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NSC 5405

January 16, 1954

## NOTE BY THE EXECUTIVE SECRETARY

to the

NATIONAL SECURITY COUNCIL

on

UNITED STATES OBJECTIVES AND COURSES OF ACTION WITH RESPECT TO SOUTHEAST ASIA

### References:

A. NSC 177

B. NSC Action Nos. 897, 1005 and 1011

C. Memo for NSC from Executive Secretary, same subject, dated January 12, 1954

D. NSC 124/2

E. NSC 171/1

F. NIE-63/1 and SE-53

The National Security Council, the Secretary of the Treasury and the Director, Bureau of the Budget, at the 180th Council meeting on January 14, 1954 adopted the statement of policy contained in NSC 177, subject to the deletion of the last sentence of paragraph 1-a thereof and to the deletion of paragraph 46 (NSC Action No. 1011-a).

In connection with this action the Council also agreed that the Director of Central Intelligence, in collaboration with other appropriate departments and agencies, should develop plans, as suggested by the Secretary of State, for certain contingencies in Indochina.

The Council at its meeting on January 8, 1954, in connection with its preliminary consideration of NSC 177 also (NSC Action No. 1005-c and d):

- a. Agreed that Lieutenant General John Wilson O'Daniel should be stationed continuously in Indochina, under appropriate liaison arrangements and with sufficient authority to expedite the flexible provision of U.S. assistance to the French Union forces.
- b. Requested the Department of Defense, in collaboration with the Central Intelligence Agency, urgently to study and report to the Council all feasible further steps, short of the overt use of U.S. forces in combat, which the United States might take to assist in achieving the success of the "Laniel-Navarre" Plan.

The President has this date approved the statement of policy contained in NSC 177, as amended and adopted by the Council and enclosed herewith as NSC 5405; directs its implementation by all appropriate executive departments and agencies of the U.S. Government; and designates the Operations Coordinating Board as the coordinating agency. A financial appendix is enclosed for Council information.

Accordingly those portions of NSC 124/2 not previously superseded by NSC 171/1 are superseded by the enclosed statement of policy. The enclosure does not supersede the current NSC policy on Indonesia contained in NSC 171/1.

JAMES S. LAY, JR.  
Executive Secretary

cc: The Secretary of the Treasury  
 The Director, Bureau of the Budget  
 The Chairman, Joint Chiefs of Staff  
 The Director of Central Intelligence

*UNITED STATES OBJECTIVES AND COURSES OF ACTION WITH RESPECT TO SOUTHEAST ASIA*

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STATEMENT OF POLICY  
 by the  
 NATIONAL SECURITY COUNCIL  
 on

UNITED STATES OBJECTIVES AND COURSES OF ACTION WITH RESPECT TO SOUTHEAST ASIA\*

\* Southeast Asia is used herein to mean the area embracing Burma, Thailand, Indochina and Malaya. Indonesia is the subject of a separate paper (NSC 171/1).

I. GENERAL CONSIDERATIONS

1. Communist domination, by whatever means, of all Southeast Asia would seriously endanger in the short term, and critically endanger in the longer term, United States security interests.

a. In the conflict in Indochina, the Communist and non-Communist worlds clearly confront one another on the field of battle. The loss of the struggle in Indochina, in addition to its impact in Southeast Asia and in South Asia, would therefore have the most serious repercussions on U. S. and free world interests in Europe and elsewhere.

b. Such is the interrelation of the countries of the area that effective counteraction would be immediately necessary to prevent the loss of any single country from leading to submission to or an alignment with communism by the remaining countries of Southeast Asia and Indonesia. Furthermore, in the event all of Southeast Asia falls under communism, an alignment with communism of India, and in the longer term, of the Middle East (with the probable exceptions of at least Pakistan and Turkey) could follow progressively. Such widespread alignment would seriously endanger the stability and security of Europe.

c. Communist control of all of Southeast Asia and Indonesia would threaten the U.S. position in the Pacific offshore island chain and would seriously jeopardize fundamental U.S. security interests in the Far East.

d. The loss of Southeast Asia would have serious economic consequences for many nations of the free world and conversely would add significant resources to the Soviet bloc. Southeast Asia, especially Malaya and Indonesia, is the principal world source of natural rubber and tin, and a producer of petroleum and other strategically important commodities. The rice exports of Burma, Indochina and Thailand are critically important to Malaya, Ceylon and Hong Kong and are of considerable significance to Japan and India, all important areas of free Asia. Furthermore, this area has an important potential as a market for the industrialized countries of the free world.

e. The loss of Southeast Asia, especially of Malaya and Indonesia, could result in such economic and political pressures in Japan as to make it extremely difficult to prevent Japan's eventual accommodation to communism.

2. The danger of an overt military attack against Southeast Asia is inherent in the existence of a hostile and aggressive Communist China. The use of U.S. forces to oppose such an attack would require diversion of military strength from other areas, thus reducing our military capability in those areas, as well as over-all, with the recognized military risks involved therein, or an increase in our military forces in being, or both. Toward deterring such an attack, the U.S. Government has engaged in consultations with France and the United Kingdom on the desirability of issuing to Communist China a joint warning as to the consequences to Communist China of aggression in Southeast Asia. Although these consultations have not achieved a full measure of agreement a warning to Communist China has in fact been issued, particularly as to Indochina, in a number of public statements. (See Annex A for texts.) [Words illegible] Kingdom, Australia, and New Zealand in military talks on measures which might be taken in the event of overt Chinese Communist aggression against Indochina.

3. However, overt Chinese Communist attack on any part of Southeast Asia is less probable than continued communist efforts to achieve domination through armed rebellion or subversion. By far the most urgent threat to Southeast Asia arises from the strong possibility that even without overt Chinese Communist intervention the situation in Indochina may deteriorate anew as a result of weakening of the resolve of France and the Associated States of Indochina to continue to oppose the Viet Minh rebellion, the military strength of which is increased by virtue of aid furnished by the Chinese Communist and Soviet regimes. Barring overt Chinese Communist intervention or further serious deterioration in Indochina, the outlook in Burma, Thailand, and Malaya offers opportunities for some improvement in internal stability and in the control of indigenous communist forces.

4. The successful defense of Tonkin is the keystone of the defense of mainland Southeast Asia except possibly Malaya. In addition to the profound political and psychological factors involved, the retention of Tonkin in friendly hands cuts off the most feasible routes for any massive southward advance towards central and Southern Indochina and Thailand. The execution of U.S. courses of action with respect to individual countries of the area may vary depending upon the route of communist advance into Southeast Asia.

5. Since 1951 the United States has greatly increased all forms of assistance to the French in Indochina, particularly

military aid, and has consulted continuously with France with a view to assuring effective use of this aid. Partly as a result of these efforts, French resumption of the initiative under the "Laniel-Navarre Plan" has checked at least temporarily deterioration of the French will to continue the struggle. Concurrently the French have moved toward perfecting the independence of the Associated States within the French Union. In September 1953 the United States decided to extend an additional \$385 million in aid, in return for a number of strong French assurances, including a commitment that the French would vigorously carry forward the "Laniel-Navarre Plan," with the object of eliminating regular enemy forces in Indochina, and on the understanding that if the "Laniel-Navarre Plan" were not executed, the United States would retain the right to terminate this additional assistance. (See NSC Action No. 897, Annex B)

6. The French objective in these efforts is to terminate the war as soon as possible so as to reduce the drain of the Indochina war on France and permit the maintenance of a position for France in the Far East. By a combination of military victories and political concessions to the Associated States, France hopes to strengthen these States to the point where they will be able to maintain themselves against Communist pressures with greatly reduced French aid. In the absence of a change in basic French attitudes, the Laniel-Navarre Plan may be the last French major offensive effort in Indochina. There is not in sight any desirable alternative to the success of a Franco-Vietnamese effort along the lines of the "Laniel-Navarre" Plan.

7. Notwithstanding the commitment and intent of the Laniel Government to seek destruction of Viet Minh regular forces, a successor French Government might well accept an improvement in the military position short of this as a basis for serious negotiation within the next year. Political pressures in France prevent any French Government from rejecting the concept of negotiations. If the Laniel-Navarre Plan fails or appears doomed to failure, the French might seek to negotiate simply for the best possible terms, irrespective of whether these offered any assurance of preserving a non-Communist Indochina. With continued U.S. economic and material assistance, the Franco-Vietnamese forces are not in danger of being militarily defeated by the Viet Minh unless there is large-scale Chinese Communist intervention. In any event, apart from the possibility of bilateral negotiations with the Communists, the French will almost certainly continue to seek international discussion of the Indochina issue.

8. The Chinese Communists will almost certainly continue their present type of support for Viet Minh. They are unlikely to intervene with organized units even if the Viet Minh are threatened with defeat by the Franco-Vietnamese forces. In the event the United States participates in the fighting, there is a substantial risk that the Chinese Communists would intervene. The Communists may talk of peace negotiations for propaganda purposes and to divide the anti-Communists believing that any political negotiations and any settlement to which they would agree would increase their chances of eventually gaining control of Indochina.

9. Actions designed to achieve our objectives in Southeast Asia require sensitive selection and application, on the one hand to assure the optimum efficiency through coordination of measures for the general area, and on the other, to accommodate to the greatest practicable extent to the individual sensibilities of the several governments, social classes and minorities of the area.

## II. OBJECTIVE

10. To prevent the countries of Southeast Asia from passing into the communist orbit; to persuade them that their best interests lie in greater cooperation and stronger affiliations with the rest of the free world; and to assist them to develop toward stable, free governments with the will and ability to resist communism from within and without and to contribute to the strengthening of the free world.

## III. COURSES OF ACTION

### A. SOUTHEAST ASIA IN GENERAL

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

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.

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.

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.

15. Strengthen, as appropriate, covert operations designed to assist in the achievement of U.S. objectives in Southeast Asia.

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.

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.

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.

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

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

## *B. INDOCHINA*

### *In the Absence of Chinese Communist Aggression*

21. Without relieving France of its basic responsibility 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, including covert operations, 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.

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.

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.

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

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.

## FINANCIAL APPENDIX

### POLICY ALTERNATIVE: NO CHINESE COMMUNIST AGGRESSION

*Estimated Expenditures in Connection with US Courses of Action in Southeast Asia  
(millions of Dollars)*

	1 Total	2 MDAP and Common- use Programs fn1	3 Financial Support Through France	4. Technical and Economic Assistance: Grant	5 Technical and Economic Assistance: Loan	6 Information Activities	7 Other fn2
<i>Indochina</i>							
FY 1950-53	969.7	548	375	46	--	0.7	-
FY 1954	839.5	304	400-500	25	--	0.5	--
FY 1955	1,159.5	333	750-800	25	--	1.5	--
FY 1956	713.5	287	400-500	25	--	1.5	--
<i>Burma</i>							
FY 1950-53	18.6	2	--	16	--	0.6	--
FY 1954	4.5	*	--	4	--	0.5	fn4
FY 1955	0.5	--	--	--	--	0.5	fn4

FY 1956	0.5	--	--	--	--	0.5	--
<i>Thailand</i>							
FY 1950-53	102.7	88	--	13	1	0.7 fn3	--
FY 1954	49.5	42.5	--	7	--	0.5	--
FY 1955	53.0	46.0	--	7 fn5	--	1.0	--
FY 1956	52.0	45.0	--	7 fn5	--	1.0	--
<i>Malaya</i>							
FY 1950-53	0.7	--	--	--	--	p.7 fn3	--
FY 1954	0.5	--	--	--	--	0.5	--
FY 1955	0.5	--	--	--	--	0.5	--
FY 1956	0.5	--	--	--	--	0.5	--
<i>Total</i>							
FY 1950-53	1,092.7	639	375	75	1	2.7 fn3	--
FY 1954	894.0	346	400-500	36	--	2.0	--
FY 1955	1,213.5	331	750-800	32	--	3.5	--
FY 1956	766.5	331	400-500	32	--	3.5	--

\* Less than \$500 thousand

fn1: Represents value of end item shipments plus expenditures for packing, handling, crating and transportation, training and common-use items

fn2: Estimated costs of covert-operations not available

fn3: FY 1953 only

fn4: Estimated Costs to the US of evacuation of Chinese troops from Burma not available

fn5: Additional expenditures of approximately \$2.0 million in 1955 and \$3.0 million in 1956 might be generated by a proposed road program currently under consideration

### *PERTINENT ASSUMPTIONS*

#### *Indochina*

1. *MDAP and Common-use Programs* (Col. 2) expenditures assume a) elimination of organized resistance by June 1955; b) a period of pacification extending for approximately another year; c) a continuance of US assistance for the duration of the major military operations at approximately the same rate as in FY 1954.

2. *Financial Support through France* (Col. 3) expenditures for FY 1950-53 reflect staff estimates of amounts of aid to France which is attributable to Indochina

3. *Economic Assistance* (Col. 4) includes no specific estimates for rehabilitation on the assumption that such costs could be offset against reduced military expenditures

4. *Informational Activities* (Col 5) are assumed to continue in FY 1956 at a relatively stable rate

5. *Other* (see footnotes 2 and 3 to table).

c. The impact of the loss of Indochina upon the over-all strategy of France's free world partners.

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.

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.

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.

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.

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.

#### *In the Event of Chinese Communist Intervention*

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

- (2) Intensify covert operations to 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.

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.

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.

[material missing]