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NSC BRIEFING

21 July 1954

INDOCHINA

I. With armistice achieved, main French effort apparently to maintain "presence" in south, to detriment of possibly more effective and popular type Vietnamese government, able rally nationwide support.

A. Strong indications French hope establish "new" Vietnamese government in south, dominated by unpopular pro-French Cochinchinese.

1. Baudet, high official of French Foreign Office, recently advocated such a plan [REDACTED]

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2. Some French officials in Indochina even promoting "Cochinchina Republic," discredited concept which still believed to have backing of powerful commercial interests in south.

3. French Deputy Commander Salan reported plotting with Cochinchina leader Tam--former premier--and Tam's ambitious son, Chief of Staff Hinh, to unseat Bao Dai, set up new regime under Hinh.

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4. Tam, Hinh, and other French favorites, notably Tran Van Huu and General Nguyen Van Xuan, are all French citizens by naturalization.

B. French are cool toward Diem government and fear Diem's public outcries against abandonment of Tonkin may unsettle truce.

1. At Diem's direction, Vietnam delegation at Geneva has formally protested truce terms.

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2. General Ely told

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that he would take strong action against any Vietnam-incited disorders, even to extent of arresting Diem if necessary.

3. Diem has already organized anti-partition demonstrations in Hanoi and Saigon. Demonstrations were orderly.

4. High Vietnamese official at Geneva has warned that any French repression of "genuine nationalists" would force nationalists into coalition with Communists against France, as primary obstacle to independence.

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II. Even under optimum conditions, Vietnam government will be hard put to pose serious challenge to Viet Minh in scheduled 1956 elections.

- A. Present Diem regime, long on zeal, is short on administrative ability.
- B. Tremendous problem of rooting out corruption aggravated by Bao Dai's continued profitable association with corrupt police force.
- C. Assets in political warfare against Viet Minh, most notably issue of Chinese Communist domination latter, more than offset by Vietnamese fear French intend to remain on top in what's left of Vietnam.

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These figures represent estimates based on French statistics of 1951:

	<u>Hanoi</u>	<u>Haiphong</u>	<u>Saigon</u>
Metropolitan French	4,000	3,000	18,000
Asian French	<u>75</u>	<u>25</u>	<u>1,000</u>
	4,075	3,025	19,000

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