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WEEKLY REPORT



THE SITUATION IN SOUTH VIETNAM

22 September 1965

INTELLIGENCE AND REPORTING SUBCOMMITTEE OF THE INTERAGENCY
VIETNAM COORDINATING COMMITTEE

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Published by the Directorate of Intelligence
Central Intelligence Agency

THE SITUATION IN SOUTH VIETNAM
(16 September - 22 September 1965)

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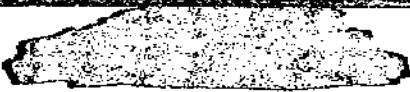
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(The Weekly Report on the Situation in South Vietnam is based on contributions from CIA, DIA and INR; it is edited and published by CIA without final coordination. A fully coordinated Monthly Report will be disseminated on the first Friday of every month.)



THE WEEK IN PERSPECTIVE

The political scene has remained generally undisturbed during the past week, although there continue to be some rumblings among militant Buddhist elements, unresolved problems with minority tribesmen and with labor circles, Viet Cong agitation among the populace, and less than perfect solidarity within the military leadership itself.

The government's military situation improved during the week. Two major combined operations were mounted by friendly forces. Enemy activity, which generally followed the same guerrilla pattern prevalent in recent weeks, was highlighted by one battalion-sized attack.

I. THE SITUATION IN SOUTH VIETNAM

A. POLITICAL SITUATION

1. Politically, South Vietnam remains quiet. Premier Ky has embarked this week on a tour of various areas of the central coastal provinces, where, among other ceremonial duties, he was scheduled on 22 September to dedicate a new 2,000-foot long bridge constructed with US aid at the northern edge of Quang Ngai city on Route 1. Before leaving, Ky told Ambassador Lodge that he intended to look into the refugee problem in the northern coastal towns and into the political situation in Hue, scene of recent student unrest.

2. Ky also told Lodge that his trip last week to Ban Me Thuot in the central highlands, where he participated in an oath of allegiance ceremony by surrendering tribesmen from the dissident autonomy movement FULRO had been a success, and that he had urged the local corps commander, General Vinh Loc, to deal tactfully with the tribes. Ky said that his visits this week would include Cam Ranh Bay, where a new US military base and port area are being constructed. The government has apparently received some complaints from Vietnamese in the area over the rising cost of living, the US competition for laborers at higher wages, and the general flocking to the area of speculators and other unsavory elements.


3. On 22 September three convicted Viet Cong agitators were reportedly executed by a firing squad in Da Nang. A public execution of the three scheduled earlier in the day and to be attended by Ky and corps commander General Nguyen Chanh Thi, was suddenly postponed, because foreign newsmen refused to leave after being ordered not to photograph the event. The three victims were among five persons sentenced to death by a military court for fomenting anti-government and anti-American demonstrations in Da Nang on 20 September. The demonstrators, apparently Viet Cong-instigated, had temporarily stopped two US Marines, and demanded US reimbursement for land disturbed by US military construction or operations, a cessation

of air and artillery strikes, and the release of relatives from ARVN military service.

4. At least four other similar demonstrations occurred in Quang Nam Province, near the Da Nang area, during the past week. On one of these occasions, South Vietnamese forces fired into a crowd of demonstrators, killing one and wounding four others. Viet Cong propaganda has alleged similar popular protests in other areas of South Vietnam.

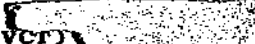

The Institute chairmanship is held by Thich Tam Chau, who has been insisting--as he has often done for tactical reasons in the past--that he will not accept re-election; the US Embassy believes that this time he may be sincere. Chau's attitude toward the present military government has been relatively favorable.

7. The Institute reportedly has reinstated another controversial Buddhist monk, Thich Quang Lien, to his position in charge of cultural affairs and Buddhist schools. Lien was exiled early this




year for sponsoring a peace movement in Saigon, when he returned it was rumored--apparently falsely-- that he was starting a new anti-American peace movement.

8. An interfaith organization of Catholics, Cao Dai and Hoa Hao sect members, and a minority Buddhist association is reportedly seeking government support for sending a delegation to tour various countries, including the US, this fall. The group, the Front of Citizens of All Faiths, appears to be largely the creation of one of the more extremist Catholic refugee organizations headed by Father Hoang Quynh. The US Mission believes that the Front is poorly organized in its planning for the trip, and unlikely to have any important impact abroad; its trip could well antagonize the Unified Buddhist Association in view of the participation of a rival Buddhist group. Any endorsement the Front receives from the military leadership would probably be designed merely to keep its component groups satisfied.

9.  the General Confederation of Labor (VCT)  union has organized an "action committee" to consider a general strike, but that it lacks either a valid issue or the strength to carry out a strike. VCT officials have continued to try to air their complaints among labor ministry officials, but appear to have made little firm headway in dispelling the underlying distrust among the military. At least two prominent representatives of Vietnamese management have commented that the government's "anti-labor" policy is unwise and likely to play into Communist hands.

Economic Situation

10. The Mission cites a recent survey of key rice growing provinces forecasting a decline of 10 to 12 percent for next year's rice crop. This will be due mainly to late rains which precludes double cropping this year, and to a decline in total acreage under cultivation in the central provinces because security conditions prompted farmers to leave their lands.



11. The retail price index rose by three percent last week, and is now eight percent over last month and 29 percent above the level of a year ago. This inflationary trend continues because of the (1) general monetary expansion to finance the GVN budgetary deficit, with the money supply about 50 percent above last year; (2) recent currency exchange reform, with the attending expectations of devaluation; (3) increased expectations for further inflation, reducing willingness to hold piasters; and (4) the recent construction boom and the arrival of large numbers of foreign combat troops, absorbing large amounts of imported materials, local commodities, and services.

12. Script (MPCs) is reportedly being exchanged on the black market at 115 to 125 piasters per dollar, compared to the 118 piasters per dollar accommodation rate. Local Saigon dealers are reportedly using the MPC to obtain PX and commissary goods.

B. MILITARY SITUATION

1. The government's military situation improved during the past week. Two major combined operations were mounted by friendly forces. Enemy activity, which generally followed the same guerrilla pattern prevalent in recent weeks, was highlighted by one battalion-sized attack.

2. Incidents dropped 13 percent, and only one attack of any size was reported. The kill ratio favored the GVN 4.3 to 1 and there were indications of deteriorating morale, food shortages, and manpower problems among the Viet Cong. The number of GVN combat-ineffective units decreased to nine battalions, from the previous week's total of one regiment plus 10 battalions. RVN/US casualties decreased by 33 percent, and the weapons loss ratio favored the GVN 3.9 to 1 as against 1.3 to 1 the previous week.

3. Harassment of military posts and isolated GVN centers of influence continued throughout the country. Sabotage of lines of communications (LOC) continued, with increased emphasis on the railroad. There were no Viet Cong attacks in I CTZ, and incidents declined 49 percent. The VC concentrated on the harassing friendly forces and sabotaging LOCs. Two railroad bridges were reported destroyed. Indications continued to point to a probable build-up of enemy forces over the past several weeks, highlighted by the shift of the 2nd VC Regiment from II CTZ to Quang Ngai Province in I CTZ. If the latter deployment is confirmed, this could indicate a redeployment of VC forces as a result of Operation STARLITE south of Chu Lai.

4. The VC are believed to be increasing their recruitment of guerrilla forces, including women, to strengthen main force units in I CTZ. The VC also appear to be using more duress for recruiting as opposed to their former reliance on "volunteers." The protection of their rice harvests may also be a factor in current VC recruitment policies. The reduction of VC morale in this corps area probably is related to US successes.

5. The number of incidents in II CTZ was below the weekly average for this year. No attacks or ambushes were reported. The railroad in Binh Thuan Province continued to be a focal point for sabotage. Moreover, the destruction of a bridge on Route 1 in Binh Dinh Province, together with the earlier interdiction of the same route in southern Quang Ngai Province, effectively isolates the Binh Dinh - Quang Ngai border area and provides the VC relative freedom of action in the area, to include infiltration activities. Although unconfirmed, three VC battalions have been reported in the vicinity of Duc Co in Pleiku Province, near Route 19; this tends to confirm earlier indications that at least a VC regiment is now operating in that area. This could represent a serious threat to the US 1st Cavalry (Airmobile) Division presently moving into the central highlands. In addition, a PAVN defector in Pleiku Province stated that part of the 325th PAVN Division is in Binh Dinh Province, with supply bases in several locations in southeastern Pleiku Province near the Phu Bon Province boundary.

6. Viet Cong activity in III CTZ was highlighted by a battalion-sized attack near Ben Cat in southern Binh Duong Province, an area which has been a Communist stronghold since the French-Indochina War. Elements of the 8th ARVN Regiment were attacked while in bivouac, losing 16 KIA and 20 WIA. Three Viet Cong bodies were found.

7. Although approximately one-third of the total number of VC-initiated incidents occurred in the IV CTZ during the past week, all were categorized as small-scale; terrorism and sabotage accounted for about 90 percent of the recorded activity. Agent reports continue to indicate that two VC regiments are deployed in Phuoc Long Province. The capital military region also experienced increased VC harassment, with 40 incidents recorded.

8. VC interdiction of LOCs continues to deny the use of large sections of the major highways. National Route 1 is closed in southern Quang Ngai Province, in northern and central Binh Dinh, in southern Binh Thuan, and in all of Binh Tuy Province. Highway 19 is closed west of Pleiku City. Route 14

is closed north of Kontum City, south of Gia Nghia in Quang Duc Province, and in Phuoc Long and Binh Long Provinces. Route 9 is closed in Quang Tri Province. Interprovincial Route 1 is closed in Phuoc Long Province; Route 10 is closed in Hau Nghia Province; Routes 15 and 16 are closed in Bien Hoa Province.

The national railroad is operating between Saigon and Xuan Loc, Long Khanh Province; between Song Mao, Binh Thuan Province, and Ninh Hoa, Khanh Hoa Province; between Dalat, Tuyen Duc Province, and Phan Rang, Ninh Thuan Province; and between Hue, Thua Thien Province, and Dong Ha, Quang Tri Province.

9. Friendly combined operations of significance were Hung Vuong 9, in the Ben Cat area, 30 miles north of Saigon, and Gibraltar, in Binh Dinh Province. A rallier has stated that his unit was aware of Hung Vuong 9 six days before it started. Battalion of larger operations totaled 65, a decrease from the previous week's total of 74, but resulting contacts increased by one, possibly indicating better intelligence.

10. Bad weather during the week caused cancellation of 25 percent of scheduled reconnaissance flights, and nine percent of those flown were ineffective for the same reason. For the first time during the current rainy season an airmobile assault was aborted due to severe weather conditions.

11. Vietnamese air activity decreased, although offensive sorties increased significantly. Five in-country B-52 strikes were conducted, three in III CTZ and two in IV CTZ. Sea, River, and Coastal Force operations continued without significant changes, but the expenditure of 5,056 rounds in shore bombardments established a new weekly high.

12. CIDG, and other paramilitary units advised by US Army Special Forces, conducted a larger number of operations, but they resulted in fewer contacts. Propaganda operations also appeared to be highly effective, judging from Communist counter-propaganda.

C. RURAL RECONSTRUCTION

1. The post of rural affairs minister, which became vacant with the death of Minister Ung in a plane crash on 16 September, remains unfilled. Premier Ky recently told Ambassador Lodge that he and General Thieu are giving serious consideration about a possible successor because they both have agreed that the portfolio will probably become the most important one in the cabinet. According to Ky, two individuals are currently being considered for the post; General Tran Thanh Phong, J-3 of the Joint General Staff, and General Nguyen Bao Tri, commander of the ARVN 7th Division.

2. According to another report, two civilians are being considered. The same source said a decree has been prepared which appoints Dinh Trinh Chinh, psychological warfare director, interim Rural Construction minister. The report also stated that as of 20 September, the decree had not been signed.

3. Chieu Hoi returnees during the period 11-18 September numbered 1,777, a sharp drop from the 2,408 reported last week. During the current reporting period, 51 military individuals returned to government control, compared to 179 last week, and only six political cadres rallied as opposed to 40 the previous week; Civilian returnees declined to 1,711 versus 2,174 the previous week. Nine draft dodgers or deserters also rallied during the current period.

4. USOM has recently submitted statistical material, derived mainly from GVN sources which sheds some light on the magnitude of the refugee problem in South Vietnam. USOM officials are in the process of conducting their own survey in order to develop a more precise estimate of the refugee population as well as to obtain personnel data for use in the resettlement of refugees in their own villages or elsewhere in the country.

5. According to the GVN figures, 635,752 persons had been registered as refugees as of 5 September; 221,363 of these were listed as having become self-sufficient and as having accepted resettlement allowances. Of the remaining 414,389, there are in III and IV Corps zones 104,409 who are being cared for adequately in their provinces and who are provided

relief inasmuch as they are assets who will help pacify the countryside. The actual number of refugees in III and IV Corps may actually be much smaller than the total currently being carried as not yet resettled. The balance of the unsettled refugee population, 309,980 individuals, is concentrated in I and II Corps zones. Many of these are presumed by USOM officials to have disappeared between registering and accepting resettlement allowances. Reasons for their disappearance include returning to their home villages, settling with relatives or friends, finding employment, and death. Since May of this year, the refugee situation has at various times been almost unmanageable in the provinces of Quang Ngai, Quang Nam, Binh Dinh, Phu Yen, Darlac, Kon Tum, and Pleiku.

II. THIRD COUNTRY DEVELOPMENTS

A. REPUBLIC OF CHINA

[REDACTED] the GVN and the GRC agree in principle to cooperate in sending agents from South Vietnam to North Vietnam and mainland China. The GVN [REDACTED] will furnish agent candidates to be trained by the GRC and latter sent via Cambodia and Laos. The GRC will supply technical assistance including small boats for maritime infiltration operations. GRC intelligence organizations reportedly now are making concrete operational plans according to requirements set up by GRC intelligence personnel who met on August 23 at an unspecified place. [REDACTED]

B. ICC

The ICC reportedly is sending a team to the site of the September 16 and 17 bombings in the demilitarized zone along the 17th Parallel. A full report is expected shortly. The Indians [REDACTED] want a clear statement from the United States to the effect that the bombings were in error and do not represent a US policy of attacks against the demilitarized zone. The Indians [REDACTED] may be compelled to hold an emergency meeting of the ICC (the Polish delegation reportedly called for an informal meeting on September 20) and demand a special report to the Geneva co-chairmen [REDACTED]

C. CAMBODIA

According to an AFP dispatch from Phnom Penh on September 3, Sihanouk declared that the NLFV and the DRV have no intention of applying the clause on general elections in the 1954 Geneva Agreements on Vietnam. In the September 3 issue of Sangkum, a political weekly edited by Sihanouk, he allegedly wrote that the North Vietnamese considered "certain clauses" of the agreement overtaken by events.

D. UNITED NATIONS

Contrary to an earlier decision, the GVN now plans to strengthen its observer staff at the United Nations with several experienced diplomats, including Vu Van Thai who is slated to become the new GVN Ambassador to Washington. The Director of the Cabinet in the Foreign Office also told the US embassy that Foreign Minister Tran Van Do may go to New York if the United Nations debates Vietnam.

E. SENEGAL

Vinh Tho, formerly assigned as ambassador to Addis Ababa, will be assigned as Charge d' affaires in Dakar.



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III. DEVELOPMENTS IN THE BLOC

A. MILITARY

1. Preliminary analysis of 18 September photography indicates eight MIG 15/17 jet fighters are at Kep airfield northeast of Ha noi. This airfield, which has been undergoing major expansion during the last four months now may be operational as an alternate jet base. Photography since April has revealed an extensive construction program to lengthen the runway to 6,000 feet. A runway of this size can support jet fighter operations. It is likely that the North Vietnamese soon may deploy one of their two regiments of fighters to the field, probably to defend the vital Ha noi - Lang Son rail line.

2. US aircraft attacked the Ha noi - Lang Son rail line for the first time on 20 September. This rail line connects the DRV with China's Kwangsi Province and plays a significant role in the delivery of military goods to North Vietnam. During the attack, nine SAM missile explosions in the vicinity of the strike aircraft were reported, but no planes were hit. One USN A4 Skyhawk was downed by ground fire.

3. During the week, seven US aircraft were lost in connection with strikes on North Vietnam. Six were downed by ground fire over North Vietnam. The seventh, a USAF F-104 Starfighter on patrol over the Gulf of Tonkin, was apparently downed by Chinese Navy jet fighters over Communist China's Hainan Island where it strayed after developing navigational difficulties. Peking reported the capture of the pilot and issued the standard propaganda blast that if the US persisted in efforts to force war on China, the Chinese people would "resolutely repulse the US aggressors and completely smash their schemes."

B. POLITICAL

1. Confidence in the Communist ability to defeat the US by military means continues as a dominant theme in Ha noi propaganda but several recently published articles have taken a noticeably defensive attitude toward regime policies on the prosecution of the war.

[REDACTED]

Articles by army Chief of Staff Van Tien Dung and politburo member Troung Chinh appear to be attempts to justify the party's decisions over the past few years, particularly those decisions which have led to the current military situation in Vietnam wherein the North is absorbing a share of the punishment. Chinh's article in particular tries in part to clarify and to justify the DRV's present position on assisting the insurgents in the South. Chinh may be attempting to answer criticism from Communists concerning current DRV policy in prosecuting the war.

As an unsigned third article in the party theoretical journal Hoc Tao voices concern over the ability of the DRV to keep economic production going under the strain of defense mobilization. The article stresses the importance of production to the military objectives of the DRV and implies that untrained elements at the management level had an improper grasp of the close interrelationship between the two major objectives of the party--producing and fighting.

2. There was no sign in Vietnamese Communist propaganda, despite earlier threats, that either Hanoi or the Liberation Front intends to counter the recent build-up of US combat troops in South Vietnam by calling for outside volunteers. The Viet Cong's Liberation Press Agency on 15 September used routine terms to denounce the arrival of the 1st Cavalry (Airmobile) Division while a DRV Party daily on the 19th expressed confidence in the ability of the "South Vietnam Liberation Armed Forces and the people" to defeat the "US aggressor."

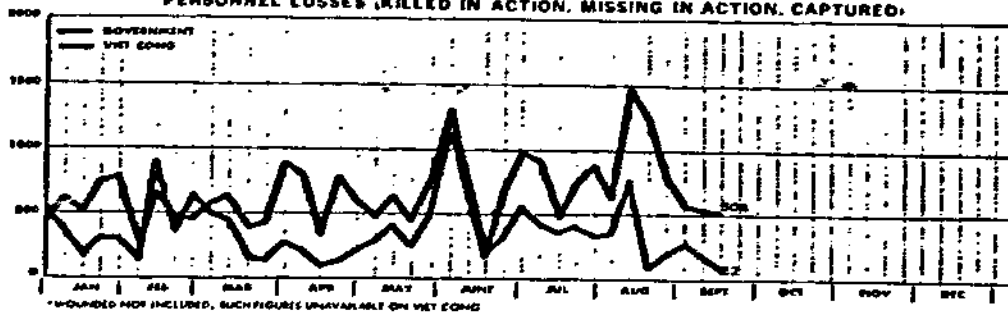
3. On 21 September, Hanoi broadcast the first extensive Viet Cong propaganda attack on the UN in some time, quoting a "recent" commentary issued by the Liberation Front. The VC declaration stated that the UN had no "right whatsoever to discuss the South Vietnam problem" and asserted that the Liberation Forces will not recognize a solution to the Vietnam problem by "any organization" which departs from their five-point stand. The attack was timed to coincide with the opening of the UN General Assembly and may also have been intended to dampen efforts by the OAU or Bandung II to seek a solution to the Vietnamese problem except on Vietnamese Communist terms.

4. The North Vietnamese party delegation concluded its three-week tour in France on 17 September, issuing at that time a joint communique with its host, the French Communist Party. The communique, a fairly bland document, shed little light on the private talks held between the delegation and the French Communists. The document set forth the DRV's four-point proposal as the terms which must be "recognized" before a settlement of the war is possible. Counter to other recent DRV statements on the question, the communique called for an "immediate" withdrawal of US forces from the South.

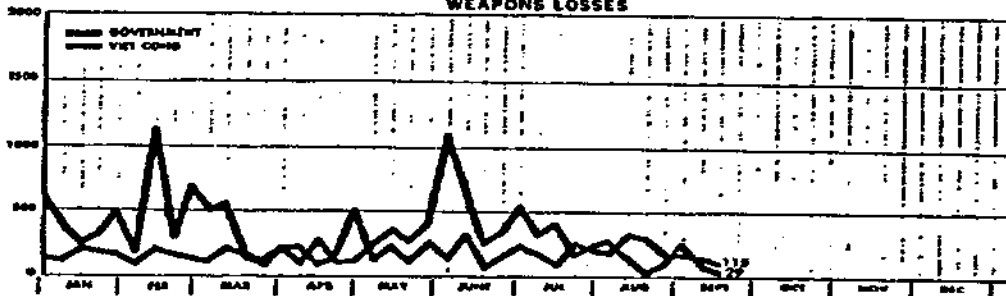
SOUTH VIETNAM BATTLE STATISTICS, 1965

WEEKLY REPORT
11 - 18 SEPTEMBER

PERSONNEL LOSSES (KILLED IN ACTION, MISSING IN ACTION, CAPTURED)



WEAPONS LOSSES

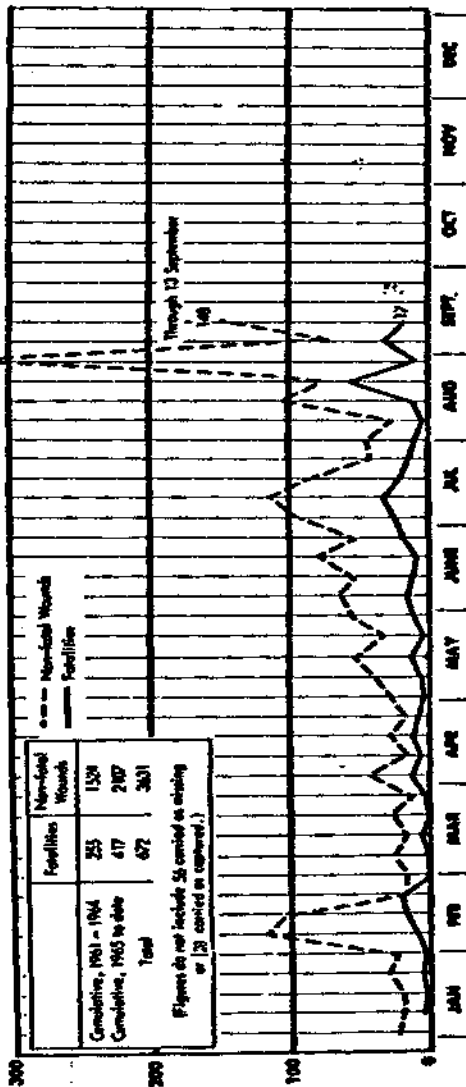


VIET CONG ACTIVITIES

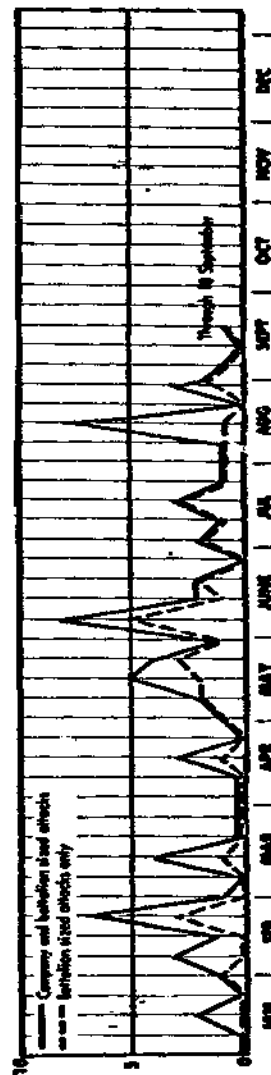


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**US COMBAT CASUALTIES IN VIETNAM
INCLUDING NORTH VIETNAM**



VIET CONG ATTACKS



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