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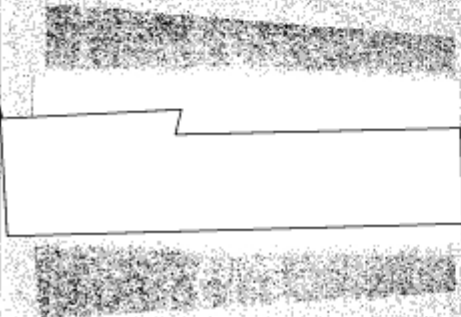
PROBABLE DEVELOPMENTS IN SOUTH
VIETNAM, LAOS, AND CAMBODIA
THROUGH JULY 1956

Submitted by the
DIRECTOR OF CENTRAL INTELLIGENCE

The following 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 23 November 1954. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, G-2, 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 to the Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.



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PROBABLE DEVELOPMENTS IN SOUTH VIETNAM, LAOS, AND CAMBODIA THROUGH JULY 1956

THE PROBLEM

To analyze the present strength and weaknesses of South Vietnam, Laos, and Cambodia, and to assess the outcome in these countries of internal stresses and external pressures and inducements.

CONCLUSIONS

1. The situation in South Vietnam has steadily deteriorated since the conclusion of the armistice. On the basis of present trends, it is highly unlikely that South Vietnam will develop the strength necessary to counter the growing Communist subversion within its borders; it almost certainly would not be able to defeat the Communists in country-wide elections. Even before the elections scheduled for 1956, strong pressures may well arise in South Vietnam for a coalition government with the Viet Minh.
2. As a consequence of the present struggle for political power which erupted almost as soon as Premier Diem came to office, government functions have been paralyzed and the government's authority throughout South Vietnam has become progressively weaker. Deterioration in the Vietnamese National Army has been such that it lacks the capability adequately to perform internal security functions and the French are reluctant to commit their own forces in internal security operations for fear of further antagonizing the population. The capability of the combined Franco-Vietnamese forces for repelling a full scale Viet Minh invasion is low and will decrease as French forces are withdrawn over the next year.
3. In contrast, the Viet Minh is methodically consolidating its control over North Vietnam, is greatly increasing its armed strength by various measures including the evasion of the armistice terms, and is continuing to develop networks of agents and political cadres in South Vietnam, Laos, and Cambodia.
4. We believe that the Viet Minh now feels that it can achieve control over all Vietnam without initiating large-scale warfare. Accordingly, we believe that the Communists will exert every effort to attain power in the South through means short of war. Should South Vietnam appear to be gaining in strength or

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should elections be postponed over Communist objections the Communists probably would step up their subversive and guerrilla activities in the South and if necessary would infiltrate additional armed forces in an effort to gain control over the area. However, we believe that they would be unlikely openly to invade South Vietnam, at least prior to July 1956, the date set for national elections.

5. French policy will be a major factor determining developments in South Vietnam during the period of this estimate. To date French actions have not clearly indicated whether they believe that their local and international interests will be better served by a strong anti-Communist government in South Vietnam with elections postponed if necessary, or by a policy of accommodation with the Viet Minh which they might hope would preserve a French position in Indochina. In spite of Mendes-France's recently expressed desires for a strong South Vietnam, we believe that the French are more likely to adopt the latter course unless the UK agrees to a strong anti-Communist policy for South Vietnam and the US indicates its intention to shoulder the major military burden in Indochina, including a commitment to employ US forces if required.

6. We believe that the Diem government will continue to lack wholehearted French support and that accordingly it will be unable to establish its authority throughout South Vietnam and its tenure of office will remain precarious. No effective successor to Diem is in sight. Those who could be expected to enjoy full French support have little popular following, yet without such support a South Vietnam government would lack the power to exer-

cise authority. Progress in training, reorganizing, and revitalizing the National Army will be slow so long as the political situation remains unstable.

7. The Communists will probably continue to exercise considerable control in the northern provinces of Laos and will retain a capability for subversive activity against the Lao Government. However, we believe the Laotians can limit Communist political advances and that an anti-Communist government will remain in power providing it continues to receive outside assistance and the Viet Minh do not invade or instigate widespread guerrilla warfare. We believe that the nature of Communist aggressive action against Laos will be moderated by the Communist desire to continue their "peaceful coexistence" line in Asia, particularly directed toward Indian reactions, and to a lesser degree by the possibility of US counteraction.

8. Communist capabilities against Cambodia are somewhat less than against Laos, and the Cambodians will probably be more resolute in resisting subversion. Given outside assistance and the assurance of Western support, Cambodia is likely to maintain internal security and its anti-Communist orientation during the period of this estimate.

9. The fall of South Vietnam to the Viet Minh would greatly increase Communist capabilities against Laos and Cambodia. The extent to which the Communists would exercise this capability would depend almost entirely on their estimate of the probable reactions of the Manila Pact powers and of the neutral countries of South and Southeast Asia.

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DISCUSSION

SOUTH VIETNAM

I. PRESENT SITUATION

10. The political situation in Vietnam south of the 17th parallel is one of almost total paralysis, caused primarily by the struggle for political power between Prime Minister Ngo Dinh Diem and his supporters on the one hand and a motley array of opposing elements on the other.

11. In the existing situation problems of extreme urgency have been neglected, and the authority of the South Vietnam state has remained nominal. The government has been largely ineffective in meeting vital tasks such as maintaining domestic order, performing the normal functions of civil administration, dealing with the extraordinary problems created by the armistice, and overcoming long-standing problems such as inefficiency and corruption.

12. The Vietnamese National Army is demoralized and disorganized, and its capability even for dealing with internal disorder is low. It lacks trained leadership and an aggressive spirit.

13. On the other hand, the Viet Minh in North Vietnam appears to have adjusted to the post-Geneva phase with continuing and unimpaired confidence. The Viet Minh derived from the Geneva Conference international recognition and greatly enhanced power and prestige. It is methodically consolidating its control over North Vietnam and continuing to plan for the extension of this control over South Vietnam as well. The Communist psychological offensive against the free areas of Indochina continues unabated, and the Viet Minh is continuing to develop networks of agents and political cadres throughout South Vietnam, Laos, and Cambodia.

II. FACTORS AFFECTING DEVELOPMENTS IN SOUTH VIETNAM

South Vietnamese Capabilities

Political Factors

14. The conclusion of the armistice greatly weakened non-Communist Vietnam morally and materially. Partition at the 17th parallel is abhorred by all Vietnamese, who regard unity of the three regions of Vietnam as a prerequisite of nationhood. The non-Communist state has been shorn of large territories, important resources, and above all of a considerable segment of its more homogeneous and energetic population, particularly the Catholics and anti-Viet Minh nationalists of Tonkin.

15. Moreover, efforts to develop a strong state in South Vietnam are hindered by geographic and ethnic differences and wide social, cultural, and political heterogeneity. Cochinchina, rich and populous, is a mixture of diverse and divergent political, social, and religious forces: the apathetic rice-growing masses of the Mekong Delta; the large urbanized populations in cities like Saigon; the 1,500,000 adherents of the Cao Dai and the 500,000 adherents of the Hoa Hao, autonomous politico-religious sects which control large areas; the strong and homogeneous groups of Catholics; large overseas Chinese and Cambodian minorities; and approximately 300,000 destitute refugees from North Vietnam. Moreover, coastal south Annam has been in Communist hands without interruption since 1945, and has consequently been subjected to prolonged Communist indoctrination. Finally, the mass of the south Vietnamese have seen such a succession of crises in the last decade that they have become in effect inured to political developments and unresponsive to appeals.

16. Leadership elements in South Vietnam are drawn broadly from the following groups:

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(a) monarchists and court followers close to Bao Dai; (b) rich merchants and landlords whose interests are linked with those of French economic groups in Indochina; (c) former administrative officials; (d) professional men and intellectuals, nationalistic but not given to action; (e) a small number of professional politicians and intriguers; (f) leaders of the politico-religious sects, warlords who exploit every opportunity for wealth and power; and (g) army leadership — personified by General Hinh — a new-comer group whose influence is not completely known. These elements have for years accommodated themselves to French control and to a world of half-peace, half-war. In this climate, expediency has in most instances substituted for integrity and personal aggrandizement for devotion to public service.

17. Power in South Vietnam is spread among the heterogenous elements just described and the French, who still possess the principal military force, the Expeditionary Corps, and who continue to control foreign exchange and central banking. The Vietnamese National Army remains primarily an instrument of the French High Command. Although Vietnamese governments hold office by virtue of the authority conferred upon them by Bao Dai, they continue to rely upon French power in Vietnam to back their authority. Prime Minister Diem's blatantly nationalistic and openly anti-French attitude has caused many of the French on the scene, confused by a lack of direction from Paris, to assume a hostile attitude toward Diem and to work openly toward depriving him of the power which had supported former Vietnamese Governments.

18. The present struggle for political power in South Vietnam erupted almost as soon as the Diem government was formed. The South Vietnam sects, which had not been included in the government, were first to oppose it, primarily because it seemed to jeopardize their independent existence. Somewhat later, the army leadership under General Hinh broke openly with Diem. Although an uneasy alliance came into being between the sects and General Hinh, it fell apart when Diem, under pressure to compromise, reshuffled his government to admit representatives

of the important Caodai and Hoa Hao sects. However, the third of the sects, the Binh Xuyen, continued to support Hinh and to defy Diem. General Xuan, a French-naturalized Cochinchinese and former Prime Minister, is associated with the Army-Binh Xuyen faction. Other individuals in opposition to Diem and contending for power include former prime minister Buu Loc, who has some support in Paris and among elements in Bao Dai's entourage, and former prime minister Nguyen Van Tam, father of General Hinh, who appears to have the support of many French officials in Saigon. Prince Buu Hoi, cousin of Bao Dai, has influential support in France at present. He has in the past supported the Viet Minh and participated in efforts to bring about a negotiated end of the Indochina war.

19. Diem, the leading lay Catholic in Vietnam, is honest, austere, and widely respected for his integrity and nationalistic zeal. He has spent many years abroad and has not been associated with any of the previous governments in Vietnam. He has the popular backing of most Catholics and some following among the people at large, the unorganized support of most nationalist intellectuals, and the backing of the dissident Caodai General Tinh Minh The. He also has the support of other Caodai and Hoa Hao leaders, who have joined his government, but this support is not very firm. However, Diem is rigid, unwilling to compromise, and inexperienced in the rough and tumble of politics. He is acutely suspicious of his colleagues on the political scene and is inclined to seek advice among a small group of relatives and close friends who, for the most part, are incapable of proffering sound counsel.

20. None of the groups opposing Diem has any broad-based popular support. It is the weakness of Diem rather than any genuine political strength of their own that enables them to prolong the political crisis in Saigon. The Binh Xuyen has discipline, wealth, and control of the National Police and Surete, but it is totally corrupt and numerically weak. The army leadership personified by General Hinh is dependent upon French backing and does not have solid support from the masses

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of troops nor from the people; moreover, it is divided in itself. There is no widespread support for any individual contenders for power; each has numerous and strong enemies.

21. The intentions of Bao Dai, who remains in France, are difficult to assess. His first intervention in the political struggle was on the side of Hinh, the Binh Xuyen, and General Xuan, against Diem. He was thwarted mainly because of strong US representations. More recently he has intervened on the side of Diem. Bao Dai's popularity is now at its lowest ebb and his circle of supporters is reported to be narrowing daily. However, he still has political importance because of his hereditary position and because he can, as chief of state, give the cachet of legitimacy to his appointees. He is a shrewd politician, but is weak, venal, infused with a sense of his own grandeur, and wholly incapable of consistently responsible action.

22. The present key to political power in South Vietnam is held not by Vietnamese groups or combinations of groups, but by the French. Under present circumstances, only the French can provide to the legitimate governing authority in Vietnam the power it now lacks, and force the coalescence of the various factions, groups, and individuals. US support keeps Diem in office, but the fact that the French have withheld full support deprives him of the power to govern.

Military Factors

23. The Vietnamese National Army has an estimated strength of 170,000 regulars and 10,000 auxiliaries. Naval and air strength is negligible. The regulars include 5 infantry regiments and 152 combat battalions, of which 69 are infantry, 61 light infantry, 8 guard, 5 airborne infantry, 8 artillery, and one armored reconnaissance. The regroupment necessitated by the Geneva Agreements has forced many units to leave their home provinces for the first time, resulting in a considerable number of desertions since 1 June (up to 25 percent of the total army strength). Some auxiliaries and other semimilitary forces are being demobilized, with the exception of the armed forces of the South Vietnam sects and

certain guard and militia elements. The Vietnamese General Staff has become so involved in political affairs that it has neglected the required planning of an adequate internal security program. This neglect has fostered a spirit of insubordination and irresponsibility throughout the army. The army in some instances has been incapable of executing occupation and pacification operations in areas formerly under Viet Minh control. Almost all units, particularly those from North Vietnam, require a period of intensive training and reorganization to bring them up to strength and improve their effectiveness.

24. Advisory and training aid is provided by approximately 4,800 French officers and NCO's currently serving in the French Military Mission to Vietnam. This mission is to be increased to 6,000 by the end of 1954. These individuals serve in command, staff, and advisory roles on the Vietnamese General Staff, in the territorial command structure, and in training establishments. About 20 percent of Vietnamese infantry units and 50 percent of support and technical units are cadred at least partially by the French. The army is still under French operational control and continues to be completely dependent on the French for logistic support.

25. A major reason for the ineffectiveness of the Vietnamese National Army is its lack of adequately trained officers. Only about one percent have received training roughly equivalent to that of a US army officer of field grade, and virtually none has a comparable background of staff and command experience. Very few of these Vietnamese officers would be competent even in assignments justified by their training and experience, and even fewer are capable of an adequate performance at the higher positions of responsibility which they now hold. Their background is one of subordination to French command, and they are inclined to rely heavily on French advisers even when given positions of authority and responsibility.

26. The other serious deficiencies in the South Vietnamese national forces, ineffective organization and training and absence of logistics and technical services, are related to the lack

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of leadership and stem from the same basic cause, i.e., French failure to train and develop qualified leaders. This situation can be resolved only over a period of time and only if an intensive program for the progressive development of an effective officer corps is soon initiated.

27. Few details are available on the pattern of loyalties within the national forces. The General Staff is apparently divided. Certain elements have been pushing Hinh to overthrow the government in a coup and to establish a military dictatorship. Other officers have attempted to help mediate Hinh's difficulties with the government. Still others are reported to support Diem. However, there is no officer, except possibly General Vy, presently acting chief of staff, who could command the loyalty and confidence of a majority of the army in the event Hinh were removed against his wishes.

28. We have little information on the strength and status of other semimilitary and police forces. The sect armed forces, although woefully inadequate according to generally accepted military standards, are the most important. There are a total of about 10,000 armed Caodai troops. Of these, approximately 4,000 are largely under control of General Tinh Minh The and the remainder are under Vietnam and French Army control. The Hoa Hao forces total about 8,000 of which about 5,200 are in Vietnamese or French army units, and about 2,500 led by Ba Cut, an ex-army officer, who is engaged in general dissident action against both the Vietnamese National Army and the Caodai. The Binh Xuyen have an independent force of 2,600 armed troops, in addition to the urban police forces under their control which number about 4,500. These forces are little more than local militia and are in effect private armies for these groups.

29. South Vietnam's mobilizable manpower pool is estimated at 1,500,000 physically fit, military-age males, of which about 20 percent are now under arms. An additional 10 percent could probably be mobilized without initially curtailing essential economic activities. The Vietnamese government would be almost

entirely dependent upon foreign aid to support such a force.

30. The Diem government proposes to expand the army to 200,000 by the end of 1954, and to 225,000 by the end of 1955. By the latter date, the army would include 10 divisions plus 60 territorial battalions. The cost of maintaining these forces through 1955 has been estimated at about \$450,000,000, of which almost all would have to be provided by external assistance. The French have supported this proposal as being required to maintain a power balance vis-a-vis the Viet Minh. A proposal for development of a National Guard under the Ministry of the Interior has been postponed pending the outcome of French-Vietnamese-United States discussions.

31. On the other hand, the United States is considering the reduction of the Vietnamese army to about 80,000, including 3 combat light divisions. These reduced forces would have primarily an internal security mission. Against a large-scale Viet Minh invasion, they would serve only as a delaying force. Cost of maintaining the forces at the reduced levels has been tentatively estimated at about \$200,000,000 per year. This estimated cost is in addition to financial, economic, and military support funds, which might total \$150,000,000 per year.

French Armed Forces

32. The French Expeditionary Corps in Indochina is composed of approximately 150,000 regulars and 22,000 auxiliaries.¹ Present plans call for the further reduction of the regular component to 100,000 during 1955. The French Air Force in Indochina has 12,000 men and approximately 600 aircraft. During 1955 it is planned to reduce the personnel strength to 6,000. The French Navy, including Naval air, has a personnel strength of 10,500. During 1955 it is planned to reduce this to approximately 9,000. At the present time the French Expeditionary Corps could not without external reinforcement defend South Vietnam against Viet Minh aggression.

¹The regulars in the French Expeditionary Corps are made up of approximately 53,000 French, 12,000 Foreign Legion, 18,000 West Africans, 33,000 North African, and 34,000 indigenous troops.

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Communist Capabilities and Intentions²

33. While South Vietnam has been experiencing mounting instability since Geneva, the Communists in the North have continued to grow in political and military strength. There has been no evidence of dissidence within the top leadership of the Viet Minh regime as a result of the armistice and the Geneva accords.

34. The Viet Minh is adopting a conciliatory line toward France, thus seeking to exploit French hopes of retaining their economic and cultural interests in North Vietnam. It probably hopes that French susceptibility to an arrangement with the Viet Minh will increase and consequently reduce French willingness to support a strongly nationalistic state in South Vietnam.

35. The Viet Minh is consolidating and reorganizing its armed forces by grouping formerly independent regular and regional units to form new divisions with augmented firepower. This augmented firepower results principally from a high level of Chinese Communist aid in 1954, including illegal aid since the cease-fire. Within the period of this estimate the Viet Minh will probably have at least 11 or 12 infantry divisions, two artillery divisions, and one anti-aircraft division. These developments would more than double the pre-Geneva combat effectiveness and capabilities of the Viet Minh regular army. The Viet Minh is expanding and improving its transportation and communication facilities, including rail and highway links with South China.

36. During the current transition period, Communist tactics in the south are being shifted from the "armed struggle" to the "political struggle" stage. The main facets of Communist policy appear to be ostensible compliance with the Geneva armistice provisions and continued development of Communist subversive capabilities in the south. Although substantial Viet Minh forces are being evacuated from South Vietnam, we believe

²The general topic of Communist courses of action in Asia through 1957 is covered in NIE 10-7-54.

that large numbers of trained military and political personnel remain. Furthermore, refugee groups evacuated from North Vietnam were probably infiltrated by Communists who will almost certainly seek to exploit grievances induced by the harsh conditions of resettlement.

37. It is likely that Communist elements are playing an important role behind the scenes in the present political crises in South Vietnam, seeking to bring to power elements that would be amenable first to the resumption of North-South relations and later to the formation of a coalition regime. Furthermore, certain pro-Communist groups are making their appearance in Saigon, the most prominent of which is the "South Vietnam Movement for the Defense of Peace."

French Capabilities and Intentions

38. Since Geneva, French actions in Vietnam have been confused and contradictory and have encouraged the present paralysis. Officially at least, the present general lines of French policy are expressed in the French-US understanding reached September 29. This understanding was reaffirmed and clarified in the recent Washington talks between the French Premier and the US Secretary of State. The French agreed to support the independence of the three Associated States and, within the framework imposed by the Geneva accords, to oppose the extension of Viet Minh influence and control. France further pledged to coordinate with the US in the planning and implementation of economic and military aid programs to strengthen the independence of these states. Finally, the French agreed to support Diem in the establishment of a strong, anti-Communist regime in Vietnam. Despite this agreement, the French have not given wholehearted support to Diem.

39. The French appear to have three principal objectives with respect to Indochina:

- a. To maintain to the maximum degree feasible the French position in Indochina;
- b. To avoid involvement in hostilities and the financial burden of maintaining substantial forces in Indochina; and

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c. To avoid jeopardizing US-French relations. The fact that these three objectives contain elements of mutual inconsistency poses real problems to French policy.

40. In pursuit of these objectives two general lines of approach are open to the French. They can decide to support the reunification of Vietnam through elections held pursuant to the Geneva accords. The French interest in promoting the international detente in the Far East which they believe was inaugurated at Geneva would tend to lead to this decision, and this tendency would be strengthened if France became convinced that a Communist takeover was inevitable. The French might also believe that their desire to maintain a preferred position in Indochina would be better served by an accommodation with the Viet Minh than under a strongly anti-French South Vietnamese government. If they adopted this approach, the French would permit events to drift to a Communist victory or would support the establishment in South Vietnam of a government that would acquiesce to or facilitate the formation of a Communist-led coalition of all Vietnam. Such a course would permit the French to achieve their objective of avoiding the resumption of hostilities and reducing their military commitment in Vietnam. However, the French would hesitate to adopt this policy if they believed that it would severely strain their relations with the US. Their final decision would be greatly influenced by whether or not they were confident of UK support.

41. On the other hand, France may decide that its relationship with the US is the determining factor, and that to preserve this relationship it is essential to support an anti-Communist South Vietnam, postponing elections if necessary. The French would feel, however, that such a course would involve a substantially increased risk of renewed hostilities with the Viet Minh. Moreover, the French probably estimate that, in a strongly nationalistic South Vietnam, France could not retain more than the vestiges of its position.

42. Present French actions in Indochina indicate that the French have not fully made up

their mind which course to follow. On the one hand, the French government continues to support, though without enthusiasm, the attempt to strengthen the Diem government. On the other hand, the French appear to be considering possible substitutes for Diem who, at least in the past, have had pro-Viet Minh sympathies and who might facilitate a reunification of Vietnam. Moreover, through the appointment and activities of Jean Sainteny, the French representative in North Vietnam, the French have clearly indicated their intention of maintaining political contacts with the Viet Minh, preserving, insofar as possible, their economic and cultural interests in the area, and of continuing trade relations with North Vietnam.

III. FUTURE PROSPECTS IN SOUTH VIETNAM

43. French policy will be a major factor determining developments in South Vietnam during the period of this estimate. We believe that the French estimate that South Vietnam cannot be held over the long term, except at very high cost. We further believe that the French would be unwilling to postpone the elections unless the UK agreed and unless the US was willing to shoulder the major military burden in Indochina, including a commitment to employ US forces if required.

44. The political situation in South Vietnam has steadily deteriorated since the conclusion of the armistice. Prime Minister Diem will probably remain in office only so long as the US continues to give him strong backing. If Diem had the full support of the French, he might be able gradually to create a sense of national will and purpose in South Vietnam; in this respect, he is probably unique among Vietnamese leaders in that his strong nationalist record might enable him to use such support without being subject to the onus of collaboration with the French. However, the French are not likely to provide Diem with full and positive support. Therefore, Diem will probably not be able to reestablish the authority of the government throughout South Vietnam and to tackle effectively the multitude of pressing problems now facing the country.

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45. Should the Diem government fall, it would probably be succeeded by an uneasy coalition drawn from the self-interested individuals and groups now contesting Diem's position. Almost certainly, however, any successor to the Diem government would be hampered by the incessant political intrigues which have plagued Diem. Moreover, no successor government is likely to be effective. A government tied closely to and politically supported by the French can have little popular following. But a government which does not have the benefit of the maintenance of public order by the French coupled with French non-interference in the local political scene, is not likely to be able to maintain itself for any length of time.

46. The internal security situation will remain precarious. The French will continue reluctant to commit their forces in internal security operations, believing that such action would antagonize the population and in the end might create greater problems than it would solve. Moreover, during the period of this estimate, Vietnamese forces will lack the capacity to maintain order unless the present political deterioration is reversed.

47. At the present time, the combined forces of the French Expeditionary Forces and the Vietnamese National Army could only delay a full scale invasion of Viet Minh forces; they could not stop it without reinforcements from outside. The over-all Franco-Vietnamese capability in this regard will be diminished in the next year as the French forces are reduced.

48. We believe that the Viet Minh will continue to gain in political strength and prestige and, with Chinese aid, to increase its military striking power in North Vietnam. The Viet Minh probably now feels that it can achieve control over all Vietnam without initiating large-scale warfare. Accordingly, we believe that the Communists will exert every effort to accomplish their objectives through

means short of war. Viet Minh agents will continue to subvert all susceptible elements of the population, to intrigue to prevent the coalescence of the various factions and the building of any strength in the south, and Viet Minh "shadow-governments" and politico-military networks will be established wherever the failure of the national government or the French to impose controls leaves the Communists a vacuum in which to operate. As a result of their activities and probable degree of penetration in South Vietnam, it is possible that the Communists will succeed in convincing most Vietnamese in the south of the inevitability of Communist control.

49. If, on the other hand, South Vietnam should appear to be gaining in strength or if elections were postponed over Communist objections, the Communists probably would step up their subversive and guerrilla activities in the South and if necessary would infiltrate additional armed forces in an effort to gain control over the area. However, we believe that they would be unlikely openly to invade South Vietnam at least prior to July 1956, the date set for national elections, because: (a) they would consider that their prospects of gaining control over the area without resort to invasion continued to be highly favorable; (b) they would be concerned over the possibility of US military counteraction; and (c) they would probably fear that invasion would induce the neutral nations in Asia to move toward open alignments with the West.

50. We believe, on the basis of present trends, it is highly unlikely that South Vietnam will develop the strength necessary to counter growing Communist subversion within its borders; it almost certainly would not be able to defeat the Communists in country-wide elections. Even before the elections scheduled for 1956, the probable growth of Communist influence in the South may result in strong pressures within South Vietnam for coalition with the North.

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LAOS

I. PRESENT SITUATION

51. Laos is principally threatened at present by the Communist-dominated Pathet Lao movement, which occupies and controls the two northern provinces of Phong Saly and Sam Neua. The Pathet Lao is headed by Prince Souphanouvong, a member of the Laotian royal family. The Pathet Lao Army numbers about 6,000 men, and at present is still supported by Viet Minh "volunteer" forces, which probably had not been entirely evacuated from Laos by the agreed date of November 19, 1954.

52. Laos is also threatened by an allegedly non-Communist "Free Laotian" movement of unknown dimensions which is probably led by Prince Phetsarath, a pretender to the Laotian throne, who is now an exile in Thailand. This group probably was responsible for both an abortive Laotian Army cadet mutiny in June 1954 and the assassination of the Laotian Defense Minister in September. Thai-Laotian relations have been strained because the Laotians claim that the Thai police are supporting Prince Phetsarath as a means of increasing Thai influence in Laos.

53. Laos lacks effective political leadership and the population is in large measure politically apathetic. There are strong personal cleavages among the small group of politically experienced national leaders. Nevertheless, Laos probably will continue to be led by a reasonably stable coalition of leading non-Communist political personalities with the strongly anti-Communist and pro-US Crown Prince Savang maintaining a balance of power. The previous policies of anti-Communism and requests for US and French assistance will probably be continued.

54. The Laotian armed forces, organized only to battalion level, have a current strength of 27,000 and are augmented by a French Military Mission of 1,500 officers and NCO's, and by 3,500 French combat troops. The army lacks qualified field-grade officers and relies on the French army for senior command and

staff personnel and for actual direction of army administration. Laos is incapable of financing its present forces, and the Laotian army will continue to be dependent on outside financing, training, equipping, and advisory assistance for a considerable time to come. The Laotian army has not displayed a real will to fight in past operations, and is incapable of defending Laos against any Viet Minh invasion. It is unlikely that the Laotian army can exercise effective control in the two northern provinces in which the Pathet Lao are to be concentrated under the Geneva agreement or that it can prevent Communist activities on the local level elsewhere in Laos.

II. FUTURE PROSPECTS

55. During the period of this estimate, developments affecting the strength and stability of Laos will be determined primarily by external factors, such as Viet Minh and Chinese Communist intentions regarding Laos, the extent and nature of US and French military assistance to the Kingdom, and most importantly, developments in Vietnam.

56. Whatever the outcome of French-Laotian efforts to demobilize the Pathet Lao troops, Pathet Lao followers of the Viet Minh will probably continue to exercise considerable control in the provinces of Phong Saly and Sam Neua. Moreover, the Communists will have the capability by political and subversive means to heighten their influence in Laos and to weaken the anti-Communist government. However, the nature of Communist aggressive action against Laos will be moderated by the Communist desire to continue their "peaceful coexistence" line in Asia, particularly directed toward Indian reactions, and to a lesser degree by the possibility of US counteraction. Under these conditions, and providing that the Lao Government obtains and effectively utilizes outside assistance, we believe that it can limit Communist political advances.

57. However, if during the period of this estimate, South Vietnam should fall to the Viet Minh, Communist capabilities for pressure

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against Laos would be substantially increased, and Laotian will and capability to resist these pressures would be correspondingly lessened. The extent to which the Communists choose

to exploit this situation would depend almost entirely on their estimate of the probable reactions of the Manila Pact powers and of the neutral countries of South and Southeast Asia.

CAMBODIA

I. CURRENT SITUATION

58. King Norodom has kept power in his hands since 1952 when the national assembly ceased to function. The Cambodian public generally has credited the King with success in the achievement of full independence for the kingdom. Son Ngoc Thanh, the last and most important of the non-Communist dissident leaders, rallied to the King in September 1954. However, he retains considerable following and the firmness of his loyalty to the King is questionable.

59. The Cambodian armed forces, organized only to battalion level, total 32,000, including 4,000 National Guard and 8,000 auxiliaries. The army would be incapable of defending against a large scale Viet Minh invasion. There is a definite lack of qualified field-grade officers, and the quality of the army has decreased since the withdrawal of French cadres in 1953. Moreover, at the present time the effectiveness of the army is deteriorating because of an incompetent defense minister whom the King so far has failed to replace. The army continues dependent on French advisers for its administration. The greater portion of the Cambodian defense budget must be supplied by external aid.

60. The Cambodian economy is relatively stable, and the country produces a food surplus. Cambodia has a favorable balance of trade but its heavy dependence on exports of rubber and low-quality rice, makes the economy vulnerable to fluctuations in world demand for these commodities. The Cambodian government is greatly interested in accelerating economic development and will probably request extensive foreign economic assistance.

61. Cambodia is concerned that its main trade route, the Mekong River, and the port facilities at Saigon are both under control of South Vietnam. Pending conclusion of current ne-

gotiations with South Vietnam, the latter is withholding the Cambodian share of customs duties collected at Saigon. As a result the Cambodian financial position remains highly precarious.

62. Although France has recognized Cambodia's full independence and sovereignty, Cambodia's relations with France and its role in the French Union have not been redefined. Cambodia seems intent on broadening its international ties and appears unwilling to rely primarily on French aid and advice. Since July 1954 no French or French Union troops have been stationed in Cambodia except the small French Military Mission.

63. Although 2,800 Vietnamese Communist troops and their dependents have been evacuated from Cambodia, we believe that a sizable Viet Minh cadre has been left behind. Moreover, the Cambodian Communist armed bands, although ending their guerilla activities, have failed to demobilize or to turn over their arms.

II. FUTURE PROSPECTS

64. The future political stability of the kingdom will depend largely on the attitude of the King, who is at the present time the only important political leader. There are some reports that the King has been exploring the possibility of a "middle course" by which Cambodia would receive the benefits of western economic aid while simultaneously maintaining the "good will" of the Communist Bloc. However, we believe that for the next year or so, providing outside assistance and the assurance of western support are forthcoming, the King's leadership will not be successfully challenged and the Cambodians will maintain an anti-Communist policy and will be able to control internal subversion. Cambodia does not have and cannot develop the capability to resist a large-scale invasion.

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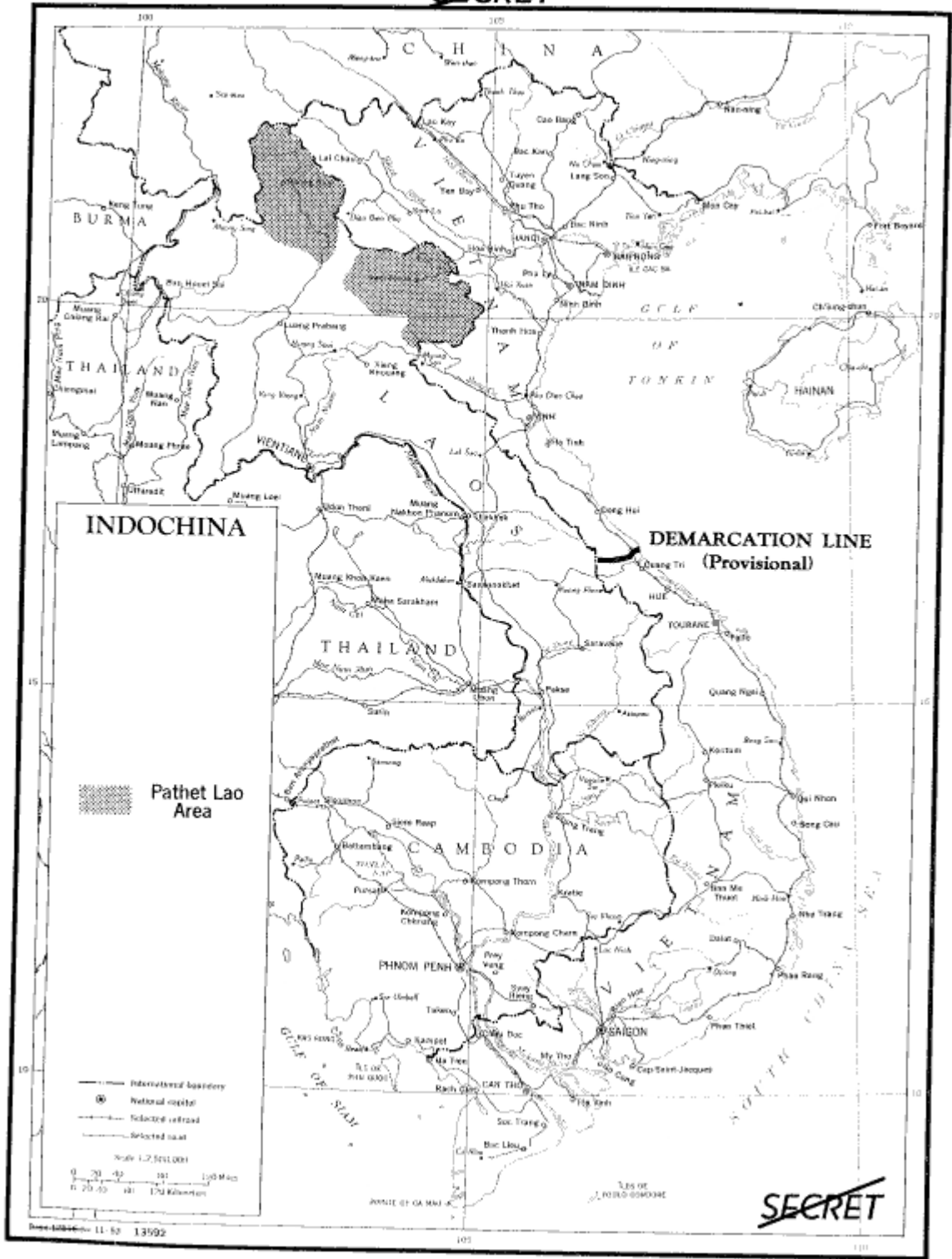
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65. Future events in Cambodia will be considerably affected by developments in Vietnam and in Laos. A Communist takeover in South Vietnam would increase Communist capabilities against Cambodia and would impair Cam-

bodian will to resist further Communist pressures, though we estimate that the Cambodians would be more resolute than would the Laotians under similiar circumstances.

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