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CENTRAL INTELLIGENCE AGENCY

Memorandum



THE SITUATION IN VIETNAM

Information as of 1600
3 September 1965

PREPARED FOR THE NATIONAL SECURITY COUNCIL
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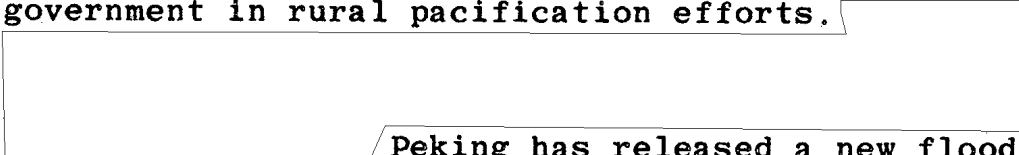
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HIGHLIGHTS

Government troops have ended a highly successful search-and-destroy operation in the coastal province of Quang Ngai but intercepted Viet Cong messages suggest that new large-scale guerrilla attacks may be imminent elsewhere. Decrees signed on 31 August, but not made public until today, give sweeping new powers to the South Vietnamese government in rural pacification efforts.



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Peking has released a new flood of propaganda calling for bitter-end struggle against the US and promising eventual victory.

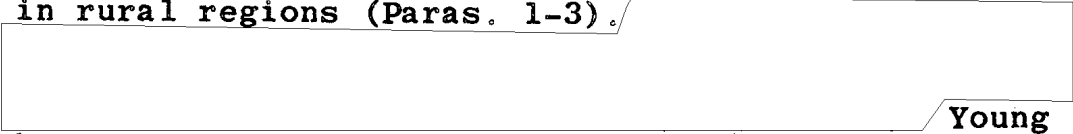
I. The Military Situation in South Vietnam:
Three battalions of the 2nd ARVN Division yesterday terminated a highly successful search-and-destroy operation near the capital of northern coastal Quang Ngai Province (Para. 1). Viet Cong antipersonnel mines yesterday inflicted moderate casualties on a USMC patrol near Da Nang (Para. 2). Viet Cong terrorists were again active in the Saigon area last night; a grenade hurled at the main gate of a US Army compound seriously wounded an American sentry on duty (Para. 3).



The results of South Vietnamese and US coastal surveillance operations conducted off South Vietnam during 24-31 August have been reported (Paras. 5-6).

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II. Political Situation in South Vietnam:
A recently signed decree gives the government wide powers to establish military administration areas in rural regions (Paras. 1-3).



Young bonzes are disturbed that certain of their leaders,

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including Thich Tam Chau, are not supporting Buddhist members of elected councils (Para. 5). Tri Quang feels that the elected councils could become a vehicle for a transition to a popular national government (Para. 6). Tri Quang likens the present state of the war to a time when the French seemed to be winning but were actually losing; he also maintains that he has caused the student demonstrations to desist from anti-Americanism (Paras. 7-8). "Intellectual" seminar ends with little positive accomplished (Para. 9).

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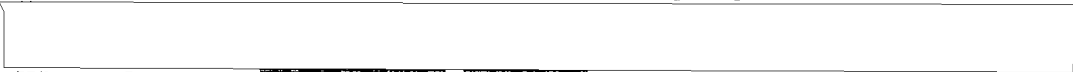
V. Communist Political Developments: Peking has used the 20th anniversary of Japanese surrender in World War II for a new flood of propaganda calling for a bitter-end struggle against the "US imperialists" and promising eventual victory (Paras. 1-4).

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I. MILITARY SITUATION IN SOUTH VIETNAM

1. Three battalions of the 2nd ARVN Division yesterday terminated a successful search-and-destroy operation 15 miles south of Quang Ngai city, the capital of northern coastal Quang Ngai Province.

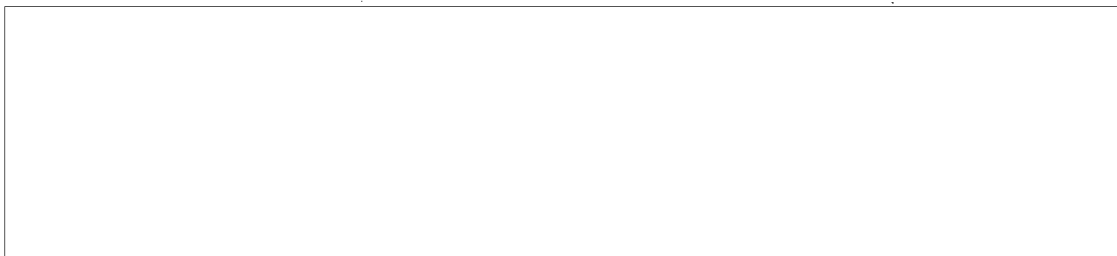


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Viet Cong forces sustained losses of 40 killed, seven captured, 88 suspects detained, and 12 weapons, 125 pounds of TNT, and miscellaneous other explosives captured. Friendly losses were placed at one killed.

2. In the Da Nang area yesterday, a USMC patrol lost five killed and 13 wounded when three antipersonnel mines, apparently electrically detonated, were exploded in their immediate vicinity shortly after an inconclusive fire fight with Viet Cong elements.

3. A Viet Cong terrorist last night hurled a fragmentation grenade at the main gate of a US Army compound in a residential section of Saigon, seriously wounding an American sentry on duty. It was the second grenade attack against US personnel in the capital this week and coincided with the 20th anniversary of the declaration of North Vietnam's independence.



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5. The Vietnamese Navy (VNN) Sea Force, employing 15 ships, and the VNN Coastal Force, with a daily average of 200 junks on patrol, searched 4,901 junks and inspected 20,668 personnel in coastal surveillance operations conducted off South Vietnam during

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the period 24-31 August. Six junks and 381 persons were detained. USN forces consisting of eight destroyers, one minesweeper, two LSTs, and 17 Coast Guard patrol boats inspected 730 wooden-hulled and 119 steel-hulled vessels, but no Viet Cong attempts at infiltration were detected. One Polish and one Soviet ship transited the surveillance area.

6. Surveillance forces killed three Viet Cong and captured 15 in a series of engagements not connected with actual infiltration attempts. Friendly casualties were limited to minor wounds to three South Vietnamese and one US adviser.

7. MACV's military report for 1 September shows 108 Viet Cong - initiated incidents, eight of which occurred during the 24-hour reporting period. No significant new actions were reported, as widespread harassment of lightly defended, isolated government outposts and population centers and sabotage against major land lines of communication continued to characterize enemy activity in the countryside.

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II. POLITICAL SITUATION IN SOUTH VIETNAM

1. According to press reports from Saigon, Premier Ky has been given sweeping new powers to establish military administration in the rural areas. The enabling decrees were reportedly signed by chief of state and directorate chief General Nguyen Van Thieu on 31 August, but were not announced by the official Vietnam Press News Agency until today.

2. The new zones will be headed by a military commander with a civilian administrative assistant, appointed by the Defense Ministry. Within such zones the military administration will be authorized to search houses by day or night, ban strikes and public meetings, and censor the press.

3. The motives for these broad changes is not clear at this time; however, Premier Ky recently indicated that he considered pacification programs as a priority item in the war against the Viet Cong. He told Ambassador Lodge yesterday he was interested in bringing law and order to the area around Saigon, but apparently felt that the present Hop Tac pacification apparatus was not effective. Ky evidently felt that there was too much paper and not enough action connected with Hop Tac, which now seems to be largely dormant.

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5. Many young Buddhist bonzes and laymen are reportedly highly critical of Buddhist leaders such as Thich Tam Chau, Thich Thien Minh and Thich Tam Giac for not actively getting people to support Buddhist-sponsored council members recently elected in towns and villages. They feel that lack of support from the clergy will cause these council members to lose the next election.

6. Thich Tri Quang allegedly feels that these elected councils can be used as a means of eventually establishing a national convention, which would ultimately select a government which is representative of the people. Quang believes that such a government could eventually provide a face-saving way out for the present military government.

7. During a conversation with the US consul in Hué, Tri Quang expressed the thought that the problem of the present government is a minor one, for the war is now entering a phase similar to the one when the French were defeated after winning many battles. The problem of the moment is that the Vietnamese people may turn against the Americans as the result of the vastly increased intensity of the war. The Viet Cong, he feels, will attempt to fan anti-Americanism among the people.

8. Tri Quang maintained that he has called for a cessation of any further anti-Americanism on the part of the student anti-government struggle movement, maintaining it was without justification since the United States had not issued any statement of support for the military government. General Thi, I Corps commander, has also recently claimed credit for eliminating the anti-American aspects which were evident early in the demonstrations.

9. The "intellectual" seminar which was being conducted in Hué apparently ended inconclusively. The conference discussed the war and the majority of those present agreed it was a "Nationalist versus Communist conflict." A call was issued for a social revolution to help in defeating Communists. The question of what a "social revolution" is will be left for another meeting. The conference failed to become an antigovernment sounding board.

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V. COMMUNIST POLITICAL DEVELOPMENTS

1. Peking has used the 20th anniversary of Japan's surrender in World War II as the peg for a flood of propaganda urging a bitter-end struggle against "imperialism" and promising eventual victory. Speeches by Peng Chen and Chief of Staff Lo Jui-ching at a rally in the capital, editorials in People's Daily and Liberation Army Daily, and a 30,000-character article by Defense Minister Lin Piao all centered around the need for resolute militancy but contained no significant departures from themes already established in Chinese propaganda.

2. Lin's special article is clearly intended as the key statement of Peking's position and is being published in major newspapers and magazines all over China. Lin cites the Communist victory in China as proof that the Viet Cong and "revolutionary elements" elsewhere in the world can defeat the "imperialists" if they follow Mao Tse-tung's theory of "people's war" faithfully. He gave a detailed account of Mao's strategy against the Japanese invaders and declared that it was especially applicable today in Latin America, Asia, and Africa. Lin asserted that the current struggle in Vietnam was part of a grand strategic plan to "surround" the US and Western Europe.

3. Lin reiterated Peking's standard line that the US is "clamoring" for war with China and warned once again that if the US attacked, Peking would be free to decide where and how the war would be fought, implying that hostilities might involve all of Asia.

4. Lin renewed Peking's bitter criticism of the Soviet leaders who, he said, are "afraid of US imperialism, of war, and of revolution." He declared that Peking had no such fears and would increase its support for revolutionary wars as China grew stronger. He warned, however, that the "revolutionary masses" must rely as much as possible on their own strength and could not hope to win if they depended wholly on foreign aid--even aid from socialist countries which persist in revolution."

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