

NIP 4311-2-55  
707 P. 1955  
002417

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**NATIONAL INTELLIGENCE ESTIMATE  
NUMBER 63-3-2-55**

**POSSIBLE DEVELOPMENTS IN  
SOUTH VIETNAM**

Submitted by the  
**DIRECTOR OF DEFENSE INTELLIGENCE**

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Department of State, the Army, the Navy, the Air Force, and the Joint Staff.

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FORM NO.  
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## POSSIBLE DEVELOPMENTS IN SOUTH VIETNAM

### THE PROBLEM

To assess the consequences of certain possible developments in South Vietnam and their probable effects upon the strength and stability of that country.

### THE ESTIMATE

#### I. PRESENT SITUATION

1. A political impasse exists in Saigon where the legally constituted government of Premier Diem is being challenged by a venal special interest group, the Binh Xuyen, which controls the National Security Police, and is temporarily allied with some elements of the religious sects.<sup>1</sup> The presence of 20,000 French troops in the Saigon area plus the counsel of Bao Dai and French and US officials have deterred the government from exerting its authority over this group by armed force. The French, who have until recently provided arms for the Binh Xuyen, still maintain liaison officers at Binh Xuyen headquarters, and state that these officers are assisting in maintaining peace in Saigon. French policy is openly committed to the replacement of Diem at the earliest opportunity. The French feel he is incompetent and probably desire a Premier who would be more amenable to the preservation of French interests and influence in South Vietnam. The head of state in absentia, Bao Dai, also favors Diem's removal, and is endeavoring to obtain French and US agreement as to the manner in which this could be effected.

<sup>1</sup>The Assistant Chief of Staff, G-2, Department of the Army, believes that the Binh Xuyen is at least temporarily allied with major armed elements of the Hoa Hao sect and has the sympathy of other political elements in South Vietnam.

2. To a considerable extent Diem's difficulties stem from his own inadequacies. His serious limitations as an administrator and his inflexibility have alienated members of his cabinet, most of whom have resigned or stated their intentions to resign. Many leading non-government figures are openly critical of Diem's uncompromising attitude toward the Binh Xuyen and the religious sects and are opposed to the use of force to settle the dispute. He has refused to accept specific US and French recommendations for broadening the base of his government, and such efforts as he has made to secure the services of prominent Vietnamese have proved ineffectual because of (a) their reluctance to accept the unsatisfactory conditions incident to working with Diem and to join a regime whose political outlook is uncertain, and (b) their fear of Binh Xuyen or other terrorism. Diem's position is also being weakened by persistent rumors that US support, to date his strongest prop, is about to be withdrawn.

3. The mass of the population in South Vietnam is not now organized to play an effective role in the fate of the present government. Among the politically active minority, Diem, despite his apparent inability to establish effective rule, still enjoys a reputation for integrity and he probably has more nationalist appeal than any other prospective leader. The other principal sources of Diem's present support are: US backing, certain key elements

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of the Vietnamese National Army (VNA) and of the Cao Dai forces, many of the 750,000 refugees, the Central Annam provinces, and a small hard core of loyal political supporters in Saigon."

4. The present crisis has not materially changed the actual military balance of forces: the VNA remains stronger than its armed opposition in the Saigon-Cholon area,<sup>3</sup> and could almost certainly drive the Binh Xuyen out of Saigon, although probably not without serious bloodshed and destruction and possibly continuing insurrection. There is some doubt that the army as a whole in its present poor state of morale and training would be effective, or loyal to Diem, should there develop, for any reason, protracted and serious fighting with the sects. This would be particularly so if Bao Dai should fail to support Diem in such fighting. The French have clearly stated that the French Expeditionary Corps would not become involved in this fighting except as necessary to protect foreign lives and property.

5. The Viet Minh have not had an identifiable role in the development of the present crisis. They have attempted to exploit the situation in statements by Radio Hanoi and their controlled press calling for Diem's removal. They will continue such propaganda efforts and through subversion will attempt to exploit any opportunity in this situation to advance their ends. However, they will almost certainly not now intervene overtly or in such a manner as patently to violate the provisions of the Geneva Accords.

<sup>3</sup>The Assistant Chief of Staff, G-2, Department of the Army, would prefer that this paragraph read as follows:

"The mass of the population in South Vietnam does not appear to have an active interest in the fate of the present government. Among the politically active minority, Diem, despite his inability to establish effective rule, still enjoys a reputation for integrity and strong nationalist ideals. He still draws some strength from a small number of loyal supporters in Saigon and the Central Annam provinces, and from the continuing though unenthusiastic support of certain elements of the Vietnamese National Army (VNA), as a result of continuing US support."

## II. PROBABLE RESULTS OF CERTAIN ALTERNATIVE DEVELOPMENTS

6. Current discussions for resolving the present crisis in Saigon have envisaged two broad alternative approaches:

a. A continuation of Diem in office, at least for the time being, under conditions of a broadened and more representative government.

b. Immediate removal of Diem by Bao Dai with the approval of the US and France, and his replacement by a coalition government.

### Continuation of Diem in Office

7. We believe it is possible that continued French-US efforts to restrain Diem and the Binh Xuyen will prevent an outbreak of large-scale hostilities. However, if Diem should believe that he was about to be removed, he might attempt to prevent such removal by armed action against the Binh Xuyen.

8. We believe that the resolution of the present impasse and the implementation of the Diem solution would to a critical degree depend upon firm and substantial US and French support.<sup>4</sup>

9. Full French cooperation in any Diem solution would almost certainly be unattainable, although the French might be persuaded to acquiesce in the continuation of Diem in office and to assist in the removal of police powers

<sup>3</sup>In the Saigon-Cholon area there are about 11,500 VNA troops. Opposed are approximately 3,500 Binh Xuyen forces. There are in addition about 4,000 municipal police, presently under the control of the government; their loyalties in the event of large-scale hostilities are uncertain. Hoa Hao and Cao Dai troops are not presently a major factor in the question of control of Saigon-Cholon area itself. French Expeditionary Forces in this area total about 20,000.

<sup>4</sup>The Assistant Chief of Staff, G-2, Department of the Army, believes that the resolution of the present impasse and the implementation of the Diem solution would be infeasible: (1) in the absence of increased US commitments to Vietnam and full French support; or (2) in the absence of all-out US short-range and long-range support and French acquiescence to the programs and actions related to such US support.

from the Binh Xuyen. However, in this event the French would almost certainly try to dissociate themselves from the Diem government and would blame any failures on the US.

10. With US support and French acquiescence, and having won prestige by his victory over the Binh Xuyen, Diem would be in a better position than before to proceed with proposed programs for strengthening South Vietnam. Although he would continue to be a poor administrator, he might be more willing and able to attract capable men to his government. The chances for increased support of Diem would be enhanced if he had meanwhile publicly pledged to leave the composition of a future government to a representative assembly.<sup>5</sup>

#### Immediate Removal of Diem

11. We believe Diem would obey orders from Bao Dai to resign, particularly if Diem were aware of his loss of US support. However, Diem and his followers would probably be extremely bitter and would probably denounce France, the US, and the new government. Diem has some capability for developing opposition to a successor government and might embark on a course of active resistance.

12. Diem's removal by Bao Dai would produce a strong adverse reaction among Vietnamese nationalists.<sup>6</sup> Regardless of how the removal were handled, the Vietnamese would feel that Bao Dai had acted at the behest of the French

<sup>5</sup> The Assistant Chief of Staff, G-2, Department of the Army, and the Special Assistant, Intelligence, Department of State, believe that in the circumstances outlined in paragraph 9, it would be extremely difficult to effect a reconciliation between Diem and the sects. Without full French support, Diem almost certainly would be unable to proceed with proposed programs for strengthening South Vietnam.

and the sects and with US approval. Nevertheless, we believe that the bulk of the Vietnamese National Army would transfer its loyalties to the new government.

13. In such a successor government, Bao Dai and the sects would have great influence. Such a government would have a better than even chance of implementing programs for strengthening South Vietnam, only if: (a) the government itself were headed by a recognized nationalist and did not include members of Bao Dai's entourage or discredited French-oriented politicians; (b) the Binh Xuyen relinquished control of the National Security Police; (c) all sects at the outset agreed to subordinate their armed forces and territories to national supervision and general control; and (d) the US gave firm and continuing support to the new government, and the French did not obstruct the development of a truly nationalist government.

#### III. GENERAL OUTLOOK

14. Even if the present impasse were resolved, we believe that it would be extremely difficult, at best, for a Vietnamese government, regardless of its composition, to make progress toward developing a strong, stable anti-Communist government capable of resolving the basic social, economic, and political problems of Vietnam, the special problems arising from the Geneva agreement, and capable of meeting the long-range challenge of the Communists. The functioning of any government would be complicated by probable continuing French reluctance to support the development of a truly nationalist government in South Vietnam.

<sup>6</sup> The Assistant Chief of Staff, G-2, Department of the Army, believes that Diem's removal by Bao Dai would not produce a strong adverse reaction among Vietnamese nationalists, and would therefore delete this sentence.