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CENTRAL INTELLIGENCE AGENCY

30 April 1957

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: Agrarian Reform and Internal Security in South Vietnam

1. The moderately favorable outlook for South Vietnam projected in NIE 63-56, "Probable Developments in North and South Vietnam through Mid-1957", 17 July 1956, remains generally valid. However, while the government has dealt with the major threats to its continued existence, much remains to be done to improve local security. Moreover, the government has only recently begun to concern itself with basic economic problems. The government apparently is aware that the resolution of certain facets of its economic problem, namely agrarian reform and resettlement of refugees, are essential steps to the establishment of effective security in the rural areas. As conditions improve, the allure of banditry and membership in one of the remnant groups of the sects' guerrilla fighters will diminish and the capability of the Communist underground to subvert the peasants will be lessened.

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2. Present internal security problems in South Vietnam are of a local nature and come from scattered Viet Cong, (Vietnamese Communists) sect and bandit bands. The 5,000 to 8,000 Viet Cong and perhaps 2,000 sect remnants assumed to exist in the country are widely dispersed and are probably not capable of more than local harassment of government forces and local populations. \* Areas posing the most serious security problem are the sparsely populated border regions and the Ca Mau and Plaine des Jones regions in the south. Continued government security operations will probably result in further dispersal and neutralization of these forces in the next few months. The nature of the security threat posed by the Viet Cong has changed in the past year from a primarily paramilitary one to subversion and counter-propaganda.

3. However, the government has not yet reorganized its security services to eliminate excessive duplication and to provide effective local control mechanisms. The mission of the civil security services is to prevent intimidation and infiltration by Communist elements and to intervene readily in local internal security disturbances. Responsibility for the prevention phase belongs primarily to the Self Defense

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\* Official South Vietnam government figures are: Viet Cong, less than 2,000; sects, less than 1,000.

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Corps, the Municipal Police, and the newly formed Vietnamese Bureau of Investigation. The Civil Guard, a quasi-military organization under the Department of the Interior, is charged with responsibility for local intervention. In practice, the functions of these services overlap with each other and with the Vietnamese National Army which is theoretically responsible for resistance to external aggression, but is in many areas the only government force sufficiently trained and equipped to maintain security. In this situation characterized by inadequate defenses against Communist subversion and dissident activities, agrarian reform measures are particularly important as a means of establishing the basic requisite for security -- a loyal population.

4. An agrarian reform program was initiated in early 1955, but initially was limited to measures designed to improve conditions of tenancy by providing for lower rentals and tenure security contracts. The program also included provisions for some tax relief and extension of farm credit. A comprehensive agrarian reform program was launched in October 1956 when the proclamation of Ordinance No. 57 decreed the breaking up of estates over 300 acres and provided for the transfer to the government of all rice land thus released. Peasants may then purchase land from the government, taking six years to pay. The program is intended to be self-supporting after the first year. So far only token land transfers involving 2,000 tenants and 12,000 acres have taken place.

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5. To achieve momentum in its program of agrarian reform, the government's essential problem is to transfer the revolutionary impetus of early agrarian reform measures into bureaucratic machinery for continuing implementation of the program. It must also successfully cope with such specific problems as reluctant landowners, many of whom are important government officials; inadequate transportation; inexperienced administrators, and lack of clear channels for carrying out land reform measures. Approximately three million people, including the country's remaining unintegrated refugee population of 170,000, will be affected by the implementation of land transfer, tenure security contracts and the special land development projects.

6. Despite these problems, the prospects for agrarian reform in South Vietnam are considerably brighter than a year ago. The first concentrated, continuing economic leadership was established in December 1956 by the elevation of Nguyen Ngoc Tho, reportedly a capable administrator, to the vice presidency and the delegation to him of responsibility for economic matters, including land development projects. Ordinance No. 57 provided the essential implementing law for the completion of agrarian reform. Refugee resettlement on plots of land defined by the agrarian reform program is scheduled to be completed and the villages integrated into the government's provincial administrative apparatus by the end of this year.

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7. In conjunction with its agrarian reform program, the government is seeking to resettle reliable peasants on abandoned land in areas particularly susceptible to Communist subversion. At present four special project areas -- Cai San in the southwest, Ca Mau in the south, the Plaine des Jones district in the west, and the Ban Me Thuot area in mountainous central Vietnam -- have been chosen as pilot sites for the establishment of substantial settlements. The success of the Cai San project, which was implemented last year, has had an important stabilizing influence on the surrounding country and has attracted some 35,000 voluntary settlers in addition to the approximately 45,000 refugees resettled there. The Ca Mau and Plaine des Jones areas are the two most important remaining centers of Communist strength. The Communist threat in these areas is primarily one of subversion, counter-propaganda and intimidation of the local populace. Land development, while not a final answer to this threat, is a necessary first step to establishment of security in the area.

8. The Ban Me Thuot area may prove to be the most difficult of solution. The Viet Minh controlled large areas of the mountain country (Pays Montagnard du Sud - PMS) for several years and during that time indoctrinated many of the mountain people. In addition, the Vietnamese

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regard the mountain tribes as cultural inferiors and have not made a serious effort to gain their confidence. However, the central government is apparently at least aware of these problems, and, while Ban Me Thuot resettlement will probably proceed at a slow pace, the government will probably be able to create a relatively stable community there within the next two years\* .

Prospects

9. Barring major disasters, the land transfer program, the tenure security program and land development projects will probably be largely completed by 1960. Refugee resettlement will probably be completed by the end of 1957. The increased agricultural production resulting from these programs will probably not be great enough within the next few years to significantly affect the economic situation of the country. However, the completion of these programs will significantly improve the standard of living of the country's peasants and provide a firm basis for maintenance of internal security.

FOR THE BOARD OF NATIONAL ESTIMATES [REDACTED]

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National Estimates

\* At the invitation of the South Vietnam government, the British Adviser on Aborigines, Federation of Malaya, toured the PMS country in August 1956 and submitted a detailed report, including policy recommendations, of security conditions in the PMS to the South Vietnam government. [REDACTED]

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to provincial administrators, but appear to have been implemented thus far.