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CENTRAL INTELLIGENCE AGENCY

12 July 1954

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: Critical Factors Underlying the Viability of a South Vietnam State

THE PROBLEM

To estimate what factors would be of critical importance in the establishment of a viable South Vietnam state after the withdrawal of the non-Communists from North Vietnam.

DISCUSSION

1. We consider the following factors to be essential in the establishment of a viable South Vietnam state:

a. That the government of South Vietnam receive international recognition and support. It would be particularly advantageous if the military strength of the US and UK were committed to protecting the integrity of the South Vietnam state and if the Colombo powers extended diplomatic recognition and support.

b. That the line between North and South Vietnam and the borders of Laos and Cambodia be secured. In the event of a cease fire, this would have to be done by means of an international guarantee (preferably including the US and the UK), combined with international supervision. If no cease fire obtained, substantial outside forces would be required to secure the borders. The location of the north-south border is not a critical factor so long as it: (a) bisects Vietnam north of Tourans, and (b) is so drawn as to facilitate international supervision and military defense.

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c. That South Vietnam be independent of France and that this be manifested in terms visible to the average Vietnamese. Although the government probably could not maintain the necessary appearance of independence while holding membership in the French Union as presently constituted, the Vietnamese might be willing to be members of a less formal organization, somewhat similar to the British Commonwealth. In addition, it would be important to assure them that unification of Vietnam was the long-range goal.

d. That the government be capable of maintaining internal security. It would be essential that Viet Minh regulars and guerrillas be withdrawn, preferably through international agreement under effective international supervision, and that a competent national police force be established. Provided that South Vietnam was not required for the short term to assume more than a minor share in the defense of its borders, adequate forces would probably be available from among present Vietnamese forces in Central and South Vietnam.

e. That the government achieve short-term economic viability by:
(i) reducing share of national income being withdrawn from the country; (ii) exporting sufficient raw materials, principally rice and rubber, to pay for imports of manufactured goods; and (iii) obtaining the substantial technical and financial assistance required to support Vietnam during the initial period.

f. That the new South Vietnam government quickly establish a reputation for competence and efficiency. There are a few individuals who have displayed genuine leadership and others may emerge when an

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independent South Vietnam state is established. In any event, foreign administrative assistance would be required for an indefinite period of time. Administrative reform of the extent required would be impossible under the present leadership of Bao Dai and his entourage.

2. We consider that it would be possible, if all the critical factors listed above were present, to establish a viable South Vietnam state. We recognize, however, that the difficulties would be enormous. Even assuming that the US and the UK were willing to support a South Vietnam state and guarantee its integrity and that France relinquished its political and economic dominance, it would be extremely difficult to organize an effective Vietnamese government in the chaotic situation which would exist following the signing of a cease-fire agreement between the French and the Communists. Such a government would have to establish itself as a rallying-point for non-Communist nationalist elements, even though it had accepted the loss of Tonkin and a division of the country, however temporary. Once established, the new government would be immediately confronted, in addition to the security problems already present in Vietnam, with the task of coping with a Viet Minh underground which would almost certainly be left behind as the Viet Minh withdrew their regular troop formations. Moreover, even if international supervision of the borders was effective in preventing the movement of large military units, it would be impossible to seal the border against the infiltration of individuals. The government would therefore be the target of an increasing campaign of Communist subversion in addition to overt political pressures from the north.

