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POLITICAL SITUATION

Administrative Reorganization

1. From June to August 1951 many changes were made in the political, military and economic administration of the three Democratic Republic of Vietnam (DRV) intersectors of South Vietnam. Unquestionably the most significant of these was the union of the three provinces of Long Xuyen, Chau Doc and Sadec into Long-Chau-Sa Province. The primary factor behind this reorganization was the widespread lack of technical cadres and the need to redistribute them more effectively throughout the area. Because many unskilled or unqualified cadres constituted a burden on the already deficit budget, these were recalled as subordinate cadres of village administrative sections and were forced to provide their own sources of income. The reorganization thus served also to free additional subsidies for DRV troops.

2. The creation of the Long-Chau-Sa Province also permitted the purging of officials who the DRV felt could not remain faithful to the ideal of "bolshhevization" during the difficult period ahead, aggravated by the French-imposed economic blockade and Franco-Vietnamese military operations. Among those ousted from administrative positions were the three inter-sector chiefs, who were considered potentially disloyal as members of the small capitalist class. The majority of officials who were not members of the agrarian Communist Party of Indochina (PCI) were replaced by long-time PCI members of South Vietnam. Duong Van Tha, former head of the Administrative and Resistance Committee of Sadec, for example, is now only an overseer in charge of local production. Democratic Party members formerly employed in the administrative posts of the DRV Surete were also expelled. Non-PCI members who have remained in office are only figureheads.

Influence of Franco-Vietnamese Military Pressure

3. Continued Franco-Vietnamese attacks on DRV-controlled territory almost caused the disintegration of the government administrative bureaus. The centralization of administrative control through the formation of the Long-Chau-Sa inter-province and the retreat of administrative headquarters to remote and inaccessible villages was made in an effort to prevent this collapse.

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4. The success of Franco-Vietnamese military operations has also resulted in the demoralization of the population living in DRV-controlled areas, because of the high number of DRV troop defections. In addition, the attacks have forced the people to disperse throughout the countryside, making it almost impossible to distribute government circulars or to unite the people for any purpose. DRV circulars often do not even leave the hands of government cadres, who are themselves demoralized and carry out the orders of their superiors only under compulsion.

Reaction of the Population to DRV Policy

5. The population has reacted extremely unfavorably to the policy of redistribution of farm land among the peasants. This policy has been implemented since 1949 and while the program has proved successful in certain places, in general it has not produced the anticipated results. The majority of the peasants are more concerned with immediate results than with future profits from long-term exploitation of waste land. Investigation of agrarian areas has proved that most of the peasants actually possess adequate land to meet their own needs and often enough to provide an income. While only about one-third or one-half of their own land is now under cultivation, the peasants are reluctant to accept uncultivated land to be irrigated at their own expense.
6. The peasants complain that the new land allotted to them generally is inferior to their own land. They are nevertheless forced to accept the new tract to follow, at least in form, the government plan; they are then permitted to abandon it. Because the DRV needs the support of the large mass of the peasants, a great deal of attention has been devoted to the agrarian problem, but thus far without satisfactory results.
7. A large portion of the fertile and productive land has remained in the hands of the landed proprietors and small landowners. About two-thirds of them, however, discouraged by the DRV dictatorship, have fled to the urban centers in search of other means of livelihood. Their lands have been temporarily confiscated and included in the land to be redistributed. The error of such authoritarian methods has been proven by the wave of discontent among the farmers and among the relatives of farmers whose land has been confiscated.

Political Parties

8. a. Communist Party of Indochina. There is a great deal of internal strife in the ranks of the PCI. Members are jealous of one another and resentful of inequalities in the standard of living in various areas; relations between superiors and subordinates are extremely poor. Because of the large amount of time consumed in settling internal quarrels, it is not surprising that the PCI finds little time to devote to the well-being of the population living under its control.
- b. Democratic Party. Although outwardly the PCI has always professed a PCI-Democratic Party union toward a common ideal, it has been unable to conceal its deliberate efforts to sabotage the activities of the Democratic Party. PCI propaganda accuses the Democratic Party of being pro-American and anti-Communist and of working against the interests of the proletarian classes because its members include intellectuals, proprietors and small landowners. An incident which provoked strong reaction among the people was the purge of individuals suspected of belonging to the Vietnam Quoc Dan Dang in the village of Tan Thuan Dong, Sadeo Province.

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- c. Socialist Party. The propaganda, statutes, ideals and activities of the Socialist Party conform to the Communist line. The party was created under Communist aegis to unite the majority of voters from the ranks of anti-Communist parties and groups and to enroll individuals hesitant to join the PCI itself.
- d. Religious Groups. Adepts of groups such as Cao Dai and the Catholics live under a great disadvantage in DRV zones; DRV officials have stated that while non-religious political groups may become affiliated with the PCI, religious groups form a natural opposition to the realization of the Communist ideal. Actually they remain in DRV areas only because of their families and occupations. If they support or aid PCI partisans, it is only reluctantly in order to remain on good terms with DRV authorities.

Propaganda

9. The slogan calling for the general offensive has gradually fallen out of use because of its constant repetition without implementation. It has been replaced by a new slogan calling for courageous resistance until the opportune moment to stage the general offensive. This slogan too will soon be meaningless.

MILITARY SITUATION

Regional Forces

10. The majority of the DRV regional troops are equipped only with grenades, daggers and carbines, and are inadequately armed for combat against Franco-Vietnamese forces. As a result, it was decided at a meeting of the General Staff of Intersectors VII, VIII and IX to send a portion of the regular forces of the three intersectors into the provinces to form provincial battalions commanded by a chief of brigade. These new units would differ from the former regional forces only in superior armament.

Military Strategy in the South

11. Combat fronts, opened throughout South Vietnam, have failed to produce the anticipated results. DRV propaganda, presenting these defeats as glorious victories, is no longer accepted by the people who have become increasingly aware of the defeats suffered by DRV forces.
12. The DRV has now substituted guerrilla tactics for pitched battles in the south. The tactic of pitched battles was used primarily as a propaganda weapon to raise civilian morale through a show of force. But because of the time consumed in assembling and moving troops and the lack of materiel and manual labor, this strategy failed. The present Communist strategy is designed to preserve the principal forces for use following the entrance of Chinese Communist forces into Indochina. The people have expressed strong protest against the possibility of Chinese Communist intervention.

Decrease in Popular Support of the Army

13. In the past, the people in DRV zones were obliged to provide food for the troops stationed in their areas and to pay a tax of 50 piasters per person for the support of the army. They have now begun to react against these hardships, however, and in certain villages of Sadek are refusing to provide billets for the troops. Night sentries are often assailed with clods of earth and are forced to keep constantly on the alert. Although the people do not hesitate to praise outstanding troops, in general they feel that the presence of troops in their area brings only lack of food and discomfort.

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Union of Intersectors VIII and IX

14. The recent annexation of Intersector VIII to Intersector VII was effected to protect the salt marshes of Intersector IX, a source of large revenue which forms the basis of the DRV economy in South Vietnam. At present, the French economic blockade has destroyed the paddy revenues of Intersector VIII and cut the liaison routes to Intersector IX. The blockade also affects Intersector IX and were the Franco-Vietnamese forces sufficiently strong to surround the zone, the loss of salt used to preserve fish would produce certain famine in the DRV zones.

ECONOMIC SITUATION

15. In spite of the propaganda efforts of the central government to increase confidence in the Ho Chi Minh piaster, the population still considers it dependent on the Indochinese piaster because it is not protected by gold reserves. The lack of small bills, which hampers the flow of commerce and exchange, is particularly hard on the peasants. A peasant who receives his salary in a 100-piaster bill is thus forced to use the entire amount for the purchase of one commodity and is unable, for example, to purchase only a few liters of rice.
16. An example of the current inflated prices, particularly in the Plaine des Jones area, is the rise in the price of one picul (40 liters) of rice from 14 or 15 piasters to 100 and 150 piasters in the last few months. The price in urban areas is only 20 piasters per picul. This decrease in purchasing power is caused by the low rate of production in DRV zones.
17. As a result of the devaluation of the Ho Chi Minh piaster, the people are forced to smuggle their produce into French-controlled zones in exchange for the Indochinese piaster. This hoarding of the Indochinese piaster only results in greater devaluation of the Ho Chi Minh currency. The unsound DRV currency also affects the operation of government offices, which are unable to purchase sufficient equipment for the army or medicines for the hospitals without incurring a large deficit.
18. The "Season of Patriotic Emulation", ordered by Ho Chi Minh and conducted in conjunction with an extensive propaganda campaign, failed to produce the expected results. Although the people applied themselves diligently to the campaign the hardships under which they worked did not favor a rise in production. The high duties and taxes of all kinds, imposed on merchants passing from DRV- to French-controlled zones, have forced a large number of them to abandon commerce in search of other means of subsistence. In addition to these taxes, the people are forced to contribute in other ways, such as the purchase of government bonds, to the DRV treasury.