

UNCLASSIFIED

REPORTS OF USOM PROVINCIAL REPRESENTATIVES  
for the Month Ending 31 August 1965

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August 31, 1965

QUANG TRI (1)

The month of August was characterized by complete disruption of the former political stability, by <sup>an</sup> notable improvement in security, and by little change in the economic and psychological situations.

Beginning with the second week of the month a series of open attacks and demonstrations began against Mr. Hoang Xuan Tuu, Quang Tri civilian Province Chief. Spearheaded by the newly elected Provincial Council, the burden of the attacks was personal graft and failure to rid his administration of Diemists. A busy four days of charges and countercharges, meetings, demonstrations and Communist interference (real, or feigned for "smear" purposes) was ended just as sharply as it began by the appearance on the scene of General Nguyen Chanh Thi, I Corps Commander. General Thi gave solid and unequivocal support and endorsement to Mr. Tuu. The General was also harshly critical of the Council. He ordered the arrest of one of the members who led the attack on the province Chief, and he stated future demonstrators would be arrested. General Thi said Mr. Tuu had asked to resign four times previously, but each time was prevailed upon to stay. This time he again asked "out" but the General suggested a 15 day vacation. The deputy Province Chief for security affairs, Major Hoa, has been acting Province Chief in the interim, and has been doing a creditable job carrying on routine administrative matters.

During the recent period of political unrest there have been many rumors of impending demonstrations against all sorts of things. Some anti-American overtones have been connected with the campaigns against Mr. Tuu and against conscription, but none of these rumored demonstrations have taken place. There are also many rumors that Mr. Tuu will be replaced during or shortly after his vacation. Some of them sound authoritative but he has survived this sort of thing many times before.

The security situation shows a definite trend for the better, obviously because the initiative is with the government side lately. The big mid-month ARVN sweep of the Ba Long valley brought good results in enemy KIA, weapons, food, and documents. But most important, it served notice to both the VC and the people in the countryside that the government intends to dispute that entire area, and will no longer leave it as a VC supply, training, and R+R. sanctuary.

## QUANG TRI (cont'd)

There were some excellent RF/PF results in some of the districts this month. The best was Trieu Phong, where in the first 22 days of this month 18 VC were killed, 2 captured and 17 Chieu Hoi ralliers accepted. All this was achieved at the cost of 2 friendly wounded.

Pacification seems to move very slowly. Three more hamlets were accepted as pacified by Divisional inspection teams early in the month; and the teams are out again inspecting other hamlets.

Again there was little change in the economic scene. Most prices remained at their previous high levels. Salt is up to 4\$50 per kilo, wheat flour up to 21\$00 per kilo and beer down to 36\$00 per bottle. The biggest problem has been a lack of rice on the market. For a two week period there was no white rice being sold in Quang Tri city. This surprisingly caused very little comment, as most families were well stocked. There is now a plentiful supply of American long grain rice for sale but the price is 12\$ per kilo, considered outrageous by local housewives. The biggest food problem now is building up stocks in Huong Hoa District before the rainy season interferes with their air logistic support.

There are no clear indications of new psychological trends. Some districts report more friendly attitudes of people in some contested areas where the VC had heavily influence. Basically, it will be a long, difficult task to provide the needed security for the people in the contested areas and to win from those people a new commitment to the GVN.

USOM supported programs vary in effectiveness. Self help and Agriculture, and Chieu Hoi are moving along well. Relocation, Education, and the Summer Youth Program are organized but just can't seem to come up with results. Public Health and Public Works are presently hopeless.

August 31, 1965

THUA THIEN (2)

In Thau Thien Province elements of the political situation began to stir at mid-August and revealed themselves by the August 24, 1965. There were indications of disagreements of policy and changes of assignments among military sector personnel, a situation resulting from some misunderstandings between the regional delegate and the province chief. As of August 25, the situation appeared to be more quiet. Students in Hue have voiced their position after several days of tension and rumors. It appears that the student protest against present military draft policies is to a considerable extent justified and it is felt that the present military draft policy will do real harm to the organization and orderly life of the country unless it can be modified by appropriate exemptions or mobilizations in place. The presence of US troops in Vietnam, which also presents problems can redound to the US advantage if rightly and promptly handled on the basis which has already been stated clearly by President Johnson.

The provincial security situation remains fairly good throughout most of the populated areas but VC military strength in the province is such that they could mount a sizeable military attack with little or no warning.

The economy showed no change from its previous situation, and the trends continues: a farming-fishing economy, conservative, underproductive with prices slowly rising because of insufficient imports and denial of some farm land because of VC action.

USOM and governmental actions were largely stagnant because of a seeming paralysis of the bureaucratic channel between Saigon and the province. Little improvement is foreseen until government operations are decentralized and a direct channel is opened between Saigon and the province. This trend toward more bureaucratic inactivity will have dangerous consequences within three or four months.

August 31, 1965

QUANG NAM (3)

Political situation: Within the month there have been at least three known demonstrations which must be classified political or quasi-political. In Duc Duc district, an estimated 3,000 people went to district headquarters on August 13 to protest the use of artillery and bombs in the area and asked that the young men in GVN military forces be returned to their families to work on the farms. Similar demonstrations occurred with groups of 1,000 persons in Que-Son district and 500 in Hieu Nhon district. The demonstrations were peaceful, and the demonstrators reportedly departed after being addressed by the district chiefs. In each case they came into the district headquarters from areas in the district under the control of the VC. Province and district officials are convinced they were forced to demonstrate by VC pressure.

The hot month of August saw no conflict between religious groups in Quang Nam. On the contrary one refreshing breeze was the appearance of a dozen or so volunteer Catholic youths at the Buddhist Summer Youth Program to assist in their building project.

Rice stocks are at an all time low at this season just prior to harvest. The large majority of the rice crop is in outlying areas, either controlled by the VC on a twenty-four hour basis, or at least on a night-time basis. If this rice crop goes to the VC they will have a dangerous political whip. The Province Chief, Col. Tung, has an excellent plan for saving as much rice crop as possible from the VC. It is his intention to destroy that which he cannot save and will unquestionably fall into VC hands. The reaction of the farmers to this remains to be seen.

Security situation: It is disheartening to report that there has been no appreciable improvement in the security situation in Quang Nam during the month of August. There is one exception, however in the area of operation of the US Marines around Danang airbase. This area is gradually enlarging as the airport is defended in depth, and it is hoped that prior to the rainy season in October the important area between Hoi-An and Danang (20 miles) will be cleared of VC control. Vital Highway #1 is open to traffic only during the day and traffic is subject to almost daily kidnappings, hijacking, mines, ambushes and snipers. By night all roads in the province not within the perimeter defenses are under total VC control. Deep-seated fear of the Viet-Cong by night rules the countryside and until this can be eliminated security is a word without meaning.

Economic situation: The price index for Hoi-An had few changes since July, but the price of rice in districts accessible only by helicopter rose to \$VN 1,700-2,200 per 100 kg bag.

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QUANG NAM (cont'd)

The transportation situation has worsened as a result of temporary closing of the Cun-Lau bridge on Route #1 south of Hoi-An, and increased VC harassment on the major arteries. Duy-Xuyen district is particularly affected. In addition to the high cost of living, the major problem area is adequate employment opportunities for refugees.

Social/Psychological: Only the people living along the major roads (about one-half the population) appear to side with the RVN. Aid to the population (refugee resettlement, schools, wells, toilets, etc.) has helped to maintain stability. Fewer civilian war casualties were reported this month. US Marine operations have produced a large but not unexpected number of indemnification claims which are mired because of red tape and the lack of sufficient MILCAP funds. Refugee resettlement is moving along. I Corps frowns on additional refugees, particularly in the Danang area, for security reasons. The lack of food in the four outlying districts is a serious negative factor.

USOM Supported Program: Refugee resettlement still has top priority. Hamlet school construction is in midstream, set back by tardy distribution of funds. Self-help requires constant prodding. The agriculture program is proceeding satisfactory; the September-October rice harvest hopefully will receive maximum attention from all province officials, civilian and military.

The Summer Youth Program completed its first two projects and is awaiting Saigon approval of eight additional projects. The thinned ranks of Rural Reconstruction cadre have been filled, but their effectiveness is still low. Province is also awaiting a change for the better in the Chieu-Hoi program.

## DANANG CITY (3A)

The end of the month brought a heightened in tension between Buddhist and Catholic elements of the population on the occasion of the anniversary of the riots last year which culminated in the burning of a Catholic hamlet. Charges by Catholic elements that they were receiving little attention from the government were heard by the mayor. The plaintiffs were mollified by assurances that the mayor would give attention to their needs. The incident illustrates the uneasy balance which exists between the religious factions here. It is never very difficult to raise a disturbance through a real or imagined slight, and it must be said that the Catholic minority indeed does not receive the attention that is commensurate with its importance politically. The government here is, however, aware of the necessity to prevent grievances from developing to the point where VC elements can turn the force of protests to their own ends.

On balance, the security situation improved during the month despite the spectacular attack on the Esso tank farm on August 4. Marines reported continued small probes against the airfields, and on one occasion noted that VC bodies were discovered on the field after a probe. This is a rare occurrence in Danang and suggested that infiltrators may have gained entrance to the field and secreted themselves for later acts of sabotage. Ordinarily, VC probers carry off their dead upon retreat. Nothing, however, developed to substantiate this threat. This type of action (Esso attacks and airfield probes) will probably increase during the rainy season when the weather makes detection of small bands even more difficult rumors of the presence of VC assassination squads in Danang. VC activities have been limited to propaganda.

Prices remained stabilized at the high levels current in Danang. Rice shortages were relieved by the arrival of a shipment from the United States on August 19. However, hoarding of commodities remains a problem which is not alleviated by the rationing system.

Currency restriction remained effective with control of the exchange rate at last month level although at the end of the reporting period, rumors that US forces would go on a scrip monetary system caused some money buyers to try to unload dollars in exchange for piasters.

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## DANANG CITY (cont'd)

The week of tension in connection with the anniversary of last year's riots demonstrated the continuing ability of the city government to be responsive to the people, at least with regard to the more obvious needs. The relocation effort continued this month with half the 650 families already moved from their homes adjacent to the field. No incidents have developed from this movement and indications are that the present period of stability will continue into the foreseeable future.

USOM programs for the most part moved ahead. A big plus was registered with the construction of twelve row houses of forty units each for temporary refugee housing. There will, in time, however, be a pinch since all programs were stalled by the late arrival of commodities. The rainy season will commence in about a month, curtailing or halting construction. Also, slow reaction to provincial order requests delays allocation of available resources to projects. This matter is being taken up with Saigon.

August 31, 1965

QUANG TIN (4)

The VNQDD political party of Quang Tin is still pressuring district chiefs and the Province Chief. Party members have written several anonymous letters to discredit both the Province and the District Chief in Thanh-Binh. They were confronted with the letters, but did not admit their role in this connection.

The Province Chief has taken control of PAT and APA platoons. He now pays their salary through the district chiefs. Prior to this, the VNQDD paid the PAT and APA salaries.

The VNQDD still remains anti-communist and has not demonstrated against the GVN. However, the fact that the Provincial Council has eight of nine seats occupied by the VNQDD poses a problem to the Province Chief. Such a majority allows the VNQDD considerable latitude on how money will be spent in Quang Tin.

The VNQDD is split into two factions, the older members versus the younger members. The younger men provide the cadre for the PAT platoons, and back the GVN. The older men want more control over the functions of the GVN in Quang Tin.

On August 13, 1965 VC instigated demonstrations took place in Tam Ky and the district towns of Hiep Duc, Thanh Binh, Tien Phuoc, and Ly Tin. An estimated one thousand people participated to protest air strikes and the absence of sons and husbands serving in ARVN. Sixteen persons were wounded, and two were killed during the dispersal of crowds.

Security continues to remains critical in Quang Tin. There was a total of twenty VC incidents this month, including four in Tam Ky but the situation has not deteriorated from last month. The populace remains generally favorable towards the GVN.

Other activity included the arresting of 120 VC suspects and five incidents of black marketing. The curfew (2200 hours) remains in effect but it is loosely enforced.

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QUANG TIN (cont'd)

Upon learning that a bridge had been blown south of Danang, local Tam Ky merchants raised some of their prices this month, specifically soft drinks, beer, and fish sauce.

During the month approximately 5,000 copies of the weekly news bulletin were printed and distributed throughout the province, and several loudspeakers operations were conducted by VIS and the psywar team. The quality of their broadcasts is improving. The most significant operation was conducted in Ly Tin District. The team consisted of approximately 45 people and included personnel from psy war, drama, Chieu Hoi, VIS, and medical clearing station. The operation lasted three days and consisted of numerous loudspeaker broadcasts, dissemination of 27,850 leaflets of various types, distribution of pamphlets and magazines, three teams of three men each, who visited homes and used face-to-face persuasion, and entertainment performances by the drama team. In addition to the psychological portion of the operation, medical treatment was administered to 579 civilians. Also, psy war teams completed two latrines in downtown Tam Ky market this month.

The Province Chief and provincial officials went to Ky Hoa to pay indemnification after the 15th Junk Base Headquarters was overrun. A total of 647,500\$ was paid to 185 families. The Province Chief gave gifts of 5\$ each to approximately 250 children. Rice and other food stuffs, clothes, mosquito netting and cooking utensils were also distributed. The overall impact of this effort was a plus for the GVN.

In Quang Tin the GVN is determined to follow through with the rural reconstruction programs as promised. Progress in this direction is evidenced in Chu Lai Hamlet (relocation center) where there are new roads, wells, latrines, a market place, an information center, and a fair storm drainage system. In the centers, wells and latrines are being constructed, and latrines were completed at the Tam Ky Market.

The new supply of USOM commodities in Quang Tin has bolstered the GVN image, but progress in the province is slow. Many difficulties must be overcome in the logistics field before Quang Tin can meet the growing demands of USOM supported programs.

August 31, 1965

QUANG NGAI (5)

August was a month of overall progress and success. Hope and even optimism began to replace the retrogression, pessimism and fear that characterized the previous several months. Aggressive US and Vietnamese military action drove back the VC from several large areas and inflicted heavy losses on them. Pacification and control teams set to work in the cleared areas. Refugees began to trickle and then stream back to their homes in these liberated areas. Security improved.

Most prices remained stable and a few rose slightly. Supplies continued to move in steadily from Danang along Route #1. A ten-junk convoy opened supply by sea from Danang under GVN Navy Junk Fleet protection in an operation involving complex US and Vietnamese, civil and military coordination and cooperation. Nevertheless, imports did not meet demand and enable the building of reserve stockpiles of goods although general economic activity increased.

Politics reared its ugly head several times publicly during the month as the two VNQDD parties contested for advantages and threatened to wreck the pacification effort built around the campaign of "return to the native village". The conflict was contained however and resubmerged for the time being in the interest of the common effort against the VC.

USOM finally broke the transportation bottleneck and brought in large supplies of cement and bulgur and some roofing sheets. This enabled the many stalled projects under the rural reconstruction budget, especially schools and self-help projects, to get under way again. Help to refugees and resettlement programs began to become significant. Indications began to appear that USOM commodity and other support would be beefed-up in the near future so that it could play a major role in ensuring that achievements on the civilian side keep step with military progress, thus preserving and increasing its fruits.

August 31, 1965

KONTUM (6)

The political situation remains unchanged from the last reporting period.

Security conditions remain fluid. The arrival of the First Battalion of the 173 Brigade Airborne improved the security in the general Kontum City area and immediately north of the city, but VC activity in the northern regions of the province was aggressive - resulting in the loss of Dakut District at mid-month.

Roads that had been carrying some civilian traffic are now effectively closed due to the destruction of the larger bridges by the VC. A road clearing operation from Kontum to Tan Canh at the end of the month was not successful due to the destruction of these bridges.

VC harassment of road transportation and the non-availability of sufficient air transportation to fulfill all of the supply needs have accentuated the shortages of fuel, fuel, and other commodities. A USOM airlift provided badly needed food supplies for refugees and the people of Dakto District. No fuel or other province supplies arrived by road. Reserve food supplies maintained by the people as well as local vegetable produce allow the people to eat quite well - at least in the Kontum District area. The situation is not as good in the outlying districts. The province continues to require air transport for its basic supplies.

The movement of families from Kontum City has virtually ceased. This improvement in the populace morale became apparent early in the month. The arrival of the 173rd Brigade contributed to this morale boost. This improvement is limited to the capital city and does not prevail in the more remote areas. VC activity between Kontum City and Tan Canh has created sufficient uneasiness to cause people - both Montagnard and Vietnamese - to abandon their homes and move into the Kontum City area as refugees.

USOM supported programs are suffering from the non-availability of essential commodities: roofing, cement, etc. For example, the educational program for 1966 will not include teacher training as insufficient new schools have been built to accommodate the teachers trained in 1965.

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KONTUM (cont'd)

Lack of cement effects public works program as well. Agriculture and Animal Husbandry programs are beginning to move again with the release of funds from the Rural Reconstruction Budget. Refugee support from the Ministry of Social Welfare has not been good and most refugee aid has been improvised by borrowed military air transport and USOM airlift. With the release of funds from the Rural Reconstruction Budget many formerly idle programs are beginning to move again. A maximum effort is being made to accomplish all possible in the secure areas.

August 31, 1965

BINH DINH (7)

The overall political situation is calm. However, there is a potentially dangerous situation gradually developing because of a small faction of Catholics who desire to get rid of the Province Chief and have their clique regain its former power and influence. The trigger to the problem might well be the question of the resettlement of some 20,000 Qui Nhon refugees (largely Catholics), which will greatly reduce the political bargaining position of Catholics in Qui Nhon. There appears to be an uneasy truce between Catholics and Buddhists which will probably prevail as long as the economic and security situations continue to improve.

Security and public confidence in travel has shown a marked increase during this reporting period. The recent arrival of units of the 101st Airborne, aggressive operations by the 2nd Battalion of Marines, and good flying weather have been the key factors. The impending arrival of the 1st Cavalry Division Air Mobile) and a ROK Division are also factors; their advance parties are already in Qui Nhon. Highway 19 is open and heavily travelled by both military reconnaissance units and commercial vehicles. Highway #1 is open to Phu Cat, although convoying is required to travel further north. The Binh Dinh Hop Tac Program is progressing with U.S. Marine/Special Forces operations being the key factors.

The overall economic situation appears to be improving rapidly. A good rice crop is anticipated and with improved security, commercial intercourse between Qui Nhon and the districts is showing a marked improvement. The US Military build-up has rocketed the need for services including work crews, local material and recreation. Inflationary trends are a potential problem but GVN/US military cooperation in establishing maximum prices for key commodities seems to be effective.

The major social problem in Binh Dinh is the presence of some 100,000 refugees. Many appear to have become "professional refugees" who have come to expect free housing/food etc.. as a social benefit. Others are using the camps as a good base of operations while being gainfully employed. Despite some GVN pressure to get refugees to return to their homes, there has been very little flow as yet. Several Catholic priests are concerned because of the possible loss of the support of the refugees who leave the camps.

USOM support of the refugee program continued at a high level with much time and effort being devoted to checking the distribution of USOM materials to the various camps.

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BINH DINH (cont'd)

The basic ground work and planning for a major economic development civic action program for An Tuc district was undertaken by USOM and military officials. The overall plan is being developed by the USOM Region II Office in cooperation with senior official of the 1st Cavalry Division.

Added emphasis was placed on the meeting of self-help goals by USOM provincial officials. A provincial Self Help Coordinator has been appointed to help expedite the planning and execution of self-help projects.

The Chieu Hoi Center has continued to receive all necessary USOM support and the construction of additional facilities and buildings is well underway.

There appears to be a significant upturn in both US and GVN confidence, and barring some unforeseen disaster, the USOM program in Binh Dinh will rapidly increase in effectiveness and in meeting its responsibilities.

## PLEIKU(8)

August 31, 1965

### Political Situation and Trends:

The improvement of the military situation this month, resulting from the relief of Duc Co, has had corresponding positive political effects. Directory Chairman General Thien inaugurated a new capitol for Le Thanh district at Thanh Binh on August 14, thereby restoring GVN presence in a district which had been abandoned to the VC in June. As a result of these actions, which included the participation of troops from the US 1st Division and 173rd Airborne Brigade, the sense of security of the Pleiku population has increased.

The province's refugee population has now swollen to approximately 6,500. Province plans for settlement of 1,500 families should forestall the growth of discontent among these people.

The new province chief seems quite vigorous, but it primarily interested in military affairs. Captain Mi, the new Deputy for Security, is a most effective and dedicated officer.

### Security Situation and Trends:

During August large-scale US/GVN military operations have improved the overall security situation here, although there are still considerable numbers of VC in the province. The lifting of the siege of Duc Co resulted in 152 VC killed in action (US body count). Total enemy casualties are estimated at about 1,000. The operation also resulted in the re-establishment of the Le Thanh district capital at Thanh Binh, about 35 kilometers from Pleiku City. The area around Thanh Binh has been sufficiently security of Pleiku City is likewise improved, and the danger of its being overrun is now less than it has been in several months.

### Economic Situation and Trends:

Route 19 remains open to commercial traffic, subject to VC controls. For this reason, the GVN has forbidden overland transport of **six** basic commodities: rice, sugar, flour, milk, salt and POL. The five food items are being sold on a ration system established by the province in order to obtain equitable distribution of existing stocks. An airlift of rice from Saigon and Qui Nhon began on August 24 to supplement existing use of stocks which previously stood at 233 tons.

Thus far, some 76.5 tons for province stocks, and another 15.1 tons for Social Welfare have been brought in. Stocks of salt and sugar are adequate; an airlift of flour and milk from Qui Nhon has been requested. There has been no commercial sale of POL since last month. Airlift of POL has been requested for public works and electrical power use.

Prices on other food items have fallen slightly during the month. Seafood is again available in limited quantities. The future of the economic situation will continue to depend upon the possibilities for transport over Route 19 and supplementary airlifts.

Social/Psychological Situation and Trends:

The GVN military successes in Le Thanh District during the month have raised the spirits of both the military and the civilian population. After the lifting of the siege of Duc Co the townspeople of Pleiku staged a massive hero's welcome for the returning ARVN soldiers. Appreciation speeches were made and gifts presented to the officers and men. These successes, following the Route 19 operation, have done much to improve the morale of the townspeople. Easing of the food shortages through airlift and road transport has also aided in morale improvement. The rear reserve organization continued its third phase of training in military tactics, intelligence, propaganda, and social welfare subjects throughout the month. This civil defense group now numbers 3,365 men and 360 women who train for two hours daily. The spirit of these people has been heartening to observe after months of complete disinterest in anything connected with the war effort. Some of the refugees have been provided shelter at the new center near Pleiku and some have been relocated at Tan Loc near the new district headquarters in Le Thanh. Although much remains to be done for these refugees, they appear content in their new surroundings. Province plans for permanent relocation are under discussion, and their implementation should improve morale among the refugees. In the course of the military operations in Le Thanh district, several hundred additional Vietnamese refugees freely came back under GVN control. They apparently became quite discouraged with life under the Viet Cong. The future might bring the influx of many more refugees from the VC back to GVN areas, especially if GVN military successes continue. This will be both an opportunity and a problem for the provincial authorities, whose resources are already being heavily taxed by the present number of refugees.

USOM Supported Programs - Situation and Trends:

All rural reconstruction outside of the 28 secured hamlets around Pleiku remains restricted on the order off II Corps Commander, General Vinh Loc. This restriction, plus lack of materials, has prevented the initiation of any new projects. USOM has continued to provide commodity support for the refugee relief program. Supplies of roofing for the new refugee center were received, but not in sufficient quantities to complete the eight temporary shelters. The 1985 school construction program has been approved by province and Saigon and is awaiting II Corps approval. Construction materials for this project have been ordered, but not yet received. As these schools will be in Pleiku and secure hamlets, no difficulties are expected in getting approval from II Corps. As the security situation improves, it is expected that normal program operations can be resumed in a larger area.

August 31, 1965

PHU BON (9)

Political situation: The active part played by the overall population in ceremonies with a political base is negligible. During the last reporting period, the province capital had two major political ceremonies, one including the Prime Minister and the Chief of State, and only those people who were told to attend showed up. An open invitation was made to the whole population but if it was not mandatory the people did not participate.

The Provincial Council that was elected three months ago, has proven to be of great assistance in working with civil problems. Most all meetings with the Province Chief on civil affairs includes the Chairman of the Provincial Council. His active participation and ideas have contributed immensely to solving numerous problems.

Security situation: For the first time in three months it can be reported that the security situation has improved. There was only one mortaring incident on one of the District Capitals. People who earlier evacuated the province because of security situation. However, the provincial capital is still vulnerable to major attacks by the VC and if large main force units are brought back into the province, as they were in July, anything can happen. In short, the present security condition is good but future trends are questionable due to the fact that the bulk of the rainy season is just starting.

Economic situation: The economic crisis continues to be the major problem area within the province. Although the crisis is not deepening, additional problems appear daily. It is hoped that with the formation of the economic co-op that a number of these problems can be solved.

The opening of Routes #19 and 21 will not be an advantage to Phu Bon until Provincial Route #7 is opened. The opening of this road, at the present time, does not refer to clearing out VC as much as it does repairing and replacing bridges. It is felt that the province does not have the means or capability to repair or replace all these bridges and until all construction is completed the present economic crisis will prevail.

It is estimated that Route 7 will not be opened for at least three to six months. During this period the Province will have to fight the economic problems the best way it can.

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PHU BON (cont'd)

August 31, 1965

With the improved security condition the psychological situation has improved. People no longer talk of fear of the VC; they are only concerned with getting enough to eat. Negative attitudes and fear are promulgated as a result of the economic conditions, not security.

The psychological situation will improve if there is no further VC harassment and the people face the fact that they have to live with the economic crisis.

USOM supported programs: It is expected that all programmed schools will be completed next month. With the improved security conditions it is expected that all reconstruction program activities will progress in the coming months.

August 31, 1965

PHU YEN (10)

Due to successful operations and air raids against VC strongholds conducted by our friendly forces, the political situation appears to be have improved somewhat during the month. Many demonstrations organized by the VC in various districts have been stopped before any value could gained from them. Politically, the VC have repeatedly emphasized motivation of demonstrations, organization of political training courses, consolidation of VC Committees for Liberation, appeals to GVN cadre/soldiers to pass over to the VC ranks, and launching of anti-American propaganda.

For political purposes, the local GVN has spared no effort in supporting the refugees and destitute persons, assisting the ARVN combatants and veterans, and consolidating the public administration system in rural areas.

Reports from the Police Service say that there has been a decrease in effectiveness of VC military activities. This month also registered the successful ARVN operation entitled "Quyet-Thang 160" which restored security to various hamlets bordering on National Route #1 from Cu-Mong to Song-Cau and Song-Cau to Tuy-Hoa.

During the month, the VC were unable to launch any large-scale attacks. They did, however, continue their activities of sabotage, harassment, pillage, assassination, and kidnapping at hamlets and on roads. Some tactical movement of VC troops and mobilization of labor were observed, and it is believed that the VC are preparing for large-scale attacks at strategic sites in the near future.

The economic situation has improved due to the local GVN's application of proper measures such as: (1) strict control over the exportation of agricultural products, (2) satisfactory transportation of imported commodities by regular motorized junks, and (3) collective purchase of rice paddy from local farmers. This rice has been resold to the people at a government-controlled price.

For the improvement of the transportation/communication situation, continuous repairs of roads and bridges have been made. In addition, the majority of the streets in Tuy-Hoa city have been improved and developed.

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PHU YEN (cont'd)

Also noticeable was the slight decrease in the price of prime commodities which is believed to have gradually stabilized the economic condition in this province.

In the social field, the local GVN has paid special attention to supporting a great number of refugees who are evacuating from insecure hamlets. Further, market prices have also been regularized to gain social stability. As for psy-war activities, it was reported that special political sessions had been organized to educate about 3000 inhabitants who had been motivated by the VC to engage in violent demonstrations.

This province's Rural Reconstruction Programs have shown some progress, with the exception of a few (relocation, irrigation) which had to be postponed due to security problems and the lack of technical personnel. Also, some special programs for province development (construction of district warehouses, and refugee houses) have been approved and started.

It is believed that USOM-sponsored activities can become much more effective as rural security and land communication is restored.

August 31, 1965

DARLAC (11)

The political situation continued to deteriorate during most of the month due to the lack of basic necessities and continued rise in prices of basic commodities. With the opening of Route #21 by government forces on Aug 26 and the complete absence of VC reaction, morale and confidence in the government has risen considerably. The question in most of the middle class is: "How long will it be kept open"?

The visit of General Ky on Aug 30 was very well received by the general populace. An impressive "pass-by" of 100 trucks loaded with rice brought cheers from the spectators. Upon the termination of his speech, General Ky, his party and provincial officials, made a token issue of approximately three tons of rice, packaged in two and five kilo plastic bags, to Montagnards. General Ky mixed with the crowd of spectators, greeting and talking to them for a half-hour.

Continued denial of the highway to provincial government and commercial traffic has created economic problems and dissatisfaction among the population. It has pointed up the lack of GVN control and authority in the countryside. This trend was reversed on Aug 26, when government forces opened and occupied in forces 180 kms of highway #21, from BanMeThuot to Nha Trang, and continues at the end of the reporting period to occupy and control this critical highway. The failure of VC reaction to this operation may be an important trend.

All but bare essential economic activity came to a halt during the month due to the province being cut-off. The large fleet of Lambrettas which takes care of most of the transportation requirements in BanMeThuot to a radius of about 60kms of the city continued to operate. This was a great help. It was achieved by Lambretta owners having the foresight in the past of building up gasoline reserves. Other gasoline requirements were probably procured from ARVN soldiers selling government gas on the black-market (550VN\$/5 gallon can) as all commercial facilities have been out of gasoline all month. All construction, except US military, stopped completely during the month. Coffee and rubber plantations, which account for approximately 5,500 workers, continued to operate during the month, although it is estimated that 1500 tons of coffee and rubber is on hand awaiting shipment. Since the opening of Route 21 on Aug 26, it is estimated that 500 truck-loads of commodities have entered the province. With the opening of Route 21, the prices of basic commodities have not decreased to any extent. This is due to the high prices in Nha Trang the building-up of depleted stocks by local merchants, and the question of "how long will Route 21 remain open". On the prov rep's insistence and help, province succeeded in forming an informal cooperative consisting of rubber and coffee growers.

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DARLAC (cont'd)

All details on export from the province and receipt of rubber and coffee on empty aircraft returning to Saigon caused this project to fail. Only five plane-loads of export commodities were shipped to Saigon.

A start was made in the forming of a merchants' cooperative for the possible import of essential commercial commodities by air. On the opening of Route 21, the merchants lost interest.

The refugees are generally living in an extremely poor state. The government has been unable to support them with rice during the month and no USOM food entered province during month with the exception of cooking oil after Route 21 was opened.

The opening of Highway 21 by government forces without any resistance from the VC is having considerable favorable impact for the government. The assignment of a permanent USIS representative to the province will assist in giving the important area of Psy-war continued and undivided attention by a psywar technician.

USOM supported programs remained at a standstill due to the poor security situation and the complete lack of commodities for support only of the programs. Provincial officials have been slow in concrete planning and because of this, should the security situation quickly improve, implementation of the program will be slow in "getting of the ground".

August 31, 1965

KHANH HOA (12)

No activity was observed in the province from political or religious groups. Regarding to the B-57 Jet Crash in Nha Trang City, the prov rep has heard no rumors or comments concerning the American involvement. The people of Nha Trang reacted with going to the removal of the Khanh Hoa province chief, LtCol Le Quang Liem. His activities involving extortion and rice and cement shortages were looked upon with disfavor by the populace.

For the first time in three months, VC activity which has been concentrated in the Dien Khanh District of Khanh Hoa has shifted to Ninh Hoa District. No new units have been indentified in the province during the past month although three guerrilla platoons normally operating independently of each other were fo:med into a company size force during two attacks on hamlets in Khanh Duong District. The decrease in Vc incidents in Dien Khanh during the period of increase of activity in Ninh Hoa District indicated that the VC may not be able to sustain a high rate of activity in both areas at the same time. Highway #21 from Ninh Hoa to BanMeThuot is still interdicted but should be opened shortly. Highway #1 from Ninh Hoa to Van Binh District remains closed to vehicular traffic. The railroad is open from the southern border of Khanh Hoa to Ninh Hoa District.

The cost of living continued to rise during the past month with an increase of approximately 5% over the tremendous increase made during the month of July. Foremost in the minds of the inhabitants of the Province is "what-to-do" for the acquisition of rice. Most of the people in the countrysides are hungrier due to lack of rice, than those in the city areas.

This month has seen a strengthening of friendly forces (to include that of the US military) and a strengthening of morale of the GVN forces in the province. Over the previous month, the VC general situation has remained unchanged. The populace, however, is more concerned with the whereabouts of the rice to feed themselves and their families. The solving of the rice problem in the province could aid tremendously in the fight against the VC on the psychological and political fronts.

Security conditions in some areas have hampered constructive work from being continued and/or started. Little or no real progress can be made until the question of rice can be solved in the province. When the people have enough to eat, work can begin. For example, on the pig/corn program, many farmers stated they are not interested because if the corn was available for the pigs, they themselves would be forced to eat the corn instead of giving it to the pigs.

August 31, 1965

NINH THUAN (13)

Political situation: There is no significant political activity in Ninh Thuan. No political parties are active, nor have any new parties been formed. The reaction of the people in Ninh Thuan seems to be more favorable to Gen. Thieu than toward Prime Minister Ky. One reason for this is that Gen. Thieu is from this area. Also there is some question in the minds of the people regarding certain statements made by Prime Minister Ky, as well as some programs he has tried to initiate.

Security situation: The number of VC incidents were about the same in August as in July. However, during August the VC made two company-size attacks. This is the first time the VC have attacked in such force. The ability to travel within the province and on both main highways to Dalat and Nha Trang has not yet been seriously affected.

Economic situation: The shortage of rice continues to be a serious problem in the province. Many hamlet people complain about the unavailability of rice even at black market price, which is from 22\$ to 24\$ per kilo.

Within the next month the rice problem may be reduced temporarily because of the expected harvest of more than 500 tons and the arrival of rice from Saigon. However, no second crop rice is yet planted; therefore, additional rice will not be harvested for at least four months.

The economic situation has deteriorated over the past few months, primarily because of the prevailing drought conditions. Farmers with no irrigation source have delayed planting their crops because of lack of rain. Also at times there has not been sufficient water for irrigation.

Social/Psychological: Recent GVN successes in the war effort and the discussion of the possibility of peace talks may have raised the morale of some people. On the other hand, However, the present lack of rice and general deterioration of the economic situation has had an adverse effect, but neither yet appear to be significant.

USOM supported programs: Because of the availability of cement, USOM-supported programs have progressed favorably during the past month. Seventeen of the thirty classrooms under the education program are nearly completed.

Approximately twenty self-help projects are now being carried out.

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August 31, 1965

NINH THUAN (13) (cont'd)

As mentioned in last month's report, the presence of only one American and one Filipino limits the chance of USOM becoming very involved in the activities of each particular technical service. There are certain programs which would have a greater chance of success if one American could follow them closely. An example of this are the programs needed as a result of the 48,000,000\$VN Phan Rang irrigation project. Irrigation associations need to be formed and certain laws and rules established. Also, land reform and agriculture are programs that should complement the irrigation project.

The Navy Seabee team is continuing to do fine work in the province. They have contributed considerably to the reconstruction programs and are very well received by the local people.

There are three Taiwanese agricultural technicians in Ninh Thuan. They have selected two hamlets in which to place work emphasis. Aside from their usual work of demonstrating better cultural practices, they have developed a plan to make the farmers association effective at the village and hamlet level.

TUYEN DUC (14)

August 31, 1965

I. No significant changes occurred in the political situation during the month. Following the demonstrations in Hue, student leaders met with province authorities to discuss the situation. Student work camps and other province activities are believed to have made some students more aware of responsibilities. Rice shortages prompt criticism of the local and provincial administrators.

II. VC activities have remained about the same as in July. The friendly situation also remained about the same. All populated areas and all hamlets are under GVN control. Most contacts with VC were propaganda incidents.

III. The general economic situation improved as the Dalat-Saigon road opened in early August for heavy traffic. Rice and gasoline are in short supply and are still trucked from Nha Trang. There is unlimited movement of vegetables to Saigon by truck, which has stabilized prices and revived the province economy.

IV. A decrease in economic pressure lessened many of the negative psychological factors toward the GVN. Psywar activities and coordination among the several agencies concerned are improving. For example, a RF psywar company was organized, trained and became operational, a special campaign introduced the STAT operations to the involved hamlets, a target analysis sub-committee was set up to plan propaganda directed towards specific segments of the population, etc.

V. USOM Supported Programs -- Mobile action cadre, generally unsatisfactory, are under reorganization. Resettlement support of Montagnards is very effective, and self help increased in momentum as the economic situation improved and USOM materials arrived in province. Rural Affairs Ministry services programs progressed but additional cadre are needed. Public works and STAT teams are working on road projects, the hydrojet program halted because of lack of supplies and the draft of some drillers, twenty five teachers were graduated from the teacher training course. Money and some materials were released to begin the RR school construction. The rural health program remains weak and the preliminary line survey began for the rural electrification program.

August 31, 1965

QUANG DUC (15)

Route #14, the main arterial route into Quang Duc province, has been interdicted in Phuoc Long and Darlac Provinces, thus isolating that portion through Quang Duc. The province road east and southeast of Gia Nghia and the province road north to Duc Xuyen has had bridges destroyed, obstacles placed on roads, and in general is denied to constant mortar traffic. With the exception of the Duc Xuyen sub-district, food has been transported to the provincial people. In the case of Duc Xuyen, a road construction/repair convoy is being organized to be followed by a food convoy. During a briefing on August 28, Lt Gen Throckmorton indicated to the Province Chief that H-34 lifts would be utilized, if they were available, to relieve the food pressures in Duc Xuyen.

With this one exception, Gia Nghia and the districts have been adequately supplied with rice and other foodstuffs.

While the political orientation of the people has not been directed toward more support of the government, potential for negative reaction has been quite successfully averted. The Province Chief has continued his "savvy" political approach to the lowlander and highlander hamlets. Refugee numbers have decreased but certain hamlets show need for more prolonged support of some kind. Social Service, Agricultural Service and one District Chief in particular show a surprising willingness to maintain contact and interest in these hamlets.

Travel by large convoy is still the rule of thumb for any distance more than 10 to 15 kims. from Gia Nghia, though VC attacks by small harassing groups have diminished slightly since last month and dramatically since the peak in May. The military forces of the province have been increased by one Regional Force company of Hoa Hao, with two more scheduled to arrive. A potential political problem exists with the influx of the Hoa Hao's, although the Province Chief tends to regard them as ~~to~~ no different from other Regional Forces.

From an economic aspect the transport priorities are as follows: fuel diesel, rice and foodstuffs. External support, primarily air, has been excellent, and internal distribution is satisfactory, with the exception of Duc Xuyen sub-district.

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August 31, 1965

QUANG DUC (cont'd)

Absent from the market are beer, soft drinks, onions, and cooking oil. The goal of having two months supply of rice on hand has not been reached, although the opening of Route #21 from Nha Trang to BanMeThuot should alleviate some of the dealy.

The Province Chief has not exercised his command control over the Economic Chief. Despite successful measures taken by the former to get supplies of rice to the hamlets, he still has not succeeded in getting his economic service to ensure the meeting of lift aircraft with an adequate loading party and cargo protection from the elements.

Despite impressions to the contrary, security is not a problem in implementing USOM supported programs, Bulgur is in rapidly diminishing supply; cement is non-existent and the non-delivery of one-inch well pipe has halted two self-help projects. The most politically effective economic weapon remains food, but in a province so readily traveled, lack of materials is definitely hampering best efforts here.

## LAM DONG(16)

August 31, 1968

I. Political Situation: The general attitude of the population towards the central government continues to be apathetic. However, there are no indications of opposition to it from any religious or political groups within the province.

In the only political development, the province Chief, Lt. Col. Ngo Nhu Bich, formerly Province Chief of Tuyen Duc, may be seeking to form a personal political base. In numerous speeches to members of the military and the general populace, he has stated that they should not be concerned about the government in Saigon but should concentrate upon conditions in Lam Dong Province. Col. Bich has been Province Chief for only three months, during which period he has checked the rapid VC expansion which occurred in April and May and has restored public confidence in the ability of government forces to protect the provincial and district capitals. Because of the seriousness of security conditions when Col. Bich took office it is difficult to say to what extent he has been and is motivated by personal ambition.

### II. Security Condition and Trends

Stabilization continues to be the keynote with regard to security conditions. For the second consecutive month the government did not gain any territory but neither did it lose any. More important, the government appears to have convinced the general populace of their ability of defend the provincial and district capitals in the event of a VC attack.

During the month, most government military activities were directed toward keeping Route 20 open, and VC activities consisted mainly of minor harassments and propaganda incidents.

### III. Economic Conditions and Trends

A permanent span has replaced the bridge on Highway 20, which was destroyed by the VC in June. However, within a few days of the completion of the span the VC re-established a road block in Long Khanh Province where reportedly they tax vehicles at the rate of one half piaster per kilo for both the vehicle and cargo. It is estimated that they are able to collect VN 200,000\$ or more per day at this road block.

### Lam Dong (continued)

The results are that Lam Dong farmers receive less for their chief product, which is tea, as they must absorb part of the VC road tax and must pay more for all items shipped into the province. The VC tax is particularly oppressive for such items as corn, cement and kerosene. In addition, the VC occasionally confiscate parts of shipments.

### IV. Social/Psychological Situation and Trends

As previously stated, the general populace no longer appears concerned with the danger of a VC attack upon the provincial or district capitals. As the program for building of fortifications was completed, a garden program stressing the planting of secondary crops such as sweet potatos, manioc and corn, was established. The general enthusiastic support of the garden program apparently indicates a realization of the vulnerability of a one crop economy, such as tea, and the danger of the necessity to have to import almost all staple food items.

Presently the principal concern of the populace is the increase in prices and decrease in profits caused by the necessity to pay taxes at VC roadblocks in Long Khanh.

### V. USOM Supported Programs - Situation and Trends.

Lack of cement continues to hamper many USOM supported programs. Also, the lack of approval of the Rural Reconstruction budget and the absence of clear instructions from Saigon has hindered some of the programs.

On the brighter side, six new trucks were received and essential supplies for refugee support have been received by air.

August 31, 1965

BINH THUAN (17)

There were no significant changes in the overall political situation during August. The impact of the politics set forth at national level continue to be negligible at the grass roots level. The two main concerns of the people in the province continue to be! where the next bowl of rice will come from? and can the GVN protect me from the VC?

Possible political activity from the Chams is reflected by an agent who reported that a secret meeting was held by a group of Chams to discuss national autonomy for the Chams in Vietnam. The Province Chief had been forwarded of this possibility by the Ministry of Interior last month. It is suspected that the movement is being staged from Cambodia and that the Phan Ly Cham district chief may be involved. The report is unconfirmed and the Province Chief is taking active measures to determine if such a plot exists.

In general, popular support for the national cause appears to be gaining momentum. There has been a noticeable increase in the amount of voluntary intelligence, a considerable increase in Chieu Hoi ralliers, and an increase of the number of people moving from insecure to secure areas.

The security situation has improved; this is reflected by a downward trend of VC incidents, the opening of the railroad from Phan Thiet to Nha-Trang, and fewer incidents of road interdiction by VC. This improved security is, based on a more aggressive and offensive posture of province, plus the side effects gained from almost daily air strikes into VC "safe areas".

The prov rep does not feel that province has followed up properly on its successes as it have failed miserably in expanding the present "oil spot" out of the eight islands of resistance. The province has the potential; - the problem is to get them moving.

Economic situation: CARE signed the first of a series of contracts with the nuoc mam manufacturers. This represents over a quarter of a million piasters to the nuoc mam industry during the month. Ultimately, contracts will be made for the delivery of 130,000 liters each month to CARE.

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BINH THUAN (cont'd)

Province, through its own efforts, has been successful in bringing in on small junks over 600 tons of rice plus other needed commodities. This sudden impetus to the receipt of commodities by sea has resulted in a stabilization of prices, with a downward trend noted in the price of rice. As an example, the best grade of rice on the black market last month sold for 32\$ per kilo; in August, it sold for 20\$ per kilo.

Another significant economic trend has been noted in the boat-building industry in Phan Thiet. In the past month three new 20-40 ton boats were launched, and currently six boats of the same tonnage are being constructed and 14 are under going repair. It is believed that USOM/Nhatrang's contract with the Phan Thiet Fishery Cooperative has provided impetus to this construction.

Social work this month has been primarily conducted with the 347 refugee families. The province Social Welfare office is doing a satisfactory job in providing necessary aid. One refugee area of 36 families is extremely well laid out and is a model layout for refugee housing.

A significant psychological trend was noted in the return of 9 of the 14 Chieu Hoi's this month. These nine report that they were influenced to return through the efforts of the returnees working with the Psy-War teams. These returnees worked through the VC families and used letters of personal appeal to those acquaintances they knew with the VC. This program can be expanded, but province is quite reluctant to provide funds. Hopefully, program can be continued by supporting the returnees doing this work through the issue of bul-gar and cooking oil.

Mobile Action Cadres are once again undergoing a reorganization phase with quality instead of quantity of cadre being the theme.

Rural Reconstruction reflected a modest improvement with 24 NLH classrooms under construction, 10 funded self-help projects started, and the positioning of materials for the roads and bridges program. The prov rep still considers the overall program as unsatisfactory.

August 31, 1965

BINH TUY (18)

Political situation: The political situation in the immediate area of Binh Tuy is slowly deteriorating. The Province Chief has failed to meet his people. He uses his Deputy for Security to represent him in most occasions. His Deputy for Security is "a strong arm" type of individual who uses no tact in dealing with service chiefs and private contractors.

Security situation: The 51st Ranger Battalion has left the area and has been replaced by an infantry battalion at the Province Chief's request. The Ranger Battalion had been shabbily handled prior to coming to the province and manifested their contempt for all authority by stealing, drunkenness, and most unsoldierly behavior.

Highway I from Saigon to Binh Tuy remained open until August 26. The VC had two known tax points in Binh Tuy province but the Province Chief was lax in using the Ranger Battalion to clear them out.

This month the US military have conducted numerous airstrikes, and have been most effective in destroying known VC targets. Some of the local citizens are under the impression this is an "American war" and the local GVN authorities can sit back as spectators. The prov rep continually stress to the Province Chief that he MUST take a more active part in this war, but to date no success !!

Economic situation: On 29 August, the VC blew up three bridges on National Route #1. This stopped all traffic and import and export business into the province. Few fishermen may take their catches to Vung Tau, but most are idle because of the lack of fuel. Forest products, such as lumber, fire-wood, charcoal, etc., are immovable. The complete economic standstill, in addition to the already critical rice shortage, will have serious consequences unless Route #1 can be reopened in the near future.

The District Chief of Tanh Linh estimates that his supply of rice will last 2 months of bulgur is issued with the rice ration. The USOM prov rep and MACV sector advisor have repeatedly asked the Province Chief to request two H-34's to transport part of the present supply, but there has been adequate response to the suggestions.

Social/Psychological: The PsyOps Committee is not functioning. The PsyWar office of sector has had leaflet drops and loud speaker chopper broadcast, which have been somewhat effective. The VIS office published a local newsletter booklet but most of the news was from Saigon and not of Binh Tuy problems and part it is playing in the war.

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August 31, 1965

BINH TUY (cont'd)

The VC instigated two demonstrations this month in Tanh Linh district but through the ingenuity of the District Chief, one demonstration was changed into an anti-VC demonstration.

USOM supported programs: Most programs under way will have to be stopped unless cement can be delivered without delay. The use of fibro cement in some projects is not practical in that roofing will have to be chopper transported, and breakage of inordinate amounts is anticipated.

August 31, 1965

LONG KHANH (19)

Even though the VC have increased their propaganda efforts through well organized political cadre, on a whole there have been no indications of ill-will towards the government or the Americans. These VC cadre incite the people living in insecure hamlets to demonstrate, asking the GVN not to use artillery and to permit them to buy rice.

The security situation is more favorable than last month. Road communication to hamlets has remained the same as last month. The VC still continue their harassments of hamlets. Several grenades were launched into Bao Thi hamlet and all the medical supplies were taken from another hamlet, Suoi Tre, located in An Loc village. There were no GVN casualties.

During the month 1,494 tons of rice were received in the province to be sold to hamlet people. 1,000 hectares of floating rice and 6,000 hectares of upland rice are being cultivated in the Province.

In August, 100,000 leaflets were dropped throughout the province. One VC defector found his way to the Chieu Hoi Center. Three movie projectors were issued to VIS stations and ARVN units. The VIS is showing propaganda and entertainment films daily.

The VIS has established a "Committee to support the Military to offer encouragement to soldiers and gifts and entertainment to their families.

The Deputy Chief of Administration still refuses to approve or release funds for the various provincial development projects requested. He continues with the usual line that Saigon may refuse to approve such request because of possible differences in interpretation of the guidelines that have been issued. As a result, no progress can be made on any of these proposed projects.

August 31, 1965

PHUOC LONG (21)

Morale and willingness of the people to continue the conflict continued to improve during the month. The efforts of the province chief to improve provincial administration and make it more responsive to the needs of the people are meeting with some success.

Reports continue to indicate that the VC will again attack Song Be or Dong Xoai in the near future. VC local forces have continued to harass friendly units and outposts. It is difficult to determine the total number of VC in the province as there is a constant movement of units through the province to War Zone D and War Zone C.

The economic situation is worse than it was last month. All the roads to Saigon are closed. Rice and fuel continue to arrive in Song Be <sup>by</sup> air, so there is no critical shortage at this time. The few merchants who dare to bring in commodities by road run the risk of being captured or highly taxed. They have to transfer their goods from one truck to another at every river because all the bridges were blown by the VC last month.

A psywar company from Fifth Division gave five performances at the provincial conference hall. The audience included soldiers, their dependents, and other civilians. It was an excellent presentation and the province representative recommends that this be done more often.

USOM supported projects under way are few in number. This is mainly because of the security situation but it is also due to the lack of cement and the availability of aircraft.

August 31, 1965

BINH LONG (22)

There have been no apparent political problems during the month. The local government has publicized the policy of the central government thereby the people more confidence in their government. Morale of the population is high.

Vietcong activities have decreased probably, because of the continuing military operations. Security in the province capital is considered good. During the month thirty Quy Chanh returned to the GVN side.

Prices of food are now firm, although they are still a higher than usual due to the increase in freight costs and the difficulty of transporting food from Saigon. The province received 666 tons of rice from Saigon through a military convoy. Sixteen tons of this rice were stolen by the VC and four tons were destroyed by mines. With this rice supply, the province was able to return the quantity of rice which had been borrowed from French rubber plantations during the past month to meet needs of the province. The quantity of rice paid back to the plantations consisted of 91 tons to the Loc Ninh plantation and 204 tons to the Quan Loi plantation. The balance, 271 tons of rice, will be sufficient for the needs of the province for only one month.

The Provincial Social Welfare Team found jobs 239 refugees from communism during the month. The Psychological Warfare Team of Binh Long province has increased its activities in counter-propaganda against the VC propaganda.

USOM school construction in Binh Tay, Hung Chien, Loi An and Thu Bon hamlets has been completed. These schools were constructed by the villagers themselves under the supervision of the Deputy Province Chief, and more is in progress. The finished product is an improvement over that produced by contractors in the province. Floors, walls, etc.- are of excellent texture, and the buildings looked very good. Each school used 42 bags of cement and 71 sheets of roofing. The 1964 contractors received 71 bags of cement and 89 sheets of aluminum roofing for each school built. An inspection indicates that more cement has been used in constructing each of the 65 school buildings than was used on the 64 buildings. It is planned to use the excess and roofing for the construction of latrines and playgrounds for each school.

August 31, 1965

BINH DUONG (23)

Binh Duong is in the process of many personnel changes within the province--the province chief, the deputy for administration, chief of Public Works and others at lower levels. There were also changes on the military side. The situation in Phu Giao District showed considerable improvement as government services were re-established and the flight of people from the area ceased.

Other than Chau Thanh in Lai Thieu district, travel to the other four districts can be made by air only. In Phu Giao itself, there is little mobility outside the district capital. In ThuDauMot, the provincial headquarters building was shaken by a plastic bomb which was planted inside during office hours. The bomb flew out one side of the building. Other VC activity during the reporting period was characterized by acts of terrorism, harassment of GVN posts, installations, and troops, and interdiction for short periods of lines of communications.

Prices are still high. Commercial traffic has little trouble getting as far as Ben Cat and there is regular bus service to Phu Hoa Dong. Local industry, mainly pottery works, seem to be moving ahead. Charcoal manufacturers are suffering from a shortage of good which normally comes from Binh Long province. The poles for electricity from Saigon are almost all in place. The project could possibly be finished next month and will be a great psychological as well as commercial boon to the populace. The new water supply system is also progressing. The convoy to Phuoc Binh in Phu Giao district gave a great boost to the economy there.

Only 384 refugees remain in the area, living at the three pagodas in ThuDauMot. They are having difficulty finding work, their children are not in school, and the local government is not reacting. The refugees here were handled poorly from the beginning and it is unlikely that the GVN won any friends among them. On the part of the GVN, it should be mentioned that local government was initially informed that Phuoc Long province (where the refugees originated) was making arrangements to transport the refugees back to Dong Xoai and that Binh Duong should not proceed to the second phase of refugee support. No action has been taken and the refugees remain in the middle.

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**BINH DUONG (cont'd)**

As far as the psywar effort is concerned, very few people are being reached in the province even in the secure areas. VIS cadre are few in number and the local bi-monthly newspaper has very limited distribution. Previously initiated USOM supported programs are continuing but very little new activity is under way. With the changes in provincial personnel, it may be some time before any other progress can be reported.

August 31, 1965

TAY NINH (24)

During this period, there was no marked change in the political situation, though there were certain subtle indication of an improvement. For one thing, the new Province Chief, Major Trung, appears to be gaining ground in his effort to win over the Cao Dai clergy; because of this, he exudes a new confidence in his ability to govern and seems a good deal surer of himself and his position. Five members of the Cao Dai elite were present at a reception given at his home in honor of the newly-arrived Filipino team; this was in contrast to previous social occasions when these men were conspicuous by their absence. A very cordial relationship, one in which views may be exchanged with great candor, exists between USOM/Tay Ninh and the new Province Chief; this is equally true of rapport with his Deputy, Mr. Nhon. Both are extremely able men and both are obviously dedicated to the eradication of the Viet Cong and VC influence in this province.

Major Trung is determined to run a tight shop, and many of the ideas which he intends to implement to the detriment of the communists and to improve the security and economic situation in the province reflect an agile and original mind, perhaps at its best in matters pertaining to strategy and tactics for provincial pacification. He appears to know his adversary well, and will exploit the latter's weaknesses with great success once he has won the wholehearted support of the Cao Dai. Mr. Nhon is one of the ablest public administrators which this country has ever produced. Both he and the Major are known to General Lansdale, whom they hold in the highest esteem.

There is no significant change in the security situation. Travel to Long Hoa during daylight hours is entirely safe, and the main highways leading from Tay Ninh City to the districts may be safely negotiated, by and large, throughout the day, provided, of course, that they have been previously cleared. However, the Special Forces' pacification effort is beginning to reach further into areas on which the Viet Cong hold was formerly very strong; recently, one of their sub-sector advisors inquired whether or not a school might be built in one such hamlet where, despite the presence--or at least close proximately--of the Viet Cong forces, the population is strangely, and encouragingly, pro-GVN.

August 31, 1965

HAU NGHIA (25)

The only overt political activity noted consisted of several demonstrations by civilians against bombing and artillery attacks. The most significant demonstration occurred on 30 July involved an estimated 460 women in several locations (Hiep Hoa, La Cua, Tan My), obviously an organized effort. No religious conflicts or demonstrations of an anti-U. S. nature occurred. The Province Chief is more dissatisfied than ever at his relations with higher headquarters, having received a written reprimand after objecting to his S-2 being given punishment for not complying with an intelligence order that came in while the S-2 was on a three-day pass. (Sector C/S had authorized pass and appointed replacement, but a non-com failed to pass the message to the replacement). The Province Chief appears to now concentrate efforts on ceremonies.

Although there were no large-scale VC attacks during the period, a multiplicity of minings, harassments, ambushes, and assassinations resulted in 36 friendly KIA, and the loss of 30 weapons. Only 6 VC reported KIA by the Sector. Five hamlet chiefs or deputies were kidnapped during the period, and the provincial capital was several times blocked off with mined road blocks and bridge blowings. A number of road blocks and minings took place near PF posts (within small arms range) and at least one mining was found to have occurred under the supervision of a PF commander. Overall, no improvement was noted.

There has been a concentrated effort on the part of provincial officials to keep the price of rice at a pegged level of 812\$. Accordingly, rice is selling for less than last month, but is in short supply throughout the province, as people either withhold it from market or sell it outside of controlled areas where it brings a price of 950\$ to 1,000\$. Continued sub-normal rainfall is creating a requirement for much replanting of rice, and creating a worm problem. The fall harvest will be affected, possibly up to 30%. NACO loans continue to be limited, with only 108 in August totaling 260,000\$

over/....

HAU NGHIA (cont'd)

Past due NACO loans total 5,941,824\$, and there is an additional outstanding amount of 2,538,588\$ that is not yet due. A total of 88,680\$ was collected during the period. Rice exports dropped from 10,000 kgs in July to 2,350 kgs in August. Export of pigs, on the other hand, was 2312,400 more than in July. Resources control operations deteriorated.

Although only 5.7 million piasters have thus far been spent, an additional 2 million in obligations have occurred, but not yet been paid. For example, over 930,000 piastres of the 1 million advance fund have been issued as advances to district chiefs for schools, self-help etc., but not yet recorded as expenditures. It is anticipated that the new Deputy for Administration will exercise more initiative than the old one in getting the fund used.

The most significant accomplishment during the month was the processing and allocation of 43 MILCAP requests (the first processed in Hau Nghia), and the approval and allocation of all first quarter MILCAP funds. Actual distribution of funds is scheduled for 3 September, when a ceremony will be held at Trang Bang to distribute the first 150,000\$.

Four children with hare-lips were operated on in Tay Ninh and returned to their homes. The 38th Ranger Battalion used 100 bags of USOM cement to improve by cement capping 12 wells in the vicinity of Duc Lap. This constituted the first real military civic action by this battalion in this vicinity and resulted in greatly improved relations. VIS activities received a real shot in the arm when the first issue of a provincial newspaper was published and distributed. A loudspeaker chopper was used to broadcast within Cu-Chi District that specific areas of the district were now "free bombing zones" and the people were instructed to "come into the New Life Hamlets". The idiocy of this approach is demonstrated by the large number of refugee families who have previously responded to such an appeal only to end up without any assistance from the government. (Only 219 out of 1,441 refugee families have even received a relocation allowance.)

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HAU NGHIA (cont'd)

The hamlet school program is achieving satisfactory progress with all of its new group of teacher (65) having completed their training program, and with 14 classrooms completed and 22 more started. Self-Help projects have now been documented, 150,000\$ advanced to the district chiefs, and USOM supplies issued to each district. Actual construction will probably not start until after the schools are completed in late September or October due to limited resources (personnel-wise) in each district. Food distribution continues to be the most effective government-to-people activity in Hua Nghia with over 6,000 individual issues made during the month. The magnitude of this effort can be appreciated by recognizing that this represents over 50 truckloads, all of which was brought from Saigon by Provincial trucks, and in turn distributed to districts which average over 25 KM's each from the provincial capital.

General: a) Visitors - Messrs Fred O'Neill, Kline, and Pearcy of USOM visited the provincial capital during the period. Messrs. Sutherland and Peebles of the Australian Engineers visited on 27 August. USIS & PSD Advisors assigned to the province each spent several days here. All visits coordinated in advance.

b) Summary of Assistance Needed by Higher Hdqrs -

- (1) Education Chief continues to request a vehicle. He has been informed it is promised for October. USOM vehicle loaned to on request.
- (2) Chieu Hoi Chief has request in to former ministry for vehicle, a tape recorder, audio-visual equipment, and a typewriter.
- (3) Followup with Major Loc of the General Rural Reconstruction Directorate on the pay of four mobile administrative cadres who have worked three months without pay. (Dang Van Thang, Nguyen Thi Ranh, Tran Thi Mang, and Nguyen Thi Kim Chi). Also check on Request # 1122, 18 August 65, asking for a 20% increase in price authorized to pay for construction materials.
- (4) The Chief of Agriculture continues to ask assistance in getting a crop protection cadre assigned. He knows this has been brought to your attention, but believes the grasshopper invasion justifies special consideration.

August 31, 1965

GIA DINH (26)

Political stability continues in Gia Dinh. The province chief and his staff have been getting out to the districts and villages. Everywhere he goes he gathers the people to talk about their government and to explain his duties and obligations, and to express the government's intention to assist the people. These efforts have been well received.

The security situation has deteriorated somewhat. Attacks in Binh Chanh have put pressure on regular, Regional and Popular Forces. The VC appear to be applying pressure from the direction of Long An province. Continual ambushes by the VC of government troops is resulting in a lowered of troop morale.

The price of rice dropped during the month and the present price is lower than the official GVN price. Gia Dinh purchased 2,200 tons of rice from the Ministry of Economics. There were 16 economic violations during the month resulting in fines totaling 31,700\$VN. This amount was transferred to the provincial social welfare fund to be used to assist wounded and disabled soldiers, families of deceased, and the poor. Psywar activities in the province center around an explanation of the resources control program and the denunciation of profiteering and speculating.

USOM support programs are continuing throughout the province. The education program is proceeding quite well although there are problems related to the construction of new schools. The 97 classrooms contracted for previously are now 75% completed. The 75 classrooms of the 1965 program have not been contracted for because of the high construction costs in the Saigon area. The draft took 17 teachers but 185 new teachers are in training and will be operating in their new classes in September.

BIEN HOA (27)

August 31, 1965

There have been no significant changes in the overall political situation during this reporting period. However, two district chiefs were changed and a third change is expected in the near future. The mortality rate of district chiefs in this province has been high during the past few months.

On the night of 13 August an armed (but not ignited) explosive device was discovered next to a wall of the USOM Provincial Representative's residence. An examination of the detonating mechanism indicated a high degree of technical competence.

At approximately 2400 hours on 23 August the VC launched a 15 minute attack against the Bien Hoa Air Base. An estimated 141 rounds of 82mm mortar and 75mm shells were fired which slightly damaged 45 aircraft and wounded or caused injury to 36 military personnel. At 0300, 24 August another VC attack was made against Tan Ba Hamlet, which is across the Dong Nai River east of the Air Base. Fourteen 82mm rounds caused injury to three civilians. Later, at 0300 on 24 August the VC attacked the 46th ARVN Infantry Regiment, which is stationed at the district town of Tan Uyen. An estimated 41-50 rounds of 82mm and 75mm were fired which resulted in 9 KIA, 15 WIA seriously and 17 WIA slightly. These three heavy attacks came without warning and were carefully planned and well executed. Only by the greatest luck did Bien Hoa Airbase escape being heavily damaged. There were no secondary explosions and in plotting where the shells landed it was amazing to note that they walked right down the runway. A small amount of deflection either way would have brought fire onto the plane parking areas with probably devastating results. It is the opinion of the province representative that attacks of this nature can (and possibly will) happen again due to the fact that defense in depth from the northwest to the northeast across the Dong Nai River simply does not exist.

The price of good grade rice has dropped from 15\$VN per kilo to 13\$VN. Poor grades dropped from 9\$VN to 7\$VN per kilo. Charcoal has advanced from 5 to 8\$VN per kilo. The price of pork remains high but fish and vegetables have dropped somewhat. Housing is still in short supply and rents are exorbitant. Construction materials and building materials are on the average about 30% higher than three months ago. Contractors are asking 65,000 to 70,000\$VN for a classroom and furniture this year as opposed to 50,000\$VN in 1964. Consequently our classroom construction program is not yet off the ground. Laborers are becoming scarce and demanding higher wages or piece work. Electricians, plumbers, masons and carpenters are hard to find and charge double the rates of 1964 for shoddy, substandard work.

Under the guidance of USOM/PWD, a rural electrification co-operative is being formed in the Ho Nai - Trang Bom village area of Duc Tu District. This co-op is one of three in Vietnam that is being sponsored by USOM at the direction of President Johnson. It will serve better than 40,000 people at a cost of approximately \$750,000. Two meetings have been held to date, a Founding Committee appointed by the Province Chief, and a temporary Board of Directors elected by the Founding Committee. Members of the co-op are now being signed up by the Founding Committee. Needless to say, this program is generating tremendous enthusiasm and support.

Private contractors have now reached the point where they are either unable or unwilling to haul commodities and it has been necessary for province to organize truck convoys to do this vital job. A new warehouse has been completed but cannot be used due to the lack of access roads and hardstands. Funds were made available by the committee representing the Central Rural Reconstruction Council on 6 July for this purpose but to date have not been released.

Thirteen additional self-help projects have been approved making a total of sixty funded and seven unfunded projects and eleven more ready for approval. However, due to internal problems in the province finance office, some funds have not been released. It seems that the new finance chief is adamant in his stand that self-help projects must be completed before money can be made available, which is, of course, contrary to the basic self-help concept. The Province Chief has transferred fiscal responsibility for self-help to the New Life Hamlet Section and it is now expected that funds will be made available in the very near future.

New Life Hamlet teacher salaries remain at the incredibly low figure of 1400\$VN per month. Although salaries were raised from 600\$VN to 1400\$VN in January of this year, the figure is still much too low to attract reasonably competent and dedicated personnel. The present situation is bad enough, but if projected 15 years hence, at the rate we are going the ultimate result can be none other than a generation of illiterate, untutored, undisciplined, unpatriotic and indifferent citizens who will contribute little or nothing to the future progress of Vietnam. It is strongly recommended that immediate action be taken at the very highest US/GVN levels to realistically re-evaluate the educational systems and institutions in this country with the objective of at least raising standards to the point where illiteracy is eliminated and higher learning made available to those who so desire and qualify. If funds are not available then a portion of GVN defense, agriculture, public works, public works, public health, etc. budgets might possibly be used.

August 31, 1965

VUNG TAU (28A)

The political situation in Vung Tau remains stable. The only personnel change was the replacement of the police chief. The security situation remains excellent. The temporary inflation caused by the closing of Vung Tau - Saigon Route 15 has been ameliorated since its reopening. The loss of revenue provided by tourism, the traditional mainstay of the Vung Tau economy, is being supplanted by the expenditures of the large number of American servicemen. The heavy construction demands of USOM and the military have created general prosperity. The psychological climate has improved as a result of the high employment rate and the increasing show of military strength in the area. The number and range of USOM supported programs has remained relatively low. Of the twenty classrooms authorized, ten are presently under construction; six should be completed by September. Twenty-three hamlet school teachers were authorized and all have been trained. So far in 1965, 2,000 textbooks have been delivered and distributed.

PHUOC TUY (28)

The political situation has stable. No changes or rumors of change in political personnel have occurred.

The security of the area has improved. A large operation and several smaller successes have caused a reduction in VC activities. The scale of VC adventures has also been reduced and there is less tension in the air.

The spurt of inflation caused by the closing of Route 15 to Saigon has subsided with its reopening. Rice continues to be the only item that is unexpectedly high.

There is increasing uncertainty about the inevitability of the VC winning the war.

USOM activities are increasing as the Rural Reconstruction budget begins to be implemented.

August 31, 1965

GO CONG (29)

Political situation: The attitude of people in constructed/under construction areas continued to evince improvement to some degree in favor of GVN. Indicators of this improvement are: 1) more frequent and widely spread friendly response to salutations and more willingness to discuss problems and aspirations frankly; 2) increased contact by people with rural Govt.; 3) increased Quy Chanh rate; and 4) increased flow of information from civilians of VC activity. In addition, information from civilians living in VC-dominated areas has increased. It is believed that effectiveness of government political efforts through increased response of administration to peoples' requirements/aspirations, increased and more effective social/warfare/psywar-information activities steady advancement and execution of economic programs to benefit the people, and further extension of district/village government with physical establishment of Go Cong's 4th district (Hoa Binh). In addition, there was a perceptible improvement of village/hamlet government -- 50 village/hamlet officials completed a three-week training program as part of continuing training for such officials as new hamlets are constructed and on-the-spot village/hamlet administration is reconstituted simultaneously geographical expansion of the province construction program. There has been a definite improvement of working/coordinating relations between all elements of government, administration, military, construction cadre, etc. - or a more pulling together of Government forces of all types, which has further enhanced political climate in province. Since inception of rural construction in Go-Cong gains in favor of Govt. in all areas connected with politics have shown steady progress.

Security situation: VC military activity was relatively quiet during the period and somewhat less than the previous month. During August Government military forces definitely had the initiative over the VC and kept them off-balance. No definite trend is discernible, but the Government extended its geographical and population control thus improving the security situation to some degree.

Economic situation: Prices appear to have more or less stabilized, at least for the moment. There is a shortage of imported fruits and vegetables due to outside security situation but has not significantly affected the welfare of the people. Basic commodities and necessities are plentiful. Commercial enterprises doing well and growth is anticipated as more area comes under GVN control (e.g., establishment of 4th district). Rains finally arrived and rice is being planted. It is not certain to what extent the earlier drought will affect coming rice crop production; however, it did cause a decrease in fertilizer purchases. Building construction activity is at a low ebb due to rainy season, but this is a normal occurrence.

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GO CONG (cont'd)

On balance, the economic picture remains basically the same and, comparatively speaking, reasonably sound. One disturbing factor in economic development has been the cessation on construction of Cho Gao - Hoa Dong canal due to lack of sufficient security in the Dinh Tuong province portion (the Go Cong portion is over 80% completed). The canal is more than 50% completed and will be a psychological/economic setback for the GVN if allowed to be suspended. The problem will providing adequate twenty-four hour security has been sent to highest levels for solution.

Social/Psychological situation: There have been small but steady social and psychological gains. Social welfare activity increased during month and this fact, together with continued construction of social institution (schools, water cistern, etc.) has had increased favorable impact on people. Social and psychological trends are in favor of the GVN for the moment.

USOM supported programs: The prov rep rates USOM supported programs as unsatisfactory in respect to the amount of progress in each. Ministry and rural construction programs which fall in this category are: 1) rural health; 2) youth and sports; 3) NACO; 4) public administration; 5) public works; 6) police, in photographic field of effort; 7) fishery; 8) irrigation; 9) psy-war and information; 10) cadre program.

August 31, 1965

LONG AN (30)

The Provincial Council, which was elected on May 30, 1965, is functioning in an advisory capacity to the province chief. They have had two formal meetings of approximately one week duration each, since having been elected and inaugurated. While it is doubtful that they are accomplishing anything of great significance, their existence is considered a fruitful experiment in democracy at the rural level. The province chief has made a special effort to utilize this council as best as may be appropriate and to give dignity to their presence and existence in the public image. Public opinion concerning the current Saigon Government appears to be one of acceptance and cautious optimism. The rural population is so accustomed to governmental changes in Saigon that they do not express a great deal of concern regarding the stability and probable future of one government as compared to any other. Political parties, religious, and other minority groups have not been a factor of political significance in Long An province.

The security situation has not changed significantly during the month of August. The roads to all six district towns are open and frequently traveled by the USOM provincial representative without escort. The normal amount of minings, sniper fire, and roadblocks have prevailed, and three bridges were seriously damaged by hostile action during the month. In each instance, appropriate action was taken by local officials, and traffic was moving again after minimal interruptions. One hamlet chief was murdered during the early morning hours of August 16. This hamlet is only a short distance from the province capitol city of Tan An, and may be an indication that the VC plan to resort more to terrorist activities, as their larger unit operations can be considered to have been taking a beating during recent weeks. The increased use of US air power is considered to have made a significant impact upon Viet Cong movements and operations.

Harvesting of the early rice crop has begun. Initial indications are that yields are quite good. However, it is too early yet, to draw up any conclusions as to the ultimate outcome of this year's crop. The rains, which had abated significantly during the month of July, have come anew, and in areas where rice had not yet been planted, or where the shoots had died in the paddy fields, planting and replanting are taking place. The possibility of a good and productive rice growing season is still considered good, since only about 25% of paddy land available is suitable for double cropping.

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## LONG AN (cont'd)

The new irrigation canals in the vicinity of Khanh Hau Village are expected to have a major impact on the economy of the province once vegetable crops become productive. These canals were completed during the month of August and will provide water suitable for irrigation on a year-round basis. This will be a convenience which the farmers of Long An have not previously enjoyed. The milling of paddy continues in the various mills of the province. There are indications that rice is moving from the province to Saigon in slightly larger quantities. The retail price of rice continues to be rather stable, and is somewhat above those price ceilings established by the government. Indications are that the VC are once more intensifying their taxation efforts. One lady, who recently moved into the province capital from a rural area, stated that she had previously owned ten hectares, of which the VC had taken eight away from her. They recently demanded that she pay ten thousand piasters each, on her two remaining hectares of land/inland tax. Out of despair and desperation, she left her land and moved to the city. This is only one of several such instances observed.

Long An is still experiencing a refugee problem of some small proportions. An estimated five thousand persons from the fringes of the Plain of Reeds continue to come into the areas of the district towns of Ben Luc and Thu Thua. This situation is being carefully observed as to future possible trends or developments. At the moment, it is not considered to be a problem of major concern. It is generally considered by the local population contacted that the war may come to a satisfactory conclusion earlier than previously estimated, short of large scale Red Chinese intervention. The latter possibility is being observed with a great deal of apprehension.

USOM supported programs continue to be enthusiastically accepted and supported. The most significant difficulty, as regards any single program, is in getting the 1965 school classroom construction program going. The province has requested permission from Saigon to switch some of the funds available in the pacification budget over to the education program, thus enabling them to meet the contractor cost estimates which have twice been taken through competitive bids. To date, no approval has been received.

August 31, 1965

KIEN TUONG (31)

There continues to be no real evidence of concrete political activity in the province. In Tuyen Nhon District, where CIDG Forces have recently occupied new territory with a large Cao Dai minority, some activity from this group is expected in the future. The Province Chief seems to have a great deal of interest in the welfare of the Cao Dai while he claims he himself is not a member. However, there have been implications in the past that he may have some ties with this sect.

The Provincial Council's duties have yet to be determined and more detailed clarification of their responsibilities is necessary. They do, however, participate in all province meetings.

The security situation continues to be mixed. Three districts still show signs of improvement, one to the point where Kien Tuong province will be faced with the problem of picking up new hamlets cleared by CIDG when it does not have adequate troops to cover what is already in GVN areas.

The situation in KienBinh District continues to deteriorate; on the night of August 28th, well-coordinated attacks along the La Grange canal were launched by the VC. Two outposts on the canal were overrun, as well as four hamlets. Three other hamlets were mortared and a bridge on Route #29 between Moc Hoa and the district town was blown. The posts suffered heavy losses in both men and arms.

The situation had been reported in both previous monthly reports and particularly in the joint USOM/MACV reports, as much as two months ago. On August 16th, the Sector Advisor and the USOM Representative had a lengthy meeting with the Province Chief and key provincial officials regarding the seriousness of the situation in this area. The province responded by sending more troops into the area, but that was about all that was done and the troops did not stay long enough. It must be remembered, though, that while troop strength in the province has increased, it has been an increase in CIDG forces, who are not under the command of the Province Chief.

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## KIEN TUONG (cont'd)

Since these missions are border surveillance and interdictions, they do not operate in Kien Binh District, the only district without a Cambodian border. The province did not have available sufficient troops to cover the La Grange canal.

While the province takes the brunt of the blame for letting these hamlets be overrun, 7th Division must share in responsibility.

During August, 7th Division had two operations in Kien Tuong Province. Both were directed against VC logistical bases, and, in light of that limited objective, were successful. However, neither operation was coordinated with the province. After the troops had arrived, the sector was informed of the operation. It was hoped that the operation would be south of the La Grange canal, a strong VC area, but instead the objectives were logistical bases in the Plain of Reeds. Both operations were successful as raids, but very little contact was made during either operation. Division had been made aware of the deterioration on the La Grange canal but made no effort to help the province. After the attacks, Division sent in troops a futile gesture at best. While Division had displayed massive air support, armored personnel carriers, helicopters, etc., on its two raids in Province, the first operation in over eight months, their overall effect on the population was nil as compared to the setbacks inflicted by the VC on the night of the 28th.

The economic situation reflects the security situation in that increased free movement in three districts has helped the flow of goods in these areas and restricted economic activity in the fourth. Private investment capital is being actively used in Moc Hoa. New homes are being built. River traffic has increased.

The general psychological in the province attitude had been favorable, but it is felt that the devastating attacks in Kien Binh will cause a setback.

Continued need for approvals at the ministry level are slowing down programs in the province. Also the scarcity of building materials and artificial price ceilings imposed by the ministries are hindering progress in USOM/supported programs.

August 31, 1965

KIEN PHONG (32)

The political situation remains unchanged. The Provincial Council is functioning such as the old council did, contributing ideas to and support for the Province Chiefs Programs. Some recommendations made by the council regarding new school construction showed that the council has no conception of the plan for rural construction and pacification. It has been recommended that the council be given a briefing on the concepts of pacification and rural construction so that they may make their recommendations based on a sound understanding of the province programs.

The security situation remains about the same, with some increase in VC activity at the end of month. Three bridges were destroyed and several posts overrun during the month, however, this has not yet reduced the overall province security situation. The main provincial road north to Hong Ngu (60 km) remains open for traffic.

Economic situation: The rice situation seems to have improved as a result of the increase in official prices, and there has been a small increase in the amount of rice exported. Prices for and are \$140-145 M3, stone (medium size) \$430 M3 cement (Taiwan) \$125 bag, rebar 12mm \$75VN per bar, 10mm \$110 per bar, canned milk \$20VN can, lumber 1-5 meter length \$7,000 M3 over 5 meter length \$7,500 M3.

USOM supported programs: USOM supported programs continue to move well. Fifty seven Self-Help projects were formally completed this month 19 in Cao Lanh District 34 in Thanh Binh "District and 4 in Kien Van District. Projects consisted of 22 bridges, 21 schools, 1 electrification system, 10 matenities and 3 markets. The contractor for the 7 rural electrification program projects has arrived in province and started constructed of systems in An Phong and Tan Binh District. This program was approved in April 1964 and is just beginning.

August 31, 1965

DINH TUONG (33)

Political Situation: The month of August passed without any event of major political significance. The moribund Provincial Council, whose demise was reported in July, gave a reception at the Provincial Palace on August 14. Apart from this and the inauguration ceremony, the Council has done nothing since its inception. The president of the Council, who is also the local president of the Confederation of Vietnamese Workers (Tong Lien Doan Lao Cong Viet Nam), has stated that the Council has been limited to a ceremonial and has little hope of functioning while the government maintains its present attitude. This he feels is a great loss as the Council provides the government its only intermediary contact with the population.

Provincial and 7th Division authorities viewed the anniversary of ARVN independence with considerable trepidation and anticipated an increased Viet Cong political and military onslaught. As a result security precautions were increased. Save for one terrorist arrested on August 18, the Viet Cong made no showing on the appointed day and the political climate in My Tho has returned to normal.

From reports of people in the hamlets surrounding My Tho there is some indication of increased Viet Cong propaganda activity during the month. Also the number of threats to hamlet and village officials appears to have increased. This activity, in addition to several incidents in recent months on the main arteries leading to My Tho, explains in part the eagerness of the province and the 7th Division to construct a secure zone around the town.

Security situation: The major change in the security situation affecting USOM during the month was the announcement on August 19 by the Province Chief, in full session of all service chiefs, that a new pacification plan would be implemented as soon as possible. The plan, prepared by Seventh Division and province, will last three and one half months and seeks to construct or reconstruct twelve hamlets surrounding My Tho. Ten hamlets will be under the operational responsibility of the Chau Thanh capital district and two directly under the Seventh Division. About 165 cadres will be mobilized in the endeavor. Seven hamlets will be constructed in the first two months and five in the second phase. USOM has yet to be contacted concerning commodity support required to implement this program.

While there was a slight increase in VC incidents during the month, there was no increase in the intensity of the VC campaign. Minor harassments of Popular Forces outposts, new refugee camps, and roadblocks made up the majority of incidents.

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August 31, 1965

## DINH TUONG (Cont'd)

A special command post in Giao Duc district was set up after the destruction of bridges of Route #4 at the end of July. This command post provided more effective control of forces in the western portion of the sector. Several minor ARVN operations took place in Giao Duc but only one division-size manoeuver took place. This action on the border of Cho Gao district and Go Cong province netted five Viet Cong killed, three wounded, and a cache of communist bloc weapons.

Economic situation: Estimates of 40%-8-% drought damage to the 1965-1966 rice crop began to come in during the month as the drought lengthened and became more serious. A gradual rise in overall prices appears to have marked the economy in general, but statistics are not accurate.

The most important development on the economic scene is the continuation of the draught. All officials responsible for agricultural affairs feel August marks a turning point and that Dinh Tuong, as well as other Delta provinces, is headed for a disastrous 1965-1966 crop. Though it is still early to predict the exact extent of drought damage, the Agriculture Extension Service reports that if there is no substantial increase in rain through September, October, and November, there is a strong likelihood that the 1965-1966 crop will be below that of 1964-1965. If there is adequate rainfall, the crop will be about 40% below last year's. Agriculture authorities place less confidence in this second figure, as this year's seed has been destroyed and a new seed supply will have to be found before replanting can begin. At present only 20% of the province is irrigated artificially by pumps or natural canals. In the irrigated area the crop will be less, but not significantly so.

Though no one is willing to predict generalized famine, all authorities say shipments to Saigon next year will all but cease and the purchasing power of the peasantry will be non-existent. Such a situation will naturally call for a marked increase of American food support, both locally and nationally.

Urgent measures must be implemented to counter this situation. They should include rapid approval of pending canal projects (1,000 hectares), completion of the Cho Gao Go Cong canal (5,000 hectares), delayed until security can be provided, the planning and construction of new canals and a relaxation in the procedure required to purchase pumps. At present pumps are sold on permission of village and district chiefs. This is a protracted procedure designed to keep pumps out of VC hands, as a result more damage is done to the peasantry than to the enemy.

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DINH TUONG (cont'd)

According to Agriculture Extension, insect infestation, a serious problem last year, does not appear to be so this year principally due to the efforts of the agricultural service and increased availability of insecticides through commercial channels.

Price increase: The Province's Economic Service has not evidenced interest or capability to date in keeping price statistics of computing inflationary trends. This is partially explained by the fact that the service does not have a chief and its personnel are untrained in the collection of statistics. The director of New Life Hamlet Cadre, a graduate of the National Statistical Institute, believes from informal observation that the cost of living in the province has increased by as much as 25% over the past three months. This figure seems somewhat exaggerated but official statistics, where available, and a brief USOM spot check report a slight rise in foodstuff prices from July to August. Until USOM can begin to compare prices over a longer period, no accurate information will be available. Average prices requested by Region IV are as follows:

Rice	8.00\$ per kilo
Canned Milk	16.50\$ per can
Sand	180.00\$ per cubic meter
Gravel	730.00\$ " "
Brick	1.30\$ a piece
Cement Block	3.00\$ a piece
Steel Rod (5mm)	11.00\$ per kilo
Cement	110.00\$ a sack
Lumber (10x10x100cm)	65.00\$ per meter

Industrial growth: A new sawmill and charcoal kiln have been added to the province's list of light industries. There is no change to report in provincial shipment of foodstuffs to Saigon.

Social-Psychological: The major item of social importance continues to be the arrival of refugees in Cai Be district. According to GVN statistics the number is above 15,000. Though distribution has proceeded well during the month, numbers of refugees are running far ahead of the GVN's ability to provide relocation sites and housing. Also no provision has been made to provide employment, either on a short term basis or in the teaching of new skills. Without adequate housing and a means of livelihood it is unlikely that the refugees will be willing to stay.

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The decline in VC incidents continues to provide evidence that the VC do not wish to make the Delta a major issue this season. Less of VC momentum brings along a loss of active VC support. The GVN has, however, done little to take advantage of the situation, either militarily or in pushing forward economic programs designed to consolidate or to expand the government's position. Thus, while the VC have been losing ground psychological, the GVN has been making no measurable gains. Outside the normal scope of psychological operations, province S5 and VIS carried on an extensive campaign among the Cai Be refugees throughout the month. S5 used its new tri-Lambrettas, equipped with cinema; loudspeaker and tape recorder equipment. VIS sent to the Cai Be area over two hundred information cadre who were just completing a month's training course in My Tho. These cadre came from sixteen Delta provinces.

Census grievance cadre, armed propaganda and census survey teams made good progress through the month. Census survey now covers three districts and is turning in valuable political and economic intelligence.

USOM supported programs: As during the month of July, USOM-supported programs continued to move slowly. Several of the causes mentioned in the July report, especially province's reluctance to use imprest funds, explain the slow progress.

Good progress was made in the field of education. The inspection of hamlet school sites neared completion; large quantities of textbooks for the new academic year were distributed and stocks replenished for supplementary distribution. The formal period of teachers beginning a month's on-the-spot training session. New construction was, however, slow in starting.

Inspection of proposed self-help projects also neared completion. USOM staff members have had increased success in discussing with provincial, district and local officials methods to improve planning and more efficiently justifying projects and estimate costs.

Relief commodities to the refugees, now over 15,000, continued to move smoothly from province to district and from there to the refugees save for a several day suspension at the end of the month due to the discovery of almost eighty fraudulent registrations. Catholic Relief supplied much needed used clothing which was received and sorted, with the close cooperation of USOM, IVS, Province, and Catholic Youth. Equally the Summer Youth Program, though nearing an end, continued to make a good showing.

over/....

DINH TUONG (cont'd)

Planning started at the end of Agust for the 1966 Rural Reconstruction Budget. Province called a meeting of all agriculture services to discuss needs for the coming year. Similar meetings for other services are scheduled for September.

The radio distribution program was carried out during the month but already USOM has been informed of a substantiated number of cases of corrupt distribution practices. Equally disheartening has been the progress of furnishing and staffing maternities and dispensaries, caused by lack of coordination between responsible provincial services, slow approval by Saigon, and the draft of cadres for military service. Lastly, province has yet to make any effort to implement the rural electrification and supplementary provincial development programs boreseen under this year's budget.

To date there has been no sign of province's implementation of the government order KBC 3527 of June 22, 1965. Under this order the government authorized the continuation of the provincial coordination committee and requested province to report by Form I and II status of rural reconstruction projects and the use of provincial resources.

August 31, 1965

KIEN HOA (34)

The major factor influencing the political situation in Kien Hoa may be the apparently increasing popular reaction to stepped up bombing, and for a time to the stepped up artillery shelling. Small scale demonstrations protesting bombing and shelling prompted by the VC are fairly frequent. Religious leaders in the province express great concern over what they feel is an adverse trend in popular reaction. Many leaders in rural areas feel that popular support gains made by GVN are in danger, and that the VC are getting more out of the situation than the GVN.

On 16 <sup>August</sup> US planes mistakenly destroyed a Catholic Church and school, the Buddhist temple and the Cao-Dai Pagoda, all of which were not intended to be hit. All were in the same village and a number of civilians were killed.

The security situation remains unchanged as far as incidents are concerned. The intensity and seriousness of incidents is low in comparison with the past. However, continued reports indicate a large VC buildup and more enemy troops in the province than in the last several months. Early in the month a refugee center was hit by the VC with electrically detonated 105mm shells and eight people were killed, including two hamlet chiefs. Five others were wounded. Also during the month a device consisting of two M 26 hand grenades was detonated at the MACV compound, slightly injuring two Americans.

The economic outlook at present is bad. Late and inadequate rains have seriously damaged the rice crop potential for 1965. While the rains increased slightly towards the end of August, it is too little too late. The first of the two harvests will be very poor, the second harvest is also expected to be poor, although this is not yet confirmed.

The morale of the people is in danger of being lowered or has perhaps been slightly lowered as a result of a period of heavy airstrikes and unobserved artillery fire which has killed and wounded many civilians.

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KIEN HOA (cont'd)

USOM supported programs in the Rural Reconstruction budget are just beginning to get off the ground. Fear of approving expenditures is presents a problem due to poor financial guidelines from national level, and the frequent differences between what is verbally approved by the national government and what subsequently appears on paper. Also, there is fear that district chiefs will not properly justify expenses after advances have made.

The Self-Help Program has begun to function again as 620,000\$ was finally advanced to the districts. A total of 4,5 million piasters is available for 1965. So far, 116 self-help projects have been completed out of 185 projects approved and 69 are under construction.

The Ministry of Education school construction program is beginning and radio distribution has almost been completed. Support of Popular Force dependent housing has risen as other programs were relatively dormant, but this support will diminish as the regular USOM programs pick up speed.

The Summer Youth program has operated very effectively and if given year-round support could be a great asset to the effort here.

USOM was instrumental in finally getting province to release funds to purchase water pumps, so that to date 140 hectares have been saved despite the severe lack of rain.

August 31, 1965

VINH BINH (35)

There have been no significant changes in political trends during the month of August. The Cambodian Buddhist monk did not accept the indemnification offered by the Province Chief of \$VN 100,000, plus labor and commodities for repairing the pagoda accidentally bombed in an air strike. They are demanding \$VN 4,000,000 for constructing a new temple. The monks have appealed the case to Saigon. How this problem will change the political situation here is unknown. The Province Chief is an excellent political leader deeply interested in the problems of his people.

There has been no important change in the security situation in the province. A hamlet outpost was attacked by the VC in Tra Cu District, where the hamlet chief and four soldiers were killed. The VC continued their terrorist attacks on Tra On, Tieu Can, Cang Long Districts, using guerrillas, detonating grenades, road blocks during night hours, etc. One culvert was damaged in Chau Thanh District. However, Vietnamese interviewed regarding the security situation during Aug '64, assured that this year the situation has improved.

The tendency of local and imported produce to have a price increase has not changed. Average prices of the following commodities are: Cement-\$VN 125. 50 kgs; Rebar-8mm. \$VN12. 00 each

Col. Mockerman, Senior MACV Advisor, completed his tour of duty in Vinh Binh province. His professional and personal relations with the Province Chief and Vietnamese personnel were outstanding. Col. Frank Buggins, an experienced US Army Officer arrived late in August to replace Col Mockerman. As a result of completion of tour of duty here, there has also arrived new MACV personnel, who has been introduced to USOM Representatives. There is an excellent team working relationship between MACV, USOM and the Provincial Government. The Sub-Sector Advisors cooperate with the USOM Representative in the follow-up of USOM supported projects at district, village and hamlet levels. The Provincial Coordinating Committee meets at least once a month to discuss pending matters and projects in support of the Vietnamese Government, represented locally by the Province Chief, village, district and hamlet chiefs. The working relationships between the USOM Provincial Representative and the Provincial Government are excellent.

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VINH BINH (cont'd)

Weekly meetings are held with the Province Chief to discuss problems and find solutions to them. This weekly meetings have been held upon the request of the Province Chief, in his genuine desire to give to his people the best of his administrative tour. The Province Chief is highly respected by his subordinates and people due to his honor, deference and consideration of the population he leads.

As compared to previous month rice exportation had an increase of 642 metric tons. Probably the military operations in the Province helped to increase the amount of rice exported.

In general the attitude of GVN controlled population toward the government is favorable. In Tra On District there was a demonstration of women against the air strikes, which was quickly dispersed by the police. The morale of the population seems to be favorable for continuation of war against the invaders. Comments of Vietnamese at district level are favorable concerning the air strikes. They believe air operations have lowered the VC morale.

Thirteen USOM supported projects were completed during the month of August. The implementation of USOM supported projects under the Rural Reconstruction Budget for 1965 started to move faster during the month of August. Efforts are being made to push the initiation of pending projects. The Provincial Representative is closely supervising the Self-Help activities, the hamlet school program and all other projects started or in the process of being completed. The information Chief, District Chief and self help cadre accompanied the USOM Rep on a visit to Tra Cu District. About 200 neighbors met together to present and discuss democratically their community concerns. A second meeting was held Aug 29 Sunday to distribute bulgar wheat, oil, farming tools, and lend the village city a water pump to be used in the rice fields. During the visits and meetings, the USOM Rep. has tried to motivate the people in understanding the nature of their problems, the philosophy of cooperation and working together with the government in the solution of their problems. The idea have been discussed with the Province and District Chiefs in order to have their support and suggestions. The Province Chief has expressed his agreement to the plan.

August 31, 1965

VINH LONG (36)

The political situation remained static in August. There is little doubt in anyone's mind (including the members of the Provincial Council) that the man who runs this province for GVN is Lt. Col. Huynh Ngoc Diep. Fortunately, he is an intelligent, able and articulate leader and enjoys widespread popular support. Given the province chief's firm power base it seems inevitable that the Hoa Hao-dominated Provincial Council will be relegated to a fairly minor advisory and ceremonial role, although their utility as a source of "feedback" from the grass roots has not escaped the notice of the province chief, and it appears likely the council members will be used frequently as a source of information, if not of counsel.

As measured by simple numbers of incidents, the security situation remained almost unchanged in August, but in ferocity of VC attack (increased) and in choice of tactical objectives, the pattern of incursions showed a marked change from preceding months. The major emphasis has shifted from harassment of watchtowers and outposts to interdiction of transportation routes - road minings (including Route 4 once again), canal blocks and bridge blowing. Military sources attribute to a tightening economic pinch on the VC. If this is true it is encouraging but can hardly be attributed to GVN population and resources control which, with the exception of the perimeter of the province capital, remains more a theory than a reality.

Friendly forces continued to mount significant numbers of operations in August, varying in strength from platoons to battalions. Results ranged from modest to disappointing, with the preponderance in the latter category. The seemingly endless series of operations wherein GVN troops avoid contact, break off contact prematurely, or set a trap and then decline to spring it, raises the question of whether the Vietnamese theory of battle (in contrast to US military doctrine) is always or indeed ever to engage the enemy in the field and destroy him. In a political war such as this a case could be made for such an approach if the modest aims on the battlefield were effect by increased militancy on the politico/psywar front, but so far such is not the case and the psywar effort here remains bogged down by bureaucracy, consisting of many ill-coordinated efforts by a bewildering multiplicity of responsible agencies.

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VINH LONG (cont'd)

In the absence of effective and fruitful rifleman-to-rifleman contact, increasing reliance is being placed on air and artillery. Hardly a night passed in August when 105's didn't speak from one district town or another, and hardly a day passed without an air strike somewhere in the province. And as always, these strikes had their occasional tragic aftermath: (civilian population killed and wounded; crops, livestock and property destroyed. (Confidence in the pinpoint accuracy of provincial artillery was hardly enhanced this month when an ordnance team inspected the province's worn gun tubes and condemned them as "not reliably accurate at ranges exceeding one mile").

MIDCAP indemnification, designed to ameliorate speedily the anguish of such hapless civilians and partially to offset the propaganda advantage which inevitably redounds to the VC in such instances, remains practically immobilized in bureaucratic red tape with a backlog of more than 200 claims, many of them dating back to 1964 and some even to 1963. The MIDCAP indemnification committee has met only twice in 1965 and disposed of a total of 21 claims. (Of a total of 84 claims docketed by Sector S-5 for consideration by the committee so far in 1965, 66 have been death claims and two thirds of those deaths were caused by friendly air or artillery). Extrapolating from the present glacial rate of settlement and disregarding any new claims, it will be 1970 before the committee disposes of the backlog. It must be stated in defense of the committee that they have usually awarded funds as and to the limit they have become available each quarter. The fact is that the budget is grossly inadequate to the need and apparently no one has attempted to have it increased.

Consumer prices of staple commodities for the most part held steady in August, checking a heretofore steady rise over the last several months.

But building stone is literally priced out of the market. All new masonry construction is of brick nowadays with extruded hollow bricks fetching VN\$1.40 each and moulded solid bricks VN\$1.10.

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VINH LONG (cont'd)

After an abnormally dry early summer, paddy transplanting picked up tempo in late August. An aerial reconnaissance of the eastern half of the province on August 16 showed only an estimated 50-60% of paddy fields transplanted, but almost daily showers since that date have had farmers in the fields from dawn to dusk transplanting seedlings, many of which had already grown to sixteen and eighteen inches height in the seedbeds. Due to lack of rainfall much of the early planted two-crop (90 day maturing) paddy has already been growing 120 days and is just now beginning to head.

On the social psychological scene, aside from the new "hard core areas" controlled by either side, the bulk of the rural people continue to watch --- shrewdly and patiently -- the struggle in their midst and, to the extent they are permitted that option, remain scrupulously uncommitted. This is not to suggest that if a strong tide of victory were to set one way or the other they might not fall all over themselves trying to scramble onto the winning side, but in the Delta the tide comes in and goes out twice a day. And everybody knows it.

USOM-supported programs continue to move ahead with generally good progress. The one "problem district" in the province was assigned a new, aggressive young district chief this week and together with a new Sub-Sector Advisor is embarked on a campaign to bolster the only seriously lagging projects in the province. Skyrocketing lumber costs have necessitated supplemental allotments of funds to complete several schoolroom furniture projects, and an increase in funds allotted for new projects which require wood appears inevitable.

AN GIANG (37)

August 31, 1965

Political

The political trend continues to be toward the consolidation of factors favoring political stability with intelligent exploitation of the province's unwarlike atmosphere and comparative detachment from the country's war with the Viet Cong.

Public concern over two minor outpost attacks was shortlived. But the realistic and skillful Province Chief, Colonel Tran Van Tuoi, effectively curbs normal tendencies toward complacency among authorities by exerting steady pressure for the accomplishment of development programs, coupled with an extraordinary grasp of and attention to military factors bearing on the security of his province.

The province appears to be drawing increasing interest from the central government. This is manifested by visits of high officials who, while generally refraining from public pronouncements here, encourage provincial officials by their presence.

The Hoa Hao Element

A clear bid for Hoa Hao support was made in mid-August when Di Directory President General Nguyen Van Thieu, Prime Minister, Air Vice Marshal Nguyen Cao Ky, Minister of Information and Psychological Action, attorney Dinh Trinh Chinh and an impressive military retinue visited Hoa Hao village, accompanied by An Giang's Province Chief and prominent leaders. The effect was a public act of recognition and, in essence, the conferring upon the Hoa Hao politico-religious group a judicial personality. The participation of the An Giang civil and military leaders enhanced their prestige and was a gratifying source of encouragement, considering that the event occurred in another province.

Further efforts to strengthen ties with the Hoa Hao came from another interesting and significant source, namely, the Catholic Church, with a visit by Monsignor Hartnett in early August, followed by a visit to Hoa Hao village by the Apostolic Delegate the end of August.

Activities of the New Provincial Council

The Provincial Council appears to be moving in close association with the Province Chief and is displaying interest in its role of liaison with the people and the provincial administration. Its second regular meeting August 9-13 was attended by all council members and, on the first day, by the Province Chief, Lieutenant Colonel Tran Van Tuoi with his able Deputy for Administration, Mr. Truong Van Nam. At the outset, the Province Chief briefed the Council on the province's economic, social health and education programs and projects and expressed the hope for valuable collaboration in the best interest of the province.

Since then a special committee of the Council has been active in visiting communities, invariably accompanied by district chiefs or their deputies.

People are responding to the accessibility of the Provincial Council. Among petitions filed were requested for curbing gambling and black-marketing of National lottery and appeals for help in constructing and repairing health stations and mater~~ies~~ies in the villages. On its own initiative the Council made some recommendations for action within the jurisdiction of the provincial administration, such as: a) the employment of an assessor and rent collector for province owned or administered land; b) provincial regulations controlling ferry boat loading; c) the change of Cambodian names of canals in the Cho Moi district; d) the improvement of security by the construction of more outposts in Hue Duc district; e) the improvement of Long Xuyen sanitary conditions by the transfer of the slaughterhouse outside the city limits; f) pressing for approval of a high school in Tho Not district. One petition to the Council requested the Ministry of the Interior to delete Article 4, Chapter I of Decree 68-NV of April 9, 1965 limiting the tenure of office of Council members to a term of one year.

It is too early to evaluate the spontaneousness of the petitions. USOM/Long Suyen suspects that promoter and retired Hoa Hao Lieutenant Colonel Nguyen Van Hue, Chairman of the Provincial Council, despite his penultimate low election vote, exerts undue influence upon populace petitioners motivated by personal interest, or is the Province Chief's link to effect manipulation of the Provincial Council.

Security Situation: The security situation Continues to be firm with no indications of change.

Social/Psychological Situation: The social/Psychological situation Continues to be favorable with no signs of change or threat.

USOM Supported Programs: All such programs are going **forward** according to plan and in an atmosphere entirely propitious to unhindered accomplishment of the objectives of generating public confidence in the Vietnamese Government personified locally in the provincial administration.

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## KIEN GIANG(38)

August 31, 1965

### Political Situation

The political situation in Kien Giang Province appears to remain unchanged. There have been no visible changes in the attitude of the people toward GVN rule. None of the local religious groups have indicated any determined dissatisfaction with the local political structure.

### Security Situation

The security situation throughout the province basically appears unchanged. Viet Cong activity during the month of August was confined to minor harassment of the general populace without any apparent coordinated military offensive. Tan Hiep village was subjected to a minor mortar barrage in which four civilians were killed, and a small canal craft was fired on in Kien Tan District, wounding one civilian. Route #8, between Rach Gia and Ha Tien, was closed due to mines, a blown bridge, and ditches dug across the road. Three mines were discovered and removed from the Rach Gia, Kien Binh route. There was one report of a VC execution of a wood-cutter in Ha Tien district. VNAF and USAF air strikes continue to be effective from all indications.

### Economic Situation

The economic situation in the immediate vicinity of Rach Gia improved during the month due to the employment of some 300 skilled and unskilled workmen at the Rach Gia hospital. The economic situation throughout the remainder of the province appeared unchanged. Some inflationary trends were noted. The price of lumber rose another 400\$ per cubic meter during the month of August. . . There is still no sweetened condensed milk available in this province.

### Social and Psychological Situation and Trend

The social psychological situation in Kien Giang appears to be good with possibly one exception in Kien Tan district. This is predominately a North Vietnamese Catholic community and the district chief is relatively new. It is too early to completely analyze the situation there but at this time there is some indication that leaders within the district are somewhat undecided concerning the qualifications of the district chief and may even be a little disillusioned with regards to his first endeavors.

USOM Supported Programs Situation

During the month of August, it was noted that the various services were slow in implementing their respective programs. This has been called to the attention of the province chief on several occasions in the presence of the service chiefs. The Self-Help and Summer Youth Program appear to be the only programs that are progressing satisfactorily, without extraordinary efforts on the part of the province Reconstruction Council.

August 31, 1965

CHUONG THIEN (39)

GVN political influence can be maintained only in limited areas where adequate security prevails. These are the district and town capitals and a few areas in the villages. The majority of the peasants want a peaceful life and are not much concerned about the present crisis. Exploitation for a greater political base in this province is not necessary for the present. The result of military operations and the action and behavior of military personnel is sufficient enough to maintain GVN political influence needed in Chuong Thien.

The present security situation has improved slightly as a result of success in previous military operations and the recall of one battalion previously stationed in Chuong Thien. An influx of refugees is noted in areas where adequate security is maintained, but this situation may not be permanent. GVN military strategic installations are still within the access of the VC clandestine operations.

No large scale economic changes are expected until GVN gives full support. A large quantity of fertilizer has been sold to the farmers with no complaint so far is witnessed. The GVN Pig-corn program is in its second phase, but there is no active government participation to arouse more interest in the effort. Hamlet inhabitants are buying their own piglets due to lack of GVN support. This program will be more effective if and when the GVN can guarantee its financial and material support.

There have been improvements in the social psychological situation compared to previous months. The active participation of the MACV/S-5 has helped in bringing more realistic results in provincial administration. The people will remain basically unchanged socially and psychologically until the GVN is able to extend its influence actively in areas where the VC have strongholds.

It appears that the new Deputy Province Chief for Administration has shown a great deal of interest in USOM-supported programs. Corrective measures have been undertaken to carry out programs more effectively. Follow up- and close surveillance in the implementation of this program are being maintained.

August 31, 1965

PHONG DINH (40)

Political situation: Certain provincial officials have indicated dissatisfaction with the action of the preponderantly Hoa Hao Provincial Citizens Council. There have been two Provincial Citizens Council meetings during the month, but to date minutes of these meetings have not been made available, nor has anyone volunteered to discuss the matter with any US counterparts. This leads one to believe that measures proposed by the council were not for the best interest of all citizenry in province.

Security situation: Although there has been some increase in GVN military activity against the VC, it has largely been in response to the increased VC activity and is frequently too little and too late. Friendly patrol and ambush activity fails to significantly hinder the activities of VC guerrilla squads and platoons and VC companies continue to move freely in contested areas of the sector. The VC increased harassment in Thuan Trung district, concentrating their attacks on Thoi Lai outpost and Kinh Ngang outpost. In recent months this area has been relatively free of frequent harassment. No significant GVN military operations have been initiated to counter VC activity in this area and PF soldiers have deserted each installation on several occasions, requiring aerial resupply because of the inability or unwillingness of GVN authorities to initiate ground operations in the area. The most recent example of VC contempt for GVN defenses occurred on 22 August when an estimated VC platoon overran a nine-man PF watchtower four kilometers east of the district town and two kilometers south of the provincial capital, Can Tho. This watchtower is located within an area considered to be secure.

With the increased use of mobile police patrols on the outskirts of the city of Can Tho, there has been an increase in the quantity of contraband seized. Population and resources control activity outside urban areas remains marginal. Efforts to establish joint military/police roving patrols to penetrate the countryside have yet to get past the talking stage.

A recent survey of current prices of selected commodities now being sold in the province shows prices are higher than the ceilings placed by the government on the commodities. The government ceilings are geared for the average consumer. The commodities of higher quality are sold on competitive basis, and such quality commodities are directed toward the more affluent consumers.

There have been no significant development in the psychological situation with the exception of the distribution by the sector psywar team of 18,500 leaflets by hand, 95,000 by PsyWar aircraft.

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August 31, 1965

PHONG DINH (40)

USOM Supported Program: USOM supported programs, with the exception of rural health, are making satisfactory progress.

List of Current Prices for:

Rice (milled):	1. First quality	920\$	1 bag	100 kgs	(15% broken)
	2. Second quality	760\$	1 "	" "	(20% ")
	3. Third quality	720\$	1 "	" "	(25-30% ")
(broken):	1. First quality	630\$	1 "	" "	
	2. Second quality	520\$	1 "	" "	
Sand	: 1. From Bien Hoa	190\$	1m3	include delivery on site	
	2. From Long Xuyen	150\$	1m3	" "	"
	3. From Can Tho	110\$	1m3	" "	"
Stone	: large size	340\$	1m3	" "	"
Gravel	: 1. 5/7 size	350\$	1m3	" "	"
	2. 4/6 size	360\$	1m3	" "	"
	3. 3/3 size crushed by hand	460\$	1m3	" "	"
	4. 1/3 size crushed	580\$	1m3	" "	"
Cement	: 1. White size	200\$	1 bag	(50 kg)	
	2. Thailand and Taiwan	120\$	1 "	"	
	3. Ha Tien local product	105\$	1 "	"	
Rebar	: 1. From 10mm to 24mm	9\$70	1 kg		
	2. From 6mm to 8mm	10\$50	1 kg		
Lumber	: 1. Squad size				
	- first quality	9,000\$	1m3		
	- second "	7,000	"		
	- third "	5,500\$	"		
	- fourth "	5,000\$	"		
	2. Board size				
	- first quality	9,500\$	1m3		
	- second "	7,500\$	"		
	- third "	6,000\$	"		
	- fourth "	5,500\$	"		
Milk	: 1. Dry milk without sugar	74\$	1 can	milk of SMA	
	2. Canned milk (sweetened condensed)	16\$70	1 can	per individual (rationed item)	

BA XUYEN (41)

August 31, 1965

POLITICAL:

No new political activity of any significance has been evident during the past month, and the situation remains satisfactory.

Since his arrival on July 8, Lt. Colonel Nguyen Ngoc Diep has taken a genuine interest in the reconstruction effort, as well as in civilian affairs in general, and has given his personal attention to several programs in the USOM area. He has made a move designed to force the Public Works and Reconstruction Chiefs to tighten up on their cost estimates and bidding procedures (in this instance on the construction of five VN\$200,000 bridges and the provincial warehouse). Colonel Diep has had success in obtaining the participation of local businessmen and Provincial Citizens Council members in exploratory talks on economic development, and he is particularly alert to the prospect of tapping USOM resources and advice designed to move Ba Xuyen beyond the counter-insurgency stage and into larger scale economic development.

The recently elected Provincial Citizens Council has shown some effectiveness as a sounding board. However, it has confined itself largely to the task of suggesting new projects and has shown no inclination to ruffle anyone's feelings by policing the activities of the various Technical service chiefs or other provincial authorities.

ECONOMIC:

The sense of urgency concerning the rice situation which was felt earlier in Ba Xuyen was lacking in August. The large government convoy expected on August 10 arrived more than a week late and did not depart until August, 24. Apparently there has been no further talk of one last rice contract, although some say that perhaps another 10,000 tons of rice might be found here.

People continue to talk about a scarcity of rice even at the mills, but rice is available on the local retail market at \$VN5 per litre (25% broken. Most people in Khanh Hung seem to buy 15% broken (\$VN5.50 per litre), which is also available. Also, there apparently is a real shortage of canned milk in the province.

On August 30 the Province Chief presided over a special meeting of a newly formed "Committee on Economic Development in Ba Xuyen". The committee, consisting of the Deputy for Administration, the President of the Provincial Citizens Council, Chiefs of Services and leading businessmen from the province, discussed at length the possibilities for industry, as well as obstacles to be overcome. Some of the industries discussed were meat processing, canning, fish processing, rice bags, livestock feed, tile and brick production. The Province Chief indicated a particular interest in an expanded animal husbandry program and the possibility of securing a rural electricity cooperative. He expressed a strong desire to see Ba Xuyen develop its potential to the fullest, and to this end directed that statistics be prepared for projected visits by Vietnamese economists from the Industrial Development Center (IDC) and USOM development experts.

### SECURITY

There was little change in the security situation during August. While ARVN units garrisoned here have been active in engagements in bordering provinces, there were no major encounters between VC and GVN troops in Ba Xuyen, and incidents (attacks, terrorism, sabotage, propaganda, and anti-aircraft fire) equalled in number those which occurred in July. Although VC propaganda has concentrated on the theme of driving the Americans out of Vietnam, the only act of terrorism attempted against Americans was an ineffective mortar attack on the Soc Trang airfield on the night of August 2-3.

### SOCIAL/PSYCHOLOGICAL

The social/psychological situation here remained satisfactory, and MACV officers working with the Hamlet Survey Team and other cadre have observed what appears to be a brighter picture for the GVN. They report increased contact between hamlet and village councilmen and the people, as well as a somewhat improved security situation. The improved morale has been evident in the willingness of the people to make demands on the local officials and to register complaints if the demands are not met.

One problem raised here recently is the fact that disabled Combat Youth receive little or no recompense from the GVN. One rather graceless possibility is simply to include these forces in lump-sum payoff programs now covering other combatants.

Perhaps a better long range plan would be to grant the Combat Youth and other disabled something in the nature of a GI Bill entitling them to enter existing training programs, such as these for hamlet school teachers, extension and health workers, etc. . . as extra candidates above the number budgeted for training and hiring. In other words, their admission would be additional rather than preferential, and every effort should be made to encourage them to take advantage of this training. Some solution of this type is necessary if the sight of these men limping about in every village is not to remain as a continual psychological impediment to their comrades and the civilian population. A letter is currently being drafted for the signature of the Province Chief making suggestions along these lines.

The province representatives intends to support the demands made recently by the Provincial Citizen's Council that the province correct the present circumstances under which it is difficult to provide a plot of ground for the burial of soldier who has been killed in action.

#### USOM SUPPORTED PROGRAMS

The most glaring weak spot in the various USOM supported programs is the inexcusable shortage of hamlet school teachers. There are a dozen or so teachers in Ba Xuyen who are each teaching three sessions a day, with total pupils per teacher ranging from 137 to 350. Unfortunately also, Ba Xuyen's Chieu Hoi program, which had been going well, has now begun to measure down to what the program apparently is in the rest of Vietnam. News that Ba Xuyen may not receive a district hospital this year is also discouraging, particularly since the province has only one, whereas many others in the Delta have two or three.

On the positive side is the initiative being shown by the new Province Chief, and with the arrival of a new IVS volunteer the agricultural programs can be expected to pick up.

Ba Xuyen is weak in talent and integrity in the Public Works and reconstruction offices, but if the Province Chief continues to lay the law down to these chiefs as he did in August, prospects for progress in these areas will improve considerably. Although the supply of USOM commodities has greatly improved this month, the self-help program is still not moving at a satisfactory pace.

## AN XUYEN (42)

The interesting district to watch in An Xuyen is Quan Long, mentioned in the July report as undergoing accelerated pacification under Capt. Nguyen van Dan. Capt. Dan has energetically completed a number of projects, military and civilian, and has coupled active military patrolling with his district bootstrap program. Reports coming out of the VC area are encouraging; tax collections have dropped so steeply that the remaining payees are being dunned 68%, but even so this month's quota will not be met. Dan has also entered into negotiations with the head of the Huynh Daos and has undertaken to settle as a start 400 Huynh Dao families to secure the canal which forms the eastern border of the district. As Capt. Dan has not the military strength to move out, he is doing second best: he is securing his oil spot by moving GVN supporters in.

This represents the third month of progress in Quan Long. If Capt. Dan can keep up the pace with new and ever-widening projects, Quan Long may well become a text book example of the operation of well balanced civil/military pacification programs under extremely difficult circumstances. Despite VC harrassment the program as administered in minimizing casualties on both sides. USOM participation: commodities, advice and help.

August 31, 1965

BAC LIEU (43)

Little progress has been made in improving the communication between the people and the provincial government. The morale of the government itself (with the exception of the Citizens' Council) is not good, and there is little evidence of political orientation. Rather, each man seems oriented unto himself, thus creating a communication breakdown, and lack of response to the actual needs of the people. This is magnified description of the situation, but it is easier to understand and examine when enlarged. As unobtrusive and subtle as this attitude is, it catalyzes bigger and better problems in establishing a government which can foster faith in the minds of the people.

Four district VC companies continue to operate in the province. Recruiting from VC controlled areas and kidnapping has kept the units at close to full strength in spite of losses due to airstrike and GVN operations. Reports continue to locate the U-Minh II Battalion in south Gia-Rai District. The U-Minh III Battalion is tentatively located in that area also. The Soc-Trang LF Battalion appears to have moved out of the province. There have been no significant changes in the operations of the VC in this province during the month. Incidents of terrorism rose from 8 in July to 19 in August and road minings from 6 to 10. This suggests a trend away from unit actions and a return to basic guerilla harassments. VC losses during the past several months due to GVN/US actions have been heavy and may be justification for such a trend.

The inflationary trend continues, although it is less steep than two months ago, when most prices climbed quickly to their present level. Number I grade white rice is 660\$VN per 100 kilos. Sand is 380\$VN per cubic meter, cement is 125\$VN per 50 kgs, gravel is 1, 200\$VN/m<sup>3</sup>, rock 650\$VN/m<sup>3</sup> and lumber is 7, 000\$VN/m<sup>3</sup>. Canned milk has been unavailable for the last three weeks. Food prices are generally going up, and housing shows signs of following the trend set in other economic areas.

Psychologically, everyone in Bac Lieu needs a shot in / arm. Poor morale of government personnel travels faster than the paper work --

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BAC LIEU (cont'd)

there is no communication problem in that respect. A lack of faith in the government on the part of the people is not difficult to uncover. Long delays in financial transactions and other administrative matters has everyone, including provincial officials, in a bad mood. Yet, it is not entirely the fault of the local officials--many problems can be traced back to the central government level.

It is becoming very much easier to get programs started. Self-help is moving, hamlet schools are going up, pig pens are being built, radios are almost all sold out, etc. But now there is difficulty in trying to pay the bills, and it isn't easy. Thus, where before frustrations involved the labor pains of starting something, there is now the financial afeerbirth of finishing it. There is even a suspicion that the midwife is practicing without a license. A problem in the province which has its roots in Saigon is the stalled well-drilling program. Lack of a qualified contractor to construct elevated water storage tanks is one problem. A critical scarcity of public-owned land is another.

August 31, 1965

CHAU DOC (44)

Political situation in this month's regular and special meetings of the Provincial Council, the members deliberated three major proposals which when finally approved, would create and alter political subdivisions at the district level and provide new economic venture for the provincial government. The first proposal calls for the creation of a Hoa Hao district which will incorporate heavily populated Hoa Hao villages in three districts from two provinces. Constituting the proposed Hoa Hao district will be the villages of Hiep Xuong, Hung Nhon, Binh Thanh Dong in Chau Phu district, and Hoa Hao and Phu An in Tan Chau district in this province, and Hong Ngu district's villages in Kien Phong province, which are close to the present Hoa Hao village.

The second proposal calls for the secession of Tan Khanh Hoa and Vinh Dieu villages in Tinh Bien district to Kien Giang province for better administrative and military control in these areas, since these two villages are closer to the Kien Giang capital than to Chau Doc. The third proposal is the establishment of a provincial fishery market in the capital town, with an appropriation of 2,000,000\$. So far, the first two proposals are still under study, and it is likely that the council will eventually approve them. The fishery market, however, is definitely settled, and the Provincial Council has vetoed the proposal of some provincial officials to increase the tax on market stalls and rents, claiming that the people could not afford it. With these important items in the Council's agenda this month, it seems that the members have taken a big step in trying to work out a better governmental administration, political control and economic development in their second month of tenure.

Economic situation: The price level of uncontrolled commodities in the market continued to be maintained for the second month in spite of the increase of prices in cigarettes, beer, soft-drinks, etc., under the new law which took effect last July. Condensed milk, however, could only be secured through government permission at a subsidized price to deserving individual only. Partial unemployment also sharply declined this month and with the beginning of the rainy season the farmers have started their work in their rice fields. Rice, the staple food, has been sufficient with little increase in its retail price. In general, the present economic situation had improved slightly and commodity prices continued to stabilize.

Security situation: The surrender of 898 KKKs and 6 VCs from the four districts this month has proved to be one of Chau Doc's biggest successes of the year in its continuing campaign against the VC in the "Seven Mountains" and along the Vietnamese-Cambodian borders.

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CHAU DOC (cont'd)

The fact that these dissidents were won mostly through secret and peaceful negotiations with the coordinated efforts of provincial and district military officials, including the participation of USOM and MACV/Special Forces and not in battle, is a feat in itself. 143 of the total KKKs have already been integrated into the RF/PF units of the province, while the rest are still awaiting Saigon's decision on the matter. Two visits were made during the month by Maj.Gen. Thieu and Prime Minister Ky in order to witness the surrender ceremonies of the KKKs and the pinning of appropriate models and giving of spot promotions to deserving GVN and KKK officers. Nevertheless, continued harassing activities by the VC were registered in August, mostly small-scale raids in unsecured places and mining of roads in Tinh Bien and An Phu districts. The over-all security situation in the province, however, has improved to some degree despite the constant threat of attack by the VC from the critical Cambodian border.

Psychological/Social Situation: The government recognition of the Hoa Hao religious sect, whose official papers were personally delivered by Gen. Thieu and Prime Minister Ky in a ceremony at the Hoa Hao village this month was not only a GVN accomplishment in uniting splinter religious groups for a national cause, but also a great psychological boost for the people who have the influence in the governmental administration of Chau Doc and adjoining provinces. The Hoa Hao have recently shown positive signs in promoting closer socio-political unity among themselves through their proposal for a Hoa Hao district, which, however, may develop into a compromising issue in the near future. If proper guidance is given to their leaders, it is safe to assume that other minority groups in the province will find no objection to the present influence of the Hoa Hao.