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10. The Catholic population of approximately 750,000 appears to be the main center of passive resistance to Communist indoctrination and DRV control. The Communists appear to have recognized the special nature of the Catholic problem and, probably with an eye both to reducing opposition and impressing the evacuees in the south, have moved slowly to restrict church activities. At the same time, they are attempting to weaken the hold of the clergy over the communicants by various means including visits of "puppet" priests from Eastern Europe. To date the Vietnamese Catholic hierarchy appears to have been fairly successful in maintaining its position among the Catholic population.

11. The substantial ethnic minorities, who live outside the river deltas, have an ingrained dislike for all Vietnamese and there have been some instances of armed opposition by the tribal groups of north and northwest Tonkin. To integrate these minorities politically and to lessen their opposition to Communist leadership, the DRV has established "autonomous administrative areas" nominally controlled by tribal dignitaries loyal to the Communists. In any event, Communist military and security forces are capable of eliminating any active resistance in the north.

Economic Policies and Courses of Action

12. The regime is moving gradually to extend its control over all aspects of the economy, but it has not yet attempted detailed over-all planning, the nationalization of small productive units and domestic trade, or the collectivization of agriculture. At present, the regime is attempting to deal with immediate problems on the following priority: (a) increasing agricultural production; (b) restoring the transportation network; and (c) rehabilitating export industries, e. g., coal, cement, phosphates, and textile and other light industries. Thus far the regime has not begun to stress heavy industrial development and is concentrating a major portion of its industrial production on consumer goods.

13. The regime's major economic problem is to meet the minimum consumption needs of the population while developing a self-sup-

porting economy. Prior to 1954 the annual rice deficit of North Vietnam averaged about 200,000 metric tons. As a result of wartime damage to irrigation facilities and an unprecedented series of floods, droughts, and insect scourges, the rice deficit in each of the past two years has amounted to at least 500,000 metric tons. With shipments from South Vietnam cut to a trickle since 1954, the DRV appealed to the Bloc for relief. However, imports through April 1956, consisting of token shipments from Communist China and some 200,000 tons of Burmese rice purchased by the USSR, have fallen far short of minimum requirements. In December 1955 the DRV announced that the per capita food consumption in that year had dropped at times to as low as 500 calories per day.

14. There will probably be some improvement in the food situation in 1956-1957. The USSR has agreed to accept up to 400,000 tons of Burmese rice each year through 1959. It is likely that the Burmese will actually ship a high percentage of this figure and that the DRV will receive a major share of this rice. Although the spring crop in 1956 will probably again fall below normal because of continued adverse weather, the extensive efforts of the regime to mobilize all segments of the population for irrigation repair, reclamation of abandoned land, cultivation of new land, and planting of subsidiary crops should lead to a gradual increase in domestic output.

15. However, North Vietnam will not achieve self-sufficiency in rice in the next few years even with optimum weather conditions. Planned investment to increase the supply of fertilizers, pumps, improved seeds, and agricultural implements appears insufficient to achieve a substantial increase in output in the near future. Moreover, the current program for redistribution of land will probably depress production.

16. Rehabilitation of modern industries has gone slowly due to a lack of raw materials, technicians, and equipment. Coal production in 1955 is estimated to have been about 700,000 tons compared to 900,000 tons under the French in 1953 and the pre-World War II peak of 2,600,000 tons. The rate may reach

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