VIETNAM: MAY 1974

A STAFF REPORT

PREPARED FOR THE USE OF THE
COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

AUGUST 5, 1974

NOTE: Sections of this committee print, originally classified secret, have been deleted at the request of the Department of State, the Department of Defense, and the Central Intelligence Agency. Deleted material is indicated by the notation "[Deleted]."

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(III)
LETTER OF TRANSMITTAL

Hon. J. W. Fulbright,
Chairman, Committee on Foreign Relations,
U.S. Senate,
Washington, D.C.

Dear Mr. Chairman: At the request of the Committee we spent the period May 12 to June 4 in Vietnam, Laos, Thailand and Cambodia. In accordance with our instructions we examined U.S. programs in Vietnam and Cambodia and the political and economic factors bearing on those programs. We also spent a day in Laos for the purpose of obtaining information relevant to the status of accounting for Americans missing in action. We have reported separately to you on that subject. Cambodia will be the subject of a separate report.

Before leaving Washington we were briefed in the Departments of State and Defense, the Central Intelligence Agency and the Agency for International Development. While in Southeast Asia we met with the American Ambassador in Saigon and his staff; General Timothy F. O’Keefe, Commander, USSAG/Seventh Air Force, at the Royal Thai Air Base in Nakon Phanom; and members of his staff; the U.S. Consuls General in Danang and Can Tho and U.S. officials in Quang Ngai in South Vietnam; the South Vietnamese Foreign Minister and Minister of Information and other Vietnamese civilian officials; the commanders of South Vietnam’s military regions I and IV; and other knowledgeable observers both American and foreign. In addition, en route back to Washington we met with members of the staff at the headquarters of U.S. Forces in the Pacific concerning U.S. military activities and military assistance programs in the countries visited.

On our return to Washington we prepared a classified report which we presented to the Committee in Executive Session on June 13. At that time you asked that we prepare an unclassified report and you wrote to the Secretary of State asking him to designate a responsible official to coordinate a review of the report on behalf of the Executive Branch together with the Committee staff in order to recommend what material in the classified report warranted deletion in the interest of national security. Representatives of the Departments of State and Defense and the Central Intelligence Agency made a prompt review of the report. Certain deletions were suggested and made. They are indicated by the notation “deleted”.

In the course of our briefings, travels and the security review process we received the fullest possible cooperation of Executive Branch officials. We were pleased to note a significant lessening of the “adversary” attitude which members of the Committee staff have encountered on the part of Executive Branch officials in the course of past field inquiries.

Our report on Vietnam, in which we have followed the practice of avoiding direct attribution, is attached.

Sincerely yours,

Richard M. Meese,
Charles F. Meissner.
During the seventeen months since the Paris Agreement on Vietnam was signed there has been a substantial reduction in the level of fighting in South Vietnam. The number of North Vietnamese and Viet Cong reported killed in 1973 was only about one-third of the 1972 total—51,000 vs. 169,000—and the number of South Vietnamese military killed dropped from about 28,000 to 13,500. U.S. officials estimate that, in addition, some 14,000 South Vietnamese civilians were killed during 1973. Despite these decreases in casualties, the fact remains that at least 80,000 Vietnamese lost their lives in 1973. Accordingly, the term “less fire” used by some Americans in Saigon may be a more appropriate description of the current military situation than “cease-fire”.

Although both sides continue to charge the other with cease-fire violations, lack of respect for the Agreement is so widespread that it is impossible to apportion responsibility for the continued fighting. Even in the case of isolated incidents initial responsibility is invariably lost in cycles of action and reaction.

Immediately before and after the signing of the Paris Agreement both sides sought to seize last minute advantages. In general, the South Vietnamese fared slightly better in this maneuvering than did the Communists. Thereafter, the North Vietnamese, using routes through both Laos and Cambodia, maintained a high level of infiltration of both men and material and applied continuing pressure on the South Vietnamese wherever the tactical situation permitted. The Saigon forces have, in turn, sought to eliminate Communist base areas and infiltration routes and to gain control of contested areas. Where the latter efforts failed, the South Vietnamese have sought to deny the enemy control of population by restricting freedom of movement and by making life difficult in enemy held areas through shelling and harassment.

The nature and intensity of military activity has varied widely in the four military regions of South Vietnam since January 1973, but a central theme explains much of the activity. Each adversary has attempted to consolidate his area of predominant control; the North Vietnamese and Viet Cong in the mountains and the South Vietnamese on the coastal plain. Most of the significant military activity has been concentrated where these two geographies meet or where pockets of resistance oppose the predominant force.

In northern Military Region III, north and west of Saigon, the mountains and the coastal plain fade into a relatively flat area of forests, rubber plantations and agricultural land. To the northerners this region is the gateway to Saigon and the delta and the end of their protected supply lines from the north. To the southern forces it is a
strategic area for the defense of Saigon and the destruction of enemy men and material being moved south in the delta. Here in Binh Duong and Tay Ninh provinces of South Vietnam as well as in the Parrot’s Beak of Cambodia (Svay Rieang province) the two forces continue to clash. In general, north of this region the war has a more traditional main force character with Viet Cong forces supplementing the North Vietnamese effort. To the south, in the delta, the Communists continue to rely more heavily on guerrilla and terrorist tactics and less on large unit efforts.

Only in northernmost Military Region I has the situation remained essentially static since the cease-fire. North Vietnamese forces control most of Quang Tri, Thua Thien and Quang Nam provinces except for the remains of Quang Tri city, the city of Hue and the narrow coastal lowlands: Hanoi’s control in the majority of the northern two provinces is so complete that the North Vietnamese postal system and currency are now reported to be employed there. In addition, some 40,000 civilians from North Vietnam are said to have been resettled in this area.

North Vietnamese forces actually deployed in Military Region I are almost numerically equivalent to the South’s and, in addition, several other North Vietnamese divisions are in reserve positions just over the DMZ. There are some military experts who doubt whether the city of Hue could be held in the event of a hostile major assault and at least some Saigones who doubt whether the effort should be made. At the moment, however, no such attack seems likely and the power of the forces on the two sides is so great, and the balance between them is so close, that the opposing commanders appear to recognize the existence of a stalemate and to plan their operations accordingly.

South of the Hai Van pass, which lies between Hue and Danang, the military situation is less stable. From time to time both sides seek to take advantage of the other, the North Vietnamese threaten weak points in the defenses along Route 1 and the South Vietnamese seek to extend their control in coastal and foothill areas traditionally held by the North Vietnamese or Viet Cong in Quang Ngai and Quang Nam provinces.

By contrast to the relatively quiet situation to the north, in Military Region II the South Vietnamese have applied continuing pressure on Communist-held areas in the coastal lowlands. In turn, North Vietnamese have steadily improved their increasingly formidable logistical structure in the central highlands while slowly eliminating the isolated South Vietnamese outposts which had been used to observe and harass Communist supply lines.

In Military Region III, which surrounds but lies mostly to the north of Saigon, there has been even more military activity. The two sides have constantly jockeyed for position and, in recent months, the South Vietnamese have chosen with increasing frequency to seize the initiative on the local level rather than remaining in a static defense posture. North Vietnamese forces to the north and west of Saigon have been considerably strengthened since January 1973 and the security situation in the region is now considered to be the worst it has been since 1970-1971.

Earlier this year South Vietnamese commanders were concerned about the threat to the capital resulted in a division sized operation which caused the North
Vietnamese temporarily to evacuate the long-held Ho Bo woods. The Communists responded at various points in Military Region III, but were turned back by the South Vietnamese who then followed up with a large-scale combined armor and infantry thrust into Cambodia against the withdrawing Communist forces.

Just prior to our visit, the South Vietnamese outpost of Tong Le Chan in upper Tay Ninh province, which had been under siege since January 1973, fell to the Communists. During our stay in Saigon, elements of two North Vietnamese divisions began a series of maneuvers and attacks by fire in Binh Duong province about thirty miles north of Saigon, not far from the scene of the earlier South Vietnamese offensive action in the Ho Bo woods. Despite the extensive publicity given to these enemy operations by the South Vietnamese, U.S. military officials and analysts did not consider them to be militarily significant.

The delta, Military Region IV, with a population nearly equal to that of the rest of the country combined, has had the largest number of individual military incidents since January 1973. U.S. officials estimate that half of the casualties and incidents reported in the past year occurred there. In the weeks preceding our visit, fighting had been particularly heavy in the upper delta provinces of Kien Tuong and Dinh Tuong. These actions were primarily the result of initiatives taken by the South Vietnamese against Communist base areas and continuing North Vietnamese infiltration from Cambodia’s Parrot’s Beak. The most significant of these actions was a six-week operation conducted by two South Vietnamese regiments in the area of Tri Phap village.

While this action at Tri Phap was reportedly succeeding in dislodging the North Vietnamese from a long-held and important base area in the northern delta, security in the lower delta was deteriorating. The single government division which is responsible for security in the southern delta is generally regarded as the worst in the South Vietnamese army. It is said to be poorly led, understrength and lacking in mobility. Moreover, the territorial forces which man government outposts in the area are understrength, primarily because local soldiers must spend considerable time away from their posts trying to earn a living. Between January and May 1974, more than 80 outposts in the delta fell to the Communists. Many roads in the delta are again said to be unsafe after dark and recently some ambushes have even occurred during daylight hours.

The strength of the Viet Cong in the delta is an important unknown factor. Some U.S. officials believe that the Communist infrastructure has been significantly strengthened since the 1972 offensive when government forces in the area were reduced in order to strengthen the defense of Saigon. They cite the rising incidence of terrorism and local force accommodations with the Communists to support their view. Other U.S. officials hold that the Viet Cong are so weak that their position would be untenable in the absence of North Vietnamese main force support.

U.S. officials consider the current trend in the lower delta to be serious but not irretrievable. They expect that, in time, the government will be able to bring its better units from the upper delta to restore security in the south. But these same officials express concern
that when these units are moved infiltration will resume in the areas which they vacate. Even with the unexpected benefit derived from occasional fighting between the Khmer Communists and North Vietnamese in areas of Cambodia adjacent to the lower delta and military successes in the northern delta, the South Vietnamese army has not been able to cut off supplies of men and arms to the North Vietnamese in Military Region IV. As one U.S. official put it, "The ARVN (South Vietnamese army) is putting up a hell of a fight but as long as the North Vietnamese can infiltrate, the government can't win."

After more than a year's experience with the "cease-fire" the consensus of official U.S. opinion is that there has been no major country-wide shift in control of territory or population between the government and the Communists. All U.S. agencies agree, however, that on the basis of hamlet surveys, the South Vietnamese government has gained slightly in terms of population. In Washington we were told by State Department officials that the percentage of population in the two most secure categories of government-controlled hamlets ("A" and "B") had risen during the past year from 79 percent to 82 percent. The Joint Chiefs of Staff, citing statistics provided by the Embassy in Saigon, estimate an overall government gain of 0.2 percent achieved primarily through "consolidation of control" in areas of concentrated population and rice production.

Other analysts in Saigon estimate that in the course of the last year the North Vietnamese and Viet Cong have lost 15 percent of the territory they controlled in January 1973. On the basis of these studies, the government is shown to have gained 479 hamlets, nearly 100 of which were formerly "V", or completely Communist controlled hamlets, and the remainder "D", or contested hamlets. Overall, this analysis indicates that the government now has "dominant access" to 94 percent of the population ("A, B, and C" hamlets), a gain of five percent from the end of November 1972.

II. THE OPPOSING FORCES

Since the Paris Agreement was signed, the North Vietnamese have sent between 100,000 and 120,000 men to the South. Their casualties during this period have been substantial, however, and these losses, together with the sizeable totals of men exfiltrated, reduce the net increase in Communist forces in the South since the cease-fire to about 30,000 men. At the time of the April 1972 offensive North Vietnamese and Viet Cong forces were estimated at about 162,000 men. By November 1973 this total had risen to about 190,000, but in the last few months North Vietnamese strength has actually been dropping and in April 1974, the North Vietnamese and Viet Cong total was estimated to be about 154,000 men. At the time of our visit, most of the infiltration thought to have been planned for the 1973-74 dry season was believed to have been completed.

By contrast, the ground troop strength of the South Vietnamese army has continued to climb. According to statistics given to us in Saigon, the total has risen from about 228,000 in April 1972 (a time at
which many units are said to have been as much as 35 percent under-strength) to 320,000 in November 1973 and to 372,000 in March 1974. Department of Defense officials in Washington told us that the figure which we were given in Saigon was too high and that effective South Vietnamese ground troop strength is only about 320,000 men. One explanation for the difference could be that the Saigon figure included the strength of Regional Force units being used in the same way as South Vietnamese army units, while the Washington figure did not.

Some U.S. officials believe that the overall one million plus military manpower total of the South Vietnamese army—as distinct from combat forces—is now being allowed to decrease through attrition, but they are not confident of their information on this point. The difficulty of estimating the effective strength of the South Vietnamese forces is compounded by reports that the army payroll may include at least 100,000 "flower soldiers" who pay their superiors in order to allow them to work elsewhere, "gold soldiers" who hire others to serve in their place, and "ghosts" who exist only on payrolls.

U.S. officials point out that in assessing the overall balance of forces it is necessary to take into account not only North Vietnamese forces in the South, but also several divisions which they now hold in reserve in the North totaling perhaps as many as 50,000 men. By contrast the South Vietnamese "reserve" consists of only one brigade and it may exist only on paper. Among the North Vietnamese reserves are one or more divisions recently withdrawn from Vietnam and another withdrawn from Laos. These units are now in North Vietnam undergoing restfitting and receiving replacements. With the improved road system now available to the North Vietnamese they could be moved by truck to areas as far south as Military Region III in about three weeks. Meanwhile, most North Vietnamese units in the South are generally thought to be up to full strength.

Most American officials believe that the Viet Cong have never recovered from the 1965 and 1969 Tet offensives and the allied counter-offensives that followed. Estimates of the strength of the Viet Cong are highly conjectural, but U.S. officials estimate that there are roughly 50,000 guerrillas and about an equal number of political cadre. The total Viet Cong troop strength numbers an additional 75,000 of whom about 30,000 are considered combat forces. Viet Cong capability to carry out "main force" operations remains severely limited. Working as guerrilla units, however, the Viet Cong contribute significantly to North Vietnamese efforts by harassing South Vietnamese forces, by interfering with "pacification" operations, and by disrupting refugee resettlements. The guerrilla presence compels the government to make large expenditures of military and economic resources for static local security. Their presence is also a constant reminder to the rural population of the limits of Saigon's power.

Since the cease-fire, the North Vietnamese have significantly increased their inventory of armored vehicles in the South, more than making up for losses suffered in 1972 and subsequently. Today, the Communists and the Saigon forces have roughly the same number of tanks, but the South has the advantage when armored personnel carriers are included. North Vietnamese tanks are now deployed farther...
south than before, including a sizeable number in northern Binh Duong province above Saigon.

The North Vietnamese have also introduced additional artillery in the South, including both long range and anti-aircraft weapons. Even though the South Vietnamese still have a four-to-one advantage in total numbers of field guns, many of the North Vietnamese weapons are considered superior because of their longer range. Given the essentially static nature of the South Vietnamese system of fire support bases and the improved mobility and anti-aircraft defense of the North Vietnamese, the Communists now have the capability of massing their artillery and attacking fire bases from outside the range of the South Vietnamese guns.

The North Vietnamese anti-aircraft build-up is increasingly cited by U.S. military officers as a factor which, when coupled with the North's vastly improved interior lines of communication, could pose serious problems for the South Vietnamese in the future. Over [deleted] anti-aircraft regiments are now deployed in the South and there are several operational surface-to-air missile sites in the Khe Sanh valley. This air defense system already covers much of northern Military Region I and some portions of the North Vietnamese logistical systems in the central highlands. In recent weeks, [deleted] have established the presence of [deleted] for anti-aircraft batteries and SA-7 missiles in the Cambodia border area of Military Region III adjacent to Saigon.

The build-up of Communist anti-aircraft capability has severely reduced the effectiveness of the South Vietnamese tactical air support, a fact reflected in the relatively low number of sorties flown in recent months. South Vietnamese aerial reconnaissance capabilities have also been adversely affected and [deleted]. Because of the North Vietnamese anti-aircraft capability, however, [deleted] especially in covering Military Region I. Officials in Saigon told us that perhaps [deleted] and the possibility of renewed U.S. air intervention in the South, the North Vietnamese consider the residual U.S. air capability in Thailand to be part of the threat against which they must be prepared.

Perhaps the most significant strategic development over the course of the past year has been the creation by the North Vietnamese of a secure base of operations in the western border highlands of South Vietnam. Some U.S. officials now refer to this area as "the third Vietnam." The principal features of this logistical complex are a newly constructed road system within South Vietnam extending from the DMZ southward into Quang Duc province in southern Military Region II; the extension of the alternate Ho Chi Minh road system in Laos to the tri-border (Vietnam, Cambodia, and Laos) area; the improvement of six old airfields in the northern highlands; the lengthening of the North Vietnamese petroleum pipeline through Laos to the tri-border area with lateral lines into the A Shau valley and Quang Tin province and the building of an alternate pipeline across the DMZ into Quang Tri province; and the construction of extensive permanent petroleum and supply storage facilities in a number of locations.

U.S. officials estimate that the Communists presently have enough ordnance stockpiled in South Vietnam for at least a year's fighting at all-out offensive levels, or for four years at current expenditure rates.
Furthermore, the improvement of the road network and the absence of interdiction now permits the North Vietnamese to move men and supplies to the South in one-fourth the time previously required and with negligible losses. The current volume of supplies moving south is said to be at “maintenance” levels. The North Vietnamese are again making extensive use of coastal shipping to supply their forces in the South. A significant amount of this shipping comes through the port of Đông Hà in the Communist held area of Quảng Tri province.

The development of the facilities described above has, in the view of U.S. authorities, greatly enhanced the Communists’ ability to threaten the South. Because they are located in inaccessible areas of the interior and are well defended by anti-aircraft units, the new North Vietnamese installations are relatively secure from government attack. Their overall effect is to diminish significantly the logistical advantage which the South enjoyed in the past and to give the North Vietnamese a capability to move and mass troops in a manner hitherto impossible for them. Defense Attaché officials in Saigon, while emphasizing that they are speaking only in terms of Communist capability, stated that “the enemy has spent the past year in building the greatest military threat to South Vietnam in the history of the war.”

Some U.S. officials believe that in the future the North Vietnamese can be expected to engage primarily in main force operations employing combined arms tactics—infantry supported by armor—defended by the newly acquired anti-aircraft capability. Other analysts point out, however, that the North Vietnamese, at least at the outset, might experience command and control problems of the type which were evident in their April 1972 offensive should they seek to conduct a main force war.

It is in this very area of command and control that U.S. military officials believe the South Vietnamese army is most improved. A number of unofficial observers also expressed the view that as a result of having held its own for more than a year without American troops, air support or advisors, the South Vietnamese military has gained greatly in confidence and self-reliance.

In the course of briefings and discussions with American officials in Saigon and the field, we were given a number of examples of instances in which South Vietnamese commanders had successfully carried out complicated military operations on their own. One of these was a South Vietnamese thrust into Cambodia which was described in a Defense Attaché briefing as follows: 1

The operation demonstrated daring and imagination by leaders at all echelons. The complexity of coordinating and executing a plan which included combined arms, ground forces, supporting air, artillery and gunship support in conjunction with helicopter assault cannot be over-emphasized. Coordination between MRAs (military regions) was also a highlight. That one MR could support another was a significant step forward in RVNAF (Vietnamese armed forces) operations. The location of a forward command post from Corps with (an) air division command post including a direct air support center demonstrated essential emphasis on complete command and control. An intelligence and reconnaissance. The RVNAF neither received nor required assistance or help of any type as a matter of fact, the Defense Attaché office was not aware of this operation until after it had started.

1 Spacing, place names and unit designations have been omitted for security reasons.
In addition to such advances in command and control capability the South Vietnamese army is said to be far better equipped today than ever before. This is due in considerable measure to the large amounts of material delivered by the United States in operations “Enhance” and “Enhance Plus” just prior to the signing of the Paris Agreement. The value of this material is estimated by the Defense Department to have been $753.3 million. In addition, the South Vietnamese were also given the equipment previously used by Korean forces in Vietnam as well as equipment worth $57 million left behind by American contractors.

Knowledgeable U.S. officials say that the mass of military equipment and material which poured into South Vietnam just before the cease-fire has not been well utilized. In many instances the South Vietnamese were not trained to use or to maintain the new equipment. As a result, one knowledgeable official said much of the material is “sitting around rusting.”

Despite South Vietnam’s advantage in manpower, the improvement in its command and control systems and its new equipment, American officials, both in Washington and in the field, expressed concern over the effect of adverse economic conditions on the morale of South Vietnamese forces. Between January 1973 and May 1974, the cost of living in South Vietnam increased by over 100 percent while military salaries increased only about 25 percent. According to recent U.S. studies the average South Vietnamese soldier receives only about one-third the amount required to support an average family. The impact of inflation on the individual soldier has been compounded by the disappearance of American supported jobs which previously provided supplemental income for soldiers and their families. Tragically, inflation and unemployment appear to have cut South Vietnamese desertion rates, particularly in Military Regions I and II, where these conditions are most severe.

Many U.S. officials believe that the economic hardship being experienced by South Vietnamese soldiers has already begun to impair the army’s effectiveness. As mentioned earlier, in the Vietnamese delta a direct connection has been noted between the loss of outposts and the problem, which territorial force members have in supporting themselves. Senior Vietnamese commanders told us that discipline in their units is being undermined by the reluctance of officers to enforce discipline against soldiers who absent themselves in order to provide for their families. Corruption in the army is said to be on the rise and we heard reports from a number of reliable sources of an increasing number of instances of soldiers demanding rice from farmers and transporters.

In our travels we observed several examples of petty corruption. As we entered the Vietnamese base we observed the military police on duty at the gate siphoning small quantities of gasoline from each motor scooter that passed their post. Driving on and out of Saigon we also observed numerous roadside stands at which stolen military gasoline was being sold.

The South Vietnamese government is considering serious ways of helping the members of the armed forces cope with the high cost of living. General Truong, the highly regarded commander of Mili-
tary Region I, has recommended, for example, that soldiers be given a supplemental living allowance in the form of rice. At the time of our visit, an overall increase in military salaries was being considered but unless government revenues are increased and commodity shortages are alleviated, a significant salary increase to such a large proportion of the wage earning population would have serious budgetary impact and would add to existing inflationary pressures.\(^*\)

\* \* \* \* \* \* \* \*

The official American view in Saigon is that the South Vietnamese are in a very strong military position, and that their forces are growing stronger every day. Others, outside the official inner circle, agree that the South Vietnamese have a significant edge over the Communists but they point out that North Vietnamese capability has grown quite rapidly since the cease-fire. On balance, it would appear that while both forces are improving, the North Vietnamese are moving faster and that the gap between the two is narrowing.

American officials who study North Vietnam most closely are generally agreed that a major Communist attack seems unlikely this year, or perhaps even next year. During this period they expect that Hanoi to pursue a two track policy of reconstruction in the North while continuing the war in the South by means of scattered strategic attacks.

Although the North Vietnamese have their own economic problems, U.S. analysts believe them to be quite capable of pursuing their dual objectives simultaneously. The Soviet Union and China are continuing to provide substantial quantities of assistance to North Vietnam, the majority of it economic. Preliminary estimates indicate that the value of total aid from these two sources in 1973 was $115 million. Military aid to North Vietnam from the Soviet Union and China, which is confined to the provision of arms, equipment and ammunition, unlike U.S. assistance, which includes operating and maintenance programs, was estimated at $290 million.

The $425 million in economic aid received by North Vietnam last year, from the Soviet Union and China represented a $125 million increase over 1972 but was a little lower than the average of such aid during the period 1969–1971. Analysts say that 1973 deliveries represented an effort to make up for decreased deliveries during the period of U.S. mining and bombing in 1972. U.S. experts expect to see a rising trend of economic aid to North Vietnam in 1974. Hanoi's construction requirements increase. Conversely, imports in South and Chinese military aid to North Vietnam are not expected.

No one with whom we talked believes that the North Vietnamese have abandoned their objectives in the South. The consensus view of U.S. analysts is that Hanoi's objectives are to strengthen the South and that the North Vietnamese leadership will re-evaluate the desirability and likelihood of success of a major attack as they go along. Major considerations in these North Vietnamese evaluations are thought to be the South's military strength and economic situation and Hanoi's confidence in the willingness of its forces to follow along.

\(^*\) Subsequent to our visit a 60 percent pay allowance granted to military and civilian personnel of the South Vietnamese government.
point, some analysts believe that Hanoi cannot be certain of a major military resupply effort should it decide to launch an all-out attack. Nevertheless, for the moment and for the foreseeable future the Communists appear to have the ability to maintain a significant threat poised in the South, thereby imposing an enormous psychological and economic burden on the government of President Thieu.

III. THE POLITICAL SCENE

Virtually all visible evidence suggests that President Thieu’s grip on the formal mechanisms of internal control in South Vietnam is as firm, or firmer, than ever. He has had the constitution amended to make himself eligible for re-election to another five year term after his present one expires October 31, 1975. The National Assembly, once a thorn in Thieu’s side, is now more docile and the government’s strength in the Senate has been greatly increased. Thieu has succeeded in neutralizing virtually all the traditional political elements, including religious based parties, regional groups and the various Saigon factions.

Although the political parties survive and are active in connection with provincial and municipal council elections, the organizational requirements contained in Decree Law 090 would, in effect, exclude all of them except for President Thieu’s own Democracy Party from participation in future national elections. At the time of our visit there seemed to be some possibility that Social Democratic Alliance (SDA) might qualify as a party for electoral purposes under the decree law but the SDA is considered by many to be “kept” by the government.

Thieu’s Democracy Party was formed in 1972 as a contingency device in the event elections followed the cease-fire. Its future role is now uncertain. We were told that Nguyen Van Ngan, the former Special Assistant to President Thieu who was in charge of party affairs, had, in the words of one official, “gotten carried away with his responsibilities and wanted to organize a party council which would set government policy.” Apparently neither Thieu nor Prime Minister Khiem liked this idea so it was dropped.

To the extent that they have not been totally neutralized by President Thieu’s maneuvers, the parties have rendered themselves ineffective. None of them presently offers a clear or viable alternative to the present government. The “third force” is still talked about, but there is little evidence that it has either a cohesive organization or effective leadership. The government applies stringent controls on anything resembling “third force” activity and the Embassy’s view is that no domestic non-Communist element is in position to challenge Thieu.

Both the South Vietnamese government and the U.S. Embassy, but particularly the latter, are extremely sensitive to the allegation that there are 200,000 political prisoners in South Vietnam. After having long taken the position that the question of political prisoners was a sensitive matter involving the sovereignty of the Saigon government, the Embassy has prepared a report which, in its view, proves conclusively that there could not be 200,000 political prisoners because South Vietnamese prisons do not have sufficient capacity to hold that number of persons. The Embassy estimated at the time of our visit that there were only about 30,000 civilian prisoners of all types in Vietnamese
The Embassy states that until recently, about one-half of those in prison were there as the result of decisions taken under what is known as the "An Tri" system. As described by Embassy officers, the An Tri system is "based on law" and was designed as an "emergency expedient." Charges are usually supported by "intelligence type" evidence which, in the words of one official, "might not be proof enough to go the judicial route."

Although there is little formal political activity of any significance in Saigon there is said to be considerable maneuvering within the governing power structure. The participants include Thieu's advisors, senior civil servants and competing civilian and military figures. One experienced foreign observer described these activities as "a complicated inside game, the sort of thing that foreigners—particularly American officials—see little of."

One of the more active internal rivalries going on at the time of our visit involved two presidential assistants, Hoang Duc Nha, who is the President's cousin, and Nguyen Van Ngan. Until quite recently, the Presidential staff, dominated by these two assistants, had shared power with the Prime Minister's staff and the cabinet, with the latter usually faring rather badly. We were told that when Ngan's enthusiasm for the Democracy Party and his charges of corruption against Nha brought him into disfavor with the President, Nha capitalized on this fact and succeeded in extending his influence in various areas, including economic policy.

In February 1974 President Thieu, reportedly in response to pressures from within the government and partly as a result of the Nha-Ngan feud, reorganized the cabinet. The changes strengthened Prime Minister Khiem's role and reduced the number and influence of the Presidential staff. In the process Nha became Minister of Information, but despite the appearance of having been subordinated to the Prime Minister, he is now thought to be more influential than ever.

To illustrate how politics are played in Saigon, the press carried a report (now said to have been planted by Nha) in early June that Ngan had been arrested in connection with an alleged Communist spy ring and his property confiscated. On returning to Washington, we received a press release from the South Vietnamese Information Service in Washington (which is headed by one of Nha's appointees) announcing that the earlier report was not true, and stating that although Mr. Ngan is "no longer Special Assistant to the President ... the abolishment of his office has no political implications whatsoever." The release went on to explain that Mr. Ngan's dismissal was "part of the administrative reform which is currently in progress in Vietnam aimed at streamlining the government's budget and personnel."

The program of administrative reform referred to in the press release was originally announced in July 1973 and has been publicized in Vietnam as the "Administrative Revolution." U.S. Embassy officers

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1 The Embassy has subsequently revised this estimate downward to 51,000.
described the program as one which was designed to increase the government's efficiency and responsiveness in the face of the Communist threat. They explained that the particular threat the government had in mind was a possible post cease-fire electoral contest.

Some independent observers attach more political significance to the "Administrative Revolution" than does the U.S. Embassy. They note that the upper level of the bureaucracy is the only significant element in the government which Thieu does not totally control. The senior civil servants are described as largely opposed to Thieu, though not as an organized group and not because of policy differences, but rather out of self-interest and personal disdain for Thieu and the military group upon which his power is based. If fully implemented, the "Administrative Revolution" would sharply decrease the influence and prerogatives of the bureaucrats and, in turn, reduce Thieu's dependence upon them. For that reason, it is argued, senior civil servants can be expected to resist any sweeping changes. Some say that if Thieu pushes them too hard, they will resist and the operation of the government will suffer.

Although the "Administrative Revolution" is ostensible designed to decentralize the functions of government, its actual effect would be to concentrate more power in the hands of the President. As one experienced American observer put it, "Thieu wants to be in position to control the flow of government benefits to the countryside in order to retain force his own position."

A similar trend toward more highly centralized control is evident in the steady retreat from local self-government in the past two years. In August 1972, as one of a series of moves to strengthen the position of his government in the event of a cease-fire, Thieu abolished the authority for the election of hamlet chiefs and authorized district chiefs to appoint members of the village and hamlet administrative committees. The effect of this decision was the elimination of virtually all the institutions of local self-government (although village chiefs are still elected) which had been established at American insistence beginning in 1966.

During our visit to Saigon the Embassy gave us a memorandum prepared by the AID Mission in September 1973, which described the original purpose of these local institutions and analyzed the effect of their abolition. The following are excerpts from the memorandum:

The GVN realized in 1966 that if it was to command the support of the people, offset the political efforts of the enemy and utilize village institutions to augment the war effort, it must increase the authority and prestige of village government. If people were given a greater voice, local institutions would be strengthened and made more effective and responsive and citizens would support and help preserve these institutions. Vertical hierarchy supplemented by horizontal economic and social structures would form a link between national policies, local implementation, and popular acceptance of the legitimacy of government and administration.

Although the appointment of hamlet chiefs and other village and hamlet officials by the Province Chief may give the GVWN greater control over local administration in the short run, it may impede the process of "winning the hearts and minds" of the people and institutionalizing local governmental legitimacy in the long run. The removal of local administrative officials from public accountability reduced the credibility of government decisions and programs as well as the legitimacy of representative government.

The changes just described took effect prior to the cease-fire. Since then, the principle of local self-government has been further undercut by two additional measures. In the fall of 1973 the Thieu
government inaugurated the “sub-sector program” under which military officers will be placed in each village to direct the activities of Popular Forces and People’s Self Defense Forces, a responsibility previously vested in the hands of village chiefs. In January of this year an existing constitutional provision was repealed which, although it had never been implemented, provided for the election of province chiefs. The cumulative effect of these changes is to reaffirm military control over the entire vertical structure of the Vietnamese government from the President’s office down to village administration. Provincial and municipal councils are still elected but they have no significant authority.

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All observers agree that the army remains Thieu’s principal source of support. At the same time they note that the increasingly serious nature of the economic crisis has obliged Thieu to take account of views other than his own and of those of the military. One longtime foreign observer with access to the inner circles of the Vietnamese government told us that Thieu is now much less able to impose his will on important issues than he was in the past. The days are over he said, “when Thieu and the American Ambassador could decide policy.” He cited as an example a time in the recent past, perhaps last fall, when leading military commanders were considering a series of major offensive actions against the North Vietnamese. According to this account there was opposition from a number of figures in the government who argued that such an offensive would be too risky, both militarily and diplomatically, and that adequate resources were not available.

According to several independent observers, the departure of the Americans and the prospect of declining aid levels has created a new situation in which Thieu will increasingly face the necessity of choosing between compromise on certain policies—particularly those which involve the allocation of scarce resources—or tightening his grip on the population in order to prevent political disorder as a result of economic conditions. Many observers, including some American officials, believe that if economic conditions continue to deteriorate, Thieu might not be able to maintain control. As one American official who views the economic situation as quite serious remarked, “The question is not whether the Vietnamese people would survive but whether the present government would survive.”

In this connection, several unofficial observers pointed out that President Thieu’s greatest asset has always been his close relationship with the Americans. To them it was their view that if the day ever comes when other Vietnamese believe that Thieu can no longer deliver American aid, he will be finished. At that point, they suggest, Saigon will see an open struggle between “realists” who will urge some accommodation and compromise and “other elements who may be even more inflexible than Thieu.”

Over the years the American Embassy in Saigon has acquired a reputation, among both official and unofficial observers, for close identification with the policies of the South Vietnamese government and for selective reporting. These same tendencies are apparent today.

Each week the four consulates-general in South Vietnam send the
Embassy a round-up of events relating to the military situation and the implementation of the Paris Agreement. The Embassy submits a summary of this information, together with comments on developments in Saigon, in the form of a weekly telegraphic report to Washington. A review of the material used by the Embassy to prepare these reports indicates that the thrust of information submitted from the field to Saigon is sometimes altered and that on occasion significant information is withheld altogether.

One consistent pattern which emerges from a study of these reports is the Embassy’s tendency to play down or to ignore obvious ceasefire violations by the South Vietnamese armed forces. This spring, for example, one consulate general reported to Saigon the conclusion of a large government operation designed to “clear out a Communist base area” and noted that “hundreds of homes and bunkers had been destroyed.” In summarizing this information in its weekly report to Washington the Embassy made no mention of the government operation, but noted instead an overall decline in military activity despite “significant Communist attacks.”

We encountered many other instances in which South Vietnamese offensive initiatives were not reported to Washington. The following are examples of items contained in field summaries but which were omitted from the Embassy’s weekly round-up:

Most contacts in (location deleted) were the result of RVNAF (South Vietnamese) initiatives;

Most of the incidents occurring in ... and ... might be attributed to elimination by ... (South Vietnamese) divisions of (enemy) minibases in accordance with the MR commander’s instructions;

There was an increase in military activity in ... province as a result of (government) operations. Communist initiated incidents were at the lowest level for a year.

Some U.S. officials with whom this reporting was discussed point out that the question of who initiates a given military action is not of itself a significant matter given the fact that both sides constantly violate the Agreement. These same officials did, however, express concern that those who rely on the Embassy’s reporting could be misinformed. Other U.S. officials discount the importance of this practice, noting that the Embassy’s biases are well known and that supplemental sources of information are available.

The Embassy is also known to make substantial deletions in reports from its consulates general before relaying them to Washington. Earlier this year, one of these posts reported to Saigon a serious deterioration in security within its military region. The message in question included five specific references to declining security conditions or poor performances on the part of government forces. In this instance, the text of the consulate general’s report was relayed to Washington but only after the passages in question had been deleted, thereby eliminating significant aspects of the field assessment. Readers in Washington had no way of knowing that the message had been altered. The more important deletions were as follows: 1

This latest round of VC/NVA attacks further eroded security in some provinces where deterioration which began in December must now be viewed as serious.

* Overall security in ... has fallen sharply since December, a condition which province officers say they are powerless to remedy with existing forces.

1 Specific place names and unit designations have been omitted for security reasons.
Last week the province chief learned that an accommodation had been reached between the . . . RF company in . . . and VC in the area by which RF soldiers were allowed to travel unarmed by sampan from their outpost unhindered. The province chief immediately ordered the company out on operations. . . . (province) like . . . (province) has seen security decline markedly in 1974.

Although Embassy reporting normally downplays government initiatives, it sometimes highlights successful operations. In February 1974, as noted in an earlier section, two South Vietnamese regiments attacked a long time Communist base area at Tri Phap in the delta. Embassy summaries at the time referred to the operation as follows: "The successful six weeks GVN (South Vietnamese government) operation against Tri Phap continues." In early April, the Embassy reported that the government had "concluded the pacification phase of its military efforts and began to consolidate its control through outposts and construction and preparation for permanent resettlement."

In the first of these summaries the Embassy made critical mention of the ICOS's failure "to conduct a formal investigation into the Cai Lay school atrocity." A similar comment was lacking in the Embassy's treatment of the Tri Phap operation. Both the reported government attack on Tri Phap and the apparent Communist mortar attack on Cai Lay were, of course, violations of the cease-fire.

In this connection we noted, that briefing officers on the Defense Attaché staff as well as Embassy officers, generally employ terms such as "consolidation" or "pacification" activities and "security operations" when referring to what are, in reality, offensive actions by the South Vietnamese army. North Vietnamese and Provisional Revolutionary Government statements refer to such activities by the government as "land grabbing."

The Embassy, both in briefings provided to us and in its reporting to Washington, closely followed the public line of the South Vietnamese government in justifying the South Vietnamese measures which precipitated the temporary breakdown in May 1974 of the talks in Paris and Saigon between the South Vietnamese and the Provisional Revolutionary Government. The ostensible cause of this break was what President Thieu's spokesman widely publicized on April 12 as a "massive North Vietnamese ground attack supported by tanks," which allegedly "overran" the long besieged border outpost of Tong Le Chan and presumably resulted in the loss of its entire garrison.

In the following days, according to the Department of State, the South Vietnamese "reacted politically" by suspending their participation in the bilateral talks with the Provisional Revolutionary Government at La Celle St. Cloud in Paris and further isolating the Communist military delegates at Tan Son Nhat in Saigon by cutting their telephone lines, suspending weekly liaison flights to the Provisional Revolutionary Government headquarters, and cancelling the weekly Saigon press conferences of the Provisional Revolutionary Government representatives. As a consequence, the Communists suspended participation in the Two Party military team meetings and the missing in action talks (Four Party Joint Military Team) in Saigon and announced the "sine die" suspension of the Paris session.

Within a few days following the fall at Tong Le Chan, it became widely known in Saigon that the outpost had lost, in fact, been overrun by tanks and infantry but rather had been abandoned by the South
Vietnamese in the face of increasing Communist pressure. According to reliable American and foreign observers the commander of the outpost informed Saigon in early April that his position had become untenable. The government was then faced with a decision of whether to sacrifice the garrison in a last ditch defense or to attempt to evacuate its personnel. Not wanting to undermine the morale of other isolated bases or to appear to be surrendering, Saigon apparently decided to exploit the situation for propaganda purposes. On the night of April 11, the government defenders withdrew from the outpost taking 63 wounded with them and made their way to safety without any losses. U.S. military officials now concede that what the government first portrayed as a heroic last stand ("a little Dien Bien Phu") and what later appeared to have been a skillfully executed strategic withdrawal, was, in fact, facilitated by the North Vietnamese who "surrounded" the outpost—on three sides—and allowed the defenders to leave unmolested.

Although the Embassy must have had access to these facts, it reported to Washington on April 16 what it described as the Communists' "transparent attempt to distract attention from their overrunning of Tong Le Chan," noting that Communist media had said "...admitted laying seige to the base..." but denied involvement by (North Vietnamese) ground forces, asserting instead that the defenders fled their base." For at least two weeks thereafter, the Embassy, even in its telegrams to Washington, supported the government's exploitation of the Tong Le Chan incident. On April 24 the Embassy noted that the "...bombardment and fall of Tong Le Chan have caused the (South Vietnamese government) to be less generous in its application of the eleven point privileges and immunities accorded to the Communist delegations and to take a less permissive approach to 'PRG' behavior."

Many foreign observers in Saigon, including members of the diplomatic corps, believe that the extensive publicity which the Saigon government was giving to the Tong Le Chan incident and other military actions in April and May, such as the maneuvering around Bien Cat, was part of a deliberate effort by the Saigon government, assisted by the U.S. Embassy, to impress the U.S. Congress of the necessity to authorize additional military assistance for South Vietnam. Some American officials, however, expressed concern at the impact of this public relations campaign on the prospects for future negotiations among the Vietnamese parties. One senior U.S. official with whom we discussed this problem acknowledged that the South Vietnamese government had made a determined effort to "position itself in the victim of North Vietnamese violations," and conceded that they "might have overreached themselves." Other Americans noted that the Embassy must bear a significant measure of responsibility for having encouraged them to do so.

Even those officials who are critical of the Embassy's reporting note that it contains one significant new element. In the past the Embassy's institutional memory has consisted of the personal expertise of its individual members. During the past year the Embassy has devoted consider-
able attention to the study of leadership, and the interlocking political, social and financial patterns of Vietnamese society. In contrast with past practice, the Embassy's reporting on these subjects is now said to be perceptive, frank and of significant potential value to policymakers.

V. THE PARIS AGREEMENT

Although most South Vietnamese officials are restrained in their criticism of the Paris Agreement (at least when talking with Americans), it is no secret that they strongly resent the pressure which was brought to bear upon them by the United States to sign it. Both U.S. and Vietnamese officials told us that President Thieu acquiesced in the ceasefire only after having received assurances from the United States that North Vietnamese infiltration would not continue. As noted earlier, U.S. intelligence sources believe that since the ceasefire some 100,000 North Vietnamese have entered South Vietnam in violation of the Agreement. The current South Vietnamese attitude is that the Agreement succeeded only in bringing about the return of American prisoners of war and the extraction of U.S. forces while leaving the Saigon government to deal with a legitimated and reinforced Communist presence in the South.

U.S. officials believe that the North Vietnamese expected the Saigon government to be in a much weaker military and political position following the ceasefire than has proved to be the case. The North Vietnamese also apparently expected the United States to compel the Saigon government to implement the political provisions contained in Article 11 of the Agreement, thus allowing the Communists the opportunity for a political role in the South. Although North Vietnamese political expectations have not materialized, they are nevertheless in a stronger military position by virtue of the American withdrawal. In this connection, they are strongly critical of the continued presence of American “advisory” personnel in South Vietnam and of the provision to South Vietnam by the United States of F-5E aircraft. Hanoi argues, with some justification, that F-5Es violate the principle of replacement in kind as defined in the Paris Agreement. The North Vietnamese also continue to allege that the South Vietnamese are holding 200,000 political prisoners.

The present South Vietnamese complaints are the continued North Vietnamese infiltration of men in violation of the total ban on such movements and the introduction of equipment on a scale exceeding the “one-for-one” formula provided for under the Agreement. In this connection, South Vietnamese officials place great emphasis on the refusal of the Communists to designate areas of entry or to cooperate in the deployment of Two-Party Joint Military Task supervisory teams. U.S. officials reiterate these complaints and, in addition, call attention to North Vietnam's continued use of Laos and Cambodia to support their operations in South Vietnam—this latter despite the fact that France, Indonesia, and South Vietnam are all parties to the Paris Agreement. Saigon, according to some officials, is making the Northern Vietnamese movements into Cambodia and Laos.

U.S. officials also express strong impression over the refusal of the North Vietnamese in the Four-Party Joint Military Team talks to separate discussions of Article 8(b), which obliges the parties to
cooperate in accounting for the missing in action from the implementation of other aspects of the Agreement. They note that in order for the United States to be able to engage in productive discussions with the North Vietnamese concerning our missing in action, the Saigon government would have to agree to discuss Communist requests relating to the care and visitation of the graves of their dead in the South and perhaps to make other political concessions—neither of which Saigon will agree to do.

Discussion of the political articles of the agreement is supposed to be taking place between representatives of the Saigon government and the Provisional Revolutionary Government at La Celle St. Cloud near Paris. The principal items on that agenda have been the formation of the National Council for Reconciliation and Concord and arrangements for the conduct of elections. Thus far, the Paris discussions have been totally unproductive.

The Embassy’s position, which parallels that of the Saigon government, is that the North Vietnamese are wholly to blame for the lack of progress in the talks. In their view, Hanoi has refused to agree to “the objective application of the provisions,” because the Communists know they could not win an internationally supervised election. American officials believe that the Communists will agree to elections only if they are allowed to control their organization. American officials, both in Saigon and in Washington, say that the Communists will continue to play a waiting game hoping that they can profit from a deterioration of economic and political conditions in the South.

The Two Party Joint Military Commission which was supposed to be responsible for the implementation of military aspects of the cease-fire has made no progress to date. The South Vietnamese and the Provisional Revolutionary Government have been unable to agree on procedures for delineating areas of control, ports of entry, replacement of equipment, deployment of teams or even the privileges and immunities of the Provisional Revolutionary Government delegation. It would appear that, for the most part, the meetings between the two parties have been little more than occasions for the exchange of political rhetoric.

The absence of any progress in the Two Party Joint Military talks has further compounded the ineffectiveness of the International Commission of Control and Supervision (TCCS). Although TCCS teams are deployed in all seven regions established by the Agreement, the Communist members of the Commission have refused to staff some sub-regional sites. TCCS activities have also been severely limited by a continuing impasse over procedural points such as the order in which complaints should be investigated and the insistence of the North Vietnamese and the Provisional Revolutionary Government upon “security guarantees” as a precondition for field investigations. The four members of the Commission itself are polarized with the Indonesians and Iranians (who replaced the Canadians) on one side and the Hungarians and Poles on the other. In addition, the Indonesians have been particularly persistent in asserting the right of any delegation to inscribe specific investigations on the agenda. The Iranians have generally pleased the Indonesians.

In addition to these substantive difficulties, the ICCS also has serious financial problems. In June 1973, an initial budget of $45 million was
proposed but it was never formally agreed to by the participants. The United States pressed for a revised budget of $28.4 million and this now appears to be the working figure for the first 14 months operations. The ICCS is presently about $7.0 million in debt, most of which is owed to Air America which provides transporation for the Commission, and Pacific Architects and Engineers which maintains the facilities used by the ICCS throughout the country.

Under the terms of the Agreement, the four Paris signatories were each to have contributed 23 percent of the cost of ICCS operations and the four Commission members two percent each. Thus far, the South Vietnamese have contributed $6.5 million representing their 23 percent of the initial budget, but the Provisional Revolutionary Government and North Vietnam have contributed only $1.3 million and $2.5 million respectively. The United States has already spent $9.2 million in support of the ICCS and a request is currently pending before Congress for authorization to grant an additional $27.7 million for ICCS operations—$16.5 million for future operating costs and $11.2 million to repay AID for funds “borrowed” to pay ICCS contributions in FY 1974.

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After a year's experience with the Paris Agreement most observers agree that its most positive result has been the decrease in the intensity of fighting. The other results are regarded as mixed:

—The United States recovered its prisoners and was able to withdraw its troops without having to ensure the Communists a role in the government of the South.

—The North Vietnamese and the Provisional Revolutionary Government eliminated the United States as a direct military adversary. While they obtained a degree of recognition of their presence in the South, they did not succeed in bringing down the Thiệu government.

—The South Vietnamese lost the protection of the direct American military presence, but were not compelled, as they had feared they might be, to share power with the Communists.

As was recognized at the time, the Agreement did not provide an answer to the question of who will control South Vietnam in the future. On the basis of explanations made when it was signed, the Agreement was to provide a means of resolving that question within a framework of controlled military and political processes. In order for those processes to work, however, the contending Vietnamese parties would have had to reach agreement on critically interrelated procedural questions of a political and military nature. The fact that they have failed to reach such agreements reflects the essentially irreconcilable nature of their respective objectives.

For the time being each side continues to pay lip service to the Paris Agreement. Each stresses the implementation of those provisions of the Agreement which would benefit it the most while ignoring those obligations which, if honored, might lessen its present advantages. The asymmetry of the parties' selective approach to the implementation of the agreements again reflects the basic differences in their positions and their strategies.

In the absence of any prospect of a meaningful political role in the South, the Communists see no choice but to continue the struggle by military means. Given the military threat which the Communists al-
ready pose in the South, the Saigon government does not believe that it can afford to allow the Communists an opportunity to undermine its existing control by political action. Thus, since neither side is willing to compromise, the struggle continues.

VI. THE U.S. PRESENCE

In April 1973 there were approximately 8,500 official Americans in Vietnam. As of May 21, 1974, that total had dropped to 5,200 according to detailed figures provided by the Embassy. The State Department reported to the Committee on May 21, however, that as of March 21, 1974, there were only 4,645 official Americans. The principal components of the U.S. Mission in South Vietnam are the State Department with 137 personnel; USIS with 30; AID with 690 employees and contractors; a Marine guard contingent of 153 men; the Defense Attache office which includes around 900 American civilian employees, 50 military personnel and about 2,500 American civilian contractors; the office of the Special Assistant to the Ambassador for Field Operations (SAAFO) with 196 employees and contractors; and the CIA.

The reduction in American personnel during the past year has come about primarily as a result of a decrease in Defense Department civilian employees from 1,100 to 846 and in Defense Department contractors from 4,900 to 2,643. AID personnel and contractors have declined from about 1,160 to about 690. Other components of the mission have remained at about their previous size.

SAAFO, the vestigial remnant of the previous provincial advisory or Civil Operations and Revolutionary Development Support (CORDS) system, continues to cling to its precarious bureaucratic existence. Although the number of its direct hire personnel has declined from 183 to 96 in the past year, SAAFO has apparently acquired about 100 contract personnel. In theory, the function of SAAFO is to ensure adequate coordination between elements of the Mission's field operations, a role which seems to overlap that of the consuls general, and which in practice seems to have little to do with the activities of the majority of official Americans outside of Saigon.

There are personnel from every agency in each of the four military regions and some American representatives in practically every province. Of the approximately 5,200 official Americans in Vietnam, about 3,100 are located in Saigon and the remaining 2,100 in other locations around the country. Over 1,700 of those outside of Saigon are Defense Department contract personnel and of these, over half are at the major South Vietnamese army installation at Bien Hoa near Saigon. There are also Defense Department civilians in each military region. Of the 690 AID personnel, 640 are in Saigon and only 50 in the field.

The largest U.S. Government organization in Vietnam today is the Defense Attaché Office. It combines traditional attaché functions [deleted] with responsibility for the administration of the military assistance program.

It had been understood at the time the Paris Agreement was signed that the direct hire civilian employees of the Defense Attaché Office would be phased out by the end of January 1974, and that civilian
contractors would be reduced to below 500 very soon thereafter. The plans for implementing this understanding have apparently been shelved. The administration of the military assistance program continues to involve large numbers of direct hire American employees. The majority are located in the former MACV headquarters. A majority of the personnel in the Defense Attaché organization work directly on the military assistance program, but most of the direct contact with the Vietnamese military is said to be carried out by contractors. Some other direct hire civilians perform duties which are said to be an extension of normal attaché functions. A substantial number of the 846 Defense Attaché personnel are engaged in providing administrative support for the Defense Attaché organization itself.

Defense Attaché officials hope to reduce the number of contract personnel from the present 2,000 level down to about 1,000 by the end of fiscal year 1975 but there apparently are no plans to eliminate such support entirely. The training of Vietnamese personnel to perform services previously provided by contractors has progressed far more slowly than anticipated. The primary reason for this is that contractors spend much of their time actually performing maintenance themselves rather than training Vietnamese to take over their jobs. Moreover, according to Defense Attaché officials, the United States has not programmed training to make the South Vietnamese self-sufficient in certain technical fields such as electronics and major aircraft inspection and overhaul.

The provision of technical services to the Vietnamese Air Force will continue to account for the largest number of contractors through Fiscal Year 1975. Some 1000 personnel are presently involved in this program at a cost of over $30 million. The next largest group of contractor personnel is engaged in the maintenance of a countrywide communications system which serves both the Vietnamese armed forces and the U.S. Mission. The Federal Electric Corporation, an International Telephone and Telegraph subsidiary, has a $5 million contract to maintain this system in FY 1975 employing approximately 261 Americans. For subsequent years the cost of this contract is projected at $3.3 million with over 200 employees. Not all of the long term contract support will be for technical services. The Defense Department also plans to continue to provide supply facility and port management services at a cost of several million dollars over the next two years.

VII. THE MILITARY ASSISTANCE PROGRAM

Between 1962 and 1973 the United States provided South Vietnam with over $14 billion in military assistance, not including excess and surplus equipment valued in the hundreds of millions of dollars. The Congressionally imposed ceiling on military assistance to Vietnam in FY 1974 was $1.126 billion. As originally submitted to the Congress, the request for the FY 1975 program was $1.45 billion.

The largest single item in the FY 1974 program was ammunition which accounted for over $340 million of the total. The FY 1975 request includes about $483 million for ammunition, of which $400 million is earmarked for army ground munitions. The increased request for ammunition is attributed by Defense Department officials to price
increases which average around 30 percent on individual items. The cost of 105 mm. shells, for example, is said to have increased 27 percent since last year.

Defense Attache officials have made a continuing effort to reduce South Vietnamese ammunition consumption. The measures taken include a reduction of about 30 percent in the quantity of shells being provided under the military assistance program. Despite these cuts many U.S. and some Vietnamese officers believe the South Vietnamese army's use of artillery is still excessive. We noted that despite references by Defense Department officials in Washington to alleged South Vietnamese ammunition shortages, no mention of such shortages was made to us in briefings or discussions in Vietnam.

Toward the end of 1973 U.S. officials realized that South Vietnamese artillery expenditures were exceeding budgeted rates for the first half of FY 1974 ($165 million out of a budgeted total of $301 million). At about the same time, it became apparent in Washington from final Congressional action on the FY 1974 Defense procurement bill that military assistance funds for Vietnam would be less than originally programmed. In Saigon, Defense Attache officials learned that substantial obligations against their existing FY 1974 program had been made in Washington in order to “repay” deliveries of material in prior years. As a result, the Defense Attache Office, in conjunction with the South Vietnamese Joint General Staff and the U.S. Pacific Command undertook an urgent study of the ammunition problem.

These studies concluded that the data being provided to the Defense Attache Office by the South Vietnamese army did not substantiate the reported firings on which its ammunition requests were based and that the budgetary impact of the ammunition expenditure problem was serious. The study also revealed that the countrywide ratio of the number of rounds fired by South Vietnamese forces to that fired by Communist forces was about 16 to 1. In Military Regions II and III, where South Vietnamese commanders have consistently been the most aggressive and where some U.S. officials say random “harassment and interdiction” fire against Communist controlled areas is still common, the ratio was on the order of 50 to 1. By contrast, South Vietnamese forces in Military Region I were firing only about 4 rounds for each round fired against them. While U.S. officials believe that these statistics confirm that South Vietnamese use of ammunition is excessive, they also point out that a defensive force normally expends more ammunition than its attackers. This is particularly true in Vietnam, they say, because South Vietnamese fire bases are vulnerable to an enemy who has considerable freedom and ability to move and mass his own artillery.

At the time of our visit efforts to obtain more reliable information were continuing, but Defense Attache acknowledged that they still have no reliable means of verifying reported expenditures. They do not know, for example, whether the South Vietnamese are “storing up ammunition for a rainy day,” as one officer put it, and they are unable to ascertain whether the one-for-one replacement rate for ammunition is being exceeded.

Aircraft procurement is another major component of the military assistance program. In FY 1974, $165 million was obligated for this purpose. The amount requested for FY 1975 is $261 million. Defense