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PROSPECTS FOR NORTH AND SOUTH VIETNAM

THE PROBLEM

To analyze the current situations in North and South Vietnam and to estimate probable developments over the next two or three years.

CONCLUSIONS

1. The prospect of reunification of Communist North Vietnam (DRV) and western-oriented South Vietnam (GVN) remains remote. In the DRV the full range of Communist techniques is used to control the population, socialize the economy, impose austerity and direct investment to economic rehabilitation and development. The DRV maintains large armed forces. In South Vietnam, despite the authoritarian nature of the regime, there is far more freedom. Local resources and US aid are devoted to developing the armed forces, maintaining internal security, and supporting a relatively high standard of living, with lesser emphasis on economic development. (Para. 9)

2. In South Vietnam political stability depends heavily upon President Diem and his continued control of the instruments of power, including the army and police. Diem will almost certainly be President for many years. The regime will continue to repress potential opposition elements and depend increasingly upon the effectiveness of the Can Lao, the regime's

political apparatus, which is run by Diem's brothers Nhu and Can. (Paras. 11-14, 29-31)

3. The capabilities of the GVN armed forces will improve given continued US materiel support and training. Continuance of the present level of training is threatened by a recent finding of the International Control Commission (ICC) that the US Temporary Equipment Recovery Mission (TERM) should end its activities by mid-1959. In any event, GVN forces will remain incapable of withstanding more than temporarily the larger DRV forces. The internal security forces will not be able to eradicate DRV supported guerrilla or subversive activity in the foreseeable future. Army units will probably have to be diverted to special internal security assignments. (Paras. 15-17, 33-34)

4. The GVN is preoccupied with the threat to national security and the maintenance of large military and security

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