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Authority NLE 2009-37 #6
By MMK NLDDE Date 7/16/10

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OCE 0911A SOUTH EAST ASIA (OIA #2)

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WASHINGTON 25, D. C.

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July 30, 1954

PROGRESS REPORT ON NSC 5405

UNITED STATES OBJECTIVES AND COURSES OF ACTION

WITH RESPECT TO SOUTHEAST ASIA

Jan. 16 - July 21, 1954

(Policy approved by the President, January 16, 1954)

A. SUMMARY OF MAJOR ACTIONS

1. The final declaration of the Geneva Conference on July 21 marked the termination of seven and one-half years of war in the Associated States, especially concentrated in Vietnam. It completed a major forward stride of communism which may lead to the loss of Southeast Asia. It therefore recorded a drastic defeat of key policies in NSC 5405 and a serious loss for the free world, the psychological and political effects of which will be felt throughout the Far East and around the globe.

2. As regards Indo-China, U. S. actions from January 16 to July 21 fell roughly into three phases:

- a. Intensified measures to help the Navarre plan succeed.
- b. Emergency attempt to secure "united action."
- c. Saving all that could be saved at Geneva.

Efforts of the earlier phases were of course continued as appropriate to support the new efforts of the later phases.

3. Intensified measures to help the Navarre plan succeed were focussed by Part I of the Special Committee Report on Indochina under NSC Action No. 1019-g. Major efforts were made to give the French, and through them the Vietnamese, what support they needed for victory. However, the will to win was not forthcoming on the part of the French and the Vietnamese and the Navarre plan failed.

- a. U. S. policy in NSC 5405 was heavily dependent on the success of French policy toward the Associated States, but French policy failed to cope with the political and psychological problem of identifying itself with the aspirations of the people. The French remained identified with colonialism.

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Consequently the issue at stake in Indochina was never clearly defined in the people's minds as defense of their own country and resistance to the flood of communism from the north. Non-communist nationalist elements never developed the fighting spirit shown in South Korea, where the colonial issue had been ended by the defeat of Japan.

- b. Broader support for the Associated States by the free world, comparable to the United Nations action in South Korea, was excluded by France or inhibited by the attendant taint of colonialism.
- c. Even U. S. efforts to arrange American military training for Vietnamese forces were frustrated by France until too late.

4. An emergency attempt to secure united action by free nations to meet the deteriorating situation in Indochina was launched by the speech of the Secretary of State on March 29, 1954. This line of action was not supported by either the United Kingdom or France, pending the outcome at Geneva. Some form of regional defense for Southeast Asia, however, continued to be the eventual object of U. S. endeavors.

5. When Mendes-France came to power with a promise to settle the Indochina war by July 20, U. S. efforts were aimed at fostering the least bad results at Geneva by stiffening the backs and reinforcing the positions of the Allies while keeping clear of commitments which violated basic American principles. Five-power military staff talks were held in Washington chiefly to impress the communists, though some loss to relations with Thailand and the Philippines was sustained through their exclusion from the "white man's club." MDAP aid was also kept flowing until July 21.

- 6. a. In both Indochina and Thailand, U. S. information programs were restudied and expanded to support civilian morale and to attack communism and the Vietminh. A special psychological offensive was launched in Thailand to reach all levels of the government.
- b. The U. S. supported a Thai appeal to the UN Security Council for a Peace Observation Commission.
- c. A number of projects for increased U. S. military and economic assistance to Thailand were agreed to, notably the inclusion of almost all the present Thai army strength under MDAP (see OCB "Special Report on Thailand," July 14, 1954).
- d. U. S. assistance in the evacuation of Chinese nationalist troops from Burma helped to improve U. S. relations with the Burmese and the Thai.

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- e. An expanded program of educational and technical exchange for the Far East, including Southeast Asia, was endorsed by the OCB, but a request for the necessary appropriations was not approved by the Bureau of the Budget.

B. POLICY CONSIDERATIONS

7. NSC 5405 requires extensive revisions in the light of the present situation.

C. EXTENT OF AGENCY INTEREST

8. Agencies participating in the implementation of NSC 5405 were: Department of State, Department of Defense, Foreign Operations Administration, Central Intelligence Agency and U. S. Information Agency.

D. EMERGING PROBLEMS AND FUTURE ACTIONS

9. The fundamental problems emerging in Southeast Asia are the appropriate subjects of a basic policy review rather than of the present report. Within whatever new policy is to be adopted, however, several types of problem or opportunity are already visible on the operating level:

- a. The French are still in the Indochina picture to a considerable extent, and working relations with them will have to be adjusted to the new situation if they remain. In that case the old taint of colonialism will offer new difficulties.
- b. Communist infiltration remains serious in South Vietnam, and may readily become so in Laos and Cambodia. This problem is aggravated by the terms of the cease-fire agreement.
- c. U. S. policies and actions towards the Associated States during the immediate future will have an important influence on whether or not the Geneva settlement will lead to continued defeats in Southeast Asia, or alternatively will provide a new opportunity to the West to oppose successfully communist expansion in Southeast Asia.
- d. The need for political action to form as strong a base as possible for free world orientation which will acquire support of other Asian countries. A test of such political action and orientation will be the elections in Laos and Cambodia during 1955, and in north and south Vietnam during 1956.
- e. Thailand remains an active partner of the U. S. and therefore deserves appropriate encouragement in the face of discouraging free world losses. Direct U. S. budgetary support may be advisable in connection with some programs for Thailand.

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- f. Burma has lately shown greater awareness of the communist threat and more friendliness toward the U. S. For example, the Burmese Government is again becoming interested in acquiring military equipment on a reimbursable basis. Because of the weakness of the Burmese economy, the U. S. is considering the possibility of more favorable terms to make such transactions possible.
- g. Malaya is likely to be threatened with greater communist activity as a result of the psychological stimulus of the communist victory in Indo-China.
- h. As intimated in the OCB "Special Report on Thailand," really effective action to create a position of strength in relation to Southeast Asia requires a new policy on what actions will be taken by the U. S., singly or in concert with other nations.
- i. In building strength, it is important not to concentrate exclusively on military types of action or assistance. U. S. efforts must be addressed to combatting some combination of infiltration, subversion and diplomatic deception by the communists, preying on moral, political, and economic as well as military weakness. Cooperation among Southeast Asian and appropriate other countries on common problems relating to economic development, production and trade would contribute to economic and political stability in the area. Such cooperation would also offer the possibility of a wider participation by free Asian countries than might be achieved initially in regional military arrangements.

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Para. 11. "Demonstrate to the indigenous governments that their best interests lie in greater cooperation and closer affiliation with the nations of the free world."

Action agencies: All agencies.

Actions:

Implementation of this course of action took place in three main categories:

1. Politico-military -- the commitment of U. S. funds and equipment to assist French Union forces against the Viet Minh,
2. Economic -- U. S. agreement to maintain current stocks of tin at present levels. U. S. proposals at the Rubber Study meeting which sought to improve raw material production in the area. Continuation of the U. S. technical cooperation programs designed to improve the living conditions of the local population.
3. Informational -- an increase in informational and cultural activities directed to this objective with special emphasis on Thailand and Indochina.

Para. 12. "Continue present programs of limited economic and technical assistance designed to strengthen the indigenous non-Communist governments of the area and expand such programs according to the calculated advantage of such aid to the U. S. world position."

Action agencies: State, FCA.

Action: Economic and technical assistance programs were conducted during the period under review. Application of the criterion of "calculated advantage" resulted in the programming of a number of new projects in Thailand and Indochina. The total amount involved in such newly programmed projects in Indochina was \$8,000,000 and in Thailand \$3,580,000 during the period under review. The amount for Thailand was in addition to other funds obligated bringing the total for Fiscal Year 1954 to \$9,120,000. The sum of \$8 million for Indochina was programmed out of counterpart funds, in addition to the \$25 million already programmed for FY 1954.

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Para 13. "Encourage the countries of Southeast Asia to cooperate with, and restore and expand their commerce with, each other and the rest of the free world, particularly Japan, and stimulate the flow of raw material resources of the area to the free world."

Action agencies: State, FOA

Action: Efforts have been made to encourage the establishment of diplomatic relations and improve trade relations between the Associated States, Japan and the Philippines. However, little progress has been made.

Para. 14. "Continue to make clear, to the extent possible in agreement with other nations including France, the United Kingdom, Australia, and New Zealand, the grave consequences to Communist China of aggression against Southeast Asia and continue current military consultations to determine the military requirements for countering such Chinese Communist aggression."

Action agencies: State, Defense

Action: A number of public announcements and speeches implementing this course of action were made by high officials of the U. S. Government. Although other nations have not been so active as the U. S., consultations prior to the issuance of certain statements achieved some degree of understanding with other nations on this subject. Discussions at the Geneva Conference, however, reduced the effectiveness of U. S. efforts to reach a common approach.

Para. 15.

Action agency:

Action: This paragraph will be separately reported.

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Para. 16. "Continue activities and operations designed to encourage the overseas Chinese communities in Southeast Asia: (a) to organize and activate anti-Communist groups and activities within their own communities; (b) to resist the effects of parallel pro-Communist groups and activities; (c) generally, to increase their orientation toward the free world; and, (d) consistent with their obligations and primary allegiance to their local governments, to extend sympathy and support to the Chinese National Government as a symbol of Chinese political resistance and as a link in the defense against Communist expansion in Asia."

Action agencies: State, FOA, U. S. Information Agency

Action: In accordance with the policy statement in NSC 146/2 (Formosa and the Chinese National Government) a policy interpretation was agreed to by all interested agencies; an instruction was sent to all posts in Southeast Asia, and specific information campaigns on a country-by-country basis were undertaken to implement this course of action. Certain other pertinent aspects of U. S. programs will be reported separately.

Para. 17. "Take measures to promote the coordinated defense of Southeast Asia, recognizing that the initiative in regional defense measures must come from the governments of the area."

Action agencies: State, Defense

Action: The principal development under this course of action was the "united action" concept enunciated by the Secretary of State on March 29, 1954. Prior to this development little progress had been made and little was expected as long as initiative remained with the indigenous governments. Thus the progress noted above took place in a context differing from that of the paragraph being reported on. The U. S. and U. K. Governments have engaged in preliminary discussions on the formation of a Southeast Asian Treaty Organization and have kept the Governments of Australia, New Zealand, Thailand and the Philippines informed, seeking their views. The U. K. desires, if possible, to include some or all of the Colombo powers such as India, Pakistan, Ceylon, Burma and Indonesia if they are willing.

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Para 18. "Encourage and support the spirit of resistance among the peoples of Southeast Asia to Chinese Communist aggression, to indigenous Communist insurrection, subversion, infiltration, political manipulations, and propaganda."

Action agencies: U.S. Information Agency

Action: In the overt implementation of this course of action, U.S. information programs followed this theme constantly in programs directed at Southeast Asia.

Para 19. "Strengthen propaganda and cultural activities, as appropriate, in relation to the area to foster increased alignment of the people with the free world."

Action agencies: U. S. Information Agency, State,

Action: Propaganda activities in both Indochina and Thailand were materially increased in early 1954, in both scope and emphasis. Legal and budgetary restrictions have prevented a comparable increase in cultural programs.

The OCB approved an expanded program of educational and technical exchange for the Far East. This program included, in addition to the expansion of current exchange programs, provision for intra-regional exchanges wherein Far East countries, primarily Southeast Asian countries, would send selected students and trainees to the University of the Philippines and/or Taiwan University. The plan further provided for assistance to other selected Asian institutions where it seemed more effective to utilize Asian friends in a native environment to orient other Asians to U. S. and Free World objectives.

In an effort to implement the expanded exchange program endorsed by the OCB, the Department of State presented a supplemental budget for this Far East program in the approximate amount of \$4,000,000. This supplemental budget request was not approved by the Bureau of the Budget.

The Department of State is currently reviewing the regular 1955 worldwide program allocation in an effort to make country program adjustments favorable to the priority countries of the Far East. It is not possible, however, to arrange any substantial increases for the Far East or to implement the intra-regional aspects proposed, in the absence of a supplemental appropriation and the failure to gain Congressional consideration of S. B. 1802, which would have provided the needed authority for intra-regional exchanges.

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Para. 20. "Make clear to the American people the importance of South-east Asia to the security of the United States so that they may be prepared for any of the courses of action proposed herein".

Action agency: State

Action: The several pronouncements and speeches referred to in para. 14 above in most cases gave some consideration to this domestic objective.

B. INDOCHINA (See also paras. 11, 13, 14, 15, 17, 18, 19 and 20 above).

Para. 21 "Without relieving France of its basic responsibilities for the defense of the Associated States, expedite the provision of, and if necessary increase, aid to the French Union forces, under the terms of existing commitments, to assist them in:

"a. An aggressive military, political and psychological program, [redacted] to eliminate organized Viet Minh forces by mid-1955.

"b. Developing indigenous armed forces, including independent logistical and administrative services, which will eventually be capable of maintaining internal security without assistance from French units.

"Toward this end, exert all feasible influence to improve the military capabilities of the French Union-Associated States forces, including improved training of local forces, effective command and intelligence arrangements, and the reposing of increased responsibility on local military leaders."

Action agencies: Defense, U. S. Information Agency, [redacted]

Action: During the period under review Indochina had the highest MDAP priority. Accordingly, military assistance to Indochina took precedence over all allied nations and in respect to some items, even over the U.S. armed forces. Throughout the period, U. S. materiel support and other forms of assistance to the French Union forces were increased and accelerated, often on an emergency basis.

Annex B. gives the details of MDAP materiel support.

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In its military aspect the "Laniel-Navarre plan" accepted by the U. S. as the basis for increased military assistance was abandoned as a strategic concept. Despite the extensive military and other assistance which the U.S. provided to the French Union forces, the situation in Indochina deteriorated drastically and led to the failure of our objectives at the outcome of the Geneva Conference.

Limited activities during the period are reportable under Part I of the Special Committee Report on Indochina (NSC Action No. 1019-a): the U. S. supplied aircraft to the French Air Force in Indochina; the establishment of a volunteer air group was explored and pertinent OCB recommendations to the NSC went forward. A new Chief, MAAG, Indochina was designated and is serving with the rank of Major General; and an operations advisory group was established in Saigon.

The development of native armed forces did not even reach the limited objective of maintenance of internal security.

Information activities were directed at the Viet Minh, the Vietnamese Army, and the civilian population. A program of vastly increased leaflet production in support of psychological warfare was directed at the Viet Minh. It operated with and through the Vietnamese Information Service and Ministry of Defense. Pamphlets, posters, and films supported the troop recruitment and morale campaigns of the Vietnamese Government. Information activities directed at civilian populations concentrated on obtaining their support of the military, and establishing stable institutions within the country.

Para. 22. "Continue to assure France that: (1) the United States is aware that the French effort in Indochina is vital to the preservation of the French Union and of great strategic importance to the security of the free world; (2) the United States is fully aware of the sacrifices France is making; and (3) U. S. support will continue so long as France continues to carry out its primary responsibility in Indochina."

Action agency: State

Action: Public expressions responsive to this course of action were made on several occasions. Similar assurances were included in discussions of Indochina matters between U. S. and French officials.

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Para. 23. "Encourage further steps by both France and the Associated States to produce a working relationship based on equal sovereignty within the general framework of the French Union. These steps should take into account France's primary responsibility for the defense of Indochina.

"a. Support the development of more effective and stable governments in the Associated States, thus making possible the reduction of French participation in the affairs of the States.

"b. Urge the French to organize their administration and representation in Indochina with a view to increasing the feeling of responsibility on the part of the Associated States.

"c. Seek to persuade the Associated States that it is not in their best interest to undermine the French position by making untimely demands.

"d. Cooperate with the French and the Associated States in publicizing progress toward achieving the foregoing policies."

Action agency: State

Action: During the period under review relations between the Associated States and the French Union became increasingly complex and less susceptible to the exercise of U. S. influence. Thus, although accord was reached on new French-Vietnamese treaties they did not come into effect. The joint U.S.-French communique of April 14 took note of the status of the Associated States within the French Union.

Para. 24. "Continue to promote international recognition and support for the Associated States."

Action agency: State

Action: The U. S. took an active interest in (1) the establishment in March 1954 of diplomatic relations between Cambodia and Japan, and (2) the assignment of a Philippine military observer in the Associated States as a first step toward diplomatic relations.

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Para. 25 "Employ every feasible means to influence the French Government and people against any conclusion of the struggle on terms inconsistent with basic U.S. objectives. In doing so, the United States should make clear:

"a. The effect on the position of France itself in North Africa, in Europe, and as a world power.

"b. The free world stake in Indochina.

"c. The impact of the loss of Indochina upon the overall strategy of France's free world partners.

Action agencies: State, U.S. Information Agency,

Action: (See para. 29 below)

Para. 26 "Reiterate to the French:

"a. That in the absence of a marked improvement in the military situation there is no basis for negotiation with any prospect for acceptable terms.

"b. That a nominally non-Communist coalition regime would eventually turn the country over to Ho Chi Minh with no opportunity for the replacement of the French by the United States or the United Kingdom".

Action. (See para. 29 below)

Para. 27. "Flatly oppose any idea of a cease-fire as a preliminary to negotiations, because such a cease-fire would result in an irretrievable deterioration of the Franco-Vietnamese military position in Indochina."

Action: (See para. 29. below.)

Para. 28. "If it appears necessary, insist that the French consult the Vietnamese and obtain their approval of all actions related to any response to Viet Minh offers to negotiate".

Action: (See para. 29. below)

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Para. 29. "If the French actually enter into negotiations with the Communists, insist that the United States be consulted and seek to influence the course of the negotiations".

Action agencies: State, U.S. Information Agency,

Action: The courses of action in 25 through 29 above had specific application at the Geneva Conference and in the preparatory consultations for the Conference, although they were adopted prior to the agreement to hold it. The Geneva declaration of July 21 marked the failure of the above courses or rendered them obsolete, and brought the Communist menace in Southeast Asia to a new high water mark.

Para. 30. "In view of the possibility of large-scale Chinese Communist intervention, and in order that the United States may be prepared to take whatever action may be appropriate in such circumstances, continue to keep current the plans necessary to carry out the courses of action indicated in paragraphs 31 and 32 below. In addition, seek UK and French advance agreement in principle that a naval blockade of Communist China should be included in the courses of military action set forth in paragraph 31 below."

Action agencies: State, Defense,

Action: Contingency planning for possible U.S. military operations in Indochina in implementation of paragraphs 31 and 32 has been completed and approved by the Joint Chiefs of Staff. Certain other contingency planning has been completed by CINCPAC though not all has as yet been approved by JCS. At the Southeast Asian Five Power military representatives' staff planners' level, U.K. and French representatives attested to the importance, in conjunction with other courses of action, of imposing a naval blockade against Communist China in the event of overt aggression by that country. However, there has been no military formalization of an advance agreement with the U.K. and France for a naval blockade of Communist China in that event.

C. IN THE EVENT OF CHINESE COMMUNIST INTERVENTION

Para. 31. "If the United States, France and the Associated States determine that Chinese Communist forces (including volunteers) have overtly intervened in Indochina, or are

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covertly participating so as to jeopardize holding the Tonkin delta area, the United States (following consultation with France, the Associated States, the UK, Australia, and New Zealand) should take the following measures to assist French Union Forces to repel the aggression, to hold Indochina and to restore its security and peace:

"a. Support a request by France or the Associated States that the United Nations take immediate actions, including a resolution that Communist China had committed an aggression and a recommendation that member states take whatever action may be necessary, without geographic limitation, to assist France and the Associated States to meet such aggression.

"b. Whether or not the United Nations so acts, seek the maximum international support for participation in military courses of action required by the situation.

"c. Carry out the following minimum courses of military action, either under UN auspices or as part of a joint effort with France, the UK, and any other friendly governments:

"(1) Provide as may be practicable, air and naval assistance for a resolute defense of Indochina itself; calling upon France and the Associated States to provide ground forces.

"(2) Provide the major forces to interdict Chinese Communist communication lines, including those in China; calling upon the UK and France to provide token forces and such other assistance as is normal among allies.

"(3) Provide logistical support to other participating nations as may be necessary.

"d. Take the following additional actions, if appropriate to the situation:

"(1) If agreed pursuant to paragraph 30 above, establish jointly with the UK and France a naval blockade of Communist China.

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"(2) [redacted] aid guerrilla forces against Communist China and to interfere with and disrupt Chinese Communist lines of communication.

"(3) Utilize, as desirable and feasible, Chinese National forces in military operations in Southeast Asia, Korea, or China proper.

"(4) Assist the British in Hong Kong, as desirable and feasible.

"(5) Evacuate French Union civil and military personnel from the Tonkin delta, if required."

Action agencies: State, Defense, [redacted]

Action: The courses of action above have not been implemented. Contingency planning for assistance to the French Union forces to repel aggression got actively under way but not in a manner or sequence identical with the above. The problem of gaining international support for assistance to French Union Forces was complicated by the Geneva negotiations. Military and political developments placed the Tonkin delta area in jeopardy and led finally to the setbacks of the Geneva Conference declaration.

Para. 32.a. "If, after taking the actions outlined in paragraph 31-c. above, the United States, the UK and France determine jointly that expanded military action against Communist China is necessary, the United States, in conjunction with at least France and the UK, should take air and naval action against all suitable military targets in China which directly contribute to the war in Indochina, avoiding insofar as practicable targets near the USSR boundaries.

"b. If the UK and France do not agree to such expanded military action, the United States should consider taking such action unilaterally."

Action: This contingency has not developed during the period under review.

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Para. 33. "If action is taken under paragraph 32, the United States should recognize that it may become involved in an all-out war with Communist China, and possibly with the USSR and the rest of the Soviet bloc, and should therefore proceed to take large-scale mobilization measures."

Action: This contingency has not developed during the period under review.

D. BURMA (See also paras. 11, 12, 13, 14, 15, 17 and 18).

Para. 34. "Encourage the Burmese Government to cooperate with the anti-Communist nations."

Action agency: State

Action: Every opportunity has been taken to impress the U.S. point of view on the Burmese; recent estimates of the climate of opinion in Burma indicate an increase in awareness of the nature of the Communist threat to Burma and a corresponding tendency to cooperate with anti-communist nations.

Para. 35. "Implement promptly and effectively the recent agreement to furnish Burma with military equipment and supplies on a reimbursable basis."

Action agencies: State, Defense

Action: The agreement has not been implemented; the Burmese Government has not yet ordered any of the arms and equipment on which the Burmese War Office had made inquiries in 1953. One reason alleged for absence of orders from the Burmese is what they conclude to be high cost of American equipment. A contributing factor has been the fact that the British Government values highly its traditional position as the major source of supplies and equipment for Burma. Furthermore, the Burmese were discouraged by the protracted discussions between the United States and the United Kingdom on this point. Nevertheless, as the fate of the Associated States was being settled at the Geneva Conference the Burmese Government expressed a renewal of its interest to the U. S. Government in procuring military equipment on a reimbursable basis. The state of the Burmese economy may make it necessary for the U. S. Government to make available such material on favorable terms. The problem is under active consideration.

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Para. 36. "Be prepared to resume economic and technical assistance to Burma if requested by Burma".

Action agencies: State, FOA

Action: This course of action has not been implemented since the Burmese Government has not requested the resumption of U.S. economic and technical assistance programs. The U.S. would give serious consideration to such a request, if received.

Para. 37. "Continue to demonstrate U.S. interest in a solution of the problem of the Chinese Nationalist irregular troops in Burma, and be prepared to provide limited logistic support for the evacuation of these troops".

Action agency: State

Action: "This course of action is more fully reported in the Progress Report on NSC 146/2. In summary, three phases of evacuation were completed by May 7, 1954 involving a total of 5,688 troops and 868 dependents. Extension of the period of the third phase was authorized by the OCB on June 16, 1954, to care for stragglers who might present themselves on or before September 1, 1954.

Para. 38. a. "Exchange views with the UK regarding policy for Burma, avoiding indications of any desire to supplant the British, but making clear that it is undesirable for the British to maintain a monopoly over military assistance to Burma.

"b. Urge the British to expand their military mission, insofar as possible, to meet Burmese requirements."

Action agency: State

Action: In respect to a. above the policy has been implemented. In respect to b. the policy statement is outdated since the Burmese contract with the UK was not renewed on January 4, 1954. The UK is still negotiating with the Burmese for a new basis for a military mission but it is understood that should such a basis be agreed it will be more restrictive than formerly.

Para. 39. "Attempt to arouse the Burmese to the dangers of Chinese Communist expansion and to the need for effective military defense against it, including coordinated military action with other Southeast Asian countries."

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Action agency: U. S. Information Agency

Action: (cf. paragraph 34 above). The favorable change in Burmese opinion is related to progress in accomplishing this course of action. U.S. Information Agency activities have achieved some success in influencing Burmese opinion in this direction, and an important example is a change in Burmese attitudes towards the Viet Minh who are now considered less as "nationalists" than as Communists.

Para. 40.a. "Develop united action and cooperation among indigenous, anti-communist groups in Burma to resist communist encroachments.

"b. Make suitable preparations for the establishment of guerrilla forces among suitable ethnic groups for possible use against the communists; recognizing the limitations involved in making such preparations, because (so long as the Burmese Government remains non-communist) a major consideration should be to take no action that would involve serious risk of alienating that Government."

Action: This course of action will be separately reported.

Para. 41. "If there is a large-scale attempt by local communists to seize power in Burma, activate to the extent practicable the guerrilla forces referred to in paragraph 40 above."

Action: This course of action will be separately reported.

Para. 42. "In the event of overt Chinese Communist aggression against Burma:

"a. Support an appeal to the UN by the Burmese Government.

"b. Consistent with world-wide U.S. commitments take appropriate military action against Communist China as part of a UN collective action or in conjunction with France and the United Kingdom and any other friendly governments.

"c. Employ as desirable and feasible anti-communist forces, including Chinese Nationalist forces, in military operations in Southeast Asia, Korea, or China proper".

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Action: This contingency did not materialize during the reporting period but certain contingency planning required by paragraph 30 above is relevant to this course of action.

Para. 43. "If, in spite of the preceding courses of action, communist control of all or a substantial part of Burma becomes inevitable, support any trustworthy elements capable of continued resistance to communism."

Action: This will be separately reported.

E. THAILAND (See also Paras. 11 - 20 above)

Para. 44. "Continue to assist the Government of Thailand in creating conditions of internal security, in becoming a stabilizing force in Southeast Asia, in better withstanding communist pressures in the area, and in maintaining its alignment with the free world; and, as appropriate to support these ends, conduct military, economic and technical assistance programs, and strengthen cultural and propaganda programs and covert operations."

Action agencies: All agencies.

Action: Implementation by all interested agencies of PSB D-23 (Thailand), (which in accordance with NSC Action No. 1066c, has been maintained as an operation plan contributing to the implementation of NSC 5405) and the additional programs initiated by Ambassador Donovan resulted in marked progress under this course of action. The MAAG has been strengthened and transformed into JUSMAG. The U. S. Government has now committed or is considering military and economic aid to the Thai designed to effect the following:

- a. The construction of the Saraburi-Ban Phai highway.
- b. The improvement of certain air navigation facilities in Thailand and the improvement and construction of air base facilities therein.
- c. Strengthening existing units of the Thai Armed Forces and the extension of Mutual Defense Assistance Program support to certain elements of the Thai forces which are not now supported.

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- d. Aid and training in the development of an improved Volunteer Defense Corps.
- e. Certain assistance to the operating costs and improvement of the Thai Navy.



These actions follow existing policy. The OCB has also recommended that the NSC review NSC 5405, with particular reference to Thailand, in the context of the current situation in Southeast Asia and other U. S. interests. (See OCB "Special Report on Thailand," July 14, 1954.)

In Thailand the U. S. Information Agency developed plans for a nation-wide psychological offense against communism. The program calls for indoctrination of the Thai Government officials at national, provincial, and local levels with respect to communist strategy and tactics, the nature and history of communism and the threat of communism to their Government, religion, and way of life. The first series of lectures and visual presentation to a select group of Thai Government officials started on May 17, 1954.

The United States supported a Thai appeal to the United Nations Security Council for a Peace Observation Commission "to enter the general area of Thailand."

Para. 45. "If a serious deterioration of the situation in either Indochina or Burma appears imminent, take whatever measures, including increased aid to Thailand, may be determined as feasible to forestall an invasion of Thailand or a seizure of power by local Thai Communists."

Action: The situation did not deteriorate in Burma, but appeared to improve somewhat, while the situation in the Associated States, particularly in the Tonkin Delta became desperate. It did not appear to the Thai nor to the U. S. Government that such deterioration was likely to lead to an imminent invasion of Thailand by either Viet Minh or Chinese Communist forces or to a seizure of power by local Thai Communists. However, the Thai Government is fearful that the Chinese Communist Government will expect the Communist Viet Minh, as soon as possible, to begin exerting military and subversive pressure against Thailand with a view to forcing the Thai Government to become compatible to Chinese Communist aims and objectives. The increased information program and the newly agreed military program described in OCB "Special Report on Thailand," July 14, mark a beginning in planning to bolster Thailand against such lines of aggression. Further planning is urgently needed. (See also action under para. 44 above.)

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ANNEX A



Para. 46. "In the event of overt Chinese or other Communist major aggression against Thailand:

"a. Support an appeal to the UN by the Thai Government.

"b. Consistent with world-wide U.S. commitments take appropriate military action against Communist China as part of a UN collective action or in conjunction with France and the United Kingdom and any other friendly governments.

"c. Employ as desirable and feasible anti-communist Chinese forces, including Chinese Nationalist forces, in military operations in Southeast Asia, Korea, or China proper."

Action: This contingency has not materialized. Staff planning has, however, been developed for the contingency.

F. MALAYA

Para. 47. "Support the British in their measures to eradicate communist guerrilla forces and restore order."

Action agencies: State and other agencies

Action: Only minor technical assistance has been considered for the British administration.

Para. 48. "In the event of overt Chinese Communist aggression against Malaya, in addition to the military action which would already have been taken against Communist China, (see paras. 32, 42, 46) the United States should assist in the defense of Malaya, as appropriate, as part of a UN collective action or in conjunction with the United Kingdom and any other friendly governments,"

Action agencies: State, Defense

Action: This contingency did not materialize, although certain of the contingency planning required under paragraph 30 is applicable to Malaya, as is the case with other paragraphs of this paper.

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~~SECRET~~ANNEX B TO PROGRESS REPORT ON NSC 5405IMPLEMENTATION OF THE MUTUAL DEFENSE ASSISTANCE PROGRAM
FOR INDOCHINA (JAN-JULY 1954)^{1/}1. Objective

The objective of the MDA Program was to assist in strengthening the ability of the French and Associated States Forces to restore and maintain internal security and to bring to a successful conclusion the Communist aggression in Indochina by all means short of the commitment of U. S. forces.

2. Status of MDA Program, Deliveries and Forces

In accordance with the National Security Council Action dated 16 January 1954, the Secretary of Defense instructed the three military departments to take expeditious action to provide materiel and training in support of the French and Associated States efforts in Indochina. The latest effort in Indochina was supported from the consolidated FY 1950-54 MDA Materiel Programs. A resume of the FY 1954 Materiel Program is:

<u>Service</u>	<u>Initial Approved FY 54 Program (millions)</u>	<u>Approved Additional Materiel Requirements</u>	<u>Final Approved FY 54 Program (millions)</u>
Army	269.3*	115.3	384.6*
Navy	25.1	22.4	47.5
Air Force	34.2	102.3	136.5

* Includes Military Support Program.

a. Army

(1) Approximately 62% of all major items programmed in FY 1954 was delivered. Because of the war in Indochina all major items were shipped in time to meet the requirements of the French Army.

(2) The problem of conducting combat operations using heterogeneous troops and under the climatic environment of Indochina created many problems not faced by the other MDAP countries. The

^{1/} (The information in this Annex shows the status of deliveries on the eve of the Geneva Conference declaration of July 21. After its signing, MDA shipments to Indochina were halted or diverted in accordance with Department of Defense contingency plans.

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ANNEX B



metropolitan French military personnel (officers and men) fighting in this area comprised only approximately 15% (60,000 out of a total of 500,000) of the total forces. These forces were unquestionably good but their number so few that they could not completely influence the entire battle. A large proportion of the forces programmed for the Associated States had been organized but due to their commitment into combat in the rapidly expanding requirements, were not as well trained or effective as desirable by the time of the cease-fire. The shortage of raw material for officers and non-commissioned officers in the armies of the Associated States proved a major bottleneck in the expansion program. Training schools were established and every effort was made to keep training abreast of contemplated expansion.

b. Navy

(1) No major combat vessels were supplied with MDAP funds; however, numerous patrol craft and amphibious vessels together with necessary ammunition and spare parts were provided. In addition, the Navy program has provided maintenance, modernization and ammunition for the 9 major combat ships (DDs). Approximately 70% of all material on the FY 1954 program was delivered.

(2) The major portion of the MDA Program for the Navy consisted of furnishing replacement parts, ammunition, machine tools, vehicles and other equipment to the existing French naval forces. The amphibious craft of the Navy were used extensively in support of Army operations. The French Naval Forces in Indochina were fully operational and no major problems existed.

c. Air Force

(1) Sufficient aircraft were shipped to Indochina to meet established force goals including attrition aircraft. Upon completion of the FY 1954 program, the Air Force expected to have shipped a total of 378 aircraft of all types. Of the total Air Force program, 47% by dollar value was shipped.

(2) The French Air Force in Indochina was completely operational and an effective fighting force. The major problem of this service was a lack of properly trained maintenance and supply personnel as well as operating procedures in this area. This latter problem was offset somewhat with the assistance of the U. S. Air Forces who are training necessary technicians in metropolitan France and USAF technicians on temporary duty in Indochina in support of this effort.

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ANNEX B



3. Summary

a. The greatest weakness of the forces fighting in Indochina was the Army of the Associated States. A really patriotic fighting spirit had yet to be injected into that Army. There was little sense of national pride.

The direction of the war in this period was dictated by French political leaders faced with an unpopular war. As a result, military commanders conducted a defensive war designed to produce a minimum of casualties.

It is considered that the armies of the Associated States could have been trained better and faster, and that a reorganization of these forces would have made them far more efficient. Also, a more aggressive attitude on the part of French commanders would have produced far better results.

b. The progress of delivery of equipment was completely satisfactory. There was no instance where the activation of units was delayed by the failure to receive MDAP equipment. On the contrary, there were instances where the delivery of equipment was beyond the receiving ability of the forces. However, this situation was overcome by the expansion and training of the troops in Indochina.

c. The Associated States were spending 57% of their budget toward prosecuting the war in Indochina. The French Government no longer contributed to the development of the armed forces of the Associated States and was having difficulty in supporting the French Expeditionary Corps.

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