

212
March 15, 1967

PERSONAL & CONFIDENTIAL

Mr. Richard Holbrooke
The White House
Washington, D.C.

Dear Dick:

Thank you for your letter of March 6. The cable you referred to was not sent out by me, but sent out directly by Ambassador Porter's office, although Mac De Ford read it to me rapidly over the phone and said it was merely to be an interim reply. So let me review the situation as it has been partially reviewed in a letter of mine which crossed yours.

As you know, we have budgeted for 45,000 people in 1967. This will permit substantially double the capacity of every Chieu Hoi Center in the country and complete four regional Centers, only one of which is now in full operation. If the 45,000 people came in at convenient times, we would presumably have no problem as regards housing. Indeed, even excellent performance to date only projects us to the level of 36,000 plus, and as Ambassador Porter presumably purported to say in his telegram, there should be something of a slump after the TET season is over. Unfortunately, the Viet Cong may not come in at convenient times, and any given Center could find itself suddenly swamped before its construction plans are completed.

Now, as you probably remember from your days in the provinces, money for permanent construction cannot be diverted to temporary construction, so we are making additional plans. We have ascertained that there is adequate roofing on hand and on order so no new resources are needed here. Last year we took the precaution of budgeting for USAID local procurement and we can, therefore, assuming this fund remains available, get bamboo poles and nails and wire to permit the erection of temporary shelters in and around each Center. We plan to stockpile these poles in the various regions and provinces. Food For Peace states that it has adequate stocks to feed even another 50,000 returnees over and above the 45,000 we are planning for. As stated in my earlier letter to you, we have secured an emergency advance of funds to start building beds immediately in all Centers. Thus, we have plans for 45,000 returnees and an additional 50,000 returnees in terms of housing, food, and bedding.

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March 15, 1967

The real problem area is re-settlement. What do you do with so many people after they come in? It is obvious to anyone visiting the Thu Duc Provincial Center (Gia Dinh) that here are 400 able bodied men who have the inestimable advantage of having years of discipline behind them, (unlike the rest of the Vietnamese population), who are sitting and waiting for the Government of Vietnam to give them some new orders. And the GVN predictably does nothing. What are some of the things that should be done?

- (1) ARVN and RF/PF should intensify recruitment drives among these people. Indeed special units up to company size should be formed and tested.
- (2) U.S. forces should greatly increase the rate at which they are beginning to utilize Viet Cong assets in a tactical way. Besides the Kit Carson program which we sold last summer and fall, I now hear that the 25th Division may be recruiting up to 600 Hoi Chanh to be formed into squads. In the next 12 months I would hope that the use of Hoi Chanh units would have become standard operating procedure in all U.S. forces in Vietnam. Perhaps you can push this concept in Washington.
- (3) We are already building hamlets to a program total of 50,000 throughout Vietnam which will house and provide a new life for 5,000 families. These hamlets are built by self-help on the part of the Hoi Chanh who wish to live in them. Thus, until a number of volunteers are assembled, the building does not start. We have been reluctant to contract out these hamlets for construction in advance of having volunteers to live in them.
- (4) The GVN should push a program of hiring Hoi Chanh within the GVN. So far, except for the 45 ~~man~~ platoons of the Armed Propaganda Teams, the record is miserable. As cadre in the Chieu Hoi Program itself, the GVN has hired only some 16 during all of last year. One reason for this may have been that the Hoi Chanh were unable to bribe the lower level cadre in the Ministry who do the hiring. Needless to say this matter has been discussed with Col. Anh, the cleanness of whose hands is not 100% certain. Some action was taken by Col. Anh in his initial days in Chieu Hoi to have the Labor Ministry alert its field offices to help get the Hoi Chanh jobs, and some good came from this in such places as Phu Yen. Nevertheless, the traditional GVN attitude is a combination of suspicion, a possible inferiority complex as concerns the Viet Cong, a feeling that elements on our side should get the jobs first, and general slackness and inefficiency. In short, our greatest problem is, as always, to give the GVN a desire to make courageous and progressive use of their most extraordinary asset -- the thousands of disciplined, able-bodied young men who could be turned against the enemy and who could greatly shorten the war if properly used.

March 15, 1967

- (5) Another problem will be in processing large numbers of returnees. Quite apart from political orientation, the mere process of classification and registration requires people trained in this work. The solution long since suggested to the GVN, namely detailing military officers, or military school graduates or reserve officers to help in these functions have met with total lack of action on the part of the GVN. Gen. Tri told me that it was a good idea and he favored it, but he "doubted that the Army would want to do it!" These remarks followed by only a few days the euphoria in Barry's telegram concerning the meeting with Gen. Thieu who said he favored such detailing of Army officers.

At the moment I am somewhat fed up with Vietnam and the Vietnamese, which is a passing phase, and my above remarks may therefore be tinged with a certain depression. Actually, I am optimistic about all phases except resettlement, and even as regards resettlement, I am optimistic about the use of Hoi Chanh in some areas by the U.S. forces.

Now, as to how you can help me. We do not need new resources for roofing or cement or inputs of this type. On the other hand, situations have already arisen in such places as Long An and Binh Duong where the best of prior programming could not respond to sudden needs. John Vann is quite properly anxious about being obliged to call on the U.S. military for sudden assistance, and when he does, it is really not because our over-all assets are inadequate, but merely because we cannot bring them to bear with sufficient speed and flexibility. When it is a question of moving money, which has to move through GVN channels, this will proceed only so fast even if the whole country is about to blow up, unless of course some more important situation arises, such as the necessity to throw a big reception for a foreign dignitary, etc. So, to pin you down, I will tell you what I do need. I need approximately \$100,000 made available to OCO for Chieu Hoi on a purchase piaster basis, so that any time an emergency arises, we can get piasters out to a local Center or province immediately and without sweating out either GVN or U.S. red tape. I cite an example as of yesterday. Long An Province had a Center with a capacity of 80, and within 2-3 weeks its population rose to 320. Although Long An's capacity will be more than doubled under 1967 planning for the country as a whole, this local situation was difficult both as to the total quantity and the speed with which they came in. Besides, the local advisor happened to be on emergency leave, and the Chieu Hoi Service Chief is particularly bad. Among other things, we needed temporary shelter. This meant going out and buying poles for frames to which local stocks of tin sheets could be added as roofing. As GVN money is for permanent construction, we determined to use USAID Local Procurement Funds. This

March 15, 1967

requires a form involving seven signatures in Saigon authorizing the province to get three bids for lumber, the bids to be submitted to Saigon for approval, followed by purchase of the lumber on credit with USAID paying the bill at a later time. Luckily, I had about 20,000 piasters left from a small black bag Ambassador Porter had given me months ago. As a result, Don Perkins of our office has left for Long An and will buy poles without bids and get them delivered to the Center today to start erecting shelters. I could cite many more examples and I might even use more money, but if you are really serious about giving us more resources, here's your big chance.

Now with respect to personnel, Monta Osborne is leaving here in June to return to JUSPAO. I need a competent office man with an immense appetite for work to keep all our programs moving, and I need two additional assistants to him to handle certain phases of the program. One was to be Peter Sturdevant, and the other was to have been Dan Wofford.

Bob Montague, a long time ago, came up with the idea of using SEABEES. We immediately explored this with the SEABEES and suggested that they supply four teams, for each region, to conduct vocational training at the Regional Centers and also establish liaison with local contractors so as to supply jobs for Hoi Chanh. Since USAID has already submitted its CAP, etc., the question was whether DOD was willing to finance the operation. I delivered this problem back to Bob and that is the last I have heard about it. Please advise. McManaway is no doubt seized with this, but I doubt that he can figure out what DOD in Washington is willing, or not willing, to finance.

Lastly, we have been operating since the beginning of 1967 on a theory that the GVN would make available a total of 950 million piasters, of which 200 million was national budget, and 750 million were U.S. Foreign Aid. Now, suddenly we hear that the U.S. may persuade the GVN to consider the whole 750 million as a part of the USAID Trust Fund. Perforce, we have worked hard to get the GVN to set up a system, and although we were extremely intrigued with the Trust Fund at the outset of the year, we have in fact had to get going on a normal GVN basis. Whether we can reverse at this late date is dubious. For one thing, the Ministry will clearly take this as a slap in the face, particularly since it comes at a time when there have been in the newspapers certain allegations of corruption concerning a clerk in the Ministry, and our constant pressing for more rapidity in the use of funds. There is a very good chance that the Ministry will cross that type of Vietnamese Rubicon where they say, "O.K. let the American run it," and retire to sulk in their tent. I mention this only as a little caveat and to let you know how life is in S.E. Asia.

Your Old Buddy,