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~~TOP SECRET~~ TS #102075-c
CENTRAL INTELLIGENCE AGENCY

(b) (3)

~~CONFIDENTIAL~~ 4 April 1955 23

MEMORANDUM FOR: [REDACTED]

SUBJECT : Memorandum for the DCI from the Board of National Estimates: "The Crisis in Saigon," dated 4 April 1955

1. The attached memorandum supersedes the text dated 2 April transmitted to you on that date under cover of a memorandum from Mr. Kent.

2. The present text is identical with the 2 April text except at paragraph 5, which was revised to take into account information received on 3 April.

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Deputy Assistant Director
National Estimates

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102075-b

CENTRAL INTELLIGENCE AGENCY

4 April 1955

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: The Crisis in Saigon

1. During the night of 29-30 March minor fighting broke out in Saigon between armed members of the Binh Xuyen (the pirate-gangster group which was given control of the National Police and the Sûreté by Bao Dai) and elements of the Vietnamese National Army. The French succeeded in establishing a truce which still exists, and have deployed some 20,000 troops in the Saigon area to separate National army and Binh Xuyen forces. Premier Diem remains determined, however, to take control of the national police, using force if necessary. The crisis in civil order has been heightened by the recent resignations of several members of Diem's cabinet.

2. In this situation General Collins has recommended that US policy in support of Diem be reviewed. He points

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out that Diem has had ample opportunities to build a government and has failed both to bring in strong cabinet leaders and to delegate authority. He fears that the country will not tolerate Diem's "one-man" government and believes that the Diem government may shortly fall. He recommends, therefore, that the following alternatives to Diem be considered:

- a. A new government with Tran Van Do (present foreign minister) as president;
- b. A new government with Quat as president;
- c. Bao Dai to return in support of a new government to be formed and led by Diem;
- d. Bao Dai to return and assume presidency over a new government

General Collins recognizes that the problem of the Sects would remain for a successor, but he fears that if Diem remains in office and pressed for military action against the Sects, there will be insubordination in the Army leading to conditions more intolerable than those existing at the time of General Hinh's insubordination.

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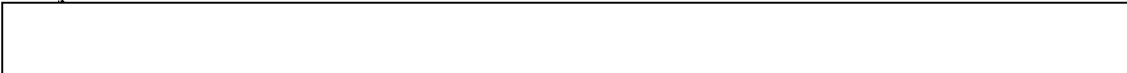
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3. Diem's main objectives since assuming office have been to establish the independent character of his government and thus to rally nationalist support and to develop and extend the authority of the National government. The present crisis is an outgrowth of his efforts to break the power of the Sects. Since the first of the year, with firm US and increased French support, Diem has been making some progress toward this end. As a result of bribes, appeals to Vietnamese nationalism, and the French stopping subsidy payments to the Sects, certain Sect leaders rallied to Diem or at least agreed not to oppose him.

4. The Sects appeared to recognize the seriousness of Diem's threat to their special position and reacted in March by forming a United National Front. The Front presented Diem an ultimatum, demanding that he resign or "reform" his government. Diem, although agreeing to consider broadening his government reacted to the challenge of the Sects by removing the Saigon-Cholon police from Binh Xuyen control and renewing his efforts to split the Sects. Within the past few days he has succeeded in rallying the second of the two major military leaders of the Cao Dai, making a total of approximately 15,000

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Cao Dai troops now pledged to Diem, However, the permanence of any single rallie is dubious and probably depends on the amount of his subsidy and his estimate of Diem's power position.

5. In the present crisis General Ely has been unwilling to commit unreserved support to Diem. General Ely and the French have tended to consider the Sect's action as a part of a struggle for power between two opposing groups rather than as a challenge to a legitimate government. In part, at least, this is in keeping with the general French dislike for Diem which they have evidenced from the beginning and their reluctance to turn against the Sects. There is now a mounting body of evidence that the French in Indochina, and particularly the military, are maneuvering with the Sects to secure the downfall of Diem. The French attitude may also result from a French estimate that the Sects are too strong for Diem to cope with by force and French desire to avoid at almost any cost involvement of French forces in civil war in South Vietnam or any shooting which would endanger French civilians in Saigon. To avoid conflict they have consistently urged Diem not to resort to force against the Sects and have recommended that Bao Dai's assistance be sought in bringing the two parties together.

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6. The Sects are primarily the creation of the French who developed and nurtured them in the course of applying a "divide and rule" policy in Indochina for many years. Most Vietnamese understand the long history of French relations with the Sects. If, therefore, Diem resigns or is removed during this crisis, many Vietnamese will almost certainly conclude that the French are still the arbiters of political action in South Vietnam. Many Vietnamese would conclude that efforts to build an independent national authority were futile and Vietnamese nationalism would suffer a severe blow. Moreover, if the National government gives in, the Sects will have confirmed their position as autonomous power centers and thus render even more difficult the formation of an effective central government in South Vietnam. In all probability the Sect leaders who have rallied to the central government would withdraw and seek to reestablish their autonomous position.

7. In this situation, it would be extremely difficult for a successor, who would almost inevitably be labelled a French puppet, to rally genuine national support. If a successor attempted to follow Diem's example of building national authority, he would soon be up against the same problem with

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the Sects and other special groups who, having won the first round, would be even more vigorous in their efforts to protect their position. South Vietnam divided between the Sects and a weakened national government would have little chance of survival against Viet Minh infiltration, let alone winning any election.

8. Tran Van Do, the present foreign minister, is a weak person, of doubtful personal courage, and has little political following. Quat, while a capable person, is a Tonkinese without substantial support in South Vietnam. The return of Bao Dai, under any condition, would probably not lead to effective government. We believe his prestige is low and because of his association with the French he would not have nationalist support. Bao Dai himself has shown none of the attributes of a leader who would be capable of dealing with the difficult immediate problems in Saigon nor has he demonstrated the necessary endurance to provide sustained leadership for the future.

9. The loyalties and capabilities of the Vietnamese army in this situation are not clear. The units in the Saigon area are commanded by officers selected by Diem, and some French and

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US sources believe that they would remain loyal to him in the event of fighting with the Binh Xuyen. However, these units have no ammunition reserves and are dependent on the French for resupply. We agree with General Collins that there is some danger, that, if Diem uses force against the Sects, there may be some insubordination in the Army. However, we also feel that both the Binh Xuyen and Hao Hoa troops are not highly motivated, and would not long resist determined force. On balance, we believe that Diem would have the capability, if given full US and French backing, of dealing with the present crisis in Saigon.

10. There is some danger that Diem may resign or that his government will fall in the immediate future. Such eventualities would be most likely if Diem should feel that he was being frustrated in his efforts to reduce Binh Xuyen power by French intervention or lack of US support. If Diem should leave office during this crisis he would probably issue a strong statement denouncing the French for intervening in defense of the Sects and the US for withdrawing support of the National Government.

FOR THE BOARD OF NATIONAL ESTIMATES:

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[Redacted]

Assistant Director
National Estimates

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