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The Outlook for North Vietnam

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Submitted by the
DIRECTOR OF CENTRAL INTELLIGENCE
Concurred in by the
UNITED STATES INTELLIGENCE BOARD
As indicated overleaf
4 MARCH 1964

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The Central Intelligence Agency and the intelligence organizations of the Departments of State, Defense, the Army, the Navy, the Air Force, and NSA.

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The Outlook for North Vietnam

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TABLE OF CONTENTS

	<i>Page</i>
THE PROBLEM	1
NOTE	1
CONCLUSIONS	1
DISCUSSION	3
I. INTRODUCTION	3
II. INTERNAL POLITICS AND POLITICAL PROBLEMS	3
III. ECONOMIC PROBLEMS AND PROSPECTS	4
IV. MILITARY PROBLEMS AND PROSPECTS	8
V. THE SUPPORT OF INSURGENCY	11
VI. THE OUTLOOK FOR NORTH VIETNAMESE POLICIES	12

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THE OUTLOOK FOR NORTH VIETNAM

THE PROBLEM

To assess the strengths and weaknesses of North Vietnam (DRV) and to estimate its probable courses of action over the next several months.

NOTE

Firm information about North Vietnam is extremely sparse. Accordingly, analysis of the economic and political situation and especially of the size, structure, and capabilities of the armed forces, is extremely difficult, and the judgments below must be considered tentative.

CONCLUSIONS

A. We believe that the North Vietnamese leaders look at Communist prospects with considerable confidence. In South Vietnam, they probably feel that GVN will to resist is waning and may feel that the same is true of the US. They may seek to speed the process by a step-up in current Viet Cong tactics of pressure and terror. We think Hanoi will stop short of introducing sizable DRV military units into South Vietnam, lest this bring about a major US military retaliation. In Laos, they will protect the positions they have already achieved and support Pathet Lao efforts to erode the non-Communist position, but will seek to avoid initiatives that would provoke US military intervention. (*Paras. 32-39*)

B. North Vietnam's external successes have been achieved despite important internal problems and vulnerabilities. The DRV faces severe and chronic food shortages and widespread apathy among the populace and even the lower ranks of the

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Party. The economy is overcommitted to developing heavy industry at the expense of agriculture and heavily dependent on Bloc aid. The personal dominance of Ho Chi Minh masks differences within the leadership which will be sharpened after his death. (*Paras. 2-15*)

C. These problems and vulnerabilities do not threaten the regime's control at home or materially hamper its present level of effort against South Vietnam and Laos, nor do they preclude a somewhat higher level of such effort. However, the DRV probably could not sustain large-scale military involvement, such as open invasion, without a considerable increase in Chinese Communist or Soviet aid. (*Paras. 16-24*)

D. The Sino-Soviet split poses a painful dilemma to North Vietnam. Powerful motives impel it to avoid taking sides definitively, but events have moved the DRV progressively closer to the Chinese position. We believe that Hanoi will nevertheless try to maintain as cordial relations with Moscow as circumstances permit. (*Paras. 29-31*)

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DISCUSSION

I. INTRODUCTION

1. The resourcefulness and drive which have characterized the subversive efforts of the "Democratic Republic of Vietnam" (DRV) in South Vietnam and Laos are well known, as are the situations in those countries which invite Communist exploitation. But the recent news of Communist successes tends to obscure the fact that the DRV is itself beset by a variety of weaknesses.

II. INTERNAL POLITICS AND POLITICAL PROBLEMS

2. The popular enthusiasm with which the DRV regime was received after its victory over the French in 1954 has long since waned. Since its accession to power, the Lao Dong (Communist) Party has striven to "build socialism" in a truncated, predominantly agricultural country by doctrinaire and, in earlier years, Draconian measures. In 1956-1957, there was active revolt against certain "land reform" programs. Since then, the peasantry has shown considerable ingenuity in frustrating the regime's agricultural policies. The regime has taken harsh measures against intellectuals, Catholics (who make up about five percent of the population), and many ethnic minorities. At times, these controls have been tempered and some efforts made to win over these groups, but they remain for the most part alienated. If economic difficulties should substantially worsen, and particularly if the shortage of food should reach wide-scale famine proportions as a result of a natural catastrophe, there might be local disturbances, but they almost certainly could be contained. Though the Hanoi regime appears to have firm enough control over North Vietnam's 17 million inhabitants to prevent the outbreak of any serious dissidence, the populace seems generally apathetic to what the Party considers the needs of the state.

3. This apathy even extends into the Party itself, at least to the lower cadres, who have lost much of their revolutionary *élan*. It is a source of considerable doctrinal embarrassment to its leadership that Party membership (about three percent of the population) is predominantly urban and intellectual. The stability and cohesion which this leadership has displayed over past decades is deceptive, since it derives almost entirely from the prestige and skill of one man—Ho Chi Minh. Ho is a unique figure in the world Communist movement, truly the last of the old Bolsheviks. The Indochinese Communist movement was virtually his personal creation; it has prospered under his direction but, significantly, faltered and split whenever he had to turn his primary attention to other matters.

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4. Ho is 73 and apparently has not designated an heir apparent. His 12 senior subordinates who comprise the rest of the Politburo are enmeshed in longstanding personal rivalries and sharp policy disagreements in which the question of Chinese influence has been an important element. The "pro-Chinese" group, advocating generally militant policies, is centered around former Secretary General Truong Chinh, who himself was forced to resign that position in 1956 because of his excessive zeal in pushing land reform on the Chinese model. Defense Minister Vo Nguyen Giap has a strongly anti-Chinese bias and has long attempted to resist Chinh's encroachment into the military establishment, over which Giap seems to have maintained at least nominal control. Another grouping appears around First Secretary Le Duan, upon whom Ho seems to lean heavily in Party affairs, but its political orientation is less easily identified.

5. Ho has successfully kept these rival groups under control, but when he leaves the scene these rivalries are almost certain to create serious difficulties within the Party and perhaps instability within the country. Power within the Party probably will be decisive, although Giap may well seek to use his position in the military to affect the outcome. The Chinese and Soviets will also try to exercise influence. At this juncture, First Secretary Le Duan appears most likely to succeed in view of his position and the fact that he probably is least objectionable to the various contending factions, but the succession is unlikely to be smooth, and might be violent.

III. ECONOMIC PROBLEMS AND PROSPECTS

6. *Basic Structure of the Economy.* North Vietnam is an essentially rural and undeveloped country which does not produce enough even to feed its rapidly expanding population.¹ North Vietnam was a food-deficit area throughout the period of French control, but its deficits then were easily offset by the transfer of surplus rice from the south, a solution not now available. The country has many natural resources, some of which were partially developed by the French. The present regime also inherited from the French a rudimentary transportation network and a modest industrial plant. North Vietnam's industrial progress is inhibited, however, by small domestic capital resources, a severe shortage of indigenous skilled labor and technical talent, and limited experience in management. These problems are compounded by a doctrinaire leadership, which is prone to pursue symbolic and ideologically satisfying industrial goals conceived with little practical reference to North Vietnam's domestic resources and economic needs.

¹Hanoi has claimed a population growth of 3.5 percent per annum but this figure may be somewhat high.

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7. *Agriculture—The Potential Food Crisis.* Agricultural mismanagement, four years of poor weather, a lack of fertilizers and insecticides, and a growing population have led to food shortages in North Vietnam. The current picture is apparently bleaker than it has been for the past five years; Hanoi itself says that the total of 1963 output of food amounted to less than five million metric tons of rice-equivalent,² of which over one-fifth consisted of unpopular secondary food crops (corn, yams, and manioc). 1963 food output in per capita terms was close to that of 1957 (the lowest year since the regime came to power) but without the reserves from a preceding bumper crop. The 1963 per capita output of rice, the preferred cereal, was about one-fifth below 1960.

8. The regime is apparently endeavoring to import foodstuffs. It seems to be acquiring only small amounts from non-Bloc sources, and there are some indications that Hanoi may be having difficulty finding forms of payment satisfactory to foreign exporters. We do not know how much food may be arriving currently from the Bloc, but believe that China, even with its own agricultural difficulties, has a strong incentive to prevent dangerous famine in North Vietnam. The regime's own immediate answer to the poor 1963 harvest seems to be a tightening of distribution controls, in an effort to stretch limited rice supplies by ensuring that everyone consumes his fair share of secondary crops. Before the June 1964 harvests, living standards will probably decline further in the cities, and critical food shortages may appear in some of the thousands of villages. Furthermore, prospects for the June rice crops are not bright, since transplanting seems to be lagging behind the 1963 rate.

9. There is little prospect of any real resolution of North Vietnam's food problem, at least for some time to come. Hanoi has explicitly rejected the most practical solutions on ideological grounds by giving heavy industry priority over agriculture. Emphasis on producing tropical export crops to exchange for food imports (as urged by the Russians) is considered inconsistent with an "independent socialist economy," since this policy would render the economy dependent on foreign markets and subject to foreign domination. Instead, Hanoi proposes to increase the yield of existing farm land through investment and technical innovation, and to open up new agricultural areas by resettling ethnic Vietnamese in the mountain regions now sparsely inhabited by minority races. Neither of these programs can be realistically expected to alle-

²Typically, this admission was couched as a boast: "... in spite of natural disasters the total output of food in terms of paddy was nearly 5 million tons." In 1960, the regime was projecting an annual output of 9 million tons by 1965 to keep up with its population increase. According to North Vietnamese figures, performance in recent years has been as follows (in million metric tons of rice-equivalent): 1959—5.7, 1960—4.9, 1961—5.5, 1962—5.7.

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5

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viate the basic food problem in the near term. Indeed, we believe the situation is likely to get worse over the next year or two—drastically so if the weather should prove adverse.

10. *Transportation.* Despite Hanoi's considerable investment in transportation and communications, North Vietnam's transportation system cannot adequately support the industrialization program. This is due not only to the rudimentary structure of the system but also to poor planning and inefficient organization at the national and local levels, the use of large numbers of unskilled personnel, and the lack of maintenance equipment and storage facilities. Only those areas of North Vietnam served by the limited, French-built railroad system have sufficient and comparatively efficient service. The railroad system is vulnerable strategically, since the lines all radiate from Hanoi with no alternate rail facilities available for any one line. Both the rail and the highway systems have many key bridges. The road system is poor, and trucks and gasoline are scarce. Haiphong is the only port that can handle large amounts of general cargo and petroleum in bulk. The inland waterway system is primitive, and the country has few ships for inland and coastal transport. There are approximately 40 light transport aircraft that can provide limited airlift.

11. *Industry.* In 1957, the Hanoi regime launched a Three-Year Plan, which conformed to Soviet recommendations in stressing light industry and the development of exportable agricultural products.³ Industries inherited from the French were expanded (e.g., cement and textiles), and new ones were developed (e.g., food processing, enamelware, paper, and soap). Production has increased impressively, though in absolute terms industry remains small.⁴

12. In 1960, emphasis was shifted in the current Five-Year Plan (1961–1965) to heavy industry and prestige projects. However, North Vietnam has neither the domestic resources, the capital, the experienced managers, nor the skilled labor necessary to create extensive heavy industry,⁵ and the pace of economic development has diminished since the Five-Year Plan was launched. The Plan itself has faltered, and its goals

³ In 1960, light manufacture accounted for two-thirds and mining and heavy manufacture for one-third of all industrial output by value.

⁴ Hanoi statistics claim that industrial production, exclusive of handicrafts, increased at an average annual rate of about 33 percent from 1956 through 1962. This figure is probably inflated, however, and it must be remembered that North Vietnam began with a small base in 1956. In 1962, the value of agricultural production still accounted for about 45 percent and industrial production (exclusive of handicrafts) for only about 12 percent of North Vietnam's estimated GNP.

⁵ Managerial deficiencies have been a source of concern to the regime for some time. In 1962, trained technicians and skilled workers comprised less than three percent of the civilian labor force—and the regime itself has admitted that the level of competence in this small pool of trained talent is still very low.

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were revised downward in April 1963.⁶ Considerable construction has been started and some progress has been made, but the quality of North Vietnam's industrial output remains low and its real contribution to the economy is slight. The bulk of the country's heavy industry is concentrated within the small rectangle formed by the four cities of Haiphong, Thai Nguyen, Phu Tho, and Nam Dinh, and the power essential to continued production comes from a few key plants.⁷ There are indications that Hanoi is concerned over the strategic vulnerability of the country's industry and transportation.

13. *Trade and Aid.* North Vietnam's lack of domestic capital and technical skills, coupled with the regime's desire to industrialize the country rapidly, have made its economy crucially dependent on foreign trade and aid. In the period 1955-1963, the DRV received almost a billion dollars of credits and grants from the Communist Bloc, almost half from Communist China. North Vietnam's trade has more than tripled since 1955 and now stands at about \$240 million. About 85 percent of this trade is with the Bloc: roughly 35 percent with the USSR, 30 percent with Communist China, and 20 percent with the European Satellites, mainly East Germany, Czechoslovakia, and Poland. The principal Free World trading partner is Japan. The DRV has imported all its POL, iron and steel, railroad rolling stock, and vehicles, and most of its machinery and metal goods, spare parts, industrial chemicals, chemical fertilizers, and raw cotton.

14. North Vietnam has never had an export surplus and most of its trade deficit (about \$60 million in 1963) has been financed under Bloc assistance programs, which consisted mainly of grants in 1955-1957 but have been largely credits in the years since then. Bloc aid and technical assistance will continue to be crucial to the industrial development of North Vietnam. The USSR has made credits available for agriculture and, together with the European Satellites, has provided machinery and equipment for heavy industry, as well as motor vehicles. Soviet and European Satellite economic assistance for the current Five-Year Plan has been scheduled primarily for projects in the fields of electric power, coal and apatite mining, engineering, chemicals, and telecommunications. The Chinese Communists have supplied large quantities of basic materials and manpower. They have also constructed a few heavy industrial plants, assisted in the rehabilitation and expansion

⁶For example, the original Plan called for the production of 500,000 tons of pig iron a year (60 percent going to steel) and the Thai Nguyen plant was scheduled for completion in 1960 with an initial annual capacity of 100,000 tons. Thai Nguyen's first blast furnace, however, was not put into operation until February 1964.

⁷Six plants account for 91 percent of the electric power supply of the main grid and supply about 65 percent of the total electric power in North Vietnam—including power to the urban areas of Hanoi and Haiphong.

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of North Vietnam's transportation and irrigation system, and made appreciable contributions to the growth of light industry. Bloc technical assistance has included not only the loan of foreign technicians and advisers but also the supply of technical data and the training of North Vietnamese abroad.⁸

15. The seriousness of a cessation or suspension of Soviet and East European Bloc economic aid and technical assistance to North Vietnam would depend chiefly on Communist China's willingness and ability to replace them, the speed with which this could be accomplished, and the concessions that China might demand. A cutoff in deliveries of machinery and equipment from the USSR and East European Satellites would disrupt the current industrialization program, at least temporarily. These considerations almost certainly impose some restraint on DRV leadership from associating too closely with Peiping.

IV. MILITARY PROBLEMS AND PROSPECTS

16. Considerable modernization of the armed forces, known as People's Army of Vietnam (PAVN), has taken place since 1954, though progress has sometimes been hindered by intra-Party political maneuvers and, more importantly, by conflicts between military and civil needs. The small pool of Vietnamese technical talent is not adequate for military or civil requirements, let alone both. During 1958-1960, large numbers of military personnel were diverted to agricultural and economic tasks. Such diversions seem to have stopped in 1961 (i.e., at the time when Hanoi began intensifying its insurgency effort in South Vietnam), but army units are still being exhorted to grow their own food.

17. *The Ground Forces.* The core of the PAVN is the regular army of perhaps between 200 and 250 thousand men. We believe the army is organized into 5 infantry divisions, 1 artillery division, 5 infantry brigades, and 1 infantry unit which may be either a division or a brigade. There is evidence that the army underwent considerable reorganization in 1960-1961 and that some of this involved "brigading" units formerly structured as divisions, but the details of and reasons for this reorganization remain obscure. What we know of its deployment suggests a defensive posture: Four of its five accepted infantry divisions and its

⁸ The total number of Bloc technicians sent to North Vietnam is unknown, but the number of foreign advisers and technicians (excluding laborers) in the country at any one time probably has been about 1,000. Estimates of the number of Soviet technical personnel present in North Vietnam at any one time range from 200 to 300. The number of technicians from Eastern Europe in North Vietnam at any one time may be as high as 100 to 200. Estimates of the number of Chinese personnel in North Vietnam are larger than those for Soviet personnel, but the two are not comparable: Chinese personnel in North Vietnam may total 3,000 to 5,000 a year; some of these are technicians, but most are laborers whose levels of skill may not be much higher than those of North Vietnamese workers.

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only artillery division are believed to be stationed in the Red River delta area around Hanoi and Haiphong. Since about 1958, army training has laid primary emphasis on conventional warfare. Nevertheless, guerrilla tactics continue to receive attention, and we are aware of special courses for the training of prospective infiltrators to South Vietnam.

18. The strengths of the army lie principally in its experienced and loyal officer corps, its disciplined and tightly controlled organization, and its reputation as the conqueror of the French. Unlike the Lao Dong Party, the army is primarily of peasant origin. Its individual infantry soldiers are inured to hardship and highly adaptable. Many have had or are receiving combat experience in the Hanoi-directed insurgent movements in Laos and South Vietnam. Recent evidence indicates that the army has generally adequate stocks of conventional equipment, thanks primarily to Chinese assistance. The PAVN has augmented its holdings of light artillery and medium antiaircraft artillery weapons through Soviet and Chinese Communist sources in recent years, but it continues to hold only modest quantities of medium artillery and is not credited with any heavy artillery. There are some indications that limited numbers of Soviet tanks (T-34s and PT-76s) have been received to augment the small number of captured US and French armored vehicles known to remain in the PAVN inventory. Nevertheless, it is unlikely that the PAVN has yet created a significant armor capability.

19. Supplementing the regular army is an armed militia of perhaps 200,000 which, in turn, forms part of a trained reserve which may consist of around 500,000 in all. These figures are based on assumptions rather than evidence. There is also an Armed Public Security Force under the operational control of the Ministry of Public Security and used primarily for internal security functions. This is conjectured to have about 30 battalions and to contain something like 15,000 men.

20. *The Navy.* The Navy is a small coastal defense force with no significant deepwater capability. Its principal equipment is 28 or 30 Communist Chinese Swatow-class motor gunboats, 12 Soviet motor torpedo boats, and 4 submarine chasers. The Navy guards against smuggling and illegal entry or exit, conducts some minelaying, and participates in some clandestine operations in support of the Viet Cong.

21. *The Air Force.* North Vietnam is not believed to have any combat aircraft at the present time, though the foundations for the creation of an air arm have been laid. Headquarters, maintenance, and support organizations are being developed, and much work has been done on airfield improvement and construction. The North Vietnamese efforts in this regard derived considerable impetus and benefit—in terms of equipment and practical experience—from the Soviet airlift into Laos,

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which began in late 1960 and extended through October 1962. When the Soviets withdrew from this activity they left most of their equipment behind, including 28 transports which more than doubled the DRV aircraft inventory. There have been consistent but unconfirmed reports over the years that Vietnamese pilots have been receiving flight training in China and various Eastern European countries. It is possible that China could provide fighter aircraft for a small North Vietnamese air force on short notice.

22. *North Vietnamese Air Defense.* The PAVN's capabilities in the field of conventional antiaircraft artillery have improved over the past several years. Defense against modern high speed aircraft is still relatively ineffective, but against helicopters, transports, and propeller aircraft PAVN capability would probably be good. Similarly, the present North Vietnamese air control and warning system has a limited operational capability against a modern air threat. There is a radar net of about 29 early warning and fire control installations situated throughout the country, but the radars consist of obsolete RUS, DUMBO, WHIFF, FIRECAN, and modified SCR-270s, with a few older type KNIFE RESTS. Mainland Chinese radar also covers North Vietnam, though so far as we know it is not at present coordinated with the DRV net. North Vietnam is not known to have any surface-to-air missile capability.

23. *Communist Bloc Military Assistance.* The PAVN's program of standardization and modernization has depended almost entirely on Soviet and Chinese Communist technical assistance and provision of materiel for its successful implementation, though no reliable breakdown on such military aid is available. Reports of the presence of Soviet-design small arms, artillery, tanks, and trucks have been received over the past nine years, but the proportion of these which may have been supplied by the Chinese has not been established. It is probable that Soviet aid in the form of artillery and vehicles was predominant until 1960, but since that date Hanoi is believed to have looked increasingly to Peiping for supply of such items—as well as for ammunition of all types. All the mortars and recoilless rifles, other than those captured from the French, are believed to be of Chinese Communist manufacture. Similarly, the stock of small arms such as SKS 7.62 mm rifles and K-53 and 54 7.62 mm machineguns, although of Russian design, was probably supplied by Communist China. Because of Peiping's difficulties in supplying its own national needs, it is probable that North Vietnam will continue to depend upon the USSR and the East European Satellites for heavier and more complex items (e.g., armored vehicles, heavy artillery, and perhaps aircraft). POL appears to be provided in part by Communist China, with the remainder coming from Soviet or East European sources.

24. *North Vietnam's Military Weaknesses.* North Vietnam's major military weaknesses derive, directly or indirectly, from its deficient tech-

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nological and industrial base. The DRV can produce only limited quantities of mortars, bazookas, grenades, mines, small arms, and ammunition, but does have some capability for arms repair. Major deficiencies include inadequate supplies of modern heavy equipment; a shortage of trained specialists, technicians, and qualified instructors; low levels of education; and present lack of air and naval support and insufficient armor for conventional operations. Despite the PAVN's efforts to standardize with Bloc equipment, considerable quantities of Japanese, German, French, and US armament are still in use, greatly complicating maintenance and logistics support. These various weaknesses and deficiencies would not be likely to hamper Hanoi's support of or engagement in insurgency-type operations. However, we do not believe that Hanoi could sustain a large-scale military undertaking for any considerable length of time without substantial continuing assistance from external sources.

V. THE SUPPORT OF INSURGENCY

25. *South Vietnam.* Infiltration from North Vietnam has long provided the Viet Cong with political and military cadres and technicians who are usually dispersed upon arrival to lead existing Viet Cong units or serve as nuclei for new or expanded units. We have received occasional reports of infiltrated units remaining together as such, but this seems much more the exception than the rule. Available evidence suggests that personnel infiltration is primarily of significance in providing leadership and technical skill rather than contributing appreciably to gross Viet Cong manpower. The Viet Cong get virtually all their food and nonmilitary supplies locally.

26. The bulk of Viet Cong ordnance continues to be obtained by capture from Saigon Government forces, by drawing on reserve stocks cached prior to 1954, and, to a lesser extent, by local Viet Cong manufacture. However, the increasing amount of heavier equipment now being captured, together with the apparent steady improvement in the armament of Viet Cong forces, suggests that in recent months more materiel has been coming from outside South Vietnam. Most of this, we believe, comes from PAVN stocks rather than directly from Communist China. Until the past year or so, it was believed that most equipment brought from North Vietnam was carried overland, mostly through Laos, and perhaps some through Cambodia. There is evidence that some materiel is now being shipped by sea, either directly to southern coastal areas or to be smuggled in from Cambodia. Hanoi's strategy seems still that of winning control of South Vietnam by subversion and insurgency, but there are some signs of Viet Cong units of a more conventional type being created throughout South Vietnam, particularly in the central highlands. If such units were established, more equipment would probably be forthcoming from Hanoi.

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27. So far, the cost to North Vietnam of its support of the Viet Cong insurgency has been relatively slight in comparison to the results achieved. Hanoi could almost certainly substantially step up the infiltration of cadres and introduce PAVN units of up to battalion size. Hanoi could also probably furnish a certain amount of additional materiel. However, if the nature of the war came to require major items of military equipment, to provide this would probably interfere with the PAVN's own needs and require access to foreign supplies.

28. *Laos.* In some respects, it has been less troublesome for Hanoi to support insurgency in South Vietnam than in Laos: The DRV has to supply food, the Pathet Lao are not nearly so resourceful or able as the Viet Cong, and PAVN units have been put into the field and in some cases more or less permanently stationed on Laotian soil. We believe that Hanoi can continue the type of activity and support it is now engaged in, and perhaps increase the quantity of troops and equipment involved.

VI. THE OUTLOOK FOR NORTH VIETNAMESE POLICIES

29. *North Vietnam's Orientation.* The Sino-Soviet split poses a painful dilemma for the present Hanoi leadership. Except during the period when it was protected by French arms (a period which coincided with Chinese weakness), Vietnam has never been able to ignore its huge northern neighbor, by whom it has twice been occupied, once for a thousand years, and with whom it has traditionally maintained a client relationship. Considerable evidence exists of continuing antipathy for the Chinese in the DRV. For nationalistic as well as doctrinal reasons, Ho Chi Minh would obviously prefer a unified world Communist movement more or less directed from Moscow to any polycentric system in which nearby China could dominate the DRV. Ho has long been a leading advocate of unity in the world Communist movement and has used his considerable prestige in every way possible to keep the breach between Moscow and Peiping from widening. Yet it has widened, and the DRV has found it ever harder to stay on the fence. Hanoi cannot ignore China's propinquity and substantial assistance, nor the fact that China's policy is more consonant than Soviet strategy with Hanoi's immediate interests in acquiring control of South Vietnam. But it is equally impossible to ignore the longer term disadvantages of opting definitively for either disputant, since either choice could involve not only the loss of important outside aid but the risk of becoming a Chinese satellite.

30. For the past four years this dilemma has plagued Hanoi, and apparently generated considerable bitter strife within the higher councils of the Party. For a while, Hanoi sought to avoid a decision by compromise and gestures toward both sides. In 1963, Hanoi became more

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concerned about Moscow's policy of detente with the West and inclined more and more toward Peiping. The test ban treaty threw up a concrete issue that could not be hedged, and North Vietnam refused to sign. The communique of the December 1963 meeting of the Lao Dong Central Committee, issued after a month's delay, comes down on the Chinese side on most doctrinal issues, but does not join Peiping's direct attack on Khrushchev himself. Instead, the Lao Dong document carefully distinguishes "Yugoslav" revisionist heresy from the erring doctrines of brothers who should be kept within the fold.

31. So far, Moscow appears to have appreciated Hanoi's dilemma, for there is no sign of curtailment of Soviet and East European trade or aid. We believe that Hanoi, though continuing to side with Peiping on most issues, will maintain as cordial relations with Moscow as circumstances permit and will seek to avoid too close a Chinese embrace.

32. *The Conquest of South Vietnam.* DRV leaders almost certainly view Communist prospects in South Vietnam with considerable confidence, and believe that their program of increased pressures since 1960 has offset both earlier GVN progress and subsequent US massive assistance. The DRV apparently estimates that it can wear down the South Vietnamese will to resist by harrying GVN forces, demonstrating their inability to protect the villagers, and exploiting legitimate grievances against Saigon officialdom.

33. A number of factors since 1960 have greatly aided these Communist endeavors. President Diem's government grew less effective, and South Vietnamese grievances and vulnerabilities rose. DRV-sponsored gains in Laos provided secure routes for infiltrating additional arms and cadres into the South, and the Laotian settlement of 1962 raised doubts in South Vietnam about US determination. Despite increased US support, the GVN has not yet shown itself able to cope with the political-military Viet Cong threat. The South Vietnamese have overthrown Diem, but the effectiveness of the present successor rule has yet to be proved. Finally, French championing of neutralism, and the impression in Saigon of growing defeatism within the US, have reinforced Hanoi's confidence.

34. *The French Ingredient.* The Indochinese picture has recently been complicated by French initiatives. Hanoi would not consider any re-establishment of French control or dominance in Indochina, but would certainly prefer French presence to American. It may view France as a possible provider of economic aid, especially if the Sino-Soviet quarrel eliminates the USSR as a source. For the moment, Paris, Hanoi, and Peiping seem to share the common objective of eliminating the US presence in Indochina, but so far the Communists have apparently not given the French neutralization idea much encouragement. At a minimum, we believe the Communists will make whatever use they can of

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13

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French gestures and initiatives to confuse Western opinion, and to increase popular sentiment in the South for neutralism and negotiation.

35. *Neutralism and Negotiation.* Hanoi has exhibited little interest in an international settlement guaranteeing neutralization of South Vietnam. Its official posture has been, and remains, that the South Vietnamese struggle is a purely internal affair, though it is in sympathy with the aspirations of the "National Front For the Liberation of South Vietnam," which is completely controlled by the Hanoi-directed Viet Cong. Hanoi's minimum condition for settlement (withdrawal of the US presence) has not changed, but its tactics are probably shifting and becoming more flexible. The "Front" may try to capitalize on its gains and on war-weariness in South Vietnam by attempting to generate a coalition "neutralist" regime in which it plays a key role. In any event, Hanoi would almost certainly consider any form of "neutralist" settlement as simply an interim step toward complete Communist control, and, whatever agreements are signed, we believe that the Viet Cong apparatus would not be dismantled.

36. DRV leaders probably believe that the GVN will to resist is waning and has been further reduced by the current surge of neutralist talk. They may feel the same is also true of the US. Hanoi may try to speed the process by further increasing the pressure. If so, we believe DRV action would be confined to such steps as increased Viet Cong aggressiveness supported by better and heavier weapons, and by heightened Viet Cong terrorism in the cities. Thus they would hope to promote a situation where the US would have to accept a face-saving formula for retreat, or be asked to withdraw by a neutralist South Vietnamese regime. We believe that Hanoi will not undertake an invasion or even a major covert commitment of DRV military units; we see no indication that the DRV leaders are disposed to stimulate drastic US counteraction.

37. *The Situation in Laos.* Hanoi's goals in Laos have been in many respects more limited than in South Vietnam. North Vietnam already controls enough Laotian territory to further its objectives in South Vietnam. Until 1959, Hanoi, while working to build up the Pathet Lao, was satisfied to see an independent, though weak and complaisant, central government. In 1959, Hanoi seems to have decided that it needed sufficient control in Laos to protect North Vietnam's western flank and to secure lines of communication into South Vietnam for the real insurgency Hanoi was about to start there. These objectives have long since been achieved.

38. More recently, North Vietnamese involvement in Laos has been largely concentrated on protecting their investment and bolstering the position of the Pathet Lao. When the Pathet Lao has gotten into trouble, some increased, if temporary, North Vietnamese participation has often been necessary. For example, the recent FAR/Neutralist

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capture of Kam Keut and Lak Sao was followed by an effective counter-attack once Vietnamese reinforcements became available. We view the North Vietnamese commitment in Laos as being, in their view, something of a sideshow, but one paying dividends in combat training, border security, and secure access to the South. North Vietnam will probably introduce whatever PAVN elements are required to maintain the present Communist position in Laos, but the Communists will seek to avoid initiatives that they would consider likely to provoke US military action. However, the Pathet Lao, with North Vietnamese assistance, can be expected to strengthen its hold in Laos and continue to erode the political-military position of the non-Communists.

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39. At the moment, the situation in South Vietnam and Laos, coupled with increasing international interest in a negotiated settlement in Indochina, seems to be hastening the achievement of Hanoi's goals. This may be so, but for reasons indicated above, we do not believe that North Vietnam is playing entirely from a position of strength. A decade after Dien Bien Phu, Hanoi is still waiting for the full fruits of victory. The North Vietnamese people have seen the bright promise of independence fade into a drab existence, worse in most ways than under French rule and enforced by more onerous controls. The population is rising and the food supply declining. The Party has seen brave plans founder, and current development efforts require conditions for success which may not obtain if present pressures continue. We do not anticipate any imminent collapse in North Vietnam, but the eventual departure of Ho will probably introduce severer strains than any the regime has yet faced.

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