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DIRECTORATE OF
INTELLIGENCE

MEMORANDUM

Developments in Indochina

USAF review completed.

State Dept. review completed

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DEVELOPMENTS IN INDOCHINA

(Information as of 1500)

CAMBODIA

Lon Nol appears to have decided to break up the Chenla task force and abandon the effort to reopen Route 6.

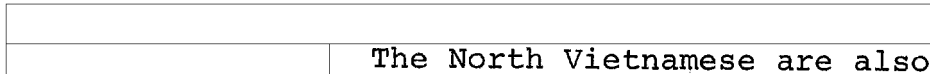
NORTH VIETNAM

Hanoi reaction to President Nixon's troop withdrawal announcement suggests the North Vietnamese may have expected some policy changes. New flooding reported in the rice-growing delta area. Hanoi's top educator calls for educational reform.

SOUTH VIETNAM

The new economic reforms may contribute to price rises in the near term but are expected to pave the way for more rapid economic development in the long run.

LAOS



The North Vietnamese are also making heavy use of the supply trails leading toward the Plaine.

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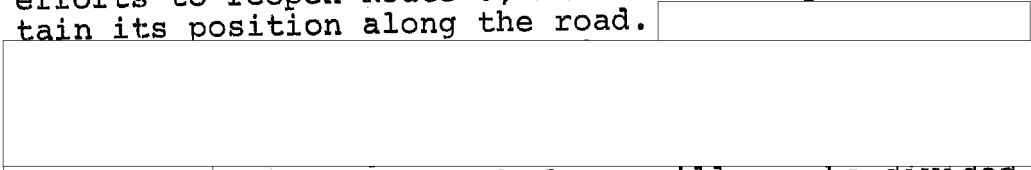
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CAMBODIA

The government appears to be abandoning its efforts to reopen Route 6, but it will try to maintain its position along the road.



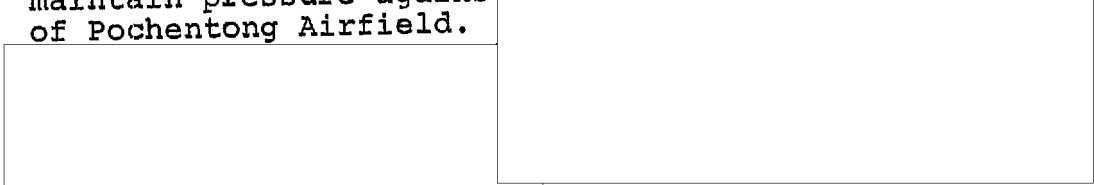
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The Chenla task force will now be divided into two separate operational commands--Chenla-north, which will hold and defend the towns of Baray and Kompong Thmar, and Chenla-south, which will be responsible for the security of Tang Kouk and Skoun. There are approximately 10,000 troops under each command. The primary mission of the commands is defensive, but the units have been authorized to take the action to the Communists if feasible.

In opting for this course, Lon Nol is trying to salvage as much as possible from the Chenla operation, which had more than achieved its initial objectives until the Communists launched a counter-offensive in late October. Government losses since the offensive began stand at about 120 killed and another 700 wounded. Lon Nol evidently rejected proposals that the entire operation be abandoned or that South Vietnamese troops be requested to open Route 6.

The division of the Chenla forces will increase their vulnerability, particularly the troops in the northern command that will be dependent on aerial resupply. It is not clear, however, whether the Communists, who probably have taken heavy losses, are in a position to take early advantage of the more favorable tactical situation.

In the Phnom Penh area, the Communists still maintain pressure against government positions west of Pochentong Airfield.



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NORTH VIETNAM

Hanoi propaganda is interpreting the announcement of further US troop withdrawals as indicative of a continuing tough US stand on the war.

Initial reaction from the North Vietnamese suggested that they may have expected the President's statement would contain some changes in US policy. Instead, according to Hanoi's official commentary, the President failed to offer any "decisive change...at all." The Communists charged that the US plans to continue its Vietnamization program, its support of the Thieu government, and the use of US air power in Indochina "indefinitely."

The commentary picked up the factors which the President said would enter into US decisions in the coming months on additional troop withdrawals and a reduction in US air operations. It implied that the US could not expect the Communists to agree to any restraint on the level of their military operations in South Vietnam in exchange for a further reduction of the US military effort. As usual, the propaganda pledged the Communists to a continued war effort in South Vietnam but did not suggest that Hanoi planned any particular step-up in military action in response to the President's announcement.

Hanoi emphasized that the seven-point peace proposal remains the cornerstone of its demands for a negotiated settlement. The commentary called on the US to respond to the seven points and, in an apparent reference to the President's plans to visit Peking and Moscow, charged that the US planned to carry out the "dirty trick" of conducting "diplomatic activities" through channels other than Paris.

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The propaganda reiterated the Communist contention that the US must agree to points one and two before a negotiated settlement is possible. Point one calls for the withdrawal of all free world military personnel and materiel from Vietnam and the cessation of free world military action within Vietnam. Point two demands an end to US military support and political "backing" for Thieu so that a coalition regime can be established.

There was no hint in the Communists' reaction that they plan to make any concession on the matter of US prisoners. In fact the propaganda left the impression that they believe US prisoners may become even more important as a negotiating card in any future arrangement on ending the US role in Vietnam. The commentary noted that the number of US prisoners is growing because of the continued fighting by US forces.



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Typhoons Add to Hanoi's Flooding Problems

New flooding portends substantially greater losses of the important November rice crop. Photography  shows that large-scale flooding occurred again in the central delta provinces, generally the same areas inundated last August. Water levels appeared higher behind the dikes than in the rivers, suggesting that the latest floods were caused by three to six inches of precipitation recorded from the deteriorating tropical storm Hester. Primary transportation arteries were intact but flooded secondary roads have isolated many villages.

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The new flooding will further reduce yields or cause total crop failure in fields that had survived the August floods. Shortfalls in the November rice crop will require greater imports of foodstuffs before the spring crops are harvested. A substantial

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increase in food imports apparently took place in October when total seaborne aid deliveries from China and the USSR reached the highest monthly level since the war began.



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To Huu on Education

North Vietnam's top educator has rendered an unusually harsh judgment on the level of talent and expertise in the country and the educational system responsible for it. Writing in a recent issue of the party theoretical journal, To Huu, the head of North Vietnam's National Commission on Education and Science, attempts to demonstrate the point that "the present educational level of the people and especially the cadres is totally inadequate to needs in many respects relative to building large scale socialist production." Although To is disposed to pessimistic views on a variety of topics, his assessment in this case is jarring since North Vietnam has traditionally pointed with pride to the standards of literacy in the country and to the quality of education.

To's article makes it quite clear that there has been a significant reduction in Hanoi's educational effort since the war went into high gear. By To's count, full-time school enrollment in North Vietnam now stands at one third the total population. Since other North Vietnam statistics suggest that one fourth of the people were in school in 1965, this most recent tally indicates that total enrollment has increased by only eight percentage points in the past six years. The pace may have been even slower among North Vietnamese below 25 years of age. This group is estimated to make up an increasingly large percentage of the population and may well have to bear a disproportionate share of its burdens. To Huu clearly makes the point that

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the number of older students in part-time classes has declined in the past five years, from one million to 400,000.

Although To deals only indirectly with the impact of the war, this obviously has figured heavily in North Vietnam's educational problems. As in industry and agriculture, the US bombing may have forced a dispersion and overextension of the north's educational facilities that have not been alleviated. In this connection, most available data point to a leveling off in the number of the country's universities over the past five years, although the government has been aiming at a major expansion.

In addition, the north's accelerated mobilization program has undoubtedly diverted away from the educational system much of the talent needed to support it. Most estimates agree that the number of students and teachers among North Vietnam's draftees is steadily increasing. Although the government continues to grant draft deferments to graduate students it is known to have lowered the upper age limit and to be giving clear preference to students in science and technology. As a corollary to the widespread mobilization effort, Hanoi has saddled the civilian reserves with increased responsibilities, thus leaving them less time for educational pursuits. This may account for the precipitous decline in the number of older part-time students which To Huu reports. It almost certainly represents a severe setback for the government's effort to hike the over-all rate and raise the productivity of all segments of the population.

The pressures of the war, however, cannot fully explain the shortages of skill and talent which To Huu describes. Conceivably military service could contribute to developing discipline and technical

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[REDACTED]

expertise over the long term. Many inductees in fact receive their initial training in areas where they have continued access to educational facilities. It is possible, moreover, that North Vietnam until recently had a glut of students which the government was unable to employ effectively. Certainly enough women are available in North Vietnam to fill some of the gaps in school enrollment. To Huu claims that the number of female students has significantly increased in recent years.

In the last analysis, however, To Huu's problems center not on the dislocations caused by the war, but on something far more basic. In his estimation, the largest single cause of the incompetence and inefficiency he detects in the society is the focus of education itself which he claims is unsuited to practical economic and social requirements. Too much emphasis, he says, is still being placed on traditional academic training, and not enough on science and technology. Presumably To would like to see a major overhaul of the nation's educational program, since already half of North Vietnam's student population is enrolled in scientific or technical institutions. To also emphasizes the need for better political education, charging that many young people have grown lax and acquired bad habits under the influence of city life. Looking toward the future, To Huu offers the gloomy prognosis that Hanoi may face continuing inefficiency and corruption on the home front unless there is an immediate effort to correct the educational deficiencies. "The hard truth is," he concludes, "that if education continues to expand along current lines it will have an immediate but only slight effect on economic expansion." [REDACTED]

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SOUTH VIETNAM

Saigon's announcement today of economic reforms will add to short-term price pressures but will pave the way for more rapid economic development. Although aware the reforms would be inflationary in the short run, Saigon went ahead to stave off further speculation and provide various changes vital to economic growth. These include a large devaluation of the piaster, simplification and reduction of import taxes, and a wage increase for the armed forces and the civil service. Proposals for reform of domestic taxes--which will probably be contentious--will be submitted to the legislature. Through these measures the Vietnamese hope to create a more favorable climate for investment, boost exports, and increase revenues. The devaluation will bring the piaster more in line with its black market value and provide a means for flexible exchange adjustments in the future.

The reforms come at a time when events have combined to create considerable upward pressure on prices following more than a year of relative price stability. After an increase of only eight percent since the start of the year, prices rose rapidly last week as people began turning in piasters for something that would hold its value. Speculation was spurred by rumors of the upcoming devaluation and fears of reduced US economic assistance. The situation was further aggravated by the low level of government rice stocks, which are not sufficient to withstand a major wave of speculation and hoarding.

Embassy officials estimate that impact of the reforms on prices will be a boost in the cost of living of an additional five to ten percent by the end of the year. The unstable situation into which the reforms were injected, however, could produce much greater price increases.

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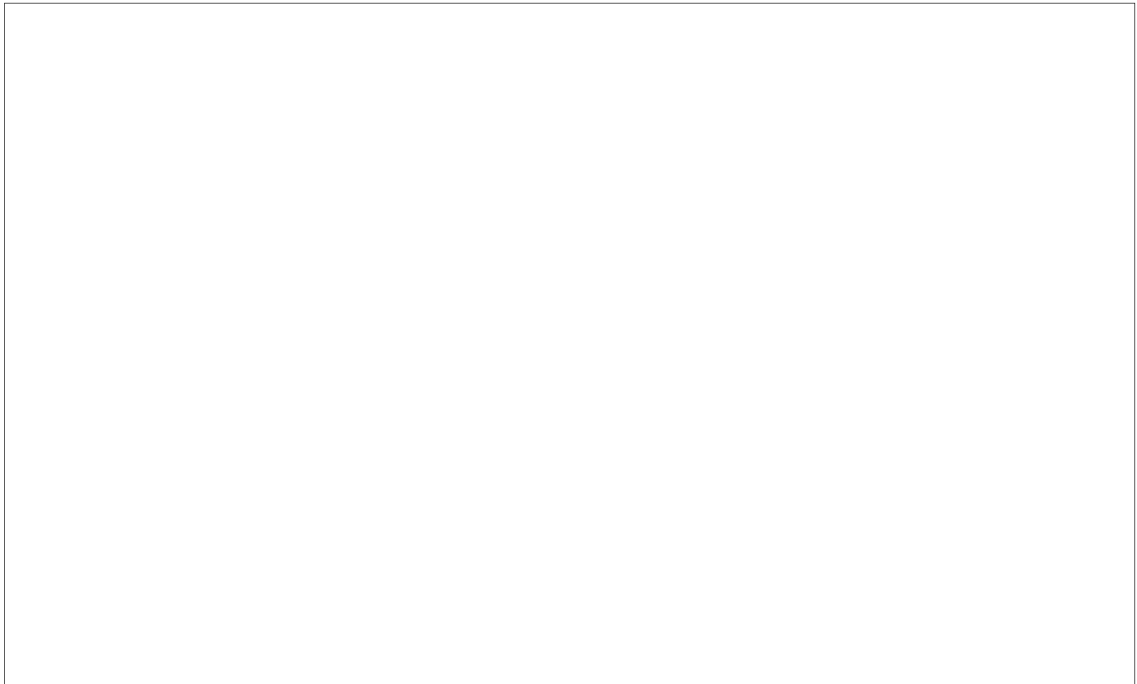
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LAOS

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Other Military Activity

Military action remained light in north Laos on 14 November. For the third consecutive night the Communists fired rockets into irregular positions in the northern Plaine des Jarres, but again inflicted little damage. The attacks did, however, force a temporary halt to air operations at one site.

Air observers continue to report that the North Vietnamese are making heavy use of trails and roads north and east of the Plaine in moving supplies to forward units. Aerial photography shows that Route 7 is open all the way from the border to the Plaine. Some supplies--including ammunition--have been reported to be moving toward the Plaine.

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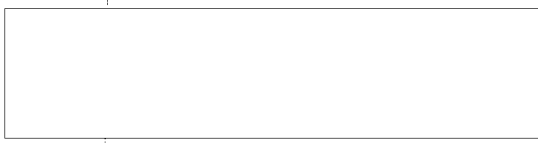
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