

SECRET

4

bors, the paternalistic attitude of Diem's government towards the people and the lack of any feasible alternative to the present regime.

B. Internal Security

15. The Communist apparatus in South Vietnam is essentially an operating arm of the North Vietnamese Communist Party (Lao Dong), but there have been recent indications of Chinese Communist participation in its operations. It is estimated that there are about 2,000 active guerrillas. They are in small units scattered along the Cambodian border, the south coast, and in the remote plateau region of the north. There are probably several thousand others, now inactive, who have access to arms and would participate in guerrilla activities if so ordered. The guerrillas are able to marshal a force of several hundred men for major hit-and-run raids, as they demonstrated twice during 1958. They have recently stepped up their intimidation campaign, assassinating local officials in remote areas, terrorizing local populations and disrupting government operations. The dissident armed remnants of the religious sects are largely broken up. About 2,000 such dissidents surrendered to the government during 1958 and the few hundred remaining in the jungle are probably now absorbed or dominated by the Communists.

16. The government has been able to restrict but not eliminate the subversive and espionage activities of clandestine Communist agents. It is probable that Communists have penetrated some local army and security units, village councils, and local branches of the government. There is no evidence, however, that such penetration is sufficient to hamper government operations seriously or that it extends to the higher echelons of the government. There is probably a widespread Communist underground in the urban areas, especially Saigon, and Communist intelligence of GVN plans and activities is probably good. Communist agents are also stimulating unrest among the tribal minorities in the central highlands, a relatively inaccessible and sparsely populated area which the government is attempting to settle and develop, primarily for security reasons.

17. South Vietnam's 136,000-man army,¹ supported by the Civil Guard, the Self-Defense Corps and the police services, is capable of maintaining effective internal security except in the most remote jungle and mountain areas. Until mid-1957, the army had the primary responsibility for internal security, and had considerable success. By that time major responsibility for internal security had been given to the provincial Civil Guard (48,000) and the village Self-Defense Corps (47,000). These organizations have proven to be inadequately trained and equipped for the job, and units from the armed forces have continued to be called in to meet special situations. The size and scattered distribution of the Civil Guard and Self-Defense Corps add to the problems of training and equipping them and of coordinating their activities. In some regions, they are infiltrated by Communists. The police services, which include the 7,500-man Vietnamese Bureau of Investigation and 10,500-man police force stationed in the main cities, have had considerable success in tracking down subversives and terrorists and are developing into efficient organizations.

C. Economic Trends in South Vietnam

18. South Vietnam has made only limited progress toward basic long-term economic development in the five years since independence. US aid during that period, excluding military equipment and training, has totaled over one billion dollars. The bulk of this aid has been provided to finance imports of commodities which have been sold domestically. Most of the local currency accruing to the government has been used to support the armed forces and to finance the resettlement of over 700,000 refugees from the north. The GVN meets, out of its own limited resources, about one-third of the total civilian-military budget, including about 15 percent of the military budget. The GVN does not have the necessary additional financial resources to undertake a significant economic development program.

¹ See Military Annex.

SECRET

1193