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# WEEKLY REPORT



## THE SITUATION IN SOUTH VIETNAM

3 June 1964

INTELLIGENCE AND REPORTING SUBCOMMITTEE OF THE INTERAGENCY  
VIETNAM COORDINATING COMMITTEE

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THE SITUATION IN SOUTH VIETNAM

(28 May - 3 June 1964)

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## I. SITUATION WITHIN SOUTH VIETNAM

### A. POLITICAL SITUATION

1. General Khanh last week freed Generals Kim, Don, Dinh, Xuan, and Vy, who had been detained since the overthrow of the Minh junta. The five generals were deprived of command responsibility for two years and were given unspecified staff assignments in Dalat. An official communiqué made no reference to earlier charges that these generals had connived with the French to bring about neutralism. Khanh hopes this move will help improve his relations with General Minh and other military malcontents. (CIA TDCSDB-3661521 and EMBTEL 2382)

There is little real prospect that Khanh's action will unite all of the military. General Minh reportedly was not pleased by the way in which the generals' cases were handled. Khanh still claims he has damaging evidence against Minh. He evidently still regards Minh as a dangerous rival who will eventually have to be removed. The freed generals, who are certain to be kept under surveillance, may become a focal point of disaffection. It cannot be ruled out that some of them or Minh may try to regain power.

2. After the generals were released, Khanh told a US observer on 30 May that he was confident he had the support of almost all high-ranking military officers "who matter." He discounted in particular any threat from Deputy Premier General Do Mau, and he said he believed he had made progress in winning Buddhist support. Khanh spoke with contempt of "so-called intellectuals" and politicians and said he might impose restrictions on them if they reverted to irresponsible criticism. (CIA TDCSDB-3661524) There is still no specific evidence of plotting against Khanh. Do Mau recently denied rumors that he was plotting. He said he was pressing Khanh to remodel the government along French lines to allow Khanh, in a role similar to De Gaulle's, to

handle military matters and foreign affairs, and Mau, as prime minister, to handle domestic affairs. (CIA TDCS-3582971)

3. The revolutionary tribunal in Saigon on 2 June began hearing the case of Major Dang Sy, a Catholic officer accused of ordering troops to fire on Buddhist demonstrators in Hue in May 1963. The trial may provoke new tensions between Catholics, who acknowledge that they are disturbed by the accusations against Sy and by the execution of Ngo Dinh Can, and Buddhists militants in Hue, who continue to demand action against "remnants" of the Diem regime. Tri Quang, the leading Buddhist monk in Hue, reportedly agreed with the government's decision to try Sy's case in Saigon and has publicly urged clemency. (EMBTEL 2382)

To appease the Buddhists, Sy is likely to be found guilty. General Khanh, however, has privately assured the US Embassy that Sy will not be executed. Catholics have so far acted with restraint, but last week the archbishop of Saigon withdrew his prohibition against any demonstrations. Three Catholic priests have since informed the US Embassy of proposed demonstrations to stiffen resistance to Buddhist pressures. They were advised to avoid provocations and to try to work with moderate Buddhist leaders. (EMBTEL 2352 BUO)

4. Secretary of State for Social Welfare Tran Quang Thuan last week joined the chorus of civilian cabinet members who are complaining about their lack of authority. Thuan said the ruling generals were corrupt and unable to agree among themselves on major national policies. Thuan said the civil service was riddled with patronage and that he might resign. (EMBTEL 1215)

Some of the views of Thuan, who was particularly critical of II Corps Commander General Tri, may be colored by his strong Buddhist ties. The US Embassy, however, thinks Thuan is competent and that his remarks contain some truth. Deputy Premier Hoan, whose Dai Viet Party has been increasingly restive, is still complaining that his

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advice is ignored. He cites specific differences with Khanh over the proposed charter for village administration.

5. The Rural Development Committee has approved land reform proposals and submitted them to the cabinet. These proposals deal with limitations on individual holdings, sale of former French lands, reduction of lands held for religious use, reform of the communal land system, and the transfer of titles to tribesmen now squatting on state lands. (EMBTel 2383)

In addition, some public enthusiasm is being reported as a result of local civic action projects, and the government has begun realistic planning to house armed forces dependents. More than 450 of 700 officers recently graduated from training have been assigned to district staffs in the provinces. The three lowest ranks in the Regional Force (formerly Civil Guard) have been granted equal pay status with the army. Last week, 979 persons--including 945 civilians and 23 military personnel--rallied to the government under the Chieu Hoi program, more than triple the previous week's figure.

US military authorities report some tentative signs that new man-power mobilization is beginning to arrest the steady attrition of the armed forces, but some provinces are also reporting discouraging results in conscription for the paramilitary forces, with 50 to 70 percent of youths avoiding the draft. A firmer indication of trends may emerge this month when increased quotas for conscripts and volunteers go into effect. (MACV MILREP 4437 and EMBTEL 2383)

Security

6. Government security services continue to gather reports of Viet Cong plans to conduct terrorism against US installations in Saigon and elsewhere. A government agent turned over a mine and five grenades reportedly intended to sabotage an American enlisted men's barracks in Saigon. Three Viet Cong agents, captured in the northern

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city of Danang, said they were part of a team assigned to bomb targets frequented by Americans. The last terrorist attempt against Americans in Saigon occurred on 24 May, but in the past week a bomb throwing incident in the southern town of Bac Lieu, harassing fire on a US vehicle in the far north, and the ambush of a CIDG patrol north of Saigon--killing one American and wounding another--all appeared to be acts aimed specifically at US personnel. Government officials also have a report that the Viet Cong have sent a terrorist team to Saigon to assassinate high-level South Vietnamese officials. (MACV MILREP 4437)

7. There continue to be increasing reports of Viet Cong tax collection efforts. One such report claims residents in Viet Cong-controlled areas of the delta province of Vinh Long are being asked to triple their tax payments this year; the peasants were told this was because the Viet Cong were stepping up their military activities in an effort to end the war this year. (MACV MILREP 4437 and CIA CS-3582376) There have been earlier reports of higher tax demands on French planters. Information is still too sparse to draw any firm conclusions on the possibility that Viet Cong financial requirements may be increasing.

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B. MILITARY SITUATION

1. Viet Cong activity was less intense than during either of the two preceding weeks; terrorist tactics still constituted most of this activity. A large percentage of the Viet Cong activity in the north was concentrated in Quang Nam, Quang Ngai and Binh Dinh Provinces and in the south activity was heaviest in the upper Mekong Delta provinces. As in previous weeks, road sabotage incidents were numerous in Binh Duong, Dinh Tuong, and Long An--key provinces for the movement of government forces between Saigon and the Viet Cong-dominated areas of Tay Ninh and the lower Delta. No large-scale attacks were reported.

2. The tempo of government military activity remained relatively low through-out the week. The two clear and hold operations in I Corps continued to show encouraging results and in II Corps the large-scale, month-long operation against the Do Xa Base terminated after having disrupted Viet Cong control facilities and food supplies. Countrywide, the number of battalion-size or larger clear and hold operations decreased to nine.

3. Pacification on the national level showed no appreciable progress. Most of the southern provinces merely maintained the status quo. In the northern portion of the country, some modest gains were registered in the following areas: the training of combat youth; voluntary relocation of families; permanent-type construction of homes; schools and commercial establishments; and some improvement in the morale of the people.

4. ARVN and Viet Cong casualties were commensurate with the relatively low level of activity: 250 for the government forces and 133 for the enemy. ARVN weapons losses dropped from 263 last week to 125 this week. Viet Cong weapons losses also decreased (from 58 to 38), thus maintaining the favorable ratio the Communist forces have enjoyed over the past year.

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### I Corps

5. Viet Cong activity in this corps area consisted mainly of hamlet harassments and harassing fire against troops. Several incidents of firing against aircraft also occurred. The focal point of many of the Communist actions was Quang Nam Province.

6. The most noteworthy government activity continues to be the two clear and hold operations underway in this area. Substantial gains have been made in each locality affected by these operations. Psychological warfare and civic action teams have been working hand in hand with the military effort and some 4,000 people are being relocated from hamlets under Viet Cong control to hamlets that are secure. Military results also have favored the government. Viet Cong losses include 8 killed, 13 captured (including 6 defectors) plus significant materiel losses, including 15 tons of rice.

While the above results are encouraging, they have been achieved only through the initiation of "saturation techniques," which tie up substantial numbers of government troops. Whether or not there will be a retrogression will depend largely upon how well the government establishes its own civil infrastructure to replace that of the Viet Cong.

### II Corps

7. Viet Cong activity declined slightly this week. As usual, the bulk of this activity was directed against the rural civil population. In addition, all actions against the railroad occurred in II Corps area: 3 minor sabotage incidents in Quang Ngai and the mining of a train in Phu Yen Province. A Viet Cong attack against a Civil Guard post resulted in sizeable losses of government personnel and materiel.

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8. In an attempt to unify the command and control of all available forces in critical Quang Ngai Province, the Commanding General, 25th Division, has assumed command of all military and paramilitary forces involved in pacification operations. The division plan calls for utilization of the same type of saturation tactics which have achieved results in I Corps. These tactics are presently being employed in two districts of Quang Ngai Province, with mixed results. In one, the military situation has stabilized considerably. Viet Cong incidents have decreased in size and density, hamlet defenses are being reconstructed and combat youth are being re-armed. In the other district, pacification operations are not proceeding satisfactorily, apparently because the force commander lacks initiative. Poor liaison and communications, and lack of cooperation between division and sector staffs also are factors.

In Binh Dinh Province, by contrast, pacification operations are ahead of schedule. Coordination of all agencies is good, effective use is being made of available forces and resources, and significant gains are being realized. Some 21 hamlets and 4,000 people who had fled with the Viet Cong have returned to government control. Although no significant decline in Viet Cong attacks and harassments is apparent, there was a sharp decline in terrorism and total incidents during the period March-April as compared with January-February 1964. Public morale has improved correspondingly.

9. The month-long major operation against the Viet Cong Do Xa Base ended on 27 May. Although no major engagement with Communist forces resulted, an important objective of the operation--the destruction of Viet Cong structures and food supply--was achieved. Results reported include: Friendly losses - 23 killed, 87 wounded, and 3 rifles, 4 helicopters, and 2 fixed wing aircraft lost. The enemy lost 62 killed, 17 captured, two .50 caliber machine guns, one

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French machine gun, one .30 caliber machine gun, 69 individual weapons, and a large quantity of mines and grenades, engineer equipment, explosives, medicine, and documents. In addition, the ARVN forces destroyed 185 structures, 17 tons of food, and 292 acres of crops. While the above losses will not have a permanent effect on Viet Cong capabilities, they probably constitute a considerable setback to their logistic reserves in this food-short mountainous region.

### III Corps

10. The overall level of Viet Cong activity dropped, including the number of attacks. The 5th Division's provinces, as usual, were the scene of over half of the incidents reported. Road sabotage incidents predominated in Binh Duong, while harassment was most prevalent in Tay Ninh and Hau Nghia Provinces. Also in Hau Nghia, the Viet Cong entered three New Rural Life hamlets and destroyed ~~an estimated~~ 200 houses. An ARVN platoon, ambushed in Binh Duong Province, suffered 30 casualties and lost 30 weapons.

11. Government forces participated in a number of search and clear operations throughout the past week, but no significant results were reported. Pacification operations in Phuoc Thanh Province slowed considerably as the province attempted to recover from the destruction caused by the recent Viet Cong attacks on four hamlets. Also, the Ranger Battalion ambushed with heavy losses on 14 May currently is being retrained and re-equipped.

In Binh Duong, the new province chief has not yet assumed full control and implementation of the province pacification plan has been delayed as expected. In Tay Ninh Province, the entire 9th Regiment is committed to pacification operations. Continued support of the Cao Dai religious sect is evidenced by measureable improvement in the recruitment of paramilitary

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personnel. In Hau Nghia, the sector operations and intelligence center is now functioning efficiently and provides a much needed focal point for coordination of military and civil pacification activities. The situation in this province remains critical, but there is evidence of marked improvements in the functioning of the provincial government.

#### Tien Giang Tactical Area

12. As in past weeks, Viet Cong harassing fire against posts and sabotage of roads constituted the bulk of insurgent actions in this area. Dinh Tuong, Kien Hoa, and Long An Provinces all reported their usual large number of incidents, while Go Cong and Kien Tuong Provinces were relatively quiet. Viet Cong activities continued to reflect determination to strengthen influence in this heavily populated region close to the capital. Communist propaganda was heavy in efforts to convince the populace that government military presence in the area will not be permanent.

13. Government pacification efforts in the critical provinces of Dinh Tuong, Go Cong, Long An, Kien Hoa, and Kien Tuong demonstrated no appreciable progress during the week. In most areas, the government is having trouble obtaining recruits for the combat youth (hamlet militia) force. Prospective recruits are unwilling to risk Viet Cong reprisals. Many eligible youths join the regional (civil guard) force or leave the area rather than accept assignment as combat youth in areas they consider insecure. To complicate the government's problems, the Viet Cong are actively recruiting in this area.

#### IV Corps

14. Viet Cong activity in this corps area continued to emphasize harassing fire, mostly against posts, but with a larger percentage of harassments directed against the rural population than in the northern Delta. Vinh Binh Province was the most active from the standpoint of insurgent activity, with 3 attacks against hamlets

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plus numerous other hamlet harassments. Viet Cong activity also increased in the Fourth Coastal District. On 23 May, the Viet Cong attacked a New Rural Life hamlet near the Coastal District Headquarters on Phu Quoc Island, but were driven off by junk force personnel. Intelligence reports suggest that further attacks and harassment against all RVN-controlled hamlets on Phu Quoc Island may be expected. These reports indicate that the increase in Viet Cong activity may be attributed to the fact that the Communists are running short of rice. The government has rationed food on the island and apparently the junk patrols are inhibiting Viet Cong resupply from the mainland.

It has been suggested that Phu Quoc Island is a staging area for Viet Cong sea infiltration to their forces in the Mekong Delta. If this suspicion is correct, successful interdiction of Viet Cong movements on and near Phu Quoc should prove of some benefit to government pacification efforts in the Delta.

15. Government forces initiated a number of search and clear operations during the week, but no significant contact with the enemy was reported. In the two critical provinces of Chuong Thien and An Xuyen, some slight progress has been made in implementing the provincial pacification plans, but no appreciable inroads into Viet Cong-dominated areas have yet been made.

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C. ECONOMIC SITUATION

1. The US Embassy has serious doubts about the economic feasibility of the limits on individual land holdings recommended by the Committee for Rural Development in its recent land reform proposals. In contrast to the previous limit of 250 acres, holdings by one individual would be reduced to 25 acres in the Mekong delta and to 7.5 acres in central Vietnam. Since these limits would be applied in the hold phase of clear and hold operations, the Embassy believes they may still be further revised.

2. The Committee on Rural Development also has approved a budget of 1.3 billion piasters for rural development projects. The funds are to be released in a few days.

3. On 30 May, General Khanh signed a decree liberalizing the expenditure regulations effective 1 June; about a week will be required before the measure is fully operative. This should help to speed up the process of getting appropriated funds actually spent. (EMBTTEL 2382)

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## II. THIRD COUNTRY DEVELOPMENTS

### A. CAMBODIA:

1. Agreement appears to have been reached upon a Security Council resolution on the Cambodian complaint against South Vietnam. The draft resolution deplores the ARVN penetration of Cambodian territory, asks compensation, invites efforts to prevent further violations, asks "all the states and authorities, and in particular the members of the Geneva Conference," to recognize and respect Cambodia's neutrality and territorial integrity, and sets up a three-nation team to investigate the sites of the recent border incidents and to recommend to the Security Council within 45 days measures to prevent recurrences. The resolution represents a compromise between the Cambodian's desires for explicit condemnation of South Vietnam and the United States and for recognition of the International Control Commission as the authoritative body for border investigation--both of which the US and the government of Vietnam rejected--and the US desire to avoid all mention of the Geneva Conference, upon which Cambodia insisted. (PRESS AND USUN 4319)

2. Sihanouk, in France for a rest and a state visit beginning 24 June, continues to denounce what he says are American and Vietnamese plans to attack Cambodia. He intends to seek increased assistance from France during this visit. (FBIS)

### B. FRANCE

1. The French chargé in Saigon told the embassy on 29 May that the GVN was about to expel more French citizens from Vietnam, perhaps as many as 60. The chargé said Paris would blame the US. He went on to say that the US was attempting to turn the Saigon French Community against French policies. This was fair enough, he said, if the US wants bad relations with France, but

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there would be consequences. Among them might be a French move to improve relations with Hanoi or confiscation of bank accounts and other assets in France belonging to members of the GVN.

2. Other French sources in Vietnam say more plantation personnel are to be expelled and that some plantations may have to close because of insecurity. In both official and business circles, the atmosphere of crisis now definitely exceeds anything in recent years. The Embassy also notes that the French Embassy still has good information sources in the GVN. The French chargé claims to have obtained a list of names of French citizens who are to be expelled.

3. The French own and operate all the largest rubber plantations in Vietnam. Natural rubber exports account for more than \$30 million in foreign exchange earnings annually. It is doubtful that the Vietnamese could take over the French plantations and maintain production in the short run. (SAIGON 2361, JUNE 1)

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III. DEVELOPMENTS IN THE BLOC

A. INTERNATIONAL CONFERENCE PROPOSALS

1. All the major Communist countries concerned in Laos now are on record in favor of some international conference action, but there is clear disagreement over the form of such a meeting. On 30 May, Hanoi finally seconded Peiping's proposal for reconvening the 14-nation Lao Conference, but unlike Peiping, the North Vietnamese have not clearly ruled out the Polish proposal for limited consultations which would exclude the North Vietnamese and Chinese Communists, as well as the US and France. The Polish proposal was probably sparked by Moscow in hopes of dampening the crisis in a forum without its two major adversaries, the US and Communist China. On 2 June Pathet Lao leader Souphanouvong joined Hanoi in backing the 14-nation conference plan, but he imposed preconditions unacceptable to the other Lao factions.

2. Peiping continues to suggest that South Vietnam should be discussed at some point in a new conference, but, despite some propaganda which would justify this action, Hanoi depicts the conference as limited to Laos. While the Polish-proposed talks would deal only with Laos, Moscow appears to envisage consideration of South Vietnam at a full conference, and Soviet propagandists repeatedly link the Lao and South Vietnamese issues. (FBIS and SAIGON 2383-MISSION WEEKLY)