



CLASSIFIED

SECRET

Classification

Department of State

SAIGON: 9576
191011Z JULY 74

TELEGRAM

Embassy SAIGON

INDICATE:

- COLLECT
- CHARGE TO

DISTRIBUTION

EO 11652
TAGS
SUBJECT

ACTION

INFO

AMB
DCM 2
MINPOL
SAAFO/J
SAPA
POL 7
OSA 8
AID 7
USIS 2
ECON 3
COMATT
LABATT
FBIS
ADMIN
SY
DAO/OPD 5
DAO/ELT 2
FILES
CHUSDEL FPJMT
POUCH:
TEHRAN
VIENTIANE
BIEN HOA
CAN THO 2
DANANG
NHA TRANG 4
CHRON

ACVSR:

GDS
PFOR, MILL, MARR, EGEN, PGOV, PINR, VN
SAIGON MISSION NORTH VIET-NAM BI-WEEKLY NO. 13

SECSTATE WASHDC PRIORITY

USUAL
AMCONSUL HONG KONG
USLO PEKING

~~SECRET~~ SAIGON 9576

BEGIN ~~SECRET~~.

DECLASSIFIED UNDER AUTHORITY OF THE
INTERAGENCY SECURITY CLASSIFICATION APPEALS PANEL,
E.O. 13526, SECTION 5.3(b)(3)

ISCAP APPEAL NO. 2013-042, document no. 1
DECLASSIFICATION DATE: October 26, 2018

SUMMARY: Hanoi's mid-year assessment of the situation in the South seems somewhat less rosy than previous communist estimates. The communists have reportedly implemented unpopular population-control measures and are attempting to eliminate free-enterprise in areas under their control in the South. Politburo member Le Thanh Nghi is in Hungary, having completed visits to Bulgaria and East Germany where "documents" on economic cooperation were signed. Reports on the first six months' achievements under the 1974 State Plan suggest that the Northern economy still suffers from mismanagement and poor planning. DRV diplomats abroad have admitted to lobbying

Bunk

7

J

DRAFTED BY: *glo*

POL/EXT: *D Walker*: pmm

DRAFTING DATE

7/19/74

TEL. EXT.

7351

APPROVED BY:

CHARGE: *WJ Lehmann*

CLEARANCES:

MINPOL: *AA Francis*

OSA: *FPolgar*

Contributors: USIS: *JHaley*
OSA: *FSnepp*

SECRET
Classification

CLASSIFIED

CLASSIFIED

~~SECRET~~

Classification

Page 2 of

9576

BRN

among "responsible" U. S. officials for a termination of U. S. aid to the GVN. Communist propagandists have ignored the substantive aspects of President Nixon's trip to the USSR and have focused instead on the ~~max~~ ^{notion} that the visit would not improve the President's position domestically. Hanoi has endorsed the Khmer Communists' unconditional rejection of the GKR offer of ~~max~~ negotiations. Predictably (and unconvincingly), Hanoi has tried to tie the riots in Bangkok's Chinese quarter to the PRG's "negative foreign policy." Madame Binh is in Conakry after a stopover in Cairo and an official visit to Algeria. END SUMMARY. END SECRET.

~~BEGIN CONFIDENTIAL.~~

PART I: THE SITUATION IN THE SOUTH

A. Hanoi on the State of the Revolution.

1. Hanoi's public assessments of the situation in South Viet-Nam at mid-year are somewhat less ebullient than those noted at the turn of the year and at the "PRG" anniversary festivities last month. They contain, to be sure, similarly inflated claims of military successes and predictions of eventual victory, but their tone seems somewhat more measured. The army paper, *Quan Doi Nhan Dan*, asserted on July 8, for example, that the communists' efforts have "more or less resulted in ~~pushing~~ ^{pushing} the United States and Thieu into an increasingly difficult situation." In its editorial the following day the paper stated that communist forces in the South "have failed to a certain degree" GVN military and pacification operations. The Party organ, *"Nhan Dan"*, also exhibited some circumspection

~~SECRET~~

Classification

CLASSIFIED

CLASSIFIED

~~SECRET~~

Classification

Page 3 of

9576

RRR

regarding the communists' military achievements, claiming in a July 8 editorial that their forces "have smashed the majority of enemy nibbling operations."

2. Like previous situation reports from Hanoi, the current wrap-ups aver that communist military activities are designed to "protect peace and the Paris Agreement." According to "Nhan Dan", the Agreement "is a legal basis which has recorded and recognized the great victory of our people" and which "our people are determined to firmly maintain." ~~END CONFIDENTIAL. BEGIN SECRET.~~

B. The New Austerity in Communist-Controlled Areas in South Vietnam.

1. The Communists are tightening control over the movement of people in VC-controlled areas/insure against a population exodus. The crackdown is part of a series of measures undertaken to implement Central Office for South Vietnam (COSVN) Directive 06, issued in May 1974. (See North Viet-Nam Bi-Weekly No. 12 for our initial report on this Directive.) As of early July, according to intelligence reports from northern GVN MR-3, civilians under communist control were being issued identity cards to ~~enable~~ enable local communist security operatives to keep tabs on them. There reportedly has been a backlash among some local residents who complain that the communists are now practicing the "oppressive identification measures" which they had accused the Saigon Government of pursuing.

2. In addition to limiting freedom of movement within VC areas, Directive 06 rules out unrestricted trade and enterprise there.

~~SECRET~~

Classification

CLASSIFIED

FORM 7-60 (PL-0138) (CONTINUATION SHEET)

CLASSIFIED

~~SECRET~~
Classification

Page 4 of 9576
MRN

Over the past two months, dozens of privately-owned soup kitchens and other businesses have been closed and the remainder have reverted to the control of local communist party committees. In addition, residents have been told to raise enough rice to support their families for one year. Those who fail to do so will not be permitted to buy from communist suppliers even if they have sufficient money.

3. The intelligence reports from northern GVN MR-3 indicate that the austerity program is designed to ~~compensate for~~ compensate for declining popular morale and the lack of population flow to VC-controlled areas. Up until recently, local communist authorities had encouraged the development of private enterprise VC areas so as to attract settlers. A number of hard goods and food stores cropped up and small soup kitchens did a lively business. Nonetheless, according to the available intelligence, there was no major influx of people from GVN territory. Moreover, the relaxed "atmosphere" generated by these innovations gradually led to the demoralization of communist troops who were given a taste of "luxury" they could not afford. It also led to friction between lower and higher ranking cadre and contributed to desertions. A few NVA officers requested early retirements to become residents in civilian ~~neighborhoods~~ the area. Others indulged in corruption. The new austerity is meant to eliminate this morale-damaging "waste" and "extravagance." END SECRET. BEGIN UNCLASSIFIED.

~~SECRET~~
Classification

CLASSIFIED

CLASSIFIED

SECRET

Classification

Page 5

of

9576

MRN

PART II: ECONOMIC DEVELOPMENTS

A. Le Thanh Nghi Delegation in East Europe.

1. WVP Politburo member, government Vice-Premier and recently-appointed Chairman of the DRV State Planning Commission (SPC) Le Thanh Nghi departed Hanoi July 5 for 'visits to a number of fraternal socialist countries.' Nghi, who traditionally has negotiated the DRV's aid and trade agreements with socialist nations, stopped briefly in Peking and held talks July 7 with Vice-Premier Li Hsien-nien and Fang-I, Minister of Economic Relations with Foreign Countries. In the Soviet Union July 7-9), Nghi talked with USSR Council of Ministers Vice-Chairman Baybakov on the "strengthening and development" of economic, scientific and technical cooperation between the two countries. Similar discussions were held with Bulgarian Party and State leaders July 9-13. According to a Radio Sofia broadcast, the DRV and Bulgaria agreed to "coordinate" their future economic plans. In Berlin, Nghi met July 15 with GDR SPC Chairman Schuerer to discuss "problems of economic planning," with emphasis on the 1976-80 period. The following day Nghi and Schuerer signed a "document" on economic cooperation. Nghi departed East Berlin for Budapest on July 17.

2. Nghi, who has been accompanied by Le Khac, a senior SPC Vice-Chairman, appears to be making efforts to orchestrate foreign aid in order to make it compatible with North Vietnam's economic reconstruction and development plans. ~~with emphasis~~

—SECRET—

Classification

CLASSIFIED

CLASSIFIED

~~SECRET~~

Classification

Page of

9576

ARM

suggest

~~SECRET~~ Ngh's travels/~~SECRET~~

~~SECRET~~ that Hanoi is sufficiently sure of its 1976-1980 Five-Year Plan requirements to want to assure the availability of specific items of foreign aid. END UNCLASSIFIED. BEGIN ~~CONFIDENTIAL~~.

B. Hanoi "Not Satisfied" With State Plan Implementation.

1. Despite claims of increased productivity over the same period in 1973, Hanoi has voiced dissatisfaction with the implementation of its reconstruction and rehabilitation plans over the first six months of 1974. A July 8 "Nhan Dan" editorial noted, among other things, that agricultural plans were not fulfilled; production goals for a number of "essential industrial goods" were not met; product quality norms were widely ignored; irrational use of labor, materials, equipment and ~~use~~ ^{capital} remained a problem; and progress in improving management, frequently cited as North Viet-Nam's "primary task" in the economic sector, has been slow. As a result, "Nhan Dan" declared "we are not yet satisfied with our achievements in the past six months..."

2. Most of North Viet-Nam's economic sectors have claimed significant increases over production in the first six months of 1973. Fertilizer production, for instance, was said to be 200 percent greater; food processing increased by 30 percent; and production of such export items as clothing, textiles, woolen carpets, and jute sacks increased "substantially." Electrical power production was claimed to be ~~44~~ percent higher than in the first half of 1973, and coal production increased 100 percent over

~~SECRET~~

Classification

CLASSIFIED

CLASSIFIED

~~SECRET~~

Classification

Page 7 of

9576

RRN

the same period. While Hanoi media also claimed a "fairly successful" 5th-Month-Spring rice crop, it is unlikely that production goals were met.

3. Although inefficient and incompetent management probably loom large as factors in Hanoi's chronic economic malaise, unrealistic planning has probably also played a significant role. The journey of Vice-Premier and State Planning Commission Chairman Le Thanh Nghi to East Europe, where he apparently is coordinating future foreign aid inputs with the DRV's economic development plans, may indicate that the shortcomings of the past six months have been something of a lesson to North Vietnamese planners. It was perhaps in that context that a Council of Ministers Communique on State Plan Implementation claimed that results of the first six months of 1974 are creating "favorable conditions for satisfactory fulfillment of the remainder of the Plan.

~~the~~ ~~END~~ ~~CONFIDENTIAL~~. ~~BEGIN~~ ~~SECRET~~.

PART III: DEVELOPMENTS ABROAD

A. North Vietnamese Campaign to Block U. S. Aid to Saigon.

1. North Vietnamese officials are telling sympathizers abroad that a reduction in U. S. aid to South Vietnam is of prime importance in assuring communist objectives there. According to intelligence reporting from a West European capital, DRV representatives recently stated flatly in background briefings that Hanoi had to persuade "responsible" U. S. officials to stop support for the Thieu Government. Without adequate U. S. support,

~~SECRET~~

Classification

CLASSIFIED

CLASSIFIED

~~SECRET~~

Classification

Page 8 of

9576

MRR

they said, the South Vietnamese Government would be forced into new economic difficulties that would destroy the morale of its Army.

They added that if the GVN tried to escalate the fighting to justify further U. S. assistance, the Communists would decimate its forces and popular opposition to the government would increase.

The spokesmen also speculated that the GVN would continue to "rob" the people of the freedom of trade and movement which could alleviate the economic difficulties.

2. These reports reinforce other evidence that the North Vietnamese have mounted a major campaign to assure a cutback in U. S. aid to the South. The fact that such briefings are now being given in West European capitals is indicative of the scope of the effort. ~~END SECRET~~ BEGIN UNCLASSIFIED.

B. Hanoi Downbeat on President's Sojourn.

1. What little attention Hanoi-controlled media devoted to President Nixon's visit to the USSR focused on the notion that the visit would not improve the President's position domestically. Liberation Radio, in a July 8 broadcast (FBIS Saigon 090440 July '74) asserted that the trip failed "to distract American public opinion from the Watergate affair" and that, after the President's homecoming, "people spoke again of removing him." Radio Hanoi, citing unidentified U. S. sources, averred that Vice President Ford was reluctant to meet the President on his arrival in Maine (FBIS Saigon 070910 July '74).

~~SECRET~~

Classification

CLASSIFIED

CLASSIFIED

~~SECRET~~

Classification

Page 9 of

9576

MARK

2. Monitored media have not, thus far, dealt with the substantive aspects of the visit. On July 5 Radio Hanoi broadcast a press review which noted without comment, that the party paper, "Nhan Dan", had carried an item that day reporting that "the Soviet Union and the United States have signed many new agreements."

(FBIS Saigon 050920 July '74) END UNCLASSIFIED. BEGIN ~~CONFIDENTIAL~~.

C. Hanoi Supports Sihanouk's Rejection of Negotiations.

Hanoi and the Viet Cong have endorsed Sihanouk's rejection of the GKR's offer to open negotiations with the Khmer communists. On July 14, Hanoi's Party newspaper, "Nhan Dan", reiterated the Vietnamese communists' determination to support their Khmer comrades' "persistent struggle" until "final victory is won."

Liberation Radio weighed in the same day with a commentary characterizing the GKR offer as a "cunning diplomatic maneuver" designed to conceal the government's "decline and setbacks."

While avoiding much of the Prince's vitriol, the broadcast echoed Sihanouk's charge that the U. S. is "fully responsible" for the war's continuation and his demand that the U. S. cease its support of the ^{GKR} KH as a condition to peace in Cambodia.

(COMMENT: Curiously, while Hanoi and Viet Cong commentaries call for a Cambodian settlement in line with Sihanouk's "five points" of March 23, 1970, neither Sihanouk's declaration nor AKE despatches available here refer to the "five points." We would appreciate any enlightenment addressees concerned can provide regarding this apparent discrepancy. END COMMENT.)

~~SECRET~~

Classification

CLASSIFIED

CLASSIFIED

~~SECRET~~

Classification

10

of

9576

MRN

D. Hanoi Notes Bangkok Disturbances.

1. With characteristic license, Hanoi propaganda media described the early July riots in Bangkok's Chinese section as a "continuation and development of the anti-U. S. movement."

Linking the peaceful July 4 anti-American student rally with the violence which erupted at Plabplachai police station, a "Nhan Dan" article claimed the Chinatown riots were the result of the Thammasak government's "negative foreign policy" and the continued presence of U. S. forces in Thailand.

2. A rather melodramatic July 7 Radio Hanoi Vietnamese-~~Hour~~ language program ("Thailand At the ~~Hour~~ of Truth") claimed that "the spearhead of the current struggle is being aimed at U. S. imperialism." As immediate causes of the riots, Radio Hanoi cited popular dissatisfaction with living conditions (with charming inconsistency, the article blamed a 20 percent rate of inflation ~~of~~ on U. S. withdrawals) and a foreign policy "tailing after the Americans and hostile to neighboring countries."

3. Hanoi's treatments of the recent riots, as well as continuing allegations of U. S. and Thai attempts to disrupt the coalition in Laos, provides a less than sanguine picture for future Thai-DRV relations.

E. Madame Binh Travels to Cairo, Algiers and Conakry.

1. Nguyen Thi Binh, foreign Minister of the so-called "PRG", arrived in Cairo on July 6 for a three-day visit. The Cairo stop-over was apparently organized under the auspices of the Afro-Asian Solidarity Committee and the Organization for African

~~SECRET~~

Classification

CLASSIFIED

CLASSIFIED

~~SECRET~~
Classification

Page 11 of 9576
HRH

Unity. her
Madame Unlike/calls in other African countries, Binh was not
Egyptians
received by the Egyptians in her official, "governmental"
capacity.

2. On July 9, at the invitation of Foreign Minister Bouteflika,
she began an official visit to Algeria. During her stay, Binh
was received by President Boumediene and other top government and
NLF officials. She left Algiers on July 16, arriving the same day
in Guinea. Embassy Conakry (telno 1078) reports that Binh's
length of stay in Guinea has not been determined. (COMMENT: It
seems that the Madame's itinerary since her mid-June visit to
the OAU Summit has been purely impromptu. She will probably stay
in Conakry pending success by Vietnamese communist diplomats
elsewhere in Africa in wheedling an invitation from their host
governments for her to come a-calling. END COMMENT.)

LEHMANN

~~SECRET~~
Classification

CLASSIFIED