

SECRET

## VIII. VIET-NAM

### A. SUMMARY EVALUATION

32. Developments related particularly to a U. S. course of action to assist Free Viet-Nam to develop a strong, stable and constitutional government which would work toward the weakening of the communists in both North and South Viet-Nam. President Diem remained firmly in control despite some political dissatisfaction with his government. As a strongly committed anti-communist country, Viet-Nam displayed a serious concern about developments in Laos, Cambodia's recognition of Communist China, and the U. S. position in the Taiwan Straits. The communists and dissidents continued their campaign of assassinations, especially of officials in rural areas and carried out attacks aimed at disrupting Viet-Nam's economic progress. Although the government gave increasing attention to development of the economy, such development continued to be inhibited by almost pre-emptive military requirements which utilized a substantial portion of Viet-Nam's total resources, including U. S. aid. At the same time, communist North Viet-Nam continued to exploit for political and psychological purposes its own reportedly rapid economic development.

### B. MAJOR OPERATING PROBLEMS FACING THE UNITED STATES

33. Diem's Internal Political Position: Diem increased his travels throughout the country for the purpose of popularizing his regime. Increasing accomplishments of the government in the economic and social fields should also have beneficial political results. Nevertheless, the failure of the government to fully rally certain elements of the middle class, the intellectuals and former officials to its support, the frustration and restlessness of some of the present officials, and some discontent in the army are sources of political weakness. This dissatisfaction is caused primarily by the authoritarian and pervasive political controls of the Ngo family and its associates.

Status of U. S. Actions: The desirability of liberalizing political and administrative controls is brought to the attention of the Vietnamese Government, when considered appropriate by the U. S. Ambassador. Possible lines of U. S. action are greatly limited due to the extreme sensitivity of Vietnamese leaders on this subject.

34. Internal Security. It has become increasingly clear that the communists, no longer expectant that Free Viet-Nam will fall to their control through peaceful methods, are executing a carefully planned campaign of violence aimed at undermining the stability of the Diem Government.

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