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VIETNAM AID—THE PAINFUL OPTIONS

REPORT

OF

SENATOR SAM NUNN

TO THE

COMMITTEE ON ARMED SERVICES

UNITED STATES SENATE



FEBRUARY 12, 1975

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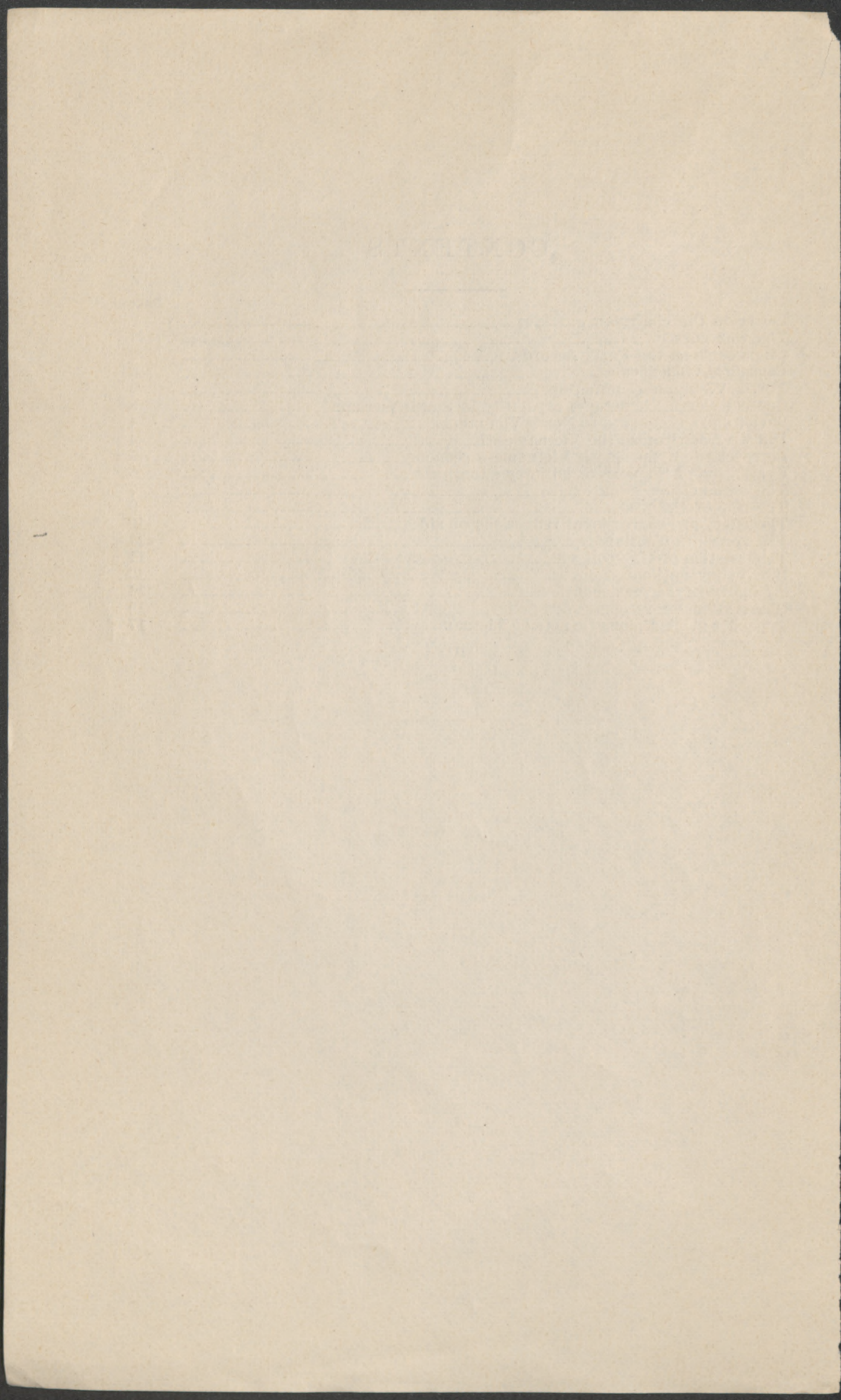
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LETTER OF TRANSMITTAL

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, D.C., February 5, 1975.

HON. JOHN C. STENNIS,
Chairman, Senate Armed Services Committee,
Washington, D.C.

DEAR MR. CHAIRMAN: At your request, and as part of a more extensive Far East trip on manpower, I visited South Vietnam to gather information which may prove of value to the Committee, the Congress, and the American people in understanding the current situation. I want to thank Mr. Don Lynch and Mr. Francis J. Sullivan, of the committee staff, who accompanied me on this visit and helped to analyze the available information and to prepare this report.

My past tendency has been to view American aid and involvement in Vietnam with considerable skepticism. Like many of my colleagues, I have viewed with concern the size of the annual burden of our military and economic assistance to Vietnam particularly at a time of grave economic difficulties at home. I have become increasingly alarmed by the following factors: the seemingly open-ended and uncertain prospect of U.S. involvement; the absence of any realistic projection of the level of our future assistance, and the question of how long it may have to continue. Nonetheless, I have made every effort to take a fresh, open-minded approach to the situation.

I have not studied the Cambodian situation nor does this report cover Cambodia in any way. To lump the request for Vietnam together with the request for Cambodia is misleading and in my view a mistake. The military situation in the two countries is totally different and any effort toward analogy is inevitably going to be erroneous.

In preparation for the visit to South Vietnam, I received a series of background briefings from officials in Washington, D.C. and during my travels I consulted with numerous persons about Vietnam. Additionally, at my request, a Committee staff member spent five days in South Vietnam reviewing programs and submitted the results of his investigations to me prior to my arrival in Saigon.

During the time spent in Saigon, I was able to meet separately and have frank and open discussions with President Thieu and General Vien, Commanding General of the South Vietnamese Armed Forces.

I also met with United States Ambassador Martin and key members of his staff to review the political, economic and military outlooks.

I must emphasize that the report and its conclusions are my views based on limited exposure and experience. The Committee will obviously need to go into more depth than I was able to in the limited time available.

It seems imperative that the Executive provide and justify more than a year-to-year program. The American people are paying the bill and they deserve a full discussion and explanation of the total commitment they will be asked to make.

More of the same is not enough. Money alone is an inadequate approach. With the Paris Accords merely a piece of paper at this time, a new look is in order; new initiatives on the diplomatic front are required; our future role should be defined as precisely as possible.

I find no one—either for or against American involvement in Vietnam—who can advocate a definite action by the United States and who can, at the same time, make any convincing projections of the probable outcome resulting from the action.

We should therefore realize and admit that we are dealing in an area of considerable uncertainty. Mr. Chairman, every possible option we now have in Vietnam, including the option I offer in this report, poses unknown dangers and possible adverse consequences for American interests. I have, therefore, tried to present the factual basis for my conclusions. I hope all those who take time to read this report will continue a search for additional facts and options which may have been overlooked.

In summary, no course of action open to the nation offers the guarantee of complete success. This fact, however, should not deter the effort to formulate a definitive program that is fully explained to the American people. I strongly believe that we must adopt such a program regarding Vietnam and be willing to carry it out and accept the consequences. After 13 years of involvement in Vietnam, we owe this to ourselves.

Sincerely,

SAM NUNN.

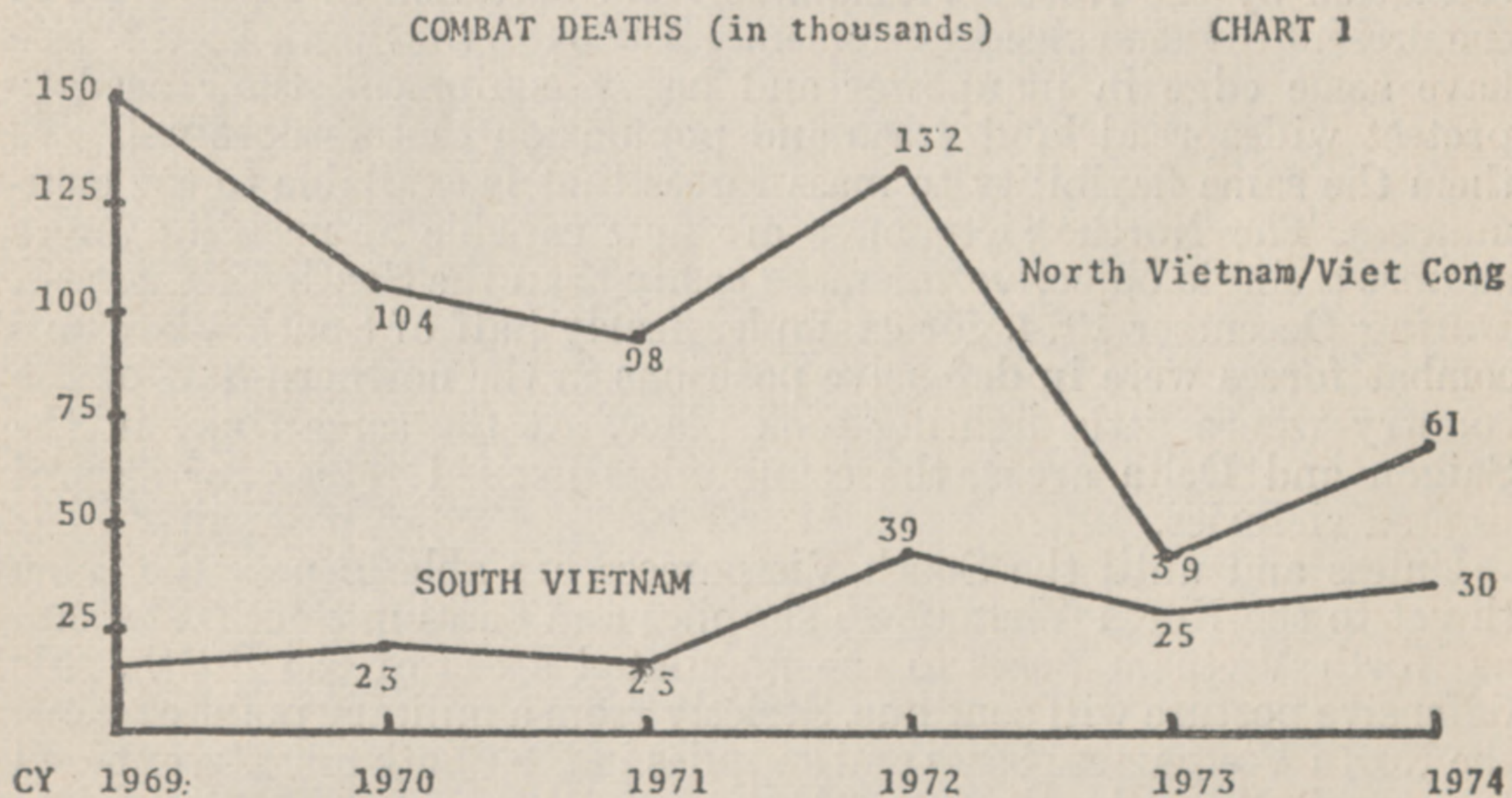
VIETNAM AID—THE PAINFUL OPTIONS

The War Goes On

History has already recorded the continuing war in South Vietnam as a series of misjudgments, political and military mismanagements and tragedy. Total combat deaths alone are estimated at over 1.2 million, with U.S. military combat deaths recorded at over 46,000. In monetary terms, this war was the most expensive for America, costing over \$140 billion. Compounding the tragedy, each year the American people are told that next year will be better, the end is in sight and this contributed to a growing cynicism about government.

Two years have passed since the signing of the Paris Accords in January 1973 when most Americans believed the war ended. However, the fighting continues nearly as intense as before the cease-fire.

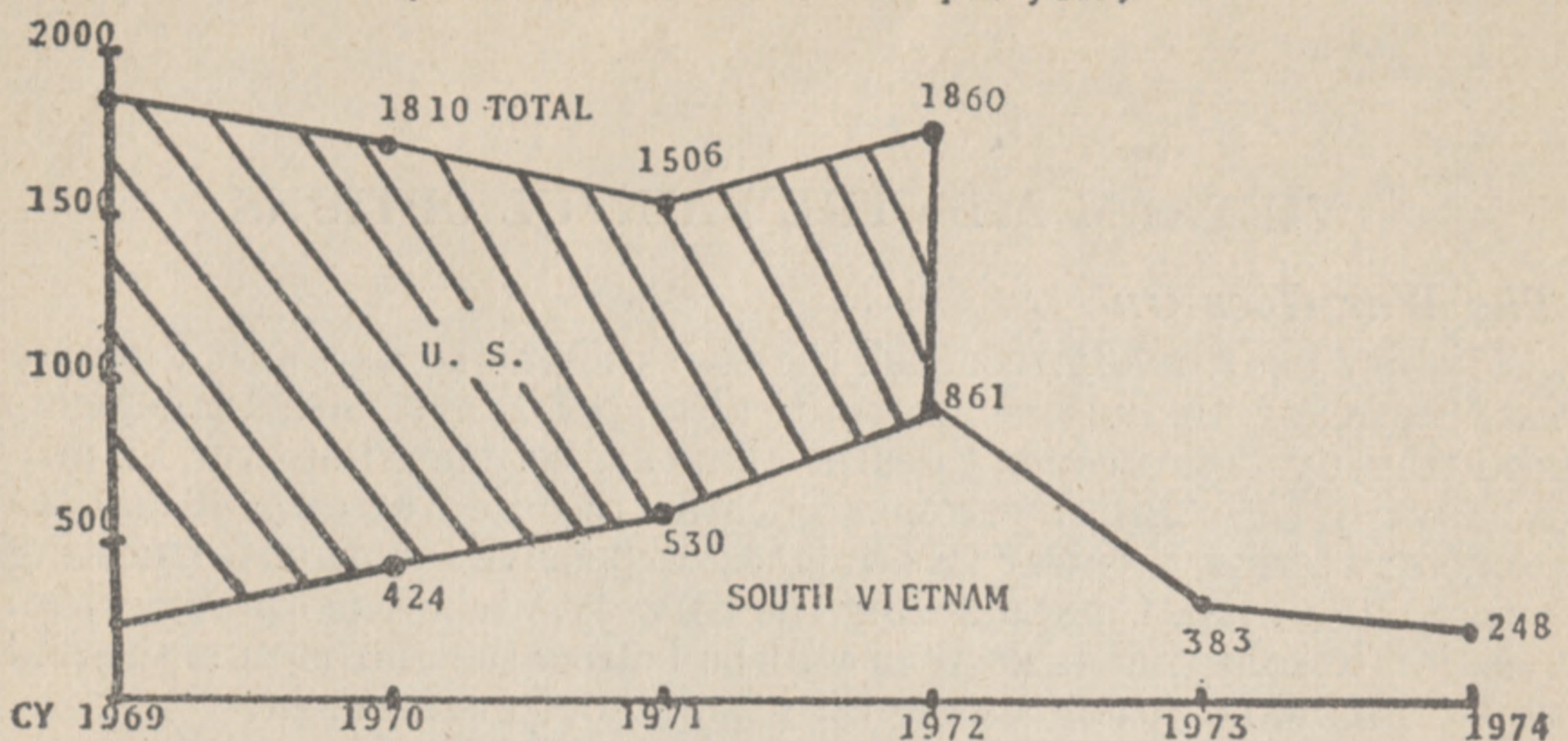
Some 30,000 South Vietnamese troops were killed in 1974, compared with less than 25,000 per year while U.S. troops were in Vietnam (except for 1972 which reached a peak of 39,000). North Vietnamese and Viet Cong combat deaths dropped markedly from about 130,000 in 1972 to just over 39,000 in 1973, as shown in the following graph of data furnished by the Defense Department. While the numbers on the side of the North may be open to serious question, the trends are revealing.



Although South Vietnamese casualties have increased since pre-1972 levels, South Vietnamese ammunition expenditures have fallen as shown by the following graph prepared from data provided by the Defense Department. When combined with American ammunition expenditures, there has been about a $\frac{2}{3}$ reduction in ammunition expended on behalf of South Vietnam in a two year period.

AMMUNITION CONSUMPTION
(thousands of short tons per year)

CHART 2



Changes Since Paris Accords

In addition to significant reductions of ammunition expenditures by South Vietnam since 1972, the war has changed in other marked aspects. First, no air or land battles are being fought in North Vietnam—all the killing is done in South Vietnam. According to U.S. Embassy officials, the vast majority of communist fighting troops in South Vietnam are North Vietnamese regulars; the Viet Cong have not recovered from their 1972 defeats and constitute less than 20% of the forces in the South.

Fighting since the cease-fire has been characterized by a gradual escalation by the North Vietnamese from battalion to regimental to the present division size engagements. Although the South Vietnamese have some edge in manpower and heavy equipment, their need to protect widespread land areas and population centers does not give them the same flexibility to mass forces that is available to the communists. The North Vietnamese are now capable of massing forces against a single objective far more easily than the South Vietnamese. During December 1974, for example, nearly half of South Vietnam's combat forces were in defensive positions in the northern half of the country where little fighting took place. At the same time, in the Saigon and Delta areas, the communists massed forces for several limited victories.

Unless and until the South Vietnamese are able to pose the same threat to the North Vietnamese supplies and bases in South Vietnam as North Vietnam poses to the populated areas of the South, this defensive posture will continue. Strictly from a military point of view, the North Vietnamese bases and supplies in the South must be exposed to ground attacks by the South if there is ever to be a military parity which can produce true peace. This change of tactics by the South cannot be purchased with American dollars and can be implemented only with considerable courage and motivation by the South Vietnamese themselves.

Ceasefire Violations

Both sides continue to charge the other with cease-fire violations. In retrospect, it is probably impossible to designate who was respon-

sible for the continued fighting and breaches in the cease-fire since 1972. However, at the present time, several things are clear. First, South Vietnam is fighting for survival as a nation and poses no threat to the national survival of North Vietnam. Second, since the reduction of U.S. aid, the military initiative has shifted to the North Vietnamese with South Vietnam now on the defensive. The recent fall of Phuoc Binh, capital of Phuoc Long province, is a clear and gross violation of the Paris Accords. According to U.S. officials, the city was clearly in South Vietnamese control at the time of the cease-fire. The recent attack and capture was by two North Vietnamese army divisions with little or no Viet Cong or local communist help. Third, there have been numerous other cease-fire violations by North Vietnam. A copy of the U.S. diplomatic note showing the specifics of these latest violations is attached as Appendix 1.

North Vietnamese Intentions

By their own admission the North Vietnamese have made it clear they have no intention of working to revive the 1973 Peace Accords, but are determined instead to press for the total defeat of the South by any means at their disposal.

Information made available by U.S. officials in Saigon shows that:

In December 1973, the North Vietnamese politboro issued a policy resolution which ruled out any major influence on the political front in South Vietnam—primarily because communist strength in South Vietnam was not sufficient—and which described the Paris Agreement merely as “means of postponing the war” so as to facilitate communist “preparations for another war.”

Last summer, the North Vietnamese politboro reviewed new developments, including the resignation of President Nixon and the cut-back in U.S. assistance. They concluded there was a weakening of the South Vietnamese government’s political position and the creation of “new opportunities” for the communists to deal “decisive blows” in South Vietnam.

In late summer of 1974 North Vietnam changed its policy for 1975, emphasizing the need for “revolutionary violence” while paying lip service to the Paris cease-fire accords. They said that the major mission in 1975 would be defeat of South Vietnam’s pacification program by:

- (1) destruction of large numbers of South Vietnamese troops;
- (2) capture of all isolated government outposts, large parts of the countryside, more civilians, more rice, parts of the northern coastal provinces and western highlands;
- (3) interdiction of key government highways; and
- (4) isolation of Saigon.

Current North Vietnamese Capability in South Vietnam

Considering the size of the forces, status of supplies, and the ability to reinforce and resupply faster than ever, the North Vietnamese forces pose a formidable threat in South Vietnam.

According to U.S. and South Vietnamese officials, the North Vietnamese have more combat forces in South Vietnam than ever before. North Vietnamese combat strength is estimated at from 180,000–200,000, compared to 165,000 combat troops at the start of the Easter offensive in 1972 and 140,000 at the time of the Paris Accords. Counting support and administrative forces, the total North Vietnamese

strength now in South Vietnam is approximately 300,000. Armored forces (655 tanks) and heavy artillery (430 tubes) also exceed cease-fire levels.

American officials report that the North Vietnamese have deployed an air defense system extending along the entire western border of South Vietnam from the demilitarized zone to Military Region 3 (Saigon area). The anti-air defenses virtually deny South Vietnam air force intrusion, particularly when the South Vietnamese know that lost aircraft will not be replaced.

U.S. intelligence officials estimate that there already is in place in South Vietnam sufficient ammunition, supplies and equipment to support 20 months of fighting by North Vietnamese forces at the level of intensity of the 1972 Tet offensive. There are additional supplies and equipment in North Vietnam that are available through shortened supply lines.

Soviet and Chinese Aid to North Vietnam

There has been a continued flow of Soviet and Chinese military aid to the North, including such highly technical items as anti-aircraft artillery weaponry.

At present, the intelligence community is not able to put a dollar value on Soviet and Chinese military aid to North Vietnam for four reasons. First, there are no complete estimates of the amounts of military aid arriving in North Vietnam, partly due to cutbacks in intelligence activities. Second, we do not know the economic value of military goods produced in the USSR or China and delivered to the North Vietnamese. Analysts must price the various items of equipment and supply at what they would cost to produce in the United States. Third, the overhead, transportation, training and other support costs to the USSR and China of getting equipment into North Vietnam is not known. Finally, a much more comprehensive effort to project a meaningful estimate of aid to North Vietnam is required. Despite this absence of hard data, most analysts feel that Soviet and Chinese military aid to North Vietnam has not increased substantially since the ceasefire.

Sino-Soviet economic aid to North Vietnam, however, has increased substantially since 1972. Rough estimates, in terms of current U.S. dollars, places Soviet and Chinese economic aid in 1974 at about \$1 billion. The level in 1972 was about \$400 million and \$500 million in 1973.

The heavy emphasis on economic aid over the past two years reflects basic necessities. North Vietnam's domestic food production in 1973 and in early 1974 was down due to poor weather and bad management. Since North Vietnam has a food deficit under the best of circumstances, the fall off in production in 1973 and 1974 necessitated an increase in imports.

If the United States is to develop a rational policy, it is absolutely essential that the estimates of military and economic aid to North Vietnam be improved by the intelligence community at the earliest date.

Did We "Americanize" the Vietnamese?

1968 marked the beginning of intensified efforts by the United States to improve the capability of the South Vietnamese combat forces. During 1969 a plan called "Vietnamization" was established to

allow the South Vietnamese to assume the complete combat role by 1973.

Unfortunately, little effort was applied to improvement of South Vietnamese logistics support and maintenance. It appears that well into 1972 the assumption was that, although the U.S. would not be involved in combat, there would be in place U.S. logistical troops supporting the South Vietnamese combat forces. In other words, "Vietnamization" was not well prepared or executed as far as supply and maintenance support were concerned. We taught the South Vietnamese to fight U.S. style, but did not prepare them to take over supply and maintenance support of their own efforts.

In 1972, under so-called Projects ENHANCE and ENHANCE PLUS, the U.S. delivered in excess of \$750 million worth of major military equipment to South Vietnam. In addition, substantial amounts of equipment and supplies were turned over to the South Vietnamese by U.S. military forces as they left.

These moves resulted in the dumping of massive amounts of military equipment and supplies on a South Vietnamese force that was unprepared and incapable of coping with the logistics and maintenance requirements related to that equipment. General Accounting Office studies, based on data through August 1974, highlight the significant inefficiencies of actions taken in the supply area. However, all parties in South Vietnam now agree that there has been substantial improvement since the reduction in U.S. aid and I have requested the GAO to update their reports. While the full story will probably never be known, it is clear that U.S. actions in 1972 resulted in problems of inventory control and management that are just now in the process of being corrected.

The so-called "Vietnamization" program succeeded in withdrawing U.S. military forces from Vietnam and getting a partial settlement of the POW/MIA situation, but failed to make the South Vietnamese self-sufficient. Instead, American organization, tactics and sophisticated equipment made the Vietnamese dependent on the United States for the day to day items—even food—to operate their armed forces. Even now, with a \$700 million military aid level that the Administration contends is inadequate, the United States requires that substantial amounts of that aid be spent in certain ways. For example, about \$120 million of the \$700 million is eaten up by "overhead" such as management, transportation of equipment and supplies, and other costs related to the U.S. Defense Attache office. The U.S. Defense Attache office is funded by military assistance funds and is staffed with almost 5,000 people (about 1,000 Americans and 4,000 Vietnamese). This seems to be an inordinately large number of people for management of the U.S. military aid program for Vietnam.

In effect, "Vietnamization" has resulted in Americanization of the Vietnamese. The FY 1975 budget cuts by Congress (\$1.4 billion requested, \$700 million appropriated) indicates that neither the Congress nor the American people are willing in the long run to pay for an American style of fighting by the Vietnamese.

Perspective on the South Vietnamese Economy

"Vietnamization" begun in 1969 shocked the country in more than just military terms. It also marked the start of a necessary but painful transition for Vietnam's economy. The economy was then heavily

engaged in activities supporting the 500,000 U.S. troops in Vietnam and heavily dependent upon foreign aid. The effect on the South Vietnamese economy of the withdrawal, current economic conditions, and future prospects which appear hopeful are best portrayed by the following well written report provided by the U.S. embassy in Saigon:

At the height of the war, Allied forces directly and indirectly employed about 5 percent of the labor force. The departure of those troops cost the economy about 300,000 jobs. With the troops went very substantial foreign exchange earnings. From a peak of \$403 million in 1971, foreign exchange earnings from the U.S. presence declined to about \$100 million in 1973 and 1974. The economic contraction, which first became apparent in late 1971, accelerated in early 1972 with the onset of the communist Easter offensive. The country's economic difficulties were compounded by the worldwide inflation of 1972-74, which raised the cost of Vietnam's imports an average of 100 percent. Despite higher export earnings and the use of reserves, lower U.S. balance of payments support and rising import costs sharply reduced the real value of Vietnam's imports. In real terms, imports in 1974 were about 35 percent lower than in 1972.

Between 1971-73, real GNP remained roughly unchanged. But in 1974, real GNP declined 5 percent, mainly due to the worldwide energy crisis. Since population was rising by about 3 percent a year during this period, per capita GNP dropped by about 15 percent to \$150. In human terms, this means that since 1971 the economy has been unable not only to absorb those people who lost jobs during the Allied withdrawal but also to provide employment for new entrants to the labor force. To eliminate unemployment and underemployment would require the creation of more than a million jobs, which currently amounts to about 15 percent of the labor force.

The government's response to its multiple problems has been intelligent and courageous. Despite the strains of recent years, it has maintained an essentially free market system. Monetary reforms have mandated realistic exchange and interest rates. A modern investment law, along with medium term credit institutions, provides incentives to foreign and domestic investment. Fiscal policy, especially over the past two years, has restrained spending, although defense and refugee relief costs continue to impose an inordinate non-discretionary burden. At the same time, the government has made vigorous efforts to expand the domestic tax base. Between 1972 and 1974 domestic tax collections rose by 271 percent, well in excess of the 131 percent increase in consumer prices during the same period, notwithstanding the deepening recession.

Development policy has emphasized the agricultural sector, where Vietnam has abundant resources. Progress has been made despite the war. In the mid-60's, intense fighting, as well as high pay in urban jobs, forced farmers off the land and compelled large scale PL-480 rice imports. Now rice production has risen close to self-sufficiency. Import policy has curtailed less essential goods in order to conserve foreign exchange and encourage domestic industries. The trade deficit remains substantial (\$811 million in 1974), but given stable security conditions, Vietnam has ample opportunities to produce exports and import substitutes and thus close that gap in a relatively short time. Exports have already risen sharply, from \$12 million in 1971 to \$75 million in 1974. Finally, as part of its austerity program, the government cut consumption of such commodities as POL and sugar. Last year, POL pump prices increased to among the highest levels in the world (gasoline retails for \$1.30/gallon) and sugar imports were banned.

In summary, the Allied military withdrawal sharply reduced Vietnamese living standards. They dropped further in 1973-1974 as worldwide price inflation reduced the real value of foreign aid. Production and employment fell, and market demand sagged in a typical downward spiral; agricultural output, up slightly, was one of the few bright spots. If the level of hostilities does not intensify and export markets begin to recover, the decline should bottom out in 1975. Given adequate aid levels, the economy would then be poised to start on the road to rapid growth. If Vietnam's now promising oil prospects materialize in the next few years, the chances for a high rate of economic expansion would be further enhanced.

Evaluation of the Current Military Situation

The South Vietnamese, since the 1973 cease-fire and American withdrawal, have done better militarily than most would have

guessed. Both U.S. and South Vietnamese officials agree that less than 10 percent of the population of South Vietnam is under the control of the North Vietnamese. While large areas of countryside are contested, for the most part the people report communist activity to the government. They show little sign of siding with the communists although this does not mean all anti-communists embrace the Thieu government. Most of the rice producing areas of the country are under the control of the government at least during the crucial harvest season, although this area is being severely challenged by the communists. Except for relatively small terrorist/guerrilla attacks, the majority of the North Vietnamese activity and success takes place in the sparsely populated and mountainous area. However, the North Vietnamese have major formations which can be massed against populated and rice growing areas.

With the conclusion of the cease-fire agreements in 1973, South Vietnam was left with large amounts of sophisticated American equipment while North Vietnam was left with long, jungle supply lines full of ammunition, gasoline and other day to day items of supply. Since the cease-fire, the U.S. has continued to provide South Vietnam with some sophisticated equipment. According to official reports, the U.S. has not provided enough ammunition, gasoline and spare parts to replace day to day consumption. Therefore, South Vietnamese stock levels have been drawn down.

On the other hand, North Vietnam has worked to vastly improve their delivery routes into South Vietnam by building highways and pipelines. This resulted in the North Vietnamese ability to shorten their supply lines into South Vietnam from 90 to 30 days. Thus the stocks that were in the longer supply line have been accumulated in South Vietnam.

The situation in South Vietnam today is one where the South Vietnamese have large amounts of sophisticated American equipment but are running out of ammunition, gasoline and daily supplies; the North Vietnamese have large stockpiles of ammunition, gasoline and day to day supplies which can be replenished with their improved transportation system. The South Vietnamese are dependent on almost day to day shipments of operating supplies from the U.S. whereas the North Vietnamese in South Vietnam have a shortened supply line and a substantial cushion by virtue of the accumulated stockpiles in South Vietnam.

The Ammunition Situation

According to all reports there are more targets in South Vietnam than ever before:

- more North Vietnamese combat troops;
- more North Vietnamese tanks;
- more North Vietnamese artillery;
- more North Vietnamese supply locations;
- more North Vietnamese air defense locations; and
- more North Vietnamese road nets and supply convoys.

In spite of this buildup by the North, there is less ammunition than ever before for the South Vietnamese forces.

Much has been said of the extravagant use of ammunition. During 1974 the South Vietnamese Army consumed ammunition at one-fourth

the rate of U.S. ground forces in 1969. In terms of air support, U.S. consumption of air munitions in 1969 was 15 times more than the munitions expended by the South Vietnamese Air Force in 1974.

Despite the fact that South Vietnamese ground forces consumed less in 1974 than a smaller South Vietnamese force consumed in 1969, stock levels of munitions in South Vietnam have been reduced. Data provided by U.S. officials show, at the time of the signing of the Paris Accords, that the South Vietnamese had about 178,000 short tons of ground munitions. By the end of fiscal year 1974, the level had been reduced significantly.

Based on data provided for the first seven months of fiscal year 1975, the stock level of ground ammunition has and will continue to decline. If the current monthly rate of ground munitions expenditures (18,600 short tons per month) and U.S. resupply (12,000 tons/month) continues, the entire stock of ground munitions in South Vietnam will decline to a dangerously low level by the end of fiscal year 1975. The average *monthly* expenditure of ground ammunition just prior to the cease-fire was 72,000 short tons per month for South Vietnamese forces alone. Any increase in the level of activity would of course degrade stock levels more rapidly.

According to information provided by officials in South Vietnam, the current expenditure rates of ground munitions are substantially below the 1972 (pre-Paris Accord). The following chart compares rates for selected ground artillery.

ARTILLERY AMMUNITION EXPENDITURES

[Rounds per weapon per day]

	1972	1973	1974
105mm.....	30.5	11.7	8.0
155mm.....	18.0	8.0	6.8
175mm.....	8.5	2.0	1.7

Both U.S. and South Vietnamese officials stated that, beginning in 1974, strict conservation of munitions was in effect for South Vietnamese forces. Harassment and interdiction fire has been virtually eliminated. Artillery support for outposts is limited even when they are under attack. In some areas troops are issued only two hand grenades. These ammunition restrictions are believed to be common knowledge to communist forces and used in their planning of attacks.

The absence of any reasonable assurance of replacement of munitions or aircraft and equipment losses makes the South Vietnamese very cautious about commitment of forces. The South Vietnamese feel that they can no longer afford the price in equipment and munitions to defend distant combat outposts. This even includes some province towns that were firmly in their control at the time of the signing of the Paris Accords.

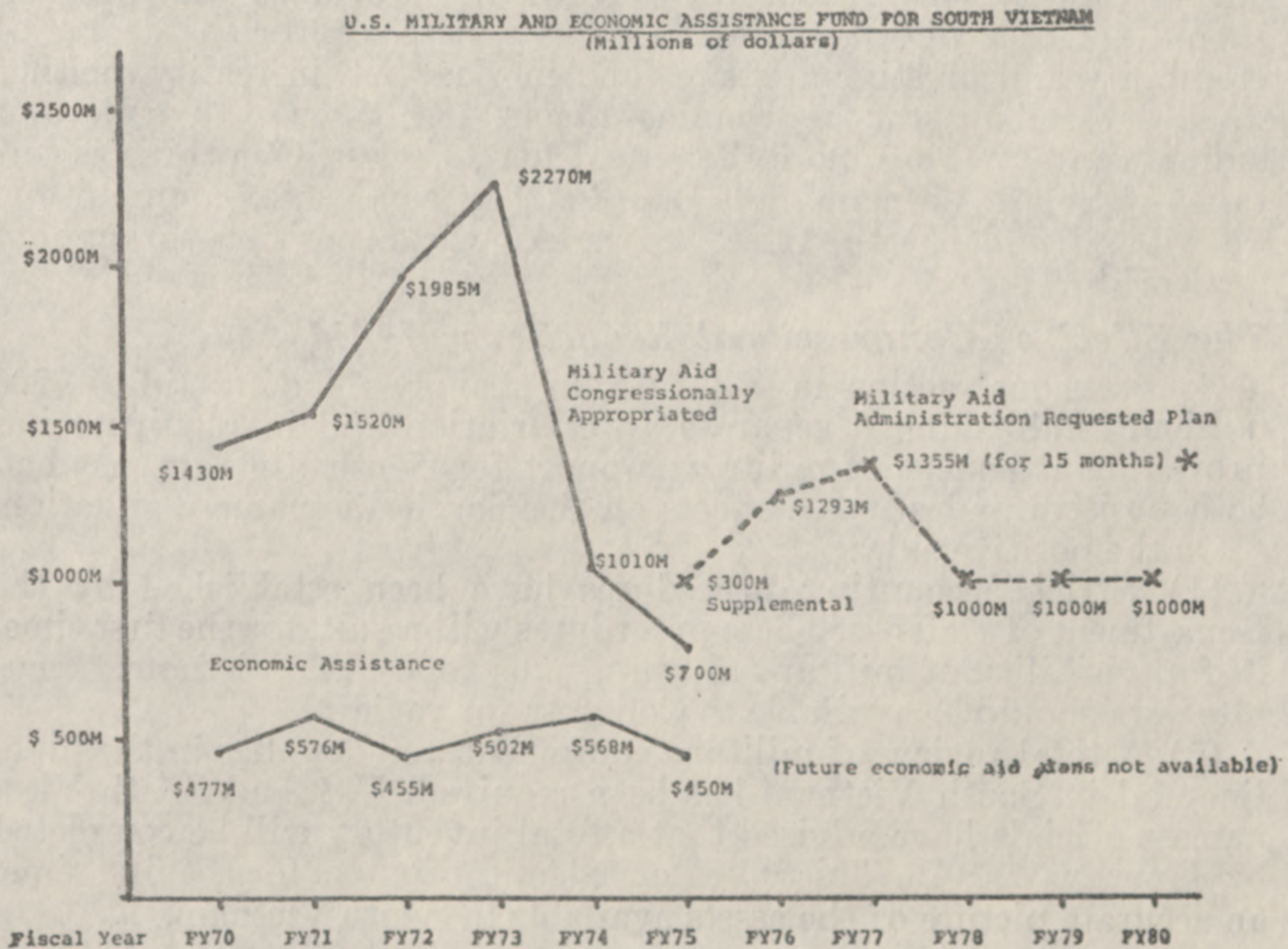
It is the opinion of both U.S. and Saigon officials that because of the current support levels and uncertainty as to the future, more territory and population may have to be conceded in order to conserve forces and supplies for defense of militarily and economically significant areas and major population centers.

THE ROLE OF U.S. AID

In FY 1973, which ended about 18 months ago, the United States provided over \$2.77 billion in military and economic aid to South Vietnam. U.S. troops were still in Vietnam for much of FY 1973. This year, FY 1975, the Congress provided \$1.15 billion in military and economic aid; that is a reduction of \$1.65 billion or 61 percent. South Vietnam's entire Gross National Product is only some \$3.5 billion. Thus, the *reduction* of U.S. aid in a two-year period represents almost 50 percent of the entire South Vietnamese Gross National Product. A drastic change such as this would be difficult for any country to absorb.

Given a reasonable level of aid, South Vietnam does not appear in imminent danger of capture of its significant population centers or decimation, and has some chance of economic development. There can be no guarantee that even with adequate U.S. aid, South Vietnam will survive; it is clear that South Vietnam has little chance to survive without aid from the United States. However, with adequate munitions and supplies, the South Vietnamese should be expected and be able to maintain control of the population and agricultural areas which are vital to their national survival. Without continued assistance from the United States as to these crucial items, failure will inevitably result. With this assistance, failure could still result through inadequate motivation and dedication on the part of the South Vietnamese. Failure in this eventuality would not be caused by American default.

The following chart provides the history of U.S. military and economic aid to South Vietnam.



* Includes \$355M for 3 month transition budget required under the Congressional Budget Act.

As can be seen from the absence of future economic aid plans in the above chart, the Administration now separates the economic and military aid packages presented to Congress as if there is no connection between the two. The two Departments involved (Defense and State) display very little, if any, coordination on joint planning. Two separate Committees (Armed Services and Foreign Relations) authorize this military and economic assistance, and a third Committee (Appropriations) appropriates.

While the war continues, it makes no sense to separate military and economic aid to South Vietnam in the formative and planning stages. The extent of economic aid determines to a great degree the South Vietnamese resources that can be channeled into the military effort. Conversely, the military aid level determines the amount of South Vietnamese resources which can be channeled into economic development.

This relationship between military and economic assistance also applies to North Vietnam. While the military aid to the North has probably not increased, the economic aid has increased substantially; thereby allowing the North to dedicate more of its GNP to the war effort.

Regardless of the policy emerging from the debate on Vietnam aid in Congress, the Congressional decision should be based on this realization. Towards this end, I believe there should be close coordination and consultation on the Senate side by the Armed Services Committee, the Foreign Relations Committee and the Appropriations Committee. Ideally, there should be some joint hearings and a joint or at least a coordinated recommendation by the Senate Committees on Armed Services and Foreign Relations.

American policy in Southeast Asia will, to some degree, affect our credibility throughout the rest of the world so our decision should not be made piecemeal. One can debate forever the degree of credibility and prestige at stake for America, but, in reality, neither those subscribing to the Domino theory nor those who believe it ludicrous are making more than a calculated guess. One thing is certain—if South Vietnam falls because they run out of ammunition, we will all find out the effect on the American position throughout the world.

The Effect of Congressional Reductions of Aid

Congressional action in FY 1975, in sharply reducing aid to \$700 million, establishing a separate appropriation and in requiring improved management of military support for South Vietnam, has had both positive and adverse effects on the South Vietnamese situation.

On the positive side:

(1) Strict accounting procedures have been established by the Department of Defense. These procedures will result, for the first time, in full visibility of military aid programs for South Vietnam. Accurate data should be available to Congress for review.

(2) A total review of military equipment and supplies in the pipeline and in South Vietnam has been required. U.S. and South Vietnamese officials have advised that a total inventory will be completed by January 31, 1975. This inventory should provide, for the first time, an accurate picture of the assets available in South Vietnam.

(3) The South Vietnamese have become cost conscious in the management of their assets. This cost consciousness has resulted in the complete reorganization of the South Vietnamese military supply and maintenance system. In addition, military commanders have been made aware of the cost of various equipment and ammunition. No longer do the South Vietnamese feel that they have an unlimited supply, and economy in operation is being emphasized at all military levels.

On the adverse side:

(1) The sharp reduction of U.S. aid has reduced fire power, reduced available air support, and reduced mobility for the South Vietnamese forces. Tactical air sorties have been reduced by $\frac{2}{3}$ since FY 1972. Since strict rationing systems have been implemented, data provided shows that South Vietnamese fighter pilots have averaged only 7 flying hours per month and helicopter pilots only 14 hours a month.

(2) Despite the improvements and efforts to economize, there still has been a drawdown in available stocks. The drawdown is continuing, and estimates now indicate a further reduction in the available supplies by the end of this fiscal year. U.S. officials state that the significant problem areas are ammunition, POL, spare parts, and medical supplies. This drawdown in day-to-day stocks has already had a negative psychological effect and, if continued, will inevitably destroy the initiative and aggressiveness of South Vietnamese forces.

U.S. Forces in Thailand

Although U.S. forces in Thailand have been reduced substantially since 1970, the United States still retains sizable combat forces in Thailand as a "deterrent" to major North Vietnamese aggression in South Vietnam. Even though the use of these forces in South Vietnam is prohibited by law, the argument is that their presence in Thailand inhibits North Vietnamese aggression because the North Vietnamese cannot predict American actions.

After two years of inactivity and continuous cease-fire violations by North Vietnam, the credibility of the U.S. forces in Thailand as a "deterrent" has been substantially reduced. At present, because some South Vietnamese still hope for American air support, the forces in Thailand may be serving more as a hindrance to de-Americanizing the South Vietnamese than as a "deterrent" to the North.

With the exception of such residual personnel as may be required to keep our commitment to Thailand itself, U.S. forces there should be withdrawn. This withdrawal should be coupled with a clear statement by the Administration to the American people and to the world that there is no intention of reinstating American forces in Vietnam unless another major world power unilaterally intervenes in that nation. This twin action of troop removal and a clear declaration of American policy could well be utilized as *quid pro quo* to obtain an accounting from North Vietnam for our missing in action personnel and an understanding with the Soviet Union and China as to efforts to reduce military aid to both North and South Vietnam.

The Question of U.S. Policy

The Paris Accords of 1973 ended direct U.S. military involvement in South Vietnam but the question remains—what are U.S. responsi-

bilities and interests after ten years of massive investment in South Vietnam. At this juncture, the issue should not be what is best for South Vietnam, but rather what is best for the United States of America. From a purely South Vietnamese point of view, massive, open-ended United States military and economic assistance, coupled with a massive U.S. air commitment, might seem the right course. That is not, however, the right course for the United States. The United States must do what is best for our nation in the light of our past actions, our present position in the world, and our future course and interests both in Asia and the world as a whole.

Past actions of the United States have caused major changes in the Vietnamese political, economic and military way of life. We also share responsibility for the casualties and the refugees caused by the war. If South Vietnam should fall now due to a cutoff of adequate United States support, it is difficult to predict the consequences on either the U.S. position of seeking detente with the Russians and the Chinese, or on the future U.S. position in Asia.

South Vietnam has relied on the United States for substantial military aid while they devoted considerable resources to economic development. In contrast, North Vietnam's total economy is devoted substantially to its military effort while Soviet and Chinese economic aid has been doubled in recent years to fill this void in the economy. The South Vietnamese need adequate time to alter their military and economic efforts so that they can survive. The two years since the Paris Accords is simply not enough time for a country to adjust which has a gross national product of some 3½ billion dollars, when it has depended on 140 billion dollars worth of U.S. assistance over the past ten years. Most people in America, and certainly most in Congress, probably wish the Vietnam problem would disappear. Continued U.S. aid of any kind has few enthusiastic supporters. Nevertheless, if South Vietnam is overrun because America cuts off ammunition, fuel and spare parts, and thousands of South Vietnamese are killed or executed, the burden may shift to those who advocated a cutoff to justify this action.

U.S. Policy Options

In answering the question about the future course of U.S. aid to South Vietnam there are four basic choices. At this point the fourth option may be best for the United States.

(1) Cut off all aid to South Vietnam. This would probably result in the rapid collapse of the South Vietnam government and a military takeover of the South by the North Vietnamese communists. South Vietnam simply does not have the wherewithall to produce or acquire bullets, gasoline, and spare parts needed to run the sophisticated equipment given them by the United States. North Vietnam knows this and with a cutoff of U.S. aid would probably attack vigorously until South Vietnam's ammunition ran out. There would be some costly battles, probably followed by wide purges and executions of South Vietnamese and the very real possibility of a protracted guerrilla war fought by the South Vietnamese against the northern invaders.

(2) Provide massive open-ended U.S. financial assistance to the South Vietnamese government. This could possibly result in the South Vietnamese being able to defeat the North Vietnamese military units in South Vietnam. It could also trigger increased Soviet and Chinese

aid to North Vietnam, thus increasing the combat intensity and perpetuating the war. Further it might lead to political intransigence and substantial waste on the part of the South Vietnamese government.

(3) Continue the current practice of looking at aid to Vietnam anew each year, with no apparent relationship to the past or plan for the future, and with the likelihood of annual Congressional reductions based as much on frustration as sound management of resources. This approach is likely to lead to a split each year between the Congress on one hand, and the Administration on the other. This policy also keeps the United States involved in, and thus partly responsible for, what could lead to the slow dismantling of Vietnam and a dragging out of the war. It will continue the great uncertainty among the Vietnamese who have little idea as to what aid they will get each year. This precludes them from planning ahead, de-Americanizing their style of defense and taking any initiatives that entail some risk. It may be the least effective approach to U.S. aid.

(4) The final option—which I favor and I pose for your consideration—is, after about a two year transition period, provide South Vietnam a level of aid based on the estimated level of aid received by North Vietnam from China and the Soviet Union. The United States simultaneously should seek to reduce the level of aid received by North Vietnam through negotiations with the Soviet Union and China. This course would also include, to the largest extent practicable, a shift in U.S. aid from military to economic and social assistance, thus placing the burden for defense more directly on the government of South Vietnam. We would turn our efforts more toward humanitarian assistance as is consistent with our national purpose. The transition period is essential because we have encouraged the South Vietnamese to fight an American style war with sophisticated equipment and massive supplies. They need time to convert their armed forces to defend their country in their own style, but while converting, they must fend off attacks from the North Vietnamese. The timing of U.S. aid reductions is important because the North Vietnamese have large stocks of ammunition and equipment in South Vietnam. The South Vietnamese must have adequate stocks of ammunition, gasoline and spare parts in order to hold off North Vietnamese attacks. This approach does not guarantee the survival of South Vietnam but would allow the South Vietnamese to defend themselves if they are willing to alter their strategy and pay the price for survival. As long as substantial fighting continues, this measurement of aid must include both military and economic aid available to the South and North.

The following summary of recommendations outlines the specific steps to be taken to implement this basic approach.

SUMMARY OF RECOMMENDATIONS

In summary, to meet its responsibilities, the United States should:

(1) Make it clear to South Vietnam, North Vietnam, the Soviet Union and China that, beginning in FY 1978, the United States will limit its military and economic support to South Vietnam to a level comparable to the estimated military and economic aid to the North and will not exceed that level.

(2) Structure our aid program during the remainder of FY 1975, 1976, and 1977 so as to place South Vietnam in an equivalent position with the North as to ammunition, POL, spare parts and medical supplies.

(3) Vigorously pursue negotiations with China and the Soviet Union in an effort to reach agreement on reductions in assistance to both South and North Vietnam.

(4) Direct our aid effort to encourage greater military self-sufficiency by South Vietnam so as to reduce necessary levels of U.S. military support and enable our government to shift support more to economic and humanitarian assistance.

(5) Appeal to our allies in SEATO and throughout the world to assist South Vietnam economically.

(6) Remove all Vietnam related troops and planes from Thailand, leaving only those necessary to fulfill our commitments to the Thais.

(7) Announce clearly to the American people and to the world that the U.S. will not re-commit our forces to South Vietnam regardless of developments, unless another major world power directly intervenes militarily in that nation.

(8) Make every effort to get an accounting of MIA's from North Vietnam.

(9) While making every effort to gain adherence to the Paris Peace Accords, the U.S. should adopt a realistic posture which recognizes that this agreement is now in shambles. To demand unilateral adherence to the Paris agreement by the South, while the North captures territory and builds roads and pipelines through the South, is not a realistic American posture.

(10) Before any Congressional action on aid to Vietnam on the Supplemental Appropriation request for FY 1975 or the FY 1976 Authorization and Appropriation bills, the Administration should present the following information to the appropriate Committees of Congress, including Armed Services, Appropriations and Foreign Relations:

(a) Estimated Soviet Union and PRC military and economic aid for 1973, 1974, and thus far in 1975 to North Vietnam. This aid should be estimated as to the cost of equivalent equipment, ammunition and supplies in U.S. dollars and include overhead, packaging and transportation costs to Vietnam; in other words,

how much would it cost the United States to procure and deliver the equivalent material goods to South Vietnam?

(b) A comparison of total U.S. military and economic assistance to South Vietnam for 1973, 1974 and 1975.

(c) The estimated military expenditure by North Vietnam from its own budget for 1973, 1974 and 1975.

(d) The estimated military expenditure by South Vietnam from its own budget for 1973, 1974 and 1975.

(e) A comparison of the stocks available to North Vietnam and South Vietnam of the following items:

(1) major military equipment;

(2) available manpower;

(3) medical supplies;

(4) food;

(5) POL;

(6) ammunition; and

(7) spare parts.

(f) An estimate of the length of time the various stocks in item (e) would last both South and North Vietnam under the following conditions:

(1) Present fighting intensity;

(2) 1972 TET offensive fighting intensity.

(g) A comparison of estimated ammunition expended by North Vietnam and South Vietnam, respectively, since the signing of the Paris Peace Accords.

(h) A detailed analysis as to why the level of military expenditure in South Vietnam differs from that of the North.

(i) If necessary, a projection of the amount of military aid needed by South Vietnam beyond the estimated level received by North Vietnam for the next two fiscal years, and a complete justification for this incremental aid.

(j) An inventory of equipment in South Vietnam which cannot be properly utilized and maintained, and an explanation as to whether this equipment can be shipped out of South Vietnam and sold, or utilized by the Department of Defense.

(k) A detailed account of all discussions with Russia and China as to a mutual cutback of arms to both South Vietnam and North Vietnam together with the prospects for such a joint agreement either written or understood.

(l) A detailed account of all administration efforts to seek aid from our allies for South Vietnam and all plans for such initiatives.

Observations on Recommended Policy

If these recommendations are followed, our nation would have to be willing to accept the possible fall of South Vietnam without re-entering the war, and without exceeding the level of the Soviet Union and Chinese military and economic aid after FY 1977.

The South Vietnamese can preserve their country only if they can generate a political and economic policy that will stimulate the South Vietnamese people to match the North in motivation, effort and sacrifice—both militarily and economically.

The United States cannot, over a period of years, substitute money for motivation, nor should U.S. military power serve as a potential crutch to bail out the South Vietnamese in emergencies. A continuation of this type posture could, almost inadvertently, lead to a re-entry of American military presence in the Vietnamese War, and will in all likelihood prevent the South Vietnamese from fighting the kind of war they must fight to survive and to fight the kind of war that will give the North reason to seek a peaceful settlement.

If we adopt a definite long term policy and, if the South Vietnamese are made to understand that it is our policy this year and in the future, their opportunity for adjustment and survival is enhanced. If, on the other hand, U.S. policy remains unclear—with Congress and the Administration severely split on this issue—and with an acrimonious debate transpiring each year, the probability of success by South Vietnam, either militarily or economically, is severely diminished.

The certainty, consistency and stability of U.S. policy is more important both to the survival of South Vietnam and to the U.S. posture throughout the world than is the exact number of dollars in either military or economic aid.

The existence of a sound, long-range policy which can serve as the basis for both resources allocation and negotiations is likely to lead to real savings over the seemingly haphazard approach we now engage in.

The Soviet Union and the Chinese will be served notice that their clients will not win the war by the default of the U.S. Both the South Vietnamese and the North Vietnamese will be put on notice that the outcome will be based on effort and motivation, and perhaps this will bring about a realization by both the North and the South that a negotiated settlement is the preferable course.

APPENDIX

DEPARTMENT OF STATE,
January 13, 1975.

DIPLOMATIC NOTE ON THE VIETNAM SITUATION

The Department of State of the United States of America presents its compliments to the Ministry of Foreign Affairs/Ministry of External Affairs of the Union of Soviet Socialist Republics, People's Republic of China, Great Britain, France, Hungary, Poland, Indonesia, Iran, and Secretary General of the UN Kurt Waldheim and has the honor to refer to the Agreement on Ending the War and Restoring Peace in Vietnam signed at Paris January 27, 1973, and to the Act of the International Conference on Vietnam signed at Paris March 2, 1973.

When the Agreement was concluded nearly two years ago, our hope was that it would provide a framework under which the Vietnamese people could make their own political choices and resolve their own problems in an atmosphere of peace. Unfortunately this hope, which was clearly shared by the Republic of Vietnam and the South Vietnamese people, has been frustrated by the persistent refusal of the Democratic Republic of Vietnam to abide by the Agreement's most fundamental provisions. Specifically, in flagrant violation of the Agreement, the North Vietnamese and "Provisional Revolutionary Government" authorities have:

Built up the North Vietnamese main-force army in the South through the illegal infiltration of over 160,000 troops;

Tripled the strength of their armor in the South by sending in over 400 new vehicles, as well as greatly increased their artillery and anti-aircraft weaponry;

Improved their military logistics system running through Laos, Cambodia and the Demilitarized Zone as well as within South Vietnam, and expanded their armament stockpiles;

Refused to deploy the teams which under the Agreement were to oversee the cease-fire;

Refused to pay their prescribed share of the expenses of the International Commission of Control and Supervision;

Failed to honor their commitment to cooperate in resolving the status of American and other personnel missing in action, even breaking off all discussions on this matter by refusing for the past seven months to meet with U.S. and Republic of Viet-Nam representatives in the Four-Party Joint Military Team;

Broken off all negotiations with the Republic of Viet-Nam including the political negotiations in Paris and the Two Party Joint Military Commission talks in Saigon, answering the Re-

public of Viet-Nam's repeated calls for unconditional resumption of the negotiations with demands for the overthrow of the government as a pre-condition for any renewed talks; and

Gradually increased their military pressure, over-running several areas, including 11 district towns, which were clearly and unequivocally held by the Republic of Viet-Nam at the time of the cease-fire. Their latest and most serious escalation of the fighting began in early December with offensives in the southern half of South Viet-Nam which have brought the level of casualties and destruction back up to what it was before the Agreement. These attacks—which included for the first time since the massive North Vietnamese 1972 offensive the over-running of a province capital (Song Be in Phuoc Long Province)—appear to reflect a decision by Hanoi to seek once again to impose a military solution in Viet-Nam. Coming just before the second anniversary of the Agreement, this dramatically belies Hanoi's claims that it is the United States and the Republic of Viet-Nam who are violating the Agreement and standing in the way of peace.

The United States deplors the Democratic Republic of Viet-Nam's turning from the path of negotiation to that of war, not only because it is a grave violation of a solemn international agreement, but also because of the cruel price it is imposing on the people of South Viet-nam. The Democratic Republic of Viet-Nam must accept the full consequences of its actions. We are deeply concerned about the threat posed to international peace and security, to the political stability of Southeast Asia, to the progress which has been made in removing Viet-Nam as a major issue of great-power contention, and to the hopes of mankind for the building of structures of peace and the strengthening of mechanisms to avert war. We therefore reiterate our strong support for the Republic of Viet-Nam's call to the Hanoi—"Provisional Revolutionary Government" side to reopen the talks in Paris and Saigon which are mandated by the Agreement. We also urge that the Addressees call upon the Democratic Republic of Viet-Nam to halt its military offensive and join the Republic of Viet-Nam in re-establishing stability and seeking a political solution.

