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WASHINGTON 25, D. C.

January 18, 1955

MEMORANDUM FOR THE OPERATIONS COORDINATING BOARD

SUBJECT: Special Progress Report to the NSC relating to Indochina

Attached for information and discussion at the OCB meeting of January 19 in connection with Agenda Item 4 are preliminary working drafts prepared in the Departments of State and Defense of a special progress report to the National Security Council relating to Indochina. In order to save time these drafts have been submitted informally without departmental or working group concurrence. The purpose of this report is to present a concise statement of the major operating problems or decisions with respect to U.S. programs in this area as they relate to current NSC policies, particularly NSC 5429/5.

I do not believe that it would be desirable or necessary for the OCB in this report to make specific recommendation with respect to policy implications in advance of the presentation of General Collins' report to the Board. It is believed, therefore, that Section C of the progress report, "Emerging Problems and Future Actions", should be restricted to a factual statement of the major operating problems or decisions required in the near future which may have significant policy implications.

I believe that the following points stated in summary form represent the principal operating problems or decisions which should be covered in Section C of the OCB progress report to the National Security Council:

1. Are the proposed programs consistent with the broad objectives of U.S. policy in the Far East as expressed in NSC 5429/5?
 - a. In particular, do the force levels approved or recommended reflect this policy?
 - b. Are the varying prospects among the three countries involved reflected in the emphasis, types and amounts of the programs for these three states?
2. What operating assumptions can be made with respect to relationships with the French in training of troops in Free Vietnam, Laos or Cambodia and in the supervision of military assistance programs?

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NSC review(s) completed
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3. Should U.S. programs be based on the assumption that elections will be held as provided for in the Geneva Agreement?

Following OCB discussion, it is recommended that the working group prepare a revised draft for concurrence by the Board members and transmittal to the NSC not later than Monday, January 24.



Elmer B. Staats
Executive Officer

Attachments:

1. Preliminary Working Draft prepared in State Department for discussion at OCB Meeting of January 19.
2. Preliminary Working Draft prepared in Department of Defense for discussion at OCB Meeting of January 19.

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OPERATIONS COORDINATING BOARD
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FRELIMINARY WORKING DRAFT PREPARED IN STATE
FOR DISCUSSION AT OCB MEETING OF JANUARY 19

FIRST PROGRESS REPORT ON ANNEX A, PARAGRAPH 10, INDOCHINA TO
NSC 5429/5, CURRENT U.S. POLICY TOWARD THE FAR EAST

(Policy Approved by the President, December 22, 1954).
(This report covers the period August 20, 1954 through January 17,
1955.) (Para. 10 of NSC 5429/5 is identical with Para. 10 of
NSC 5429/2, approved by the President on August 20, 1954 with the
addition of a new para. 10-h.)

A. SUMMARY OF MAJOR ACTIONS

1. The U.S. has vigorously supported the government of Prime Minister Diem in Viet-Nam and the Royal Khmer and Lao Governments. In spite of official French agreement to such courses of action, French support in Viet-Nam has in practice been less than wholehearted.
2. U.S. representation has been materially strengthened in all three States by all agencies concerned; U.S. capacity for direct dealing with the three governments has been increased accordingly.
3. Force levels for Cambodia and Laos have been drawn up and submitted to the U.S. Government on the basic premise of maintenance of internal security, arrangements with the French have been initiated but not completed for the assumption by the U.S. of training Vietnamese forces; final agreement remains to be reached with the Vietnamese Government on force levels and structure. General Collins hopes to have such agreement by the January 27th meeting of the NSC, but is handicapped by lack of U.S. decision regarding the amounts of U.S. aid which can be allocated. Such a decision is an urgent need.
4. Arrangements have not been completed with the Khmer and Lao Governments on force levels, structure and training and control arrangements; complications arise in each country from French desires to retain preeminence in the former and from the provisions of the Geneva Accords in the latter.

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5. The programs developed by Generals Collins and Ely including:

1. Reorganization of the Vietnamese armed forces and the establishment of sound relations between military and civil authorities,
2. Strengthening of the Diem Government by the inclusion of capable administrators,
3. Resettlement of refugees and displaced persons,
4. Land reform,
5. Establishment of a National Assembly,
6. Financial and economic matters relating to direct aid, and
7. Psychological warfare

have not been fully implemented because of the shortness of time but appreciable progress has been made except in the field of strengthening the Diem Government. This is a continuing requirement and our ability to influence Diem is limited.

6. Economic aid has been programmed and its initial elements agreed for the three states; provisional arrangements have been completed for the extension of direct defense support aid to all three states as of January 1, 1955, and initial payments have been made to Viet-Nam and Laos. It is expected that the first payment in direct support of Cambodian forces will be made by February 1, 1955.

7. The U.S. Navy sealift evacuated approximately 400,000 Vietnamese from Haiphong to the South; their resettlement has been materially assisted by direct aid programs and indirectly by projects of land reform and technical assistance.

8. The American Consulate remains in Hanoi though without any "consular relations" with the Viet Minh regime.

9. The U.S. has imposed trade and financial controls on North Viet-Nam similar to those applied to Communist China.

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10. Propaganda and information activities have been materially expanded, notably in Viet-Nam in connection with support of the Diem Government and in publicizing the refugee movement from Communist territory.

11. U.S. good offices and representations have assisted in the general though not unanimous recognition of Cambodia and Laos and to a lesser extent Viet-Nam.

12. The Manila Pact, in its Protocol, includes the areas of Laos, Cambodia and Free Viet-Nam in the area against which aggression from outside would call for action by the signatory powers.

B. OPERATIONAL CONSIDERATIONS BEARING ON POLICY

13. Intelligence estimates made during this period (NIE 63-7-54) as well as continuing reports and assessments, stress the relatively greater military and political capabilities of the Viet Minh regime, though there is no evidence of Communist intentions to take overt military action. Toward the end of the reporting period, there was some indication of an improvement in the political stature of Diem and in the authority and efficiency of his government.

14. Government level agreements with the French have not been effective in securing complete French cooperation; lower level "sabotage" and the pressure of French commercial interests continue to the detriment of U.S. objectives. French desires to save their economic and cultural interests in North Viet-Nam have also complicated French policy toward Free Viet-Nam.

15. The virtually complete autonomy of the Associated States has resulted in an impetus to the natural affinity of Laos and Cambodia with Thailand which is expected to develop further in the future.

16. The activities of the International Control Commission have tended on balance to favor the Communists, largely due to the insistence of the Indian Chairmen in preserving unanimity, which has prevented effective positive action. The usual delaying tactics by the Communists have hampered the Commissions.

17. The working group recommends revision of NSC 5429/5, Annex A, para. 10, in the following respects:

(a) A quantitative element, whether in time or funds, based on a full assessment of the chances of reaching the

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objectives set forth in para. 4 (page 3), especially a., b., and c., to replace the "every possible effort" of para. 10.a. and the unqualified "assist" of para. 10.d.

(b) Laos and Cambodia should be separated from Viet-Nam in policy considerations, and separate courses of action set forth where disparate circumstances warrant.

(c) Appropriate changes should be made to reflect actions completed, as in para. 10.b. and c.

(d) Further policy guidance on para. 10.g. is desirable, inasmuch as there are no U.S. "Consular relations" and virtually no U.S. non-strategic trade, though French, UK, Indian and other countries, as well as Soviet bloc countries have varying elements of both (as well as strategic trade of course, for bloc countries).

(e) Clarification of policy and strategy in respect to the elections scheduled for July 1956 is desirable.

C. EMERGING PROBLEMS AND FUTURE ACTIONS

(For the purposes of this report, emerging problems must be treated on a short-term basis. The attention of the Executive Branch of the U.S. Government has been focussed to such an extent on this area that it is necessary to give only a summary of the problems in the following paragraphs.)

VIET-NAM

18. The Diem government is making slow but steady progress toward establishing itself as a potent anti-communist regime. In this task it is faced with a multitude of problems including inexperience, powerful communist opposition within Free Viet-Nam, lack of unity between various anti-communist or at least non-communist groups in Free Viet-Nam and by lack of wholehearted French support. The latter element may prove to be the most powerful handicap and the French Government continues to attempt to establish a deadline by which Diem will be replaced by a French sponsored candidate. Those personalities they have put forward for our consideration all have serious flaws in their characters and political philosophies and all seem inclined to adopt soft policies vis-à-vis the communists, leading to coalition with the Viet Minh. We continue to oppose these French proposals, but the problem will remain.

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19. We are negotiating with the Vietnamese regarding the force levels and structure we consider called for. Although close cooperation is evidenced on the part of the Government of Viet-Nam, it is faced with internal problems which affect its ability to adopt our concept of a small well-trained force. Rapid demobilization of existing forces down to the level proposed by the U.S. would create economic and political difficulties. We will be faced with the need to compromise these differences as they arise.

20. When General Collins completes his negotiations with both the French and Vietnamese, we will be undertaking full responsibility for training of the Viet-Nam National Army. This will entail a delicate problem of utilizing French military training personnel under U.S. command. Details of this operation will necessarily await the formation of our training command, under General O'Daniel.

21. Evacuation from Indochina of MDAP materiel above the needs of the armies of the three States has not yet been instituted but will entail logistical and financial problems. The separate problem of insuring the removal from the Haiphong enclave of commercially used equipment previously financed by FOA entails specifically the bulky and expensive machinery at the Hongay coal mines. Present indications are that despite French assurances that it will be removed, such may not be accomplished and it may be continued in use by the communists for their benefit and to the detriment of the Free World. We continue to use every effort to accomplish removal.

22. The French continue to attempt to maintain, to the maximum degree possible, their cultural and economic position in the Viet Minh area. The Sainteny Mission enjoys almost full diplomatic status and is engaged in activities which can only be inconsistent with French assurances of that Government's desire to strengthen a strong anti-communist government in Free Viet-Nam. We will be faced with an intensification of the problem when the French evacuate the Haiphong enclave in May 1955.

23. The growing strength of the Viet Minh regime in North Viet-Nam clearly indicates world communist intent to create a strong foothold in the area. The establishment of diplomatic missions by the Soviet bloc, the completion of a rail link with Moscow, permitting an even greater flow of strategic and military goods, the imminence of communist control of the major North Viet-Nam port

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of Hâiphong (in May 1955) combined with the reorganization and augmentation of the regular Viet Minh forces, equipped with Soviet bloc arms, trade agreements with Red China and the presence of Red Chinese technicians and air planes are all illustrative of future communist intentions. Up to now, there has been reported no overt move to resume hostilities, but the fact is inescapable that communist capabilities far exceed anti-communist strength in the area.

24. The basic problem posed by elections in July 1956 is open.

CAMBODIA

25. Although Cambodia enjoys a greater degree of sovereignty and autonomy than Viet-Nam or Laos and its geographic position affords it some protection from Viet Minh excursions, it faces lesser internal problems which will take American aid and time to solve. The only strong political opposition to the King's position and authority is SON GNOC THANH, with whom negotiations are now proceeding. If he and his comparatively small band of followers rally to the side of the Government, the elections which are scheduled for April 1955 should result in a victory for the King and Government. We are now engaged in working out ways and means by which we can respond to the Cambodian's request for a military training mission. The negotiations of such will be complicated by the announced French intention to maintain its military presence in Cambodia. We consider the present and future problems faced in the country to be solvable and anticipate steady progress toward internal security will be accomplished.

LAOS

26. The strategically important provinces of Phong Saly (bordering Red China) and Sam Neua (bordering Viet Minh held North Viet Nam) were designated by the terms of the Geneva Accords as regroupment areas for the Pathet Lao-Viet Minh forces. The Viet Minh forces were requested to return to Viet-Nam by November 1954, with the future integration of the Pathet Lao forces into the community to be as worked out by a political settlement between the Communists and the Royal Lao Government. Although negotiations between the two sides has been carried on intermittently, no progress has been made. The Pathet Lao forces still control the two provinces and the Royal Government has been prevented from assuming control over the area. Pathet Lao forces have recently attacked Royal Army posts in Sam Neua province. The combination of a weak government in Laos, faced with a determined communist

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enemy presents a situation of danger. Due to the terms of the Geneva Accords the U.S. cannot have a military training mission (this is reserved to the French). We have undertaken direct financial support of the Royal Lao military forces, and the Royal Government's contribution to the cost of its defense is zero. The International Control Commission is handicapped by a lack of helicopters and light planes to observe alleged communist violations of the cease fire. We are concerned over the possibilities of a worsened situation in Laos, while at the same time our ability to effect corrective action is limited.

27. General Comments

Despite the dangers outlined in this appraisal our Chiefs of Mission in Viet-Nam, Laos and Cambodia have assessed that the U.S. has a fair chance of achieving its objective of preventing further communist success in Indochina, if we follow the courses of action outlined and adopt and implement the aid programs which have been recommended by the Chiefs of Mission.

OCB:JMacDonald/FE:PSA:REHoey:tas
January 18, 1955

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Preliminary Working Draft Prepared in Department of Defense for Discussion
at OCB Meeting, January 19, 1955

SPECIAL WORKING GROUP (INDOCHINA)

PROGRESS REPORT BY DEPARTMENT OF DEFENSE REPRESENTATIVE

A. SUMMARY OF MAJOR ACTIONS

(1) The policy of the U.S. Government established in reference to Free Viet-Nam was expressed as being in support of that government, under the Premiership of Ngo Dinh Diem, and to assist initially in (a) promoting internal security and political stability; (b) establishing and maintaining control through the territory of Free Viet-Nam; and (c) effectively counteracting infiltration and para-military activities south of the 17th Parallel.

(2) General Collins was ordered to Viet-Nam as a special Ambassador by the President, early in November 1954, with the mission of coordinating and directing proper implementation of the U.S. policy outlined above.

(3) On 29 November 1954, General Collins outlined the major fields on which he intended to concentrate with a view to achieving progress in each field. They are:

(a) Agreements with the French on the size, composition and mission of the Vietnamese armed forces.

Comment: The Joint Chiefs of Staff, Defense and other appropriate U.S. government agencies have approved General Collins' recommendations re size, composition, and mission. Department of State and General Collins are currently negotiating for French and Vietnamese acceptance of the size, composition, and mission of these forces.

(b) Assumption by the Chief, U.S. MAAG, of responsibility for the training of Vietnamese armed forces.

Comment: The Vietnamese have asked for this and General Ely, the French Commander in Chief in Indochina, has signed a minute of understanding with General Collins on this matter which has been accepted by the U.S. and is now under discussion by the French Government.

(c) Granting of full autonomy to the Vietnamese forces by the French.

Comment: This was included in the Collins-Ely minute of understanding but has not been categorically accepted by the French.

(d) Reorientation of the Army in support of the Vietnamese Government and vice versa.

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Comment: The removal of General Hinh, as Army Chief of Staff, was a major step in this direction.

(e) Employment of the Vietnamese armed forces in pacification roles and for rehabilitation of the country.

Comment: Only minor progress has been made in this field.

(f) Strengthening Diem's Government.

Comment: Certain of General Collins' recommendations to Diem have not been accepted. However, General Collins' discussions with Diem and the acceptance of some of his recommendations are showing signs of strengthening the personal character of Diem who is beginning to emerge as a popular leader of Free Viet-Nam.

(g) Land reform.

Comment: FOA has taken action to obtain an expert in the land reform field in order to accelerate such a program in Free Viet-Nam.

(h) National Assembly.

Comment: General Collins has been striving for the establishment of a National Assembly in order to give the Diem Government a measure of democratic backing and to provide a training ground for political leaders.

(i) Financial and Economic

Comment: General Collins and the country team have recommended specific programs for Viet-Nam all of which have not been implemented to date due to a requirement for a decision on the availability of funds.

(j) Recovery of MDAP equipment.

Comment: Generals Collins and Ely have signed a minute of understanding providing for the return to U.S. control of U.S. MDAP equipment excess to the needs of the French in Indochina.

(4) Cambodia. An approved force basis has been developed for Cambodia which will, when Cambodian forces become proficient, provide that country with the means for insuring internal security. Direct forces and economic support are now being furnished directly to the Cambodian Government.

(5) Laos. Direct forces support, through FOA channels, has been provided directly to the Laotians in addition to economic support.

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B. OPERATIONAL CONSIDERATIONS BEARING ON POLICY

(1) Viet-Nam

(a) Elections. The success of any U.S. program for Viet-Nam must be considered in the light of the proposed elections scheduled for July 1956, in accordance with the Geneva Agreements.

(b) The French have not completely accepted the idea of backing Diem as the most suitable figure in the development of a stable, Vietnamese Government.

(c) The French Government has not expressed complete agreement on the Collins-Ely minute of understanding re U.S. assumptions of responsibility for training.

(d) The Vietnamese have not completely accepted General Collins' recommendations on the phase-down of Vietnamese forces.

(e) The question of availability of U.S. funds for the support of Vietnamese armed forces has not been established.

(f) Evacuation of U.S. equipment excess to the needs of the French and Associated States forces is still dependent upon the completeness of an inventory and a final determination of Associated States force bases.

(2) Cambodia.

(a) The Joint Chiefs of Staff and Department of Defense have approved a force basis for the Cambodian forces.

(b) The Cambodians have indicated that they will agree to the gradual phase-out of French instructors and technicians as a prerequisite to the establishment of a U.S. MAAG, Cambodia.

(c) State has not agreed to the negotiations of a bilateral agreement with the Cambodian Government on the gradual phase-out of French instructors and technicians.

(3) Laos.

(a) The U.S. has agreed to support the Laotian forces.

(b) The terms of the Geneva Armistice Agreements prohibit the introduction of U.S. military personnel into Laos for the supervision of any U.S. military aid provided to the Laotians.

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(c) The Joint Chiefs of Staff have indicated a reluctance to recommend a force basis for Laos due to the prohibition against U.S. supervision outlined above. However, the JCS are currently considering a force basis recommendation made by Minister Yost.

C. EMERGING PROBLEMS AND FUTURE ACTIONS

(1) Viet-Nam

(a) Elections. It is considered that the elections in Viet-Nam must be postponed indefinitely or voided entirely if a strong, stable Vietnamese Government is to be developed. It is quite probable that France would oppose this concept as there appears to be strong French support towards negotiating an agreement with the Viet Minh in an effort to salvage French economic interests in the area. It is estimated that the population of North Viet-Nam, even after the loss of a half a million refugees, will still exceed that of the South. This, coupled with the fact that the Viet Minh will control the elections in many areas of Free Viet-Nam by subversive and paramilitary activities appears to make a Viet Minh victory a certainty if elections are held.

(b) Mendes-France, during his visit to the U.S. in November of 1954, agreed, in discussions with the Secretary of State, to let Generals Collins and Ely work out the details of the U.S. control of organization and training of the Vietnamese forces. Generals Collins and Ely have signed a minute of understanding on this problem which has been accepted by the U.S. but not completely by the French. It would appear that the French are currently procrastinating and will continue to do so on this problem, the settlement of which is a requirement for the establishment of a military aid program for Viet-Nam.

(c) General Collins has requested and has been granted authority to negotiate with the Vietnamese on the organization and strength of the Vietnamese Armed Forces. However, he was not given a dollar figure, as requested, to use for planning purposes. Such a figure cannot be given until a breakdown of Section 121 funds based on FOA and Defense requirements has been determined. Therefore, General Collins cannot complete negotiations with the Vietnamese until a planning figure is made available to him.

(d) Although Generals Collins and Ely have signed a minute of understanding on the return to U.S. control of U.S. MDAP equipment excess to the needs of the French in Indochina, a complete inventory of such equipment is not yet available. All appropriate agencies are cognizant of the need for a rapid evacuation of materiel and equipment excess to the needs of the French and Associated States, and plans have been prepared for this eventuality. However, a sudden collapse of the Government of Free Viet-Nam or an overwhelming attack by the Viet Minh or Chi Coms would preclude the possibility of evacuating a large percentage of this equipment.

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(e) The French have requested U.S. helicopters for support of the ICC and these requests have been concurred in by State representatives in the field. However, the U.S. is not a signatory to the Geneva Pact and is not committed in any way to support the ICC. Further, past experience with the French pertaining to requests for aircraft have demonstrated that they have not exhausted their own resources prior to requesting support from the U.S.; they do not have the ability to adequately operate and maintain such equipment; and that a request for U.S. maintenance personnel and spare parts support will follow closely the granting of such assistance. It is visualized that pressure on this problem will be maintained on the U.S., the approach being in light of the ultimate benefits (doubtful) to the U.S.

(2) Cambodia

(a) The Cambodians have requested and the U.S. has agreed to support of the Cambodian military forces. However, as a prerequisite to such support, the JCS recommended, concurred in by Defense, the ultimate withdrawal from Cambodia of French instructors and technicians. Although Ambassador McClintock and the Cambodians have agreed to a written agreement on this JCS prerequisite, State for reasons of political expediency, will not accept this proposition. Defense considers that the assistance of the French during the initial phase of a U.S. military assistance program, although not necessary, would be desirable. However, Defense further considers that the French, in an effort to maintain their sphere of influence in this area, will impede U.S. aid programs at every opportunity. The result would almost certainly be an inefficient military aid program for which Defense would be blamed and which would cause a further loss of U.S. prestige in the area. State-Defense agreement on this problem is not foreseen at this time.

(3) Laos. A solution to the amount of U.S. military support for this country and the method of U.S. supervision is not forthcoming at this time. It is considered that supervision will of necessity, have to be by civilians and that these civilians, although desirable that they have military backgrounds, will have to be contracted for and administered by FOA-State.

D. EXTENT OF AGENCY INTERESTS

State, FOA, CIA, USIS, and the Treasury Department have an interest in the problems outlined in this paper. However, due to time limitations, this paper has not been coordinated with these agencies. This paper should be submitted to the Board Assistants in conjunction with papers prepared on this problem by any of the other appropriate agencies listed above.

