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EAST ASIA

This publication is prepared for regional specialists in the Washington community by the East Asia - Pacific Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Vietnam Vignettes

[redacted] 25X1A

[redacted] 25X1X

after a month of observing the new government in action and talking with communist cadre in Saigon and in the delta, has shed some additional light on Communist plans for the South and some of the problems they are encountering. During this period, which ended on June 2, North Vietnamese and Viet Cong cadre were unaware of his former affiliation and believed him to be sympathetic to their cause.

25X1X

Reunification

From his discussions, [redacted] detected a division of opinion over reunification--at least at the lower levels--between Viet Cong and North Vietnamese officials. The southerners generally favor a gradual approach, while northern cadre have been pressing for immediate political and economic linkage of the two countries. According to his report, a lengthy debate on the subject was held during mid-May in Saigon and resulted in a compromise. Economic integration would occur rapidly, but political reunification would be conducted more gradually until the South Vietnamese population could be "revolutionized."

While this observation may indeed reflect accurately the comments of communist officials [redacted] 25X1X

25X1X [redacted] decisions on the timetable and method of reunification are unlikely to have resulted from such discussions in Saigon. Talks may have been held--communist media and other sources have previously reported that senior government officials from the North were in Saigon at this time--but they probably were slightly more one-sided than the source suggests. The North Vietnamese undoubtedly had decided on the rough outlines of the

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reunification process and probably brought this guideline with them to "inform" the southerners of the procedure rather than "discuss" or "debate" it with them.

25X1X [redacted] also reported that local communist media originally paid much attention to the so-called "neutralist" elements in South Vietnam, but this attention quickly began to fade. By mid-May, local broadcasts and commentaries began focusing on the theme of Vietnamese unity. At roughly that same time--which coincided with Ho Chi Minh's birthday on May 19--the population was ordered by authorities in Saigon to fly the North Vietnamese flag alongside the flag of the Provisional Revolutionary Government (PRG) on all buildings. The directive irritated local residents because of the cost of having to purchase another flag and also bred speculation that a new flag signifying a unified Vietnam would soon be issued.

Administration

The sudden collapse of the South Vietnamese government caught the local Viet Cong infrastructure completely off guard. Following the collapse, communist cadre surfaced in the countryside and began trying to assume control of the local administrative apparatus. They were so inept that military units--both Viet Cong and North Vietnamese--were forced to step in and assume administration and supervision of basic services. According to the source, former Saigon government civilian cadre initially were asked to return to their former positions, but at least from his observations this proved unworkable.

Resistance

25X1X [redacted] accounts focused primarily on examples of local resistance with South

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Vietnam's major religious groups apparently being the source of much of it. On May 21 or 22, militant An Quang Buddhist priest Tri Quang was said to have condemned public executions by "people's courts" of suspected criminals in a speech in Saigon. Asking rhetorically how the communists could speak of national reconciliation while shooting innocent people, Tri Quang purportedly called upon all Buddhists to "rise up and be killed at once" rather than tolerate such a form of injustice.

Other religious leaders also have been resisting communist authorities. Catholic nuns in Saigon and elsewhere refused to help communist soldiers manufacture and distribute medicines and the infamous "Coconut Monk" in the delta forbade his followers to fly the PRG flag, claiming that the communists would be gone in "100 days."

Some members of Vietnam's two largest religious sects--the Hao Hao and Cao Dai--apparently are among those participating in more violent forms of resistance. Armed Hoa Hao militants in the delta have been conducting harassing operations in Chau Doc and Long Xuyen provinces, while Cao Dai adherents have urged a policy of non-cooperation among their followers in Tay Ninh Province and have begun disbanding and moving into the countryside. South Vietnamese paratroopers, and soldiers from the former South Vietnamese 18th Division, apparently have broken down into small groups and are conducting hit and run attacks against communist soldiers in Phuoc Tuy Province.

While there probably is little long-term threat from the type of resistance reported [redacted] 25X1X
25X1X [redacted] the communist media have regularly complained about the refusal of former government soldiers to register with the new regime. The most recent example is a June 15 commentary in the *Giai Phong* (Liberation) daily in Saigon on the "far

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from small difficulty" of "hundreds of thousands" of former government soldiers "whose organizations have disintegrated but who are living in the city like persons standing outside the people's community." These troops "are still stubbornly hiding in order to commit further crimes" against the revolution, the commentary says, and create "an unacceptable situation for the people who are masters of the city."

25X1X [redacted] more general popular reaction has been along class lines. The very poor were receptive to the new government's claims of peace and economic prosperity, but the wealthier classes have been suspicious. In the delta, few people have registered with the new administration. Morale among North Vietnamese troops has been uneven and there have been numerous desertions. The local media repeatedly broadcast warnings to the citizenry not to harbor deserters on pain of "severe punishment." Much of the North Vietnamese disgruntlement was directly related to economic factors: soldiers complained that they did not receive enough money--an average month's salary was not sufficient to purchase two packages of cigarettes. They also complained about not being allowed to return home.

"Re-education"

25X1X [redacted] two schools of thought exist among communist officials on the treatment of former defectors, South Vietnamese military officers, and former members of the government's Phoenix program. Some have wanted to exact severe reprisals while others have advised leniency. The compromise policy which appears to have emerged, at least in the delta, metes out punishment on the basis of the degree of former affiliation. Local Viet Cong military personnel of draft age who defected to the former South

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Vietnamese government, are given a verbal reprimand, former members of the Viet Cong political apparatus who switched sides are given six to ten months of political indoctrination, but North Vietnamese army regulars who rallied to the former government are executed. For former members of the South Vietnamese army, senior military officers are being sent to North Vietnam for reindoctrination while lower ranking personnel are undergoing three to ten months of thought reform at special camps in the South. "Severe punishment," usually execution, is meted out to those South Vietnamese army veterans who fail to register, although the source reports that many had not done so as of the time he left the country.

Quality of Life

The communists had done little to organize the economy, but rice and basic commodities were available in ample supplies. The prices of some items--especially meat--were dropping, largely because of increased availability, but the severe shortage of gasoline had reduced the amounts of other staples, such as fish, because fishermen could not afford or get gasoline for their boats. Peasants in the delta were being told by local authorities simply to "tend plantations" and improve rice production, but there had been little organized effort to improve agricultural output. Foreign owned properties were being nationalized or confiscated and merchants were being advised against purchasing much additional equipment because all private property eventually would be declared state property.

A fairly intense effort was under way to reorganize labor unions under a large cooperative and to bring specialized talent to bear on technical problems, especially in Saigon. Special labor "coordinating committees" had been set up in the

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existing industrial plants in the city. Large numbers of Soviet and Chinese technicians were observed in Saigon, arriving there within four or five days after the fall of the city. Large numbers of North Vietnamese specialists also were being brought in to assume the managerial functions of such critical facilities as Tan Son Nhut airport. (SECRET NO FOREIGN DISSEM)

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25X1A

Laos: Pathet Lao Pow-Wow [redacted]

There are strong indications that a Lao Communist Party Central Committee meeting may be under way in Sam Neua. If such a conclave has been called, the Pathet Lao leadership will almost certainly be assessing--among other things--the major successes achieved over the past six weeks and the pace at which a complete take-over of Laos should proceed.

Communist Coalition Leaders Gather in Sam Neua

Deputy Prime Minister Phoumi Vongvichit, the highest ranking Pathet Lao member of the coalition cabinet, and Sanan Soutichak--the chief communist agitprop specialist in Vientiane--traveled to Sam Neua for unexplained reasons between June 5 and 7. They are not expected back in the Lao capital until some time next week.

Moreover, Prince Souphanouvong--the nominal leader of the Lao communists--has inexplicably delayed his scheduled return from Sam Neua to Luang Prabang for the opening session of the coalition's Joint National Political Council, which the Prince chairs. Souphanouvong has been at communist headquarters, ostensibly on "official business," for the past two months.

Taking Stock

The Central Committee has every reason to be satisfied with recent events in Laos. Over the past six weeks or so, in the wake of communist victories in South Vietnam and Cambodia, the Pathet Lao have rapidly achieved virtually all of their short-term objectives. They have:

--stripped the non-communist side of its civilian and military leadership, and

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driven most prominent rightists into political exile;

--forced a reduction in the official US presence in Laos from 1,200 or so in mid-May to 76 as of June 19, and set in train "negotiations" for the dissolution of USAID no later than June 30;

--introduced Pathet Lao combat troops into all provincial capitals and urban areas in the non-communist zone, as well as into strategic regions such as Vang Pao's former redoubt at Long Tieng;

--increased communist troop strength in and around Vientiane from some 2,500 in early May to approximately 8,000 as of mid-June;

--established control over the Royal Lao Army, the only organized force on the non-communist side potentially capable of resisting Pathet Lao encroachments;

--purged the non-communist civil and military bureaucracies of "undesirable" elements and "re-educated" the others;

--commenced integration of Pathet Lao civil administrators into the non-communist governmental apparatus below the national level.

Charting Future Domestic Policy

One of the major questions likely to be high on the Central Committee agenda is how best to consolidate recent political and military gains. The communist leadership will presumably want to weigh the advantages of maintaining a coalition government facade in Vientiane. It could be argued that

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such a facade provides international legitimacy and respectability, and enhances the prospects for badly needed foreign aid from a wide spectrum of potential donors. On the other hand, the urge to consolidate total control in Vientiane--as their communist brethren have done in Saigon and Phnom Penh--may prove irresistible to the Pathet Lao and to their mentors in Hanoi.

On the military front, the Central Committee will almost certainly focus major attention on the integration of communist and non-communist armed forces. Significant steps in this direction have already been taken. In several areas formerly controlled by the non-communists, Pathet Lao and Royal Lao Army units have been integrated on an "informal" basis. In addition, the Pathet Lao have been conducting intensive "thought reform" indoctrination seminars in Vientiane for senior and field grade non-communist officers who have not yet been purged. The coalition's deputy defense minister, General Khamouane Boupha, and other Pathet Lao luminaries have made it clear at these seminars that the communists intend to demobilize a significant portion of the 46,000-man Royal Lao Army. Those remaining will be integrated with communist troops to form a unified national army of approximately 30,000 troops. The primary task of both the army and the demobilized personnel will be farm production.

Economic problems may be of even more urgent concern for the Central Committee. A serious economic crunch, sparked by a combination of factors--uncontrolled inflation, widespread unemployment, reduced availability of both foreign exchange and important commercial supplies from Thailand--is likely in former non-communist urban areas in the near future. From preliminary indications, the communist prescription for dealing with these problems may well include elimination of the private sector of the economy in urban areas, the

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institution of state trading corporations, and the forced relocation of large numbers of city dwellers to the countryside.

Relations with Washington, Bangkok

On the foreign policy front, the Central Committee will doubtless want to reassess relations with the US and Thailand. In spite of the well-orchestrated campaign of harassment and humiliation that the Pathet Lao have directed against the American presence in Laos in recent weeks, senior communist coalition officials have indicated that they expect diplomatic relations with the US to continue.

It is abundantly clear, however, that the Pathet Lao envision only a minuscule official US representation in Vientiane and that their willingness to tolerate even a limited presence is entirely dependent on Washington's agreement to provide unconditional economic and military assistance. Pathet Lao General Khamouane Boupha, the coalition's deputy defense minister, has already made clear to senior US defense attache officials that the communists expect US military assistance to Laos to be maintained at the present level of $30 million per year. It is reasonable to assume that Pathet Lao politicians in the coalition will also demand US economic assistance at the current rate of $32 million per year.

The Central Committee will probably adopt a similar hard line toward Bangkok, although Laos' partial dependence on rice imports from Thailand may prove to be an ameliorating factor. Nevertheless, the Pathet Lao have already initiated steps to reduce Bangkok's diplomatic presence in Laos. They have reportedly ordered the Thai consulate in Pakse to close as soon as possible, and similar moves are anticipated against Bangkok's consulates in Savannakhet and Ban Houei Sai. The Pathet Lao have also banned the importation and sale of four leading Thai newspapers in Laos.

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The presence in Thailand of some 12,000 Meo refugees from north Laos, along with a considerable number of self-exiled Lao rightist politicians and generals, is a major sore point with the Lao communists and seems certain to complicate relations. The Pathet Lao view this presence as a threat to Lao security and have persistently demanded that Bangkok promptly expel these expatriates. The departure of Meo leader General Vang Pao from Thailand earlier this week should help to ease tensions, but the Pathet Lao are not likely to take the heat off until Bangkok proves more forthcoming on the problem of the exiles.

Some senior Pathet Lao officials in Vientiane have also linked the question of "friendly" relations between Laos and Thailand to Bangkok's willingness to expel all US military forces and aircraft from Thai soil. (SECRET NO FOREIGN DISSEM/CONTROLLED DISSEM)

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Malaysia: Secessionist Talk

[redacted]

25X1A

Kuala Lumpur, currently concerned over secessionist noises from the Borneo state of Sabah, is exploring ways of bringing the state's flamboyant and recalcitrant chief minister, Tun Mustapha, to heel. Chances of success are slight.

Mustapha has run his state as a personal fief since Sabah joined the Malaysian Federation in 1963. Profits from exploitation of Sabah's plentiful natural resources--plus his cultivation of and financial assistance to important politicians in peninsular Malaysia--have enabled him to go his own way. Illustrative of Kuala Lumpur's caution in dealing with Mustapha has been the failure to whittle down the special economic powers granted Sabah when it came into the Federation. These provisions were to be reviewed after ten years, but Kuala Lumpur has been unable to push the discussions to a conclusion.

Mustapha has long been an embarrassment to Kuala Lumpur because of his one-man rule, religious repression, and involvement in the southern Philippine Muslim rebellion. Recently he has gone so far as to question publicly Sabah's ties with the Federation. Although his talk is probably little more than a bargaining ploy, Kuala Lumpur's mild reaction illustrates its tenuous control over this most distant state. It has done no more than to send former Prime Minister Rahman, widely regarded as the father of Malaysia, to Sabah to lecture on the unfavorable consequences of secession.

Mustapha's secessionist talk may have been spurred by concern over retaining state ownership of offshore oil reserves. He suspects that Malaysia's new national petroleum corporation, headed by a political enemy, will try to control the reserves,

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and he probably believes that hints of secession will strengthen his leverage. The allocation of revenues from natural resources exploitation has always been a touchy subject between timber-and-oil-rich Sabah and the federal government. Sabah has generally prevailed in getting the share it wants, and probably will again.

Besides seeking to head off any breakaway move by Sabah, Kuala Lumpur is trying to bring Sabah into line with the parliamentary status of Malaysia's other twelve states. The federal government is putting pressure on Mustapha to hold long-delayed elections for the state assembly and is insisting that the opposition be allowed to field candidates. During the national elections last August, Mustapha locked up opposition candidates on polling day. Kuala Lumpur authorities hope to get a reading of Mustapha's electoral strength in an unfettered election in order to assess their chances of forcing him to retire. Mustapha is unlikely to fall for such a gambit and can no doubt use his considerable skills to outmaneuver or cow his political opposition.

Aside from official efforts to rein in or expel Mustapha, Prime Minister Razak is seeking to salve a personal political wound. Nine months ago, Razak had offered Mustapha a cabinet post in Kuala Lumpur, hoping to curb his mischief-making by removing him from his seat of power. Mustapha's rejection of the position, after Razak had announced the appointment, was a slap in the face for the prime minister. Still smarting over the rebuff, Razak is reportedly thinking of forcing Mustapha to reconsider the job offer. If the prime minister backs off, however, the retreat would underscore Mustapha's impunity and encourage him to continue to run Sabah in his own interests rather than Kuala Lumpur's. (SECRET NO FOREIGN DISSEM)

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Papua New Guinea: Another Try at Independence

[redacted] 25X1A

Difficulties in drafting a constitution and in designing the machinery of government have forced three postponements of independence for Papua New Guinea--first set for last December. Despite problems still to be settled, Chief Minister Somare has now prevailed upon the territorial House of Assembly to set September 16 as independence day. There still could be some slippage in this latest target date.

The toughest unresolved issue is citizenship. The Somare government is resisting the restrictive qualifications being pushed by racist elements in the House of Assembly. Their proposals would force expatriate Australians to leave and make persons of mixed blood go through a period of "provisional" citizenship. Somare argues that such discriminatory requirements would blemish Papua New Guinea's reputation at the outset of nationhood.

The type of government apparatus to be set up is also at issue. Some favor a loose federation, others prefer a centralized administration. Although the matter can probably be resolved by compromise, it may take considerable threshing out.

Choosing a head of state also threatened for a time to become a major obstacle. Because Papua New Guinea would move directly from its status as an Australian dependency to a Commonwealth member, the Somare government had assumed that its proprosal that the Queen be head of state would meet with wide acceptance. On the contrary, the suggestion provoked unexpectedly strong protests led by nationalistic students. The provision was passed this month over vigorous opposition and will probably remain a subject of some contention.

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Substantive disagreements aside, Papua New Guinea's experience with self-government has been too brief to prepare for a smooth transition to the parliamentary style of government that has been chosen. Further, the Somare coalition government has too thin a majority to be able to speed up the process by imposing its ideas on the House of Assembly.

Imbedded cultural traits have also played a part in the slowness of drafting a constitution. A strong sense of participatory democracy--a legacy of the town meeting atmosphere of tribal units--makes each of the 100 assemblymen feel constrained to express his views on every facet of the constitution draft. The result is a verbal logjam. An inclination to talk matters out to exaggerated lengths also inhibits decision making.

Canberra, which nudged Port Moresby onto the road to independence despite initial Papua New Guinean misgivings, is miffed over the repeated delays. Prime Minister Whitlam feels that Australia's possession of an unwanted colony complicates his efforts to identify Australia more closely with the Third World nations. The Australians realize, however, that intercession would only harden internal Papua New Guinean differences.

The difficulties of writing a constitution are not insurmountable, and one could be ready for independence in September. Nevertheless, Papua New Guinea's myriad problems--tribal animosities, persistent separatism, and a fragile government coalition--do not presage an easy transition. (CONFIDENTIAL NO FOREIGN DISSEM)

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