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MEMORANDUM





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DIRECTORATE OF INTELLIGENCE

The Situation in Vietnam

Top Secret

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HIGHLIGHTS

Enemy activity slackened over the weekend, but a number of mortar and rocket attacks were directed against several US airfields, and a battalion assaulted a US base in the delta.

The Military Situation in South Vietnam: I. The tempo of enemy activity is at its lowest point since the offensive began on 30 January. Nevertheless, enemy threats to several urban areas, including Saigon, continue. A US fire support base south of Saigon in the delta province of Dinh Tuong was attacked with heavy losses to both sides (Paras. 1-2). The enemy attacked a series of US airfields on the 24th and 25th with mortar and rocket fire (Para. 3). The enemy maintains pressure on Khe Sanh and nearby posts, but allied forces have cleared the city of Hue of organized Communist units (Paras. 4-5). Enemy attacks in the Pleiku, Dak To-Ben Het, and Kontum areas may be imminent (Paras. 6-9).

II. Political Developments in South Vietnam: The government's detention of a number of prominent individuals, especially the arrest of two labor leaders, is causing considerable consternation and may have unfortunate repercussions (Paras. 1-4). A new Lower House bloc, composed of opposition deputies, has issued a reasoned appeal for governmental reforms in order to make the people's anti-Communist struggle worthwhile (Paras. 5-7). Food prices are falling in Saigon, but unemployment at manufacturing plants damaged during the Viet Cong attacks has become a serious problem (Paras, 8-11).

III. Military Developments in North Vietnam: Although hampered by poor flying weather, US aircraft managed to strike the Hanoi port complex, Radio Hanoi, and three airbases on 23 and 24 February (Paras. 1-4).

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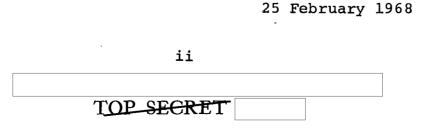
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IV. Other Communist Military Developments: There is nothing of significance to report.

V. <u>Communist Political Developments</u>: There is nothing of significance to report.

VI. Other Major Aspects: New rail and road construction in northeast North Vietnam is progressing rapidly (Paras. 1-2).



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I. THE MILITARY SITUATION IN SOUTH VIETNAM

1. Although the tempo of enemy activity is at its lowest point since the start of the Tet offensive on 30 January, numerous mortar and rocket attacks and small-scale ground attacks are still occurring throughout South Vietnam. Communist forces also still appear to pose a threat to a number of urban areas, including Saigon, Da Nang - Hoi An, and several delta cities.

US Base Attacked in the Delta

2. On the morning of 25 February, an artillery battalion fire-support base of the US 9th Division, located about nine miles northwest of My Tho in Dinh Tuong Province, was attacked by an estimated enemy battalion. The enemy succeeded in penetrating the base perimeter but was repulsed after the arrival of US reinforcements. US forces suffered 19 killed and 43 wounded in comparison with enemy losses of 94 dead and 24 weapons seized. Two US 155-mm. artillery pieces were damaged and nine armored personnel carriers were destroyed.

Enemy Artillery Attacks on US Air Bases Continue

3. On 23 February, enemy rocket and mortar shells hit Ban Me Thuot and Tan Son Nhut airfields, and on the 24th, Da Nang and Marble Mountain were struck by 122-mm. rockets. Can Tho and Binh Tuy airfields were also mortared on the 24th. As a result of these enemy actions, seven US soldiers were killed, 50 US and Vietnamese soldiers were wounded, and about 28 aircraft were damaged. At Binh Tuy, the enemy's mortar rounds struck an ammunition storage area adjacent to the airfield destroying large quantities of small arms and aircraft ammunition.

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Pressure Against Khe Sanh Continues

4. The Communist shelling of allied field positions in northern Quang Tri Province continued on 23 and 24 February, but slackened on the 25th. After receiving nearly 1,000 rounds on 22 February, the Khe Sanh combat base received approximately 1,300 rounds of artillery, mortar, and rocket fire on the night of 23-24 February. Eight US Marines were killed in the latter shellings and another 38 were wounded; a large quantity of tank ammunition was destroyed. The Vietnamese Ranger unit on the eastern perimeter of the base was probed by an estimated enemy battalion on the 24th, but it suffered no casualties. On 24-25 February the Khe Sanh base was again shelled and its defenders suffered 11 wounded. On the afternoon of the 25th, the US installation and airfield at Dong Ha received an estimated 64 rounds of 130-mm. artillery fire; there were no personnel casualties, but six aircraft were damaged.

Hue Is Secured

5. In Hue, Vietnamese forces reportedly drove the last enemy force from the area of the Citadel and on the 25th, the city was declared clear of Communist units. Sporadic firing continued, however, as pockets of resistance were still being neutralized.

Threat to Kontum and Pleiku

6. enemy attacks in the Pleiku, Dak To -Ben Het, and Kontum areas may be imminent. Since the middle of February, units subordinate to the B3 Front have gradually moved from the tri-border area into southern Kontum and northern Pleiku provinces. Units identified as deploying include elements of the 40th Artillery Regiment and 174th Infantry Regiment. In addition, at least five terminals serving the headquarters of the B3 Front have moved into Kontum and Pleiku.

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enemy forces in Pleiku and Kontum provinces are attempting to con-	3.3(h)(2)	
duct a large-scale recruitment drive to replenish the ranks of military units. The recruitment is		
being conducted in the villages and hamlets that		
have come under their control as a result of the withdrawal of allied military units from the country-	·2.2(h)(2)	
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enemy appears to be preparing for another round of large-scale attacks.		
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II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

1. The government's series of arrests during the past several days--especially those of two labor leaders--is causing consternation in many circles and may have unfortunate repercussions. Labor Minister Pho Ba Long told an embassy officer on 24 February that he had been unable to discover the real reason for the arrests of Tran Huu Quyen, secretary general of the Vietnamese Confederation of Labor (CVT), and Vo Van Tai, secretary of the CVT's Saigon Council. He said neither he nor Prime Minister Loc had had advance word on the police action, and he believes--as do many others--that it was carried out under the personal direction of Police Director Loan as part of a predetermined plan to "neutralize certain people" in a time of crisis.

2. Tran Quoc Buu, CVT president, has reportedly received indirect assurance from Vice President Ky that Quyen and Tai will be released, but Buu plans nonetheless to bring the matter up with President Thieu in a meeting on 26 February. He has told an embassy officer that he will point out to Thieu that the CVT has been a consistent supporter of the government, despite occasional differences, and that he, Quyen, and Tai issued statements condemning the Viet Cong and supporting the government immediately after the Tet offensive. Non-CVT labor leaders have remained mute on the subject, Buu noted, but it was the CVT officials whom the government chose to detain. Buu said that the CVT will not launch a protest movement which would hurt the government, but his officials are "so demoralized that the CVT might just as well close down its doors."

3. The detention of militant Buddhist leader Thich Tri Quang is causing less of a stir, but some _______ feel that this action too will hurt the government. A Cao Dai leader who is well acquainted with many of the militants told an embassy officer on 22 February that Tri Quang's prestige with the Buddhist faithful had been diminishing rapidly in recent weeks and that this trend would probably have continued if he had not been taken into custody. Now, however, his image among his followers

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will probably improve. Lower House deputy Ly Quy Chung has expressed similar views, claiming that Tri Quang's refusal to denounce the Viet Cong attacks had seriously hurt his prestige, but that the government has now made a martyr of him.

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Lower House Deputies Appeal for Government Reform

5. A new Lower House group, the New Society Bloc, composed primarily of opposition deputies, has presented President Thieu with a reasoned appeal for a governmental clean-up in order that the people's anti-Communist struggle and their sacrifices "will not have been in vain." The statement begins with a denunciation of the Communists' Tet attacks and goes on to request a reorganization of the administrative apparatus to eliminate corruption and inefficiency. It further urges an immediate re-evaluation of government policies and programs, particularly in the areas of national security, revolutionary development, and information.

6. The statement also points to the need for true unity within the executive and for greater allied assistance in order to put down false rumors that "the war has been prolonged for some hidden reason or other." Deputy Ly Quy Chung, one of the New Society Bloc's leaders, told an embassy officer on 23 February that President Thieu, when presented with the statement, had appeared to accept the justice of the criticisms.

7. The tone of the statement and the manner of its presentation will strengthen its impact. The authors' credentials as fair-minded critics are also strengthened by the fact that they joined quite readily in the Lower House's earlier statement of support for the government during the crisis and apparently still hold that

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view, while recognizing the immediate necessity for certain reforms.

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Economic Situation in Saigon

8. By 22 February food prices in Saigon had dropped considerably, primarily because of increased deliveries of certain items and the reopening of the central market. The price index now stands at 15 percent above the pre-Tet level, in contrast to the 70-80 percent which held for some time after the Viet Cong offensive. Most major roads to Saigon are again open for traffic, thus permitting deliveries of food from Da Lat, My Tho, and Vung Tau.

9. The industrial employment situation presents a less encouraging picture. Of 27,000 persons employed in the major industries--textiles, machinery and mill products, glassware, and rubber--in the Saigon area, 11,000 are out of work because of plant damage and many of the remainder are only working part time. It is estimated that this situation will persist for six months, and even afterward, some 7,000 will probably still be jobless.

10. Although details are lacking on the current status of the approximately 23,000 employed in smaller industries around Saigon, their situation is probably similar. In addition, construction activity has been very limited, causing a temporary income loss to about 70,000 employed in this field.

11. In the area of reconstruction, the minister of public works told the national recovery task force on 24 February that the ministry is now ready to begin the construction of three high-rise apartment buildings in burned out areas of Saigon. In addition, the homeless in other areas of the city are to be given a resettlement allowance and building materials in order to begin building their own homes. Refugees in Saigon totaled 143,000 as of 24 February. Figures for other areas stood at 78,000 in I Corps, 88,000 in II Corps, 92,000 in III Corps, excluding Saigon, and 104,000 in IV Corps.

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III. MILITARY DEVELOPMENTS IN NORTH VIETNAM

1. Poor flying weather reduced the number of US aircraft sorties over North Vietnam on 24 and 25 February; however, a number of targets were hit, including three airfields, Radio Hanoi, and the Hanoi port complex.

2. The Hanoi port complex handles approximately 30 percent of North Vietnam's inland waterway traffic and is an important commercial transshipment point, handling some shipments destined to support Communist operations in Laos and South Vietnam. Two aircraft using radar-controlled bombing systems, struck the port complex on the morning of the 24th. Another aircraft hit the Hanoi radio station, four miles southwest of the city, at about the same time. Adverse weather prevented a damage assessment of these strikes.

3. Three airfields, Cat Bi, Kep, and Vinh were also hit by US sorties on the 24th.

4. On 24 and 25 February, US pilots observed 24 surface-to-air missiles within a 20-mile radius of the city of Hanoi. One missile succeeded in downing a US A-6A aircraft near the Hoa Lac Airfield.

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IV.	OTHER COMMUNIST MILITARY DEVELOPMENTS	
	V. COMMUNIST POLITICAL DEVELOPMENTS	
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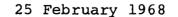
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VI. OTHER MAJOR ASPECTS

1. The new rail and road construction in northeast North Vietnam is progressing rapidly.

two-thirds of the roadbed construction of a new 67-mile rail line between Hon Gai and Chu Nguyen on the main rail line from China had been completed. This is a 60-percent advance over early October 1967. In addition, a rail yard, three passing tracks, and about half the required bridges are finished or under way along the line. Track could be laid and the line completed within a year.

2. A new, nearly completed, high-quality road from Ssu-lo, China, connects with the rail construction at Hon Gai. Other work is under way on a road running west from Hon Gai toward Hanoi. The rapid pace and quality of construction suggest these are priority projects and the work of Chinese engineering troops. When all construction is completed, the Communists will have a new strategic rail and road net from China to the Hanoi-Haiphong area via Hon Gai and connecting routes.



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