emphasis on economic aid.

9. Viet-Nam . The Diem Government continued its strong political controls which, while seemingly necessary at the time because of the internal security situation, continued to antagonize some of the Vietnamese elite. The government has shown particular concern over an apparent intensification of communist terrorism and sabotage intended to interfere with Viet-Nam's economic progress and possibly to disrupt the forthcoming national assembly

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elections. The government has undertaken or planned such countermeasures as the use of armed force, special military courts for the prompt trial of terrorists, the removal of peasants from isolated spots to larger villages, and the publicizing of internal security incidents to counteract the "peaceful" propaganda of the North Vietnamese communist regime. Vietnamese military forces have improved under the MAAG training program, but the continuance of training at present levels would be inhibited by any action of the International Control Commission arising from its opposition to the indefinite retention in Viet-Nam of certain United States military personnel originally sent out for equipment salvage work and now largely used to supplement MAAG personnel in training duties. This necessitates efforts to work out with the Canadian, British and Indian Governments an acceptable basis in consonance with the Geneva Accords for an increase in MAAG personnel adequate to replace the special mission personnel referred to above. Implementation of the United States aid project for re-training and re-equipping the Civil Guard has begun with the signing of the ICA project agreement with the Vietnamese Government and the despatch of ICA personnel to administer this project in Saigon. In spite of substantial U.S. assistance, economic development though progressing, is below that which is politically desirable.

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THE SITUATION IN LAOS

THE PROBLEM

To estimate Communist capabilities and short-run intentions in Laos, and to estimate the reactions of Communist and non-Communist countries to certain contingent developments.

CONCLUSIONS

1. We believe that the Communist resumption of guerrilla warfare in Laos was primarily a reaction to a stronger anti-Communist posture by the Laotian Government and to recent US initiatives in support of Laos. We consider that it was undertaken mainly to protect the Communist apparatus in Laos and to improve Communist prospects for gaining control of the country. (Paras. 7-8)
2. The Communists probably believed: (a) that guerrilla warfare offered some prospects—at low risk—of promoting Communist objectives in Laos even if the Laotian Government received substantial moral and material support from the outside, and (b) that military forces which the West would be likely to commit inside Laos would be indecisive against the flexible Communist guerrilla tactics. (Para. 18)
3. We estimate that the Communists intend to keep the risks and the costs of their action on a low level and they are not likely in the near future to resort to large-scale guerrilla activity, at least so long as the UN fact-finding mission is in Laos. (Para. 19)
4. Most uncommitted and anti-Communist countries would probably support Western intervention in Laos if they were convinced that the Laotian Government's position was grave and that there was direct Communist Bloc support of the Laotian rebels. In that event, they would prefer that such action be taken under UN auspices. (Paras. 24-26)
5. Hanoi and Peiping have warned that any foreign military intervention in Laos would be considered as a direct threat to their national security. However, depending partly on the scale and nature of the military move, the Communist military reaction to the Western intervention, whether under UN, SEATO, or US auspices, initially would probably take the form of further covert North Vietnamese intervention rather than overt invasion. There probably would be less effort than at present to camouflage this intervention. This Communist action might, in the first instance, be limited to seizing substantial territory in Laos—such as Sam Neua and Phong Saly provinces—which we believe they could do under existing conditions with an aug-

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mentation of present guerrilla forces, and then using this situation for political bargaining purposes. The Communists would probably be prepared to accept a prolonged and unresolved struggle, particularly if the country were geographically divided. If non-Asian forces were committed in Laos, the likelihood of an overt Communist invasion would increase.¹ (Para. 21)

6. If the Communists should come to believe that a Western intervention appeared capable of resolving the conflict and establishing firm anti-Communist control over Laos, they would then face the difficult decision of whether to raise the ante further, possibly to the point of openly committing North Vietnamese or Chinese Communist forces to the fighting. We estimate that both Communist China and the USSR wish to avoid serious risk of expanding the hostilities more broadly into the Far East or beyond. We believe, therefore, that the Communists would seek through various uses of diplomacy, propaganda, covert action and guerrilla

¹ The Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; the Assistant Chief of Naval Operations for Intelligence, Department of the Navy; and the Director for Intelligence, The Joint Staff, would delete this sentence, believing that it oversimplifies the factors which might lead to an overt Communist invasion:

warfare to cause the West to back down. If, however, the Communists became convinced during the course of a series of actions and counteractions that the US intended to commit major US combat forces into Laos, we believe that the odds would be better than even that the Communists would directly intervene in strength with North Vietnamese and possibly Chinese Communist military forces."² (Para. 22)

² The Assistant Chief of Staff, Intelligence, USAF believes that the likelihood of overt intervention by Chinese Communist or North Vietnamese forces would be significantly reduced if the Communists were convinced that the US would not limit its counteroperations in an expanding conflict to the territory of Laos.

³ The Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; and the Assistant Chief of Naval Operations for Intelligence, Department of the Navy, believe that the last sentence of this paragraph overstates somewhat the willingness of North Vietnam and Communist China to use major military force against the US in the Laos situation, and therefore would delete the sentence and substitute the following: "If these measures failed, North Vietnam, and possibly Communist China, might resort to at least a show of military force in a last effort to make these pressures on the West effective, and the risks of overt Communist military intervention would thus increase. In the end, however, the Communists would be unlikely to press such use of force to a point which in their estimation would approach serious risk of large-scale hostilities." The Assistant Chief of Staff for Intelligence, Department of the Army, would add the following clause: "particularly if they were convinced that the US would not limit its counteroperations in an expanding conflict to the territory of Laos."

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DISCUSSION

I. COMMUNIST INTENTIONS IN LAOS

7. We believe that the initiation of Communist guerrilla warfare in Laos in mid-July was primarily a reaction to a series of actions by the Royal Lao Government which threatened drastically to weaken the Communist position in Laos. For a period of about one year after the November 1957 political agreements between the Laotian Government and the Pathet Lao, the Communist controlled party in Laos—the Neo Lao Hak Zat—attempts to move by legal political competition toward its objective of gaining control of Laos. The Laotian Government had taken counteraction which checked this effort. Moreover, the US had stepped up its activities to strengthen the Laotian Government, notably through the decision to send military training teams, and clearly was increasing its presence in Laos. The Communist advance in Laos was losing impetus. To the Communist world, the future probably appeared to be one of increasing political repression, declining assets, and a strengthened anti-Communist position in the country.

8. Hence we believe that the current crisis was initiated mainly in order to protect the Communist apparatus in Laos, to stop the trend towards Laotian alignment with the US, and to improve Communist prospects for gaining control of the country. Judging by Communist propaganda and diplomatic representations, and by the scale of guerrilla activities to date, it does not appear that the Communists expected by military action to overthrow the Laotian Government and seize control of the country. They may have believed that the government would be intimidated into immediate concessions, restoring at least a major part of the legal and political position which the Communists had enjoyed after the 1957 agreements between the Pathet Lao and the government. We think it more likely, however, that the Communists expected a renewal of strife in Laos to alarm the world at large and to produce a widespread demand for restoration of quiet, and that they hoped thus

to bring about through international action a return of the International Control Commission (ICC) to Laos. Under the ICC the Communists had enjoyed substantial advantages, and they probably expected to enjoy them again if the Commission returned.

9. Whatever their initial aims, the Communists undoubtedly were prepared to adapt their tactics and their objectives to the developing situation, and even to press on towards an overthrow of the government and control of the country if the prospects for such actions developed favorably. They may also have in mind, as a feasible intermediate aim, the re-establishment of Communist control over the provinces of Sam Neua and Phong Saly, and possibly the formation of a rival government in those areas as a springboard for future subversive efforts.

10. The Chinese Communists probably have certain interests in the present crisis in addition to those of North Vietnam. It is basic to Chinese Communist policy to oppose vigorously the strengthening of anti-Communist regimes in the area of their interest in Asia and to resist the strengthening of the US position anywhere on China's periphery. The Chinese Communists probably also wish to demonstrate to Southeast Asian governments, particularly the neutralist ones, that they cannot turn toward the West without serious risks. Although Peiping may well wish to emphasize its importance on the world scene and may regard the Laos crisis as useful for this purpose, this is probably no more than a bonus effect.

11. Soviet interests in the current crisis in Laos are more remote than those of Peiping and Hanoi. The USSR probably views the current actions of Hanoi and of the Communist guerrillas in Laos as a reasonable application of basic Communist revolutionary doctrine and in line with worldwide Communist interests. It is probably willing to let Peiping and Hanoi work out the details so long as the situation does not appear to risk major hostilities with the West. Moscow's propa-

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ganda has concentrated on charging the Laotian Government with violations of the 1954 Geneva Agreements, but on the whole, Moscow has continued to follow a more restrained line than Hanoi or Peiping. Soviet restraint on this question is likely to continue at least as long as the current high-level East-West discussions are underway.

II. PROSPECTS FOR GUERRILLA WARFARE

12. Many conditions in Laos, especially in the northern provinces of Phong Saly and Sam Neua, are favorable for Communist guerrilla warfare. The country is mostly jungle covered mountains. It is sparsely populated. Most of the people live in small isolated villages connected only by foot trails and waterways. The few roads which do exist, except those in the immediate vicinity of the major towns, are little more than jeep trails. Furthermore, the supply routes from Hanoi into Sam Neua and Phong Saly provinces and into central Laos are considerably better than those from Vientiane. Air facilities in Laos are limited. The two primary airfields (Seno and Vientiane) have a year-round capability to support medium transports with limited loads. Three secondary airfields (Luang Prabang, Pakse and Xieng Khouang) can support light transport operations on a year-round basis. The remaining airfields are of marginal value, particularly during the rainy season. Communications facilities are inadequate even for minimum administrative requirements in peacetime. Vientiane has radio communication with the provincial capitals and the regional military commands. Most villages, army outposts, and self-defense units must depend upon runners for communication with higher authorities.

13. Current monsoon rains hamper Laotian Government military operations and logistic support more than they do Communist guerrilla operations. The rainy season generally slackens about mid-September to mid-October and is followed by a five-month dry season.

14. The social and political situation also offers favorable opportunities for Communist guerrilla and psychological warfare. The au-

thority of the Laotian Government has never been thoroughly established throughout the nation, due in part to the physical characteristics of the country and in part to a general lack of interest by the ethnic Lao governing elite, which is concentrated in Vientiane and Luang Prabang. People of Lao stock make up only half of the population. These considerations have inhibited the development of a Laotian national spirit, or identification with the central government. The common people of Laos, especially those in the villages, are superstitious and simple folk highly susceptible to rumors, propaganda and intimidation. Communist psychological warfare has been at least as effective as armed action in the current effort.

15. Government authority has been especially weak in the northern provinces of Sam Neua and Phong Saly which were under Pathet Lao control until late 1957. During the lull between the 1957 Laotian Government-Pathet Lao agreements on unification and the renewal of Communist guerrilla activity in mid-July of this year, the government had made only a beginning in the process of re-educating the population of these two provinces away from Communist influences, or away from their traditional trade ties with northern Vietnam. This is particularly true among the Kha, Meo and Black Thai tribal groups, whose mountainous domain straddles the Laotian-North Vietnamese border. These tribes, which make up about 50 percent of the population of Sam Neua and Phong Saly provinces, have traditionally been antagonistic toward the Lao people and government.

16. Most of the guerrillas in the northern provinces are ex-Pathet Lao soldiers, and Meo and Black Thai tribal people. Elements of the Pathet Lao battalion which refused integration and escaped to North Vietnam are probably involved. It is almost certain that many of the guerrillas now engaged have received training in North Vietnam, that some supplies and equipment for the current operations have been provided by North Vietnam, and that the guerrillas move into and out of North Vietnam as necessary. The total number of guerrillas involved up to the present is

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relatively small—probably 1,500 to 2,000 at most. Although this may represent the major portion of guerrillas recently indoctrinated and trained for operations in Laos, the Communists probably have considerable additional potential strength. Although we have no conclusive evidence of participation by North Vietnamese, we believe it is almost certain some are involved in the guerrilla activity, particularly in coordination, communication, and advisory roles. Lao rebel capabilities are directly proportional to the amount of assistance provided them by North Vietnam.

17. We believe that if, under existing conditions, the Communists made a vigorous effort through guerrilla warfare to seize Sam Neua and Phong Saly provinces, they could succeed in doing so with an augmentation of present guerrilla forces by additional guerrilla forces and logistic support from outside Laos, and without involving the use of regular North Vietnamese units. Sam Neua town itself, which has special political and psychological importance for the Laotian Government, might be able to hold out for a considerable length of time, particularly if loyal troops elsewhere in the province conducted effective guerrilla action against the Communist guerrillas. However, problems of logistic support and morale, if not corrected, could lead to the fall or surrender of Sam Neua town. Although the loss of the two provinces and particularly of Sam Neua town would be a serious blow to the Laotian Government, we do not believe that it would lead to the collapse of the government's will to continue the struggle, particularly if it appeared that effective help would be forthcoming.

18. The considerations discussed in the paragraphs above probably caused the Communists to believe: (a) that guerrilla warfare offered some prospects—at low risk—of promoting Communist objectives in Laos even if the Lao Government received substantial moral and material support from the outside, and (b) that military forces which the West would be likely to commit inside Laos would be indecisive against the flexible Communist guerrilla tactics.

III. REACTIONS TO CERTAIN CONTINGENT DEVELOPMENTS

19. We do not believe that the Communists will resort in the near future to large-scale guerrilla activity, such as an attempt to take Sam Neua, at least so long as the UN fact-finding mission is present in Laos. The Communists will make special efforts to conceal evidences of outside participation and will probably reaffirm offers to negotiate political differences with the Laotian Government. Moreover, the US has already set in motion certain military preparedness measures in the Far East. It is possible that these or similar moves might cause the Communists to keep guerrilla activity in Laos at a low level for a considerable period.

20. If, however, Communist armed action increased in scale and effectiveness, either in the near future or at some later time, and if Laotian appeals for outside assistance did not result in quick and favorable response, it is probable that Laotian morale would rapidly decline and the will to resist would wither away. Such developments would have widespread adverse repercussions throughout neutral and non-Communist elements in Southeast Asia.

21. Hanoi and Peiping have warned that any foreign military intervention in Laos would be considered as a direct threat to their national security. However, depending partly on the scale and nature of the military move, the Communist military reaction to the Western intervention, whether under UN, SEATO, or US auspices, initially would probably take the form of further covert North Vietnamese intervention rather than overt invasion. There probably would be less effort than at present to camouflage this intervention. This Communist action might, in the first instance, be limited to seizing substantial territory in Laos—such as Sam Neua and Phong Saly provinces—which we believe they could do under existing conditions with an augmentation of present guerrilla forces, and then using this situation for political bargaining purposes. The Communists would probably be prepared to accept a prolonged and unresolved

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struggle, particularly if the country were geographically divided. If non-Asian forces were committed in Laos, the likelihood of an overt Communist invasion would increase.⁴

22. If the Communists should come to believe that a Western intervention appeared capable of resolving the conflict and establishing firm anti-Communist control over Laos, they would then face the difficult decision of whether to raise the ante further, possibly to the point of openly committing North Vietnamese or Chinese Communist forces to the fighting. We estimate that both Communist China and the USSR wish to avoid serious risk of expanding the hostilities more broadly in the Far East or beyond. We believe, therefore, that the Communists would seek through various uses of diplomacy, propaganda, covert action and guerrilla warfare to cause the West to back down. If, however, the Communists became convinced during the course of a series of actions and counteractions that the US intended to commit major US combat forces into Laos, we believe that the odds would be better than even that the Communists would directly intervene in strength with North Vietnamese and possibly Chinese Communist military forces.⁵

23. The Communists would probably counter the unilateral introduction of "volunteers" or regular military units from South Vietnam and Thailand with the introduction of North Vietnamese "volunteers."

⁴ See footnote to Conclusion 5.

⁵ See footnotes to Conclusion 6.

24. The uncommitted and anti-Communist countries of the world would view with alarm a Communist takeover of Laos, but are fearful that a Western intervention in Laos might lead to the outbreak of a major war. Nevertheless, most of these countries, including most members of SEATO, would probably support such intervention if they were convinced of the gravity of the Laotian Government's position and of direct Communist Bloc support of the rebels in Laos. The findings of the UN Security Council subcommittee will almost certainly have an important influence in this respect.

25. If the uncommitted and anti-Communist countries accepted the need for intervention in Laos, they would prefer that such action be taken under UN auspices. If dispatch of a UN-led force were blocked by Communist diplomatic opposition, intervention by SEATO would probably be supported by most Free World countries despite the strong dislike of some neutralist nations for the SEATO concept. On the other hand, SEATO failure to move effectively in response to a Lao appeal for help would not only endanger the existence of SEATO itself but would seriously weaken the confidence of the non-SEATO states of Asia in the West's determination and ability to defend them from Communist attack.

26. US military intervention, such as the dispatch of troops to Laos, in the absence of broad acceptance of the need to intervene would probably have little support even among the anti-Communist nations. Our SEATO allies, however, would probably support us although most might do so with considerable reluctance.

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Oct 20 1959

REFER TO I-16,041/9

MEMORANDUM FOR THE DIRECTOR, JOINT STAFF

ATTENTION: DIRECTOR OF INTELLIGENCE

SUBJECT: North Viet-Nameese Military Establishment and
Capabilities

The International Control Commission (ICC) has requested that the Government of Vietnam furnish them information regarding U.S. plans for reduction and/or phase out of TERM in Vietnam. The Department of Defense has requested that the Department of State obtain approval from the ICC for an increase in the MAAG ceiling before providing the information requested. The Departments of State and Defense have agreed that Canadian and Indian members of the ICC should be briefed and requested to support the U.S. position. In order to bolster the case for an expanded U.S. training program, it is requested that the Director of Intelligence, Joint Staff, prepare an estimate of North Viet-Nameese capabilities and appraise the unstable political and military conditions in Laos. It is recommended that the estimate be prepared with marginal notes indicating what information is releasable respectively to Canadian and Indian nationals.

(Signed) Charles H. Shuff

Deputy Assistant Secretary

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OPERATIONS COORDINATING BOARD

February 10, 1960

SPECIAL REPORT ON SOUTHEAST ASIA (NSC 5809)

(Approved by the President, April 2, 1958)

(Period Covered: From August 12, 1959, through February 10, 1960)

ADEQUACY OF U. S. POLICY IN MAINLAND SOUTHEAST ASIA (NSC 5809)

1. The validity and implementation of U. S. Policy on Southeast Asia has been appraised and evaluated in the light of operating experience. It is recommended that the National Security Council review those parts of the policy which pertain to Cambodia and Laos. The basis for this recommendation is as follows:

Cambodia (Paragraphs 39 through 42)

2. The major difficulty is encountered in the present wording and context of paragraph 39. Owing to the evolution of political conditions in Cambodia over the past 18 months, this paragraph appears misleading in that it does not provide guidance for dealing with Prince Sihanouk and the political strength he represents, but rather implies that we should encourage non-communist elements whether or not they are opposed to Sihanouk. The latter has emerged with added power and prestige from the abortive coup plots and subsequent subversive activities mounted against him in 1959 by ostensibly anti-communist elements. In the process many of these elements were eliminated and the revelation of their real or fancied association with the United States and other free world countries undermined Cambodian confidence in U. S. motives and became an obstacle to the pursuit of our objectives. Moreover, Sihanouk has given further evidence of political astuteness in the domestic arena, has displayed increased alertness to communist subversion, and has shown no inclination to tolerate any challenge to his pre-eminence. Policy guidance, therefore, should be directed conspicuously and specifically at the problem of dealing with Sihanouk, by all odds the major single factor in Cambodia and the principal target of U. S. policy.

3. The other courses of action for Cambodia (paragraphs 40 through 42) remain valid, but fail to take into account the particular forms in which certain general problems are encountered in Cambodia. In revising the NSC paper, consideration should be given to the following additional points:

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a. It would seem desirable to acknowledge the acute sensitivity of Cambodians to the U. S. attitude toward Sihanouk's brand of neutrality and to reinforce the general guidance on this question given as a regional course of action in paragraph 14 by more specific treatment in the country section.

b. Another problem which probably merits specific attention is the presence française in Cambodia. Guidance on U. S. policy toward the attempt to maintain French influence in Cambodia, and on the use of this influence in the furtherance of U. S. objectives, would appear desirable.

c. Paragraphs 40 and 41, dealing with U. S. aid, probably could be revised to reflect the fact that our military and economic assistance programs in sensitive fields are essentially preclusive in nature and to provide clearer guidance on the use of U. S. aid to prevent communist penetration. 2
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d. Finally, the guidance on Cambodia's relations with its neighbors might be strengthened to reflect the greater significance this problem has assumed in recent months and consequently the more urgent need for the U. S. to exert a moderating influence.

Laos (Paragraphs 43 through 49)

*4. Both the internal political situation and the country's external relations have evolved considerably since NSC 5809 was approved (April 2, 1958), and the guidance contained in paragraphs 43 through 49 is not entirely adequate in the light of operational experience.

5. More specifically, our problem in the last few months has not been "to strengthen the determination of the RLG to resist subversion" (P. 43) or "to prevent Lao neutrality from veering toward pro-communism" (P. 44). Without minimizing the importance of these objectives, our immediate operational problem has been to persuade the Lao leadership from taking too drastic actions which might provoke a reaction on the part of the North Vietnamese and which might alienate free world sympathy for Laos--as for instance, outlawing and eliminating by force the NLHX, or taking a hard anti-communist position in international affairs.

6. Again, the events of the past summer have strengthened the belief of the Lao in the UN and have satisfied them that SEATO and, more importantly, the U. S. would come to their assistance in the event of armed conflict with the communist bloc. Therefore, the question now is not to

*See Attachment: Laos: Political Background.

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"develop an attitude of confidence on the part of the Lao leaders" (P. 45) in UN, SEATO and U. S. support, but rather to make these leaders assume a greater sense of responsibility and take into account the international repercussions which their actions may cause.

7. The entry of the UN into Laos poses new problems but also offers new opportunities to satisfy the increasingly felt yearning for progress. It creates a new factor in Lao foreign relations which will henceforth have to be taken into account.

8. In summary, it is considered that the language of the policy paper no longer applies realistically to existing conditions in Laos and does not provide guidance for our position regarding the assumption of new responsibilities by the United Nations.

Attachment:

Laos: Political Background

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LAOS: POLITICAL BACKGROUND

9. In April 1958 an electoral campaign was under way in which the Neo Lao Hak Xat, the communist-front party, was permitted to participate. The campaign was being fought for 21 seats to the National Assembly in fulfillment of a provision of the Political Agreement which had been signed between the Royal Lao Government and the communist dominated Pathet Lao the previous November. This agreement had also provided for the entry of two Pathet Lao leaders into the Cabinet. The Military Agreement, signed at the same time, provided for the integration of two Pathet Lao battalions into the Lao Army and the demobilization of the balance of the Pathet Lao forces. In sum, with communist and fellow-travelers permitted to enter the Cabinet, the administration, the army and the National Assembly, the fate of Laos appeared in the spring of 1958 to be cloudy indeed. The results of the elections, which were held in May, confirmed our fears. The Neo Lao Hak Xat and a satellite party won 13 of the 21 seats at stake, giving clear evidence of the party's strength and organization.

10. Since then, anti-communist elements have taken a firmer stand toward the NLHX and a take-over by peaceful means, which we may presume the PL anticipated and we ourselves feared, does not appear to be an immediate possibility.

11. The election results gave anti-communist patriotic elements a severe shock and in reaction the two major political parties merged into one (Rally of the Lao People), while a group of young, relatively better educated men in the government, military and business circles organized themselves into a so-called Committee for the Defense of the National Interests (CDNI). The CDNI's stated purpose was to support any Cabinet, political party and individual who worked in the national interests. The CDNI was strongly anti-communist.

12. In July 1958, the vacillating Souvanna Phouma, who negotiated with the Pathet Lao, resigned as Prime Minister and, in August, Phoui Sananikone formed a new Cabinet from which the Pathet Lao were excluded and which comprised representatives from both the Rally and the CDNI presenting a solid anti-communist front. This Cabinet, which was further strengthened in January 1959 by the inclusion of three senior army officers, tackled one by one some of the major problems which had been left pending by previous governments. It carried out monetary reform, a partial administrative shakeup, undertook various village aid and psychological warfare programs, and consented to have France and the United States implement a joint training program for its army.

13. In January 1959, the Prime Minister declared unequivocally before the Assembly that the government's foreign policy was pro-western and

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anti-communist and, in February, declared that Laos had satisfied all the provisions of the Geneva Agreement. While the government has somewhat gone back on this bold stand and resumed an announced foreign policy of neutrality (with our encouragement), in fact it has continued to oppose the exchange of diplomatic missions with any communist country and at home has taken firm measures to counter and control the Neo Lao Hak Xat. The progress which the government was slowly making, its firmness toward this party, and the party's consequent lessening prospects of a peaceful take-over, have been considered causes for the events of the past summer. By reverting to armed subversion, the communists presumably sought to protect their apparatus and recover their influence which had been gradually eroded over several months.

14. The events of this summer brought world attention to focus on the situation in Laos. Domestically, they resulted in strengthening the anti-communist, anti-Viet Minh convictions of the Lao leadership. Internationally, they brought about the decision to establish an enlarged UN presence in the country which would permit world opinion to focus rapidly on the situation if new fighting were to break out. At the same time, the Lao gained a sense of reassurance that SEATO and, more meaningfully, the U. S. were prepared to stand by their country if it came to a showdown.

15. While it is not inconceivable that a Cabinet with neutralist tendencies might be created, such an eventuality is far less likely than in April 1958. Major elements of the Lao leadership are firmly committed to an anti-communist stand. Therefore, the major problem is no longer one of insuring an anti-communist government but rather one of giving the pro-western anti-communist elements cause for maintaining their position encouraging greater cohesion among them and reassuring them that their policies will permit their country to progress. This evaluation is strengthened by the recent political crisis of December 1959-January 1960 which brought about the downfall of Phoui and the creation of a new Cabinet under Kou Abhay. While Kou has made public declarations of neutrality (in consonance with our recommendations), all the Ministers on whom the Ambassador called have made clear that they would continue to look to close cooperation with the U. S. The Kou Government is charged with preparing Laos for new elections in the near future.

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FOREIGN SERVICE DISPATCH

March 7, 1960

American Embassy SAIGON

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Despatch

This document consists of 22 pages. Copy 14 of 25 copies. Series C
Department's Telegram No. 1339, January 29, 1960

D/ARMY

Special Report on Current Internal Security Situation

Enclosed is a special report prepared by a Country Team study group on the current internal security situation in Viet-Nam. A summary of this report and an analysis of the main factors in Viet-Nam's current serious internal security problem are given below:

Situation. Internal security, which improved greatly since the nip and tuck period from 1954-56 but which nevertheless has been a steady concern of the GVN over the past few years, has again become its No. 1 problem as a result of intensification of Viet Cong guerrilla and terrorist activities, weaknesses apparent in the GVN security forces and the growth of apathy and considerable dissatisfaction among the rural populace. The situation has grown progressively more disturbing since shortly after the National Assembly elections at the end of August 1959, despite the fact that President DIEM was claiming, up to the end of December, that internal security was continuing to improve. The monthly rate of assassinations rose substantially starting in September, and other signs of increasingly aggressive VC tactics such as ambushes of GVN security forces began to appear about the same time. The full impact of the seriousness of the present situation was brought home by a series of VC incidents in late January and February, particularly an attack on an ARVN regimental post near Tay Ninh, other smaller and less dramatic attacks on security posts elsewhere in the southwest and serious VC depredations in Kien Hoa Province.

President Diem and other GVN officials are now showing a reassuring awareness of the gravity of the situation. They have not permitted themselves to become panic-stricken, and there is no reason to become alarmist if prompt steps are taken to correct the situation.

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VC Intentions and Potential. Indications are growing that the VC are mounting a special campaign aimed at undermining the Diem Government. According to CAS sources, VC armed cadre strength has increased to about 3,000 in the southwest, double the number in September. VC groups now operate in larger strength, and their tactics have changed from attacks on individuals to rather frequent and daring attacks on GVN security forces. A recent CAS report has indicated a VC intention to press general guerrilla warfare in South Viet-Nam in 1960, and indicates the VC are convinced they can mount a coup d'etat this year. President Diem also told me in late February about the capture of a VC document indicating their intention to step up aggressive attacks all over the country, including Saigon, beginning in the second quarter.

These signs indicate that aggressively worded statements emanating from the DRV in 1959 may accurately reflect DRV intentions. In May 1959 the central committee of the Lao Dong Party passed a resolution stating that the struggle for reunification of Viet-Nam should be carried out by all "appropriate means". Subsequently in conversations with Western officials, Prime Minister Pham van DONG made statements to the effect that "We will be in Saigon tomorrow" and "We will drive the Americans into the sea".

It is not completely clear why the DRV has chosen this particular time to mount an intensified guerrilla campaign in South Viet-Nam. Several hypotheses have been put forward. The campaign may be part of general Chicom strategy to increase pressure on non-communist countries all along the southern rim of the Asian communist bloc. Several GVN officials, including President Diem, have said that the present DRV tactics may be related to the forthcoming East-West summit meeting, but they do not seem to be clear as to just what this relationship might be. Diem and others have also expressed the view that the DRV is aiming at disruption of the GVN's economic, social and security programs, many of which have been making steady progress while others, like the agrovillage program, threaten to weaken the VC position if carried out successfully. The DRV may also have been embittered by its failure to interfere successfully with the GVN National Assembly elections last August and resolved, as a result of this failure, to intensify activities in the South.

GVN Security and Political Weaknesses. At the same time that the DRV guerrilla potential has increased in the South, weaknesses have become more apparent in the GVN security forces. GVN leaders have in recent weeks stressed the need for more anti-guerrilla training of ARVN. The desirability of centralized command in insecure areas and a centralized intelligence service has also

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become more evident. The need for a capable, well-equipped, well-trained, centrally-controlled Civil Guard is even more keenly felt than previously.

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Likewise, at the same time, signs of general apathy and considerable dissatisfaction which the VC can play upon have become more evident among the people in rural areas. Fear among the peasants engendered by sustained VC terrorist activities against which the GVN has not succeeded in protecting them is combined with resentment of the GVN because of the methods which are all too often employed by local officials. Coercion rather than persuasion are often used by these officials in carrying out the programs decided upon in Saigon. There is a tendency to disregard the desires and feelings of the peasantry by, for instance, taking them away from their harvests to perform community work. The new agrivillage program requiring large numbers of "volunteer" laborers has accentuated this trend. Improper actions by local officials such as torture, extortion and corruption, many of which have been reported in the press, have also contributed to peasant dissatisfaction. Favoritism and fear of officials and members of the semi-covert Can Lao Party have likewise contributed to this situation.

Diem cannot be completely absolved of blame for this unsatisfactory situation in the rural areas. Considerable evidence has existed that he has not in the past kept himself properly informed of what is going on. Officials have tended to tell him what he wants to hear, largely because of fear of removal if they indicate that mistakes have been made or reply that projects which he is pushing should not be carried out as rapidly as he desires.

GVN Counteractions. Developments during the last month or so have, however, awakened Diem and other officials to the gravity of the present internal security and political situation. As already indicated, they are now emphasizing the need for increased anti-guerrilla training of the security forces. Diem also has indicated that he is establishing a special commando force with "volunteers" from ARVN, the Civil Guard and reservists who had guerrilla experience during the Indochina war. Diem has also stated that the new commander of the Fifth Military Region (the area of greatest insecurity) has been given full powers over all the security forces in that area, thus recognizing the need for centralized command rather than fragmentation of authority among the province chiefs.

Diem has also indicated that he is replacing local officials who are incompetent or have abused their power. He is placing

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renewed emphasis with these officials on the necessity of winning the confidence of the people and explaining to them the reasons for the government's programs. He has also indicated that he has ordered a slow-down in the construction of agrovilles, apparently in recognition of the indications that the people were being driven too hard to carry out this new program.

The Embassy's views on these countermeasures of the GVN as well as on certain other actions which should be taken have been expressed in a separate despatch. As the situation develops, the Embassy expects to make additional recommendations.

/s/Elbridge Durbrow
Elbridge Durbrow

Enclosure:

Special Report on Current
Internal Security Situation

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Special Report On Internal Security Situation In Viet-Nam

The Viet Cong attack on the Vietnamese Army installation near Tay Ninh on January 26 is a dramatic illustration of the increasingly aggressive tactics of the Viet Cong and of the difficulty the GVN is having in controlling the internal security situation. The audacity of the Viet Cong in conducting the attack, the likelihood of VC infiltration into ARVN, the indications of secret support of the VC by some of the local populace, the successful planning and coordination in carrying out the attack as opposed to apparent failure of ARVN which had been told there might be an attack to be sufficiently alert for such an attack and effectively counter once the attack had been launched, are indications of many of the problems faced by the GVN and discussed in this report.

Recent Viet Cong Activity

A. General Situation

The increase in Viet Cong activity in recent months can be traced back as far as the middle of September when the assassination and kidnapping rate began to rise. It will be recalled that the Government of Viet-Nam intensified its anti-VC measures during the spring of 1959 when it increased its forces engaged in internal security operations. These operations appear to have forced the VC to curtail their activities for a period of several months, regroup, strengthen and reorganize their cadres and establish new bases. The added precautions taken by the GVN during the period prior to and immediately following the August 30 National Assembly elections further suppressed VC activity. The two important exceptions to this relatively static period of VC operations are the acts of sabotage of farm machinery in May and June (which backfired because of peasant resentment) and the July attack on U.S. Army personnel at the MAAG detachment in Bien Hoa.

By September 1959 the VC position was somewhat as follows: The VC had failed to carry out their plans to disrupt the National Assembly elections. This failure placed the VC in a position of reasserting themselves in the countryside or facing a gradual decrease of their influence as the GVN improved security and pushed forward its social and economic reforms.

Reports reaching CAS indicated that the VC by September had become quite concerned over the possible effects of various GVN programs which were getting underway at that time. The GVN program for regrouping isolated peasants into communities was just beginning, the various youth organizations were becoming active in the villages and the new identity card program promised to create difficulties for many VC cadres who had been provided with false identity papers. The VC propaganda offensive against these programs, which was already underway during August, was intensified in September and VC harassment and violence

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directed against GVN youth groups, project personnel and village officials began to rise.

B. Assassinations and Kidnappings

The figures presently available indicate that assassinations and kidnappings perpetrated by the VC and other dissidents got off to a slow start in September, '59. The date on which the GVN relaxed its post-election security precautions is not available at the present time, but the VC which committed only 7* assassinations and 4 kidnappings in the first 13 days of September subsequently intensified their activities and by the end of September the total for the month amounted to 22 assassinations and 34 kidnappings, according to evaluated data from various sources. From this point the figures have continued to rise to levels considerably above the average for the past two years. A chart prepared by the Embassy and based as nearly as possible on constant criteria, is included as Annex I to this report. Deaths or persons missing as a result of participation in armed combat are not represented on this chart. Since reports are still incomplete for November and December, the figures for these months are tentative.

Although a complete analysis of assassinations and kidnappings is not available at the present time, it has become fairly apparent that since last summer the VC have added the newly formed GVN youth groups to their list of prime targets which continue to include village officials and NRM cadres. The vast majority of incidents has consistently occurred in the Fifth Military Region with a small number reported in the First and Capital Military Regions. During September and October, the months for which final figures are available, An Xuyen Province topped the list for both assassinations and kidnappings, followed by Kien Giang, Kien Phong and Phong Dinh. Other Provinces in the Fifth Military Region, although far from peaceful, vary considerably from month to month.

C. VC Military Type Operations

VC activities involving military type operations such as ambushes, clashes and attacks on GVN military and civil posts have intensified in size and vigor over the past few months although, according to available information, the number of such actions increased only slightly through December. Statistics from GVN sources on actions and casualties of both friendly and enemy forces

* This figure includes four members of the security forces who may have been killed in action since reports simply state that they were "killed" by the VC.

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for the period July-December 1959 are shown in an attachment. The accuracy and value of the casualty statistics is, however, open to serious question. Comparison of ARVN data with that obtained from the NPSS and the SDC shows frequent discrepancies in casualty figures.

The post-election intensification of VC attacks began with the completely successful engagement of two ARVN companies on September 26. The poor performance of ARVN during this operation exposed a number of weaknesses which have been commented upon by many CAS and MAAG sources in the Vietnamese Government. MAAG's evaluation of the factors contributing to ARVN's failure include security leaks, inadequate planning, lack of aggressive leadership, failure to communicate information to other participating units and the failure of supporting units to press forward to engage the VC (they were close enough to hear the sound of gunfire at the time). Another factor of importance illustrated in this ambush was the confidence of the VC in their ability to successfully conduct such operations. This self assurance and aggressiveness appear to be characteristic of many actions taken by the VC since September and have probably contributed to the low state of morale reported in GVN security units by CAS sources.

Earlier in 1959 ARVN units were ordered to conduct operations in Phuoc Thanh Province (VC Resistance Zone "D"). From March 8-19 1959 elements of the 7th Division and a paratroop group conducted an indecisive operation against the VC in this area, mainly because of difficulty in locating the VC. Toward the end of March the elements of the 7th Division were replaced by 3 battalions of the Airborne Group, 2 infantry regiments and other miscellaneous units, to seal off and block in the area. The Vietnamese Air Force employed 5 and later 6 F8F fighter planes to conduct air strikes. These strikes employed rockets, bombs and strafing, but the only known result was the destruction of a number of VC buildings and huts. As the rainy season approached the emphasis was switched from operations to providing security for road construction and other civil works teams. Some patrolling in search of VC was continued throughout the rainy season, but contacts with the VC were minor and infrequent. By September, Engineer construction troops had reportedly been set to work doing road work, clearing the forests, planting trees and building houses. The 5th Division was the principal unit engaged in the operation and was still in Phuoc Thanh as of late November, searching for VC. The bulk of the VC had apparently moved on to continue their operations elsewhere.

Major incidents in October were the following: According to a CAS report an ARVN section (which normally consists of about 45 men) immediately surrendered when attacked by a VC group on October 10 in Kien Phong Province. ARVN, however, denies the occurrence of this incident. On October 30 a

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group of 80 to 100 VC attacked the Kien An District Office, Kien Giang Province, killing the district chief, a policeman, six CG members and four civilians. Seven civilians were wounded and the VC after releasing about 70 prisoners from the local prison compound carried away 23 weapons and other equipment plus the district payroll, which was apparently the target of the raid. Exact VC casualties are not known, but were estimated to be considerable.

According to a senior GVN intelligence officer whose comments were reported by CAS in December, the VC in An Xuyen, Ba Xuyen, Kien Giang, Phong Dinh, An Giang, Kien Phong, Kien Tuong, and Long An Province numbered 2900 about twice the September 1959 figure, divided into groups of 40 to 50 men. This officer expressed the opinion that VC attacks in November on isolated Civil Guard posts and ARVN patrol units in Kien Phong Province present an important change in VC strategy in the southwest and that the VC plan to become increasingly active in early 1960 in an effort to prove to the people that the GVN is unable to cope with the internal security situation. An example of this type of activity is the November 14 VC storming of Phong My Market in Kien Phong Province during which they reportedly set fire to a defense militia post, the information hall, three bridges and a motor-boat of the Kien Phong Security Service. Minister of Information THANH told British Ambassador PARKES on February 22 that the VC's are burning a large number of information halls, and he is very worried by the lack of protection and retaliation.

By November and December it had become apparent that the VC were operating in larger groups than those used earlier in the year and that their attacks were well planned and vigorously executed. It seems apparent, moreover, from such large scale operations as took place in late January in the provinces of Kien Hoa, Tay Ninh and Phuoc Long (Dong Xoai incident) that the VC have further increased their activities.* Serious incidents are continuing: ARVN intelligence reports indicate that approximately twenty VC attacked a boat in Kien Giang Province on February 2 killing 12 Civil Guard and 13 civilians and wounding 11 Civil Guard, 2 other security personnel and 5 civilians and that as of February 7 VC terrorism was continuing in Kien Hoa Province.

* See Embassy telegrams 2288 (February 1) 2301 (February 2); FVS 4221, 4222, 4229 and 4227; ARMA CX-9.

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D. Other Recent VC Activities

A recent CAS report concerning a group of VC numbering nearly 1000 men (probably exaggerated) entering a town 3 or 4 kilometers from Ben Tre on January 24 and spending most of the day unopposed, spreading VC propaganda is not the only such report of VC boldness. A similar incident involving about 100 armed VC occurred in Kien Giang Province on September 21. The fact that the VC can, and have on a number of occasions, entered fair sized communities, spent several hours or a day propagandizing the population and then retired without meeting GVN resistance would indicate that the VC have an effective intelligence system.

According to CAS sources, infiltration of the GVN security forces (including ARVN) has been a part of VC planning throughout this period. The GVN suspected that details of the ARVN operation on September 25 and 26 was made known to the VC by persons who had penetrated the government units. Infiltrations have contributed to other VC successes, possibly including the Tay Ninh incident on January 26. The VC, according to a CAS report, have also made a special effort to obtain ARVN uniforms. Reports have been received by CAS concerning encounters by GVN patrols of what was believed to be an ARVN patrol, but which turned out to be VC.

Increased activity was also noted in Central Viet-Nam although the problem there was less intense than in the South. According to CAS VC armed strength in Central Viet-Nam in November was about 300. According to CAS sources the VC in the highlands of Quang Ngai carried out daring attacks during November on the head offices of communal councils and of the NCM. They also destroyed bridges and sections of road in an attempt to sabotage communications. Having gained influence among the Montagnards to the extent of being able to establish bases in the highlands, the VC were reportedly planning in November to extend their political and military activities to the coastal regions.

Around midnight on November 5, 25 to 30 VC (50-100 by another estimate) armed with automatic weapons attacked a 15 man squad of the 2nd Battalion, 4th Engineer Group guarding a temporary engineer equipment park near Gia Vue (on Highway 5) in Quang Ngai Province. Four members of the squad managed to escape but the remainder were questioned and given a propaganda lecture for 2 hours. One dump truck and 1 grader were burned and 1 tractor was damaged. ARVN casualties were 1 killed and 2 wounded. The VC lost 2 dead left at the scene of action. On the following night the timber decking on an Eiffel bridge near Gia Vue was burned by an estimated 60 Montagnard VC. The damage was repaired but the next night the Montagnard VC returned and again set fire to the decking, this time doing sufficient damage to require 3-4 days to repair.

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These incidents, plus a relatively minor incident involving a VC attack on ARVN patrol on September 14 some 35 kilometers south of the town of Quang Ngai are significant in that they represent the first such reports received from Central Viet-Nam of this type of violence in many months. VC activity among the Montagnards, particularly propaganda activity, intended to set the Montagnards against the GVN and its programs for economic and social development in Central Viet-Nam has been the subject of reports by CAS and our consulate at Hue. There have also been a number of reports of VC efforts to establish bases and to recruit Montagnards for guerrilla activity.

During a visit to Kontum in late January our Consul in Hue found officials rather worried about the security situation. The Chief of Kontum's northermost district of Dak Sut said that during a three week period in January, Communists had forced or persuaded three Montagnard villages to withdraw into the mountains, out of reach of GVN administrators. This District Chief said that he and the Kontum Civil Guard Chief both think that the Communists have a major base in the Quang Nam mountains northeast of Dak Gle (the northermost point en route 14), and predicted that communist activities in northern Kontum and southwest Quang Nam provinces would be stepped up in 1960. Our Consul was not permitted to go all the way to Dak Gle because on January 18 a Civil Guard force patrolling route 14 was fired on by a machine gun on a hilltop between Dak Gle and Dak Rotah.

A large scale sweep intended to flush out Viet Cong in the mountains of Quang Ngai Province has been underway since the end of October 1958. According to information obtained by USOM Public Safety Division, eleven companies of the Civil Guard and one battalion of ARVN and two intelligence companies were employed in the initial pacification phase. The operation was reported by mid-January to have entered a second phase, that of securing the support of the local population. The new chief of Quang Ngai Province, Nguyen van TAT, told our Consul in January that additional Civil Guard Posts are being set up in the Montagnard districts of his province and that the Self Defense Corps will be greatly expanded in the Vietnamese sections. Asked about the progress of the sweep, he was non-committal, but he admitted that the security drive "will not be over for a long time".

E. DRV Intentions

In May 1959, the Central Committee of the Lao Dong Party passed a resolution or statement stating that the struggle for reunification would have to be carried out by all "appropriate measures". British observers have taken this to mean measures other than peaceful.

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"You must remember we will be in Saigon tomorrow, we will be in Saigon tomorrow," these words were spoken by Premier Pham van Dong in a conversation with French Consul Georges-Picot on September 12, 1959.

In November, Pham van Dong twice told Canadian Commissioner Erichsen-Brown that "we will drive the Americans into the Sea." DRV General GIAP, however, later saw Erichsen-Brown to "reassure" him that DRV intentions are peaceful. (Erichsen-Brown has been very active in trying to get the ICC to take cognizance of the VC guerrilla activities).

CAS sources have reported a gradual increase of the infiltration of VC cadres and arms from the DRV over the past few months which has increased the VC strength to about 3000 in the Southwest. (Based on available information CAS estimates that the Viet Cong strength in all South Vietnam is presently 3000-5000 men). Many of these new infiltrators, according to a CAS source who is a GVN official, are cadres who were regrouped in the North at the time of the Geneva Accords and have had a number of years of intensive military and political training. The principal infiltration route of VC cadres from the North continues to be through Laos to Cambodia although reports are received of infiltration by sea. A CAS source with similar access reports that some of the cadres arriving in SVN from the North have the mission of establishing a VC headquarters to include a general staff, a political section and a supply section and to effect a large-scale reorganization of VC cadres in the southwestern provinces (Fifth Military Region).

According to a CAS report from a Western observer based on his limited personal observation, the People's Army of Vietnam (PAVN) has continued to train its units in guerrilla type warfare in addition to training in conventional warfare. In the opinion of this Western observer, the PAVN could at any time undertake a successful campaign against the GVN utilizing the type of guerrilla tactics undertaken so effectively by the Viet Minh against the French in the IndoChina War. Another Western observer, a missionary who resided over thirty years in Vietnam, has also stated that PAVN is in excellent condition to carry on guerrilla warfare.

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A recent CAS report (FVS-4249)* indicates that the VC are presently planning to augment their forces, particularly in An Xuyen, Kien Giang, Phong Dinh, Kien Phong and Kien Tuong Province and that they will press general guerrilla warfare in South Vietnam during 1960. This guerrilla warfare would be under the flag of the People's Liberation Movement (reports of a number of recent incidents mention the flying of a red flag with a blue star). The VC reportedly estimate that 70% of the people in the rural areas of South Vietnam are either embittered by or indifferent toward the present government. According to this report the VC are convinced they can bring about a coup d'etat in 1960, and are presently considering three ways to do this: (1) to incite the GVN military forces to revolt and to penetrate the new government to steer it into a neutralist policy; (2) to force the GVN to use harsh repressive measures against the people by organizing widespread popular uprisings, thereby laying the foundation for open revolt; (3) to set up popular front provisional governments in the Trans-Bassac area as the general guerrilla warfare mentioned above progresses (the VC estimate that they have sufficient penetrations in or control over village level administration to make this possible). The alternative which is selected will, according to the source, depend upon VC progress during the first four months of this year.

President Diem told the Ambassador and General WILLIAMS in late February about the capture of a document by GVN security forces outlining VC plans to further step up aggressive attacks all over the country, including Saigon. These operations are planned to begin in the second quarter of 1960. (CAS has seen the document and believes it to be authentic - see FVS-4292).

Military Factors Affecting the Internal Security Situation

GVN internal security operations in 1959 employed an average of 25 ARVN battalions, 44,000 Civil Guards, 43,000 SDC, 6,000 Surete, as well as the Gendermerie, Self Guard Youth Corps and NRM members for which figures are not presently available. This impressive number of personnel has, however, failed to keep VC and dissident activities under control. Numerous high-ranking GVN officials have very recently stressed the necessity of more anti-guerrilla training for the security forces. From a military point of view an outstanding deficiency in the GVN effort has been the government's

* See also FVS-4220 and FVS-4263.

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inability, or lack of desire, to recognize the following factors:
(1) It is actively engaged in an internal war and, therefore, must take the measures which this situation entails. (2) There is a great need for a strong central military command with wide powers for the conduct of internal security operations in the unpacified areas. (3) There is a need for a capable, well-equipped, well-trained, centrally-controlled Civil Guard to take over from the Military in pacified areas.

It cannot be emphasized too strongly that the apparent lack of success in the GVN attempts to reduce the internal threat of the VC until now has stemmed from the lack of unity of command in a single operational commander who has the means and the authority to utilize all of the potential in the area of operations without regard to province or regional boundaries and without regard to the existing political subdivision of the area. Unity of command is the most important basic principle of administration lacking here. The Province Chief structure has caused a breakdown of coordination and a fragmentation of command structure which has blocked an effective attack on the internal security problem.

The fact that the GVN, though striving to bring its military organization to a high state of training, is constantly plagued by the diversion of an average of 25 battalions to an internal security mission is indicative that a serious internal threat exists. The resulting piecemeal commitment of the armed forces has obviously been generally unsatisfactory because of the lack of a strong central command which could effectively coordinate and control all security functions in the area of operations. (See subsequent "GVN Reactions" section re recent action taken to centralize command in the Fifth Military Region).

Political Factors Affecting the Internal Security Situation

It is highly unlikely that any final solution can be found to the internal security situation in South Vietnam if the GVN does not enjoy the support and cooperation of the rural population. At the present time indications are that the rural population is generally apathetic towards the Diem Government and there are signs of considerable dissatisfaction and silent opposition. In part this attitude appears to result from widespread fear of the Viet Cong and a belief that the GVN is relatively helpless to protect the rural population from Viet Cong depredations. Unfortunately the longer serious insecurity continues to exist in the countryside despite GVN efforts to control it, the more serious is the effect on the GVN's prestige. Another effect is a growing belief among the peasants that the Viet Cong will always be here as long as North Vietnam remains under Communist control and that they must adjust to live with them. (A realization of the long-range nature of the problem among officials responsible for

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dealing with it could be an advantage. In Malaya it has taken 11 years to reduce the security situation to the minimum, and it is even more difficult to deal with it in a divided country with long exposed frontiers).

There appear to be other reasons contributing to the difficulty experienced by the GVN in attempting to rally the rural population:*

(a) Until recently it was becoming more and more apparent that Diem was not being given accurate information on the internal security and political situation in rural areas. As late as the end of December, 1959, he was telling all callers how much better the internal security situation had become, despite many doubts raised by his listeners. Information was apparently being presented to him by local officials in such a manner as to reflect well upon the officials giving it. The President's trips to the provinces have appeared to be carefully "laid on" by local officials. The President himself cannot be absolved entirely from the blame, however, since his system of personal rule which permits direct appeal from the individual provincial authorities to himself, in a sort of intra-executive check and balance system, serves to further weaken the administrative apparatus.

Recently, however, as indicated in the subsequent section on "GVN Reactions," the Vice President and others who are not his usual informers on security matters have spoken frankly with him and he now seems well aware of the situation; (b) Provincial and district authorities exercise almost autonomous control in the areas under their jurisdiction. Too often the personnel holding these positions have been incompetent, having been chosen for reason of party loyalty. Moreover, some have tended to view their jobs as a means to personal advancement or financial gain** often

* See also FVS-4220 and FVS-4228.

** The local press from time to time reports incidents of extortion and blackmail by local officials. On December 1 Le Song in an editorial cited "numerous cases of abuse of power committed by village police officials such as extortion of money and bribery." Examples like the following are to be found in various reports in the press and from various CAS and USOM sources:

On February 13 Tu Do reported that a hamlet chief in Binh Tuong Province had been arrested for posing as a security agent and blackmailing four farmers. A USOM source in July reported that a District Chief of Security in Blao had reportedly been removed from his position for extorting sums of money from wealthy residents who were arrested on charges of being Communist sympathizers and had to pay for their release.

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at the cost of the population under their control. Press editorials have attacked local officials for extorting money from peasants, using torture to wring false confessions from innocent people and conducting themselves in such a manner as to reflect adversely on the prestige of the national government. In addition rumors continue to circulate among the population concerning the alleged nefarious activities of and favoritism shown to members of the Can Lao party. While officials have been largely unable to identify and put out of commission Viet Cong undercover cadres among the population, they have often arrested people on the basis of rumors or of denunciations by people who harbor only personal grudges. Police powers justified on the basis of the needs of internal security have reportedly been misused to extort money not only from the peasants but from land owners, merchants and professional people in the towns. This misuse of police powers and the kind of broad scale arrests on suspicion are weakening the support of the population for the regime. On the other hand, the application of swift, summary justice (such as the Special Military Tribunals were created to hand out) designed to protect the population against the Viet Cong threat, if carefully administered and "advertised" as such, can do much to restore a feeling of security;* (c) While the GVN has made an effort to meet the economic and social needs of the rural populations through community development, the construction of schools, hospitals, roads, etc., these projects appear to have enjoyed only a measure of success in creating support for the government and, in fact, in many instances have resulted in resentment. Basically, the problem appears to be that such projects have been imposed on the people without adequate psychological preparation in terms of the benefits to be gained. Since most of these projects call for sacrifice on the part of the population (in the form of allegedly "volunteer" labor in the case of construction, time away from jobs or school in the case of rural youth groups, leaving homes and lands in the case of regrouping isolated peasants), they are bound to be opposed unless they represent a partnership effort for mutual benefit on the part of the population and the government. (See subsequent section on "GVN Reactions" for indications of Diem's current awareness of this problem).

The situation may be summed up in the fact that the government has tended to treat the population with suspicion or to coerce it and has been rewarded with an attitude of apathy or resentment.

* Ensuing section on "GVN Reactions" shows Diem now aware of incompetence and abuse of power by many officials.

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The basic factor which has been lacking is a felling of rapport between the government and the population. The people have not identified themselves with the government. There has been a general lack of "a sense of mission" in the building of the country among both the local population and local authorities. In the past at least Diem has contributed to this attitude by his constant admonition to the villagers he talks to on his trips throughout the country that they must work harder, do more for themselves, and not complain. He has made little effort to praise them for what they have accomplished or explain the reasons for the demands he places on the population. He has none of the demagogue in him, but is rather still the mandarin. Now that he realizes the feelings of the people, it is to be hoped that he will show more solicitude for their needs and feelings, but this will not be easy for him to do.

Possibly another factor adversely affecting the current attitude of the peasants toward the Government is the decline over recent months in the price of paddy. Since the population in the Southwestern delta is particularly dependent on paddy for its income, it would be a normal political reaction for this development to increase dissatisfaction with the government.

GVN Reactions to Current Internal Security Situation

President Diem, who had earlier taken the position in conversations with Ambassador Durbrow that the GVN's security operations had broken up many VC camps and forced them to regroup into larger forces, has modified his assessment considerably after the Tay Ninh attack and other recent manifestations of expanded VC activities. Previously indicating that VC reinforcements had come from Cambodia, Diem in his latest conversation with the Ambassador on February 12 stated the VC had been reenforced by well-trained forces from North Vietnam. In his view the recent step-up in VC activities is basically a somewhat desperate attempt to disrupt the progress of South Vietnam. He does not appear to be deeply alarmed, but, on the contrary, feels that with measures he has in mind the situation should greatly improve in a few months. He believes the security forces need more anti-guerrilla training, but also thinks more security forces are needed in order to provide better protection for the entire population. He has called for volunteers from military reservists who had long guerrilla experience during the Indochina War as well as from ARVN and the Civil Guard, and has indicated that over 1000 have already volunteered.

Diem also now shows awareness of many of the political factors which have contributed to the deterioration in internal security. By the end of February in conversations with the Ambassador and

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other foreign officials Diem has become very frank in admitting that many of the civilian administrators have been incompetent and have abused their power. He has added he is removing these and placing competent men in their jobs whose principal duty will be to pay attention to the needs of the population and make every effort to win their confidence. The President has become quite aware of the adverse reaction of the people to indiscriminate use of methods of coercion in carrying out the government's programs in rural areas. He explained to the Ambassador at some length on February 22 the urgent need for civilian officials to explain in detail the reasons for the government's actions in these matters in order that the population will fully understand how they will benefit in the long run.

Ngo Dinh NHU, the President's brother and political advisor, also told CAS on February 5 that the security forces need more anti-guerrilla training. He added, however, that political measures are the real key to defense against the VC attacks, and mentioned specifically that GVN officials should consider political aspects of a situation and not just concentrate on rapid physical results to please the President.

In late January Vice President Nguyen Ngoc THO, according to a CAS report, had a discussion with President Diem in which he pointed out his belief that the reports which the President had been receiving on internal security were incorrect as they underestimated the size of the VC network in South Vietnam. He reportedly reminded the President that he had told him a year and a half ago that the GVN did not have a correct estimate of VC strength and, unless this were obtained, the time would come when the country would be unable to cope with VC subversion. Privately Tho was said to have placed the blame for GVN loss of support among the peasantry on province chiefs whose only activity was to apply police powers strictly. He also was said to have indicated that both Ngo Dinh Nhu and the NRM leaders, through the province chiefs, were responsible for providing completely erroneous and optimistic reports about the security situation. In a conversation with Ambassador Durbrow shortly after the Tay Ninh attack Tho expressed concern over the seriousness of the internal security situation, and he also urged more anti-guerrilla training of the GVN security forces.

Lieutenant General Le van TY, Chief of Staff of the Vietnamese Army, has also expressed the view that further anti-guerrilla training is required. In addition, according to MAAG, soon after the Tay Ninh attack a meeting was held by the Assistant Secretary of Defense with the Chief of Staff and Corps and Field Commanders at which it was decided to make certain recommendations to the President. These recommendations included adherence to the chain

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of command by the Presidency; assignment of commanders to be made on recommendations of the General Staff through the Department of Defense to the President as contrasted with recommendation to the President by civilian and political advisers; clarification and definition of the responsibility and authority between the province chiefs, military regional commanders and local troop commanders; and centralization of control of the various intelligence agencies.

Indications have been received that at least some of the ideas which have been expressed by GVN officials are being implemented. President Diem has told Ambassador Durbrow that Colonel Nguyen KHANH, newly designated commander of the Fifth Military Region (the southwestern area where insecurity is the worst), has been given full military powers over the security forces of the area regardless of the prerogatives of the province chiefs. Diem also said that the GVN is extending an earlier plan of appointing military officers as deputy province chiefs responsible for security, and has placed them under the control of the military regional commander.

According to a CAS report, the Assistant Secretary of State for Defense issued a directive on February 1 ordering concentration on anti-guerrilla training and tactics and enforcement of maximum security at all military posts.

Another CAS report states that President Diem, as a result of recent urgings for improvement in relations between the Government and the peasants, has ordered a slowdown in the program of building regroupment centers ("agrovilles"). Secretary of State for the Presidency TRUAN told Ambassador Durbrow on February 17, however, that this program must be continued but perhaps at a slower pace, as there is no way to provide protection to isolated farm houses other than by regrouping such peasants into larger communities. He admitted that the peasants have the normal human reaction of disliking being forced to work on the regroupment centers, but he believes that after the centers have been completed they will see the advantages offered. Diem told the Ambassador on February 22 that, while he must continue to create "agrovilles," he is not planning to push too fast until one or two pilot towns are in being so that the peasants can learn for themselves the many advantages of this sort of rural organization.

CAS also reported that the NRM recently dispatched special cadres to the provinces to obtain for the President information on cases of dissatisfaction with high-handed or dictatorial attitudes of local officials. Intelligence committees have also been formed in each province which will report to the President through the Minister of Interior. Diem told the Ambassador he had

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been impressed by the centralized intelligence organization he learned about during his visit to Malaya in mid-February. Diem inferred he is planning to adopt this system.

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ANNEX I

The number of assassinations and kidnappings by months during the past two years are shown in the following chart:

	<u>1958</u>						<u>TOTAL</u>	<u>TOTAL FOR SIX MONTH PERIOD</u>
	<u>JAN</u>	<u>FEB</u>	<u>MARCH</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>		
Assassinations	10	36	26	17	13	21	123	
Kidnappings	25	5	43	12	5	15	105	
	<u>1958</u>						<u>TOTAL</u>	<u>1958 TOTAL</u>
	<u>JULY</u>	<u>AUG</u>	<u>SEPT</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>		
Assassinations	11	7	8	15	8	21	70	193
Kidnappings	24	18	24	26	19	20	131	236
	<u>1959</u>						<u>TOTAL</u>	
	<u>JAN</u>	<u>FEB</u>	<u>MARCH</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>		
Assassinations	10	11	31	13	16	5	86	
Kidnappings	17	6	21	16	22	15	97	
	<u>1959</u>						<u>TOTAL</u>	
	<u>JAN</u>	<u>FEB</u>	<u>MARCH</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>		
Assassinations	16	12	22	29	35	33	147	233
Kidnappings	22	11	34	42	89	48	246	343

NOTE: Figures compiled by MAAG based on ARVN reports show 96 civilians killed and 37 civilians kidnapped during January and 122 civilians killed, 72 kidnapped in February, 1960. Figures for these months for assassinations and kidnappings may be slightly higher (but will not greatly differ from these figures) after investigation based on other sources.

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ANNEX II:

The figures contained in the tables in this Annex have been extracted from the following monthly reports for July through December:

- (1) Intelligence Summary (MAAG) - Source: ARVN
- (2) Summary Report of Self Defense Corps Activities (MAAG) - Source: SDC
- (3) Statistics of Communist and Rebel Activity in South Viet-Nam (CAS) Source: NPSS

Source (1) ARVN

Total actions reported by ARVN are as follows: July 105, August 102, September 118, October 110, November 74, December 111.

<u>Pro-GVN Killed</u>	<u>July</u>	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>TOTAL</u>
ARVN	3	3	15	7	3	6	37
CC	1	3	5	26	12	21	68
SDC	5	1	4	8	3	9	30
Police	2	0	2	4	0	1	9
Civ	12	11	20	37	25	33	138
<u>VC Killed</u>	98	99	162	104	71	116	650
<u>Pro-GVN Wounded</u>							
ARVN	5	6	27	8	0	13	59
CC	7	5	5	24	6	39	86
SDC	6	6	4	10	8	5	39
Police	0	0	1	0	1	0	2
Civ	7	9	32	41	5	17	111
<u>VC Wounded</u>	1	18	17	31	7	25	99
<u>Pro-GVN Captured/Kidnapped</u>							
ARVN	0	0	0	0	0	0	0
CC	0	0	1	0	1	0	2
SDC	0	0	0	1	0	0	1
Police	2	0	0	0	0	0	2
Civ	20	7	22	45	96	48	238
<u>VC Suspects</u>	1101	1101	714	568	674	568	4726
<u>Suspects</u>	709	840	392	498	517	454	3410
<u>TOTAL</u>	1810	1941	1106	1066	1191	1022	7136

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 From Saigon

Deserted From GVN Forces

	July	Aug	Sept	Oct	Nov	Dec	TOTAL
ARVN	40	16	28	27	0	27	138
CG	11	24	3	4	0	13	55
SDC	2	1	3	1	0	8	15
Police	0	0	0	0	0	0	0

VC Rallied to GVN

VC	457	263	82	78	40	16	936
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Source (2) (SDC)

SDC Losses

Killed	6	1	5	5	12	7	36
Wounded	5	5	8	5	11	7	41
Captured	0	0	0	0	3	10	13
Deserted	0	0	0	0	87	91	178

VC Losses

Killed	12	11	26	30	27	10	116
Wounded	1	5	3	2	7	1	19
Captured	90	222	183	241	187	139	1062
Surrendered	2	16	3	13	10	3	47

Source (3) (NPSS)

GVN Losses in 5th Military Region

	July	Aug	Sept	Oct *	Nov*	Dec*	TOTAL
Killed	25	15	34	-	-	-	
Wounded	21	19	30	-	-	-	
Captured	17	6	38	-	-	-	
Deserted	3	2	2	-	-	-	
Disappeared	0	0	1	-	-	-	

VC Losses in 5th Military Region

Killed	111	86	143	-	-	-	
VC Arrested	1444	1084	891	-	-	-	
Suspects Arrested	395	302	246	-	-	-	
CG							
Rallies	397	136	46	-	-	-	

* Data not available

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WALTER D. HICKENLOOPER, IOWA
WILLIAM LANGRISH, N. DAK.
WILLIAM F. KNOWLAND, CALIF.
GEORGE D. Aiken, VT.
HOMER E. CAPEHART, IND.

United States Senate

COMMITTEE ON FOREIGN RELATIONS

CARL MARCY, CHIEF OF STAFF
C. C. O'DAY, CLERK

May 5, 1960

Lt. General Samuel T. Williams
Chief of MAAG
Saigon, Viet Nam

Dear General Williams:

During hearings on the Vietnamese Aid-Program before a Senate Foreign Relations Subcommittee last summer (July 30 and July 31), you were most helpful in providing the Members with clear and concise responses to questions concerning MAAG-Vietnam. We found your testimony of great value and it was a major source of information for the Subcommittee's report which, as you may be aware, drew very favorable conclusions as regards the military aid program in Viet Nam.

I do not mind telling you that I was personally very impressed with that portion of your testimony which suggested to me that you were directing the military aid program in a fashion which was, wisely, aimed at working MAAG "out of a job" and that you had about reached a point where the scaling down could begin. Therefore, it came as something of a surprise to me to learn from a U.P.I. dispatch (#31, May 5, 1960) that we intend to double the training staff of MAAG in Viet Nam by adding to it 350 men.

Assuming the general accuracy of this dispatch I would very much appreciate such responses as you may wish to supply to the following questions:

(1) As specifically as possible, what changes have occurred in the Vietnamese situation which require the addition of 350 men to the MAAG mission?

(2) If the need is for experts in guerrilla warfare, cannot such experts be substituted for those already engaged in other training pursuits in Viet Nam rather than simply adding to them?

(3) Was the need to increase the MAAG determined by you personally and did you initiate the request for additional personnel?

(4) If so, did you have the concurrence of the Ambassador in the request?

Lt. General Samuel T. Williams

- 2 -

May 5, 1960

This letter is transmitted through Department of Defense channels but in view of your helpfulness in the past, I look forward to your replies with interest and with thanks.

With kindest personal regards, I am

Sincerely yours,

Mike Mansfield

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UPI -- (#31, May 5, 1960)

The U.S. is doubling its military training staff in South Vietnam and stepping up the training of Vietnamese troops for guerrilla warfare against Communist terrorists.

The decision reflects concern about the mounting strength and boldness of Communist bands which are raiding villages and assassinating Vietnamese officials. However, U.S. military and diplomatic officials said the Communist campaign is not a "crisis" and in itself, is not likely to become a major threat to the government of President Ngo Dinh Diem.

Guerrilla warfare specialists will be included among about 350 additional American military training officers and men sent to Vietnam.

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STAFF COMMUNICATIONS OFFICE

M E S S A G E

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PRIORITY

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FROM: CHMAAG SAIGON VIET-NAM
TO: OSD/ISA WASH DC
INFO: CINCPAC CP H M SMITH HAWAII, JCS WASH DC
NR: MAGCH-CH 691 200711Z MAY 60

Reference UNCLASS DEF 487183 to CHMAAG Saigon DTG
182016Z May.

Attn Asst to Secy for Legislative Affairs. Re-
quest you pass following to Senator Mansfield soonest.

Dear Senator Mansfield: Your letter of 5 May
passed to me by DOD received Saigon 19 May. Full reply
enroute by airmail. As interim reply UPI dispatch number
31, May 5, 1960 to which you refer not entirely factual.
Specifically US training staff not being doubled as stated
in UPI dispatch. The 350 US "civilian technicians" mentioned
in news items as sorting and shipping arms left by French
forces undoubtedly refers to US military personnel of the
temporary equipment recovery mission, short title TERM, now
in process deactivation. Maintenance of total overall
MAGG-TERM advisor strength of 385 for time being is at
urgent request GVN with full concurrence Ambassador, CINCPAC,
DOD, State Department and myself. Total advisor strength
to be considerably lower than total 850 US and French MAAG
at time of Geneva accords and slightly lower than total
MAAG-TERM strength. Following sentence classified CONFIDENTIAL:
Change over of TERM excess to MAAG ends subterfuge as
actually TERM has had undercover mission as logistical
advisors since activation. Project began before current
step-up guerrilla activities. Small number US experts in
guerrilla warfare recently brought in on TDY as substitutes
for regular MAAG advisors and are within previous overall
strength. It is my personal opinion MAAG should and can
work itself "out of job" with possible reduction approximately
15 per cent in June 61 and approximately 20 per cent reduction

DA IN 10246

(20 MAY 60)

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MESSAGE

DEPARTMENT OF THE ARMY
STAFF COMMUNICATIONS OFFICE

NR: MAGCH-CH 691

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yearly there after depending of course on readings taken
at subsequent dates. Very Truly Yours, signed Williams.

ACTION: OSD, DCSOP

INFO : OCS, ACSI, DCSPER, CA, JCS, AF, NAVY, CMC, DCSLOG,
CLL

DA IN 10246

(20 May 60)

b1h/9

1280

NSC 6012

SECRET

July 25, 1960

NOTE BY THE EXECUTIVE SECRETARY
to the
NATIONAL SECURITY COUNCIL
on

U. S. POLICY IN MAINLAND SOUTHEAST ASIA

- References:
- A. NSC 5809
 - B. OCB Special Report on NSC 5809,
dated February 10, 1960
 - C. NSC Action No. 2193
 - D. Memos for NSC from Executive Secretary,
same subject, dated July 11 and 18,
1960
 - E. NSC Action No. 2267

The National Security Council, the Secretary of the Treasury, the Secretary of Commerce, and Mr. Elmer B. Staats for the Director, Bureau of the Budget, at the 452nd NSC Meeting on July 21, 1960, adopted the changes to NSC 5809 transmitted by the reference memorandum of July 11, 1960 (NSC Action No. 2267).

The President, as of this date, approved the changes to NSC 5809, which as amended is enclosed herewith as NSC 6012; directs the implementation of NSC 6012 by all appropriate Executive departments and agencies of the U. S. Government; and designates the Operations Coordinating Board as the coordinating agency.

A revised Financial Appendix, in preparation pursuant to NSC Action No. 2267-d, will be circulated later.

By NSC Action No. 2267-c, the Council agreed that, at such time as policy decisions are required as to whether jet aircraft should be provided to Cambodia or Viet Nam, these questions should be referred to the National Security Council for consideration.

The enclosed statement of policy, as approved, supersedes NSC 5809.

JAMES S. LAY, JR.
Executive Secretary

cc: The Secretary of the Treasury
The Attorney General
The Secretary of Commerce
The Director, Bureau of the Budget
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence

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STATEMENT OF POLICY
on
U. S. POLICY IN MAINLAND SOUTHEAST ASIA*

I. GENERAL CONSIDERATIONS

1. General. Since Mainland Southeast Asia does not represent a unified area, courses of action must generally be determined in the light of widely varying country situations. However, basic objectives and main directions of U. S. policy can and should be established on a regional basis.

2. Consequences of Communist Domination. The national security of the United States would be endangered by Communist domination of Mainland Southeast Asia, whether achieved by overt aggression, subversion, or a political and economic offensive.

a. The loss to Communist control of any single free country would encourage tendencies toward accommodation by the rest.

b. The loss of the entire area would have a seriously adverse impact on the U. S. position elsewhere in the Far East, have severe economic consequences for many nations of the Free World, add significant resources to the Communist Bloc in rice, rubber, tin and other minerals, and could result in severe economic and political pressures on Japan and India for accommodation to the Communist Bloc. The loss of Southeast Asia mainland could thus have farreaching consequences seriously adverse to U. S. security interests.

3. The Communist Threat

a. Overt Aggression. Although Communist policy now emphasizes non-military methods, the danger of overt aggression will remain inherent so long as Communist China and North Viet Nam continue a basically hostile policy supported by substantial military forces. There

* For purposes of this paper, "Mainland Southeast Asia" consists of Burma, Cambodia, Laos, Thailand, Viet Nam, Malaya and Singapore. In addition, there is attached a supplementary statement of policy on the special situation in North Viet Nam.

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is only a cease-fire in Viet Nam and sporadic hostilities continue in Laos. The Viet Minh have continued to improve their combat capabilities since the Geneva Conference of 1954.

b. Subversion. In most countries of Southeast Asia a threat also arises from the existence of extensive local Communist capabilities for all types of subversive activities, ranging up to armed insurrection. Additionally, the large overseas Chinese communities in Southeast Asia offer a fertile field for subversion. The weak internal security systems of the Southeast Asian states make them highly vulnerable to such activities.

c. Communist Political and Economic Offensive. At present overt aggression and, except in the cases of Viet Nam and Laos, militant subversion are less likely than an intensified campaign of Communist political, economic and cultural penetration in the area. The political instability, economic backwardness, export problems, and extreme nationalism of these countries provide many opportunities for Communist exploitation by trade and economic assistance, conventional political and diplomatic activity, and extensive infiltration. This offensive now constitutes a threat to U. S. interests more subtle and more difficult to cope with than other threats.

4. U. S. Role. The United States is likely to remain the only major outside source of power to counteract the Russian-Chinese Communist thrust into Southeast Asia. Thus, the retention of this area in the Free World will continue to depend on the extent and effectiveness of U. S. support as well as on the local efforts of the countries themselves.

a. Political. The underlying purpose of U. S. assistance in the area is to help the non-Communist countries develop more effective political organizations, strengthen their internal administration and enlist greater allegiance in both urban and rural districts. In part, this purpose will be served by programs for military and economic aid dealt with below. In part it will require an intensification of present programs for training competent Asian managerial and technical personnel. And, in part, new approaches, both governmental and private, will be needed. These should not concentrate exclusively at the national level, but should include activities designed to strengthen and vitalize indigenous traditions and institutions and to have an impact on village life, rural society, and educational systems.

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b. Military. Because these countries do not have the capability of creating armed forces which could effectively resist large-scale external aggression, the United States will be required to provide a basic shield against Communist aggression. For the foreseeable future, local will to resist aggression will depend on a conviction in Southeast Asia that the United States will continue its support and will maintain striking forces adequate to counter aggression in Southeast Asia with the capabilities described in current basic national security policy. The combination of such U. S. forces and local will to resist would constitute the best deterrent against aggression. Should the deterrent fail, this combination would also provide the most effective insurance that, in conjunction with indigenous and allied forces, the United States could suppress aggression in the area quickly and in a manner and on a scale best calculated to avoid the hostilities broadening into general war.

c. Economic and Technical. The insistence, throughout most of the area, on economic development provides the strongest lever for the exertion of influence by the Free World or by the Communist Bloc. Without increased external help from some source, most of the governments of the area will be unable, even with adequate indigenous effort, to manage the political demand for rapid betterment in the conditions of life and provide for sound economic development. Failure to obtain such assistance from the Free World will tend to drive these countries toward economic dependence on the Communist Bloc. The general preference in Southeast Asia for Western technical and economic assistance gives the United States and the Free World an opportunity to obtain primacy over Communist efforts in key economic sectors. The outcome may, however, be strongly influenced by the success with which the Free World can cope with Communist efforts to exploit the existence of Southeast Asian export problems, particularly those involving rice. In the period ahead, flexibility of U. S. procedure and rapidity of U. S. action will be increasingly important, if effective advantage is to be taken of unexpected and transient opportunities.

5. The Problem of Regional Association. Over the long run, the small, vulnerable, and essentially dependent nations of Southeast Asia cannot exist satisfactorily as free nations without closer associations than now exist.

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6. The Problem of Alignment. To preserve their independence, strengthen their internal stability, and protect themselves against aggression, some countries in Southeast Asia prefer to join regional security arrangements. Some, however, prefer to avoid alignment with other nations. The basic objective of both groups is to maintain the independence of their countries free of outside interference or dictation, and the independence and vitality of both are important to the United States and to each other.

II. POLICY CONCLUSIONS

7. The national independence of the mainland Southeast Asian states is important to the security interests of the United States. If such independence is to be preserved, U. S. policies must seek to build sufficient strength in the area at least to identify aggression, suppress subversion, prevent Communist political and economic domination, and assist the non-Communist governments to consolidate their domestic positions. U. S. policy should not depend primarily on the degree and nature of Communist activity at any particular time, but should seek to promote these goals within the limits of the economic capacities of the countries concerned and U. S. resources available for the area.

8. Where a national determination to maintain independence and oppose external aggression is sufficiently manifest, the United States should be prepared to provide military assistance based upon the missions of the forces as indicated in the "Country Courses of Action" (Part V, below).

9. In the event of aggression against a Southeast Asian state willing to resist, the provisions of the UN Charter or the SEATO Treaty should be invoked, but the United States should not forgo necessary action in behalf of such a state or states because of the possibility that other allies might be loath to participate or to furnish more than token military forces.

10. In the long run, the ability of the non-Communist governments to attain political, economic and social objectives will be the dominant factor in defeating the Communist attempts to dominate Southeast Asia. The United States should assist the non-Communist states of the area to formulate and execute programs designed to promote conditions of sound development, to demonstrate that they can achieve growth without reliance on Communist methods or dependence on the Communist Bloc, and to give their peoples a greater stake in the continued independence of their countries.

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11. The United States should continue to make clear its own devotion to the principle of collective security, its belief that regional security arrangements provide maximum protection at minimum cost for all, and its expectation that a country's decision to participate in such arrangements is based on its own calculation of its best interests and does not of itself constitute a claim for increased financial aid. Where countries participate, measures to assure adherence are desirable, normally including preferential treatment in the fields of economic and military assistance as justified by U. S. strategic objectives. Where new opportunities for affiliation develop they should be encouraged. The United States should, however, accept the right of each nation to choose its own path to the future, and should not exert pressure to make active allies of countries not so inclined. The genuine independence of such countries from Communism serves U. S. interests even though they are not formally aligned with the United States. The United States should accordingly support and assist them so long as they remain determined to preserve their own independence and are actively pursuing policies to this end.

III. OBJECTIVES

12. To prevent the countries of Southeast Asia from passing into or becoming economically dependent upon the Communist Bloc; to persuade them that their best interests lie in greater cooperation and stronger affiliations with the rest of the Free World; and to assist them to develop toward stable, free representative governments with the will and ability to resist Communism from within and without, and thereby to contribute to the strengthening of the Free World.

IV. REGIONAL COURSES OF ACTION*

13. Support and assist the countries of the area on the basis of their will and ability to defend and strengthen their independence.

14. Respect each country's choice of national policy for preserving its independence, but make every effort to demonstrate the advantages of greater cooperation and closer alignment with the Free World, as well as the dangers of alignment with the Communist Bloc.

* The following courses of action are not applicable to the State of Singapore at this time: paragraphs 13, 14, 16, 22-a, and 32.

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15. Encourage the countries of Southeast Asia to cooperate closely with each other on a basis of mutual aid and support, and support indigenous efforts to develop regional associations so long as they do not weaken SEATO or the spirit of resistance to Communism.

16. Participate actively in SEATO, and seek to develop both its military and non-military aspects in a manner that will convincingly demonstrate the value of SEATO as a regional association, the usefulness of which extends beyond deterrence of Communist expansion. Encourage limited participation of non-Communist, non-SEATO Asian nations in certain SEATO activities.

17. Encourage and support the spirit of resistance among the peoples of Southeast Asia to Chinese Communist aggression as well as the indigenous Communist insurrection, subversion, and propaganda.

18. Encourage the Governments of Laos, Thailand, and Viet Nam to maintain close relations with the GRC and to support its international position as the Government of China. Having in mind the desirability, from the U. S. point of view, of Malaya and Singapore developing closer relations with the GRC, encourage these Governments, as appropriate, to take steps that will lead ultimately to this objective. Seek to ensure that Malaya does not recognize the Chinese Communist regime or support its seating in the United Nations as the Government of China, and that Singapore does not develop closer economic or cultural relations with Communist China. Encourage the countries of the area to eschew relations with the Communist regimes in North Korea and North Viet Nam and to support the international position of the Governments of the Republics of Viet Nam and of Korea.

19. Maintain, in the general area of the Far East, U. S. forces adequate to exert a deterrent influence against Communist aggression, in conformity with current basic national security policy.

20. Should overt Communist aggression occur in the Southeast Asian treaty area, invoke the UN Charter or the SEATO Treaty, or both as applicable; and subject to local request for assistance take necessary military and any other action to assist any Mainland Southeast Asian state or dependent territory in the SEATO area willing to resist Communist resort to force: Provided, that the taking of military action shall be subject to prior submission to and approval by the Congress unless the emergency is deemed by the President to be so great that immediate action is necessary to save a vital interest of the United States.

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21. In case of an imminent or actual Communist attempt to seize control from within, and assuming some manifest local desire for U. S. assistance, take all feasible measures to thwart the attempt, including even military action after appropriate Congressional action.

22. As appropriate, assist the police forces in Southeast Asian countries to obtain training and equipment to detect and contain Communist activities.

23. In order to strengthen the non-Communist governments of the area and to help forestall their economic dependence on the Communist Bloc:

a. Provide flexible economic and technical assistance as necessary to attain U. S. objectives. In the framing of U. S. aid programs to Southeast Asian countries take into account the economic and technical assistance being provided by other Free World nations and by international institutions, coordinating with such nations and institutions where appropriate.

b. Encourage measures to improve the climate for private investment, both domestic and foreign, and to mobilize the maximum investment of U. S. private capital in the area consistent with the prevailing climate.

c. Encourage United Nations agencies, other Colombo Plan countries, and other friendly countries to contribute available resources to promote the economic growth of Southeast Asia.

d. Encourage the Southeast Asian countries to orient their economies in the direction of the Free World and to rely primarily on non-Communist markets and sources of supply for trade, technicians, capital development, and atomic development.

e. In carrying out programs involving disposal of U. S. agricultural surpluses abroad:

(1) Give particular attention to the economic vulnerabilities of the Southeast Asian countries and avoid, to the maximum extent practicable, detracting from the ability of these countries to market their own exportable produce.

(2) Give particular emphasis to the use of the resources to promote multilateral trade and economic development.

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f. Promote as appropriate the expansion of trade relationships between the United States and the countries of Southeast Asia.

g. Take advantage of adverse local reactions to Communist barter agreements with countries in the area by demonstrating the advantages to these countries of conducting trade on a multilateral commercial basis.

24. Make a special, sustained effort to help educate an expanding number of technically competent, pro-Western civilian and military leaders, working bilaterally, through the United Nations, with the other Colombo Plan countries and with other friendly countries. Stress the development of potential and secondary leadership to support the thin stratum of elite now administering the central governments and bring to their support modern techniques and technology in public information and organization.

25. Place increased emphasis on community development projects, educational programs, and other activities aimed to influence the welfare and attitudes of the people at the village level.

26. Strengthen informational, cultural and educational activities, as appropriate, to foster increased alignment of the people with the Free World and to contribute to an understanding of Communist aims and techniques.

27. Hold or reduce the number of U. S. officials in each country to a strict minimum consistent with sound implementation of essential programs, in order to head off an adverse political reaction to the presence of a large number of Americans in relatively privileged positions.

28. Promote increasing Asian Buddhist contact with and knowledge of the Free World. Explore with friendly religious organizations ways of developing Buddhist fraternal associations and identification with Free World religious leaders and movements.

29. When not in conflict with other U. S. political objectives, continue activities designed to encourage the overseas Chinese in Southeast Asia (a) to integrate fully and as rapidly as practicable into the national life of their host countries, becoming loyal citizens and identifying themselves with the interests of these countries; (b) to support and participate in anti-Communist activities in their countries of domicile; (c) to resist Communist efforts to infiltrate and gain control of their communities. Seek to

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ensure that elements within these communities that continue to feel and act as Chinese rather than as citizens of their host countries look to the GRC as the custodian of Chinese social and cultural values and support it as the representative of the interests and aspirations of the Chinese people.

30. Discreetly encourage the governments of the countries of the area to promote and facilitate the integration of racial minorities, bearing in mind that the extent and pace of such integration will be affected by the willingness of the host countries to permit the overseas Chinese and other minorities to participate in the national life without discrimination.

31. Implement as appropriate covert operations designed to assist in the achievement of U. S. objectives in Southeast Asia.

32. Promote economic cooperation between the countries of the area and Japan and with the Government of the Republic of China, to the extent feasible without jeopardizing the achievement of U. S. objectives toward the individual Southeast Asian countries.

33. In order to promote increased cooperation in the area and to deny the general area of the Mekong River Basin to Communist influence or domination, assist as feasible in the development of the Mekong River Basin as a nucleus for regional cooperation and mutual aid.

34. Should any country in the area cease to demonstrate a will to resist internal Communist subversion and to carry out a policy of maintaining its independence, terminate U. S. economic and military assistance programs to such nations.

35. Exercise caution to ensure that the United States does not become so identified, either in fact or in the eyes of the world, with particular regimes, individuals or political factions in the countries of the area as to hinder U. S. accommodation to changes in the political scene.

V. COUNTRY COURSES OF ACTION IN ADDITION TO
THE "REGIONAL COURSES OF ACTION" ABOVE

BURMA

36. In view of the emerging opportunities in Burma and the repercussions that developments there will have on the

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uncommitted areas of Asia and Africa, make a special effort to influence an increasingly favorable orientation in Burma's policies.

37. Encourage and support those elements in Burma which can maintain a stable free government that identifies its interest with those of the Free World and resists Communist inducements, threats, and programs to subvert Burma's independence.

38. Encourage Burmese assumption of regional and international responsibilities compatible with our own objectives.

39. For political purposes, upon Burmese request make military training available on a grant basis and modest amounts of military equipment and supplies on a sales or token payment basis, as consistent with U. S. interests.

40. Encourage the Burmese Government to establish internal security throughout the country, and discourage further foreign assistance to Chinese Nationalist irregulars and ethnic rebel groups in Burma.

41. Should overt Communist aggression occur against Burma, invoke the UN Charter and, subject to Burmese request for assistance, take necessary military and any other action to assist Burma if Burma is willing to resist Communist resort to force and U. S. vital interests are involved: Provided, that the taking of military action shall be subject to prior submission to the approval by the Congress.

CAMBODIA →

RESCINDED BY MEMO TO HOLDERS
DATED 2 MAR. 1962

42. Seek to increase Cambodia's respect for and confidence in the United States and the Free World in order to assist in maintaining Cambodia's independence and in curbing its tendency to increased orientation toward the Sino-Soviet Bloc. To this end demonstrate continued friendly U. S. support for Cambodia's independence, understanding of its policy of neutrality, and concern for its economic and social progress.

43. In shaping particular courses of action in Cambodia, take into account the fact that Prince Sihanouk enjoys widespread popularity, particularly among the rural population, and controls all major sources of political power. Devote special efforts toward developing Sihanouk's understanding of U. S. policies and of the U. S. position in Southeast

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Asia, bearing in mind his extreme sensitivity to any suggestion of pressure or slight.

44. Since real or fancied threats from neighboring Free World countries have been a major factor contributing to Cambodia's sense of insecurity and its consequent readiness to accept Sino-Soviet Bloc support, endeavor persistently and firmly to improve Cambodia's relations with these countries, particularly Thailand and Viet Nam. Take every appropriate occasion to impress on the governments of neighboring countries the importance of repairing their relations with Cambodia.

45. Seek means effectively to promote a sense of responsibility on the part of Sihanouk and other Cambodian leaders for exerting sustained effort to create conditions conducive to better relations with neighboring countries and for avoiding contentious and provocative statements. When feasible and consistent with over-all U. S. interests, take steps to prevent provocative actions by any of the countries concerned.

46. Encourage positive cooperation between Cambodia and neighboring countries such as joint participation in the development of the Lower Mekong River Basin as a nucleus for regional cooperation and mutual aid.

47. Continue to provide modest military aid to enable the Cambodian armed forces to maintain internal security against Communist subversion or other elements hostile to U. S. interests and to discourage Cambodia from accepting substantial military aid from the Sino-Soviet Bloc.

48. Concentrate U. S. economic and technical assistance primarily in those areas in which increased Communist influence would entail the greatest threat to Cambodia's neutrality and independence.

49. In view of the relatively strong position still maintained by France in Cambodia, seek opportunities for greater mutual understanding and cooperation with the French in the furtherance of common Free World objectives.

LAOS

50. Provide military assistance for the development and support of Lao armed forces capable of maintaining internal security against Communist subversion or other elements hostile to U. S. interests and providing limited

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initial resistance to Communist aggression. Encourage Laos to formulate and implement a broadly conceived security plan, including both internal and external security, which encompasses the services of all branches of the Royal Government, civil and military.

51. In the provision of U. S. assistance, direct our programs to the promotion of social and economic progress and unification of Laos, thus helping maintain the confidence of the Royal Government in its anti-Communist, pro-Free World "neutrality".

52. Continue to promote conditions engendering confidence by Lao leaders that the UN Charter, SEATO, and Free World support provide a favorable basis for Lao resistance to Communist pressure and inducements, and at the same time continue to impress upon the Lao the need for a sense of responsibility and recognition that too drastic actions may have adverse international implications.

53. Encourage the Lao to observe constitutional and legal processes as providing the soundest basis for the growth and vitality of democratic institutions; discourage resort to force in political affairs.

54. Encourage the Lao Government to give emphasis to programs tending to reorient disaffected elements of the population.

55. Encourage and support cooperation between Laos and other Southeast Asian countries, particularly Thailand, Viet Nam, the Philippines, Malaya, and Burma, including such joint effort in the anti-subversion, economic, communications, and military fields as is feasible.

56. Develop greater mutual understanding and cooperation with the French in the furtherance of common Free World objectives.

57. Strongly support "the UN presence" and expanded UN technical assistance in Laos, and make a special intensified effort to encourage other friendly nations to assume a larger share of responsibility for the support of the country.

THAILAND

58. Promote the development of a Thai leadership which is increasingly united, stable and constructive, is supported by the Thai people, and willing to continue the alignment of Thailand with the United States and the West.

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59. Utilize Thailand's central location in Southeast Asia as a point from which to create discontent and internal difficulties within nearby Communist-dominated areas and thwart Communist subversive efforts in neighboring free countries, to a degree consistent with U. S. policies and programs in neighboring free countries.

60. Provide military assistance to Thailand for support of forces sufficient:

- a. To maintain internal security.
- b. To present limited initial resistance to external aggression.
- c. To make a modest contribution to collective defense of contiguous SEATO areas.

Continue to urge the Thai Government to improve the organization of the Thai Armed Forces so as to make a maximum contribution to the above objectives.

61. Encourage and support an improvement in relations between Thailand and Cambodia.

VIET NAM

62. Assist Free Viet Nam to develop a strong, stable and constitutional government to enable Free Viet Nam to assert an increasingly attractive contrast to conditions in the present Communist zone. In this regard encourage and assist public relations and public information programs of the Government of Viet Nam directed both internally to the Free Vietnamese and externally to North Viet Nam.

63. Work toward the weakening of the Communists in North and South Viet Nam in order to bring about the eventual peaceful reunification of a free and independent Viet Nam under anti-Communist leadership.

64. Support the position of the Government of Free Viet Nam that all-Viet Nam elections may take place only after it is satisfied that genuinely free elections can be held throughout both zones of Viet Nam.

65. Assist Free Viet Nam to build up indigenous armed forces, including independent logistical and administrative services, which will be capable of assuring internal security and of providing limited initial resistance to attack by the Viet Minh.

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66. Encourage Vietnamese military planning for defense against external aggression along lines consistent with U. S. planning concepts based upon approved U. S. policy, and discreetly manifest in other ways U. S. interest in assisting Free Viet Nam; in accordance with the SEATO Treaty, to defend itself against external aggression. *Carver*

67. Encourage and support an improvement in relations between Viet Nam and Cambodia. *new*

FEDERATION OF MALAYA →

*rescinded by Memo to Holders
of News dated 2 Mar 1962*

68. Encourage the continued development of a strong, stable Malaya within the Commonwealth.

69. Encourage the Commonwealth to exercise primary responsibility in Malaya but be prepared to assist, as necessary, in the maintenance of Malaya's stability and independence.

70. In the application to Malaya of the course of action in paragraph 23-a, be prepared to provide needed technical assistance to Malaya, and consider the extension of loans for economic development if alternate sources of financing prove to be inadequate.

71. Discreetly encourage the present Malayan leadership to improve its position of strength and responsibility unless more favorable alternatives develop.

72. Discreetly encourage Malaya's participation and membership in SEATO, avoiding any actions which might strengthen neutralist sentiment.

73. Encourage the Malayan Government to take vigorous actions to curb Communist subversion and to rely primarily on the Commonwealth for any assistance required.

74. Should overt Communist aggression occur against Malaya, place initial reliance on Commonwealth, SEATO or UN resources as appropriate, but be prepared, subject to Malayan request for assistance, to take independent U. S. action along the lines of the proviso in paragraph 20.

SINGAPORE

75. Bearing in mind Singapore's strategic position and its importance to the Free World, encourage development toward a politically stable, economically viable Singapore,

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...ing to cooperate with the United States and capable of
...isting internal and external Communist threats.

76. Encourage and support British, Australian, Federation of Malaya and Singapore Government efforts to strengthen moderate political forces in order to counteract as much as possible the extreme left's pull on the Government. Be prepared, however, after consultation with the British, to take such independent action as necessary to accomplish this end.

77. In case the Communists or extreme leftists move to gain control of the Government by legal or violent means, consult with the United Kingdom, the Federation, and if appropriate other interested parties, and as necessary support counteraction, being prepared, as necessary, to take independent action along the lines of paragraph 21.

78. Should overt Communist aggression occur against Singapore, place initial reliance on the resources possessed by Singapore, the British and the Federation of Malaya, but be prepared to take action, if necessary, in accordance with paragraph 20.

79. While recognizing the desire of Singapore to merge with the Federation, do not encourage such a step unless and until such action appears to be useful in achieving both long-range and short-range U. S. aims as set forth in paragraphs 75 and 76; in the meantime use the Singapore Government's desire for closer ties and eventual merger with the Federation in an effort to counteract the extreme left's pull on the government.

80. Encourage efforts by the Government of Singapore to solve its political and economic problems in ways consistent with U. S. objectives. To the extent feasible, rely on the United Kingdom to provide external financial support to Singapore and, to the extent desired by the United Kingdom, support the utilization of Free World international financial institutions in the promoting of economic development and economic reforms in Singapore. Be prepared, however, to provide U. S. technical and economic development assistance when such assistance would be of special significance in achieving U. S. objectives.

81. In all U. S. activities in Singapore, keep in mind the continuing British responsibility for Singapore's defense and foreign affairs, and the British role in internal security as well as British knowledge and experiences in governing Singapore, and seek to avoid action likely to cause a serious misunderstanding between the United States and the United Kingdom.

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VI. SUPPLEMENTARY STATEMENT OF POLICY
on
THE SPECIAL SITUATION IN NORTH VIET NAM

Summ. 63-
5809 ↓

82. Treat the Viet Minh as not constituting a legitimate government, and discourage other non-Communist states from developing or maintaining relations with the Viet Minh regime.

83. Prevent the Viet Minh from expanding their political influence and territorial control in Free Viet Nam and Southeast Asia.

84. Deter the Viet Minh from attacking or subverting Free Viet Nam or Laos.

85. Probe weaknesses of the Viet Minh and exploit them internally and internationally whenever possible. //

86. Exploit nationalist sentiment within North Viet Nam as a means of weakening and disrupting Sino-Soviet domination. //

87. Assist the Government of Viet Nam to undertake programs of political, economic and psychological warfare against Viet Minh Communists. //←

88. Apply, as necessary to achieve U. S. objectives, restrictions on U. S. exports and shipping and on foreign assets similar to those already in effect for Communist China and North Korea. //

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S E C R E T

SNIE 63.1-60
23 August 1960

SHORT-TERM TRENDS IN SOUTH VIETNAM

The Problem

To assess political and security problems and probable trends in South Vietnam over the next year or so.

CONCLUSIONS

1. Developments within South Vietnam over the past six months indicate a trend adverse to the stability and effectiveness of President Diem's government. Criticism of Diem's leadership within urban groups and government circles has been mounting. More immediately important, the Communist Viet Cong, with support and guidance from Hanoi, has markedly increased subversive operations, terrorist activities, and guerrilla warfare. (Paras. 4-13)

2. Although Diem's personal position and that of his government are probably not

now in danger, the marked deterioration since January of this year is disturbing. These adverse trends are not irreversible, but if they remain unchecked, they will almost certainly in time cause the collapse of Diem's regime. We do not anticipate that this will occur within the period of this estimate. However, if Diem is not able to alter present trends and the situation deteriorates substantially, it is possible during the period of this estimate that the government will lose control over much of the countryside and a political crisis will ensue. (Para. 17)

DISCUSSION

3. Since the beginning of 1960, there has been a general decline in the political and security situations in South Vietnam. The Communist Viet Cong ^{1/} has stepped up terrorist activities and guerrilla warfare.

At the same time, grievances against the government, which have long been accumulating, have become increasingly urgent and articulate.

The Political Situation

^{1/} The Viet Cong insurgents represent the paramilitary arm of the North Vietnam Communist Party. The Viet Cong estimated to have in South Vietnam between 3,000 and 5,000 regular armed cadres and about 3,000 irregulars organized as underground troops. Main areas of Viet Cong activity lie south and west of Saigon and along the Cambodian border. North Vietnam furnishes guidance, personnel reinforcements, and logistical support to the insurgents.

4. Discontent with the Diem government has been prevalent for some time among intellectuals and elite circles and, to a lesser extent, in labor and urban business groups. Criticism by these elements focusses on Ngo family rule, especially the roles of the President's brother, Ngo Dinh Nhu, and Madame Nhu, the

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pervasive influence of the Can Lao,² the semi-clandestine apparatus of the regime; Diem's virtual one-man rule; and the growing evidence of corruption in high places. In late April, 18 prominent Vietnamese publicly petitioned Diem to "liberalize the regime, expand democracy, grant minimum civil rights, (and) recognize the opposition in order to let the people speak without fear." This unprecedented public attack on Diem by a non-Communist group may embolden other urban elements to become more vocal.

5. A new and even more important element in the political situation is the growing criticism of Diem's leadership within government circles, including the official bureaucracy and military; this criticism has become more intense than at any time since 1956. Since the early part of this year, Vice President Tho, other members of the cabinet, and middle echelon officials have made known their serious concern over Diem's handling of the internal security problem and have privately criticized the power and influence exerted by Nhu and his entourage. In addition, there is considerable uneasiness concerning the operations and activities of the Can Lao organization.

6. Although most of the Vietnamese peasants are politically apathetic, they also have their grievances against the government. These include the ineptitude and arrogance of many local and provincial officials, the lack of effective protection from Viet Cong demands in many parts of the country, the harshness with which many peasants have been forced to contribute their labor to government programs, and the unsettling economic and social effects of the agroville (government-sponsored settle-

²The Can Lao organization is based on the cell and cadre system, similar to that of the Kuomintang or a Communist party. It is controlled by Diem's brothers, Nhu and Can. Can Lao members are active at virtually every level of Vietnamese political life. One-third of the cabinet members and over half of the National Assembly deputies probably belong to the Can Lao. The organization also controls the regime's mass political party, the National Revolutionary Movement. It is deeply involved in Vietnamese business affairs and has a program to recruit key officers in the Vietnamese military establishment.

ments) program. As a consequence, Diem's government is lacking in positive support among the people in the countryside.

7. The members of Diem's immediate entourage have attempted, with some success, to keep him insulated from unpleasant developments and trends. However, he has become concerned over the deteriorating internal security situation, although he still tends to discount the amount of discontent both in the countryside and among urban elements. Although he has taken some steps to meet the internal security problem, he tends to view it almost entirely in military terms. He believes that increased military activity against the Viet Cong, along with an expansion of the agroville program, will greatly improve internal security. He has been openly contemptuous of the views of oppositionists in Saigon and regards them as uninformed and dupes of the Communists. Diem also has failed to take any major steps against corruption and arbitrary conduct on the part of the Can Lao organization.

The Security Situation

8. Aggravating many of the government's problems is the active campaign of the Viet Cong to discredit Diem and weaken the government's authority through political subversion as well as paramilitary action. The Viet Cong has had some success in exploiting discontented intellectuals, sowing disaffection among the populace, and disrupting the effective administration of government. This campaign has been well organized and skillfully executed, with the result that Diem has been confronted not merely with the armed threat of guerrilla operations but with a comprehensive subversive program.

9. Between mid-1957 and the end of 1959, the Viet Cong conducted a steady but low key campaign of propaganda, subversion, and terrorism in the South Vietnamese countryside. Since January, there has been a significant increase in the number and size of Viet Cong attacks in several areas, particularly in the southwest. Civilian travel on public roads more than 15 miles outside Saigon has become hazardous. Attacking units,

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estimated to number at times in the hundreds, have operated over wider areas than at any time since 1954 and have assaulted Vietnamese Army installations. Since the beginning of the rainy season in April and the launching of Vietnamese Army counteroperations, Viet Cong operations have abated somewhat but terrorist activity, such as assassination and kidnapping of provincial officials and government sympathizers, has continued at high levels.³ Support from North Vietnam appears to have increased over the past several months. In particular, senior cadres and military supplies such as communications equipment are believed to be moving south through Laos and Cambodia and by junk along the eastern coastline.

10. The upsurge in Viet Cong activity, accompanied by a stepped up propaganda campaign from Hanoi, probably reflects a recent Communist decision to increase pressures on the South Vietnamese Government. The indications of increasing dissatisfaction with the Diem government have probably encouraged the Hanoi regime, supported and guided by the Chinese Communists, to take stronger action at this time. The Chinese Communists probably regard South Vietnam as a promising area for weakening the US position in Southeast Asia at little cost or risk. From the Chinese point of view, many favorable elements are present: a sizable and effective indigenous guerrilla apparatus responsive to Communist control; a government lacking in positive support from its people; and the widely recognized political commitment the US has in South Vietnam.

11. In countering the Viet Cong challenge, Diem faces many of the same problems which confronted the French during the Indo-China War. Viet Cong guerrilla units have succeeded in exploiting their natural advantages of surprise, mobility, and initiative. In many of their areas of operations, they have ex-

³In the first five months of 1960, 780 government officials and sympathizers were assassinated by insurgents. The total number of assassinations in 1958 was 193 and in 1959, 239. Kidnappings this year through May total 282, as compared with 1 in 1958 and 344 in 1959.

ploited the tendency of the largely passive population to accommodate to their presence and thereby avoid reprisals. In some areas of operations, however, they have obtained the active cooperation of the local population.

12. In contrast to the French strategy in the Indo-China War, however, the Vietnamese Government is attempting not only to control the populated areas and main lines of communications but also to group the peasantry into more defensible units through its agrovillage program. Special measures in organization and training have been implemented enabling the army to react more quickly and effectively against guerrilla hit-and-run tactics. The civil guard is forming "commando" units and new stress is being placed on the building of a youth corps, 10,000 strong, for patrol and reconnaissance purposes in the villages and towns.

13. The most effective government measure against the Viet Cong, however, remains the active participation of the army, with air force support. Until recently, the army's commitment to internal security operations has been limited by the deployment of major elements in defense against an overt attack from North Vietnam and by training activities in support of this mission. Some improvement in the army's effectiveness and capabilities can be expected with the increased emphasis on antiguerrilla training, improved organization, and better combat intelligence. We believe it unlikely, however, that the army will be able to do more than contain the Viet Cong threat, at least over the short run.

The Outlook

14. The Viet Cong will probably maintain its pressure on provincial officials and government installations at the present high level, and, with the end of the wet season in October, return to large-scale guerrilla actions aimed at nullifying the government's authority in the rural areas. Hanoi could step up the weight and pace of the Viet Cong activities in South Vietnam. In the absence of more effective government measures to protect the peasants and to win their positive cooperation, the prospect is for expansion of the areas of Viet

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Cong control in the countryside, particularly in the southwestern provinces.

15. Dissatisfaction and discontent with the government will probably continue to rise unless the security situation improves and unless Diem can be brought to reduce the corruption and excesses of his regime. Although there have been no popular demonstrations so far, we believe that the possibilities for antiregime disturbances are increasing. The Viet Cong will attempt to capture and control major demonstrations that occur. Existing police and civil guard strength is capable of controlling small-scale disorders in major population centers, but army support would be required if rioting became widespread.

16. The position of the army in the Vietnamese political scene is not entirely clear. The regime has taken pains to insure that no one army figure could acquire such personal standing or prestige that he could range himself and the army against the government. However, there is some discontent among offi-

cers over Can Lao influence in promotions and assignments, and concern over corruption and nepotism in the army has increased. If unrest in official circles and urban elements became extreme and attempts were made to organize an antiregime opposition, the attitude of the army would become a vital political factor. But it is not clear what the army's action would be in these circumstances.

17. Although Diem's personal position and that of his government are probably not now in danger, the marked deterioration since January of this year is disturbing. These adverse trends are not irreversible, but if they remain unchecked, they will almost certainly in time cause the collapse of Diem's regime. We do not anticipate that this will occur within the period of this estimate. However, if Diem is not able to alter present trends and the situation deteriorates substantially, it is possible during the period of this estimate that the government will lose control over much of the countryside and political crisis will ensue.

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Control 2456
September 5, 1960
8:37 AM

From: SAIGON
To: Secretary of State

No: 538, September 5, 1 PM (Section 1 of 2)

Sent Department 538, Repeated Information CINCPAC POLAD 83,
BANGKOK, VEINTIANE, PHNOM PENH, LONDON, PARIS UNNUMBERED

IN VIEW DEVELOPMENTS KOREA, TURKEY, RECENT COUP D'LADS, AND ATTEMPTED ANTI-GVN DEMONSTRATION ABOUT WEEK AGO (OUR 432) WE BELIEVE IT DESIRABLE ASSESS POSSIBILITIES FOR DEMONSTRATION AND COUP HERE AND LIKELY OUTCOME. POTENTIALITIES OF VARIOUS GROUPS FOR POLITICAL ACTIVITIES OF THESE TYPES GIVEN BELOW:

1. PEASANTS. VARIOUS FACTORS DISCONTENT EXIST SUCH AS LACK OF ADEQUATE PROTECTION AGAINST COMMUNIST ATTACKS AND PRESSURES, LOW PRICES PADDY, COMPULSORY LABOR ON AGROVILLES AND OTHER PROJECTS, AND ARBITRARY METHODS OF AUTHORITIES. DIEM HAS TAKEN SOME STEPS TO TRY ALLEVIATE SOURCES OF DISCONTENT (OUR G-79) BUT IT IS IMPORTANT HE TAKES OTHERS BECAUSE PEASANTRY REPRESENT KEY TO SUCCESS OR FAILURE COMMUNIST GUERRILLA WARFARE IN COUNTRYSIDE AND THUS TO GRADUAL UNDERMINING OF REGIME, HOWEVER, ANY SUDDEN DEMONSTRATION OR COUP AGAINST GVN LIKELY TO CENTER IN SAIGON AND SEEMS IMPROBABLE THAT PEASANTRY IN VIEW LACK ORGANIZATION, TRANSPORT PROBLEMS, ETC. WOULD PLAY SIGNIFICANT ROLE THEREIN.
2. COMMUNISTS. WHILE THERE ARE INDICATIONS THAT COMMIES HAVE SOME STRENGTH IN SAIGON. THEY HAVE NOT YET OPENLY SHOWN THEIR HAND IN CITY AND ARE MUCH MORE LIKELY OPERATE THROUGH INFILTRATED, OSTENSIBLY NON-COMMUNIST ORGANIZATIONS WHICH THEY WILL HELP INSTIGATE TO ACTION. EVEN WITHOUT DEMONSTRATION ATTEMPT BY OTHER GROUPS, THEY MAY ENGAGE IN HIT AND RUN TACTICS OF VIOLENCE IN SAIGON AND IN CASE OF ANY DEMONSTRATION WOULD STEP UP SUCH TACTICS DURING CONFUSION AND WOULD ATTEMPT BEHIND SCENES TO MANIPULATE ANY DEMONSTRATION WHICH BEGAN, PARTICULARLY BY TRYING PROVOKE GVN TO TAKE HARSH MEASURE IN REPRESSION.
3. LABOR. TRADE UNIONS ARE PROBABLY BEST ORGANIZED NON-MILITARY GROUP IN VIET-NAM AND POSSESS MOTIVES FOR POLITICAL ACTION. TRAN QUOC SUU, HEAD CVTC, IS ALLIED WITH MINISTER AGRICULTURE LE VAN DONG AGAINST NHU-TUYEN FACTION IN CAN LAO PARTY; EACH GROUP IS ALSO SUPPORTING COMPETING LEADERSHIP IN OTHER MAIN LABOR FEDERATION CSTV. DONG HAS TALKED PRIVATELY ABOUT DEMONSTRATION. SHOULD HIS FACTION DECIDE UPON ONE, LABOR WOULD UNDOUBTEDLY BE ITS CORE. PROBABLE FACTORS RESTRAINING DONG ARE FEAR THAT HE WOULD NOT SUCCEED AND THAT COMMUNISTS WOULD EXPLOIT DEMONSTRATION TO THEIR ADVANTAGE.

LABOR ALSO HAS ECONOMIC AND SOCIAL GRIEVANCES WHICH PROVIDE FERTILE GROUND FOR OPPOSITION GROUPS OUTSIDE GOVERNMENT TO CULTIVATE. TAXI AND MOTOR POUSSE DRIVERS FOR EXAMPLE WHO LIVE HAND TO MOUTH EXISTENCE WERE ADVERSELY AFFECTED BY INCREASE IN PRICE GASOLINE UNTIL GVN QUICKLY PERMITTED FARE RISE. WHILE NON-GOVERNMENT OPPOSITION GROUPS MIGHT NOT BE ABLE ORGANIZE AS EXTEN-

SIVE SUPPORT AMONG LABOR AS UNION LEADER LIKE BUU, THEY COULD NEVERTHE-
LESS WITH COMMUNIST ORGANIZATIONAL ASSISTANCE PROBABLY STIR UP SOME
SUPPORT FOR DEMONSTRATION.

4. STUDENTS. PREVIOUSLY RELATIVELY INERT, LACKING ORGANIZATION AND
ANY OPPOSITION PARTY FOCUS SUCH AS EXISTED IN KORE AND TURKEY, AND
LIVING IN SCATTERED FASHION RATHER THAN ON CAMPUS, STUDENTS HAVE NEVERTHE-
LESS WITHIN PAST FEW WEEKS BEGUN SHOW POLITICAL DERMENT. THIS PROBABLY
STIMULATED BY DEVELOPMENTS IN OTHER COUNTRIES AND PERHAPS EVEN, IN COUNTER
PRODUCTIVE SENSE, BY INTERVENING GVN EFFORTS AT POLITICAL STERILIZATION
OF STUDENTS. WHILE NO REASON AT THIS STAGE BELIEVE STUDENTS WOULD INITIATE
DEMONSTRATION, PROBABILITY GROWING THAT THEY WOULD JOINT ONE LED BY
OPPOSITIONISTS EITHER WITHIN OR OUTSIDE GOVERNMENT. GVN SECURITY OFFICIALS
ARE CONCERNED OVER GROWING INFLUENCE OF OPPOSITIONIST AND VC PROPAGANDA
AS WELL AS ESTABLISHMENT OF VC CELLS AMONG LYCEE STUDENTS.

5. CATHOLIC REFUGEES. DISSATISFACTION WITH REGIME APPARENTLY EXISTS
AMONG SOME CATHOLICS, WHO REPRESENT GREAT BULK OF THE REFUGEES. PARADOXICALLY,
SOME OF THIS STEMS FROM WHAT THEY FEEL IS TOO HEAVILY CATHOLIC LEADERSHIP
OF REGIME (WITH POTENTIAL REACTION TO FOLLOW) AND SOME TO REGIME'S FAILURE
TO BRING CATHOLICS PARTICULAR BENEFITS (E.G. SCHOOLS). SOME OF HIERARCHY
ALSO HAS STRONG FRENCH BACKGROUND. CERTAIN ELEMENTS HAVE SPOKEN OF
NECESSITY AVOID COMMUNIST TAKEOVER BY CHANGING REGIME AND THERE IS EVIDENCE
OF CATHOLIC REFUGEES HAVING BEEN INVOLVED IN ABORTIVE AUG 19 DEMONSTRATION
(FVS-4948).

6. OPPOSITION GROUPS AND SECTS. WHILE SOME STIRRINGS ARE SEEN AMONG
OPPOSITIONGROUPS, SUCH AS THE DAI VIETS, VNQD, AND DAN CHU, THESE GROUPS
ARE NOT EXPECTED TO DISPLAY SUBSTANTIAL ORGANIZED STRENGTH AND MORE LIKELY
WILL CONTINUE TO APPEAR ONLY AMONG INTELLECTUAL CLASS. THEY DO, HOWEVER,
ARTICULATE THE DISSATISFACTION EXISTING IN OTHER CLASSES. SECTS HAVE
GIVEN NO SUBSTANTIAL SIGNS OF REVIVAL OF FORCE EITHER IN SAIGON OR ELSE-
WHERE.

7. POLICE. OF OBVIOUS IMPORTANCE IS STRENGTH AND RELIABILITY LOCAL
POLICE AND OTHER FORCES WHICH COULD BE MUSTERED TO MEET DEMONSTRATION.
METROPOLITAN POLICE NUMBER APPROXIMATELY 5,760 BACKED BY APPROXIMATELY
3,000 MEMBERS OF NATIONAL POLICE AND SECURITY SERVICE UNDER DIRECT CONTROL
OF GENERAL NGUYEN VAN LA. OFFICIAL OF NPSS HAS COMMENTED TO CAS THAT
POLICE WOULD BE LOYAL TO GOVERNMENT AND ACT AGAINST ANY TYPE OF DEMONSTRATION.
OPERATING PRINCIPLES IN GVN'S ANTI-RIOT TACTIC IS TO SMOTHER DEMONSTRATION
BEFORE IT CAN GAIN MOMENTUM, AND WHILE INSTIGATORS CAN STILL BE DETERMINED
AND ARRESTED. FIRST LINE OF DEFENSE ARE SEVERAL HUNDRED SURETE PERSONNEL
MINGLING IN CROWDS AND REPORTINGPOSSIBLE TROUBLE. THESE ARE BACKED UP
BY UNIFORMED POLICE DEPARTMENT RIOT SQUAD, CONSISTING OF 200 PERSONNEL
PLUS 10-15 MAN COMMAND SECTION. THE 200 PERSONNEL ARE DIVIDED INTO THREE
PLATOONS, ONE OF WHICH IS ON DUTY (AND ANOTHER ON STANDBY) AT ANY GIVEN
TIME. PLATOON (3) ON DUTY SLEEPS DRESSED AND IS PREPARED TO ANSWER A
CALL WITHIN TWO MINUTES, PLUS AN ESTIMATED TEN MINUTES TO ARRIVE AT SCENE
OF DISTRESS. MEN ARE PRACTICED IN 16 FORMATIONS FOR BREAKING UP A MOB.
THE 200 MAN UNIT IS EQUIPPED WITH TRANSPORTATION, RADIO COMMUNICATIONS,
VARIOUS SUBMACHINE AND RIOT GUNS, TEAR GAS AND OTHER ANTI-RIOT MATERIAL,
AND CAN CALL UPON FIRE DEPARTMENT FOR ABOUT 35 WATER TRUCKS WITH HOSES
(FVS-5007).

DEPARTMENT OF STATE

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2456
SEPTEMBER 5, 1960
8:37 AM

FROM: . SAIGON
TO: SECRETARY OF STATE
NR: 538, SEPTEMBER 5, 2 PM (SECTION 2 of 2)

SENT DEPARTMENT 538, REPEATED INFORMATION CINCPAC POLAD 83,
BANGKOK, VIENTIANE, PHNOM PENH, LONDON, PARIS UNNUMBERED

FURTHER ARMED SUPPORT AVAILABLE ARE CIVIL GUARD IN AREA, ABOUT
7,000, AND REGULAR ARMY FORCES, NUMBERING THREE BATTALIONS
PARACHUTISTS, ONE BATTALION INFANTRY, PRESIDENTIAL GUARD BRIGADE
WITH AUTHORIZED STRENGTH OF 1,500 BUT WITH CURRENT OVER-
STRENGTH OF APPROXIMATELY 400, ONE BATTALION MARINES, ONE
ARMORED COMPANY AND AN UNDETERMINED NUMBER OF PARTIALLY
TRAINED RECRUITS FROM QUANG TRUNG TRAINING CENTER ON OUTSKIRTS
SAIGON. OTHER FORCES TOTAL THREE BATTALIONS OF INFANTRY AND ARE
AVAILABLE; HOWEVER THEY ARE NOW ASSIGNED TO PRIORITY SECURITY
AREAS AND WHETHER OR NOT THEY COULD BE PULLED FROM THEIR
PRESENT MISSIONS WOULD DEPEND UPON SITUATION.

8. ARMY. [SOME DISCONTENT EXISTS BECAUSE OF POLITICAL PROMOTIONS
AND FAVORITISM THROUGHOUT ARMED FORCES STRUCTURE. SOME DISTURBING
INDICATIONS OF POSSIBLE DEVELOPMENT SPIRIT FRUSTRATION AND
DEFEATISM IN FIGHT AGAINST VIET CONG ALSO RECEIVED, SUCH AS
STATEMENT ALLEGEDLY MADE BY GENERAL DUONG VAN MINH THAT FOR
EVERY VIET CONG KILLED BY ARMED FORCES GOVERNMENT CREATING TEN
IN THEIR REARM HOWEVER INDICATIONS ARE THAT GENERALS REMAIN
IMBUED BY NON-POLITICAL APPROACH AND THAT DISCONTENT IS NOT OF
SUCH PROPORTIONS THAT ANY GENERAL IS READY TO TAKE INITIATIVE
IN LEADING COUP. WE CANNOT OF COURSE EXCLUDE EMERGENCIES OF A
"KONG LE" FROM RANKS BELOW GENERAL BUT KEY UNITS IN AND AROUND
SAIGON ARE COMMANDED BY OFFICERS BELIEVED TO BE CLOSE AND
LOYAL TO DIEM.]

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-2- 538, SEPTEMBER 5, 2 PM (SECTION 2 OF 2) FROM SAIGON

WHILE THERE DOES NOT SEEM TO BE MUCH LIKELIHOOD AT THIS TIME OF COUPLED BY ARMY, PICTURE IS NOT SO CLEAR RE REACTION OF ARMY TO DEMONSTRATION ON COUP STARTED BY OTHERS. IT COULD BE CLEARLY SHOWN THAT SUCH ACTION WAS COMMUNIST-INSPIRED NO PROBLEM RE ARMY REACTION WOULD EXIST, BUT AS ALREADY INDICATED COMMUNISTS ARE LIKELY TO ACT DISCREETLY BEHIND SCENES. IF ACTION DIRECTED AGAINST DIEM, PROBABLY ADEQUATE NUMBER OF POLICE AND ARMED FORCES TO PUT IT DOWN WOULD INITIALLY RESPOND TO CALL; IF ACTION DIRECTED AGAINST ENTOURAGE OR REPRESENTED APPEAL FOR ACTION BY GOVERNMENT, PROBLEM OF PUTTING IT DOWN MIGHT BE MORE DIFFICULT. IN EITHER CASE COURSE OF DEVELOPMENTS SUCH AS REPULSION AT ANY EXTENSIVE SHEDDING OF BLOOD OF NON-COMMUNISTS MIGHT QUICKLY CHANGE ATTITUDE ARMY UNITS INTO ONE UNFAVORABLE TO CONTINUATION REPRESSIVE MEASURES.

9. GENERAL. AN IMPORTANT ASPECT OF PROBLEM IS UNEASY POLITICAL ATMOSPHERE ITSELF, CREATED BY COMBINATION OF CONTINUING VC POLITICAL AND MILITARY GAINS, INSUFFICIENT EVIDENCE OF GVN COUNTERACTION AND SELF CORRECTION AND PANICKY TENDENCIES BY SOME ELEMENTS TO CONSIDER DRASTIC MEASURES, EVEN A COUP. TO FORESTALL COMMUNIST TAKEOVER. THIS LATENT EXPLOSIVE FORCE COULD BE TOUCHED OFF BY AN ILL-ADVISED MOVE BY SINCERE OR OPPORTUNISTIC OPPOSITIONISTS OR BY UNDULY HARSH REPRESSIVE ACTION BY THE GVN.

CONCLUSION: REAL POSSIBILITY DEMONSTRATIONS IN SAIGON EXISTS. COULD BE INSTIGATED BY DONG-BUU FACTION, ESPECIALLY IF IT DECIDES RISK OVERLOOKING FEAR OF COMMUNIST EXPLOITATION. COULD ALSO BE INSTIGATED BY OPPOSITION ELEMENTS OUTSIDE GOVERNMENT, BUT SEEMS UNLIKELY WOULD BE OF ANY SIZEABLE PROPORTIONS UNLESS HOOKED UP WITH COMMUNIST-INFILTRATED GROUP ESPECIALLY IN LABOR FIELD, ANY DEMONSTRATION MORE LIKELY TO BE INITIALLY LOYAL PROTEST CALLING FOR CHANGES IN POLICIES AND PERSONAL AROUND DIEM BUT COULD DEVELOP INTO ANTI-DIEM RIOT. WHILE INITIAL DEMONSTRATION CAN PROBABLY BE PUT DOWN, LONGER TERM OUTCOME WOULD LIKELY DEPEND UPON ARMY ATTITUDE AND DIEM'S METHOD ON HANDLING CRISIS. IN ANY EVENT VC EXPLOITATION IS LIKELY.

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-3- 538, SEPTEMBER 5, 2 PM (SECTION 2 OF 2) FROM SAIGON

WE ARE DEVELOPING RECOMMENDED ACTIONS WHICH MIGHT HEAD OFF DEVELOPMENTS OF TYPES ENVISAGED ABOVE AND PRESERVE DIEM AS GVN LEADER. SHALL FORWARD THEM SOONEST.
INFORMATION ADDRESSEES: ABOVE FYI AND NOT REPEAT NOT FOR DISCUSSION WITH GOVERNMENTS.

DURBROW

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1306

SEP 13 1960

MEMORANDUM FOR ADMIRAL E. J. O'DONNELL, REGIONAL DIRECTOR, FAR EAST, ISA

FROM: Brigadier General Edward G. Lansdale, OSO/OSD

SUBJECT: Possible Courses of Action in Vietnam

Reference: Memo for ASD/ISA from Secretary Douglas, dated 29 August 1960,
subject: "Deteriorating Situation in South Vietnam"

As noted by the Deputy Secretary of Defense, conditions in Vietnam are deteriorating. The key element in the situation is the activity of the Viet Cong. While criticism of Diem's government in metropolitan areas adds to his problems and interacts with Viet Cong plans, the Viet Cong remains the primary threat to security. To the end of meeting this threat, several proposals are herewith submitted for consideration

A. Actions within the authority of DOD

(1) The emphasis of the MAAG function should be shifted from purely training and organizational advice in preparation for defense against external aggression to include on-the-spot advice and assistance in the conduct of tactical operations against the Viet Cong.

(2) Concomitantly, the MAAG should be staffed to a greater intent with officers skilled in the conduct of counter-guerilla operations and who are capable of operating in the field. This might include Marines for amphibious instruction on Mekong River operations. If the immediate threat is recognized as being Viet Cong, these proposals logically follow as a deemphasis from conventional warfare against a wholesale DRV invasion. While the latter possibility is not discounted, it is felt that Viet Cong operations offer a more immediate and a very deadly threat to Vietnam.

(3) Equipment required to support counter-guerrilla operations, including turbo-jet boats for Mekong River patrols, should be furnished on a priority basis. Items required by the Vietnamese in the psychological warfare area (See Appendix A) should be given a higher priority within MAP and expeditiously furnished. Advice and training in this field specifically directed against the Viet Cong should be stepped up.

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(4) Small coast patrol craft should be made available to the Vietnamese Navy for purposes of restricting coastside supply shipment from North Vietnam to the Viet Cong.

(5) In the intelligence area, again the immediate emphasis should be shifted from conventional combat intelligence to counter-guerrilla intelligence training at the battalion level. Further, an attempt should be made through training and material support to strengthen the Vietnamese counter-intelligence effort in order to frustrate the Viet Cong subversive threat. Finally, RF equipment should be furnished so that an effort can be made to locate Viet Cong radio transmitters.

B. Recommendations requiring coordinated inter-agency action

(1) Strengthen the Civil Guard by making MAAG spaces available for trainers and by provision of small arms and other equipment through MAP supply channels plus utilization of ARVN supply, maintenance, and training facilities.

(2) During the emergency, the Civil Guard should be temporarily put under the Ministry of Defense in order to integrate the activities of the ARVN and the Civil Guard. The Ambassador's concern that the Civil Guard will lose all identity as a civil police force, if this action is taken, is invalid, providing a strong US position to the contrary is announced and maintained.

(3) Emphasis on civic action type activities by the ARVN should be encouraged and advisory and material assistance in this field furnished through MAAP and ICA channels.

(4) The Department of State should reemphasize to the RKG the necessity for according the right of "hot pursuit" to the ARVN in its campaign against the Viet Cong. Since it is strongly suspected that the Viet Cong maintain their headquarters within Cambodia, and since considerable reinforcements to the Viet Cong come through Cambodia, the US should tell the RKG that we explore their inaction in suppressing this activity. The effectiveness of the ARVN sweeps will be largely negated until the ROK takes steps to deny its territory as a sanctuary to the Viet Cong.

(5) Most importantly for the purpose of strengthening the morale of the Vietnamese, President Diem should be informed as soon as possible through appropriate channels of the gravity with which the US government views the internal security situation, of our intent to provide material assistance, and of our unswerving support to him in this time of crisis.

(6) If a large scale operation against the Viet Cong is undertaken by the Vietnamese, the dispatch of Seventh Fleet vessels and Air Force patrols might be useful in deterring sea reinforcements to the Viet Cong.

1 Inclosure
Appendix A

APPENDIX A

Minimum Needs for Psychological Warfare equipment.

a. Leaflet vans: (for publications platoons).

(1) Operations Van (write and illustrate leaflets to be printed).

(2) Photo reproductions van (Photograph illustrations to be printed).

(3) Press van (print 1,000,000 leaflets in 24 hours).

b. Three Broadcasting Radio Mobile Groups (5KW) without complete

OUTFIT.

(1) Emitter and Receiver of 25 KW for Army Broadcasting Station.

c. Three Line Radio Boats.

d. 20 Line Radio Cars.

e. 43 Public Address (high impedance?)
(10 loudspeaker groups for BSN NAI propaganda
30 for operations team (long distance)
3 for Aircraft equipment).

f. 50 Projectors (16 mm) with screen.

g. One Secretary Machine (documents copy).

h. Five (5) teletypes.

i. 500 Radio (receivers).

j. Equipment and finance to set up "Army Movie Studio".

k. 50 taperecorders.

l. Film (16 mm) for sound recording.

m. Maintain Annual Budget for psychological warfare activities
\$33,000,000 (piastres).

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-2- 624. SEPTEMBER 16, 6 PM (SECTION ONE OF TWO) FROM SAIGON

CENTRALIZED INTELLIGENCE, ETC. THIS MESSAGE THEREFORE DEALS WITH OUR POLITICAL AND ECONOMIC RECOMMENDATIONS. I REALIZE SOME MEASURES I AM RECOMMENDING ARE DRASTIC AND WOULD BE MOST IMPOLITIC FOR AN AMBASSADOR TO MAKE UNDER NORMAL CIRCUMSTANCES. BUT CONDITIONS HERE ARE BY NO MEANS NORMAL. DIEM GOVERNMENT IS IN QUITE SERIOUS DANGER. THEREFORE, IN MY OPINION PROMPT AND EVEN DRASTIC ACTION IS CALLED FOR. I AM WELL AWARE THAT DIEM HAS IN PAST DEMONSTRATED ASTUTE JUDGMENT AND HAS SURVIVED OTHER SERIOUS CRISES. POSSIBLY HIS JUDGMENT WILL PROVE SUPERIOR TO OURS THIS TIME, BUT I BELIEVE NEVERTHELESS WE HAVE NO ALTERNATIVE BUT TO GIVE HIM OUR BEST JUDGMENT OF WHAT WE BELIEVE IS REQUIRED TO PRESERVE HIS GOVERNMENT. WHILE DIEM OBVIOUSLY RESENTED MY FRANK TALKS EARLIER THIS YEAR AND WILL PROBABLY RESENT EVEN MORE SUGGESTIONS OUTLINED BELOW, HE HAS APPARENTLY ACTED ON SOME OF OUR EARLIER SUGGESTIONS AND MIGHT ACT ON AT LEAST SOME OF THE FOLLOWING:

1. I WOULD PROPOSE HAVE FRANK AND FRIENDLY TALK WITH DIEM AND EXPLAIN OUR SERIOUS CONCERN ABOUT PRESENT SITUATION AND HIS POLITICAL POSITION. I WOULD TELL HIM THAT, WHILE MATTERS I AM RAISING DEAL PRIMARILY WITH INTERNAL AFFAIRS, I WOULD LIKE TO TALK TO HIM FRANKLY AND TRY TO BE AS HELPFUL AS I CAN BY GIVING HIM THE CONSIDERED JUDGMENT OF MYSELF AND SOME OF HIS FRIENDS IN WASHINGTON ON APPROPRIATE MEASURES TO ASSIST HIM IN PRESENT SERIOUS SITUATION. (BELIEVE IT BEST NOT INDICATE TALKING UNDER INSTRUCTIONS.) I WOULD PARTICULARLY STRESS DESIRABILITY OF ACTIONS TO BROADEN AND INCREASE HIS POPULAR SUPPORT PRIOR TO 1961 PRESIDENTIAL ELECTIONS REQUIRED BY CONSTITUTION BEFORE END APRIL. I WOULD PROPOSE FOLLOWING ACTIONS TO PRESIDENT:

2. PSYCHOLOGICAL SHOCK EFFECT IS REQUIRED TO TAKE INITIATIVE FROM COMMUNIST PROPAGANDISTS AS WELL AS NON-COMMUNIST OPPOSITIONISTS AND CONVINCE POPULATION GOVERNMENT TAKING EFFECTIVE MEASURES TO DEAL WITH PRESENT SITUATION, OTHERWISE WE FEAR MATTERS COULD GET OUT OF HAND. TO ACHIEVE THAT EFFECT FOLLOWING SUGGESTED:

(A) BECAUSE OF

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-3- 624, SEPTEMBER 16, 6 PM (SECTION ONE OF TWO) FROM SAIGON

(A) BECAUSE OF VICE PRESIDENT THO'S KNOWLEDGE OF SOUTH WHERE COMMUNIST GUERRILLA INFILTRATION IS SPREADING SO RAPIDLY I WOULD SUGGEST THAT HE BE SHIFTED FROM MINISTRY NATIONAL ECONOMY TO MINISTRY INTERIOR. (DIEM HAS ALREADY MADE THIS SUGGESTION BUT VICE PRESIDENT MOST RELUCTANT TAKE JOB.)

(B) IT IS IMPORTANT TO REMOVE ANY FEELING WITHIN ARMED FORCES THAT FAVORITISM AND POLITICAL CONSIDERATIONS MOTIVATE PROMOTIONS AND ASSIGNMENTS. ALSO VITAL IN ORDER DEAL EFFECTIVELY WITH VIET-CONG THREAT THAT CHANNELS OR COMMAND BE FOLLOWED BOTH DOWN AND UP. TO ASSIST IN BRINGING ABOUT THESE CHANGES IN ARMED FORCES, I WOULD SUGGEST APPOINTMENT OF FULL-TIME MINISTER NATIONAL DEFENSE. (THUAN HAS INDICATED DIEM HAS BEEN THINKING OF GIVING THUAN DEFENSE JOB.)

(C) RUMORS ABOUT MR. AND MRS. NHU ARE CREATING GROWING DISSENSION WITHIN COUNTRY AND SERIOUSLY DAMAGE POLITICAL POSITION OF DIEM GOVERNMENT. WHETHER RUMORS TRUE OR FALSE, POLITICALLY IMPORTANT FACT IS THAT MORE AND MORE PEOPLE BELIEVE THEM TO BE TRUE. THEREFORE, BECOMING INCREASINGLY CLEAR THAT IN INTEREST DIEM GOVERNMENT SOME ACTION SHOULD BE TAKEN. IN ANALAGOUS SITUATIONS IN OTHER COUNTRIES INCLUDING US IMPORTANT, USEFUL GOVERNMENT PERSONALITIES HAVE HAD TO BE SACRIFICED FOR POLITICAL REASONS. I WOULD SUGGEST THEREFORE THAT PRESIDENT MIGHT APPOINT NHU TO AMBASSADORSHIP ABROAD.

(D) SIMILARLY TRAN KIM TUYEN, NHU'S HENCHMAN AND HEAD OF SECRET INTELLIGENCE SERVICE, SHOULD BE SENT ABROAD IN DIPLOMATIC CAPACITY BECAUSE OF HIS GROWING IDENTIFICATION IN PUBLIC MIND WITH ALLEGED SECRET POLICE METHODS OF REPRESSION AND

DURBROW

SECRET

SECRET
SEP 16 1960
6:25 PM

TO: SAISON
FROM: Secretary of State
SUBJECT: (C). SEPTEMBER 16, 6 PM (EXCERPTED FROM TLD)

RECEIVED
SEP 16 1960

SENT DEPARTMENT (C); REPEATED INFORMATION (INCPAC POLAD 9).
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(2) ONE OR TWO CABINET MEMBERS FROM OPPOSITION SHOULD BE APPOINTED TO DEMONSTRATE GOVERNMENT'S DESIRE TO ESTABLISH GOVERNMENT OF NATIONAL UNION IN FIGHT AGAINST VC.

5

3. MAKE PUBLIC ANNOUNCEMENT OF DISBANDMENT OF BAN LAO PARTY OR AT LEAST ITS SURFACING, WITH NAMES AND POSITIONS OF ALL MEMBERS MADE KNOWN PUBLICLY. PURPOSE THIS STEP WOULD BE TO ELIMINATE ATMOSPHERE OF FEAR AND SUSPICION AND REDUCE PUBLIC BELIEF IN FAVORITISM AND CORRUPTION, ALL OF WHICH PARTY'S SEMI-COVERT STATUS HAS GIVEN RISE TO.

4. PERMIT NATIONAL ASSEMBLY WIDER LEGISLATIVE INITIATIVE AND AREA OF GENUINE DEBATE AND BESTOW ON IT AUTHORITY TO CONDUCT, WITH APPROPRIATE PUBLICITY, PUBLIC INVESTIGATIONS OF ANY DEPARTMENT OF GOVERNMENT WITH RIGHT TO QUESTION ANY OFFICIAL EXCEPT PRESIDENT HIMSELF. THIS STEP WOULD HAVE THREE-FOLD PURPOSE: (A) FIND SOME MECHANISM FOR DISPELLING THROUGH PUBLIC INVESTIGATION CONSTANTLY GENERATED RUMORS ABOUT GOVERNMENT AND ITS PERSONALITIES; (B) PROVIDE PEOPLE WITH AVENUE RECOURSE AGAINST ARBITRARY ACTIONS BY SOME GOVERNMENT OFFICIALS; (C) ASSUAGE SOME OF INTELLECTUAL OPPOSITION TO GOVERNMENT.

5. REQUIRE ALL GOVERNMENT OFFICIALS TO DECLARE PUBLICLY THEIR PROPERTY AND FINANCIAL HOLDINGS AND GIVE NATIONAL ASSEMBLY AUTHORITY TO MAKE PUBLIC INVESTIGATION OF THESE DECLARATIONS IN EFFORT DISPEL RUMORS OF CORRUPTION.

6. RELAX EXISTING
EVEN WHEN IT IS
ONLY IS
UNLESS

SECRET

-2 624, SEPTEMBER 16, 6 PM (SECTION TWO OF TWO) FROM SAIGON

6. RELAX EXISTING MINISTRY OF INFORMATION CONTROL OVER COGENT OF THE VIETNAMESE PUBLIC MEDIA (PRESS, MAGAZINES, RADIO), SO THAT THEY MAY CONTRIBUTE TO WIDER DISSEMINATION OF FACTS TO DISPEL RUMORS, ESPECIALLY WITH RESPECT TO RECOMMENDATIONS 4 AND 5 ABOVE, AND THUS TO CLOSING THE GAP BETWEEN GOVERNMENT AND ITS PEOPLE BY TRANSMITTING IDEAS FROM ONE TO THE OTHER. TO INSURE THAT THE PRESS WOULD REFLECT, AS WELL AS LEAD, PUBLIC OPINION WITHOUT BECOMING A MEANS OF UPSETTING THE ENTIRE GVN STRUCTURE, IT SHOULD BE HELD RESPONSIBLE TO A SELF-IMPOSED CODE OF ETHICS OR "CANON" OF PRESS-CONDUCT.

7. LAUNCH MAJOR PROPAGANDA CAMPAIGN ABOUT NEW 3-YEAR DEVELOPMENT PLAN IN EFFORT CONVINCING PEOPLE THAT GOVERNMENT GENUINELY AIMS AT IMPROVING THEIR WELFARE. (THIS SUGGESTION DEPENDENT OF COURSE UPON ASSESSMENT OF SOUNDNESS OF DEVELOPMENT PLAN, WHICH HAS JUST REACHED US.)

8. ADOPT FOLLOWING MEASURES FOR IMMEDIATE ENHANCEMENT OF PEASANT SUPPORT OF GOVERNMENT: (A) ESTABLISH MECHANISM FOR INCREASING PRICE PEASANT WILL RECEIVE FOR PADDY CROP BEGINNING TO COME ON MARKET IN DECEMBER, EITHER BY DIRECT SUBSIDIZATION OR ESTABLISHMENT STATE PURCHASING MECHANISM; (B) INSTITUTE MODEST PAYMENT FOR ALL CORVEE LABOR; (C) SUBSIDIZE AGROVILLE FAMILIES ALONG SAME LINES AS LAND RESETTLEMENT FAMILIES UNTIL FORMER ON FEET ECONOMICALLY; (D) INCREASE COMPENSATION PAID TO YOUTH CORPS. IF DIEM ASKS HOW THESE MEASURES ARE TO BE FINANCED I SHALL SUGGEST THROUGH INCREASED TAXES OR INCREASED DEFICIT FINANCING, AND SHALL NOTE THAT UNDER CERTAIN CIRCUMSTANCES REASONABLE DEFICIT FINANCING BECOMES A POLITICALLY NECESSARY MEASURE FOR GOVERNMENTS. I SHOULD ADD THAT USING REVENUES FOR THESE FUNDAMENTAL AND WORTHY PURPOSES WOULD BE MORE EFFECTIVE THAN SPENDING LARGER AND LARGER SUMS ON SECURITY FORCES, WHICH, WHILE THEY ARE ESSENTIAL AND SOME ADDITIONAL FUNDS FOR EXISTING SECURITY FORCES MAY BE REQUIRED, ARE NOT COMPLETE ANSWER TO CURRENT PROBLEMS.

9. PROPOSE SUGGEST TO DIEM THAT APPROPRIATE STEPS OUTLINED ABOVE BE ANNOUNCED DRAMATICALLY IN HIS ANNUAL STATE OF UNION

MESSAGE TO

-3- 624, SEPTEMBER 16, 6 PM (SECTION TWO OF TWO) FROM SAIGON

MESSAGE TO NATIONAL ASSEMBLY IN EARLY OCTOBER. SINCE DIEM USUALLY DELIVERS MESSAGE IN PERSON THIS WOULD HAVE MAXIMUM EFFECT, AND I WOULD RECOMMEND THAT IT BE BROADCAST LIVE TO COUNTRY.

10. AT SOME STAGE, PERHAPS ON OCCASION FIFTH ANNIVERSARY ESTABLISHMENT REPUBLIC OF VIETNAM ON OCTOBER 26, IT MAY BECOME HIGHLY DESIRABLE FOR PRESIDENT EISENHOWER TO ADDRESS A LETTER OF CONTINUED US SUPPORT TO DIEM. DIEM HAS UNDOUBTEDLY NOTICED THAT EISENHOWER LETTER RECENTLY DELIVERED TO SINANOUK. NOT ONLY FOR THIS REASON BUT ALSO BECAUSE IT MAY BECOME VERY IMPORTANT FOR US TO GIVE DIEM CONTINUED REASSURANCE OF OUR SUPPORT, PRESIDENTIAL LETTER WHICH COULD BE PUBLISHED HERE MAY PROVE TO BE VERY VALUABLE.

REQUEST ANY ADDITIONAL SUGGESTIONS DEPARTMENT MAY HAVE AND ITS APPROVAL FOR APPROACH TO DIEM ALONG LINES PARAS 1 TO 9.

WE BELIEVE US SHOULD AT THIS TIME SUPPORT DIEM AS BEST AVAILABLE VIETNAMESE LEADER, BUT SHOULD RECOGNIZE THAT OVERRIDING US OBJECTIVE IS STRONGLY ANTI-COMMUNIST VIETNAMESE GOVERNMENT WHICH CAN COMMAND LOYAL AND ENTHUSIASTIC SUPPORT OF WIDEST POSSIBLE SEGMENTS OF VIETNAMESE PEOPLE, AND IS ABLE TO CARRY ON EFFECTIVE FIGHT AGAINST COMMUNIST GUERRILLAS. IF DIEM'S POSITION IN COUNTRY CONTINUES DETERIORATE AS RESULT FAILURE ADOPT PROPER POLITICAL, PSYCHOLOGICAL, ECONOMIC AND SECURITY MEASURES, IT MAY BECOME NECESSARY FOR US GOVERNMENT TO BEGIN CONSIDERATION ALTERNATIVE COURSES OF ACTION AND LEADERS IN ORDER ACHIEVE OUR OBJECTIVE.

DURBROW

HC/

FOREIGN SERVICE DESPATCH

FROM: Amembassy, SAIGON

157
Desp. No.

TO: THE DEPARTMENT OF STATE, WASHINGTON

October 15, 1960

REF: EMBTEL 802, Oct. 15, 1960

Subject: Approach to President Diem on Suggested Political Actions

Attached as enclosure 1 is the English text of a memorandum on suggested political actions, a French translation of which was read and then handed to President Diem by Ambassador Durbrow on October 14, 1960. The French translation which was left with President Diem was classified "Top Secret" for the purpose of impressing Diem. For United States' purposes, however, we consider the classification of both the English and French texts to be Secret.

Attached as enclosure 2 is the English text of notes on the suggested transfer of Ngo Dinh Nhu and Dr. Tran Kim Tuyen, a French translation of which was read to President Diem by Ambassador Durbrow at the same time.

President Diem's reaction to this approach was described in our telegram No. 802, October 15, 1960.

For the Ambassador

/s/

Joseph A. Mendenhall
Counselor of Embassy for
Political Affairs

INFO:SDEF-7 FILE-1(8)JJF/KS

Enclosures:

English text of memorandum on
suggested political actions

English text of notes on suggested
transfer of Ngo Dinh Nhu and Dr.
Tran Kim Tuyen.

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Page 1
Enclosure 1
Despatch 157
From Saigon

ENGLISH TEXT OF MEMORANDUM HANDED TO PRESIDENT DIEM

Mr. President, in your struggle for survival against the Viet Cong, you have taken many wise steps with respect to the security forces of the Government, and I understand that you are in the process of setting up a national Internal Security Council and a centralized intelligence agency as important and necessary additional steps toward giving effective guidance to and making maximum use of the security forces. We have recognized the increased security threat to your Government and the additional needs of your security forces. We have shown this recognition by the comprehensive program for training, equipping and arming the Civil Guard which I have just explained, by our furnishing special forces personnel for the anti-guerrilla training of ARVN and by supplying the special equipment needs of ARVN for the war against the guerrillas.

Our serious concern about the present situation is based, however, not only on the security threat posed by the Viet Cong, but also on what to us seems to be a decline in the popular political support of your Government brought on in part, of course, by Viet Cong intimidation. As your friend and supporter, Mr. President, I would like to have a frank and friendly talk with you on what seems to be the serious political situation confronting your Government. While I am aware that the matters I am raising deal primarily with internal affairs and, therefore, in ordinary circumstances would be no concern of mine, I would like to be as helpful as I can by giving you the considered judgment of myself and some of my friends and your friends in Washington on what we hope would be appropriate measures to assist you in this present crucial situation.

I believe that your speech to the National Assembly on October 3, in which you stated that your Government has decided to reorganize certain of its institutions and to rationalize and simplify its working methods, indicates that we may be thinking to some extent at least along the same lines.

I would like particularly to stress the desirability of actions to broaden and increase your popular support prior to the 1961 Presidential elections. It would seem to me that some sort of a psychological shock effect would be helpful in order to take the initiative from the Communist propagandists as well as the non-Communist oppositionists, and to convince the population that your Government is taking effective political as well as security measures to deal with the present situation. It would appear that, unless fully effective steps are taken to reverse the present adverse political trend, your Government will face an increasingly difficult internal security situation. It is our carefully considered view that small or gradual moves are not adequate. To attain the desired effect, moves, major in scope and with extensive popular appeal, should be taken at once. Specific actions which we would suggest are as follows:

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Enclosure 1
Despatch 157
From Saigon

(1) We suggest that you consider Cabinet changes as a necessary part of the effective moves needed to build up popular interest and support. One Cabinet change that we believe would be helpful would be the appointment of a full-time Minister of National Defense in order to permit you to devote your attention to developing over-all policies. To achieve maximum benefit it is suggested that you issue firm directives to assure that there is adherence to channels of command both up and down and that firm action be taken to eliminate any feeling that favoritism and political considerations enter into the promotion and assignment of personnel in the armed forces. Removal of this latter feeling is of great importance if the morale of the armed forces is not to be adversely affected during their mortal struggle against the Viet Cong.

We suggest that one or two members of the non-Communist opposition be given Cabinet posts in order to demonstrate to the people your desire for the establishment of national unity in the fight against the Viet Cong, and to weaken the criticisms of the opposition which have attracted considerable attention both in Saigon and abroad.

(2) In rationalizing and simplifying the Government's methods of work, we suggest you seek to find new methods to encourage your Cabinet Members to assume more responsibility rather than frequently submitting relatively minor matters to the Presidency for decision, thus allowing you more time to deal with basic policy matters; that the new national Internal Security Council be so constituted as to be the top level policy-making institution by having it meet frequently under your chairmanship for full discussion of all the major problems confronting the Government and proposed solutions thereto; and that of authority from you in direct line to the department and agency heads properly concerned. Under this system Cabinet Ministers and agency heads can be held fully responsible for the operation of their departments and agencies, because of the full authority you have bestowed upon them. If a Cabinet Minister cannot fulfill his responsibilities under this system, we would then suggest that you replace him.

(3) We would suggest that you consider altering the nature of the Can Iao Party from its present secret character to that of a normal political party which operates publicly, or even consider disbanding it. If the first alternative is adopted, various methods of convincing the population that the action has been taken might be used, such as party publication of a list of its members. The purpose of this action would be to eliminate the atmosphere of secrecy and fear and reduce the public suspicion of favoritism and corruption, which the Can Iao Party's secret status has fostered according to many reports we have heard in and out of the Government.

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(4) We suggest that the National Assembly be authorized to investigate any department or agency of the Government. The Assembly should be authorized to conduct its investigations through public hearings and to publish the findings. This investigative authority for the Assembly would have a three-fold purpose: (a) to find some mechanism for dispelling through public investigation the persistent rumors about the Government and its personalities; (b) to provide the people with an avenue of recourse against arbitrary actions by certain Government officials; and (c) to assuage some of the non-Communist opposition to the Government.

We further suggest that the National Assembly be asked to establish requirements for the behavior of public servants.

New We also suggest that the National Assembly be encouraged to take wider legislative initiative through the introduction of bills sponsored by individual Deputies or groups of Deputies, as well as to broaden area of public debate on all bills, whether Government-sponsored or introduced on a Deputy's initiative.

(5) We suggest that you issue a warning that you may require every public official to make a declaration, for possible publication, listing his property and sources of income.

(6) We suggest that you announce that, if the press will take a responsible role in policing itself, the controls exercised over it by the Government would be reduced. In this connection you might wish to consider the appointment of a committee, including representatives of the press and some members of the opposition, to draft a press code which the press would police. Within the framework of such a code the press could be a means of disseminating facts in order to reduce rumor-mongering against the Government, malicious or not, much of which stems from lack of information.

New Providing timely and more ample information would also help to reduce anti-Government rumors. Means to accomplish this include greater access for the press to responsible members of the Government, and frequent public statements from the Presidency and first-aid shots, transmitted to the people by radio, sound-film, tape recordings, and through the press. The more these media are encouraged to reach the provinces, the more effective will they be in bringing the people closer to your Government by providing a means of transmitting ideas from one to the other.

(7) We would like to suggest that you liberalize arrangements for Vietnamese wishing to study abroad, and for this purpose make more foreign exchange available.

We also suggest that you ease restrictions on the entry into and departure from Viet-Nam of Vietnamese nationals, in order to encourage Vietnamese well

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trained abroad to return and make their contribution to the development of their country.

(8) We suggest that you consider some appropriate means by which villagers could elect at least some of their own officials. Such elections at the village level would be a means of associating the population with the Government and of eliminating arbitrary actions by local government officials by demonstrating to them that they will periodically be judged at the polls.

(9) We suggest prompt adoption of the following measures for the enhancement of the Government's support in rural areas:

(a) Take action which will result in an increase in the price which peasants actually will receive for paddy before the new harvest.

(b) Liberalize the terms of credit extended to the small rice farmers.

(c) Continue to expand expenditures for agricultural development and diversification, particularly in the Mekong Delta area.

(d) Institute a system of modest Government payment for all community development labor whether on agrovilles or on other Government projects.

(e) Institute a system of limited subsidies to the inhabitants of agrovilles during the period of their readjustment. While the two situations are not completely comparable, the subsidies helped to bridge the period of adjustment for the settlers in the High Plateau. This should help to develop a favorable popular attitude toward the agrovilles by covering some of the expenses incurred in moving to and getting settled in the agrovilles.

New (f) Give appropriate and adequate compensation to the 2000 village health workers. These workers can serve as an important arm of the Government in establishing friendly relations with villagers.

New (g) Increase compensation paid to the Self Guard Youth.

(10) We suggest that as many of the steps recommended above as possible be announced dramatically to the public in your message to the people on October 26. We would envisage this message as a ringing effort to obtain the support of all non-Communist elements for your Government and to create national unity to win the fight against the Viet Cong.

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Page 1
Enclosure 2
Despatch 157
From Saigon

ENGLISH TEXT OF NOTES ON NGO DINH NHU AND DR. TRAN KIM TUYEN

In addition to these positive moves, again as a friend and most reluctantly, I feel that I should bring to your attention the increasing discontent among various strata of Vietnamese society with the role and alleged activities of your brother Ngo Dinh Nhu and Madame Nhu. I repeat, I bring this matter up most reluctantly since I have respect for Mr. and Mrs. Nhu and I know how much you count on his advice and counsel. I know personally of the many contributions he has made to the success of your Government and I know that he is equally desirous with you to maintain the independence and integrity of Viet-Nam, as well as to advance the fine progress which has already been made in your country. We have discussed this type of rumor before and I know that you have full confidence in your brother. Nevertheless, the position that Mr. and Mrs. Nhu hold in Viet-Nam has become the basis for a large amount of criticism and discontent against the Government. Unfortunately, whether based on fact or not, this criticism has reached the point that question is no longer whether these allegations are true or not. The fact that more and more people are believing them is seriously damaging the prestige of the Government. Unfortunately these rumors are also being used against your Government by Viet Cong propagandists in the countryside. Therefore, since it appears that these allegations are assuming a larger and larger importance in the public mind and are causing considerable discontent in the country, it might perhaps be advisable to give serious consideration to transferring Mr. Nhu to other duties. It has been suggested that he might be given an Ambassadorial assignment abroad. As you know, Mr. President, many Governments, including my own, have from time to time found it necessary to remove or transfer highly useful officials because of the adverse public image they have created.

In this connection we have also heard much criticism of the role and activities of Dr. Tran Kim Tuyen, who, according to a growing number of reports, has come to represent a negative force in the minds of many. This too constitutes a basis for serious discontent and resentment against the Government. I personally know Dr. Tuyen and know of his abilities and contribution to the work of the Government, but because of the negative attitude about him which has developed, it might be well to consider his appointment to a post abroad.

I repeat, as unfounded as these reports and rumors may be, it has often proven advantageous to other Governments to make transfers of this kind.

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INCOMING TELEGRAM

DEPARTMENT OF STATE

CORRECTION ISSUED:
10/17/60 6:30 AM VS
Control: 8208
Red'd: October 15, 1960
6:23 AM

FROM: SAIGON - CORRECTED PAGE 1

TO: SECRETARY OF STATE

NO: 802, OCTOBER 15, 6 AM

SENT DEPARTMENT 802. REPEATED INFORMATION CINCPAC POLAD 122

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DEPTEL 581

DIEM RECEIVED ME ON 14TH FOR HOUR AND FIFTEEN MINUTES WHICH PERMITTED ME OUTLINE NEW PROPOSALS TRAIN CIVIL GUARD AND HAVE FRANK DISCUSSION RE SUGGESTED STEPS TO AMELIORATE DETERIORATING POLITICAL SITUATION.

AFTER OUTLINING NEW PROPOSALS FOR CIVIL GUARD, WHICH PLEASED HIM VERY MUCH (REPORTED IN SEPARATE TELEGRAM), IN WHICH THUAN TOOK PART, I SUGGESTED TO PRESIDENT THAT I WOULD LIKE TO HAVE OPPORTUNITY TO TALK WITH HIM ALONE. THUAN LEFT. I THEN READ COPY, CONTAINING SUGGESTIONS AGREED TO BY DEPARTMENT IN REPTEL (ENGLISH TEXT BY POUCH). /BEFORE READING TEXT I STATED THAT ON OCTOBER 13 I HAD BEEN IN VIETNAM FOR THREE AND ONE HALF YEARS, HAD FOUND MY ASSIGNMENT EDIFYING, INTERESTING, AND MOST WORTHWHILE. I MENTIONED SOLID AND WORTHWHILE PROGRESS I HAD NOTED IN COUNTRY SINCE 1957 AND CONGRATULATED PRESIDENT ON HIS MANY FINE ACCOMPLISHMENTS. I THEN STATED THAT SINCE I ADMIRER HIS COURAGE AND DETERMINATION I PERSONALLY DESIRED TO DO ALL I COULD TO HELP HIM, PARTICULARLY IN THESE TRYING TIMES. I ADDED I PERSONALLY, AND OTHER FRIENDS OF HIS HERE AS WELL AS THOSE IN WASHINGTON, HAVE BEEN GIVING MUCH THOUGHT ABOUT HOW WE MIGHT BE HELPFUL TO HIM. RESULTS OF OUR THINKING LED TO CONCLUSION THAT WE COULD BE MOST HELPFUL IF WE SHOULD MAKE SEVERAL SUGGESTIONS WHICH I COULD PUT TO HIM IN A FRANK MANNER AS A FRIEND. I THEN READ THE PAPER. /

DIEM LISTENED INTENTLY AND MADE NO COMMENTS WHILE I WAS READING EXCEPT TO REMARK AFTER I HAD SUGGESTED HE MIGHT GET RID OF MINISTERS WHO HAD NOT CARRIED OUT THEIR RESPONSIBILITIES, BY SAYING HARDEST THING TO DO IS TO GET QUALIFIED PERSONS WHO WILL TAKE RESPONSIBILITIES.

WHEN I FINISHED READING PRESIDENT STATED THAT MOST OF SUGGESTIONS I HAD MADE CONFORMED TO HIS BASIC IDEAS, BUT ADDED AS MUCH AS HE WOULD LIKE TO PUT THESE INTO EFFECT, STEPPED-UP ACTIVITIES OF THE VIET CONG MADE IT MOST DIFFICULT. HE ADDED THAT MANY PEOPLE HAVE BEEN INTIMIDATED BY VIET CONG AND SOME HAD BEEN WON OVER SO THAT IT WOULD BE DIFFICULT TO CARRY OUT SOME OF STEPS REGARDING COUNTRYSIDE. I REPLIED WHILE I REALIZED DIFFICULTIES I WAS FIRMLY CONVINCED AFTER MOST CAREFUL CONSIDERATION THAT IT ESSENTIAL NOW TO TAKE MANY IF NOT ALL OF THESE SUGGESTED STEPS ON A

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TOP SECRET - SENSITIVE

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CALCULATED-RISK BASIS IN ORDER TO CREATE THE PSYCHOLOGICAL SHOCK WHICH I BELIEVED ESSENTIAL AT THIS TIME. PRESIDENT MADE NO FURTHER COMMENT EXCEPT TO TELL ME THAT HE WOULD CONSIDER THE SUGGESTIONS I HAD GIVEN HIM.

I THEN AGAIN BEGGED HIS INDULGENCE AND ASKED IF I COULD BRING UP A MOST SENSITIVE AND DELICATE MATTER WHICH I FELT IN HIS INTEREST AND IN INTEREST OF VIETNAM I SHOULD DISCUSS VERY FRANKLY. FROM NOTES IN FRENCH WHICH I READ BUT DID NOT LEAVE WITH HIM, (COPY BY POUCH), I DISCUSSED GROWING CRITICISM OF HIS PROTHET AND MADAM NHU, AS WELL AS DR. BUYEN AND SUGGESTED THAT THEY SHOULD BE ASSIGNED ABROAD. DIEM DID NOT INTERRUPT ME BUT ASSUMED SOMEWHAT GRIM, AND I DETECTED SLIGHTLY HURT MANNER. HIS ONLY COMMENT WAS THAT THESE RUMORS ABOUT THE NHUS WERE SPREAD BY COMMUNISTS. I REPLIED THAT I WAS SURE THAT COMMUNISTS WERE DOING ALL THEY COULD TO SPREAD SUCH RUMORS BUT I REPEATED THAT THE UNFORTUNATE PART ABOUT IT IS THAT MORE AND MORE PEOPLE ARE BELIEVING THESE REPORTS--VIETNAMESE LOYAL TO HIM, THOSE WHO MIGHT BE CONSIDERED IN THE OPPOSITION, FOREIGN CIVILIANS AND FOREIGN DIPLOMATS TO SAY NOTHING TO THE PRESS. I REPEATED, AS I HAD PREVIOUSLY, THESE REPORTS WERE SERIOUSLY DAMAGING PRESTIGE OF HIS REGIME.

AFTER DISCUSSING THE NHUS, I AGAIN APOLOGIZED, FIRST OF ALL FOR BRINGING UP THIS PERSONAL AND SENSITIVE SUBJECT, AS WELL AS THE OTHER SUGGESTIONS I HAD MADE. I AGAIN ASKED HIS INDULGENCE AND FORGIVENESS FOR SPEAKING SO FRANKLY AND ADDED I HOPED HE WOULD UNDERSTAND THAT I WAS TALKING AS A SINCERE FRIEND.

COMMENT: CONSIDERING THE FAIRLY FRANK CRITICISM I MADE OF HIS REGIME AND FAMILY, DIEM OUTWARDLY SHOWED NO REAL RESENTMENT. AFTER I APOLOGIZED FOR BRINGING UP THE NHU QUESTION, DIEM REMAINED SILENT FOR A BIT AND THEN WE DISCUSSED LAO DEVELOPMENTS IN A MATTER-OF-FACT REALISTIC WAY. I SAID I WAS SURE THAT PARSONS WOULD FILL HIM IN REGARDING LATEST LAO DEVELOPMENTS WHEN HE IS HERE ON 18TH. I THEN REITERATED MY CLOSING APOLOGETIC COMMENTS ON THE NHU QUESTION AND TOOK MY LEAVE, WHICH WAS QUITE CORDIAL.

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1324

OUTGOING TELEGRAM Department of State

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08182

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Origin SENT TO: Anembassy SAIGON 50

Rptd info: CINCPAC

JOINT STATE-DOB MESSAGE

1. ~~XXXXXXXXXXXX~~ View continuing communist inspired and directed insurgency in VN, ~~consider~~ ^{consider} should be developed over-all plan/for encouraging and supporting GVN in national emergency effort defeat insurgents and bring about order and stability in that country. Such action determined necessary in order check disruptive influences which could cause disintegration of the Government and the possible loss of South Viet-Nam to Communist Bloc.

2. Studies of problem indicate plan for GVN should provide for integration and centralized direction of maximum resources in order combat insurgency. Based on requirements outline plan (see Para 4), US agencies Saigon may wish develop plan further, work out procedures thereunder and determine US personnel, materiel and budgetary support requisite successful implementation this GVN emergency effort.

3. Before such plan and procedures made known to GVN, they would be reviewed in Washington for consistency with US policy and for funding. When US position established, GVN would be approached to gain acceptance such plan and to work out details of organization, implementation by

751K.5-MSP/10-1960

LWS

DC/B
Aval 30
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Cca

Drafted by: FE:SEA:CM Wood: jhs 10/18/60

Telegraphic transmission and classification approved by: FE - John M. Steeves

DOB/ISA-Col. Fleisch

SEA - Mr. Cleveland

ICA - Mr. Nestle
S/S - CR

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OCT 19 1960 A.M.

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Page 2 of telegram to Saigon rptd CINCPAC

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Classification

GVN authorities and provision of US support.

4. Draft outline plan for GVN national action cabled Chief MAAG (Defense Message 982994 - 162156Z Sept 60) should be developed by Ambassador and CT in sufficient detail to provide basis approval courses of action and US support requirements therefor. Realize several important ideas suggested draft outline plan already under study by GVN. This KX might facilitate acceptance by GVN over-all plan which appears necessary meet national emergency.

Hester
Jm2

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SENT TO: AmEmbassy Saigon 775, 11 November 1960

RPTD INFO: CINCPAC FOR POLAD

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If still appropriate you may wish inform Diem and at your discretion get word to coup leaders that we consider it overriding importance to Viet Nam and Free World that agreement be reached soonest in order avoid continued division, further bloodshed with resultant fatal weakening Viet-Nam's ability resist Communists.

HERTER

Pencilled Note:

Parson's pushing the panic button again?

s/s.

11/11/60 FE:SEA: RO Cleveland

FR - J. Graham Parsons

S/S - Mr. Perkins

C O P Y

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~~SECRET~~

OFFICE OF THE SECRETARY OF DEFENSE

12 Nov 60

MEMO FOR Col Black

1/11
1/11

Please pass to Secretary
Douglas.

Thought you would
like to add your own
comments.

Ed Kaufdale

Mr. Douglas

General

The matter we got
Bannon + Douglas out
of S.E. Area the letter

Black 13 Nov
C11/55

SECRET CONT NO. 59-874

1328

OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON 25, D.C.

NOV 11 1960

JWH
See Sec 100
100-100

MEMORANDUM FOR SECRETARY GATES

From: Brig Gen Lansdale, OSO/OSD *2d*

Subject: Vietnam

With the news that President Diem has put down the revolt in Saigon and is rapidly re-establishing his authority, it would be useful to give some thought to what comes next. Here are some initial personal thoughts which might be of help in considering the situation.

The revolt undoubtedly has taught a lesson to Diem. He might well read this lesson as teaching him to mistrust large segments of the armed forces and, possibly, the utility of the way MAAG advisors are placed with Vietnamese units. After all, officers and men in the revolt were quite close to the American military. Thus, it is possible that he will tend to take even closer personal command of the armed forces and do some shaking up by his own personal direction. If so, then this will make General McGarr's role with President Diem of vital importance to the United States. It would be useful to get State's agreement to free General McGarr to confer with President Diem as closely and as continuously as necessary, under only broad guidance to attain U.S. objectives, without the Ambassador insisting upon McGarr checking with him every five minutes.

Of course, the lesson we would like him to learn is that he should change some of his ways, since some of his people felt strongly enough about it to take up arms against him. This is normally a task for the Ambassador, when it comes to conveying U.S. views on such delicate internal matters to a Chief of State. However, it is most doubtful that Ambassador Durbrow has any personal stature remaining. Diem must feel that Durbrow sided with the revolt emotionally. Perhaps he even feels that Durbrow's remarks over the months helped incite the revolt. Thus, it would be useful to get Durbrow out of Saigon. A graceful way would be to have him come home to report.

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15 November 1960

MEMORANDUM FOR DEPUTY SECRETARY DOUGLAS

From: Brig Gen Lansdale, OSO/OSD

Subject: Vietnam

In determining U.S. policy towards Vietnam in the immediate future, you might find the following personal observations of help:

President Ngo Diah Diem will have the 1954 coup attempt of General Minh in mind as he deals with the leaders of the 1960 coup attempt and receives U.S. advice about punishment. In 1954, Diem was persuaded to let Minh and his key officers leave the country unpunished. A few weeks later, they were instigating a revolt by the sect forces against Diem which led to considerable bloodshed in March and April 1955. President Diem always felt that a little more firmness with a few individuals would have cooled many of the hot-heads who later listed to Minh.

The 1954 and 1960 events have enough similarities to make the 1954 lesson fresh in his mind. Both coup attempts were in November. The military leader of each claimed inspiration from Nasser of Egypt and had rather close ties with former chief of state Bao Dai. Both had imprecise programs of political aims, stated as generalized ideals which sounded as phoney as a \$3-bill to the people they hoped would rally to their cause, but which coincided with a French analysis of the desires of the U.S. Ambassador and his political staff. Both were certain that Army units wouldn't act against them; both wooed the sect organizations and the same political parties; both seem to share the same friends and acquaintances in France and Cambodia.

The actions of the U.S. Ambassador undoubtedly have deepened President Diem's suspicions of his motivations. Diem cannot help but wonder at U.S. objectives as voiced by such a

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spokesman. At the most critical moment of the coup attempt, the U.S. Ambassador urged Diem to give in to rebel demands to avoid bloodshed. Earlier, he had urged others to urge Diem to compromise with the rebels. The most charitable view that Diem could take would be that our Ambassador is a badly-informed man, but he would also then believe that the Ambassador has been far too prone to listen to the wrong people in Vietnam, people who are Diem's enemies.

Actually, Ambassador Durbrow is not entirely to blame for these blunders. The invitation to engage in this badly-timed and demoralizing meddling in Vietnam's affairs was given the Ambassador by the Southeast Asia desk staff in State message 775. This action, on top of many others which seem to have weakened both the U.S. position and the cause of freedom in Southeast Asia in the immediate past, should make us note that advice and actions of this staff carry definite hazards to the security of the U.S. Their advice and instructions on the next events in Vietnam deserve the most careful scrutiny and evaluation, particularly by Defense whose resources are called upon so heavily to carry out U.S. policy in this area. The long-known strategic value of Southeast Asia places a premium upon our military participation.

Finally, it appears that General McGarr, the MAAG Chief, came through this test of U.S. influence very well. Both the rebel forces and the loyal forces turned to him for counsel. He seems to have handled them with complete honesty and objectivity which will increase his potential for influencing the Vietnamese military in the future. This is a factor which should carry its proper weight in future considerations of our actions in Vietnam. Also, it should be borne in mind that this will subject General McGarr to considerable vindictive attack by the Vietminh and by those jealous of his increased prestige.

These observations are prompted by the fact that it is critical that U.S. policy makers have some deeper understanding of people and events in Vietnam, if we are to keep Southeast Asia free. It is our key piece in the area and must be handled correctly.

Although this memo deals with a most sensitive subject, you may wish to show it to General Lemnitzer and Assistant Secretary Irwin who also are concerned with this problem.

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THE JOINT CHIEFS OF STAFF
WASHINGTON 25, D. C.

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JCSM-544-60

1 DEC 1960

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: Helicopters for Vietnam (U)

1. Reference is made to a memorandum, dated 9 November 1960 from the Director of Military Assistance, Office of the Assistant Secretary of Defense, International Security Affairs, to the Chairman, Joint Chiefs of Staff concerning a recommendation to provide H-34 helicopters to the Republic of Vietnam.
2. The Joint Chiefs of Staff consider that there is a valid requirement to increase the helicopter lift capability of the Vietnamese Armed Forces at this time, in view of the deteriorating internal security situation in Vietnam.
3. The Joint Chiefs of Staff concur with the recommendation of the Director of Military Assistance, OASD (ISA), to provide 11 H-34 helicopters from service inventories for delivery to the Republic of Vietnam, subject to immediate reimbursement to the providing department.
4. It is the understanding of the Joint Chiefs of Staff that emergency funding action will be required to provide the required increased helicopter lift capability to the Vietnamese Armed Forces, and that the Director of Military Assistance concurs in the Commander in Chief, Pacific request for such emergency funding action, rather than providing the increased capability by deviation from the FY 61 Military Assistance Program for Vietnam.
5. The provision of the requested number of H-34 aircraft from active service inventories, plus the provision of the necessary ground support equipment and follow on spares, will result in a reduction in the capabilities of the providing service until such time as the aircraft, equipment and spares can be replaced. In view of this, and since shortages of this model aircraft already exist in the service inventories, rapid

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By: 11-60

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replacement will be required. In addition, the anticipated increase in the cost of providing the Vietnamese Armed Forces with an H-34 helicopter maintenance capability will require provision of additional funds to the FY 61 Military Assistance Program for Vietnam. The Joint Chiefs of Staff strongly recommend that the additional funds required to provide the required increased helicopter lift capability be provided from the President's Emergency Fund.

6. It is recommended that the Department of the Army be designated to provide the 11 H-34 aircraft, plus the ground support equipment and follow on spares, with the Department of the Air Force implementing delivery through normal Military Assistance Program procedures.

For the Joint Chiefs of Staff:

Curtis E. LeMay

CURTIS E. LEMAY
General, USAF

Vice Chief of Staff, U.S. Air Force

INCOMING TELEGRAM

DEPARTMENT OF STATE

SECRET

Control: 1953
Rec'd: December 5, 1960
4:41 a.m.

FROM: Saigon

TO: Secretary of State

NO: 1151, December 4, 2 p.m. (SECTION ONE OF TWO)

SENT DEPARTMENT 1151; REPEATED INFORMATION LONDON, PARIS, BANGKOK, PHNOM PENH, VIENTENNE, SINGAPORE, KUALA LUMPUR, MANILA, CANBERRA UNNUMBERED, CINCPAC POLAD 221.

LIMIT DISTRIBUTION

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

cabinet Ministers, other loyal officials, deputies and some military. Nhu and Thuan have indicated that Diem, who not particularly interested fundamental political matters, is resisting some suggested basic reforms.

Nhu and Diem still deeply rankled particularly by critical American press stories about autocratic regime and entourage, and Diem made the ridiculous statement to Ladejinsky November 30th that he believes some Americans may have backed coup because one of coup leaders, Colonel Dong, "told him so during negotiations." This may represent rationalization blame others not selves. Diem probably drawing on his "miracle theory" refuses admit rebels could have captured or killed him if they had believed through initial advantage (General Khanh told me 3rd after first rebel attack morning 115th there were only 30 defenders in Palace which could have been easily taken) and both Nhu and Diem now expressing deep displeasure because "Americans equated Diem regime with rebels because both anti-Communists and therefore we urged both sides negotiate. While under circumstances their attitude understandable, we have made point clear to them that we did all in our power to prevent bloodshed and urge rebels when they had power to oust Diem that he should be given active role in any government established. While hothead can Lao party members who organized committee against Communists colonialists have been calmed down somewhat, this element could regain momentum and cause further trouble if unleashed again by CVN.

Just below surface there is much talk about another coup unless Diem relaxes some controls, puts in effective reforms, takes more effective action to fight VC and give protection to population. There is still strong under-current of resentment against entourage but because any action he took this score would be under pressure and indicate weakness, and particularly his resentment of press stories about entourage, coupled with fact Diem feels he made Nhu as loyal adviser, prospects Diem will transfer Nhu to other work or abroad not in sight, at least for some time. Despite this malaise and feeling about entourage,

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-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)

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Department of State

Classification Control: 1951
Date: DECEMBER 4, 1961
Time: 9:03 AM

FROM: SAIGON
TO: Secretary of State
NO: 1151, DECEMBER 4, 2 PM, (SECTION TWO OF TWO)

SENT DEPARTMENT 1151, REPEATED INFORMATION LONDON, PARIS, BANGKOK, PHNOM PENH, VIENTIANE, SINGAPORE, KUALA LUMPUR, MANILA, CANBERRA UNRUMBERED, CINCPAC POLAD 221.

LIMIT DISTRIBUTION

RECOMMENDATIONS:

1. WE MUST CONTINUE URGE EFFECTIVE INTEGRATED PROGRAMS SOONEST IN POLITICAL, SOCIAL, ECONOMIC INCLUDING NEEDED FISCAL REFORMS, AND MILITARY FIELDS. SINCE DIEM AND OTHERS ASSURE US THEY WORKING ON REFORMS WE SHOULD NOT AT MOMENT PRESS TOO HARD.
2. WE SHOULD CONTINUE URGE OTHER FOREIGNERS, PARTICULARLY ASIANS, TO URGE DIEM TAKE ABOVE STEPS.
3. WE SHOULD CONTINUE URGE DIEM, NHU AND OTHERS TO CHANGE THEIR ATTITUDE REGARDING FOREIGN AS WELL AS LOCAL PRESS AND TAKE EFFECTIVE STEPS TO HAVE BETTER PUBLIC RELATIONS INTERNALLY AS WELL AS ABROAD AND IMPLEMENT AN EFFECTIVE COUNTRY-WIDE PSYWAR PROGRAM.
4. IF NECESSARY, DO ALL WE POSSIBLE CAN TO PREVENT HOTHEADS FROM TRYING TO TAKE UPPER HAND AND GOING IN FOR VENGEANCE AGAINST REBELS AND ADOPTING ULTRA-NATIONALISTIC ATTITUDE.
5. TAKE APPROPRIATE OPPORTUNITIES URGE DIEM AND OTHERS ADOPT AT LEAST MOST IMPORTANT SUGGESTIONS CONTAINED IN MY DEMARCHE TO HIM OCT. 14TH.

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-2- 1151, December 4, 2PM, (SECTION TWO OF TWO) FROM SAIGON

6. DO ALL WE CAN GET DIEM TO ACCEPT BASIC PRINCIPLES SUGGESTED IN MAAG COUNTER-INSURGENCY PLAN, WHICH WILL BE FORWARDED SONNEST (SOME PARTS OF PLAN WHICH WITHIN U.S. AGREED POLICY DIRECTIVES HAVE BEEN URGED ON GVN WITH SOME SUCCESS).
7. CLARIFY INCONSISTENCIES IN TRANSFER CIVIL GUARD TO DOD IN ORDER THAT MAAG MAY START TRAINING ON LARGE SCALE SOONEST AND MAKE MAP EQUIPMENT AVAILABLE.
8. SINCE DIEM BELIEVES WE DO NOT UNDERSTAND SERIOUSNESS OF VC, THREAT AND HE SUSPECTS WE MAY HAVE ENCOURAGED REBELS, WE SHOULD MAKE ARRANGEMENTS IMMEDIATELY TO SHIP SIX H-34 HELICOPTERS WHICH ARE NOT ONLY MOST URGENTLY NEEDED FIGHT VC EFFECTIVELY BUT WOULD REASSURE DIEM WE TRYING GIVE EFFECTIVE HELP.
9. SINCE IT FAR FROM CERTAIN DIEM WILL INTRODUCE SUFFICIENTLY APPEALING AND EFFECTIVE NEW PROGRAMS AND USE HIS PRESENT SECURITY FORCES IN MOST EFFICACIOUS MANNER, WE MUST FIND SUITABLE MEANS TO BRING PRESSURE ON HIM. AS I OUTLINED IN EMBTEL 1105 AS WELL AS IN MEMORANDUM THIS SUBJECT (LETTER TO PARSONS NOV 8) I AM CONVINCED, EVEN IF WE EVENTUALLY SHOULD AGREE, THAT WE SHOULD NOT NOW ACCORD HIS REQUEST FOR 20,000 ADDITIONAL FORCE OR CONCUR IN HIS UNILATERAL ACTION TO RAISE FORCE LEVEL (CHIEF MAAG 1537 DEC 1 - COPY JCS). TO DO SO WITHOUT HIS HAVING RELAXED CONTROLS, INSTITUTED EFFECTIVE REFORMS AND HAVING PERMITTED EFFICIENT USE PRESENT FORCES, WOULD NOT SAVE THE DAY FOR DIEM BUT MIGHT EVEN INDUCE HIM FOLLOW HIS INSTINCT TO RELY PRIMARILY ON USE OF FORCE BOTH TO CONTROL POPULATION AND FIGHT VC. WHILE I AM NOT FULLY CONVINCED NEED FOR EXTRA 20,000 MEN, I WOULD BE WILLING TO CONCUR IN SUCH ADDITION IF CAREFUL STUDY BY ALL CONCERNED CONCURRED IN THIS RECOMMENDATION. (MAAG VIEWS ON URGENT NEED FOR 20,000 INCREASE FORWARDED PARSONS MY LETTER NOV 30TH) THEREFORE, SUGGESTED THIS MATTER BE CAREFULLY STUDIED WASHINGTON AND IF FINAL RECOMMENDATION IS FAVORABLE IT BE KEPT SECRET AS ACE IN THE HOLE TO GRANT DIEM PROVIDED HE HAS TAKEN OTHER NECESSARY STEPS WHICH ARE TO ME MUCH MORE FUNDAMENTAL, AND PROVIDED HE NEEDS EXTRA FORCE AFTER TAKING MORE ESSENTIAL STEPS. IF, FOR INSTANCE, AT THE BEGINNING NEXT YEAR HE HAS TAKEN EFFECTIVE STEPS ALONG LINES SUGGESTED ABOVE AND IT IS STILL CONSIDERED HE NEEDS INCREASED

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INCOMING TELEGRAM

CONTROL: 1951

CORRECTION ISSUED: 12/8/60,

9:45 AM, 61

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13-1151, DECEMBER 4, 2 PM, (SECTION TWO OF TWO) FROM SAIGON -
CORRECTED PAGE 3

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FORCE LEVEL WE COULD SO INFORM HIM THEN. BUT IN MEANTIME, IN VIEW HIS THREAT TO RAISE FORCE LEVEL UNILATERALLY, I SHOULD BE INSTRUCTED SOONEST TO TAUT SUITABLE OPPORTUNITY TO STATE WHILE FORCE LEVEL INCREASE IS UNDER CONSIDERATION WASHINGTON CANNOT NOW SEE ITS WAY CLEAR TO GRANT SUCH INCREASE WHEN OTHER MORE IMPORTANT STEPS ARE ESSENTIAL AT PRESENT IN FIGHT AGAINST VC AND TO MAKE FURTHER PROGRESS VIET-NAM.

10. IN SUMMARY, SITUATION IN VIET-NAM IS HIGHLY DANGEROUS TO US INTERESTS. COMMUNISTS ARE ENGAGED IN LARGE-SCALE GUERRILLA EFFORT TO TAKE OVER COUNTRYSIDE AND OUST DIEM'S GOVERNMENT. THEIR ACTIVITIES HAVE STEADILY INCREASED IN INTENSITY THROUGHOUT THIS YEAR. IN ADDITION DIEM IS FACED WITH WIDESPREAD POPULAR DISSATISFACTION WITH HIS GOVERNMENT'S INABILITY TO STEM THE COMMUNIST TIDE AND ITS OVER-HEAVY-HANDED METHODS OF OPERATION. IT SEEMS CLEAR THAT IF HE IS TO REMAIN IN POWER HE MUST MEET THESE TWO CHALLENGES BY IMPROVEMENTS IN HIS METHODS OF CONDUCTING WAR AGAINST COMMUNISTS AND IN VIGOROUS ACTION TO BUILD GREATER POPULAR SUPPORT. WE SHOULD HELP AND ENCOURAGE HIM TO TAKE EFFECTIVE ACTION. SHOULD HE NOT DO SO, WE MAY WELL BE FORCED, IN NOT TOO DISTANT FUTURE, TO UNDERTAKE DIFFICULT TASK OF IDENTIFYING AND SUPPORTING ALTERNATE LEADERSHIP.

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THIS IS NOT REPEAT NOT FOR DISCUSSION WITH FOREIGN GOVERNMENTS.

DURBROW

MB

NOTE: READ BY MR. CLARK (FE), 11:30 AM, 12/4/60, CVO-M.

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SWIC 88-10
6 Dec 1960

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THE SITUATION AND SHORT-TERM OUTLOOK IN LAOS

THE ESTIMATE

I. THE SITUATION

1. Laos has never been a national entity governed by sure and united authority. Its people lack a sense of national loyalty and identity and they continue to be divided by traditional ethnic, regional, and family antagonisms. A gulf has always existed between the central government in Vientiane and the people in the countryside, and those who have governed Laos have never established effective authority or won the respect of all of the various peoples who make up the Laotian nation. The non-Communist political factions have never achieved unity or cohesion and have tended to view one another with as much suspicion as they do the Communist left. As a result, no strong, effective non-Communist leadership has emerged since Laos achieved independence. These fundamental weaknesses in the political and social fabric of Laos have been brought again to the surface and accentuated since Kong Le seized control of Vientiane in early August. Indeed, developments since the coup were made possible, almost inevitable, by the incoherent nature of the country, its leaders, and its people. This chaos has been compounded by contradictory and inconsistent Western counsel and by the wide attraction of neutralism, however vaguely understood, among many Laotians.

2. The principal political elements in Laos, aside from the Communist-dominated Pathet Lao—the Souvanna Phouma government in Vientiane, the Revolutionary Committee set up by Phoumi and Boun Oum at Savannakhet, and King Savang at the royal capital of Luang Prabang—have been unwilling to work together. Alone none of them has the fol-

lowing, the national status, and the military strength to contain the Pathet Lao. The Laotian Army, spread thin in small often isolated units, has been uncertain in its loyalties. A majority of the commanders lean to Phoumi and the Revolutionary Committee although some still support Souvanna's government. Others seek to maintain a neutral position in the struggle among the non-Communist factions. Few of them, however, appear willing to fight one another. Some commanders are anti-Pathet Lao and ready to do battle with that enemy.

3. Under cover of the confusion, and taking advantage of both the stalemate among the non-Communist elements and the desire of Souvanna and Kong Le for a negotiated end to the civil conflict, the Pathet Lao have steadily improved their political and military positions. Thus, Kong Le's act of mutiny set in motion a chain of events in Laos which could lead to the country's departure from its western orientation and its entry into the Communist orbit.

4. Kong Le's mutiny and its aftermath have also had deep repercussions in Southeast Asia, particularly in Thailand and South Vietnam. Thailand's Prime Minister, Sarit, is convinced that either a Communist takeover or the establishment of a neutral, coalition government in Laos would seriously threaten Thai security. Either development, he feels, would dangerously expose his country to Communist infiltration, subversion, and attack, and would generate strong pressures inside Thailand for a more neutralist policy. Moreover, he believes it would undermine his own personal position. He almost certainly views US policy in the Laotian crisis as providing a

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demonstration of what support he could expect from the US if a Communist coup against his government were to occur. Thus far, he has been most disillusioned by US policy in the Laotian crisis, feeling it to be indecisive and ambiguous.

5. As a result of the developments in Laos and the 11 November coup attempt in Saigon, President Diem of South Vietnam probably has lost some of his confidence in US willingness to support fully his anti-Communist position. He may believe that the Saigon coup effort was at least partly stimulated by Kong Le's coup and the failure of the US to extend General Phoumi full and immediate support. Moreover, these events, coming on the heels of US efforts to convince him to hold less tightly the reins of power in his own government, have probably further undermined his confidence in US judgment. From Diem's point of view, an anti-Communist Laos provides some shield against a North Vietnamese attack, and southern Laos, at least, must be kept in anti-Communist hands to avoid critically exposing his own borders to infiltration and attack.

6. The outcome of the immediate crisis, insofar as internal considerations apply, rests primarily with the interplay of the intentions and capabilities of the major Laotian elements: Souvanna, Phoumi, the King, Kong Le, and the Pathet Lao.

7. *Souvanna*. Compared with other Laotian politicians, Souvanna has considerable personal prestige and appeal among the peoples of Laos. He is still Prime Minister, but he controls no organized political apparatus, he lacks administrative control of the countryside and command of the Laotian military, and he is not trusted by the King. A quorum of the National Assembly, chosen in highly corrupt elections in May of 1960, remains in Vientiane, but almost certainly a number of its members, if free of duress, would oppose Souvanna or defect to the Phoumi group.

8. Souvanna is neutralist and leftist, but we do not believe that he is a Communist. Souvanna's leadership qualities are weakened by his impulsiveness, willful disregard of un-

pleasant facts, and over-weening self-confidence, particularly with regard to his ability to deal with and control the Pathet Lao. He believes most of the Pathet Lao to be patriots who, once reintegrated into Laotian political and social life, would lose their Communist coloration. Those few hardcore types who would remain Communists, he states, could be kept in check. Accordingly, the only feasible solution for Laos, in Souvanna's mind, is a negotiated settlement with the Pathet Lao along the lines of the 1957 agreement, and a neutral foreign policy. Souvanna is moving Laos in the direction that he has maintained for several years it should move. However, we believe that it is moving at a faster pace than Souvanna would countenance if he were master of his government and free from the pressures Kong Le and the Pathet Lao exert on him in Vientiane.

9. Early in the crisis, Souvanna apparently had hoped to strengthen his negotiating position vis-a-vis the Pathet Lao. He was unable to use Kong Le to this end because Kong Le tended to be more amenable to the Pathet Lao than to Souvanna. At one time Souvanna probably believed that a combination of Kong Le and Pathet Lao military pressure on the one hand, and US political pressure on Phoumi on the other, would force the latter to capitulate, thus restoring his government's authority over the troops and areas controlled by the Revolutionary Committee. Although he has attempted to open negotiations with the Boun Oum-Phoumi group, his conditions have been unattractive to Phoumi, and, at times, seemed to be calculated insults. Recently Souvanna has attempted to strengthen his position by recruiting several new battalions of troops in Vientiane. However, these units are probably infiltrated by the Pathet Lao.

10. Souvanna also hoped to win over the troops in the Luang Prabang area which had attempted to maintain a neutral position. However, this hope was dashed by the pro-Savannakhet coup of 10 November and the subsequent defection of General Ouan to Savannakhet. This was a serious blow to Souvanna, and he attempted to compensate for it by drawing closer to the Communists in

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both the domestic and international spheres. On 17 November, his government and the Communist Neo Lao Hak Xat announced an agreement to establish a national coalition government including representatives of the NLHX. The agreement also provided that the government would soon accept aid from Communist China and North Vietnam and would send a delegation to those countries to negotiate for exchange of economic and cultural relations, for the re-establishment of telecommunications with North Vietnam, and for the immediate opening of the Laos-China border. On 29 November, Souvanna's cabinet named a 10-man friendship mission, headed by the Prime Minister, for a visit to Peiping and Hanoi beginning 10 December. Deliveries of Soviet food and POL to Vientiane have begun and a 3-man Soviet Embassy staff has taken up residence in Vientiane.

11. Thus, Souvanna now relies very heavily upon the support of pro-Communist and Kong Le elements. It appears that this will continue, and that as opposition to him mounts he will keep on seeking broader and more specific support from the Communist Bloc. Souvanna probably still hopes to keep Communist influence in check, but some of his measures to protect his position by moving closer to the Communists are irrevocable, and most, if not all, of them have been highly favorable to future Communist domination of the Vientiane Government.

12. *Phoumi*. The position of Phoumi, and of the Revolutionary Committee he has set up with Boun Oum, has a number of serious weaknesses. In southern Laos, there are about 7,500 combat troops, most of whom are under commanders probably loyal to Phoumi. Most of these troops are scattered widely through the area, and have their hands full attempting to cope with local Pathet Lao activities. In the Thakhet-Savannakhet area, Phoumi has about 1,500 troops. He is in the process of recruiting and organizing an additional battalion. It is unlikely that Phoumi's troops without continued US assistance could or would offer very strong or effective resistance to a determined attack on their positions by Vientiane and Pathet Lao forces.

13. Phoumi's military capabilities have markedly increased since he received additional US aid and moral support. Moreover, the pro-Savannakhet coup of 10 November in Luang Prabang greatly improved Phoumi's military and political positions. Nearly all the commanders in the Luang Prabang region have pledged their support to him. Several small units operating against the Pathet Lao in Sam Neua are being supplied by Phoumi and are probably responsive to his guidance. Phoumi is handicapped, however, by poor communications with these units. In Xieng Khouang, the militant Meo tribesmen are being supplied with arms by Phoumi and are currently conducting effective anti-Pathet Lao operations.

14. The Revolutionary Committee probably has some political appeal in southern Laos. Boun Oum is a member of the Royal Family of Champassak which ruled southern Laos until Laos was united by the French following the Second World War. However, we believe that Boun Oum and Phoumi lack broad political appeal outside the south. Phoumi's loss of prestige among both political and military leaders in Laos as a result of the Kong Le coup has been only partially made up by the Luang Prabang coup and General Ouan's defection. Moreover, Phoumi has in the past proved to be an undependable and, at times, careless military leader, highly ambitious and opinionated.

15. Phoumi's motivations in the present situation are probably a combination of personal pride and anti-Communist convictions. He is frustrated by what he believes to be inadequate US support and an ambiguous US policy. However, he probably has never intended to come to terms with Souvanna, and probably has felt that the US would, in the final analysis, support him. He would like to retake Vientiane by force and almost certainly has plans for such an operation.

16. *King Savang*. The King appears to have no personal courage. He has been extremely careful to stay within constitutional limits and he has never asserted, openly and clearly, his potential authority and influence. Although it is quite clear that he distrusts

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Souvanna and desires Souvanna's resignation, thus far he has been unwilling to take any overt steps to this end. The Revolutionary Committee at Savannakhet received the King's private approval, and the 10 November coup in Luang Prabang probably had his blessing, although thus far he has been careful to avoid associating himself with either. It is possible that the King has played a significant behind-the-scenes role in the anti-Souvanna plotting and maneuvering. It is unlikely, however, that he will openly take a strong personal stand, or one which he believes would endanger the position of the monarchy.

17. *Kong Le.* There is some circumstantial evidence that Kong Le may have plotted his coup with Souvanna. However, Kong Le's August revolt apparently was conceived and executed on very short notice, and it may have been a decision made primarily by Kong Le himself. He probably was motivated largely by personal grievances arising from the way in which his 2nd Paratroop Battalion—the best combat unit in the Laotian armed forces—had been treated. However, the revolt has assumed proportions and opened up ramifications which Kong Le probably did not anticipate and which have been beyond his ability to cope with. He has now become so implicated with Souvanna and the Pathet Lao that he probably cannot turn back. Although there have been some indications that his control over his troops has been weakened, Kong Le is still an important element in the situation and could still rally a considerable number of troops to his personal command.

18. The role of Kong Le with respect to the activities of the Souvanna government is not clear. Until recently, it appeared that he exercised a veto power over those political and military decisions of the Souvanna government which he considered important to him. Now, however, it appears that his direct influence on the government is being usurped by the Pathet Lao. Although Kong Le has limited Souvanna's freedom of action, it is also clear that Souvanna has used Kong Le.

19. Shortly after the coup, Kong Le critically compromised his position with respect to the Pathet Lao when he distributed the arms stored in Vientiane to villagers, including many Pathet Lao, in the surrounding area. Although he probably did this to build strength against a possible attack from Luang Prabang and Savannakhet, once the arms were distributed his favorable balance of military power in the Vientiane area vis-a-vis the Pathet Lao was lost. Whatever his own wishes may have been, Kong Le has become increasingly a captive of the Pathet Lao. If Souvanna were to lose out and an anti-Pathet Lao government take over, Kong Le would probably join the Pathet Lao.

20. *The Pathet Lao.* The hand of the Pathet Lao has been strengthened greatly by events since the Kong Le coup. Any figures concerning the strength of their armed guerrillas are highly speculative. It is almost certain that their number is higher than at any time in the past. We estimate their present strength to be between 4,000 and 8,000. They have obtained considerable arms and ammunition from Kong Le and as a result of capturing equipment during the rout of Phoumi's forces at Paksane and their defeat and disarming of the Sam Neua garrison. They probably have been reinforced by cadres recently trained in North Vietnam, and they probably have concentrated increasing numbers of troops in the areas around Vientiane, Thakhet-Savannakhet, Phong Saly, and Luang Prabang. The Pathet Lao and Vientiane forces in the Vientiane area are deployed in such a manner as to either defend or attack the city, and the forces facing Phoumi along the Nam Ca Dinh line are of both Pathet Lao and Vientiane units. At present, anti-Pathet Lao operations are going on only in Phong Saly and Xieng Khouang.

21. The Pathet Lao probably view the developing situation as a golden opportunity either to force acceptance of their participation in the government and their foreign policy demands, or to seize control of Laos by armed action if they conclude that they can do so quickly and without risking outside intervention. We do not believe that the Pathet Lao—

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or Peiping and Hanoi—are likely to let this opportunity pass. The longer the present crisis continues, the better the Pathet Lao will be able to consolidate their political and military positions.

22. They would prefer to gain their objectives through negotiations and political action because this would reduce the chances of outside intervention. Events since the Kong Le coup have moved along lines favorable to such tactics. They have profited greatly from disunity among the non-Communist political and military leaders. Moreover, they hold Vientiane virtually a hostage and have been able to exert considerable leverage on Souvanna and Kong Le, and Quinim, the most influential member of the government after Souvanna himself, has apparently become their tool.

23. Although Pathet Lao tactics have emphasized negotiations, psychological pressures, and political action, they have maintained a fairly high level of military pressure on the Laotian armed forces and have built up their guerrilla strength in key areas. This puts them in a favorable position to seize by force large parts of the country, including such key points as Luang Prabang, Savannakhet, the Phong Saly. If the Pathet Lao were to exert their full guerrilla warfare capabilities, the Laotian armed forces, in their present disorganized condition, probably could not prevent the loss of large parts of the countryside and a number of key towns.

II. POSSIBLE FUTURE DEVELOPMENTS

24. If present trends continue, the situation in Laos will remain one of confusion, drift, and disintegration. Ultimately this would probably result in the fragmentation of the country, with the Communists, supported by the Bloc, assuming control over most of the north and the Revolutionary Committee attempting to set up a separate state in the south. Without large amounts of outside assistance, a separate southern Laos probably would not survive for long.

25. We believe it more likely, however, that the pace of events will quicken over the next

few weeks and, barring a quick victory by the Phoumi forces, that the situation either will move toward some form of political settlement or will degenerate into widespread civil war. Although a political settlement based on a compromise agreement between the Vientiane and Savannakhet groups may still be possible, we believe that odds are against it. Souvanna and Phoumi are not likely to find mutually acceptable terms for cooperation at this late point in their conflict. Any negotiations held between them are not likely to be conducted in good faith. Although it is conceivable that the King might be induced to exert more influence than he has in the past, we do not believe he can be induced to take personal charge of the situation. Moreover, we do not believe that Souvanna is likely to resign voluntarily. If an effort is made to upset his government by calling a special meeting of the National Assembly in Luang Prabang to pass a no-confidence motion, Souvanna could maintain that the deputies and the King, as prisoners of rebel forces, were acting under duress. He could declare their act illegal and invalid, and maintain that he was the legal head of the government. If, on the other hand, Souvanna were forced out by political pressures, the Pathet Lao would probably step up sharply their military activity. Consequently, it is probable that any political measures to oust Souvanna will be ineffectual unless enforced by military means.

26. Thus, we believe that Laos is heading toward civil war, with supporters of the Souvanna government—primarily the Pathet Lao and the followers of Kong Le—on one side and anti-Pathet Lao elements and supporters of the Savannakhet group on the other. The conflict could be triggered by a Phoumi attack on Vientiane or by a Souvanna or a Kong Le-Pathet Lao attack on Luang Prabang. Both sides have major problems of logistics, communications, and transport. The struggle would probably be one of widely-scattered, small-unit operations in which the staying power, the training, and the relatively shorter supply lines from North Vietnam would give the Pathet Lao guerrillas an advantage. Without extensive outside assistance, the Phoumi forces would probably soon collapse,

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leaving the country open to early domination by the Communists.

27. If no political settlement is reached between Phoumi and Souvanna, the US may soon be faced with the following situations:

(a) A Souvanna solution, which would gravely risk ultimate Communist supremacy. This would involve serious adverse consequences for the US position in Southeast Asia, and over the longer run, would greatly facilitate Communist subversion, infiltration, and expansion in Southeast Asia. (b) A widespread civil war in which the Phoumi forces almost certainly could not prevail or even survive without extensive outside assistance. Such assistance to Phoumi in a civil war situation would probably prompt a Souvanna appeal to the UN and would risk the introduction of North Vietnamese or even Chinese Communist "volunteers." While at least initially, extensive assistance to Phoumi in a civil war would not have the support of the Western members of SEATO or possibly of most Free World opinion, if successful it would strengthen the SEATO area against further Communist aggression.

28. Even if the various non-Communist factions surmount the immediate crisis by a political settlement, the fundamental politi-

cal and social problems of Laos will remain and, as a result of recent events, will probably be more acute than before. Pathet Lao armed strength will be greater and more Communist footholds established in villages throughout the country. Solutions to the fundamental problems, if indeed there are solutions, can be worked out only over a long period of time. Meanwhile, the urgent threats of the Pathet Lao on one hand and the centrifugal force of non-Communist disunity on the other, will operate against the solution of long-term problems.

29. Consequently, we believe that any non-Communist government assuming power in the wake of the present crisis would, in time, face very heavy pressure to move toward a neutralist position and Pathet Lao integration into the political life of the country, or face the likelihood of the situation gravitating again toward civil war. It will be extremely difficult for the non-Communist leaders of Laos to resist this pressure and to contain the Pathet Lao unless they develop a much greater degree of unity, determination, and nationalism than they have in the past, take effective measures to win the loyalty of the peoples of Laos, and receive extensive outside assistance to this end.

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470th NSC Meeting
20 December 1960

ITEM 3 (For Discussion)

THE SITUATION IN LAOS

1. This item will involve a discussion of the latest developments in Laos based on a presentation by Allen Dulles.
2. For your convenience we have placed at Tab Laos a summary of the most significant developments in Laos during the past week. We shall be prepared to give you orally any significant later developments.

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LAOS SITUATION

1. The Bon Oum Government is in control in Vientiane but faces critical problems:
 - a. Militarily its forces are subject to Communist-supported guerrilla warfare throughout the Kingdom and to the threat of overt intervention by the DRVN (North Viet Nam).
 - b. Politically the government does not control the entire country and is considered by the Department of State to be too narrowly based to be popular.
 - c. Economically the government faces the necessity for (1) emergency relief for civilians, (2) payment of military forces and civilian officials throughout the Kingdom for a three-months period (less the amounts paid Phoumi forces by CAS), and (3) reconstruction in Vientiane.
 - d. Internationally only the U.S. and the Thais are fully supporting the government although there are indications that the British, Philippines and others will give de facto recognition. Souvanna Phouma claims to be the legal Prime Minister and is supported by Communist Bloc countries.
2. The United States is faced with the problem of giving the new government immediate and substantial aid in each of the above-listed problem areas. Action is being taken in each field.
3. Immediate matters of concern to the U.S. include:
 - a. The necessity to bolster Phoumi forces against Communist-supplied Pathet Lao attacks, and to be ready for military and political action in the event of overt intervention by DRVN forces. (CINCPAC has cautioned Chief, PEO, to assure that Phoumi does not become over optimistic - a major effort lies ahead).
 - b. The desirability of forestalling efforts by Nehru and others to reconstitute the ICC.
 - c. The desirability of gaining wider acceptance for the Bon Oum government in the Free World.
 - d. Funding of U.S. support activities.
 - e. Assumption by the U.S. of primary adviser status with relation to the provision of training and operational advice to Lao forces.

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INCOMING TELEGRAM

DEPARTMENT OF STATE

SECRET

Control: 13650
Rec'd: DECEMBER 24, 1960
12:26 PM

FROM: SAIGON

TO: Secretary of State

NO: 1216, DECEMBER 24, 6 PM

SENT DEPARTMENT 1216, REPEATED INFORMATION CINCPAC
POLAD 252.

LIMIT DISTRIBUTION

RE DEPTTEL 898

DIEM DIDN'T RECEIVE ME UNTIL 23RD.

I WROTE OUT INSTRUCTIONS AND TRANSLATED THEM IN FRENCH AND
LEFT ENGLISH AND FRENCH COPIES (TEXTS BY POUCH). MY REMARKS
COVERED MOST POINTS DEPT'S SUGGESTIONS ALTHOUGH IN VIEW
CURRENT INDICATIONS LIBERALIZATION PROGRAMS MAY NOT BE TOO
PROFOUND, ONLY HINTED DEPT WOULD BE PREPARED PUBLICIZE ANNOUNCE-
MENT SUCH PROGRAMS. SINCE MY OCTOBER 14TH REMARKS INCLUDED
SUGGESTION TRANSFER NHU, I DID NOT SPECIFICALLY REFER TO THAT
DATE ALTHOUGH REFERRED TO PREVIOUS SUGGESTIONS WE HAD MADE.
SINCE GVN HAS ALREADY INSTITUTED PLAN TO INCREASE AND
STABILIZE PADDY PRICES, I MERELY STATED WE PLEASED LEARN
THIS AND THEN URGED GRANTING BROADER CREDIT FACILITIES PEASANTS.
BEFORE GOING INTO DETAILS, I REMINDED DIEM OF STEPS WE HAVE
TAKEN TO STRENGTHEN GVN AGAINST VIET CONG SUCH AS DELIVERY OF
AD-6 PLANES, STEPPED-UP DELIVERIES OF ELECTRONIC EQUIPMENT,
AND TOLD HIM I INSTRUCTED GARDINER TO RE-EXAMINE WITH VICE
PRESIDENT AND THUAN WAYS AND MEANS TO OVERCOME PLASTER
SHORTAGE. SINCE I DID NOT RECEIVE DEPTTEL 917 UNTIL AFTER
TRANSLATION TYPED, I TOLD HIM ORALLY OF APPROVAL TO GIVE HIM
ELEVEN H-34'S SOONEST. (HE MADE NO COMMENT.)

WHILE DIEM WAS PLEASANT DURING HOUR AND THREE QUARTERS OF

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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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PEOPLE. ALTHOUGH I HAD NOT MENTIONED CORVEE LABOR THIS TIME, DIEM STATED THIS ONLY WAY COLLECT EQUIVALENT OF TAXES FROM PEASANTS AND THAT THIS SYSTEM IS IN VIETNAMESE TRADITION, BUT PEASANTS IN COCHIN-CHINA UNDER FRENCH HAD NOT BEEN ASKED TO CONTRIBUTE LABOR. THEREFORE THEY NOW RESENT CORVEE LABOR AND OF COURSE WOULD NOT THINK OF PAYING ANY MONETARY TAXES. HE POINTED OUT PEASANTS IN CENTRAL VIET-NAM WILLINGLY CONTRIBUTE FREE LABOR INSTEAD OF TAXES. I REMARKED ONE REASON FOR DISCONTENT IN SOUTH IS ARBITRARY ACTION OF OFFICIALS AND THE FAILURE TO EXPLAIN NEEDS TO PEASANTS BEFORE FORCING THEM TO WORK. DIEM INSISTED PEASANTS HAD BEEN TOLD OF NEEDS BUT THEY JUST LAZY.

DIEM THEN STATED WHILE IT MIGHT BE NECESSARY TO FIND WAYS AND MEANS TO RAISE TAXES IN GENERAL, THIS HAD TO BE DONE VERY CAREFULLY IN ORDER TO AVOID A TOO-HIGH RISE IN PRICES WHICH WOULD CAUSE FURTHER DISGRUNTLEMENT. HE ADDED DEVALUATION WOULD HAVE SAME EFFECT AND THEREFORE THIS COULD NOT BE DONE IN HURRY. IN THIS CONNECTION HE AGAIN STATED THAT LAO DEVALUATION BEEN A FAILURE AND WAS ONE OF THE CAUSES FOR THE CURRENT TROUBLES THERE. I REPEATED, AS I HAD SEVERAL TIMES, THAT WE CONSIDERED LAO DEVALUATION AS BENEFICIAL AND SUCCESSFUL.

TOWARD END OF CONVERSATION DIEM REVERTED AGAIN TO USELESS INTELLECTUALS WHO NOW SPREADING REPORTS OF ANOTHER COUP ON CHRISTMAS OR ON JANUARY 20th.

ON FEW OCCASIONS HE LET ME TALK, I URGED HE ADOPT REFORMS SOONEST SINCE IT ESSENTIAL TO WIN FURTHER SUPPORT OF THE PEOPLE IF VIET CONG MENACE IS TO BE OVERCOME, BUT HE GAVE ME NO INDICATION OF REFORMS HE MAY ADOPT. BEFORE LEAVING I AGAIN EXPRESSED HOPE THAT HE WOULD ACCEPT OUR SUGGESTION THAT HE ANNOUNCE ALL LIBERALIZING PROGRAMS AT ONE TIME IN ORDER TO MAKE BEST IMPACT. DIEM REPLIED HE WOULD THINK ABOUT THIS BUT MADE NO COMMITMENT.

COMMENTS. WE HAVE HEARD THAT NHU, THUAN AND OTHERS HAVE BEEN RUNNING INTO RESISTANCE WHEN URGING DIEM TO ADOPT WORTHWHILE

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REFORMS. I ALSO RECEIVED IMPRESSION HE VERY RELUCTANT TO ADOPT REFORMS AND IS STILL BASICALLY THINKING IN TERMS OF FORCE TO SAVE THE DAY, HENCE HIS INSISTENCE SEVERAL TIMES THAT WE APPROVE FORCE LEVEL INCREASE AND HIS ACTION RAISING CIVIL GUARD CEILING BY 10,000. WHILE I STILL BELIEVE IT ABSOLUTELY ESSENTIAL HE ADOPT MORE LIBERAL PROGRAMS, IT IS NOT CERTAIN FROM HIS ATTITUDE AND REMARKS THAT HE WILL TAKE EFFECTIVE ACTION IN THESE MATTERS, ALTHOUGH I LEARNED LATER HE HAS AGREED TO ENGAGE THE SERVICES OF A PUBLIC RELATIONS EXPERT SUGGESTED BY CAS TO MAKE A SURVEY OF GVN FOREIGN PUBLIC RELATIONS NEEDS.

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FOREIGN SERVICE DISPATCH

FROM: Amembassy SAIGON

TO: THE DEPARTMENT OF STATE, WASHINGTON

REF: Saigon's Telegram 1216, Dec. 24, 1960

SUBJECT: Memorandum Handed to President Diem on Liberalization

Enclosed is the English text of the memorandum on liberalization which Ambassador Durbrow handed to President Diem on December 23, 1960, as indicated in Saigon's Telegram 1216. The French text of the memorandum is being forwarded under transmittal slip to Mr. Wood in SEA.

As indicated in Telegram 1216, the Ambassador supplemented the memorandum with the following oral remarks about the supplying of the H-34 helicopter to Viet-Nam: "I have just learned today that my Government has approved the request to give H-34 helicopters to Viet-Nam. The total will be 11 units. I have been told that the first ones will be delivered shortly and that we shall be furnished soon with the delivery dates for all of them."

President Diem's reaction to this approach on liberalization was described in Telegram 1216.

For the Ambassador

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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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which the Department of State believes would have beneficial affects if adopted now in connection with the other measures you are planning. Apart from the organizational changes proposed in the governmental and military structure and those liberalizing schemes you have told me about -- such as elections of youths to village councils and other progressive matters of this nature -- we believe it would be helpful if you could also adopt the measures outlined below. We, of course, recognize that security considerations impose certain limitations on liberalization, but we believe that the political situation requires certain calculated risks in order that the public and world opinion will become convinced of the sincerity of the steps you are takeing to evoke broad participation in your efforts to improve security and develop the economy and institutions of Viet-Nam. It is our belief that the liberalization schemes should be clear-out, effective, and of a broad nature so that the impact of their announcement will have the desired beneficial effect on the public here and abroad and will enhance the public support for your regime. With this thought in mind, it is suggested that:

1. In connection with the excellent new method of having Ministers defend their budgets before Assembly Committees, it would be advantageous from a political and press point of view either to publicize these hearings in full or at least to give fairly full minutes of these meetings to the press.

2. As has already been suggested, it would be politically worthwhile to authorize the Assembly to conduct investigations of any Department or Agency, of the Government. While public hearings would be politically more useful, closed hearings could be held providing the results of the investigations are made public in considerable detail.

3. While it is realized that it is not a simple matter to work out an effective domestic press code, we believe it would be most beneficial to a better understanding of the fruitful efforts being made by your Government on behalf of the people and a better appreciation of the many problems you and your colleagues have to face, if the Assembly could adopt in the near future a fairly liberal press code. If this cannot be accomplished shortly, the press should be encouraged to set up machinery to police itself. Under such a system the Government should only intervene if articles are flagrantly dishonest, inaccurate, or favorable to the Communists. In case of a breach of the press code it might be better to require the paper to publish a full retraction rather than confiscate the particular edition or suspend the newspaper.

4. I have already discussed with you our suggestions on ways and means to have more favorable foreign press coverage. In this connection, the Department of State believes that it is almost as important for your Government to have favorable foreign press relations as it is to have diplomatic recognition from friendly countries. The Department suggests that you continue to have periodic press conferences such as those recently conducted by Mr. Thuan, that

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effective use be made of the weekly press conferences of the Directorate General of Information by channelling items of substantive information through that agency for release, that foreign correspondents be permitted to make trips in the country to learn for themselves the nature of the Viet Cong threat, and that Ministers of the Government be available to have open and frank talks with correspondents about the accomplishments and problems of the various Ministries. It is believed that this might be helpful in improving the tone of foreign press articles.

5. We are pleased to learn that steps are being taken to increase and stabilize the price of paddy to the peasants. We also suggest that further efforts be made to grant broader credit facilities to the peasants.

It is the belief of the Department of State that if measures such as those suggested above, in addition to the other liberalizing steps regarding elections of youth representatives to village councils, sending better administrators into the countryside, periodic "fireside chats", etc., are adopted in the near future, it would be worthwhile to withhold the announcement of individual measures, so that a meaningful official announcement could be made, preferably by you, of all of the liberalizing measures you are putting into immediate effect. If the individual measures were not disclosed in advance, such an across-the-board announcement of genuine liberalizing measures would, we believe, have a most beneficial effect on the people of Viet-Nam and on world opinion. It is certain that such an announcement would do a great deal to correct any erroneous impressions that have been given to world opinion in recent months and encourage the world press and government spokesmen to support you in your tireless efforts to eliminate the Viet Cong threat and continue the fine progress attained in Viet-Nam in such a short period of time.

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OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON 25, D. C.

I-12,025/61

INTERNATIONAL SECURITY AFFAIRS

4 January 1961

MEMORANDUM FOR THE DIRECTOR, NSC AFFAIRS

SUBJECT: Defense Requirements in Vietnam, Laos and Thailand

A review of our files concerning what action, if any, has been taken with the Department of State concerning defense requirements for facilities in Vietnam, Laos and Thailand revealed the following -

1. No request for any facilities in Laos have been made to the Department of State.

2. No request has been made to the Department of State for obtaining an agreement to use facilities in Vietnam. However, there has been an exchange of correspondence (which has been handled by the Far East Region) in which Defense Department tried to utilize ICA funds to develop two airfields in Vietnam with a capability of handling jet aircraft.

3. In January of 1956, the Defense Department wrote to State asking for the negotiation of an agreement which would give general overflight rights to U.S. forces and would permit the utilization by the Air Force of Don Muang airfield at Bangkok. Army communications and Air Force intelligence requirements were also included. No formal reply was received from the State Department, although we were advised informally that the political situation in Thailand precluded our obtaining the necessary rights.

WILLIAM E. LANG
Director, Office of
Foreign Military Rights Affairs

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FOREIGN SERVICE DESPATCH

American Embassy Saigon

276
Desp No.

The Department of State, Washington

January 4, 1961

Department Telegram 658, October 20, 1960

Subject: Counter Insurgency Plan for South Viet-Nam

Reference is made to joint State DOD message, Department's 658 of October 20, 1960, and Defense message DEF 982994 of September 16, 1960, both of which set forth the requirements for the development of an over-all United States plan for encouraging and supporting the Government of Viet-Nam in the present National emergency. Such a plan has been developed by the Country Team and is attached as an enclosure to this despatch for review by interested Washington agencies.

The plan was drafted by a Country Team staff committee composed of the following members: MAAG - Col. F. W. Boye, Jr., Major Kurtz J. Miller, Jr., and Captain Boyd Bashore; Embassy - Joseph A. Mendenhall (Chairman) and Andrew J. Fink; USOM - James W. Howe and William R. Trigg; USIS - John M. Anspacher; and DSA - William E. Colby and Clarence E. Barbier. Because of the importance of military factors in the development of the plan, MAAG assumed the major burden in its preparation, and is to be congratulated on the excellent job it has done.

The plan, based on tasks and concepts outlined in the CINCPAC and OASD/ISA plan for counter-insurgency operations, not only sets forth recommended action in the military field, but also establishes requirements for coordinated and supporting action in the political, economic and psychological fields. In developing the tasks to be undertaken the plan also presents recommendations and justification concerning requirements for United States personnel, materiel, funds and organizational and operational concepts. The Country Team Plan consists of a summary and three Annexes, which discuss Task Organization, Concept of Operations and Logistics. Each Annex also has appropriate appendices which spell out in detail the tasks, the present situation with regard thereto and recommended action. The plan is complete except for appendices relating to a study of the non-military communications system and to economics and finance. These will be forwarded upon completion as supplements to the plan enclosed herewith.

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From SAIGON

Certain recommendations have already been discussed with the Government of Viet-Nam (GVN). Some of these actions have already been agreed to by the GVN (e.g., transfer of the Civil Guard to the GVN Department of Defense and creation of a national Internal Security Council), and others are under study by the GVN (e.g., establishment of a military operational command for counter-insurgency operations, reorganization of military regions, and implementation of a firm military chain of command). In addition there are other actions which will shortly be taken up with the GVN such as establishment of internal security councils at every governmental level, implementation of proposals for the establishment of the National Intelligence Coordinating Agency (previously discussed several times with the GVN, but to be pushed again) and creation of a village level communications system.

There are, however, certain actions which involve major expenditures and will not be discussed with the GVN prior to Washington approval. The most important of these latter actions is the proposed 20,000 man increase in the size of the RVNAF which was presented for Washington consideration in Embassy telegram 1151, December 4. I maintain reservations concerning the proposal to increase the force level up to 20,000 additional RVNAF troops, purely to meet the threat in Viet-Nam and still believe more calculated risks should be taken by using more of the forces in being to meet the immediate and serious guerrilla terrorist threat. I recognize, however, that additional well-trained forces in being in this area are probably now justified from purely US interest point of view in order to meet growing bloc threat SEA represented by the Soviet airlift in Laos. (See Embassy Telegram 1231, December 29.)*

*MAAG Comments:

The MAAG position on the need for a 20,000 force increase continues as reported in MAAG telegrams to CINCPAC (CHMAAG 1579, 27 Dec 60 and CHMAAG 1620, 29 Dec 60) which were also forwarded to Washington.

a. The military requirement for this force increase to accomplish the current mission had been demonstrated in MAAG considered opinion as early as August 1960. This force increase was badly needed before the beginning of the Soviet airlift in Laos. The recent Viet Minh overt aggression against Laos merely reinforces this requirement.

b. The four divisions in the North in I and II Corps areas are committed in anti-guerrilla and static guard duty to an extent which not only cuts down their capability to resist overt attack and thus magnifies the risk to a militarily unacceptable degree, but also prohibits required training to adequately

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counter either external or internal aggression.

c. Additionally, the force increase will provide the long needed balance between combat and logistic support.

A number of recommendations in the plan, considered by the Country Team to be indispensable and in the GVN's own best interests, will probably not be particularly palatable to the GVN. This situation pertains particularly to certain political actions and concepts of the military-civilian relationship. However, these questions are an integral part of the overall plan and are essential to its successful accomplishment. Consideration should, therefore, be given to what actions we are prepared to take to encourage, or if necessary to force, acceptance of all essential elements of the plan. (See Embassy messages cited on page 14 of Enclosure.)

Elbridge Durbrow

1 ENCLOSURE: Counterinsurgency Plan for South Viet-Nam

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TO: THE PRESIDENT

September 29, 1967

FROM: CLARK CLIFFORD

Memorandum of Conference on January 19, 1961
between President Eisenhower and President-elect Kennedy
on the Subject of Laos

The meeting was held in the Cabinet Room with the following

men present: President Eisenhower, Secretary of State Christian Herter, Secretary of Defense Thomas Gates, Secretary of Treasury Robert Anderson, and General Wilton B. Persons.

With President-elect Kennedy were the new Secretary of State Dean Rusk, the new Secretary of Defense Robert McNamara, the new Secretary of Treasury Douglas Dillon, and Clark M. Clifford.

An agenda for the meeting had been prepared by Persons and Clifford. The subjects on the agenda had been recommended by the parties present at the conference and were arranged under the headings of "State", "Defense", and "Treasury." The first subject under the heading of "State" was Laos.

President Eisenhower opened the discussion on Laos by stating that the United States was determined to preserve the independence of Laos. It was his opinion that if Laos should fall to the Communists, then it would be just a question of time until South Vietnam, Cambodia, Thailand and Burma would collapse. He felt that the Communists had

designs on all of Southeast Asia, and that it would be a tragedy to permit Laos to fall.

President Eisenhower gave a brief review of the various moves and coups that had taken place in Laos involving the Pathet Lao, Souvanna Phouma, Boun Oum, and Kong Le. He said that the evidence was clear that Communist China and North Vietnam were determined to destroy the independence of Laos. He also added that the Russians were sending in substantial supplies in support of the Pathet Lao in an effort to overturn the government.

President Eisenhower said it would be fatal for us to permit Communists to insert themselves in the Laotian government. He recalled that our experience had clearly demonstrated that under such circumstances the Communists always ended up in control. He cited China as an illustration.

At this point, Secretary of State Herter intervened to state that if the present government of Laos were to apply to SEATO for aid under the Pact, Herter was of the positive opinion that the signatories to the SEATO Pact were bound. President Eisenhower agreed with this and in his statement gave the impression that the request for aid had already come from the government of Laos. He corroborated the binding nature of the obligation of the United States under the SEATO Pact.

President Eisenhower stated that the British and the French did

not want SEATO to intervene in Laos, and he indicated that they would probably continue to maintain that attitude. President Eisenhower said that if it were not appropriate for SEATO to intervene in Laos, that his next preference would be the International Control Commission. He was sure, however, that the Soviet Union did not want the ICC to go into Laos. President Eisenhower stated that if this country had a choice as to whether the task should be assumed by SEATO or the ICC, that he personally would prefer SEATO.

Secretary Herter stated that we possibly could work out some agreement with the British, if they could be persuaded to recognize the present government in Laos. The chances of accomplishing this, however, appeared to be remote.

Secretary Herter stated, with President Eisenhower's approval, that we should continue every effort to make a political settlement in Laos. He added, however, that if such efforts were fruitless, then the United States must intervene in concert with our allies. If we were unable to persuade our allies, then we must go it alone.

At this point, President Eisenhower said with considerable emotion that Laos was the key to the entire area of Southeast Asia. He said that if we permitted Laos to fall, then we would have to write off all the area. He stated that we must not permit a Communist take-over. He reiterated that we should make every effort to persuade member nations of SEATO or the ICC to accept the burden with us to defend the

freedom of Laos.

As he concluded these remarks, President Eisenhower stated it was imperative that Laos be defended. He said that the United States should accept this task with our allies, if we could persuade them, and alone if we could not. He added that "our unilateral intervention would be our last desperate hope" in the event we were unable to prevail upon the other signatories to join us.

At one time it was hoped that perhaps some type of arrangement could be made with Kong Le. This had proved fruitless, however, and President Eisenhower said "he was a lost soul and wholly irretrievable."

Commenting upon President Eisenhower's statement that we would have to go to the support of Laos alone if we could not persuade others to proceed with us, President-elect Kennedy asked the question as to how long it would take to put an American division into Laos.

Secretary Gates replied that it would take from twelve to seventeen days but that some of that time could be saved if American forces, then in the Pacific, could be utilized. Secretary Gates added that the American forces were in excellent shape and that modernization of the Army was making good progress.

President-elect Kennedy commented upon the seriousness of the situation in Laos and in Southeast Asia and asked if the situation

seemed to be approaching a climax. General Eisenhower stated that the entire proceeding was extremely confused but that it was clear that this country was obligated to support the existing government in Laos.

The discussion of Laos led to some concluding general statements regarding Southeast Asia. It was agreed that Thailand was a valuable ally of the United States, and that one of the dangers of a Communist take-over in Laos would be to expose Thailand's borders. In this regard, it was suggested that the military training under French supervision in Thailand was very poor and that it would be a good idea to get American military instructors there as soon as possible so the level of military capability could be raised.

President Eisenhower said there was some indication that Russia was concerned over Communist pressures in Laos and in Southeast Asia emanating from China and North Vietnam. It was felt that this attitude could possibly lead to some difficulty between Russia and China.

This phase of the discussion was concluded by President Eisenhower in commenting philosophically upon the fact that the morale existing in the democratic forces in Laos appeared to be dis-

appointing. He wondered aloud why, in interventions of this kind, we always seem to find that the morale of the Communist forces was better than that of the democratic forces. His explanation was that the Communist philosophy appeared to produce a sense of dedication on the part of its adherents, while there was not the same sense of dedication on the part of those supporting the free forces. He stated that the entire problem of morale was a serious one and would have to be taken into consideration as we became more deeply involved.