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The Impact of the Sino-Soviet Dispute
on North Vietnam and its Policies

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DIRECTOR OF CENTRAL INTELLIGENCE
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THE IMPACT OF THE SINO-SOVIET DISPUTE ON NORTH VIETNAM AND ITS POLICIES

THE PROBLEM

To analyze the position of North Vietnam in the Sino-Soviet dispute and the effect this has upon Communist policies and actions in Laos and South Vietnam.

CONCLUSIONS

A. North Vietnam has a large measure of independence within the Communist Bloc, and it has avoided committing itself to either side in the Sino-Soviet dispute. We believe that it will strive to continue avoiding such a commitment. (*Paras. 4, 8*)

B. In spite of its independent position, Hanoi has apparent sympathy toward certain of Peiping's positions in the dispute, and its neutrality has recently shifted somewhat toward the Chinese. Hence, if Hanoi is moved to commit itself further, it will probably be in the direction of fuller support to Peiping. The development of an open, formal break between Moscow and Peiping or the death of the influential Ho Chi Minh would increase the pressures for a North Vietnamese commitment. Even so, Hanoi will almost certainly attempt to keep as great a measure of independence as possible, and to maintain ties with Moscow. (*Paras. 9-10, 12*)

C. Moscow almost certainly takes a more sober view than do Peiping and Hanoi of the risk of a US intervention, and probably lays more stress on political means for a Communist takeover in Laos. For their part, the Chinese and North Vietnamese seek a quicker victory through the application of military as well as political pressure. Nevertheless, at the present level of activity,

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Soviet and Chinese policies are in no essential conflict, and Hanoi has considerable initiative and freedom of action. A drastic change of the situation in Laos (e.g., the threat of large-scale US intervention) might exacerbate Soviet-Chinese differences over policies to be pursued in southeast Asia. However, in a crisis showdown with the US, we cannot assume that Moscow would fail to support Peiping and Hanoi. (*Paras. 14-18*)

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DISCUSSION

I. SOURCES OF NORTH VIETNAMESE CONDUCT

1. The announced objectives of the Government of North Vietnam (DRV) are: (a) "socialist construction"—i.e., economic and political consolidation of the territory controlled by the DRV; and (b) "peaceful unification" of all Vietnam—i.e., victory in the Hanoi-directed insurgency in the south. Hanoi wants the support of both Communist China and the USSR in the pursuit of these objectives.

2. North Vietnam's internal problems are many and serious, reflecting the pressures of rapid population growth against limited agricultural resources and of an ambitious development program undertaken with an extreme shortage of skilled and trained personnel. Agricultural production is not fully adequate to meet the domestic needs of an expanding population, let alone yield an exportable surplus. Although North Vietnam appears to be reasonably well endowed with mineral resources, it lacks the technological competence to exploit them efficiently. Industry is rudimentary and inadequate to meet many consumer needs. As a result, North Vietnam is dependent on its Communist Bloc partners, principally Moscow and Peiping, for support in virtually every sector of the economy. This dependency limits to a considerable extent Hanoi's power of decision over the pace and nature of its own economic development.

3. Hanoi's leaders would like to see Vietnamese hegemony extended over all the states of former French Indochina. For the moment, their ambition appears to be focused primarily on taking over South Vietnam. Hanoi must move with circumspection in this effort, exercising care to consider the views of its senior Communist allies, Moscow and Peiping, and remaining alert to the danger of situations which might lead to drastic US action. This fear of a major military confrontation with the US places an upper limit on the scale and tempo of Hanoi's militancy in South Vietnam and Laos.

4. Another basic factor shaping North Vietnamese conduct is the desire to retain a maximum amount of independence within the general framework of the Communist movement. Like Yugoslavia and Communist China, the North Vietnamese Communists came to power through a hard-won victory by their own forces, and in Ho Chi Minh they have a respected revolutionary leader and national founder in the mold of Tito and Mao. Hanoi has the self-confidence which comes with this heritage. Long oppressed by imperial China, the Vietnamese remain fearful of and resistant to renewed domination by the Chinese, or, for that matter, domination by any other alien power. So far Hanoi has

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maintained a degree of autonomy that is uncommon in the Communist Bloc. It has accepted aid from both Moscow and Peiping, and it has prevented either from assuming a preponderant influence in its affairs.

II. NORTH VIETNAM'S POSITION IN THE SINO-SOVIET DISPUTE

5. North Vietnam's jealousy of its independence and its desire for support from both Moscow and Peiping have been the primary determinants of Hanoi's position in the Sino-Soviet dispute. Hanoi desires the military and political backing of as powerful a coalition as possible and is shaken by the prospect of a split or disintegration of the Communist Bloc. The DRV feels that the political support and military backing of both Communist China and the Soviet Union are essential to the maintenance of its integrity and as strategic supports for its foreign policy.

6. Accordingly, the North Vietnamese have avoided taking a clear-cut stand in favor of either party and have continually worked to bring the two together. Ho Chi Minh pursued the role of mediator, with at least superficial success, at the 1960 all-party conclave in Moscow, and has persisted in his efforts to heal the breach. Ho's skill and his prestige as a senior Communist statesman, an associate of both Lenin and Stalin, has contributed to North Vietnam's ability to avoid committing itself when all other Bloc parties have done so.

7. There are longstanding rivalries and jealousies within the North Vietnamese leadership, and factions have formed around various key personages. However, the association of a leader or a faction with a "pro-Moscow" or a "pro-Peiping" line is more likely to be based on considerations of Vietnamese national interests than on a desire to associate Hanoi with one side or the other in the Sino-Soviet dispute.

8. We believe that Hanoi's self-interest will dictate a continuation of this attitude for as long as possible. We must keep in mind, however, that ardent Communist sectarians do not always follow the course which seems to us clearly in their best interest. Peiping's costly challenge to Moscow in 1960 is a case in point. Therefore, we cannot rule out the possibility that Hanoi may decide or be forced to come down off the fence.

9. Two contingencies would make such a development more likely. The death of Ho would inaugurate a period of jockeying for power within the DRV leadership and the impulses toward Bloc unity and toward remaining aloof from the Sino-Soviet dispute would be weakened. During this period also, DRV actions toward Laos and South Vietnam might be less confident. A definite break between Moscow and Peiping would lead both parties to be more forthright and aggressive in seeking allies, and each would bring increased pressure upon Hanoi to commit itself.

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10. Although Hanoi deplores the Sino-Soviet polemic and seeks to mitigate its bitterness, the DRV line on particular substantive issues more frequently corresponds to the Chinese than to the Soviet position. In general, Hanoi shares Peiping's views on how the world Communist movement should be run. Hanoi's desire to preserve its freedom of action leads it, like Peiping, to oppose Moscow's demand that the movement observe the principle of "democratic centralism" (i.e., complete submission to the decisions of the majority, which is controlled by Moscow). Hanoi's irredentism toward South Vietnam, like Peiping's toward Taiwan, leads it to oppose devotion to "peaceful coexistence" and to object to disarmament efforts except as a device to "expose the insincerity of the imperialists." Hanoi also joins Peiping in supporting maximum "struggle" and support of "liberation" movements. Cultural and racial affinities also incline the North Vietnamese toward the Chinese rather than the Russians and the overwhelming power of China is closer at hand. Hence, we believe that Hanoi, if moved to take sides, would throw its support to the Chinese.

11. If this came to pass, Hanoi would have to face the possibility of a curtailment or termination of Soviet economic and military support. But unless the scope of DRV military moves is considerably increased, Soviet military assistance is not vital. Moreover, it seems likely that Hanoi, in conducting its operations at current levels in Laos and South Vietnam, does not rely very heavily on the Soviet deterrent. In the economic field, both Chinese and Soviet aid programs are long-term,¹ and though a withdrawal of Soviet assistance would cause inconvenience and some damage to DRV development schemes, it would not be critical; much of the slack would probably be taken up by expanded Chinese assistance and by purchases in the Free World.

12. It should be emphasized, however, that support of Peiping on the issues of the intra-Communist dispute does not automatically entail either Hanoi's subservience to Peiping or a definitive severing of Hanoi's ties to Moscow. There are a great variety of intermediate stages, and the DRV would strive, probably with considerable success, to retain a large measure of independence and an effective connection with Moscow as well as with Peiping.

III. INTERACTION OF THE SINO-SOVIET DISPUTE AND COMMUNIST POLICIES AND ACTION IN LAOS AND SOUTH VIETNAM

The Situation in Laos

13. The primacy of Hanoi's interest in Laos is almost certainly recognized by Moscow and Peiping. However, both of them would exert considerable pressure to prevent North Vietnamese actions which ap-

¹ A brief description of the Soviet and Chinese economic aid programs is given in the Annex.

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peared to imperil broader Chinese or Soviet interests. At present levels of commitment and activity, Hanoi appears to have a relatively free hand within Laos, where it exercises a high degree of control over the Pathet Lao (PL)—the Communist military force in Laos—and its political counterpart, the Neo Lao Hak Xat (NLHX). Within the framework of political and military objectives laid down by North Vietnam, the PL/NLHX appears to exercise some degree of independent activity. Peiping appears to have some direct contact with the PL/NLHX, though Moscow does not.

14. In considering overall strategy in Laos, the Soviets almost certainly see their interests as best served by a continuation of the political "solution" achieved in the 1962 Geneva Conference on Laos; they probably still expect that Communist objectives would be eventually achieved almost wholly without risk, through penetration and subversion of Premier Souvanna Phouma's coalition government. The Soviets feel that military pressures should be controlled so as to promote this aim.

15. For their part, Hanoi and Peiping almost certainly believe that a Communist takeover can be accomplished more quickly and more directly. Moreover, they may fear that the Soviet-preferred method would significantly delay, and perhaps prevent, this achievement by allowing the Souvanna regime to become stabilized and, given US assistance, strengthened. In their view, the way to win is through constant application of military and political pressure, capitalizing on quick, limited military victories and eroding the enemy's determination to fight. Thus, the Pathet Lao and the North Vietnamese have acted to debilitate the neutralists by all available means, but particularly by limited military action to exploit Souvanna's weakness and indecisiveness.

16. In any event, Moscow, Peiping, and Hanoi almost certainly agree on the classic principle of combining military and political action, with the differences being a matter of degree and emphasis. Bloc policy in Laos will almost certainly continue to reflect this overall Communist strategy, with Hanoi's choice of tactics dictated primarily by its assessment of local developments rather than by considerations of the Sino-Soviet dispute.

17. The Soviets will probably continue to compete with Peiping for the allegiance of North Vietnam, and they almost certainly would prefer not to give Hanoi and Peiping a free hand to decide Communist policy in Laos. However, the Soviet Union's interest in the Laos situation is peripheral in contrast to its deep involvement in Cuba, Berlin, the dispute with Peiping, and several other immediate issues. The Soviets almost certainly prefer not to make much out of the Laos crisis and are unlikely to do so unless the situation threatens to flare up and bring the risk of an East-West confrontation there. On the other hand, Communist China, bordering on Laos and loudly promoting the

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cause of national liberation wars, is more directly involved. In the coming months, as Moscow and Peiping approach another crisis in their relations, the Chinese may try to make Laos an issue in the Sino-Soviet dispute claiming that the Soviets are demonstrating an unwillingness to support wars of national liberation in underdeveloped areas. But it seems unlikely that Peiping would risk significantly escalating the conflict in order to put the Soviets on the spot.

18. In any case, so long as Moscow and Peiping continue to compete for the allegiance of Communists everywhere, we believe that Moscow will be inhibited in opposing Hanoi's and Peiping's desires in Laos and South Vietnam, unless these seem to be endangering Moscow's own national interests. A drastic change of the situation in Laos (e.g., the threat of large-scale US intervention) might exacerbate Soviet-Chinese differences over policies to be pursued in southeast Asia. However, in a crisis showdown with the US, we cannot assume that Moscow would fail to support Peiping and Hanoi.

The Situation in South Vietnam

19. Communist policy and action in South Vietnam appears to be almost wholly dictated by Hanoi. As in Laos, Moscow and Peiping almost certainly have a voice in policy decisions involving their support or national interests, but, in general, both appear content to view the "struggle" in the south as an irredentist issue and to permit the North Vietnamese to pursue their subversive activity at a pace and in a manner which Hanoi deems appropriate. Neither Moscow nor Peiping is known to have any direct contact with either the Viet Cong or its political mechanism, the National Front for the Liberation of South Vietnam (NFLSV), although both, particularly Peiping, have made much of visiting NFLSV delegations.

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ANNEX

SINO-SOVIET BLOC AID TO NORTH VIETNAM

1. North Vietnam has received extensive economic support from the Sino-Soviet Bloc. The initial phase of the Bloc aid program consisted largely of grants to support the North Vietnamese economy after the partition in 1955. Foodstuffs and other consumer goods were dispatched under these grants as well as equipment and materials for economic reconstruction. The reconstruction effort was merged into a broader buildup of the economy in 1956, which required additional financial aid during the period 1956-1960. A third round of financial assistance was extended to North Vietnam in 1960-1961 to support the economic development anticipated during the First Five-Year Plan (1961-1965). The Sino-Soviet conflict probably has had some adverse effect on Bloc coordination of the foreign aid program in North Vietnam, but its extent cannot be judged.

2. Communist China has been the largest contributor of aid to the development program of North Vietnam. The Chinese assumed a leading role in the early rehabilitation of North Vietnam's transportation and communications facilities, as well as in the reconstruction and development of its irrigation system. In more recent years, China has undertaken the construction of several important light industrial projects, including 10 rice-husking plants, two sugar refineries, a cigarette factory, a match factory, a rubber goods factory, a soap factory, and a knitted goods factory. A Chinese credit of \$75 million, extended in February 1959, is being used to finance construction of several heavy industrial plants, including two power plants and an iron and steel plant. In January 1961, China extended another credit, amounting to \$157 million, to be used during the period 1961-1967 for the construction or expansion of 28 industrial and transport enterprises. This credit will provide for an expansion of the Chinese-sponsored iron and steel plant and for the construction of several smaller iron and steel plants. The iron and steel plant represents by far the largest foreign aid project in North Vietnam and will absorb the major share of Chinese aid to North Vietnam in the first Five-Year Plan. Other assistance will be provided to the chemical and cement industries and for railway and bridge installations. In the field of light industry, China will construct three mills for the manufacture of sugar, paper, and cotton yarn.

3. The role of the USSR in North Vietnam's First Five-Year Plan centers around the \$108 million credit extended in December 1960 for economic and technical assistance in the construction of 43 industrial projects. Soviet aid will be used to expand the fuel and power in-

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dustry, lay the foundations for a modern machine-building industry, and strengthen the scientific research institutes in the country. This aid will include the construction of eight thermal and hydroelectric stations with a total capacity of 200 megawatts; the expansion of the Hongay-Campha coal mines; the construction and equipping of three scientific and research training institutes; and the exploration of mineral resources. In addition, the USSR also extended in 1960 a grant of \$5 million for medicine, insecticides, equipment, and specialists for an antimalaria program.

4. Both the USSR and China provide agricultural assistance to North Vietnam. The Soviet program involves a credit of \$88 million, extended in mid-1960, for the expansion of production and for the processing of tropical crops in North Vietnam. It envisages Soviet assistance in establishing state farms with supporting workshops and the construction of factories for processing tea, coffee, and fruit. Chinese aid to North Vietnam's agricultural development began in 1955 with work on the irrigation system and the dispatch of agricultural technicians. In March 1960, China agreed to build eight farms and a middle agricultural technical school.

5. Chinese and Soviet assistance to North Vietnam includes specialists in many fields. The number of Soviet personnel working in North Vietnam probably is about 400. The number of Chinese personnel appears to be more numerous, perhaps amounting to over 1,000, although some of the Chinese probably are laborers rather than specialists.

6. Nearly all of the trade and aid moving to North Vietnam from the USSR and Soviet Bloc countries is transported by sea. Goods transported by rail from the Soviet Bloc very likely make up only a small percentage of the total volume of imports arriving in North Vietnam by rail from China. No information is available, however, indicating that armaments or munitions move to North Vietnam from the USSR by sea, and fragmentary data suggests that such materiel moves by railroad through China.

7. The rail line into North Vietnam from Communist China's Kwangsi Province, via P'ing-hsiang, is used for trade between North Vietnam and China. About two-thirds of the traffic passing through P'ing-hsiang, however, is China-to-China traffic which transits North Vietnam in moving between Yunnan Province and the rest of China. About one-half of the volume of nonmilitary imports by North Vietnam from China move by sea.

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TABLE
CREDITS AND GRANTS FROM THE USSR, THE EUROPEAN
SATELLITES, AND COMMUNIST CHINA
(MILLIONS \$US)

COUNTRY	EXTENSIONS			DRAWINGS			OUT- STANDING EXTEN- SIONS FOR 1963-1965
	Total			Total			
	1955-1962	1961	1962	1955-1962	1961	1962	
USSR	369*	4	*	243	56	52	126*
European Satellites ...	124	62	0	75	14	14	49
Communist China	457	157	0	307	42	42	150

* On 15 September 1962, the USSR signed an agreement on further Soviet economic assistance to North Vietnam in the development of agricultural resources. No details concerning the amount of Soviet assistance have been released.

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