

MEMORANDUM FOR THE RECORD

August 24, 1970

SUBJECT: AID Budget Cuts Affecting the Viet-Nam Training Center

I. The Problem

Although the Viet-Nam Training Center is an interagency operation originally directed by the White House, whose principal customer is CORDS/Viet-Nam, VTC's budget comes from AID. At a meeting last week, Governor Dwinell decided that AID's over-all training budget be reduced by \$700,000 from its previous total of \$2.7 million dollars. Of this \$700,000, VTC was directed to take a cut of \$84,000, representing 10 percent of VTC's total estimated costs for FY 1971 (\$840,051), and a reduction of 16 percent from actual FY 1970 expenditures (\$903,444).

VTC's FY 1971 estimate includes the following two main categories:

A. Operations and Country Studies	— \$443,885
B. Vietnamese Language Training	— <u>396,166</u>
Total	— \$840,051

These two figures were not initial budget submissions but a result of a stringent pruning process designed to produce the lowest budget consonant with maintaining acceptable levels of training for CORDS/Viet-Nam.

If it was the intention of the Administration to cut back on training of personnel for CORDS advisory duties in Viet-Nam, at the same time that the Administration was seeking to reduce unrelated AID expenditures in Washington and around the world, then VTC should immediately reduce its training capabilities, and such action will be taken as rapidly as practicable. If, on the other hand, CORDS/Viet-Nam's mission is not fungible with that of AID operations around the world, then VTC funds should not be fungible with other AID funds, and a directed cut in AID's budget should not imply necessarily a cut in VTC's budget. In all fairness to AID, let me point out that: (a) VTC's share of the directed \$700,000 AID training budget cut reflects considerable solicitude on the part of AID, which has indeed cut some of its own operations more extensively; (b) in our view, the AID budget should not be burdened with VTC expenses in the first place, since VTC is not an AID operation, and since AID has, since 1967, been providing budgetary services to VTC only as a result of direction from the White House.

II. Actions Taken

For many months VTC has been attempting to locate, somewhere within the Administration, a "sponsor," since VTC was originally a creation of the White House and, for several years, has been left without the support and sponsorship involved in its original creation. Although individuals within the Department of State, AID and Defense have been generous in support of VTC's mission, the essential structural remedy has never been forthcoming at the Washington level. Despite this, reduction in training support to the advisory effort and to Vietnamization at this time will inevitably concern policy makers both in Washington and Saigon. If the Administration believes that Vietnamization is a top priority of U.S. foreign policy, and if Vietnamization can be measurably affected by a better and more sophisticated CORDS advisory role, and recognizing that VTC provides the Province Senior Advisors, District Senior Advisors and Vietnamese language officers who are the backbone of the CORDS effort, then it may be inconsistent with and contrary to Administration policy to cut back on advisory training on the one hand, while pushing Vietnamization on the other.

Shortly prior to last week's announcement of AID cuts affecting VTC, we alerted Ambassador Colby, who was in Washington on home leave, to the possibility of budget cuts at any time. He urged that an inquiry be made as to the feasibility of having VTC's entire budget assumed by CORDS/Viet-Nam in the future. A letter dated August 20, 1970, has accordingly been sent to Mr. George Jacobson, Assistant Chief of Staff CORDS, requesting that the proposal be studied. Since VTC serves primarily CORDS/Viet-Nam, it seems logical that VTC's budget should be presented to CORDS/Viet-Nam for inclusion in the over-all CORDS budget in FY 1972. It is too late to solve the problem in this manner for FY 1971.

III. Conclusion

Based on calculations made since last week's announcement of the mandatory 10 percent cut in the VTC budget, it is apparent that a substantive reduction of VTC advisory training for Viet-Nam will be an inevitable result of such cuts. If the Department of Defense is requested to reimburse AID for language training expenses at a rate substantially higher than heretofore, it is very possible that the military student component at VTC would be withdrawn. Military students make up more than 75 percent of the present student body. Withdrawal of such students would imply the demise of VTC as an interagency training facility conducted by the Department of State, which CORDS/Viet-Nam and others would oppose.

In conclusion, if the Administration intended that AID budgetary cuts be applied equally to training for Viet-Nam, then resultant actions will be taken forthwith. If, however, it was not the intent to cut Viet-Nam training proportionate with AID operations as a whole, then appropriate representations should be made to Governor Dwinell to see whether alternatives can be explored.

Ogden Williams
Coordinator
Viet-Nam Training Center
Foreign Service Institute

cc: AA/A - Gov. Dwinell
EA - Amb. Sullivan
CORDS - Amb. Colby
EA/VN - Mr. Engle
O/FSI - Mr. Sollenberger

O/FSI/VTC:OWilliams:d