



SECRET

PAGE 01 182029Z

89  
ACTION

INFO FILE 01, SS 25, GPM 03, EA 06, SAL 01, IGA 02, AID 10, INR 07, /055 W

P 181040Z SEP 67  
FM COMUSMACV  
TO CINCPAC  
INFO STATE  
SECDEF  
JCS

SECRET 30836 FOR ADM SHARP FROM  
X GEN WESTMORLAND  
SUBJ AIK FUNDS (U)

1. (S) THERE HAS BEEN A RECENT EXCHANGE OF MESSAGES BETWEEN STATE DEPT AND EMBASSY/USAID, SAIGON CONCERNING ASSISTANCE-IN-KIND (AIK) FUNDS FOR MACV. THESE MESSAGES INDICATE THAT CY 1968 AIK FUNDS MAY BE CURTAILED TO A NEGLIGIBLE AMOUNT. THIS MATTER IS OF GRAVE CONCERN TO ME.

2. (U) AS AIK FUNDS ARE THE ONLY FINANCIAL RESOURCES AVAILABLE TO MACV WHICH MAY BE ADMINISTERED UNDER THE FULL LATITUDE AUTHORIZED BY WARTIME FUNDING PROCEDURES, THE AMOUNT AVAILABLE HAS A DIRECT AND MAJOR IMPACT ON MACV'S ABILITY TO RESPOND RAPIDLY TO THE LOCAL SITUATION. THESE RESOURCES CAN BE APPLIED EXPEDITIOUSLY TO MEET EMERGENCY

PAGE 2 RUMSMA 2501J SECRET  
AND CONTINGENCY REQUIREMENTS WITHOUT DELAYS THAT MAY BE CAUSED BY COMPLYING WITH MANY PEACETIME REGULATORY AND LEGISLATIVE RESTRICTIONS PLACED ON U.S. APPROPRIATED FUNDS.

3. (S) THE UNPRECEDENTED MELDING OF CIVIL AND MILITARY RESPONSIBILITIES FOR THE U.S. ROLE IN PACIFICATION HAS CREATED VITALLY IMPORTANT NEW FUNCTIONS WHOSE FINANCIAL REQUIREMENTS UNDER MACV SPONSORSHIP

SECRET



Department of State

TELEGRAM

SECRET

PAGE 02 182029Z

AMOUNT TO 1.5 BILLION PIASTERS FOR CY 1968. IN ADDITION MACV'S  
MINIMUM FUNDING REQUIREMENTS TO CONTINUE MILITARY PROGRAMS SUPPORTED  
BY AIK WITH ANY DEGREE OF FLEXIBILITY FOR CY 1968 AMOUNT  
TO 2.0 BILLION PIASTERS.

4. (S) MACV HAS PROVIDED USAID, SAIGON WITH DETAILED INPUT TO  
SUPPORT ITS CY 1968 AIK REQUIREMENTS. THESE DETAILS HAVE BEEN PASSED  
TO AID/WASHINGTON.

5. (S) THE AVAILABILITY OF 3.5 BILLION AIK PIASTERS FOR CY 1968 IS  
CONSIDERED ESSENTIAL TO ACCOMPLISHMENT OF OUR OVERALL MISSION IN  
VIETNAM. IN VIEW OF THE FOREGOING, I THEREFORE URGE THAT YOU SUPPORT  
MY REQUEST THAT THESE MOST IMPORTANT FINANCIAL RESOURCES BE PROVIDED  
DURING CY 1968; FURTHER, THAT YOU SOLICIT SUPPORT OF JCS AND DOD  
FOR THESE REQUIREMENTS. GP4

*have they?*

*① what is the objective*

- stop them from doing things*
- do things " " "*

SECRET



CONFIDENTIAL

ADVANCE COPY

PAGE 01 SAIGON 06539 210909Z

8  
ACTION AID 85

INFO SSO 00, NSCE 00, SAL 01, EA 06, E 04, IGA 02, INR 07, /105 W

-----  
P 210820Z SEP 67  
FM AMEMBASSY SAIGON  
TO SECSTATE WASHDC PRIORITY 7282

C O N F I D E N T I A L SAIGON 6539

AIDAC

TOAID 3025

SUBJECT: USE OF DOLLARS TO PURCHASE PIASTERS

REF: STATE 19869 (AIDTO 1251)

GRANT FROM MACDONALD

1. WE APPRECIATE AND HAVE GIVEN FULL CONSIDERATION TO YOUR CONCERN EXPRESSED PARAS 2 THRU 4 REFTEL. NO QUESTION THAT PAST EXPERIENCE WITH PURCHASED PIASTERS HAS HAD SOME PAIFUL ASPECTS. THERE IS A FUNDAMENTAL DIFFERENCE, HOWEVER, BETWEEN PRESENT PROPOSAL AND PAST ACTIVITIES. WHILE IN PAST, EXCEPT FOR SUBSECTOR FUND, WE CHANNLED PURCHASED PIASTERS THROUGH VIETNAMESE - AND THEREIN LAY THE ROOT OF OUR SUBSEQUENT DIFFICULTIES - WE ARE PROPOSING PURCHASED PIASTERS FOR

PAGE 2 RUMJIR 6539 C O N F I D E N T I A L  
LOCAL CURRENCY AVAILABLE TO THE US AND MANAGED EXCLUSIVELY BY AMERICANS THROUGH THE US FINANCIAL SYSTEM. THIS WAS DONE WITH SUBSECTOR FUNDS VERY

CONFIDENTIAL



Department of State

TELEGRAM

CONFIDENTIAL

PAGE 02 SAIGON 06539 210909Z

SUCCESSFULLY WITH NO PAINFUL AFTER-AFFECTS. CONSEQUENTLY, WHILE WE RECOGNIZE THE VALIDITY OF THE HISTORY OF USE OF PURCHASED PIASTERS YOU HAVE RECOUNTED (EXCEPT FOR OMISSION IN REFERENCE TO IMPORTANT RESULTANT LONG RANGE BENEFIT, I.E., PRESENT GVN RD BUDGET SYSTEM), WE DO NOT CONSIDER IT RELEVANT TO CURRENT PROPOSAL.

*Americanization of effort*  
*How about strengthening GVN??*

2. WITH REGARD TO ALTERNATIVE SOURCES OF OBTAINING THE NEEDED PIASTERS (PARA 5 REFTEL), WE WILL USE THE SPECIAL FUND TO EXTENT POSSIBLE. WE HAVE RECENTLY OBTAINED FUNDS FOR REFUGEES AND CHIEU HOI AND WE MAY BE ABLE TO UTILIZE FURTHER. HOWEVER, WE HAVE BEEN UNABLE TO DATE TO OBTAIN FUNDS FROM THIS SOURCE TO SUPPORT VIS FIELD OPERATIONS AND THIS ACTIVITY CAN BE EXTREMELY IMPORTANT IN SUPPORTING A NUMBER OF OUR FIELD PROGRAMS IF IT CAN BE GIVEN THE NEEDED FLEXIBILITY. WE ALSO PLAN TO USE AIK TO MAXIMUM EXTENT POSSIBLE. RE PARA 5C, AS LONG AS THE

*what will be central core system?*

~~PAGE 3 RUMJIR 6539 C O N F I D E N T I A L~~  
DOLLAR SUPPORT FOR THESE PROJECTS IS FINANCED BY AID, IT IS FELT THAT DOLLARS PROVIDED FOR PURCHASE OF PIASTERS ALSO SHOULD COME FROM AID.

*why*

3. THE REAL CRUX OF THE ISSUE, HOWEVER, IS THAT WE MUST HAVE ADDITIONAL FLEXIBILITY AND INSURANCE AGAINST DISAPPROVAL BY GVN OF OUR PROPOSED ACTION OR, MORE LIKELY, INACTION BY THE GVN. USE OF SPECIAL FUND AND AIK STILL SUBJECT TO NEGOTIATION WITH GVN AND COULD STILL BE DENIED US DELIBERATELY OR THROUGH INACTION. THERE ARE NOW, FOR EXAMPLE, 3 REQUESTS AGAINST THE SPECIAL FUND AMONG A GROWING PILE OF PAPERS ON PM'S DESK. THE EFFECTIVENESS OF THE GVN DURING COMING MONTHS IS HIGHLY QUESTIONABLE. THE MISSION COUNCIL HAS REVIEWED THE SITUATION AND CONCLUDED THAT THE FUNDS REQUESTED ARE AN ABSOLUTELY ESSENTIAL INSURANCE POLICY.

*agree but late decision + going to help!*

4. APPRECIATE PRIORITY RESPONSE.

BUNKER

CONFIDENTIAL