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8 MAY 1963

MEMORANDUM FOR: Director of Central Intelligence

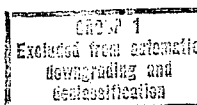
VIA: Deputy Director (Plans)

SUBJECT: Secretary of Defense Conference on Vietnam,
Honolulu - 6 May 1963

SUMMARY

The conference reviewed the current situation in Vietnam and projected likely future developments. It was noted that most of the build-up of American assistance had been completed and that a number of indicators point toward a turning of the tide against the Viet-Cong. General Harkins expressed the belief that the military phase of the insurgency would have its back broken within another year. Ambassador Nolting commented on the increased xenophobia of the GVN and its effort to reduce the political impact of American advisors. However, he believed that there is no major crisis at hand and these temporary problems can be solved with tact and patience. The strategic hamlet program is proceeding with great effectiveness. The Secretary of Defense directed that planning be initiated so that Americans can be withdrawn from direct fighting roles as soon as Vietnamese can be trained, and to reduce GVN forces as soon as the insurgency declines, in order to avoid the economic burden of large forces which would require continuing large scale U.S. aid. North Vietnam operations were discussed and to some extent disputed between Admiral Felt and General Wheeler, but the matter was left that the Army's plan would be further staffed through the JCS before a decision was sought on it and that in the meantime CIA operations should continue and expand as much as possible.

1. General Harkins presented a detailed run down of the extensive steps which had been taken by the U.S. to strengthen the GVN and its forces. A review of the indicators such as incident rates, VC defectors, etc., all show a considerable strengthening of the GVN. The strategic hamlet and provincial pacification programs are proceeding in an excellent manner, except for some weaknesses in IV Corps. The Lao/Cambodia border was viewed as a continuing problem which would have to be met by both regular and paramilitary forces. General Harkins' conclusion was that it is

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essential to keep the pressure on and not relax with these first indications of success. If this is done, he indicated that clear indications of victory would appear in about a year.

2. Ambassador Nolting commented that in recent weeks there is less of an atmosphere of trust and confidence between the GVN and the U.S., although the situation is by no means critical. It is clear that GVN confidence in victory has been increased and that it is aware of the benefits brought by American advisors and assistance. It has, however, become somewhat restive under the U.S. advisory efforts for the following reasons:

a. Vietnamese sensitive nationalism, long a characteristic of the people.

b. A resolution to be independent of what they envision the uncertainties of U.S. policy. In this regard the Mansfield report with its implied suggestion of American withdrawal from Southeast Asia caused considerable impact. The U.S. position in Laos has also contributed to this belief that U.S. policy is uncertain.

c. The massive impact of the U.S. advisory effort at all levels has sharply concerned the GVN.

Despite these problems, Ambassador Nolting believes that the GVN will continue the present programs provided we display tact and patience. The problem is chiefly at the provincial level where many American advisors surround the normal province chief, and their own effectiveness frequently dominates his decisions. The criticism is addressed at both civilian and military advisors, but does not apply to military advisors with military units. In the civilian sector some elements in the Rural Affairs Division of USOM believe that a recent agreement to accept an advisory rather than a controlling role in the dispensing of the counterinsurgency fund (which is GVN owned) will cause the program to fall since U.S. influence will be reduced. Ambassador Nolting and the Embassy believe that the program will continue (as it already has in great part without U.S. control) although it is true that the U.S. influence may be somewhat reduced. The Secretary of Defense accepted the Ambassador's judgment and commented that in no country in the world do Americans control the disbursement of indigenous funds. Ambassador Nolting commented that political institutions are

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developing to some degree (hamlet elections, National Economic Council, Foreign investment law, etc.) and that Ngo Dinh Nhu has clearly become a more powerful political figure in the country. Ambassador Nolting said he continues to press the Government to bring non-Communist political prisoners to rapid trial and increase representation in the cabinet by the opposition groups.

3. A briefing on socio-economic progress was given by Mr. Brent, Director of USAID, Saigon. He recounted the excellent work of the Rural Affairs Division in provincial level activities, primarily in support of the strategic hamlet programs. Mr. Brent pointed out the critical problems which will arise in the future as a result of the projected five billion piastre annual deficit (6% of GNP), which can only produce inflation. On the other hand, direct U.S. support of the piastre would be prohibitively expensive, would also have an inflationary effect, since there are not enough commodities or production within the country to absorb this quantity of piastres, and would be rejected by the U.S. Congress. The only solution thus would be to cut back the armed forces in FY 1966 in order to reduce the deficit. Another way to avoid such a deficit would be GVN reluctance to support counterinsurgency projects to the degree we believe necessary to make the program a success in the socio-economic field. There was some debate between Ambassador Nolting and Mr. Janow, Assistant Administrator of AID for FE, over whether an emergency fund might be made available to the Embassy to provide direct piastre support in case inflation threatened. Mr. Janow reiterated the obstacles to such an operation; Ambassador Nolting pointed out that the GVN is spending at a rate which has reduced its dollar reserve far below the level the U.S. had accepted as appropriate in the Staley-Thuc Report in mid 1961. The Secretary of Defense requested the Ambassador to advise Washington if the GVN should begin to cut back its counterinsurgency expenditures.

4. With respect to forces, MACV presented projections which essentially left regular forces at the current levels for five years, reduced somewhat paramilitary forces in FY 1966 and eliminated irregular forces at the end of the insurgency. The Secretary indicated that the total force level contemplated was far too high for a country of 13 million to maintain over an extended period and emphasized the necessity to bring down the forces in order to avoid a continuing economic drain such as Korea has required of the U.S. He stated as a goal that the MAP program be reduced from its current projected 158 million (which MACV says only satisfies current expenditures and to which it has added a request for 80 odd million

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(for capital investment and force improvement) to approximately 50 million for FY 65 on the assumption that the insurgency is brought under control. The Secretary also emphasized throughout the meeting the desirability of removing U.S. personnel from combat positions e.g., helicopter pilots, air strike pilots, etc., training Vietnamese to replace them and if necessary leaving the equipment in Vietnamese hands. He insisted that this matter be studied for implementation as soon as feasible without hurting the counterinsurgency effort. In this discussion the methods of control of air attacks and air strikes were reviewed in detail and it was decided that these strikes should continue with the controls currently in force. The Secretary insisted also that a plan be produced to reduce U.S. forces by 1000 this coming December.

5. The problem of relations between the GVN and the U.S. press were reviewed. This continuing problem will be worked on in the field and in Washington, primarily by trying to give the U.S. press better access to the news stories in the area.

6. In a restricted session operations into North Vietnam were discussed. This began with a briefing by a CINCPAC officer of OPLAN 33-62 for the overt employment of U.S. forces against North Vietnam. In this plan an extensive target review has been conducted and plans have been worked out by PACFLT, PACAF and ARFAC. During this discussion reference was made to a list of about six targets that the Secretary of Defense had apparently relayed to the President. These had been put together by JCS and were primarily concerned with air strikes for possible application in connection with the recent difficulties in Laos.

7. The CINCPAC officer then gave a briefing on the Department of Army study of possible operations in North Vietnam, inspired by General Wheeler's report. The CINCPAC officer pointed out that the operational concept required covert rather than overt operations. CINCPAC comments were that the operations were approximately the same that were currently being conducted by CIA. He also pointed out that the plan included the use of combat air and that only minor targets were contemplated, so that there was some question whether the plan would effectively deter the DRV. In summary he urged that CIA be given a chance to apply its

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plan and its new assets before involving the U. S. military in the covert business. General Wheeler took exception to this presentation of the Department of Army study. He commented that it was necessary to take the strategic offensive against Ho Chi Minh rather than remain on the defensive. He stated he had talked to Mr. McCone and Governor Harriman and both agreed with the objective and with the desirability of examining the problem to determine the feasibility of a program. In this examination he stated it had been determined that an overt program would not be feasible. He stated CIA resources were limited and that policy limitations have reduced their potential. He thus believed it essential to conduct "military operations under the guise of non-attribution", designed not to break the NVN will but to place pressure upon it. The plan contemplated that CIA expand its "unilateral operations" but that MACV be encouraged to utilize GVN assets in this covert program in the same way it currently utilizes GVN assets overtly in South Vietnam. He also commented that a Joint Unconventional Warfare Task Force would be established to coordinate military and CIA operations. He stated that the matter was merely a study and presentation to the Special Group and President Kennedy naturally depended upon CINCPAC's comments and whether Ambassador Nolting believed he could get President Diem's approval. The Secretary commented that the JCS has not yet accepted the study and that it should be staffed through JCS for further review and consideration. Admiral Felt then expressed his disagreement with General Wheeler's position and again emphasized that CIA has the capability, that MACV should not be engaged in covert operations in North Vietnam and that CIA should be allowed to continue in its present activity.

6. Mr. Richardson then presented a review of the Saigon Station program,

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Mr. Colby indicated that the matter would be further considered in Washington and that we would keep him advised of any needs. Comment:

[Redacted]

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(b)(3)

It is believed that we do not need any further Department of Defense assistance than that presently scheduled and that the limits on our capabilities in 1963 are primarily Vietnamese rather than American. This matter will be reviewed, however, and a memorandum prepared summarizing the situation for the Director possibly to use in contacts with the Secretary of Defense.

/s/ William E. Colby
William E. Colby
Chief, Far East Division

cc: DDCI

Distribution:

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