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WEEKLY REPORT



THE SITUATION IN SOUTH VIETNAM

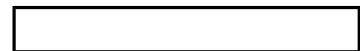
1 June 1966

**INTELLIGENCE AND REPORTING SUBCOMMITTEE OF THE INTERAGENCY
VIETNAM COORDINATING COMMITTEE**

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DIA review(s) completed.

ARMY and DOS review(s) completed.



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NOTE

This will be the last edition of the Weekly Report issued under the aegis of the Vietnam Coordinating Committee. The next edition of the report, which will be published on 8 June, will be produced by the Directorate of Intelligence, Central Intelligence Agency. The report will be focused on internal political, economic, and social developments in South Vietnam. The statistical charts on military activity in South Vietnam, which are now a feature of the report, will henceforth be appended on a weekly and monthly basis to the daily memorandum, The Situation in Vietnam, issued by the Central Intelligence Agency.

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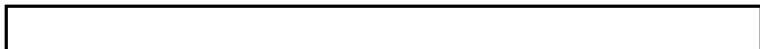
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THE SITUATION IN SOUTH VIETNAM
(26 May - 1 June 1966)

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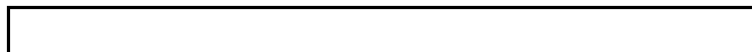
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(The Weekly Report on the Situation in South Vietnam is based on contributions from CIA, DIA, and INR; it is edited and published by CIA without final coordination.)



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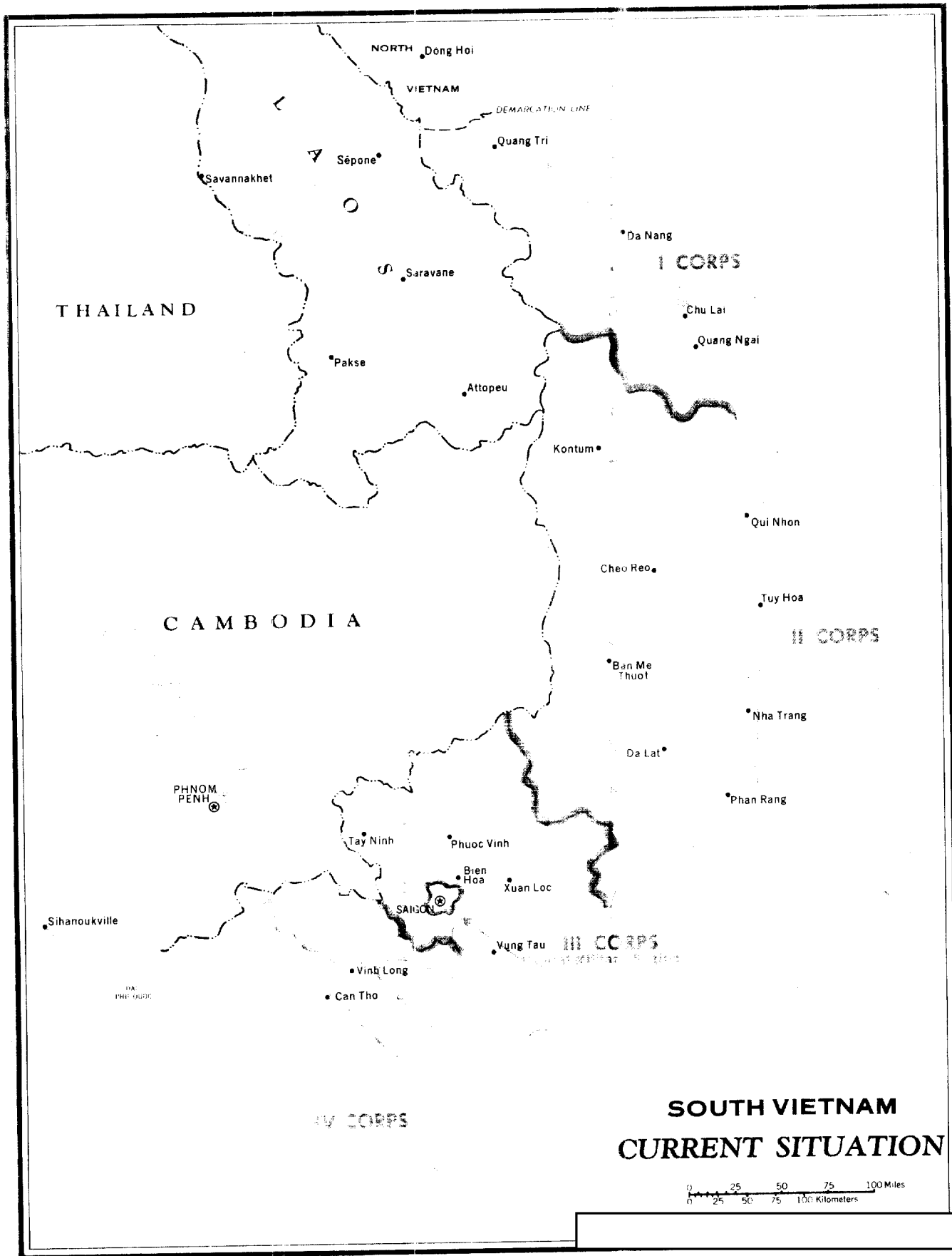
THE WEEK IN PERSPECTIVE

Meetings between members of the Ky regime and the Buddhist leaders in Saigon were initiated this week amid a rash of Buddhist self-immolations and continuing violence in Saigon and in Hue. There were indications before the talks began that the Buddhists might welcome at least a temporary reconciliation with the Ky regime in view of their failure to stir large antigovernment demonstrations, and the partial loss of military strength among the "struggle" elements in I Corps.

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I. THE SITUATION IN SOUTH VIETNAM

A. POLITICAL SITUATION

1. Meetings between members of the Ky regime and the Buddhist leaders in Saigon were initiated this week amid a rash of five Buddhist self-immolations and continuing violence in Saigon and in Hue. Antigovernment students in Hue burned the USIS library on 26 May; after its evacuation, the US Consulate was burned on 1 June.

2. The Buddhist/government meetings were apparently arranged by Thich Tam Chau, following his return from a conference in Ceylon. Chau, long a voice of moderation in the Buddhist councils in Saigon, apparently is engaged in a contest for authority in the Buddhist Institute with extremist monks under the influence of Thich Tri Quang in Hue.

3. Following the second meeting between the government and the Buddhists, militant monk Thien Minh was victim of a grenade attack by unknown assailants in Saigon. The attack could serve to harden the Buddhist position. So far, however, the Buddhists have reacted moderately to the assault, apparently in an effort to keep it from jeopardizing their discussions with Ky.

4. There were indications before the talks began that the Buddhists might welcome at least a temporary reconciliation with the Ky regime in view of their failure to stir large antigovernment demonstrations, and the partial loss of military strength among the "struggle" elements in I Corps. It appeared that they would be willing to abandon their demands for the immediate replacement of Ky and Directorate Chairman Thieu, possibly settling for some formal Buddhist representation on an expanded Directorate and for a reaffirmation of the government's intent to hold the elections as scheduled in September.

5. The government now has announced that it will expand the Directorate on 6 June, by adding 10 civilian members. Buddhist leaders have publicly

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voiced agreement with this move, casting it as a government concession to their position. It is far from clear, however, whether the present stage of talks between the government and the Buddhists will effectively serve to calm the crisis. Violence could again flare up at any time. The Buddhists are reportedly ready to stage a renewal of the immolations, should they deem it necessary.

6. A government military move against the dissidents in Hue could also spark renewed agitation by the Buddhists in Saigon. Reportedly, progovernment elements of the ARVN 1st Division have been ordered to move against the rebels in Hue after elements of the division sympathetic with the dissidents have left the city. Hue is currently in a state of anarchy with the student "struggle" forces apparently acting independently of Tri Quang. On 1 June, the students forced their way into the US Consulate, burned it, and left other buildings on the consulate grounds virtually destroyed.

7. In Saigon, the election law drafting committee has made significant gains in preparation for the September assembly elections in spite of the Buddhist boycott of the sessions. Candidates will run as independents rather than on a slate, thus diminishing organized party or group influence on a nationwide basis. The provinces and autonomous cities will be the basic electoral units, but one additional seat will be allotted for each 100,000 persons; thus ensuring that the heavily populated delta will not be outrepresented by the more numerous northern provinces, where the Buddhists are strongest. Minorities will be given special representation within the province quota but military candidates will not be guaranteed any set block of seats.

Economic Situation

8. Retail prices in Saigon continued to rise for the fifth consecutive week, and the over-all USAID retail price index was seven percent above a month ago. The increase in prices for the week ending 23 May was caused mainly by a rise in the prices of rice and vegetables. The price of rice has been increasing for several weeks because of lagging deliveries

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from the delta. Vegetables have not been arriving in normal quantity from Dalat but the reasons for the delays are still obscure. Although the prices of some imported commodities rose, the price of wheat flour, cement, and newsprint fell, evidently because of more rapid clearance through the port of Saigon as tighter regulations became effective.

9. On 26 May the US economic counselor called on Minister of Economy Thanh to discuss the continued rise in rice prices. The US Mission again proposed the sale of imported rice at a subsidized price. Although acknowledging the rapid increase in the price of rice, Thanh questioned the source of money to cover such a subsidy and whether the subsidy should apply only to Saigon or to the entire country. The Mission assured Thanh that there were sufficient counterpart funds available to cover the cost of the subsidy and told him that it would be desirable to commence the scheme in Saigon and expand it to other areas later if necessary. Thanh appeared less negative about this proposal than heretofore and suggested that Ambassador Lodge raise the issue with Ky, whose approval would be required especially with regard to the expenditure of unprogrammed counterpart funds to cover the subsidy. Ambassador Lodge intends to propose to Ky a subsidy limited to the Saigon area. According to the US Mission the cost of such a subsidy would be less than 200 million piasters for the remainder of 1966.

10. Minister of Finance Kien said on 24 May that he had signed a new tax law which would tax foreign corporations 1.2 percent of capital invested in South Vietnam instead of 1.2 percent of total corporation capital as has been the case. The GVN has stated on many occasions that the application of this percentage to worldwide capital was a mistake that derived from an old French law designed to keep out foreign banks. The new law has been passed to Ky for submission to Chief of State Thieu for signature and enactment into law. Meanwhile, the two US banks--Chase Manhattan and Bank of America--which have received GVN approval to open branches in Saigon, are delaying opening until this matter is clarified.

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11. Saigon free market prices for dollars and gold rose to new highs. On 23 May, the price of \$10 bills was up 10 piasters to 186 piasters per dollar and that of \$10 MPC (scrip) up 11 piasters to 131 per dollar. Gold rose to 272 piasters per dollar compared with 249 a week earlier. Dollars and gold rose further to 188 and 279 piasters per dollar, respectively, on 27 May. In Hong Kong the piaster-dollar cross rate, following upward trends in Saigon with a time lag, rose 2 piasters to 160 on 21 May. Again, it appears that fear of devaluation coupled with political and economic uncertainties are responsible for these sharp increases.

12. During the month of April, 332.2 thousand metric tons of commercial and military cargo were discharged through the port of Saigon. This amount is roughly 10 percent below the amount of cargo discharged in March and also 10 percent below the average monthly discharge during the first quarter of 1966.

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B. MILITARY SITUATION

1. Enemy-initiated activity decreased during the week ending 28 May 1966.

2. During the period there were 871 Communist-initiated incidents compared to the previous week's 905. There were 13 attacks (4 large scale) and 639 acts of terrorism compared to the preceding week's 15 and 663, respectively. The kill ratio favored free world forces 4 to 1 compared to the recomputed 2.57 to 1 the week before. Viet Cong losses for the period were 1,173 killed and 197 captured. South Vietnamese casualties for the period were 240 killed, 467 wounded and 55 missing or captured--a total of 762 compared to the previous week's 830. United States losses for the week were 87 killed and 605 wounded--a total of 692 contrasted to the last report of 966. Free world forces lost three killed (2 ROK, 1 AUS), six wounded (4 ROK, 1 AUS, 1 NZ), and nine missing (6 ROK, 2 AUS, 1 NZ). The South Vietnamese lost 236 weapons (14 crew served). The Viet Cong lost 286 weapons (6 crew served).

3. Friendly large operations and enemy contacts decreased. Small-unit operations and respective contacts also decreased.

4. In I Corps, government forces quelled the "struggle" group uprising in Da Nang, Quang Nam Province. An ARVN 1st Division operation in Quang Tri Province inflicted losses on the Communists of 35 killed, three captured and 21 suspects detained. Friendly losses were six wounded.

5. Operation CRAZY HORSE (US 1st Air Cavalry Division/ARVN elements) continued in Binh Dinh Province in II Corps. Cumulative friendly casualties are 65 killed and 198 wounded. Enemy losses are 355 killed and 30 captured. ARVN Operation THAN PHONG 14 continued in Pleiku Province. Latest available friendly casualties, as of 28 May, were two killed and two wounded, while enemy losses are 82 killed. Major contacts early this week in Operation PAUL REVERE, targeted against North Vietnamese forces along the Cambodian border in Pleiku Province, have brought cumulative enemy losses to 367 killed, as against US/ARVN casualties of 39 killed and 206 wounded.

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6. Operation WAHIAWA (US 25th Infantry Division) terminated in Binh Duong Province, III Corps. Final friendly losses were 30 killed, 240 wounded, and one missing. Enemy losses were 157 killed, 10 captured and significant quantities of materiel. Operation HARDIHOOD continued in Phuoc Tuy Province. Cumulative friendly casualties are 21 killed and 96 wounded. Enemy losses are 34 killed and one captured. Forces conducting Operation LEXINGTON (US 1st Infantry Division) in the Rung Sat Special Zone killed 45 enemy and captured 10. Friendly losses are one killed and six wounded. Combined ARVN/ROK Operation XAY DUNG 31 in Binh Long Province terminated after inflicting enemy losses of 74 killed and 50 captured. Friendly losses were three wounded.

7. No significant enemy contacts were made by friendly operations in IV Corps.

8. Friendly forces conducted 100 battalion-size or larger operations during the week ending 28 May, 47 of them achieving contact--30 ARVN, 11 US, one ROK, and five combined. There were 23,953 small-unit operations, including 3,561 conducted by US forces and 717 conducted by free world elements. Of the 157 which achieved contact with the enemy, 102 were conducted by US elements and two by free world forces.

9. Eleven B-52 Stratofortress bomber missions with a total of 68 aircraft were flown during the week ending 29 May over Quang Ngai and Binh Dinh provinces in South Vietnam.

<u>MAY</u>	<u>MISSION</u>	<u>NO. OF A/C</u>	<u>TARGET</u>	<u>PROVINCE</u>	<u>GROUND FOLLOW-UP</u>	<u>IMPACT IN/OUT</u>
23	GREEN GOLD V	3		Quang Ngai	No	
24	GREEN GOLD III	8		Quang Ngai	No	
24	GREEN GOLD VI	6		Quang Ngai	No	97/12



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<u>MAY</u>	<u>MISSION</u>	<u>NO. OF A/C</u>	<u>TARGET</u>	<u>PROVINCE</u>	<u>GROUND FOLLOW-UP</u>
25	DEAD SEA I	6	Two VC head-quarters, two VC bns, bunkers, caves, and fortifications were struck in support of ground operation (CRAZY HORSE)	Binh Dinh	Yes
25	DEAD SEA II	9	Two VC head-quarters, two VC bns, bunkers, caves, and fortifications were struck in support of ground operation (CRAZY HORSE)	Binh Dinh	Yes
26	DRAFT HORSE I	6	[Redacted]	Ngai	No
26	DRAFT HORSE VI	6		Ngai	No
27	DRAFT HORSE V	6		Ngai	No
28	DRAFT HORSE II	6		Ngai	No

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<u>MAY</u>	<u>MISSION</u>	<u>NO. OF A/C</u>	<u>TARGET</u>	<u>PROVINCE</u>	<u>GROUND FOLLOW-UP</u>
28	DRAFT HORSE III	6		Quang Ngai	No
29	GREEN GOLD I	6		Quang Ngai	No

10. During the period 20-26 May, US Navy, Air Force and Marine aircraft flew a total of 2,274 strike sorties. VNAF aircraft flew an additional 537 strike sorties. The cumulative results of these missions as reported by pilots included the destruction of 1,964 structures, 90 sampans, four bunkers, one bridge, three tunnels, one truck and seven AW positions. Reported damaged were 2,315 structures, 50 sampans, three bunkers, two trenches and two AW positions. In addition, pilots reported one cave collapsed, one road cut, and 26 secondary explosions.

11. An O-1F Birdog spotter aircraft was downed approximately 24 miles west of Pleiku on 24 May. Cause of the crash was not known. The pilot was reported killed. On 25 May, a VNAF A1 Skyraider was downed by suspected ground fire approximately five miles southwest of Bien Hoa. The pilot and crew member were killed.

12. Forces conducting Operation MARKET TIME searched 4,502 junks and 20,745 people. Of those checked, two junks and 94 persons were detained.

COMMUNIST ACTIVITY

13. I Corps last week reported no attacks. The area continues to lead all others in anti-aircraft incidents.

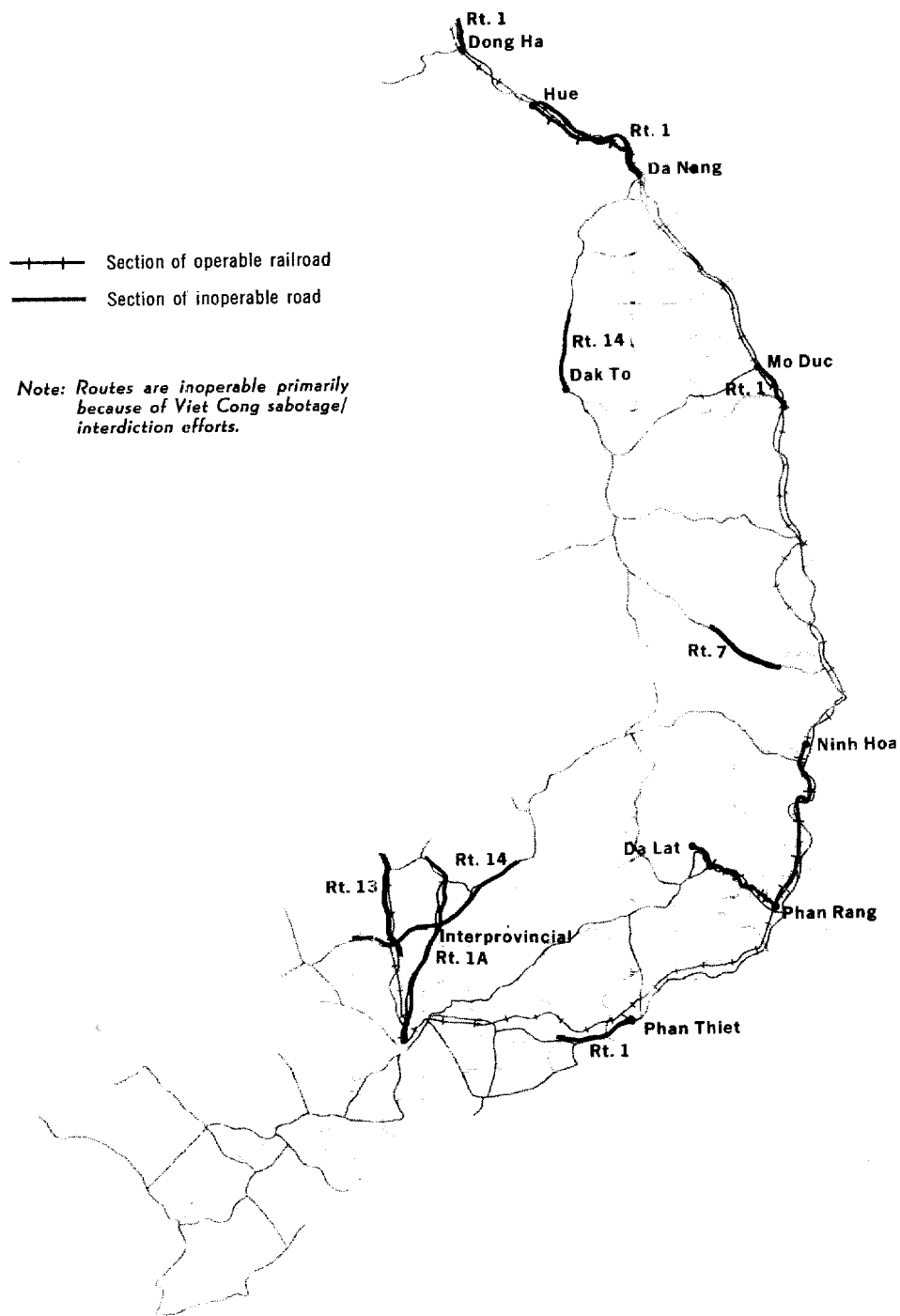
14. The II Corps incident rate remains low for the country. Two twin battalion-scale attacks occurred in Phu Yen Province, one against an ARVN company and the other against the Bong Tre Special Forces Camp.

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CURRENT OPERATIONAL STATUS OF MAJOR TRANSPORTATION ROUTES AND COASTAL RAILROAD



Information as of 28 May 1966

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15. In III Corps, an estimated two-battalion enemy force attacked Duc Hue District Town, Hau Nghia Province. Although casualties were relatively light, the defending force lost a number of crew-served weapons including two 81-mm. mortars.

16. The greatest number of attacks occurred in IV Corps with seven reported. All were small scale except an action by an estimated two enemy battalions against a friendly installation manned by one Popular Force platoon and an ARVN battalion in Kien Phong Province. The area led all others in terrorism.

17. No significant change was indicated in lines of communication status.

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C. REVOLUTIONARY DEVELOPMENT

1. In spite of the general lack of progress in the revolutionary development program during April, USAID officials are satisfied with developments in the self-help program, hamlet school construction, and certain aspects of the refugee and Communist defector (Chieu Hoi) programs. One of the most promising efforts has been the US and other free world medical assistance programs. The lack of trained Vietnamese medical personnel to augment their work is the only deterring factor. In the agricultural aid program, animal husbandry, agricultural training, fisheries, and irrigation were noteworthy activities. MACV cites understrength local security forces as the primary obstacle barring expansion of the revolutionary development program.

2. In the IV Corps national priority area of An Giang Province, the first phase of a land reform program has been agreed upon by GVN and US officials. Programming during the first two years calls for the distribution of 11,500 hectares (approximately 4,655 acres) of land and the distribution of some 18,000 land titles. It was not reported when this first phase will commence.

Returnees (Chieu Hoi)

3. The tally for the week ending 27 May was 247 defectors with I Corps not reporting. Of the total, 185 were military personnel. New data concerning those Communists who rallied during the period 7-13 May indicates that there were two North Vietnamese Army squad leaders, five Viet Cong local force platoon or squad leaders, a district political secretary, and two village political chairmen.

Refugees

4. The flood of refugees continued during the first three months of 1966 with new arrivals averaging nearly 20,000 per month, according to USAID officials. The GVN reported over 464,000 refugees living in temporary shelters as of 3 April. Personal data is being collected by interviews in several

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provinces, classrooms are being constructed, and short-term vocational training courses have been instituted at five different provincial technical schools. The construction of temporary housing was insufficient during the first quarter, but the refugees have been able to improvise or live with relatives, thus taking some of the strain off the construction priorities.

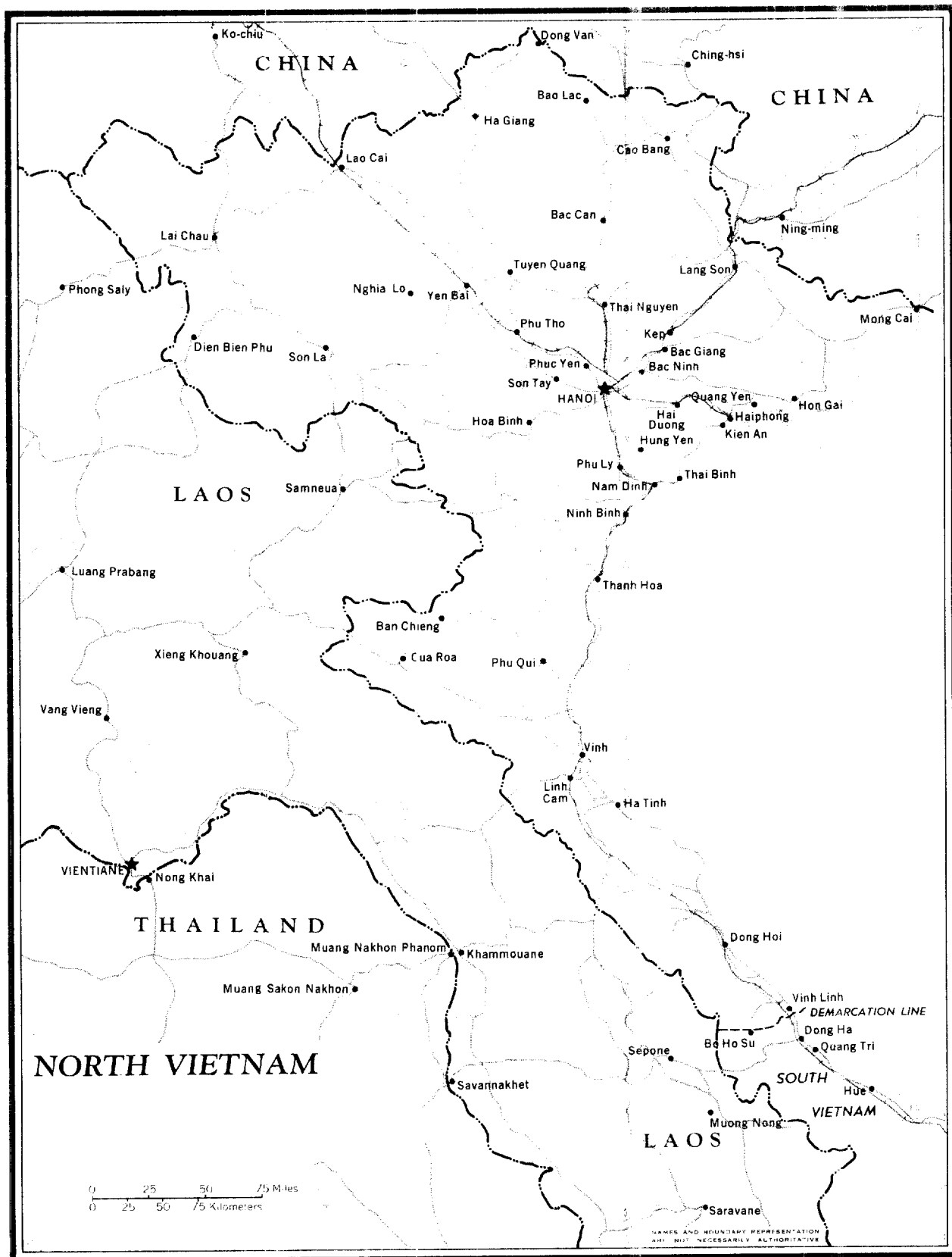
5. Most of the refugees are concentrated along the coast in southern I Corps and II Corps. According to the US Embassy, the refugees come in because they fear Viet Cong harassment, because they reject Communism for various basic reasons, or because they are displaced by military conflicts in their area. Most of them wish to return to their native villages as soon as the situation permits.

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II. DEVELOPMENTS IN THE BLOC

Political

1. With the advent of the rainy season in South Vietnam, the Vietnamese Communists this week issued a series of propaganda statements wrapping up the alleged achievements of the Liberation Forces during the past dry season. These statements appeared to be part of a continuing effort to stiffen insurgent morale by attempting to prove that the Viet Cong increased its political strength and military potential during the period of time considered most favorable to US air operations.

2. A communiqué issued by the Liberation Armed Forces (LAF) on 25 May asserted that despite the build-up of US forces and the step-up in US operations, the liberation forces had been able "to grow in all fields, to expand the liberated zones, and to develop guerrilla warfare everywhere."

3. Also on the 25th, the Hanoi party daily Nhan Dan commented on the "big victories" of the LAF which "have driven to bankruptcy the dry season counter-offensive plans of the US imperialists." Hanoi followed up this commentary on 29 May by broadcasting a Liberation Press editorial which asserted that the dry season fighting had proved that the LAF is capable of waging large-scale "annihilation" battles against US forces.

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III. THIRD COUNTRY DEVELOPMENTS

A. GVN AMBASSADORS ABROAD

According to press reports, Bui Diem, under-secretary for foreign affairs, arrived in London on 27 May for a three-day meeting with GVN ambassadors accredited to West Germany, Turkey, Tunisia, the Ivory Coast, Switzerland, Morocco, Italy, Senegal, France, and Britain. (Diem indicated during his visit in Washington that he planned to convene a chiefs of mission conference in London. Prior to arriving in London, Diem attended a veteran's conference in Canada.) The press also reported that Diem met with the British minister of state for foreign affairs, Mrs. Eirene White, on 31 May.

B. CAMBODIA

In reply to statements in Washington on 27 May that North Vietnamese troops were using Cambodian soil, Prince Sihanouk announced that he was renewing his proposal that the ICC be provided with the financial means to maintain sufficient teams to control the Cambodian frontier. Sihanouk stated that because of Cambodia's financial state he was asking the US and other countries that participated in the 1954 Geneva Conference to pay the necessary expenses.

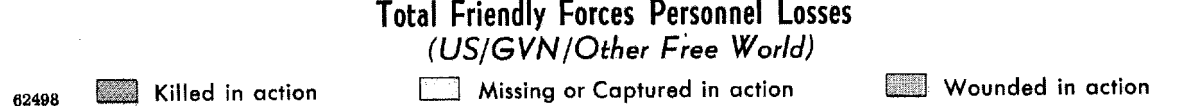
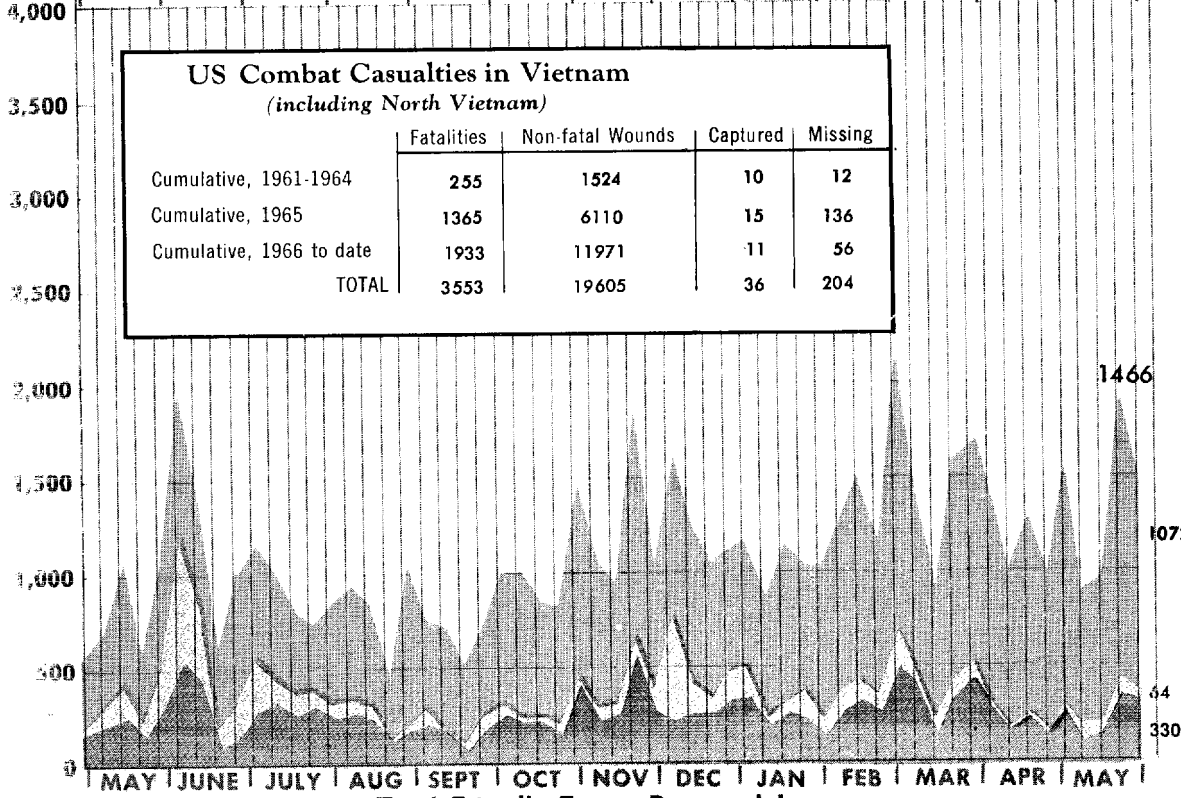
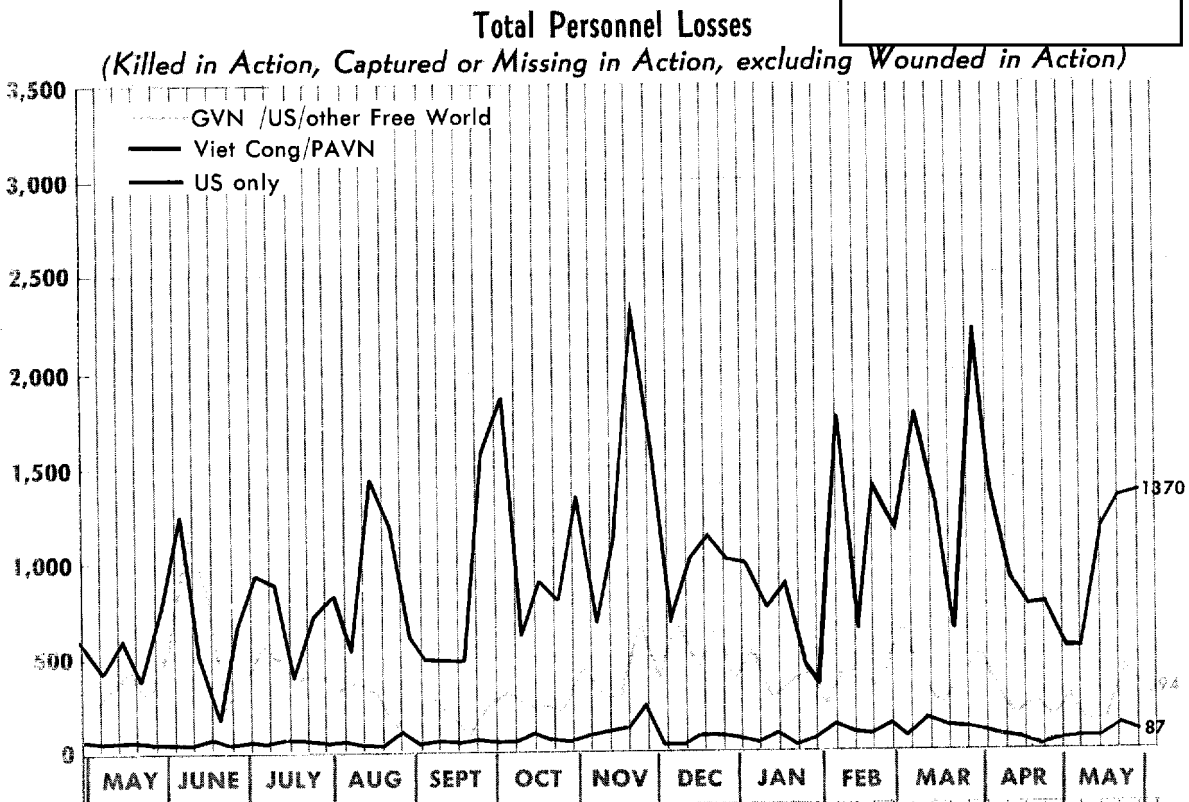
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SOUTH VIETNAM BATTLE STATISTICS
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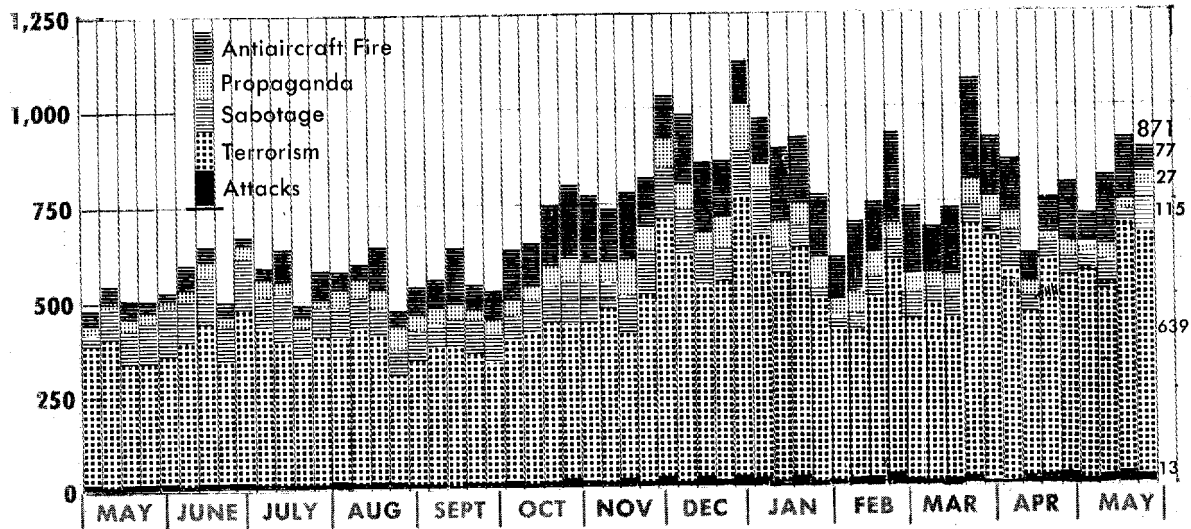
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Killed in action
 Missing or Captured in action
 Wounded in action

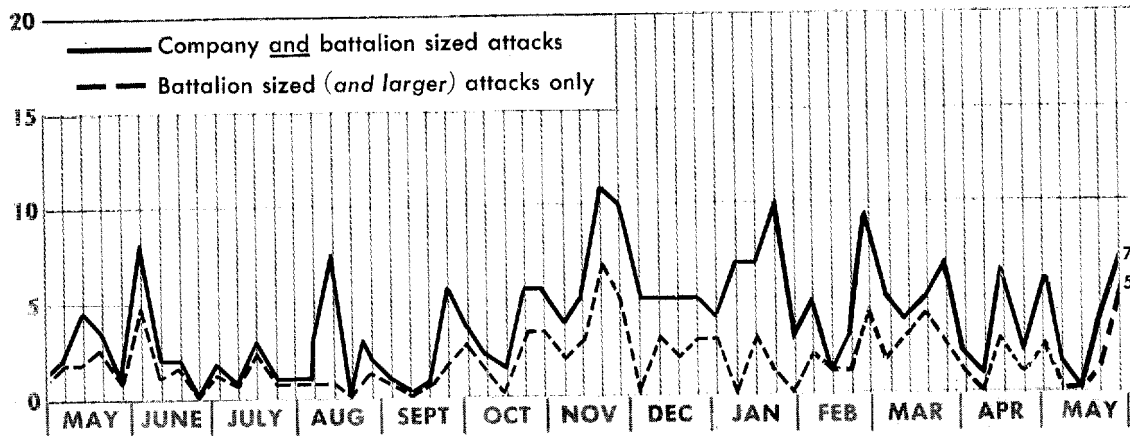
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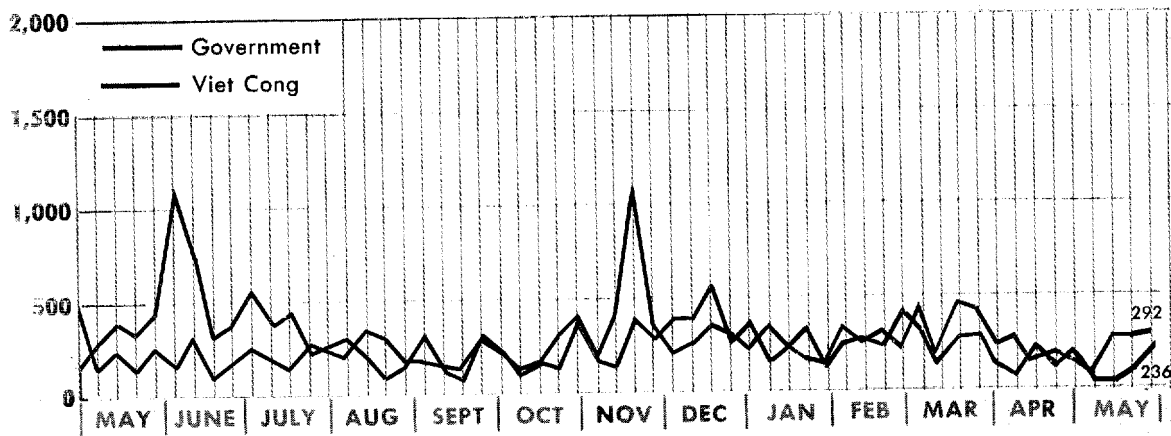
Viet Cong Incidents



Viet Cong Attacks



Weapons Losses



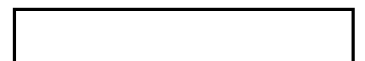
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