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WEEKLY INDOCHINA REPORT

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Auth.: HR 70-2
Date: <i>14 July 78</i> By: [Redacted]

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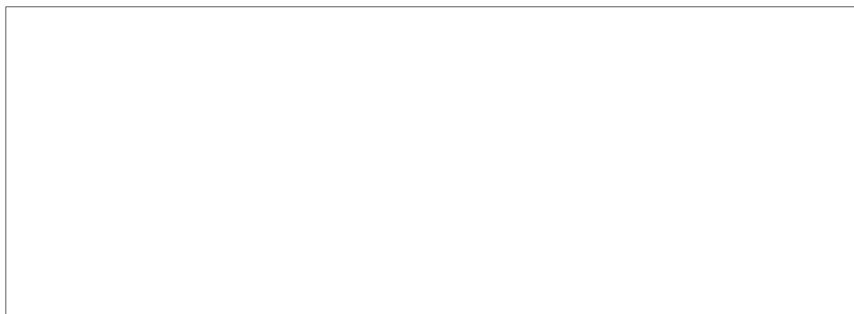
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INDOCHINA REPORT

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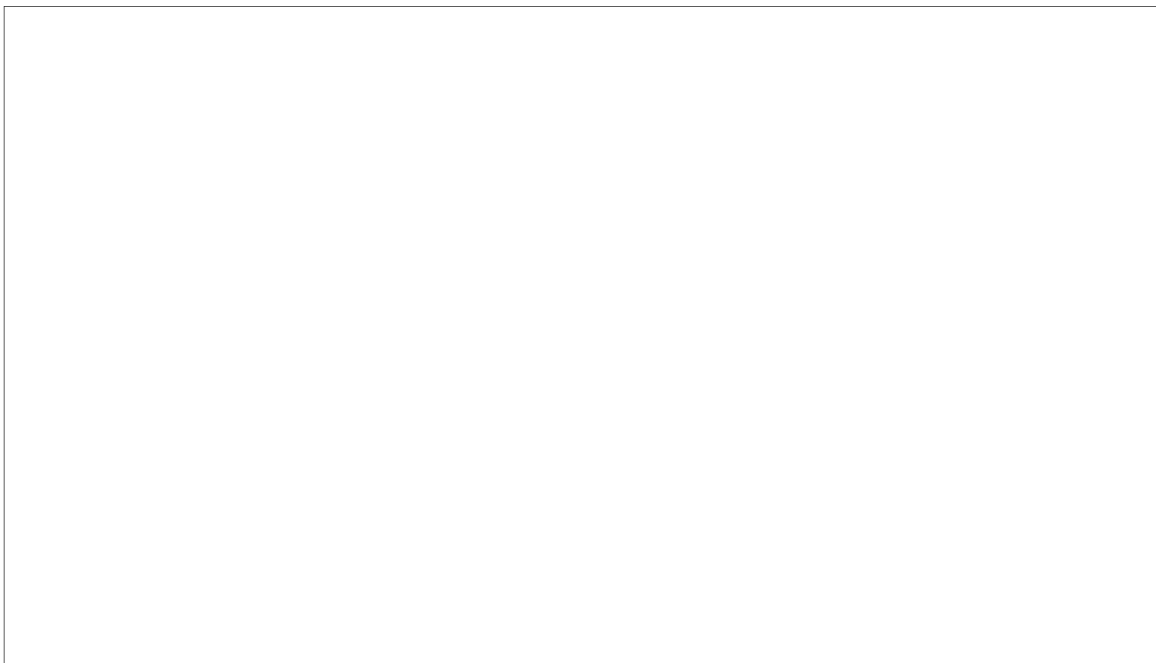
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SUMMARY

Indochina

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Political: The Vietnamese government, in a desperate attempt to bolster the morale of the army and civil population, promised political and military reforms. The reforms were just around the corner, the government said. The regime's greatest hope of inspiring a will to fight continued, however, to rest on the hope of American intervention.

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General Ely's awkwardly delivered address on the occasion of his arrival in Hanoi did nothing to dispel the impression that he and General Salan have been sent to help negotiate a settlement, rather than to resist the Viet Minh. Ely's reference to Vietnamese independence as an accomplished fact rather than as a pledge France would fulfill was received in stony silence.

Bao Dai for the third straight week held over Premier Buu Loc's head the threat of dismissal and replacement by Ngo Dinh Diem, the "honest mystic." A 16 June press dispatch from Saigon reported that Buu Loc had submitted his resignation. Bao Dai appeared to be operating, as usual, on the principle that it is not good for prime ministers to feel too secure, but, also as usual, he resisted pressure to assume more vigorous personal leadership. He remained in France.

The American chargé in Saigon said the hour had passed when Bao Dai's return could make any difference, "except to complicate our task."

Geneva Conference

The Communists continued to move slowly in the Indochina talks, apparently still believing that time was on their side.

They were expected to offer minor concessions in an effort to keep the conference from collapsing.

Meanwhile they urged direct French-Viet Minh talks which could serve as an alternative to the conference.

The Communists probably think it is in their interest to keep the conference alive. Participation at Geneva confers prestige on Peiping and the Viet Minh, and an Indochina settlement concurred in by all or most of the Geneva powers would seem preferable to one concluded solely with France.

Soviet Orbit Propaganda

Moscow and Peiping kept up a drumfire of allegations that the United States was deliberately wrecking the Geneva conference and seeking to form a "Southeast Asian aggressive bloc" and extend the Indochina war. The Communists did not, however, follow up Soviet foreign minister Molotov's warning on 8 June that extension of the war would have "dangerous consequences."

Immediate American intervention in Indochina is unlikely in view of the imminence of congressional elections, Radio Moscow said on 13 June.

Free World Policies and Opinions

France: In office only by virtue of a two-vote majority grudgingly granted by the National Assembly on 13 May, the Laniel government lost even this feeble hold on power and fell on 12 June by a vote of 306 to 293.

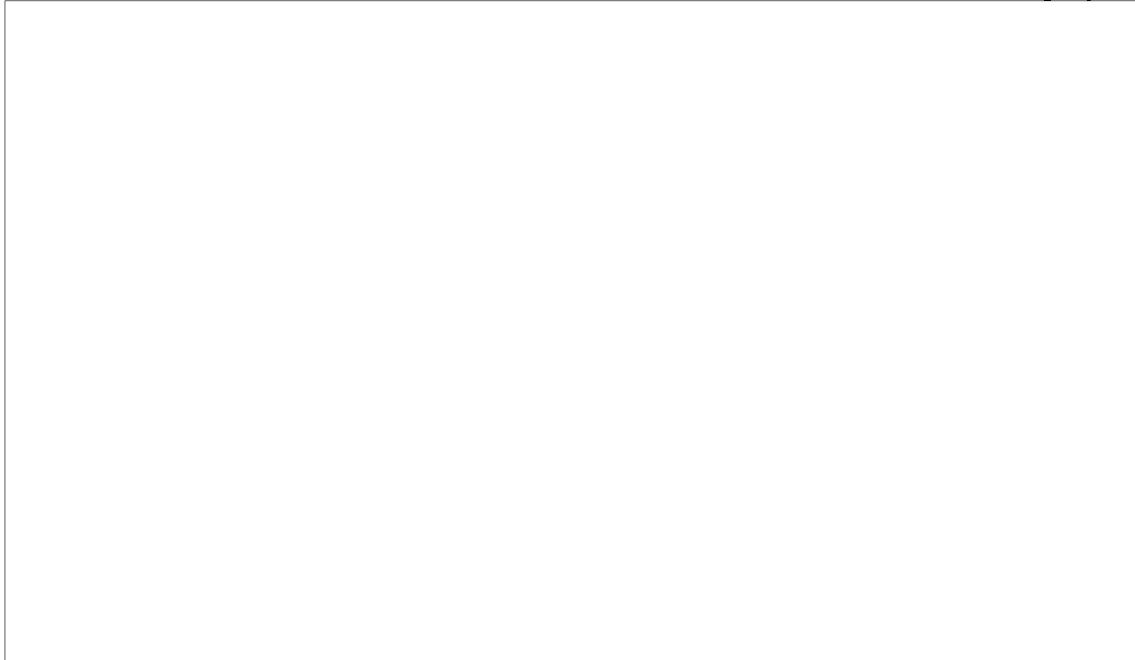
The search for a successor to Laniel seemed likely to be bitter and prolonged.

National Assembly dissatisfaction with Foreign Minister Bidault's conduct of negotiations at Geneva played a major part in causing the downfall of the cabinet, and it was virtually certain that any successor government would be pledged to bring about an early end to the Indochina war.

Recent French official and parliamentary statements have made it increasingly clear that unless the United States or the UN intervenes in Indochina, the French military effort there will cease within a few months.

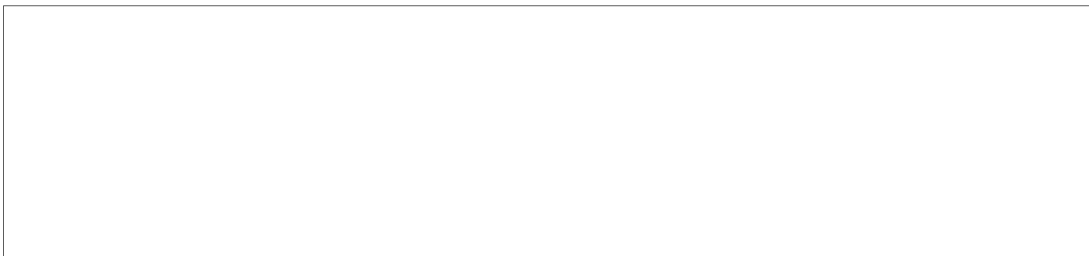
Great Britain: Prime Minister Churchill told the House of Commons on 15 June the Geneva conference was hopelessly deadlocked. For over a week the cabinet has apparently been systematically preparing the British public for a collapse of the Geneva talks.

Britain was deeply concerned over the effects of the crisis in France on the defenses of Western Europe,



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Burma: At least some Burmese seemed to perceive more clearly than previously that the Communist threat to Indochina must necessarily constitute a threat to Burma too, and this growing realization generated at least a slight increase in sympathy for Thailand, the only buffer between Burma and Indochina.



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Philippines: The press accused Washington of vacillation in its Indochina policy. One paper said the United States "must stop blowing hot and cold on this situation. It is wreaking havoc with morale."

Thailand: The Thais continued to press forward with their appeal to the UN. Foreign Minister Prince Wan quickly accepted, with minor reservations, a draft resolution drawn up with British and French approval which calls for the sending of a subcommittee of the UN Peace Observation Commission to Thailand. Bangkok fears, however, that Czechoslovakia might be named a member of the subcommittee, and Thai officials have indicated they may bar the entry into Thailand of any Czechs so designated.

Japan: The Japanese showed a marked lack of interest in a Cambodian suggestion that Japan serve as a member of the proposed Indochina truce supervisory commission, and are, indeed, unwilling in general to give positive support to measures for Far East stability, according to the American embassy in Tokyo.

South Korea: President Rhee again offered to send two divisions to Indochina.

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INDOCHINA

Political

Vietnam: The Vietnam government, in a desperate bid to bolster morale in the army and civil population, promised political and military reforms designed to satisfy nationalist demands. The government's greatest hope of inspiring a will to fight lies, however, in the possibility of American intervention.

The general attitude of reserve or hostility of the Vietnamese population toward the Bao Dai government and the low morale of the Vietnamese army as a whole have, not unexpectedly, been aggravated by continuing Viet Minh military pressure and the indecisive response of the French and Vietnamese authorities.

The regrouping of French forces in Tonkin will leave several million villagers in the southern part of the delta protected from the Viet Minh only by a frail screen of Vietnamese army battalions. It has been rumored that the priests of the predominantly Catholic population of this area have already fled to Hanoi, although the bishop of Bui Chu remains in his diocese. Another report states that only three percent of the villages in the delta remain "loyal."

The submission of villages throughout the delta to the Viet Minh is largely a consequence of the lack of any alternative. The French, after much hesitation, have approved in principle the distribution of a more adequate armament to Governor Tri's village militia, but have been slow to make these arms available. The American consul in Hanoi points out that because of earlier American commitments to back the militia project, French failure to deliver arms may hurt American interests.

An indication of the part French military command thinking has played in weakening Vietnamese morale came out in a conversation between the American chargé and General Navarre. The chargé got the impression that Navarre would take a certain satisfaction in seeing units

of the Vietnamese army, for which he has always had the greatest contempt, "chewed to bits" by the Viet Minh in southern Tonkin. The Australian minister later told the chargé that he suspected Navarre of having assigned defense of southern Tonkin to the Vietnamese army in order to "prove" that the army could not be relied on.

General Ely's awkwardly delivered address to French and Vietnamese officials on the occasion of his arrival in Hanoi did nothing to dispel the impression that the Ely-Salan team has been sent to help negotiate a settlement rather than to resist the Viet Minh. Ely's reference to Vietnamese independence as an accomplished fact rather than as a pledge which France would fulfill was received in stony silence.

Governor Tri, in a talk with the American consul, expressed his concern over Ely's failure to provide Vietnamese authorities in Tonkin with information on French military plans in the delta. Such information, Tri pointed out, is essential to Vietnamese planning for the civilian population.

The Vietnam government is promising that long-awaited political reforms are now just around the corner. These reforms involve the grant of a larger voice in municipal administration to elected town councilors and the eventual creation of a national assembly, some of whose members will be elected, and some appointed by Bao Dai. Vietnamese skeptics are certain to point out that a powerless "Provisional National Assembly" has already existed for several years.

For the third straight week Bao Dai threatened Premier Buu Loc, who is expected to resign momentarily, with dismissal and replacement by Ngo Dinh Diem, the "honest mystic." Bao Dai appears, as usual, to be operating on the principle that it is not good for prime ministers to feel too secure, but, also, as usual, he is resisting pressure to assume more vigorous personal leadership. His current justification for remaining in France is that the French have not yet met his demand for Vietnamese participation in French military planning. Bao Dai further explained his inactivity on the ground that if he were to take vigorous, independent

action to strengthen the Vietnamese army during the Geneva conference, he would be accused of "warmongering."

Strong opposition to the return of Bao Dai to Vietnam was expressed by two French generals, an influential Vietnamese leader, and the British chief of mission in Saigon in separate conversations with the American chargé. The chargé adds as his own opinion that the hour has passed when Bao Dai's return could make any difference in the fate of Vietnam "except to complicate our task."

As in previous weeks, Governor Tri and Defense Minister Quat have been the most emphatic in urging greater American participation in the war. Both officials begged that General O'Daniel reconsider his decision that American training of Vietnamese units be confined to the south. They feel that training in the north is imperative for psychological as well as military reasons.

The American embassy in Saigon believes that the Viet Minh, possibly in anticipation of eventual elections, is conducting a campaign of terror against village officials in south Vietnam, forcing them to co-operate or flee. Normally, these village "notables" would determine the eligibility of voters.

Cambodia: American chargé Montllor, on his departure from Cambodia after 22 months' service, summed up the situation there in the following terms:

Cambodian distrust of the French is total.

The leaders of the country unanimously look to the United States for the salvation of their country from Communism.

Cambodia wants arms to build its army and it wants them directly.

Cambodia needs bold military leadership, and General Tioulong is helping to provide such leadership at the top.

The United States now has in staunchly anti-Viet Minh Cambodia a potentially important supporter in the struggle against Communism in Southeast Asia.

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INDOCHINA REPORT

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GENEVA CONFERENCE

The Communists continue to move slowly in the Indochina talks, apparently believing that time is on their side.

They are expected to offer minor concessions in the next few days in an effort to keep the conference from breaking down. Meanwhile, they have urged direct French-Viet Minh talks which could serve as an alternative to the conference.

The Communists do not seem to feel under any pressure to make substantial compromises in the talks. In their view, the political climate in Paris, the military situation in Indochina, and the apparent trend of thinking in Washington all are operating to their advantage.

Nevertheless, the Communists will probably judge it to be in their interest to keep the conference alive. In addition to the prestige which accrues to Communist China and the Viet Minh from participation at Geneva, a military and political settlement for Indochina which had the concurrence of all or most of the Geneva powers would seem preferable to one concluded solely with France.

The Communists could make a number of concessions, at small cost to themselves, in the matters now being discussed at Geneva. They are reported to have submitted exaggerated claims of territorial control in the military talks, they have insisted on a veto at every level of authority supervising a truce, and they have insisted that any settlement include their ghost governments in Laos and Cambodia as well as the Viet Minh regime.

While seeking to prolong the conference, the Communists are apparently preparing for a possible early breakdown. They have urged that direct French-Viet Minh military talks get under way in the field as well as at Geneva, and that direct political talks

be arranged at Geneva or in the field or both. Such talks would open the way for moving all the Indochina negotiations to the field in the manner of the Panmunjom talks.

Current Military Discussions

There has apparently been little progress in the military talks resulting from the 29 May agreement that representatives of the two commands would meet at Geneva and in the field to "study the disposition of forces."

The Communists have reiterated their demand for a regrouping of forces in Laos and Cambodia as well as in Vietnam. Chou En-lai said on 9 June that the study "should undoubtedly apply to the whole territory of Indochina."

The military representatives at Geneva are reported to have exchanged maps to serve in any regrouping of forces. The Viet Minh is believed to be bidding for control of three fourths of Vietnam, including all of the delta area except Hanoi and Haiphong, and about half of Laos and much of Cambodia.

Both Molotov and Chou have urged that the military talks in the field be started soon. Such military talks, together with the direct French-Viet Minh political conversations proposed by the Communists, could be a vehicle for transferring Indochina negotiations to the field as was done in Korea.

Supervision and Guarantees of a Truce

The Communists have continued to demand a veto at each level of the proposed supervisory authority--the mixed committees of belligerents, the international commission, and the nine "guarantor" states. They have made only one minor concession in the past week.

The Mixed Committees: The Communists have reaffirmed that mixed committees of the belligerents must "bear the main responsibility for implementation" of the truce. These committees would be half Communist in composition.

The International Commission: The Communists have continued to define the "main tasks" of the international commission as:

- (1) Preventing the introduction of troops and arms into Indochina.
- (2) Supervising provisions relating to military demarcation lines and a demilitarized zone.

The commission would also have a role in "mediation."

Chou En-lai proposed on 3 June that the international commission "take up" disputes among the mixed committees, and, if necessary, refer them to the nine "guarantor" states participating in the Indochina talks. As of 14 June, the Communists were still insisting that the commission could only make recommendations to the mixed committees, and would not have any authority over them.

The Communists have also stood firm in demanding that two Communist states be members of the international commission. They have rejected Eden's proposal, backed by the United States, for a commission composed of Burma, Ceylon, India, Indonesia, and Pakistan.

The Communists made a minor concession on 14 June by agreeing that the international commission could decide some questions by majority vote, with India as the chairman having a tie-breaking vote. The more important decisions, however, would still require unanimity.

There are several points relating to the function, composition, and procedure of the commission on which the Communists could compromise at no real cost. They are likely to do so in order to appear "reasonable."

The Nine Guarantors: The Communists still demand that supreme authority must rest with the nine powers participating in the Indochina talks. Molotov has said

that in the event of a dispute within the mixed committees or the international commission, or between the two, "the states which are the guarantors become the body to which an appeal should be made."

The Communists have continued to insist that the nine "guarantor" states must operate in unison or not at all. Their formula provides that the nine guarantors, which include three Communist states, "carry on consultations and adopt collective instead of individual measures." Should the Communists retain this veto at the top level of supervisory authority, they could easily relinquish it in a feeble international commission.

Political Questions

The Communists have continued to insist on settling "at least some" political questions as a condition for a truce. As in the military field, the Communists have demanded that a political settlement include Laos and Cambodia as well as Vietnam.

Molotov stated on 8 June that "there should be no more delay in discussion of problems of a political settlement." He defined the "main political questions" as:

- (1) "Establishing new mutual relations" between France and the three Associated States.
- (2) "Holding free elections" in all three states.

This statement, echoed by Chou En-lai on 9 June, was a reaffirmation of the Viet Minh proposal of 10 May, which called for French recognition of the sovereignty and independence of the three states, the withdrawal of foreign troops, formation of committees to carry out elections, and establishment of unified governments in the three states.

On 10 June Molotov, in a speech in which he was obviously marking time, cited American statements as evidence for his contention that the Associated States

do not have genuine independence. He concluded that all participants in the Indochina talks should realize that an Indochina settlement must resolve "the question of ensuring the independence of Vietnam, Laos, and Cambodia and the question of re-establishing the unity of each...."

Bilateral Political Talks

It is not known whether the Communists have followed up Molotov's 8 June proposal that representatives of "both sides"--i.e., the French and the Viet Minh--make contact to discuss political questions just as they have been discussing military matters. Molotov's phraseology suggested a Communist hope for such talks in the field as well as at Geneva.

The Communists have long advocated direct negotiations between the French and the Viet Minh, apparently believing the French would be easier to handle if isolated. If the Communists are able to arrange direct French-Viet Minh political talks at Geneva or in the field, together with direct military talks in the field, they will have the framework of negotiations on the Panmunjom style. In such an event, they might be willing to see the Geneva conference break down.

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SOVIET BLOC PROPAGANDA

Moscow and Peiping continue to assert that the United States intends to make the Geneva conference fail, to extend the Indochina war, and to form a "South-east Asian aggressive bloc."

The most recent Communist statements seem to reflect a belief that American intervention in Indochina is not an immediate danger. There has been no follow-up to Molotov's warning on 8 June that American extension of the Indochina war would have "dangerous consequences."

The following statements are typical of those issued in the past week:

- (1) There has been no "basic change" in the American policy "designed to extend the war in Indochina and to prevent the Geneva conference from reaching agreement." The United States is still seeking to "organize a Southeast Asian aggressive bloc...." (Chou En-lai, 9 June)
- (2) The military talks in Washington are "working on a plan in deep secrecy for intervention in Indochina and spreading the war." (Moscow, 9 June)
- (3) Admiral Radford wants a "big war, if not a world war." Senator Knowland wants the United States to fight in Indochina. Senator Bridges advocates dropping an atomic bomb on Indochina. (Moscow, 10 June)
- (4) The United States wants nothing more than a temporary settlement in Indochina, a "respite" in which to prepare for intervention, preferably after the congressional elections this fall. (TASS from Geneva, 11 June)

- (5) Immediate American intervention in Indochina is unlikely in view of the approaching congressional elections. High American officials have been advised to "hold their tongues" in view of the "complete muddle" caused by the cleavage in official opinion on Indochina. (Moscow, 13 June)

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FREE WORLD POLICIES AND OPINIONS

France

National Assembly dissatisfaction with Foreign Minister Bidault's handling of the Indochina negotiations at Geneva played a major role in bringing about the downfall of the Laniel government on 12 June by a vote of 306 to 293. It is virtually certain that any successor government will be pledged to bring about an early end to the war. French official and parliamentary statements during recent weeks have made it increasingly clear that without American or UN intervention, the French military effort in Indochina will cease within a matter of a few months.

The search for a successor to Laniel is likely to be bitter and prolonged. Of the various candidates, Radical Socialist Mendes-France had been the most outspoken in criticizing the Laniel government's negotiations at Geneva and in advocating direct talks with the Viet Minh to end the war. Possible successors to Laniel include Pinay, an Independent, and Faure, a Radical Socialist. In view of the present parliamentary attitudes on Indochina, any aspirant to the premiership will be forced to offer a program for getting France out of the war. One candidate, Francois Mitterrand, leader of the small Resistance Union, has repeatedly proposed that France abandon Indochina and concentrate its energies on its African possessions.

Great Britain

Prime Minister Churchill's pronouncement in the House of Commons on 15 June that the Geneva conference was hopelessly deadlocked climaxed a week of speculation that the end of the conference was approaching. There are indications that the British government began systematically to prepare the public for the collapse of the negotiations following the cabinet meetings on the week end of 5 June. In any

case, Foreign Secretary Eden seems assured of wide popular support for any new policy moves because of his previous resolute efforts to induce the Communists to negotiate.

It is becoming increasingly evident that Britain is deeply concerned over the effects of the crisis in France on the defense of Western Europe--possibly more concerned than it is over the situation in Southeast Asia. Alarm over the plight of France since the fall of the Laniel government has acquired new intensity in the British press and may well impel Prime Minister Churchill and Eden to raise the question during their visit to the United States next week.

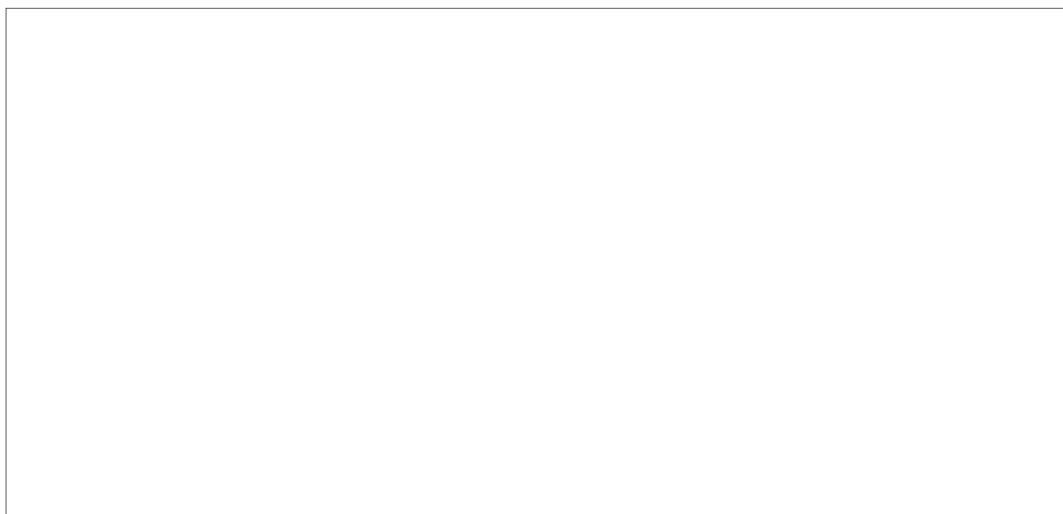
Australia

On 13 June, shortly after his return to Geneva, Australian minister for external affairs Casey stated that the UN should deal with the Viet Minh aggression in Laos and Cambodia. He indicated his government would support those countries if they made a direct appeal to the UN.

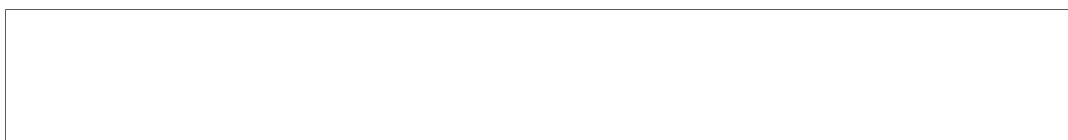
The Australian press was pessimistic on the chances for anything being accomplished at Geneva and also on the chances of saving Indochina.

India

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The Indian press has switched abruptly from admiration to hostility in its attitude toward British foreign secretary Eden, since his speech on 8 June, which included a reference to possible participation of the Colombo powers in supervising an Indochina truce. Eden is accused of giving way to American pressure.

Burma

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Many Burmese papers have been expressing a more sympathetic attitude toward Thailand recently. The American embassy in Rangoon attributes this to a growing awareness that Thailand serves as a buffer against Communist expansion from Indochina.

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Philippines

There has been criticism in the Philippine press of what is regarded as shifting American attitudes on intervention. One paper said: "The United States must stop blowing hot and cold on this situation. It is wreaking havoc with morale."

Thailand

Thai officials are anxious to press forward with their UN appeal. In Geneva, Foreign Minister Prince Wan quickly approved, with minor reservations, a draft resolution drawn up in New York with British and French approval, calling for a subcommittee of the Peace Observation Commission to be sent to Thailand.

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The resolution meets the chief Thai requirement that the committee's jurisdiction not be confined to Thailand.

The Thai fear, however, that Czechoslovakia might be selected to serve on any subcommittee appointed. They have indicated an intention to refuse entry into Thailand to any Czechs so designated.

Meanwhile the Thai government is showing increased concern over the deterioration in Indochina. Police units along the Indochina border have been reinforced. The arrest of several suspected Communists in northeastern Thailand indicates that security in the area has generally been tightened.

Japan

The marked lack of Japanese official and press interest in the Cambodian suggestion at Geneva that Japan be a member of the proposed Indochina truce supervision commission demonstrates Japanese unwillingness to give positive support to measures for Far East stability, according to the American embassy in Tokyo. A Foreign Ministry official has dismissed as premature any thought of Japan's joining a regional security organization now.

South Korea

At the opening session of the Chinhae conference on 15 June, President Rhee again offered to send two South Korean divisions to Indochina. Rhee is convinced that military force is the only effective way to deal with the Communists. He probably also feels that American support of South Korea derives principally from the conflict between Communist China and the United States, and that promotion of this conflict will result in gains for South Korea.

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The Chinhae conference, called by Rhee, also appears designed to convince the United States that popular Asian support exists for a collective anti-Communist action program, in which South Korea would play a part.

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