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MEMORANDUM

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NATIONAL SECURITY COUNCIL

URGENT ACTIONSECRET

February 26, 1975

MEMORANDUM FOR: SECRETARY KISSINGER
FROM: W. R. SMYSE
WILLIAM L. STEARMAN
SUBJECT: Military Aid to North Vietnam

OBE per
JFK
3/5/75
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We are on the verge of again giving Congress misleading figures on Communist military aid to North Vietnam. If this is not stopped immediately, we will hand Congress a strong argument for slashing our requests for South Vietnam military assistance. Bill Colby will be seeking your approval of these figures today or tomorrow (probably after the WSAG meeting). We recommend that you not approve these figures but instead that you approve the figures we recommend below.

Two weeks ago CIA prepared a draft paper for the Congress on Communist military and economic aid to North Vietnam (Tab A). The figure CIA used for the total 1974 military aid to North Vietnam in actual commodities was \$345 million. This paper stated that U.S. military commodity shipments to South Vietnam were about 45% of our total 1974 military assistance which was about \$750 million. This places the value of our 1974 commodity deliveries at about \$337.5 million.

Phil Habib, who has to argue these points on the Hill, felt that the North Vietnam figure was too low and would be compared with our total aid. He therefore tasked CIA (and the intelligence community) with producing a figure for total Communist military aid to North Vietnam, rather than just commodities, in order to make the aid figures comparable. The result was the latest draft (Tab B) which set total 1974 Communist military aid at \$400 million. Congress could now legitimately compare this figure with our \$750 million -- with predictable results.

This new requirement levied by Habib meant that the intelligence community had to calculate the value of such Communist non-commodity items as training, delivery and packaging costs, technical assistance, etc. The community was already on shaky ground in computing commodity costs. When asked to produce these additional costs, they had even less reliable intelligence (which they admitted in their detailed classified study).

DECLASSIFIED

E.O. 12958, Sec. 3.5

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NSC Memo, 11/24/98, State Dept. Guidelines, CIA Review 1/00
By KSH, NARA, Date 2/8/00

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Analysts are generally quite conservative and will usually not go beyond the available data base, no matter how small it might be. In essence this new paper, in addition to hurting our case, gives Congress less reliable figures than did the first one. Moreover, what really counts most are the goods delivered. That it costs us more to ship military hardware to Vietnam than it costs the Soviets, for example, is no help to the South Vietnamese and probably of little interest to Congress.

We want to go back to square one. The costs will at least be comparable in some ways. We recommend that Congress be sent the military aid figures in Tab A, which are based on Communist prices (though using the recalculated ammunition figures in Tab B which lower the Communist cost \$50 million based on a reassessment of U.S. equivalent costs). The paper for Congress should also make clear that these are commodity costs and should be compared with our commodity costs -- not with total aid. This leaves us with \$295 million (DRV) versus \$337.5 million (GVN). We should also tell the Congress that we simply cannot produce even partially reliable figures on the remainder of Communist military aid, though we guess that the Communist total might be less than our total because, for example, our transport and handling costs are higher. The paper would explain why the GVN needs more military aid than does the DRV.

As you know, we face two basic problems in dealing with these figures: first, everybody tries to manipulate the figures to suit their own political purposes while accusing others of doing the same; a calculation based on commodity prices is still far from perfect, but it at least compares things that can be roughly compared, even though our opposition will obviously try to contrast the Communist commodity aid figures against our overall aid total. Second, there is what we might call the Sihanoukville syndrome. CIA will not say anything which it cannot prove. At a time of declining intelligence capacity in Southeast Asia, this means that they are probably underestimating Communist aid to the DRV just as they once underestimated the importance of Sihanoukville as a transit point. But we have to live with that reality even though it clearly leads not only to political problems but also to the production of figures that tend to mislead the Congress and (when they are promptly leaked) everybody else.

The commodity figures, which include equipment, ammunition, and weaponry, are still not accurate, but we think they are the best we can use under the circumstances.

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RECOMMENDATION:

That you tell Bill Colby that for military aid we should use the February 12 draft (Tab A), with adjusted ammunition figures, instead of the data in the February 26 draft (Tab B). Moreover, the table itself should make clear that the listed commodity figures equate with 45% of our aid to South Vietnam.

APPROVE _____ DISAPPROVE _____



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