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V I E T - N A M

Capital: SAIGON

Population: 28,000,000

I. Characteristics of the Area

Viet-Nam lies along the eastern coast of the Southeast Asian Peninsula which is comprised of Burma, Malaya, Thailand, Laos, Cambodia, and Viet-Nam. It is long and narrow, stretching north-south about 1,000 miles from the southern border of China to the Gulf of Thailand and varying in width east-west from less than fifty miles to somewhat above 300 miles. The total area is about 127,000 square miles (slightly larger than New Mexico). Viet-Nam is bounded on the north by China and on the west by Cambodia and Laos. A long coastline faces the Gulf of Tonkin and the South China Sea on the east and south and the Gulf of Thailand on the southwest. Most of the people and agricultural activity are in the fertile deltas of the Mekong River in the south and the Red River in the north. These two fertile deltas or rice baskets, one in North Viet-Nam; one in South Viet-Nam, are joined by a thin populous coastline and by the backbone of the Annamite mountains.

The northern part of Viet-Nam has a hot humid summer from May to October, and a drizzly winter which can become quite chilly. South Viet-Nam has a monsoon climate, with rain from May to November and a dry season from December to April. The temperature in the south ranges between 80 and 95 degrees during the year.

The population of Viet-Nam is estimated to be 28,000,000. The Vietnamese, who are culturally and physically closely akin to the Chinese, form about 89 percent of the total population. They occupy the lowland regions in parts of which population densities are comparable to the highest in the world. The vast majority are farmers and fishermen living in small villages. However, as in mainland Southeast Asia in general, population pressure over the whole of Viet-Nam is not great. Vietnamese society is in large part based on a cooperative village organization responsible for administering irrigation works, storing rice, and periodically redistributing certain commonly owned lands. A relatively small but influential middle class is made up of landowners, small merchants and lesser officials.

Other ethnic groups in Viet-Nam include about a million primitive mountain tribesmen of Mongoloid and Indonesian stock, some 850,000 Chinese who live mainly in the cities of South Viet-Nam, 400,000 Cambodians (all in South Viet-Nam), 35,000 Chams, 25,000 Malays, 4,000 Indians and Pakistanis, and some 25,000 French, including Eurasians having French citizenship.

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As a result of the July 1954 agreements at Geneva the Communists control the area in Viet-Nam roughly north of the 17th parallel. About 60,000 square miles of 48 percent of Viet-Nam's total area are north of this parallel and with a population of about 15 million. South Viet-Nam with a population of about 13.2 million has a population density of 95¹⁸⁰ per square mile (compared to 52 in the U.S.A.).

The Vietnamese language reveals Chinese, Thai and Khmer influence. It is a tonal language and much of its vocabulary is borrowed from Chinese. French missionaries introduced quoc ngu, a romanized version of the written language, which has replaced the Chinese characters in schools, publications and daily use. Literature and theater are highly developed in Viet-Nam and reflect Chinese influence. Literacy rates which have been low are rising rapidly, reflecting substantial efforts on the part of the Government.

The religion of most Vietnamese is a mixture of Taoism and northern (Mahayana) Buddhism as introduced from China, colored by animistic practices such as reverence for nature-spirits. Probably nearly two million Vietnamese are adherents of the Roman Catholic Church. About 400,000 Vietnamese of Cambodian origin are Hinayana Buddhists and the tribesmen of the mountains are animists.

II. Government Organization

The military division of Viet-Nam approximately at the 17th parallel under the cease fire agreement between the French and Communists at Geneva in July, 1954 has resulted in divided authority in Viet-Nam. The legitimate Vietnamese government exercises authority only over the territory south of the demarcation line, while a Communist regime styling itself the "Democratic Republic of Viet-Nam" (DRV) controls the territory north of the 17th parallel.

The legitimacy of the present government of the Republic of Viet-Nam derives from a March 8, 1949, agreement between France and the former emperor of Annam, Bao Dai, by which Bao Dai returned from voluntary exile and France recognized the independence of Viet-Nam within the French Union. Decrees of July 1949 vested in Bao Dai as Chief of State full legislative and executive powers. In June of 1954 Bao Dai appointed Ngo Dinh Diem Prime Minister and by decree delegated to him "full civil and military powers". After a year's struggle to obtain effective control over the army and administrative machinery, and to establish political stability in Viet-Nam (see below, section V-a), Diem ordered a popular referendum on October 23, 1955, by which the people chose between Bao Dai and Diem as Chief of State. After a vote overwhelmingly in favor of Diem, the Republic of Viet-Nam was proclaimed on October 26, 1955 with Diem as President.

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Before the referendum Diem had promised popular election of a national assembly and the election was held on March 4, 1956. In the ensuing months, the constituent assembly so chosen worked out a constitution reflecting Diem's ideas derived from Western democratic practice. The assembly approved the resulting document on July 2, and the constitution was promulgated on October 26, 1956.

The constitution of the Republic of Viet-Nam is modeled most extensively on United States and Philippine practice. It provides for separation of powers, with a strong executive, a unicameral assembly, an economic council with largely advisory powers, and a judicial system. Civil rights provisions (except the right of habeas corpus) are written into the constitution, but the broad powers given to the President reflect the conviction of the government that there must be strong executive control if stability and internal security are to be maintained. The constituent assembly has become the first legislative assembly (for a 3-year term) and Diem the first constitutional President (for a 5-year term). A new National assembly was elected on August 30, 1959 and Presidential elections are scheduled for 1961.

Following adoption by France in 1958 of a new constitution providing for successor institutions to the former French Union, it appears that any Vietnamese association with France within the French Union has been terminated in view of the fact that Viet-Nam is not a member of any of these new institutions. Prior to 1958, Viet-Nam's legal status in the French Union had been unclear for some years. Since, however, Viet-Nam had been maintaining an Embassy in Paris and had not participated in recent years in the organs of the French Union, in practice any relationship between Viet-Nam and the French Union had ceased to exist even before the adoption of the new French constitution.

The Communist "Democratic Republic of Viet-Nam" (DRV) in the north is a monolithic dictatorship developed under wartime conditions and completely controlled by the Lao Dong (Communist) party, members of which hold all key policy-making positions in the administration. Since 1945 Ho Chi Minh has been the only president of the "republic" and until 1955 was Prime Minister as well. A legislative assembly, "elected" in January 1946 met infrequently to rubber-stamp programs developed by the party. A second Assembly was "elected" in May, 1960. Justice is administered by people's courts patterned after those in Communist China.

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III. Principal Government Officials

A. Republic of Viet-Nam

President

(Chief of State, and at the same time Chief of Government with the title of President)

Ngo Dinh Diem

Vice President and Secretary of State for National Economy

Nguyen Ngoc Tho

CABINET

Secretary of State for the Presidency

Nguyen Dinh Thuan

Secretary of State for Interior

Lam Le Trinh

Secretary of State for Justice

Nguyen Van Si

Secretary of State for Foreign Affairs

Vu Van Mau

Secretary of State for Finance

Nguyen Luong

Secretary of State for Information and Youth

Tran Chanh Thanh

Secretary of State for Education

Tran Huu The

Secretary of State for Public Health

Tran Vy

Secretary of State for Labor

Huynh Huu Nghia

Secretary of State for Agriculture

Le Van Dong

Secretary of State for Public Works and Communications

Tran Le Quang

Secretary of State for Land Registration and Agrarian Reform

Huynh Huu Nghia

Assistant Secretary of State for National Defense (the functions of the Secretary of State for Defense are exercised by President Diem)

Tran Trung Dung

Military and Police Officials

Lt. General Le Van Ty

Chief of the General Staff, Armed Forces (the President is Supreme Commander)

Brig. General Nguyen Van La

Director General, National Surete and Police Services

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Other Political Personalities

Ngo Dinh Nhu	Brother of President and Adviser to President
Ngo Dinh Can	Brother of the President and most influential pro-government political figure in Central Viet-Nam
Ngo Dinh Luyen	Brother of the President and Ambassador to United Kingdom
Phan Quang (or Huy) Dan	Active in political opposition
Truong Vinh Le	President, National Assembly
Mrs. Ngo Dinh Nhu	Official hostess at Presidency. Member of National Assembly
Pham Van Nhu	Leader of Personalist Bloc, National Assembly
Co Van Hai	Leader of Socialist Union Bloc, National Assembly

B. Communist "Democratic Republic of Viet-Nam"

Members of the Council of Ministers (excluding Vice Ministers)

President of the Republic	Ho Chi Minh
Prime Minister and Minister for Foreign Affairs	Pham Van Dong
Deputy Prime Minister and Minister for Interior	Phan Ke Toai
Deputy Prime Minister and Minister for National Defense	Vo Nguyen Giap
Deputy Prime Minister and Head of National Scientific Research Board	Truong Chinh
Deputy Prime Minister	Pham Hung
Minister for Agriculture	Nghiem Xuan Yem
Minister for Construction	Bui Quang Tao
Minister for Communications and Posts, Telephone and Telegraph	Nguyen Van Tran
Minister for Culture	Hoang Ninh Giam
Minister for Finance	Hoang Anh
Minister for Foreign Trade	Phan Anh
Minister for Health	Pham Ngoc Thach
Minister for Home Trade	Do Muoi
Minister for Industry	Le Than Nghi

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Minister for Justice	Vu Dinh Hoe
Minister for Labor	Nguyen Van Tao
Minister for National Education	Nguyen Van Huyen
Minister for Public Security	Tran Quoc Hoan
Minister for State Farms	Tran Huu Duc
Minister for Water Utilization	Tran Dang Khoa
Ministers Without Portfolio	Bo Xuan Luat, Nguyen Xien
Minister Attached to the Prime Minister's Office	Nguyen Khan
Director of Public Prosecution Board	Bui Lam
Director of Board of National Minorities	Chu Van Tan
Secretary of State, General Secretary of the Council of Ministers	To Huu
Director of State Planning Board	Nguyen Duy Trinh
Presiding Judge of Supreme Peoples Court	Pham Van Bach

Other Officials

Secretary-General of the Lao Dong Party	Ho Chi Minh
Chairman of the "Fatherland Front" and Chairman, National Assembly Standing Committee	Ton Duc Thang
Chairman of the "Vietnamese General Confederation of Labor"	Hoang Quoc Viet

IV. Principal United States Officials

Ambassador	Elbridge Durbrow
Deputy Chief of Mission	H. Francis Cunningham, Jr.
Director, USOM (ICA)	Arthur Z. Gardiner
Chief of MAAG	Lt. General Samuel T. Williams to be succeeded in August by Major General Lionel C. McGarr
Public Affairs Officer	John M. Anspacher
Army Attaché	Colonel Elliot B. Cheston
Navy Attaché	Commander Everett A. Parks
Air Attaché	Lt. Colonel Butler B. Toland

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V. Background Information

A. Short Historical Review

The Vietnamese people, formerly known as the Annamese, originated in the Red River Delta of Tonkin from where they gradually pushed southward to occupy all the territory now known as Viet-Nam by the end of the eighteenth century. In the second century B.C. the tribes occupying the Red River Delta were conquered by China and incorporated into a province of China. Chinese rule endured intermittently for over a thousand years. In the tenth century the Vietnamese revolted, won their independence and created the Empire of Annam which later came to be known as Viet-Nam. Despite repeated attempts by China to recapture the territory, Viet-Nam maintained its independence for the next thousand years until it was conquered by the French in the late nineteenth century. However, during this period the country was at various times divided by rival dynasties in the north and south.

During this two thousand year period the Vietnamese absorbed a great deal from the Chinese civilization while at the same time developing a fierce national pride which enabled them to stand off Chinese domination. Nationalist uprisings occurred periodically almost from the outset of French establishment of the protectorates of Tonkin and Annam and the colony of Cochinchina.

At the end of the second world war, during which French power had been replaced by Japanese, a Vietnamese government (the "Democratic Republic of Viet-Nam") was established under the Communist Ho Chi Minh, leader of the Viet-Nam League for Independence or Viet Minh. The French concluded an accord with Ho Chi Minh in March, 1946 recognizing the DRV as a free state forming part of the Indochinese Federation and of the French Union, but failure to agree on the interpretation of this accord resulted in the outbreak of hostilities between the French and the Viet Minh in December, 1946. The French Union Forces were able to win control of the major cities in the north which had been held by the Viet Minh, but the countryside in the north and to a large extent in the south became Viet Minh strongholds.

In March 1949, as a counterpoise to Ho, and as an attraction to non-communist nationalists, the French signed an agreement with the former Emperor of Annam, Bao Dai, then in voluntary exile, according to which he agreed to return as the head of the state and France recognized the independence of Viet-Nam within the French Union. However, the slowness of France in granting more than nominal autonomy to Viet-Nam made it easier for Ho Chi Minh to exploit legitimate nationalist aims by persuading the people that those aims could be achieved only by violent rebellion. The guerilla-type warfare continued for five years.

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In April, 1954 a conference at Geneva of representatives of Cambodia, the "Democratic Republic of Viet-Nam", France, Laos, Communist China, Viet-Nam, Russia, and Great Britain met to discuss the problem of re-storing peace in Indochina. The United States participated in the conference, but did not subscribe to the agreements. While the conference was in session the French Union military situation deteriorated with the fall of the fortress Dien Bien Phu in May and the pressure for peace from the war-weary French public reached a new high. A ceasefire between the French and the Viet Minh was signed at Geneva on July 20. The legitimate Vietnamese Government refused to sign the agreement.

The cease-fire agreement established a provisional military demarcation line in Viet-Nam at approximately the 17th parallel and provided for the withdrawal of all French Union forces to the south of the parallel and all Viet Minh forces to the north. The withdrawal of forces under the supervision of the International Commission for Supervision and Control (ICC) composed of representatives of Canada, India, and Poland was officially completed on May 19, 1955. The final Declaration of the Geneva Conference also provided that a political settlement in Viet-Nam should be effected "on the basis of respect for the principles of independence, unity and territorial integrity" by "free general elections by secret ballot" to be held in July, 1956 under the supervision of representatives of Canada, India and Poland. The Government of Viet-Nam, which does not consider itself bound by the Geneva agreements since it was not a signatory, takes the position that no elections can be free so long as the Communists control the northern half of Viet-Nam.

President Ngo Dinh Diem, who was installed as Prime Minister in mid-1954, acquired -- on paper -- considerable authority previously exercised by the French or Bao Dai. The first problem of the Diem government was to translate its nominal authority into actual control, in view of the facts that the power of the Vietnamese Government was no longer assured by the French and that various groups and factions in South Viet-Nam were not willing to acquiesce in this transfer of power.

Ngo Dinh Diem was known as an outstanding nationalist; however, on coming into office he did not have the support of any substantial political group. He had resigned as Minister of Interior of Annam in 1933 in protest against the refusal of the French to liberalize the government. Thereafter he abstained from political activity and refused to participate in any government despite requests by the Japanese, Bao Dai and Ho Chi Minh.

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The first to challenge the power of the Diem Government were those with military power. The Government obtained control of the Vietnamese army in the fall of 1954 only after averting a coup d'etat by the then Commanding General, and control of the police and surete only after a military victory in the spring of 1955 over the Binh Xuyen, a private army then in control of the Saigon police. The Government next undertook to eliminate the large autonomous armed forces controlled by the Hoa Hao and Cao Dai sects by integration of some of their armed forces into the army and demobilization of the rest. This was accomplished by early 1956 and political stability was created from a situation which had seemed hopelessly chaotic.

B. Current Political Conditions

There is little open opposition in Viet-Nam to the government of President Diem. So called opposition groups in Viet-Nam and France have appeared from time to time but they have been unorganized and without popular support. It is estimated that about eight individuals who do not actively support the Government were elected to the National Assembly in 1959. The openly acknowledged political party affiliations of the members of the 123-man National Assembly are as follows:

National Revolutionary Movement (NRM)	
(headed by Pham Van Nhu)	78 seats
Socialist Party	4 seats
Social Democratic Party	3 seats
Viet-Nam Restoration Party	2 seats
Independents	36 seats

The Communists, despite denunciation of the referendum on the monarchy and the two assembly elections, were unable to obstruct significantly the overwhelmingly favorable verdicts given the government by the people. Efforts in the period following the cease-fire to develop new "front" organizations were largely frustrated by security agencies. However, clandestine Communist opposition on the political level has continued, and Communist subversive and terrorist activities have been stepped up since the latter part of 1959, particularly in the areas south and west of Saigon and to some extent in the central plateau area.

This increase in Communist subversive activity has continued during 1960 under the direction of the Hanoi regime whose avowed purposes are the overthrow of Diem and the reunification of Viet-Nam. The Government of Viet-Nam has reacted strongly and with considerable success, but the restoration of security will be a long and difficult job.

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Throughout the period of Diem's leadership, the Republic of Viet-Nam has been ranged firmly on the side of the free world, and has looked to the United States for the military and economic assistance without which its present degree of stability could not have been achieved. Viet-Nam looks to the United States and to SEATO for protection against a renewal of Communist aggression. Though not a member of SEATO, Free Viet-Nam was designated by the Protocol to the Southeast Asia Collective Defense Treaty as an area falling under the umbrella of the Treaty.

President Ngo Dinh Diem made a highly successful state visit to the United States in May 1957 at the invitation of President Eisenhower, and addressed a joint session of the Congress at that time. Subsequent state visits by President Diem in India, Thailand, Korea, Australia, the Philippines, Malaya, and Taiwan have greatly enhanced the prestige of his Government. Viet-Nam was recognized by 55 countries as of July, 1960. It has repeatedly been determined as qualified for UN membership by the UN General Assembly, but has been excluded by Soviet veto in the Security Council. It is a member, however, of several specialized agencies of the UN.

C. Economic Conditions

1. Basic Economic Data

Viet-Nam is primarily agricultural economy is capable of producing an adequate food supply for consumption and a surplus of agricultural products for export. About 85 percent of the cultivated area is normally sown to rice, the principal food and cash crop. Before the war the Indo-china region which is now South Viet-Nam exported over 1,000,000 metric tons a year, but the area under cultivation was sharply reduced by the war and, until 1959, annual exports were below 200,000 metric tons. Production now exceeds prewar levels, but increased population and per-capita consumption have reduced export availabilities.

Rubber is the most important export, accounting for almost two-thirds of the foreign exchange earned by Viet-Nam. Production exceeds pre-war and is increasing. The Government believes that rubber production represents an important investment opportunity for foreign capital.

A few other agricultural products are exported in small quantities and a number of additional items are grown for local consumption. Fishing--in both fresh and coastal waters--provides perhaps the second most important item of diet for the Vietnamese and meat consumption is relatively high by Asian standards. The partition of Viet-Nam at the seventeenth parallel has given control of the most important industrial facilities and the principal minerals to the Communists in the North. Industry in South Viet-Nam, which is concentrated in the Saigon area, is characterized by agricultural processing, especially rice milling, and by light consumer industries such as textiles cigarettes, soap, matches, beer, and soft drinks.

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The government has been anxious to create new industries which could utilize existing raw materials and conserve foreign exchange. Considerable progress has been made.

Rehabilitation of Viet-Nam's badly damaged road and railroad network has progressed to the point that it is no longer a major obstacle to economic development.

Viet-Nam's exports of rice and raw materials exceeded its imports of manufactured goods in prewar years, but it recorded huge adverse balances of trade after 1945, due primarily to the economic effects of World War II and the Indochina War; namely, inflation, abnormal consumption levels, shifts in population and destruction of production facilities and communications. The trade deficit is declining, but is still large.

France was traditionally the chief source of imports and French capital was the core of plantation agriculture, manufacturing and finance in South Viet-Nam, but Franco-Vietnamese economic ties have weakened. Two major factors which contributed to this change were the establishment during 1955 of Vietnamese control over central banking, foreign exchange resources and tariffs, and the shift from indirect payment of United States aid through the agency of France to direct payment to South Viet-Nam. France's share of imports in South Viet-Nam dropped from an estimated 63 percent in 1954 to 18 percent in 1959, while the United States share rose from an estimated 7 percent in 1954 to 26 percent in 1959. French capital investment remains an important factor, however, and 85 percent of Viet-Nam's rubber is still produced on French-owned and managed plantations.

2. Current Economic Conditions and Outlook

South Viet-Nam remains heavily dependent upon foreign aid because of the wartime damage to its economy and the necessity of maintaining armed forces of about 150,000. Its exports currently pay for about one-third of imports and its revenues cover about one-half of budgetary requirements. The inflationary situation which characterized the economy during the early post-war years has been brought under control by fiscal measures and heavy aid-financed imports.

Economic development in South Viet-Nam is receiving growing attention from the Government. In accordance with the area's potential, considerable emphasis is being placed on agricultural progress. A land reform program designed to redistribute land to about 300,000 tenant families is moving ahead rapidly. A land development program for moving settlers from the overcrowded coastal areas of Central Viet-Nam to underpopulated interior areas for both agricultural diversification and security purposes has

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already affected thousands of people. An extensive agricultural credit system has been established. The Government has set up a loan program for the expansion of rubber production, and is now interested in increasing rice production for export. The fisheries catch is rising because of improved methods and equipment.

Industrial development is likewise beginning in the South. An Industrial Development Center has been established to provide loans and technical assistance for the expansion of industry. Textile, glass and paper plants are being established, partly with private capital. A sugar refinery has been rehabilitated, and additional plants are planned. Self-sufficiency in coal will be achieved shortly and major projects in cement and hydroelectric power development are getting under way.

The transportation network has been given particular attention. Reconstruction or development of key roads is in progress. The war-damaged rail system has been restored to use. Air transport facilities are being improved. Water navigation to Saigon has been assisted, and canals vital to internal rice transport and irrigation are being dredged, although a major effort in this field will be required to restore the inland waterway system to its pre-war condition.

D. United States Aid

Military aid is provided under an agreement concluded between the United States and Viet-Nam in 1950. It has consisted of replacement end-items, consumables, and training of the Vietnamese army, navy and air force. Viet-Nam's armed forces number about 150,000 as against more than double that level in the Communist North.

Much of the Defense Support aid has been used to help Viet-Nam meet essential import requirements and to help finance the local currency costs of Viet-Nam's military force. United States aid dollars are used to finance the foreign exchange costs of imported consumer and capital goods, and the local currency equivalent paid by local importers is deposited in a counterpart account, which, in turn, is made available to the Vietnamese government for budgetary purposes or for local currency costs of United States aid projects.

About \$93 million of Defense Support aid was also used for transportation, care and resettlement of 800,000 refugees who fled from the Communist North in 1954 and 1955. With the absorption of the refugees into the economy this highly successful operation has been completed.

Defense Support and Technical Cooperation aid are also contributing to the economic development of Viet-Nam. Roads serving both security and economic objectives have received extensive assistance. Aid funds are also

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being used on railroad, air transport, water navigation, and telecommunications projects, for agricultural and fisheries development, and in the fields of health, education, public administration, information facilities and civil police. Industrial development is also being assisted through funds made available to the Industrial Development Center, through the financing under the commercial import program of the foreign exchange costs of other industrial projects, and the creation of a Handicrafts Development Center.

United States aid to Viet-Nam for the period 1954-59 (excluding military end-items, consumables and training assistance) has been as follows:

<u>Year</u>	<u>Millions of Dollars</u>
FY 1955	323.6
FY 1956	202.0
FY 1957	258.3
FY 1958	178.4
FY 1959	181.3
FY 1960	160.2

In addition, Viet-Nam is benefitting from a French aid program and from multi-country projects being financed from the Asian Economic Development Fund. Also, \$13 million worth of tobacco, cotton and flour have been sold under Public Law 480 since the first sales agreement was concluded in June, 1958.

Two loans to Viet-Nam from the Development Loan Fund--\$19.5 million for the water supply system in Saigon and \$9.7 million for railway equipment--have been authorized, but the loan agreements have not yet been concluded.

E. The Economic Situation in North Viet-Nam

In the northern Communist-controlled zone the standard of living is much lower than in the South. This area has, however, made considerable headway in economic reconstruction and development. The Communist regime's present three-year plan (1958-60) places primary emphasis on development of agricultural production, thus reflecting a determination to change this zone from a food deficit to a food surplus basis. Industrial installations which existed under the French--coal mining, textiles, cement and phosphate--are back in production, with the regime in some instances claiming production in excess of prewar levels. New facilities, such as a machine tool plant, a fish canning plant, and a modern printing shop, have been constructed, and reports indicate that construction of a 100,000-ton iron and steel complex has begun. Two rail links with Communist China have been reopened, and rehabilitation of the road system has been given high priority. Socialization of the economy is proceeding along the usual Communist pattern.

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Communist China, the Soviet Union and a number of the European satellites have furnished extensive aid to maintain imports and finance economic development. Communist China is the major source of financial aid and technical assistance. In 1955 it agreed to extend grant aid of \$325 million, and in 1959 it signed an agreement for the extension of an additional \$162.5 million in grants and loans. The U.S.S.R. agreed in 1955 to grant aid of \$100 million and in 1959 to a credit of \$25 million. All of this assistance has been for economic purposes. Military aid by the Communist bloc has been additional.

F. Current Problems: South Viet-Nam

1. The Communist Threat

An attack by the powerful army in North Viet-Nam, backed openly or secretly by Communist China, remains an ever-present threat to South Viet-Nam.

Subversion is a major Communist objective. The Communists have increasingly resorted to assassinations and other forms of terrorist violence since they became convinced that South Viet-Nam would not fall into their hands by peaceful methods. While this campaign has not undermined the stability of the Vietnamese Government, it is a problem of serious concern.

The Communist regime in North Viet-Nam insistently presses a propaganda campaign for increased contacts and so-called "normalization of relations" between the two zones, with a view toward eventual reunification. The Republic of Viet-Nam has refused talks with the Communist regime until it takes measures concerning refugees, military force reduction, terrorism and democratic liberties demonstrating its good faith.

2. Consolidation of the Republic of Viet-Nam

Formidable problems still confront the Government in the South in bringing into full operation the governmental system created by the new constitution. The training of additional administrators and technicians is required. The functions of the National Assembly and other new organs of government need to be developed. Over the long run, potential leadership elements not now participating in the Government should be enabled to assume a role befitting their abilities.

3. Economic Development

Further development of the economy through expansion and diversification of production requires concentrated attention by the Government for two basic reasons: (a) In its competitive economic race with the

Communist North for the loyalty of the Vietnamese people it must provide sufficient promise of economic improvement to counter the impression of dynamic progress in the North so assiduously spread by the Communists.

(b) Though Viet-Nam cannot become self-supporting as long as it has to shoulder the present burden of military and police forces for protection against Communist aggression and subversion, political considerations indicate the desirability of progress toward economic viability and away from dependence on external aid.

G. Basic Objectives of Viet-Nam

1. To prevent the Communists from taking over the free area of Viet-Nam through aggression or subversion.
2. To accomplish the reunification of Viet-Nam through peaceful means by the creation of conditions which will enable a free choice by the Vietnamese people.
3. To maintain a politically stable government and increase the effectiveness of its services to the people.
4. To enhance the international prestige of the Government of Viet-Nam as the representative of the Vietnamese people and as a respected Asian spokesman for the free world.
5. Like other nations which have attained statehood during the postwar period, to achieve economic independence as well as political independence.
6. To promote the economic development of South Viet-Nam in order to raise the standard of living in the competitive economic race with the Communist North for the loyalty of the people.

H. Objectives of the United States

1. To assist Viet-Nam in maintaining its independence and preventing the free area of the country from falling into Communist hands.
2. To maintain a close association between Viet-Nam and the other nations of the free world community.
3. To support the reunification of Viet-Nam through peaceful means and under conditions of freedom.
4. To assist the Vietnamese Government in promoting political, economic and social stability and in moving toward an increasingly viable economy.

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VI. Publications

Numerous current publications are available from the American Friends
of Viet-Nam, Inc., 4 West 40th Street, New York 18, New York.

BOOKS

The Smaller Dragon: Joseph Buttinger: Praeger, New York: 1958

Southeast Asia: Brian Harrison; St. Martin's Press, New York
1954

July 15, 1960