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CENTRAL INTELLIGENCE AGENCY

Memorandum



THE SITUATION IN SOUTH VIETNAM

28 February 1964

WEEKLY REPORT  
of the  
Intelligence and Reporting Subcommittee  
of the  
INTERAGENCY VIETNAM COORDINATING COMMITTEE

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**THE SITUATION IN SOUTH VIETNAM  
(21-28 February 1964)**

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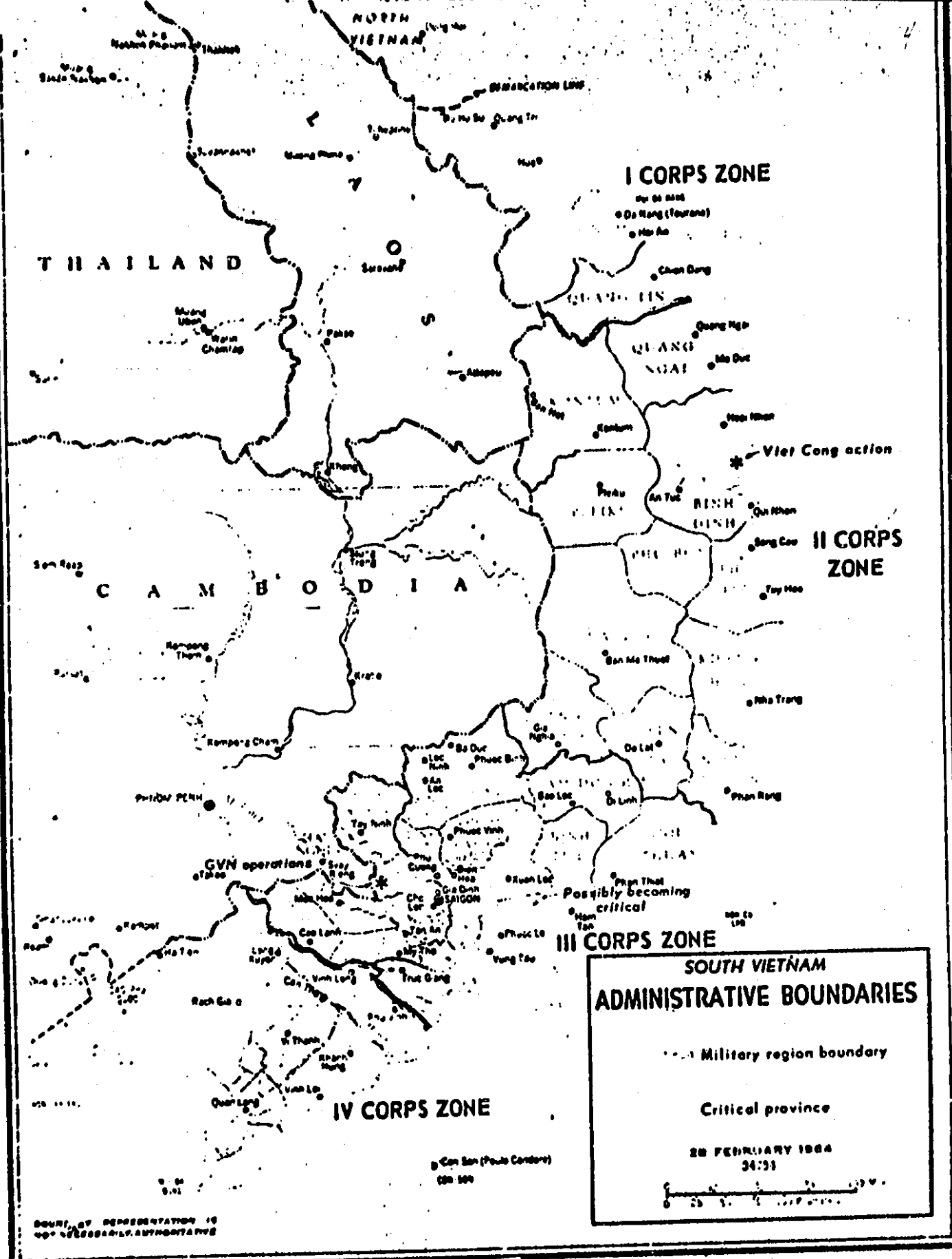
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De Gaulle spokesmen continue to urge neutralist solution; overtures for new working relationships between Saigon and Taipei.

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Hanoi, optimistic over Viet Cong prospects, continues to encourage French; appeals to Geneva co-chairmen to deter US "schemes" to enlarge war. Moscow spurring international concern war might escalate.



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## I. SITUATION WITHIN SOUTH VIETNAM

### A. Political Situation:

#### Government Organization and Image

1. General Khanh, as chairman of the Military Revolutionary Council, has issued some decrees to clarify the formal structure of his government. An amendment to the provisional constitution legalizes the appointment of former Council chairman General Duong Van "Big" Minh as chief of state. Khanh has also defined the supervisory responsibilities of his three deputy premiers. Deputy Premier for Pacifica- tion Nguyen Ton Hoan directs the ministries of in- terior, defense, public works, rural affairs and information, and the commissariats of youth and "new rural life" (formerly strategic hamlets). Deputy Pre- mier for Social Affairs General Do Mau supervises educa- tion, health, labor, and the secretariat for social action. Deputy Premier Nguyen Xuan Oanh is overseer for economy and finance. (EMBTel 1609)

This breakdown confirms the prominence of Nguyen Ton Hoan, leader of the southern faction of the Dai Viet party (see Annex) who returned from 10 years of exile in Paris at Khanh's request. Hoan will be the cabinet member responsible for prosecu- tion of the war effort in its major military, civic action, and propaganda aspects. He is by reputation competent and anti-Communist, but he recently hedged his answers to some Paris press queries on the sub- ject of neutralism. At present it is not possible to assess the extent of Hoan's local following after his decade of exile, or his familiarity with the current situation. In a conversation with Ambassador Lodge, Hoan devoted himself largely to a diatribe against the Diem regime and gave little indication of having devised a specific program. A 19 February press conference by Hoan and other leading ministers also suggests that the cabinet has not yet developed a smooth working relationship. (See Emtels 1590 and 1617)

2. Ambassador Lodge assesses General Khanh, on the basis of his performance to date, as in- telligent, quick to grasp problems, unruffled, and more able than the earlier junta leaders. Lodge

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accompanied Khanh on 26 February to Tay Ninh Province, where Khanh, by pledging vigorous prosecution of the war effort and promising titles to lands now occupied, evoked considerable response from some 2,000 followers of the Cao Dai politico-religious sect. Khanh also appointed a Cao Dai general, Le Van Tat, as Tay Ninh Province chief. (Embtel 1641)

Khanh has been making a series of field trips to demonstrate his personal interest in the rural populace. His promise of land titles suggests he may be amenable to further land reform measures, which could evoke increased peasant support. He appears to be implementing a policy of appointing local officials, if qualified, who represent dominant religious or political affiliations in their areas. In Tay Ninh Province, Cao Dai followers make up about a third of the population and could provide considerable trained military support to the regime, after long disaffection from the Diem government. The province itself harbors a major Viet Cong base area--the site of its Central Office--and large concentrations of regular Viet Cong forces. The Cao Dai have given some indication that they desire some form of autonomous status, and there are recent reports which indicate some Cao Dai apathy toward the new regime.

3. Khanh has also asked US cooperation in a vast training program for civil administrators at all echelons to take over in villages and hamlets as pacification is completed by the military. (Embtel 1595) This plan indicates Khanh's readiness to tackle the shortage of good administrators, and suggests he may avoid any sudden, wholesale reshuffle of local officials which could add to present confusion. He has reportedly, however, not yet issued any over-all guidance to incumbent rural administrators. This shortcoming has probably contributed to the lack of government activity noted in some critically insecure provinces near Saigon and in the north.

4. Khanh says he is requiring all government members to list their financial holdings, and will punish severely any grafters. (Embtel 1595) He has made more arrests among Diem's former ministers, and apparently plans to bring those accused of malfeasance to early trial. In addition, the new regime has closed some newspapers alleged to be in sympathy with the

former Diem regime. (Embtel 1609) Khanh has been suspected in some quarters of sympathy for the Diem regime, and these moves are designed in part to demonstrate a clean sweep. If properly carried out, they would help to reduce the problems of corruption and lack of swift justice which in the past alienated many Vietnamese. Khanh has yet, however, to document his charges of pro-French plotting against arrested generals of the ousted junta, or to indicate when they may be tried.

#### Relations With France

5. Foreign Minister Pham Huy Quat told the US Embassy on 27 February that there are two schools of thought in the government, one advocating a complete break of diplomatic relations with France, and the other restraint. He indicated that he led the latter school, and was recommending that South Vietnam take no initiative in its relations with France, but look toward the eventual ambassadorial exchange. (Embtel 1640) There have been some reports indicating consideration of an early break in relations by South Vietnam, apparently based in part on rumors that France was about to recognize North Vietnam. Commonwealth sources tend to confirm Quat's position as he has stated it, and indicate that South Vietnam has had some discussions with the French over possible easing of import restrictions on French goods.

6. During his trip to Tay Ninh, Khanh insisted to Lodge that there was a French plot to assassinate him, but offered no evidence. He was, however, under heavy security guard. Khanh also appeared receptive to Lodge's suggestion that he try to pacify some one area quickly and give wide publicity to any such success, in order to dispel gloomy press reporting from Vietnam. (Embtel 1641) There is no evidence of any French assassination plot, and it is possible the charge was made to support some contemplated move against the French. Khanh's unusual security precautions, however, may represent sincere concern over some suspected French or other internal plotting.

#### Neutralism

7. Neutralist sentiment is increasing both in Saigon and in the countryside, according to some labor

leaders with extensive contacts. They believe neutralism is viewed by many rural inhabitants as meaning an end to the war. A Vietnamese officer, Lt. Col. Tran Ngoc Chau, a political adviser in the Saigon area, also has reported that the idea of neutralism is increasingly attractive to students in Saigon who lack confidence in the new regime. (CIA Saigon TDCS-3,573,581) These comments support other signs that there may be extensive war-weariness in South Vietnam. Several reports indicate that the two recent coups in Saigon, coupled with the impact not only of recent large-scale Communist attacks, but of constant Viet Cong harassment of the rural populace, have raised doubts about the government's ability to provide protection against the Viet Cong, much less victory. Neutralism may convey a concept of being left alone rather than of a step toward Communist control.

8. A belief in eventual Communist victory is reportedly increasing among the large Chinese community in Saigon-Cholon, and is becoming more intense as a result of neutralist talk and uncertainty over US intentions. Some Chinese leaders have also reported increased activity in recent months by Chinese Communist agents in the capital area. (Embtel 1632) Recent editorials in Saigon newspapers also appear to be seeking firm indications of US support for the Khanh regime.

There seems to be little question that press stories of possible US policy changes and of US concern over deterioration in South Vietnam are adding to local restiveness. Widespread concern in the economically powerful Chinese community could be quickly translated into business panic and inflationary pressures. Recent Viet Cong propaganda identifying an affiliate of their Liberation Front apparatus which purports to represent Overseas Chinese appears to reflect an increased Communist effort among the Chinese, who had been kept politically dormant under Diem.

#### Coup Plotting

9. The South Vietnamese marine brigade commander, Lt. Col. Nguyen Ba Lien, is reported by a confidant to have stated that a coup against the Khanh regime is definitely in the planning stage and

that he has had several approaches. Lien allegedly commented that another coup would be disastrous, but that he would have to face a decision on committing marine units if Khanh is unable to rally support within the next two months. (CIA Saigon TDCS-DB-3,659,746) Another report indicates that officers in the armored brigade in the Saigon area, as well as the Self-Defense Corps commander, have also been approached recently to support a coup. This report asserts that the plot involves several senior officers, including Deputy Chief of Staff for Security Gen. Duong Van Duc, II Corps Commander Gen. Do Cao Tri, III Corps Commander Gen. Lam Van Phat, and Saigon prefect Col. Duong Ngoc Lam. (CIA Saigon TDCS-3,573,831)

Khanh is reported to have established two intelligence nets to monitor the attitudes of certain officers and units and to detect any coup plotting. One net allegedly uses officers with Dai Viet Party ties. (CIA Saigon TDCS-3,573, ) This watchdog system copies former President Diem's use of the Can Lao organization, which led to considerable political favoritism within the military and ultimately failed to protect Diem. Furthermore, use of Dai Viet affiliated officers may lead to increased resentment over Khanh's apparent intentions to mold various Dai Viet factions into a key government political vehicle. The other intelligence net described in the report includes some of the officers who are themselves alleged to be plotting. Khanh has also made use of another Diem practice of neutralizing disaffected officers by transferring them from strategic commands or moving their units out of the Saigon area. Some examples are the appointment of the former Armored Brigade chief in Saigon to a division command in the delta, and the rumored replacement of the Special Forces chief.

Coup plotting appears to be only in formative stages, and there are no clear indications that any attempt is imminent. Reassurances of US support for Khanh might help to dispel uncertainty and reduce coup talk.

## Attacks on Americans

10. Joint Vietnamese-US steps have been taken to improve security in the face of Viet Cong terrorism targeted against US personnel, but General Khanh told Ambassador Lodge on 26 February that the Viet Cong probably will try to "outflank" the tightened security measures. He said he expected some trouble in the coming week. (Embtel 1641) Vietnamese security officials have reports that specific assassination attempts are planned against Lodge and General Harkins, and accordingly extra precautions are being taken.

11. On 28 February a terrorist bomb exploded against a US NCO barracks in Long Xuyen, An Giang Province, causing some damage but no casualties. This is the first act of anti-American terrorism since the Kinh Do Theatre bombing in Saigon on 16 February.

12. The Viet Cong are offering a bounty equivalent to \$250 for each American killed. Communist pamphlets have also been distributed in Saigon calling for stepped-up sabotage activity to celebrate the 3 March anniversary of the founding of the Communist Lao Dong (Workers) Party in 1951.

## B. Military Situation

### Viet Cong Activity

1. Viet Cong activity reported during the past week does not indicate any significant change in either tempo or pattern. Small-scale attacks or ambushes were reported daily from five to seven provinces. In addition, minor Viet Cong incidents occurred in all parts of the country, but particularly in the northern coastal province from Quang Tri through Binh Dinh. These incidents took the form of harassing fire, kidnaping or intimidation of local officials, propaganda lectures to captive audiences, and interference with buses and other forms of land transport.

2. Strategic hamlets in all parts of the country came in for their share of Viet Cong attention with a few reports of the actual destruction of hamlet defenses in Quang Tri, Pleiku, Binh Thuan and Long An provinces, and many reports of harassing fire or the kidnaping or assassination of hamlet officials.

3. Although no major armed attacks were reported, a multiplicity of small attacks caused minor casualties among government personnel, particularly through ambush of convoys and the mining of a train in Binh Dinh Province.

4. There have been no reports during this period of any significant North Vietnamese military activity in South Vietnam.

### Military Indicators

5. COMUSMACV's acceptance of another Viet Cong battalion with a strength of 700 personnel raises the total number confirmed to 42. This new battalion operates in the southwestern part of the delta and is composed of three rifle companies, one 57-mm. recoilless rifle company, one 75-mm. recoilless rifle company, an 81-mm mortar company, a special mission company and a medical unit. Another Viet Cong battalion, also in the

delta, is accepted with increased strength in personnel and in heavy weapons, including an anti-aircraft company, a 57-mm. recoilless rifle company and a 75-mm. recoilless rifle company.

6. Evidence of increasing Viet Cong military capability contrasts sharply with the absence of major or "main force" attacks throughout this period. The widespread minor incidents and harassments, on the other hand, demonstrate the continuing Communist intention to aggravate security conditions and to continue the erosion of public confidence in the government throughout the rural areas.

7. Viet Cong incidents were reported from 10 of the 13 critical provinces, and occurred in at least 14 noncritical provinces as well. A recent report from COMUSMACV estimates that in 23 of the Republic of Vietnam's 43 provinces the Viet Cong dominate more than 50 percent of the area. The same report states that the Viet Cong exercise 80% control in Phuoc Tuy, a noncritical province. It thus appears that Phuoc Tuy should be considered as a possible addition to the list of critical provinces.

#### ARVN Activity

8. ARVN operational activity against the Viet Cong showed a moderate increase compared with the low period of the lunar New Year's holiday. The great majority of the reported operations consisted of attempts to "locate and destroy" Viet Cong regional companies believed to be operating in various provinces. In 658 of 672 small unit operations conducted during the period 17-23 February, ARVN units reported "no contact" with Communist elements. This small percentage of meaningful contacts with the Viet Cong underlines the long-standing difficulties of bringing government forces to grips with a habitually elusive enemy.

9. More than fifty-five percent of the small unit (less than battalion size) ARVN operations took place in I Corps, thus repeating the pattern of the preceding week. This emphasis on the northern provinces appears to reflect the government's recognition of increasing Viet Cong capabilities in this area. The Communists have activated three main force battalions in this region since last October. (See paragraph B1. above.)

10. The majority of the battalion-size or larger operations conducted during this period took place in the III and IV Corps in the south. An average of 21 such operations were under way daily, of which the largest was a division-controlled search-and-clear operation in Hau Nghia Province, between Saigon and the Cambodian border.

11. An engagement beginning on 26 February in Dinh Tuong Province between a brigade-size government force and a Viet.Cong unit of unknown size resulted in government losses of five killed, 23 wounded, 19 missing in action and one helicopter destroyed. The Viet Cong force suffered known casualties of five killed and three captured, before escaping.

#### Attitudes Among the Military

12. A number of Republic of Vietnam armed forces officers have expressed doubt as to the ability of General Khanh to hold the nation together. These officers stated that General Khanh is unpopular with the armed forces and the people because of the arrest of well-liked generals of the previous junta, and because of a belief that he is continuing to appoint formerly pro-Diem officers to replace other key officers involved in the 1 November coup.

These indications of growing factionalism and disgruntlement on the part of the armed forces may be reflected in the enthusiasm and spirit with which they execute their assignments, including counterinsurgency operations. The extent of disaffection prevalent in the armed forces is not measureable as yet, but reports that General Khanh has placed officers loyal to him in key positions to report on coup plotting is an indication of his concern over this problem.

C. Economic Situation

1. The pay raise Khanh has promised South Vietnamese military and paramilitary enlisted personnel, to cost an estimated 700 million piasters in 1964, probably can be handled within the presently contemplated budget deficit structure. The Mission, however, has asked for and been given assurances by Washington that an additional \$10- to \$15 million of economic aid can be made available if required. (Embtel 1612, AIDTO 2335.)

2. Saigon officials report that the rice supply, including requirements for the army, is in jeopardy. (TOAID2334.) Causes given are a smaller crop than last year's, interdiction by the Viet Cong, and speculation by rice merchants with French bank collaboration. The message alerted Washington to a possible need for rice shipments from the US to feed the army.

Such shipments, when rice is known to exist in ample quantities within 100 miles of Saigon, would probably be tantamount to open admission either that the Viet Cong had seized control of the country's resources to such an extent that the government cannot feed itself, or that governmental administration and the general fabric of commercial life have broken down completely. (Deptel 2184.)

The embassy concedes this interpretation, but has asked for and been given standby authority to promise US rice if requested, in order to help head off further speculation and withholding. (Embtel 1618, AIDTO 2335.) This would probably require purchase on the open market in the US, using economic aid funds, since PL-480 rice is probably not available.

3. The price structure for rice as presently administered appears to place more emphasis on holding down the price to the urban consumer than on assuring the farmer a fair price for his product. AID believes that, if the peasant can be given a fair price and assurances that he will continue to receive it, this would be a major contribution to the war effort.

## II. THIRD COUNTRY DEVELOPMENTS

### A. French Policy:

1. Edmond Michelet, former French minister of justice, reportedly is telling associates he has concluded that the present regime in Saigon cannot win the war either politically or militarily, even with US support. Michelet, now a member of the Constitutional Council, is described as an unofficial specialist for Southeast Asian affairs. He is a life-long friend and associate of General de Gaulle, and his statements probably express De Gaulle's views.

2. Michelet argues that any solution must involve a settlement in which the West comes to terms with the Viet Cong, and that by encouraging nationalist elements in the Viet Cong, it should be possible to preserve the formal independence of South Vietnam under a Viet Cong or coalition regime. North Vietnam would then incline toward a kind of unavowed neutralism, and Chinese expansion would be curbed. Michelet comments that the neutralization of South Vietnam can best be effected in a general neutralization of all Southeast Asia, with US withdrawal, and with the leading diplomatic role played by France. (CIA Paris TDCS-3,574,057)

Similar views were expressed last week by the Far East chief of the French Foreign Ministry, who feels the only solution in South Vietnam is political--specifically, negotiation leading to neutrality. (State TO Saigon 1305)

Both of these reports reflect thinking which, in our analysis, corresponds to De Gaulle's own views on Southeast Asia.

3. The British Embassy in Paris also passed on a conversation in which the French Secretary of State for Foreign Affairs described reports that the US might consider escalating the war in Vietnam as "appalling and dangerous," and prompted by the demands of "US internal politics." He further stated that the USSR's competition with Communist China for influence would not permit Russia to stand idly by in

the event of such a US course. (Emb Paris 4067)  
These views are consistent with the above French  
view that the situation in South Vietnam cannot be  
won militarily and that France's proposal for neu-  
tralization offer the West a way to avoid either  
defeat or a major conflict with the bloc.

### III. DEVELOPMENTS IN THE BLOC

#### A. North Vietnam:

The North Vietnamese told the Canadians that the Communists could readily match increases in US forces and equipment in the war, and that the Communists were also prepared to deal with the possibility that the US might carry the war to North Vietnam. (Saigon Embtel)1592) This is the first time Hanoi has used diplomatic channels in attempting to deter the US from escalating the conflict in South Vietnam.

2. The North Vietnamese are also continuing their efforts to influence the French. A Vietnamese in Paris, Nguyen Van Chi, who is believed to represent Ho Chi Minh and has regular contacts with Michelet (see II A above) is reportedly promoting the line that both the Viet Cong and the North Vietnamese are "national Communists," have strong neutralist sentiments, and are eager to maintain their independence of the Chinese. (CIA Paris TDCS-3,574, 057)

3. A more accurate version of the real North Vietnamese attitude toward neutrality is contained in the 12 February party newspaper editorial stating that the North Vietnamese people "will never accept neutralization" of North Vietnam. Hanoi clearly wishes to encourage French pressure on the US and the West for a "neutral" solution in South Vietnam. (CIA/FBIS Hanoi 12 Feb 64)

4. Hanoi's first official comment on the speculation that the US might carry the war to North Vietnam was contained in a 27 February note from the North Vietnamese Foreign Ministry to the Geneva co-chairmen, Britain and the Soviet Union.

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The note declared that the US must "bear full responsibility" for the consequences of such action, but did not specify any particular retaliation. The note called on the co-chairmen to take "timely and appropriate" measures to check US "schemes" to enlarge the war.

**B. USSR**

1. The official Soviet statement of 25 February on Vietnam, while demanding that US forces leave South Vietnam, limits itself to reiteration of the general support of the Soviet Government and people for the war in South Vietnam. It only pledges that the "Soviet people" will render "necessary assistance" to the war. (TASS 25 Feb 64)

2. Unofficial statements from Moscow, however, have gone further. Commentators and Soviet radio-broadcasts have implied that any significant escalation, particularly attacks on North Vietnam, would be met by armed resistance from the entire "Socialist" world. (CIA/FBIS Moscow 22-26 Feb 64)

3. Such statements are probably designed to spur international apprehension of a major East-West confrontation over Vietnam, thus generating pressure for a change in the US policy of active military support to Saigon.

28 February 1964

ANNEX:

The Dai Viet

1. The Dai Viet Quoc Dan Dang or Greater Vietnam Nationalist Party, better known as the Dai Viet, has returned to the political scene in Saigon with the formation of Khanh's new government. Presence in the cabinet of a handful of politicians--including Deputy Premier Nguyen Ton Hoan--associated with the Dai Viet has created the impression that an organized political party has gained a prominent position in the new regime.

2. The Dai Viet, however, is not now an organized political party, and has never been more than a factional coalition of individual politicians holding vaguely similar political goals and banded together for mutual advantage. At least since 1955, in fact, there has been no centralized party structure. A number of quarreling factions headed by individual aspirants for political power have claimed the party label, but otherwise have had little in common beyond opposition to the Ngo Dinh Diem regime.

3. The Dai Viet was one of several nationalist, anti-French movements created or abetted by the Japanese in Indochina during World War II. While some of its members trace their association to 1939, the Dai Viet does not appear to have had any formal existence prior to 1943, when an organization with this title was formed in Tonkin (North Vietnam) by intellectuals and mandarins opposed to French rule.

4. Along with other nationalist organizations, the Dai Viet supported the Japanese-backed government of Premier Tran Trong Kim formed by Bao Dai in March 1945. When this government collapsed in the wake of the Japanese surrender, the Dai Viet went into political eclipse.

5. Subsequently, however, the Dai Viet profited from French suppression of such other nationalist movements as the Viet Minh and the Viet Nam Quoc Dan Dang (VNQDD) to become the leading nationalist party

in Tonkin. It recruited supporters in the local administrative, police and security forces and eventually secured for one of its ablest leaders, Nguyen Huu Tri, the post of Governor of Tonkin under the Bao Dai administration.

6. Dai Viet influence waxed and waned with Tri's own fortunes, deriving power not so much from its political organization as from Tri's personal prestige and ability. In the north, the Dai Viet was strongly challenged by the temporal power of the Catholics, particularly the largely autonomous, feudally organized bishoprics of the area. These bishoprics fielded their own armies against the Viet Minh and dealt directly with the French colonial administration, ignoring both the governor and Emperor Bao Dai.

7. The French abandonment of North Vietnam to the Communists in 1954 left the Dai Viet without an organized power base. Its rivals among the North Vietnamese Catholic refugees, in contrast, consolidated themselves around the new Ngo Dinh Diem regime. The Dai Viet, never a truly cohesive political party, rapidly disintegrated into small, mutually hostile factions under minor leaders, each continuing to claim title to the Dai Viet banner in the divided ranks of Diem's political opposition.

8. Although the Dai Viet was for the most part composed of northerners, one of its earliest members was Nguyen Ton Hoan, a southerner studying medicine in Hanoi at the time of the party's founding. In 1947 he returned to his homeland in the south to create what has since been known as the "southern" faction of the Dai Viet. Though himself a Catholic, he appears to have cooperated with elements of the militarily powerful Cao Dai sect in opposing both the French and the Communists.

9. When the establishment of the Diem government in 1954 brought Dai Viets and Catholics into political conflict in South Vietnam, Hoan went into voluntary exile in France, returning to Saigon only after the 30 January 1964 coup. While he apparently retained some unorganized followers in South Vietnam, Hoan drew his support primarily from among other exiles in France and the United States, where

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he lobbied as a nationalist opponent of Diem. He thus avoided the scars and stains suffered by domestic factional leaders during the Diem decade.

10. Whether exiles in Paris or outcasts in Saigon, none of the many claimants to the Dai Viet party label has ever given any appearance of cohesion or organizing ability, and it is doubtful that any centralized nationalist organization now exists in South Vietnam. There are signs that the new regime in Saigon is trying to use the aura of the Dai Viet name to recreate a political organization. In time a new Dai Viet Quoc Dan Dang may become a real factor of the South Vietnamese political scene.

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