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SNIE 63.1-2/1-55  
2 May 1955

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SPECIAL

13

NATIONAL INTELLIGENCE ESTIMATE

NUMBER 63.1-2/1-55

THE CURRENT SAIGON CRISIS

*File  
Vietnam*

Advance Copy

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

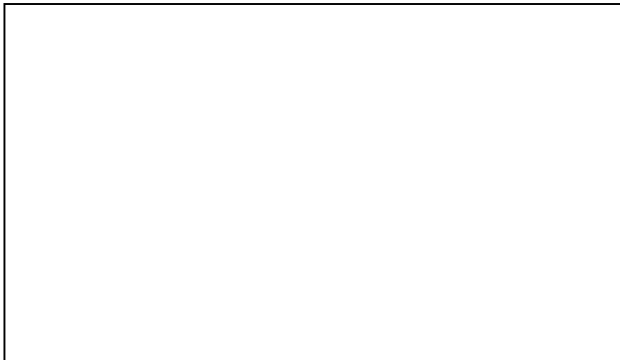
The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 2 May 1955. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, G-2, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC, and the Assistant to the Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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CENTRAL INTELLIGENCE AGENCY

2 May 1955

SUBJECT: SNIE 63.1-2/1-55: The Current Saigon Crisis

THE PROBLEM

To assess the implications of recent developments in Saigon and to estimate the probable actions of interested parties in the current crisis.

THE ESTIMATE

A. Implications of Current Developments in Saigon

1. The success of Premier Diem in operations against the Binh Xuyen, and in his stand against Bao Dai, the French, and General Vy, has created a new and potentially revolutionary situation in Vietnam. While the situation in Vietnam is extremely fluid, Diem appears to hold the initiative in the phase that is about to begin. In this phase, the interested parties -- particularly the French and Bao Dai -- will have to adapt themselves to a radically new political situation dominated by Diem or by

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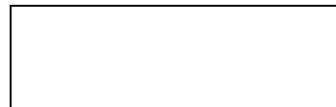
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more extreme nationalist elements. If they do not adapt and if there are any substantial efforts by Bao Dai or the French to frustrate Diem's government, the chances of anti-French violence and the dissolution of the imperial institution would be greatly increased.

2. Diem's relations with the Revolutionary Council which has been actively injecting itself in this situation have not yet been clarified. This council, designated by a self-appointed assembly, takes a more extreme position than Diem, particularly in regard to the withdrawal of French forces and the immediate deposal of Bao Dai. It is dominated by Cao Dai generals Trinh Minh The and Ngyen Thanh Phuong and by Hoa Hao General Ngo and includes a number of extreme nationalist politicians. General Ely now charges that the Council is Communist infiltrated but so far has not produced evidence to substantiate this charge. We have no significant evidence to indicate that any of the members of the Council are Communist. In a proclamation the Council announced a broad program couched in social revolutionary terms but including a denunciation of "red colonialism" in North Vietnam. Its activities have been denounced by the Communist radio in Hanoi along with those of Premier Diem.

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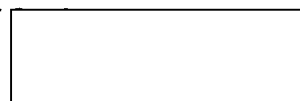
B. Probable Courses of Action of Interested Parties

3. Premier Diem. The virtual expulsion of the Binh Xuyen from Saigon-Cholon has increased Diem's prestige throughout Vietnam. The confidence of Diem and his supporters in their own strength, judgment, and popular appeal has been considerably enhanced. In this situation, Diem will almost certainly continue to resist any efforts to remove him from office.

4. His actions and those of his followers have taken on an increasingly nationalistic, anti-French tone over the past few days and Diem may now be convinced that a continuation of this anti-French policy is essential to the rallying of popular support. Nevertheless, he has exercised a moderating influence on the anti-French and anti-Bao Dai position of the Revolutionary Council. However, if he believed the French were continuing their efforts to depose him, he would almost certainly permit intensified anti-French manifestations. Such a course would carry grave dangers of anti-French violence, particularly in Saigon.

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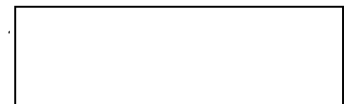
5. So far, Diem and his principal VNA leaders have appeared desirous of maintaining good relations with the French. Diem's attitude toward Bao Dai has been less clear and there have been indications that he has been considering the suggestions of the Revolutionary Council that Bao Dai be deposed. He may be using ultranationalism to bring pressure against Bao Dai and the French. If he is thwarted in his objectives by the French or by Bao Dai, he will become more susceptible to pressures toward extreme action.

6. Diem has rallied additional support during the current military phase, and from this position of strength, Diem will almost certainly continue to gain adherents, including defections from among the Binh Xuyen and the sects.

7. The Vietnamese National Army. Aside from the French Army, only the VNA presently has the capability to enforce Bao Dai's authority in Saigon or to back Diem in defiance of Bao Dai. There are some VNA officers who dislike Diem and who are concerned by the developing rift between Diem and Bao Dai. On the other hand, there is considerable pro-Diem, nationalist sentiment in the Army; Diem has gained additional support as a

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result of clearing the Binh Xuyen from Saigon; and most importantly, the VNA units in the Saigon area appear to be loyal to Diem.

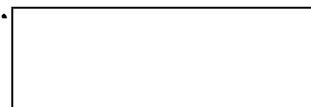
8. If Diem should move precipitously to depose Bao Dai, or if Bao Dai attempted to oust Diem, some elements of the Army might remain loyal to Bao Dai and attempt to overthrow Diem. We believe such efforts would be unsuccessful, however, even if General Hinh had entered the country to rally support for Bao Dai.

9. Bao Dai. As a result of Diem's stand against Bao Dai and because of the latter's involvement in what many Vietnamese nationalists consider to be a French inspired political maneuver, Bao Dai's prestige has been greatly reduced, whatever the outcome of the present crisis. Bao Dai's authority can only be enforced at this juncture by the force of French arms and any such action would almost completely discredit him in Vietnam.

10. There appears to be considerable sentiment for the deposal of Bao Dai, and if Diem gives his consent such action may be taken at any time. For the present, Bao Dai apparently

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feels that the tide is running with Diem, and is attempting to preserve the institution of the monarchy by accepting the continuation of the Diem government.

11. The French Government. The French will find it difficult to accept Diem's success which came despite their strong and well-publicized opposition. We believe that fear of large-scale violence and adverse domestic and world reactions will cause the French to refrain from overt action in Saigon to restrain the VNA or to remove Diem unless the situation should threaten serious loss of French lives. However, the extent to which the French permit the VNA freedom of action and the nature of their dealings with the Binh Xuyen and Bao Dai can still have an influence on the outcome of the immediate situation. Furthermore, we believe that the French will continue pressures for Diem's removal; some French elements in Vietnam are likely to continue their covert assistance to Diem's enemies. If the French believe that Diem will succeed in consolidating his position they may decide that they have no choice except to repair their position with Diem as best they can while making

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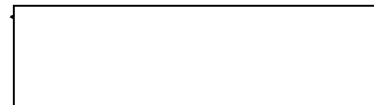


plans for accelerated withdrawal of their forces.\*

12. The Binh Xuyen. The military potential of the Binh Xuyen will depend on the extent of support they receive, directly or indirectly, from the French, and the Hoa Hao. It appears that the morale of the Binh Xuyen troops is low, a number have already defected, and that many of the troops may be susceptible to peace offers from the government. We believe that a considerable number of the Binh Xuyen may attempt to resume their life of piracy and extortion. The VNA should be able to reduce the Binh Xuyen to the level of a local nuisance.

13. The Sects. We believe that for the immediate future the Cao Dai military forces under Generals The and Phuong will continue actively to support Diem against the Binh Xuyen and Bao Dai. The Hoa Hao are unlikely to play an important role in the immediate situation, although the Ba Cut forces may continue their terrorist operations.

\* The Special Assistant, Intelligence, Department of State, believes that the last sentence of this paragraph understates the difficulty the French would have in accommodating to a strong, anti-French government in South Vietnam, and therefore believes the sentence should read: "If these efforts are unsuccessful and Diem appeared to be consolidating his position, the French in the end may decide that they have no choice except to step up the withdrawal of their forces from Vietnam."



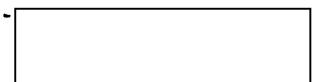


14. The Viet Minh. The Viet Minh probably fear that Diem's continuation in office would limit the prospects of a peaceful unification of Vietnam under terms favorable to the Communists. They will probably continue covert efforts in South Vietnam to keep the situation agitated. The Communists almost certainly will not invade South Vietnam in the near future.

C. General Outlook

15. In present circumstances, we do not believe that Diem could be persuaded voluntarily to resign. If he were forced from office, many of Diem's followers would probably undertake revolutionary opposition, including maquis resistance, to the successor regime. Some VNA elements in Saigon and in central Vietnam would probably join these elements in resisting the new government.

16. Assuming that the US continues to support Diem, and that the French acquiesce, we believe the situation will stabilize in Saigon under Diem's control. Diem's talents as an administrator are unlikely to improve. His success achieved



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largely on his own initiative and with his own resources is likely to make him more independent and less amenable to policy guidance. Diem's government will still be confronted with manifold internal problems - e.g., integration of the sects, resettlement of refugees, land reform, extension of government authority in the provinces, training of the Army. Although Diem has improved his position, we believe that it will still be extremely difficult, at best, for Diem or any Vietnamese government to build sufficient strength to meet the long-range challenge of the Communists.

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