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August 22, 1955

VIETNAM full talk?

I. NATURE OF THE SECURITY THREAT 53

1. The basic threat to the security of Free Vietnam is the strong Communist "Democratic Republic of Vietnam (DRV)" in the North. Led by highly capable organizers experienced in Communist clandestine and open political warfare, and with a present army of 250,000 regulars, the DRV seeks to unify Vietnam under Communist control.

2. The Communist organizers, propagandists and guerrilla leaders are in general more effective than the political workers of the Free Vietnam regime. It is estimated that there are as many as 10,000 trained Viet Minh subversives south of the 17th parallel. They appear to be concentrated in the Ca Mau region and those coastal and interior regions between the 17th parallel and Dalat held by the Viet Minh prior to July 1954. These cadre are particularly active at the village level where ^{it is reported that,} in many instances, they actually control local activity through shadow governments. Furthermore, these Viet Minh have access to unknown quantities of cached arms.

3. So far as is known, the Communists have been unable as yet to subvert high policy-making officials, military leaders or security officers of Free Vietnam. There is believed to be extensive Chinese Communist clandestine activity among the approximately 700,000 Chinese of Free Vietnam, especially among the youth, but its effectiveness has not been determined.

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4. The Geneva Agreement provides for free elections in July 1956 throughout Vietnam. Ho Chi Minh has widespread popular appeal throughout Vietnam as a symbol of anti-colonialism and Vietnamese nationalism. With the odds in their favor, the DRV desires inter-zonal elections and has avoided overt action in the South which could lead to charges of illegal disruptive tactics before the elections. Prime Minister Diem's avoidance of consultations on these elections, his growing popularity, and continued U.S. support have disturbed DRV leaders. Should they conclude that Free Vietnam (which did not sign the agreement) does not intend to participate in the elections, or has consolidated its strength to the point where it is becoming an effective nationalist alternative to the Ho regime, the DRV might resort initially to intensified propaganda, agitation and terror, and eventually to large-scale guerrilla warfare to achieve its objective. Should these measures fail, the Communists might, dependent upon world conditions, expand the hostilities through open support for the guerrillas, resulting in a limited war.

✓ 5. The Government has ended the Binh Xuyen control of the National Police and Sureté and is ~~now actively~~ engaged in a military showdown with elements of the Hoa Hao, a feudal religious-military sect. Other non-Communist threats to stability are:

a) The Cao Dai, another sect, which has a military strength of 16,000, but the allegiance of which is divided and uncertain, with some units presently supporting Diem;

b) Vestigial.

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b) Vestigial elements owing their primary loyalty to absentee Chief of State Bao Dai and to Generals Hinh and Vy;

c) The Cao Dai-controlled Revolutionary Committee, composed of extreme nationalists who favor immediate deposition of Bao Dai, complete withdrawal of French forces, and an immediate broadening of the Diem Government under their control. (There is slight evidence to support the French charge that the Committee is acting under DRV inspiration.)

6. While the French officially support the Diem Government, many French officials in Vietnam are sympathetic to elements striving to unseat the Prime Minister. This poses an added threat to stability in Free Vietnam.

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II. INTERNAL SECURITY FORCES

A. Primary Internal Security Forces

7. Police include: a) The National Police and Sûreté, b) the municipal police of a few large cities, and c) various regional and local police organizations now being reorganized into a national Civil Guard.

8) The National Police and Sûreté was until recently controlled and partially staffed by the unsavory Binh Xuyen who used it to promote their private interests rather than those of the Government. Nominally responsible to the Minister of the Interior, the 7,000 man National Police and Sûreté is charged with port and immigration control and with the detection and prevention of sabotage, smuggling, counterfeiting and other crimes. The National Police has not in practice extended its activities beyond urban centers; hence it has not played a major role in combating Communist infiltration, which is most serious in rural areas.

9. The National Police and Sûreté has a file system of about one million dossiers of questionable value and a corps of trained police officials. However, it has never developed into a fully autonomous service since it has been partially dependent on parallel French security services and on French advisors. At present the National Police and Sûreté is being reorganized by an aggressive new chief and is putting increased emphasis on anti-Communist operations. With strong guidance in technical and administrative matters, this organization can develop a considerable capability within the next six months

for



for the investigation and neutralization of Communist subversive activity, particularly within the major cities.

10. Municipal police exist only in Saigon-Cholon, Hue, Dalat, and Tourane. The largest, the Saigon-Cholon police, numbers around 3,500 men. Operated and financed by the municipalities, these forces perform routine police functions and are not a major factor in meeting the Viet Minh threat.

11. The third category of police forces in Free Vietnam comprises all the various regional, provincial, and communal police forces. These are currently being reorganized into a national Civil Guard responsible to the Ministry of the Interior. Its functions include maintenance of law and order in rural areas, including those recently pacified by the VNA, and miscellaneous escort, convoy and guard functions. The Civil Guard is in the process of being reduced from a strength of 68,500 to 45,000. The Civil Guard is not yet sufficiently trained, equipped, or organized to perform its internal security mission.

B. The Armed Forces

12. Army (~~VNA~~ ^{Vietnamese National Army} including sects awaiting integration): 162,000. The VNA (less sect units) contains 4 light infantry divisions, 14 separate regiments, 4 Honor Guard battalions, 5 parachute battalions and 84 separate infantry battalions. Supporting combat forces are reasonably adequate, but service forces are inadequate.

Navy: 4,972 - patrol and amphibious craft only.

Air Force: 2,290 - 1 liaison squadron and 1 transport squadron.

13. Command control of the VNA, from the top through subordinate echelons



echelons to operating units, although effective, is cumbersome and subject to by-passing by political favorites. In general, the VNA lacks trained, competent ^{commanders,} ~~senior leaders,~~ staff officers, and technicians.

14. Equipment of the VNA is adequate for its internal security mission. Certain logistic resources required for VNA activities are still under French jurisdiction.

15. VNA troops, particularly those integrated from former sect forces, have strong regional affiliations which reduce the flexibility of the VNA. Moreover, so long as the sect problem remains unsolved, a substantial portion of the army must be diverted to contain potentially hostile forces. Another factor limiting the effectiveness of the VNA is the disorganization attendant upon the planned reduction of the armed forces.

✓ 16. Although the loyalty and morale of the regular VNA have been taxed by the continuing political crisis and, to a lesser extent, by the programming of demobilization, they have remained surprisingly firm. Successful, although not decisive, military efforts against the sects have served to bolster the morale of the VNA in its first independent action. Loyalty of integrated sect contingents is doubtful.

17. Until such time as loyal, efficient national and local police forces can be constituted, principal reliance must be placed on the VNA to maintain internal security. This mission breaks down into three parts:

a) Police-type



a) Police-type preventive activities which eventually will be performed by the Civil Guard;

b) Local support of police forces, which is to be performed by the 39 light infantry battalions of the VNA territorial divisions;

c) Suppression of insurrection or major guerrilla operation, which is a function of the three divisions in the battle corps.

While the battle corps is reasonably well prepared to perform its mission, the territorial elements are still in the process of organization. Moreover, while some of the light infantry battalions have been trained for pacification duties there has been little or no training of VNA forces in police-type activities as distinct from military functions. It is estimated that the territorial battalions of the VNA can develop an acceptable capability to perform temporarily both police-type preventive activities and the local security role which is their assigned mission. This capability could be developed in approximately 6-12 months by the following measures, some of which are already in progress:

a) Deployment of territorial battalions to achieve a density of 1-2 battalions per province;

b) Intensive special training under U.S. and French advisors of TRIM; and,

c) Strengthening of civil-military relationships at the regional, provincial and lower levels to insure that VNA formations are given wholehearted support by civil authorities and vice versa.



18. As regards minor guerrilla activity the VNA can deal successfully with a number of simultaneous outbreaks even though a major concentration is required against the sects. In the event of widespread guerrilla action or insurrection, the VNA can defend urban centers, carry out minor offensive sorties, and conduct local clearing operations; however, it probably could not maintain effective control of the rural areas.

✓ C. French Forces (FEC)

19. The French currently maintain in Vietnam 3 skeleton^{al} divisions as part of a total garrison of some 55,000 men. The forces are concentrated in the Cap St. Jacques and Tourane areas. The present

force is scheduled to be reduced to approximately 20,000 between French-Vietnamese negotiations to define the strength and role of the FEC are December 1955 and July 1956. ^

The FEC currently provides the bulk of logistical and technical support required by Vietnamese forces, although U.S. advisers are attempting to make these (Vietnamese) forces more self-sufficient. French units are generally well-equipped, ^{and adequately} ~~competently~~

trained and ~~well~~ organized. Commander, French Forces, Far East has stated categorically that the FEC will not be used to settle internal political disputes within Free Vietnam. French military leaders have informally hinted that, in the event of a major disturbance, the FEC would be used as a covering force to protect a forced withdrawal of French citizens, military, and economic interests.

currently in progress in Paris.



III. EVALUATION OF THE INTERNAL SECURITY SITUATION 50

20. The Government of Free Vietnam, under Prime Minister Diem, has so far survived the threats to its security posed by the non-Communist sects. In achieving a victory over sect forces, Diem has added considerably to the prestige of his Government and to the morale of the Army. Against the more serious potential threat of Communist subversion, however, the Government's resources in terms of security forces and civil control throughout the provinces are inadequate. To deal successfully with the Communist threat, Free Vietnam must achieve greater popular support, develop effective internal security forces, and stabilize and consolidate its internal controls. It must extend its authority to the provinces, particularly at the village level.

21. While the exact degree of Viet Minh control, either real or shadow, in certain areas is not known, there is no question of the Communist capability to emerge at will and take an active role, in place of the covert tactics they have followed recently. While present developments indicate the growing ability of Vietnamese forces to counter raids and sabotage by the Viet Minh, they probably could not at this time suppress major Viet Minh guerrilla activity. Moreover, their ability to eliminate shadow Viet Minh control existing in certain villages is limited. *Additionally, the lack of trained administrators has forced the FVN Government to retain, in certain areas, many officials in positions they held under the Viet Minh.*

22. Sympathy and support of the Viet Minh cause is deep-seated and will not be removed easily or quickly. Propaganda campaigns to reduce Viet Minh influence will be ineffective unless they record actual Government successes in satisfying Vietnamese national aspirations.

23. If



23. If Diem were successful in dealing with the French, in achieving the withdrawal of the FEC, the removal of Bao Dai and more liberal arrangements for Vietnam in the French Union, he would undoubtedly acquire the backing of many nationalists now supporting Ho Chi Minh. The greater popular support resulting from such ~~emotional and revolutionary~~ actions would then have to be consolidated by the extension of governmental authority and administrative services throughout the country. This will require, in addition to the strengthening of the administrative services, the initiation of effective programs to remove major causes of dissatisfaction.

24. The achievement of greater stability in Free Vietnam is dependent not only upon the foregoing measures but also upon Communist tactics. Should the Communists shift their tactics to guerrilla warfare, they could disrupt most Governmental activities. As the Communists come to realize that they cannot achieve control of Free Vietnam by political means, the likelihood of para-military action will increase.

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IV. INVENTORY OF EXISTING U.S. ASSISTANCE PROGRAMS BEARING ON
INTERNAL SECURITY 30

MILITARY PROGRAM: ~~MACAS AND TETAO~~

25. Following consultations with Vietnamese and French authorities, a military program was developed for the reorganization of the Vietnamese armed forces over the next two years. This program as modified provided for the phased reduction of the armed forces from their 1 January 1955 strength of 217,000 to a strength of 100,000 by the end of 1955 (94,000 Army; 3,000 Navy; 3,000 Air Force). To provide a means of reducing the inordinately high pay scale, and to inaugurate a system of peacetime selective service, 10,000 low-paid conscriptees were to be inducted commencing in July 1955. The conscriptee strength was to reach 40,000 by 30 December 1956 (leaving a regular cadre of 60,000).

political and administrative

26. A number of considerations require a revision of this program. These are:

- a) The sect crises, which have imposed additional internal security requirements and led to integration of additional forces from the sects.
- b) The problem of resettling discharged military personnel and their dependents.
- c) The administrative burden placed upon the inexperienced Armed Forces in executing the reorganization inherent in the program.

d) The

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(~~a~~ militant mountain tribe of Chinese descent from the

d) The problem of the integration of the Nung forces at division strength as promised by the Diem Government.

e) Government inability to administer and enforce the conscription program.

27. MAAG is currently evaluating inventories of U.S. materiel in the hands of the French, Cambodian, Lao, and Vietnamese forces; determining their requirements; and balancing inventories and requirements so that the U.S. can regain materiel no longer needed.

28. The Chief, MAAG has full responsibility for assisting Vietnam in the organization and training of its armed forces. This includes development of command and staff organization and procedures, improvement of planning, operational and logistic activities and the training of units and individuals. Chief MAAG operates through a

U.S.-French training element (TRIM) ^{- Training Relations Instruction Mission} which currently totals about

150 U.S. and 260 French personnel. Training ~~costs~~ ^{expenditures} for FY 55 ~~was~~ were somewhat over ~~1~~ ⁸ million, ~~265,000~~ ^{4.8 million (combined dollar and local currency costs)} and ~~22,000,000~~ is programmed for FY 56.

ECONOMIC AND TECHNICAL ASSISTANCE:

29. Economic and technical assistance to Vietnam, exclusive of supplies for consumption by the Army and budgetary support for the Vietnamese armed forces, amounted to about \$79.5 million during FY 55 and is tentatively estimated at \$105 million for FY 56. The program includes refugee relief and resettlement, highway maintenance, agricultural development and agrarian reform, improvement of tele-communications, of rural health and educational facilities,

assistance

Northernmost coastal region of Vietnam



assistance in public administration under a contract with Michigan State University, and support for the Government's information program. Three experts in police administration are already in Vietnam and five additional personnel to work on the police project will arrive by the end of September 1955. In addition to providing technicians in this field, a program of training Vietnamese police officials abroad has been initiated.

30. In FY 55 items provided for direct consumption by the military forces amounted to \$16.5 million, and about \$218.3 million was furnished for budgetary support of the military establishment. For FY 56, \$18.4 million and \$136.6, respectively, have been budgeted for such programs on the basis of a force level of 110,000.

INFORMATION AND EDUCATIONAL EXCHANGE PROGRAMS:

31. The USIA program places major emphasis on engendering loyalty and popular support for the Government of Free Vietnam and on combating Communist propaganda. In addition to selected small target groups in government, leadership elements and the military, there is a mass approach through heavy publications output, locally produced newsreels and documentaries, and radio programs, stressing the positive accomplishments of the Free Vietnam Government and exposing the fraudulent nationalism of the Viet Minh. Special effort is made to stimulate similar information activity by the Vietnamese civil and military authorities. Programs include establishment of news dissemination centers throughout the country, use of traveling dramatic-propaganda groups, expanded motion picture production



production and distribution, production of school textbooks and operation of an English language-teaching center to widen the use of English among administrators and technicians working with U.S. assistance programs. A sub-post carrying on all USIS activities is maintained at Hue. In FY 1955 the program cost approximately \$1 million, excluding approximately \$600 thousand in equipment and supplies furnished the Ministry of Information under the FOA program. ^{Current} ~~Budget~~ estimate for the FY 56 program ^{is \$1.3 million.} ~~amount to \$1,389,300.~~

32. In the absence of basic changes in Free Vietnam's fiscal practices and revenue structure, it is unlikely that the Vietnamese Government can, in the period FY 56 through FY 59, contribute from its own resources more than \$50 million annually to the support of its military establishment. ^{Assuming a Vietnamese contribution} ~~during the period FY 57-59 maintenance, repair, and replacement for existing MAAP equipment will cost~~ ^{of at least \$45.6 million, U.S. aid} ~~approximately~~ ~~per year. United States aid,~~

exclusive of military end-items, required to maintain FVN forces at the level recommended by MAAG Saigon would cost ^{at least \$240} ~~\$\$\$~~ million for FY 56; ^{and assuming a Vietnamese contribution of at least \$45.6 million,} on the basis of current cost factors, even the 100,000-man force ultimately planned for Vietnam would ^{require} ~~\$\$\$~~ approximately ^{\$140} million ^{in U.S. aid} annually, exclusive of end-items, for an indefinite period.

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V. POLITICAL FACTORS BEARING ON INTERNAL SECURITY AND THE FEASIBILITY OF UNITED STATES ASSISTANCE 26

33. The political situation in Free Vietnam imposes severe restrictions upon the Government's flexibility of action. If Diem were to follow the advice of the extreme wing of the anti-Communist nationalists, he might gain immediate popular support through the deposition of Bao Dai, the ~~removal~~^{removal} of the French Expeditionary Corps, and ^{the} withdrawal of Free Vietnam from the French Union. While Diem recognizes the dangers of taking such a plunge, not the least of which ~~would~~ be the loss of French support for the National Army, he also realizes that failure to heed such revolutionary sentiments might cost him a large measure of popular support.

34. At the same time Diem is being pressed by the Communists, India, Britain, and France to carry out the Geneva timetable for the holding of all-Vietnam elections and has received a letter from the DRV "Foreign Minister" suggesting that consultations in preparation for these elections begin forthwith. Diem has thus far temporized by such means as his July 16 and August 9 declarations stating that Vietnam is not bound by the Geneva Accords and listing conditions required before free elections can be held in the North. There is little likelihood that Free Vietnam will be successful in the event inter-zonal elections are held in 1956. Even seemingly reliable guarantees and supervised balloting could not prevent the more populous Communist North from delivering a majority pro-DRV vote

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which would be swelled by that of Ho's popular following in the South. Should elections not take place, the Communists might exercise their capability for both covert and overt operations designed to subjugate Free Vietnam.

35. If Free Vietnam is to survive this dual threat, it must have both the protection of regional security arrangements and aid for its internal security forces. While welcoming such aid, Diem has shown himself in some cases reluctant to take the accompanying U.S. advice and may be expected to press for programs of his own devising. Specifically, he probably will oppose any major reductions in the armed forces, even if there is an accompanying increase in police capabilities. The practical necessity for integrating large numbers of the dissident sect forces into the National Army illustrates the political motivation for an augmented army. Moreover, the reduction of the FEC and its unlikely use against any Communist aggression provide Diem with additional arguments against further sizable decreases in the Vietnamese armed forces.



VI. RECOMMENDATIONS

36. Importance and Priority: To preserve the territorial and political integrity of Free Vietnam is the established policy of the United States Government. The foregoing study ~~clearly~~ indicates the acute vulnerability of Free Vietnam to Communist subjugation whether by passive or violent means. U.S. prestige ^{and interest are heavily} ~~is~~ involved in the survival of Free Vietnam. Further, the fall of Free Vietnam would have a serious psychological impact on the free nations of Asia. Continuing large-scale financial and technical aid to Free Vietnam will be required for the foreseeable future in order to establish sufficient stability to thwart Communist intentions.

37. Political: Since all efforts to attain this objective would be futile if the Viet Minh were to win inter-zonal elections, the question of these elections becomes vital to any consideration of the area.

38. Contingency Planning: Diem's attitude toward inter-zonal elections may eventually be interpreted by the Communists as deliberate maneuvering to forestall such elections and could well precipitate a change in tactics resulting in the exploitation of their subversive, para-military, and/or military capabilities. Accordingly, the interim period should be utilized fully to develop the counter-subversive, counter-guerrilla, and military defensive capabilities of Free Vietnam. In addition, the U.S. should continue its contingency planning and preparations to assist in the defense of Free Vietnam.

Responsible Agencies: State, Defense, ICA, ^{and} ~~CIA.~~

Supporting Agency: CIA.

Cost: To be defined and allotted according to specific requirements.

Timing: Immediate and continuing.



39. Police-type Forces: As constituted, the police forces are incapable of discharging their internal security responsibilities, but they are currently undergoing a general reorganization which should increase their capabilities in this field. The present U.S. program of assistance appears to be deficient in that it does not specifically embrace all elements of the police and does not emphasize sufficiently the counterintelligence and countersubversive role or training at the lower levels. Accordingly, it is recommended that the police program be expanded so that the U.S. will assist in the reorganization and training of the National Police and Sûreté, the Municipal Police, and the Civil Guard. It is recommended further that Philippine and possibly Thai resources be used as feasible in the training program, and that the U.S. be prepared to provide limited transport and communications equipment when the police have been sufficiently trained in the use and maintenance of such equipment.

Responsible Agency: ICA. ~~and CIA.~~

Supporting Agency: CIA.

Cost: Approximately \$3 million not presently funded, in addition to the cost of the public administration program already funded by ICA.

End-Item Support: To be based on continuing Country Team survey.

Timing: Continuing.

40. Military Force Level: In view of the previous delays in the planned demobilization of the Vietnamese Army, the increased strength resulting from the integration of substantial sect forces,

the



the military, political, and economic difficulties attendant upon rapid demobilization, and the Communist potential for inaugurating para-military operations in Free Vietnam, it is apparent that the VNA cannot and should not be reduced to 110,000 by December 31, 1955, as planned. It is recommended instead that the Vietnamese forces be phased down from their present strength of approximately ~~100,000~~^{170,000} to 150,000 (Army - 142,000; Navy - 4,000; Air Force - 4,000) by June 30, 1956. Any further reductions toward the planned goal of 100,000 should be made after reconsideration of the then prevailing situation.

✓ Responsible Agencies: State, Defense, ICA.

Cost: Costs through June 30, 1956, ~~are not~~^{can probably be} covered by the FY 1956 appropriation. Since the budgetary estimate was originally calculated on a calendar year basis, however, ~~an additional~~^{82 million (of which 73 million is Defense Support and 9 million is} will be required for the period July - December 1956.

End-Item Support: No additional costs, but excess stocks presently available in Vietnam would be reduced.

Timing: State to approach Prime Minister Diem on new agreement as soon as funds are available.

41. It is recommended that training programs for Vietnamese forces continue to emphasize training appropriate to their internal security role, such as counterintelligence within the armed forces, supporting police actions, pacification and anti-guerrilla operations, as well as conventional

Direct Foreign Support



conventional small-unit, infantry-type training. In addition, territorial units should be given such supplementary training in rural police functions as may be necessary to enable them to discharge these functions effectively until the Civil Guard is able to do so. (As a longer-range objective, as the Civil Guard becomes able area by area to perform police functions, the territorial units of the Army should be phased out of their constabulary role into the role of providing regional reserves of military force to support the Civil Guard. Concurrently a reduction of territorial units may be feasible either through their elimination or their incorporation into the mobile divisions.)

Responsible Agency: ~~Defense and CIA.~~
 Supporting Agency: CIA.
 Cost: ~~\$1,010,000~~ already ~~included in~~ ⁱⁿ FY 56. ~~including fund~~
 \$4.8 million programmed ~~in~~
 Timing: Continuing.

42. Fiscal: In order to reduce the cost to the United States of supporting the armed forces of Free Vietnam and to minimize the problems inherent in relating the import level of the country directly to military budget deficits:

- a) Urge the Vietnamese Government to increase its contribution by raising additional revenues, with particular attention to achieving a greater return in local currency from its commodity import program.
- ✓ b) Reduce maintenance costs of the military and other internal security forces by lowering the average cost per man, including, among other things, reductions in pay and allowances. ^{the inordinately high}

Responsible



Responsible Agencies: State, Defense, ICA.

Cost: None.

Timing: Study of specific programs to begin immediately.

43. Information: It is recommended that USIA continue energetic implementation of its program of political education and assurance of free world support and strength, with emphasis upon stimulating the growth of a sense of national cohesiveness and civic responsibility. USIA should also continue its efforts to develop the Vietnamese information services, so that the Vietnamese may themselves carry out a widespread, well-organized information and propaganda campaign against subversion.

Responsible Agency: ~~USIA and CIA.~~

Supporting Agency: CIA.

Cost: ~~\$2,389,200 in FY 1956 budget presentation.~~ 9 / .3 million (current estimate)

Timing: Continuing.

44. Economic and Technical Assistance: Although this study is designed to focus directly on increasing the effectiveness of internal security forces and to exclude related matters, it is believed that the internal security situation will be improved by an expansion of economic and technical assistance programs emphasizing the following elements: a) Resettlement and rehabilitation of refugees; b) agrarian reform; c) strengthening the Vietnamese civil administration; and d) communications.

Responsible Agency: ICA.

Cost: \$105,000,000 in FY 1956 budget presentation.

Timing: Continuing.