

EXCELLENT

The Role of Programs,  
Reg Dis, Pwr Reps etc

JURITANO

Mr. Killen's Presentation at the Seminar Conducted by Operations

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UNION/Vietnam's program activities break down into four general headings

which I think are understandable and very clear. First there is the conventional type of AID program that you find in those countries in which the United States has a significant defense interest. The recipient country is normally a member of a collective defense arrangement, or for some other reason through agreements with the United States is undertaking to maintain a substantial military establishment. In these countries -- such as Korea, Pakistan, Turkey and Vietnam -- we have what used to be called Defense Support Aid, and is now called Supporting Assistance Aid. Here in Vietnam we call it the Commodity Import Program. This is a straight balance of payments aid. It is designed to help the Vietnamese on a current basis to meet the day by day requirements of the import surplus in the country. It is intended to help them pay their grocery bill -- their bill for industrial raw materials, for machinery, for pharmaceuticals, for POL and for the multitudinous list of commodities that we finance under the program. I

① FOP  
PL 480

② long term  
eco assist

③ tech  
assist

int'l  
aid

④ CI  
aid

↓  
political  
goal

Thru  
Programs:

① OMB/Chen budget

② Capt. V. L. ...  
for field staff

③ dist. vs commodities

④ learn more  
End/mon/NSA/ISA etc in field

call it "keeping the economy afloat". In this country this comes today to around 130 - 140 million dollars a year. It is financed by simply establishing a drawing right in an American bank. The Vietnamese importer obtains an import license from the Ministry of National Economy. He puts up the piaster equivalent of the value of the price of the material plus transportation. He also pays the customs duties, whatever they may be. The piasters he puts up are deposited in a special account, the special counterpart account here in the Bank of Vietnam. This money is then released back to the Vietnamese Government for budget support. We exercise a control over these releases. They cannot be released without USOM's concurrence. This is the task we have each year of programming local currency for budget support. Generally, it goes into military budget support.

There is also another type of "keeping the economy afloat" kind of aid which, however, comes from another source. It is the PL 480 goods that come in under Title I of that law: cotton, tobacco, dried milk, edible oils and this year some 25,000 tons of rice. This Title I aid is annually about

\$40,000,000. These commodities are also for the current going needs of the economy -- but they come under PL 480 rather than under the Commodity Import Program. The aid dollars that are used to purchase these commodities are paid to the Commodity Credit Corporation in the United States Department of Agriculture. When these goods come in and are purchased by the end user, the piasters are paid over to the US Disbursing Officer. Then they, too, are programmed in accordance with the Section 104 of PL 480. In the case of Vietnam, we have earmarked these piasters under 104c for the procurement of defense supplies, services, etc. -- so it all goes back to the military budget. There has been a 10% withholding of these piasters for US uses. Under the laws that were passed by the Congress this last session, the minimum rate of withholding for US uses is now 20%. These "US uses funds" revert to the Treasury. Appropriated dollars in the US military aid budget are used to procure these piasters and the US Department of Defense uses the piasters to defray a portion of its administrative costs here in Vietnam. As a practical matter, Defense has to buy additional piasters from the Bank of Vietnam because the withholding is not sufficient to cover the piaster requirements

of MACV and the other US agencies.

All of this aid is the kind we call "keep the economy afloat aid". It all generates piasters, the bulk of which revert to US control for the support of the Vietnamese budget, largely the military budget. The amount of piasters thus generated is in the range of 12 - 13 billion piasters, of which about 10% under the past law has been retained for US uses and the remainder programmed by us to the GVN for military budget support.

The second general type of aid, again of the conventional variety, is the kind of aid which is provided generally by loans. In some cases, as with Vietnam, grants are used. These grants are for economic development purposes; expanding public services, communications, water supply, industrial development, transport, and so forth. This is long term economic assistance aimed at broadening the productive base of the economy and improving the prospects for future economic and social growth. Here, we have financed the Southern Toll System ( a microwave communications system). We're financing the Saigon water system. We're assisting with the electric power

development in the Saigon area. We've financed a good deal of the railway rolling stock (although the objective in the case of the railway rolling stock gets confused with counterinsurgency requirements because it's largely a replacement of rolling stock damaged by sabotage). The 50 city water supply and distribution program falls in this economic development category although it also has a fairly significant counterinsurgency coloration as well. But basically it's economic development. The rate of disbursement for these kinds of programs runs between 25 and 36 million dollars a year, averaged out over a period of some years.

The third type of more conventional aid is technical assistance. It includes the usual spectrum of activities such as public administration, agriculture, communications, public health, etc. All the technical divisions of USOM in one form or another represent the provisions of technical assistance. The basic purpose here is unglamorous and unspectacular, but it is designed to broaden and deepen the reservoir of human skills which becomes such an essential requirement in any of the developing nations which find

itself confronted with inexperience and a tremendous lack of technical and managerial know-how, in the economic processes as well as the governmental processes. This is the kind of activity in which most of our people are engaged. However, it represents by far the smallest part of the total investment. At one time some 60 to 70% of the technical assistance program costs were for the purchase of goods. However, over the years we have gotten more and more away from financing these goods because both in the Congress and in AID there has been a growing belief that we should be a little bit more selective in this area. People feel that if a country has to be bribed to accept technical assistance -- why should it be given? So the commodity component of technical assistance has come down sharply. Nonetheless there still is occasionally a modest commodity component.

I have been pleased recently by the frequency with which Provincial Representatives have commented on the improved or beneficial effect of the introduction of National Institute of Administration graduates into the bureaucratic processes in the provincial governments. Here we are beginning to feel the result of many years of a technical assistance effort.

We financed the National Institute of Administration in the first instance when I was out here in 1957. I remember looking at some of the buildings that were then under construction. We financed it under the technical assistance program, under a contract with the Michigan State University.

And now we begin to see some of that product. USOM has put several million dollars into that undertaking over a period of years. Also we are providing assistance with two professors there. The Institute is now beginning to pay off. If one could take all the technical assistance given over the years and place it in a scale to determine what was effective and what was not, we would be fortunate indeed to show 50% on the positive side. There continues to be pressure to screen down and to examine more closely the effectiveness of technical assistance. John Hollister, when he was Director of aid activities, was questioned on waste before a Congressional committee back in 1955. He said "yes, there's a lot of waste, I would guess that perhaps as much as 30%". The Congressman said "well, why in hell didn't you cut it out?". He said, "well, Mr. Congressman, it's like

advertising. You spend a million dollars a year on an advertising campaign and you know that maybe half of it's waste but you don't know what half it is. And in terms of what the effect ten years hence is going to be, your judgement today as to what is right might prove to be totally in error. The things that seemed to hold the least promise at the time you did them may prove to be the things of the greatest value". Because of this, the tendency has always been to err on the side of generosity in the field of technical assistance. Here again technical assistance calls for value judgement which is of a very high order.

Because of the circumstances prevailing here in Vietnam, there's been a fourth major category of aid added with which you people are, perhaps, primarily concerned. That is the counterinsurgency aid. It covers everything from railroad locomotives to aluminum nails for tacking down aluminum roofing. The basic purpose of counterinsurgency aid is political--to improve the image of government in the eyes of the Vietnamese people. It's purpose is to improve the image of the Vietnamese government. This is the thing that

isn't always understood. Some think it is to improve the US government  
in the eyes of the Vietnamese people. That is not the purpose. Herby  
hangs a tale. It contains some implications that I think have to be hammered  
away at time and time again. [These are not American programs, it is American  
support for GVN programs.] [The GVN must be kept out in front.] [We want their  
people to be the ones who are doing these things.] Counterinsurgency aid  
here is running at a planned expenditure level of somewhere around 60 to 70 //  
/million dollars a year.

Now, in a conventional type of aid mission based upon my experience  
there would be no such organization as Provincial Operations. You just  
would not exist. It's the circumstances in Vietnam that give rise to  
Provincial Operations, that provide a raison d'etre. It is, in a sense,  
something of an aberration in terms of conventional aid mission organization  
and function. It plays, in my judgment, a frightfully essential role,  
given the character of the problem here. But <sup>its</sup> very existence throws up  
a lot of problems as well. It doesn't lend itself organizationally to a  
simple and smooth bureaucratic pattern dove-tailing with the rest of the mission

organization. Organizations are made up of men, unfortunately, and they're conceived, established, and carried on by men. Therefore, problems are inherent in this organizational issue.

The job of Provincial Operations, as I see it, is basically one job -- to seek to exert that kind of influence on the structure of local government that will have the effect of strengthening it, and advancing the objectives of the pacification effort through its mechanisms. Such is the number one function of the Office of Provincial Operations. And if you had to limit yourself to one function, this would be it because everything else is ancillary to this. In a recent USOM airmgram setting forth the new concept of Provincial Operations we cited four functions. This one which I just mentioned is the principal one. Secondly, there is a kind of Chief of Staff role for the Mission Director in his relationships with both regional and provincial staff of the Office of Provincial Operations in their work in the countryside. The usual guidance, instruction, and information from mission management will normally flow through AD/PO and his organization to

the Regional Representatives and through them to the Provincial Representatives. By the same token, information and all the other communications will flow back through them to the Provincial Representatives.

~~By the same token, information and all the other communications will flow back through the same channels.~~ Thirdly, the Office of Provincial Operations will participate with the local government in the distribution and utilization of aid-financed commodities in pursuit of the pacification effort. Provincial Representatives will participate under the same headings with the officials of the local government in the release and expenditure of pacification funds pursuant to such agreements as may be entered into between USOM and the GVN. And fourthly, the Office of Provincial Operations will perform a liaison function--we call upon the office to do it here in Saigon but especially so in the field--with all the other elements of the US Mission Council, MACV, USIS, Embassy, etc. in the field.

If one were trying to identify a simple means of making some distinction between the character of the people in Provincial Operations and the character of the people in the technical divisions, one would say that

generally speaking people in Provincial Operations are generalists and  
people in the technical divisions are specialists. The whole thrust of the effort we've been wrestling with over recent months has been first to identify the function that would make the maximum contribution to the pacification effort on the part of AD/PO and secondly, how to structure the organization to exploit the opportunity to make that maximum impact, and then, thirdly, how to staff it. What kind of people do you want in doing this?

At the province level, I want a good generalist. Here in Saigon we've been talking about the kinds of characteristics and eligibility requirements, attributes, etc., for a number of jobs, some of which are in the field. A great many people want to establish very strict eligibility requirements for the jobs. I am not sure this is wise. Certainly you always want to have eligibility qualifications just as high as possible, but when you start spelling out "this must be this and that that", you're apt to cripple yourself in getting the kind of people you want. You want people who have judgment. You want people who have the capacity to see

things in depth. You want people with a degree of political sophistication having some comprehension of the old adage that "politics is the art of the possible". Theoretically, it might be the perfect approach, but if you cannot do it there's no point in pursuing it. Therefore, in the provinces we need judgments continually being made about what's possible--what's realistic. What's the best synthesis of a whole lot of conflicting, competing and opposing pressures. That's the role a generalist has to play wherever he's found. And then he's judged on his batting average; in terms of the soundness of his position; in terms of what actually ultimately

happens. Now, I want in the provinces, to the extent that we can develop it, a group of intelligent, broad-gauge, perceptive, mature and reasonably sophisticated people who have this kind of sense of judgment. When you try to get much more precise than that, it seems to me you begin to get into trouble.

I want the Province Representatives to be able to take a look at the totality of the UBOM supported program in their province and to say to their Regional Representative: "look, it doesn't make much sense what we're doing out in Quang Nam or Bien Hoa, or wherever. It just doesn't add up, it doesn't make sense. In theory it's fine but it isn't making much of a contribution to the practical problem that exists". I want them to see whether the various programs of the divisions seem to fit into some kind of a rational pattern in the provinces, whether they are responding to a recognized need. I want them to make a judgement as to whether the local people--whether they're officials or just plain rice farmers feel that the programs are worthwhile, whether they comprehend them, understand them, have the feeling that they are theirs. In other words I want the Province Representative to be able to comprehend the local environment and make judgments about whether what we're doing makes sense or not in the overall context of that environment.

I don't want him to be a do-gooder. I'm afraid that over the years I have developed some bias about do-gooders. I was one once myself, but one gets pretty practical after a number of years in this business and you want to have the assurance that what you're doing and what you're financing has practical political value. I know that this kind of a comment is pregnant with argumentive possibilities. The whole issue is: We are prepared to carry on social and economic welfare activities vigorously and aggressively if they contribute in a positive way to the achievement of the U. S. political objectives in Vietnam. But we are not prepared to carry on these programs just because someone thinks in and of themselves that it's fine to be good to people. This is the kind of value judgment that one has to make everlastingly. None of us are going to bat a 100% on this thing looking at programs day in and day out. But we can bat 60 or 70% and I expect that kind of batting averages.

Then, in this very frank discussion, the Province Representative has to recognize that he's not a diety and that there are an awful lot of things he doesn't know much about. He must recognize that the people who travel around

representing Agriculture, Public Health, Education, or something else know a great deal more about that particular field than he does. And his real skill is his ability to tap that sort of knowledge and competence and see that it gets integrated in a most effective fashion into the overall effort in the province or in the region. This is simply saying he has to be an intelligent team member. This team role is important since he presumably has a certain preferential position with the local officials. He is there all the time. He knows them. He can get across ideas much more effectively than a stranger dropping by once a month. So he must be a channel, in a sense, for the technical divisions. He's got to provide the technical division people with positive assistance in getting across their ideas to the people to whom he's accredited on a full time basis, as it were. He's got to use them, but use them in the right kind of way. He's got to conduct himself in such a fashion that he can derive from the technical divisions the maximum contribution they can make. At the same time he must exercise the right kind of influence on them in seeing to it that they don't go rushing ahead in their professional enthusiasm with some kind of program that isn't realistic in light of the circumstances.

What I'm saying here I say in reverse to the representatives of the technical divisions. They get the same picture on the other side. They make contributions to Provincial Operations activities and they also accept a certain practical guidance from Provincial Operations people on what makes sense overall. There will be differences of opinions and you'll wrestle them out and if you're men you'll come out a good percentage of the time with some kind of synthesis that's valuable. I want a lot from these Prov Reps. I want an awful lot. I'm asking virtually that they be supermen in one sense, because no one is going to be able to measure up to this total of standards. But I definitely want them shooting at it.

They have to appreciate the fact that sometimes tough decisions have to be made. There isn't enough money to go around. They have to be able to say "we can't do this; it's terribly important but we just cannot do it. There aren't the resources to do it." And they have to have some sense of financial responsibility; some sense of the realities of the budgetary world--this mundane, cold, impersonal, loveless world of the budget. And they have to understand the implications of that--the need for a semblance of financial control; for an effort to assure that money is not just being wasted. They have to have an

understanding of the procedures by which financial accountability is maintained  
in the governmental structure.

I want a lot from the Provincial Representatives and I want that much more  
from the Regional Representatives. I want them to see the thing in a still broader  
spectrum. I want them to see it not just in the spectrum of their own region.

I want them to see it from the spectrum of the nation. I don't want them  
suffering from "localitis". The Prov Rep is instinctively going to suffer from  
"localitis" to a certain extent--he's bound to. I don't want the Regional Reps  
suffering from it. Everything I want from the Prov Rep I want from the Regional  
Rep but I want it in a higher degree of competence and performance.

One of the very special things you Regional Reps must constantly look into  
is the erosion of local government and what actions might be taken to arrest  
that erosion. If we oversimplify this problem and consider that the VC threat  
represents two major areas of attack against the GVN--one through the instrument  
of VC main forces: the company, the battalion, the regimental activity--mobile,  
moving around, hitting as in Han Nghia today and Phuoc Tuy next week--we have to  
assume that ARVN has the capability of dealing with this. By and large they're  
dealing with it reasonably well. But in the second area that of dealing with VC

infiltration and subversion at the village and hamlet level, the GVN is falling flat on its face. The reasons for this are legion, and you can get almost lost in a maze of accusations and charges if you start recounting all the reasons why we believe this shortfall in performance exists. Some of these things are perhaps subject to treatment in a very short period of time. Others are endemic in the local scene and cannot be expected to be corrected in any short run.

But the manner of VC infiltration and subversion, the methods, the tactics, have to be countered and countered successively, if this struggle is going to be won. I don't like to use the word "war" because that gives the impression that it's largely a military thing. I prefer to call it a political struggle--one with many components--one of which is military, one of which is economic and social, one of which is administrative, another of which is psychological. The instruments that are brought to bear on this struggle are varied and some of them are very, very dull. I make no pretense of knowing what are the most important instruments. You must be ever alert to locating the best instruments to combat this kind of struggle we are in.

In connection with the need to keep ever alert for new ideas let me state that I want Provincial Operations personnel to start doing more thinking. I

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do not want them so totally occupied with the conduct of a lot of mechanical operations of one kind or another that they have no time to sit down and calmly and dispassionately ask questions. Such questions as "Why are we failing?" or rather "Why is the GVN failing?" What are the ingredients of failure in these areas? need to pinpoint the real weaknesses in the GVN's inability to successfully withstand this communist infiltration. Because, if it isn't successfully withstood, we might as well go home. This is just as self-evident a truth as anything, under the circumstances prevailing in Vietnam. The Province Reps should also ask questions about the factors of confidence, popular attitudes, attitudes of the civil service, confidence in local government, the quality of leadership on part of province, district and village officials. One question that the Prov Reps need to consider is the role of the Province Chief in the overall scheme of things. Here in Saigon we are attempting to obtain decisions on the part of government that will tend to at least reduce the rate of rotation of the province chiefs. If we can get some stability, some job tenure, then we can start making an investment in him--study sessions, management seminars, etc. These would be management seminars that are good for the ego and also where new ideas could be tabled and examined. The Ministry of Interior is aware of this.

and working on it vigorously.

There are so many of these questions that need airing and review. What I'm trying to say is that we need to start identifying them if we can and then seeing what can be done to ameliorate them. We can't expect to remove them all. In Dalat ~~at~~ at a recent Regional conference we talked about military civic action. Well, the Prov Reps tended to say: "Military civic action would be wonderful, but first let's get the soldiers to stop driving through villages and hamlets at 45 miles an hour." Let's get them to stop attacking women and stealing, etc. This is the first civic action the military could carry on if they would just do it".

We've got to find answers to some of these questions. The range of problems is legion. Sitting here we can talk about a force augmentation of 80 or 90,000 men in Regional or Popular Forces. That's not going to solve the problem. Everyone knows we need more troops around. But the troops that are in place have to be made more effective. One of the Prov Reps recently said, "ARVN goes to war in helicopters and Popular Forces go to war barefooted." Well, this is an exaggeration in terms of the emotional content of it but it does illustrate part of our problem. How to increase the competence of the paramilitary forces as the

security force of the village and hamlet? To me this is as basic as you can get.

How are we upgrading these forces? Three provinces reported that the physical training facilities for Popular Forces were undergoing some improvement. As far as content of training and general well-treatment of Popular Forces in the myriad ways that affect their attitudes and morale, little or nothing has been done.

We've got to start looking at those things that are determining in the pacification effort, not those things which are marginal. I've said this to you before, and I want to say it again. I'm all for social and economic development projects. I'm all for them in the right context; in the context of an expanding area of physical security. I am unalterably opposed to using social and economic projects as an instrument to stop a VC advance. But where government is moving out and expanding the area of its control, I'm with you 100% to get a vigorous program in social and economic development going. That is to improve the image of government in areas that are truly secure. Let me make one point clear, i.e., the distinction between throwing resources out in the face of a VC move towards you, and the use of these kind of resources to bolster an expanding government control and security. We will and must support the bolstering of expanding government. We cannot afford to throw economic resources in an effort to stem

Viet Cong advances.

In closing let me mention one more of the type questions you should be thinking about. In view of the fact that this problem of conquering infiltration and subversion is such an amalgam of intelligence, combat readiness, use of paramilitary forces, beliefs, symbolism, training and so forth, it is no wonder that we all are prone to look at the mote in our brother's eye rather than to consider the beam in our own. Let's try to make sure we're dealing with the beam in our own eye before we everlastingly are pointing to the mote in the other person's eye. I'd like our Prov Reps to work very, very closely with the MACV Sector and Subsector Advisors to assist and consult and to encourage and abet efforts to get all GVN forces upgraded through training. If they need supplies for better training facilities, if there's anything we can do in this respect, we will want to assist.

Finally it's going to take quite some time to get any police in strength out into the villages--this is a year away, really. If we can get the decision made here to keep the province chiefs in place, then we can start helping them build a better more effective governmental organization in the province and have greater prospects of success for our efforts. Remember to do all you can to

identify what we can do to bolster this difficult total effort. I think the next few months are going to be critical--I think we have a year of decision coming up.