CENTRAL INTELLIGENCE AGENCY
BOARD OF NATIONAL ESTIMATES

4 September 1951

STAFF MEMORANDUM NO. 124

TO: National Estimates Board
FROM: Chief, Estimates Staff
SUBJECT: French Problems in Indochina

The Estimates Staff has prepared for your information the following intelligence appreciation.

1. The French have indicated that they will seek greater US support in Indochina in the forthcoming Franco-UK-US conference. Despite marked local military successes that have occurred in Indochina since General De Lattre's arrival in late 1950, the French still face very serious economic and military problems there. In the French view, they will require greater US assistance if they are to solve these problems.

2. The French will justify their appeal for greater US aid on the contention (agreed to at the recent tripartite military conference in Singapore) that the defense of Tonkin is the key to the defense of the Western position throughout Southeast Asia. They will point meaningfully to the Chinese Communist build-up in South China. In further support of their position, they will undoubtedly repeat their recent warnings that French defense commitments in Europe will be seriously compromised unless there is "a marked lightening" of their burdens in Indochina.

3. French military and civilian expenses in Indochina in 1951 will amount to nearly $900 million. Rising prices, the cost of the expanding Vietnamese Army, and the intensified military operations required to cope with the increasingly better equipped and trained Viet Minh forces, will increase French
outlays during the coming year. In addition, the civilian economy of
French-controlled areas is so disrupted as to present France with a con-
tinuing net economic loss.

4. The French, by and large, have succeeded in holding the line
against Viet Minh operations since early 1951. Given a period of at least
18 months without large-scale Chinese Communist participation and during
which a Vietnamese Army could be organized and trained, the French military
position might be improved to a point where a large part of the burden for
the defense of Indochina could be shifted to the Vietnamese. However, the
French are deeply concerned, and justifiably so, that Communist China
will not only continue to play the role of "C-1" and "C-2" to the Viet
Minh, but may at any time commit its own forces. In anticipation of
such an event, the French will attempt to obtain advance assurances of US
ground, naval and air support.

5. There have been several reports, almost all of doubtful re-
liability, that the French, failing to get greater Western support and
in an effort to salvage what they can in Indochina, will attempt to reach
a modus vivendi with the Viet Minh. However, the French have naturally
denied such an intention and, all things considered, it appears most unlikely
that the French would make such a deal.