

SOUTH VIETNAM

- I. President Diem, whose regime has faced no major crises since the Binh Xuyen gangsters were driven out of Saigon last spring, has finally announced date (4 March) for long-promised assembly elections.
 - A. First job for 123 assembly members will be approval of government-drafted constitution.
 - B. Delay in setting date for election (first scheduled for Dec '55) has been caused by government's careful preparations, aimed at keeping everything under control.
 1. Control efforts have alienated number of former pro-government elements, brought charges of dictatorship against Diem.

2. However, Diem justifies tight controls on grounds his government still at war with Viet Minh.
- C. Actual setting of election date is reflection government's confidence.
- II. Security situation, although vastly improved since last spring, still far from satisfactory.
- A. Although Binh Xuyen destroyed (and its boss now refugee in France), combat-effectiveness of remaining Hoa Hao rebels (in southwest) has been bucked-up by Viet Minh aid, guidance.
- B. In clash with Hoa Hao on 13 Jan, Vietnamese army suffered heaviest casualties in any single action since end of war (61 killed and missing, including Battalion commander).
- C. Army now has ~~about~~ about 35,000 troops deployed against some 4,000 Hoa Hao.

D. By alliance with Hoa Hao rebels, Viet Minh manages to fight Diem and at same time avoid open violation Geneva terms.

III. Viet Minh link with Hoa Hao is only one of many angles its anti-Diem effort. Recent report

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provides new details on Viet Minh maneuvers.

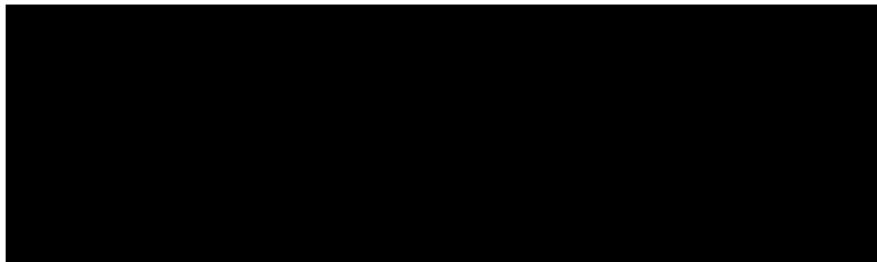
A. Report states that, after regroupment last May, Viet Minh reorganized, gave special training to wartime sabotage, subversion units.

B. Moving by sea, large numbers of cadres from these units now reportedly entering South Vietnam, equipped with arms and radio transmitters.

1. One technique--designed to impress population with omniscience, omnipresence of Viet Minh--is for cadres in South to report minor incidents, such as automobile accidents, by radio. Then, Radio Hanoi, within hours, broadcasts back to South details not yet known locally.

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C. Large Viet Minh center for political indoctrination reportedly in mountains northwest of Dalat.

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- D. Viet Minh have given name ("Mobilization of Silence") to campaign to win over population, make alliances with anti-Diem groups.
- E. Finally, report claims positive evidence of Viet Minh infiltration of all political parties and newspapers in the south.
- IV. Viet Minh effort apparently not tied to any timetable: Directives to its agents repeatedly cite "long-term" nature of struggle.
- A. Hanoi violently denounced Diem's March elections plans as US-inspired plot to sabotage unification effort. Calls for

boycott.

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1. Viet Minh similarly denounced last October's referendum on Bao Dai, but turnout was good and Diem got 98% of vote.
 - B. Absence VM interference last Oct is indication of Viet Minh's unwillingness show hand before time ripe.
 - C. But gradual improvement of Diem's security services also an important factor.
 - V. Even after March elections, Diem will still face problem of his "inheritance" from Geneva --all-Vietnam elections for unification, called for in July '56.
 - A. He adamantly refuses to accept commitments made by France at '56 Geneva conference.
 - B. French have neither intention nor capability of meeting these commitments: Expeditionary Corps down to about 20,000 men.

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1. Diem has asked for complete withdrawal of Corps, anticipating that his relations with French government will be more difficult if Republican Front is installed.
 2. Such a government in Paris might complicate matters by new emphasis on Sainteny mission, diplomatic pressure for strict adherence to Geneva terms.
- C. But, although future of ICC is cloudy, even Indians--who chair it--appear to recognize all-Vietnam elections now virtually out of question.

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INDONESIA

- I. Coalition cabinet in Indonesia, led by moderate Masjumi Premier Harahap, is presently putting on brave front but its life-expectancy is poor.
 - A. President Sukarno is reportedly intent on its downfall.
 - B. Vote of confidence could be called for at any time.

- II. Cabinet's brave front followed withdrawal of two Moslem parties from coalition (19 Jan)--action which reduced Government's nominal majority in lame-duck parliament to 23 seats.
 - A. Cabinet nonetheless refused to resign.
 - B. Filled from own ranks those cabinet vacancies caused by withdrawal of Nahdlatul Ulama (NU) and Islamic League (PSII).

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C. Despite earlier reports that negotiations with Dutch--issue which sparked present crisis--would be broken off, announced that talks will be continued.

III. Masjumi success in staving off immediate collapse is minor victory, however,

- A. Masjumi now well on way to being isolated from NU, Indonesia's only other major Moslem party.
- B. In consequence, efforts to effect Masjumi-NU collaboration in new government will be considerably more difficult.
- C. Masjumi might even find itself excluded from next cabinet (to be formed after seating of new parliament, probably in April).
- D. Meanwhile, cabinet's survival depends on loyalty of numerous small parties in government coalition, several of which are unreliable.

E. Moreover, Masjumi itself showing signs of rupture.

IV. Newest evidence of disunity within Masjumi

--more of a loose federation than unified, disciplined political party--came on 24 Jan when Masjumi deputy chairman and leader of conservative wing, Sukiman, took issue with party chairman Natsir and told press he regarded negotiations with Dutch a "national tragedy," opposed their continuation.

A. Such public declaration by Sukiman lends weight to reports he exploring prospects for withdrawal from Masjumi, forming new Moslem federation with NU, PSII.

V. Whatever the immediate outcome, chances of eventual Communist participation in Indonesian government may be improving.

A. Executive Committee of National Party (PNI - leader of opposition and plurality winner in '55 elections) has reportedly voted for coalition in future cabinet including NU, PSII and Communists.

- B. Possible stumbling-block for leftists is still unsettled position of NU. Should this newly important Moslem group (third in '55 voting) reach some arrangement with Masjumi, conservative forces would be strengthened.
1. NU leaders claim they still want to work with Masjumi; younger elements in NU reportedly are concerned over split in Moslem unity and consequent Communist gains
- C. Unless working agreement can be arranged between NU and Masjumi, however, we can expect to see further trend to left in Indonesia.