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MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE
SUBJECT: Political Trends in Saigon

1. Bao Dai is continuing his efforts to retain his nominal role as Chief of State and now has a "new" plan, differing only slightly from previous plans, which he may present to French and US officials in Paris. This plan may receive some support from the French, but it would almost certainly be unacceptable to practically all elements in Vietnam. The events of the past two weeks have practically eliminated Bao Dai's influence in Vietnam. There is little remaining sentiment for his retention, even as a constitutional monarch. Diem and his supporters almost certainly would not now agree to any council named by Bao Dai, and particularly one containing Buu Loc, Buu Hoi, and the Cao Dai Pope. Any effort to "sell" this plan to Diem would almost certainly be rejected.

2. At the moment, Diem, and within the French Government at least the French Foreign Office, appear to agree that Bao Dai has little influence and that probably he will be eventually deposed. They also appear to agree that this should be

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accomplished gradually and in a relatively orderly fashion. Diem's approach involves having the Estates General (a conference of provincial and local officials convoked by Diem on 4 May) approve the following steps: (a) Bao Dai to proclaim that he restores all powers to Diem; (b) Bao Dai to give all necessary powers to a national assembly once it is constituted by free elections; and (c) Bao Dai to guarantee that he will not attempt to change the government, withdraw powers from Diem, or otherwise intervene in internal Vietnamese affairs pending action by the assembly. The French Foreign Office regards this approach as providing the best prospect for settling the present crisis and for curbing the Revolutionary Council which they regard as a dangerous menace. Diem envisages that the assembly will have the power to remove Bao Dai; it is not clear that the French have gone this far.

3. At the moment, it appears that Diem is in control of the situation. Although the self-styled Revolutionary Council now appears to be competing with Premier Diem for political leadership in South Vietnam, it is not a unified group, and its opportunistic creation was primarily the work of three sect generals who planned to rally nationalist support and, possibly, to force Diem to a more radical course. Diem appears

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to be using the Estates General as a counterweight to the extremist pressures originating from the Revolutionary Council. Diem's government appears to have the loyalty of the bulk of the Vietnamese National Army (VNA), which is the key element in the Saigon area, and he probably could disperse the Council if it offered an immediate threat to the government. We believe that provided he receives US and French support, Diem can retain control of the situation at least until the national assembly meets.

4. Although the Revolutionary Council offers an inviting target for Viet Minh infiltration and exploitation, there is as yet no convincing evidence from French or other sources that the Council is now being influenced by Viet Minh agents. Moreover, the principal source of power of the Council, the sect troops behind certain Council leaders, are themselves strongly anti-Communist. Finally, Diem is well aware of the danger of Communist infiltration of the Revolutionary Council, although he states he has no evidence of such activity at this time.

5. Diem is also concerned over the possibility of anti-French incidents in Saigon, which would create a grave situation. He states that he desires the French to make gestures of support

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for his government so that the present high degree of suspicion of French motives and actions in the recent crisis may be moderated and the chances of anti-French manifestations reduced. Relations between Diem and General Ely have become so strained during the recent crisis that we believe it unlikely that Ely could convince Diem that the French were giving firm support to Diem.

6. The possibility remains that Diem will be unable to control the Estates General and that this body will combine with the Revolutionary Council in demanding the immediate deposing of Bao Dai. In this event, Diem will probably feel it essential to go along. As he has explained to Ambassador Collins, he believes "everyone" is against Bao Dai, and he would probably believe that to resist further would seriously prejudice his ability to retain control of the situation.

7. Bao Dai's abdication in favor of his son probably would not reduce pressures in favor of the dissolution of the monarchy.

8. If Bao Dai is quickly deposed, extremist elements would have increased their power. In the unsettled conditions which ensued there would be increased opportunities for dissident and Vietminh activity. There might also be some defections in

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support of Bao Dai among higher VNA officers. In general, however, we believe the bulk of the VNA would remain loyal to Dien and that he would be able to retain control of the government, at least until a constituent assembly was formed.

9. There appears to be no feasible alternative in the short run to Dien. In the event Dien concurs in actions to depose Bao Dai, any effort to restore Bao Dai's influence, directly or indirectly, would probably strengthen the position of extremist elements, produce anti-US and serious anti-French manifestations, and increase the possibilities of Viet Minh exploitation of the situation.

FOR THE BOARD OF NATIONAL ESTIMATES:

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