

EXTRACT - HOA HAO

September 30, 1965

AN GIANG (USOM REPORT)

A well organized and attended open-air Hoa-Hao Political rally on September 21 attracted considerable public attention and was in commemoration of the 10th anniversary of the Dan-xa-Dang (Democratic Socialist Party). The keynote of the rally was to press for unification of rival party factions and to achieve this at the provincial and district levels-in contrast to the failure in this direction at the national level.

Phan Ba Cam, pro-Diem, and Truong Kim Cu, representing the Central Committee made speeches advocating unification. The third Central Committee representative, Trinh Quoc Khanh, made no comment but his presence was construed as tacit approval of the unification evolution.

The dominant personality among the speakers at the rally was Tran Thang (anti-Diem), one of the three local faction leaders, the other two being Nguyen van Khai (anti-Diem) and Lam the Xuong (pro-Diem).

In cooperation with An Giang's Hoa Hao province Chief the two neighboring provinces of Kien Giang and Vinh Long simultaneous rallies and sent representatives to attend the meeting in Long Xuyen.

The rallies were well organized by An Giang Province Chief, Lt.Col.Tran van Tuoi, the province's Hoa Hao Committee chairman, Nguyen van Hue and the chairman of the Hoa Hao Central Committee Luong Trong Tuong (not present at the rally) and the results progress in the process of unification of the discordant party factions from the ground up.

UNCLASSIFIED

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MONTHLY REPORT ON STATUS OF RURAL CONSTRUCTION PROGRAM
for the Month Ending 30 September 1965

TO: Distribution List Below

FROM: Reports Officer, MRCC (Provincial Operations) USOM

This document contains the Unclassified reports of Provincial Operational Project Managers and Technical Divisions for the Month Ending 30 September 1965. The reports are based on the summaries of the monthly reports submitted by USOM Provincial Representatives concerning items listed in the Rural Construction Budget. (PUBLIC WORKS PROJECTS ONLY)

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PUBLIC WORKS -

Projects accomplished on self-help basis have been quite successful both in volume and quality. This effort should be encouraged whenever possible in Region III. One of the reasons for this is that the overall security of provinces in Region III is not good, and the contractor effort for projects large and small is difficult to undertake. It would appear justifiable to increase, in variety and in volume USOM furnished construction commodities and/or funds for a more positive approach towards small improvement projects on grass root level. This kind of support should continue until the regional security improves.

The problems brought out of the variety common to most all GVN sponsored construction in Vietnam today. They are (1) rising cost of materials, (2) contractors reluctance to bid on projects (3) non-availability of contractors in certain areas, (4) contractors bids exceeding the GVN's estimated and approved cost of projects, (5) shortage of dynamite for rock quarry operations.

Analysis of each of these problems might in part be reduced to following factors most of which are economic

a. Rising cost of materials. A number of factors are contributing to this trend. Some areas lack security involving risk and/or payoff to and for the materials brought in. Also there is great deal of competition for construction materials which are in short supply. The military are engaged in a vast construction programs and are willing to pay the suppliers most any amount to get the materials; a case where transactions are being subordinated to military operational objectives. The GVN programming of construction has not given the Provincial Gov't the flexibility to react and adjust to quick upward price fluctuations.

It appears that each project will have to be reviewed as to the nature of its urgency. If it's urgent to the safety and economic well being of the people but the approved funding costs are less then the contract bid price, the Province Chief should then request the Rural Reconstruction Council to provide the necessary additional funds.

In the meantime, a more realistic approach to this type of problem should be proposed to the Vietnamese government. It is inevitable that unless there are price controls, or that the availability of materials will exceed demands, the prices will continue to rise. Another measure which may be considered is a government resources control board to allocate critical materials on priority basis.

b. Contractors reluctance to bid on projects: This is mostly true in relatively insecure areas. Any time a contractor accepts a project in such an area he is faced with at least these problems, (1) finding necessary labor particularly skilled type, (2) paying taxes and/or bribe to VC for any materials he

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must import into the work area which may be higher than he anticipated in his bid price, (3) exposing his equipment, particularly rolling stock, to acts of sabotage against which he can't obtain insurance nor is the government willing to compensate him for this kind of loss.

About the only solution to this problem is a secure area in which to work, and secured lines of communication meaning roads and/or railroads.

c. Lack of contractors in certain areas: This too relates to reasons discussed in preceding paragraph plus the fact that many contractors moved their operations to more lucrative coastal and big city projects. The large military expansion program offers any and all contractors substantially better margin of profit without having to worry too much about losing equipment and personnel to enemy action.

Solution to this problem may be in providing coverage to the contractor against all losses which may result from VC action, and providing him with a margin of profit equal to that which he can obtain on military and civilian industry projects.

d. Contractor bids exceeding GVN approved project estimates and funds: By and large GVN project estimates tend to be conservative particularly as they pertain to allowances for rising cost of construction material and labor. Then too, it takes about a year from the time a project is programmed to the time it is actually executed, and quite often it is difficult to foresee with any degree of accuracy, the economic variations which may occur a year hence. In this case the unexpected military build-up pushed the prices of materials far beyond the anticipated levels.

Solution to problems arising from this factor is to negotiate for the best possible price, and then adjust the governments estimated cost of projects (s) to contractors bid price. With holding a project because the contractors bid exceeds estimated cost and hopefully anticipating a decline in price of materials, is not going to get the job done. The nice-to-have projects should be curtailed for time being, but projects essential to the economic welfare of people and to the war effort should be accomplished in spite of the high cost.

e. Lack of dynamite for crushed rock: The dynamite is a sensitive and highly controlled item for obvious reasons. It is being imported into the country. Recently there has been some reduction in the quantity because the government has lifted the import license of a private importing firm for this item. The importing will now be done directly by GVN. It is not certain when this unsatisfactory situation will be resolved but it is being worked on.

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REPORTS OF USOM PROVINCIAL REPRESENTATIVES (Region IV)
for the Month Ending September 30 1965

TO: Distribution List Below

FROM: Reports Officer, MRCC (Provincial Operations) USOM

This document contains the Unclassified reports of USOM Provincial Representatives for the Month Ending 30 September 1965. The reports are summaries of the monthly reports submitted by each province and listed in order from north to south.

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September 30, 1965

GO CONG (29)

An observable improvement of peoples' attitude in favor of GVN occurred during the period. This reflects slow but steady progress in gaining support and control of people and land over last 18 months. Improvements this period manifested by same indicators cited previously: (1) less hesitancy by people in conducting business with local GVN, 2) increased flow of refugees from VC dominated areas with main reason given as dissatisfaction with VC tax exactions (Province having no significant difficulties handling refugee situation as yet), and 3) an increase in Quy Chanh rate. An increase in effectiveness of political efforts by GVN apparent as all echelons and services of Provincial Government increased their contact with the people in carrying out normal functions. The period also saw eight new groups of hamlets officials elected and assume functions. In addition, the Provincial Citizens' Council, at urging of Provincial Administration, spent several days in the countryside (areas under construction) becoming acquainted with GVN activities and programs. In summary, the GVN again strengthened and expanded its political position to some degree - no regression noted in any area. There is still a long road ahead, however, the Government of Go Cong continues to travel forward, but steady. Method of operations and actions of Province Chief and his deputy for administration have had much to do with this steady progress in favor of GVN.

The security situation improved. There were less incidents than previous period, and GVN expanded control over additional previously dominated VC areas. GVN forces continued to maintain the initiative against VC thereby keeping them off-balance. However, although VC have not launched a major effort in Go Cong in over 18 months, they do have the capability to attack a district-level complex in approximately battalion size and occupy for short period at time and place of their choosing. This may be expected to occur at any time.

No significant change in prices during period. Basic necessity commodities are not in short supply. Latest estimate is that rice production this year will be reduced some 35% due to drought in early season. Building activity at fairly low ebb but considered normal due to seasonal rains. Commercial business enterprises doing well and several new business starts in evidence. Still no action on Cho-Gao/Hoa Dong canal. If allowed to be dropped VC will gradually destroy present 50% and a considerable economic and psychological blow to the GVN will occur.

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GO CONG (cont'd)

Activity and capability of social welfare agencies have improved to considerable degree - the on-going bread program has assisted them tremendously in selling Government to the people in all facets of this program. The Mennonite Society has agreed to support the program with 150 bags of flour each month (they will monitor from time to time). The Province Citizens' Council contributes to the social aspects of construction in Go Cong to a fair degree and do feel they will improve in this facet of their responsibility as time passes. The psychological attitude of all Government personnel is good. Generally, Go Cong takes care of its own very well - the Province Chief never forgets nor neglects the social aspects concerned with winning support of the people.

All USOM-supported programs are making some progress, but, not to degree deemed necessary to make really significant gains for the Government in order to effectively and expeditiously eliminate insurgency . The Central Government must become capable of working together within respective Ministries and get the projects out to the Provinces where they can and will be executed. The Province must be given more flexibility to act on its own within limits of CRRC decisions in order to carry out all programs effectively. A common attitude is "the Government just isn't moving and not much we can do about it at the moment". USOM must devise ways and means to make the GVN work effectively and harmoniously within itself.

September 30, 1965

KIEN TUONG (31)

It seems certain that Lt. Col. Minh, Province Chief of Kien Tuong will soon be replaced. Most talked about successor is Maj. Lai Nguyen Tan presently Deputy for Security in Dinh Tuong Province. Also mentioned as an outside possibility is Major Tran Tien Khang, Deputy for Security in Kien Tuong. Depending on the successor, we may or may not experience a greater degree of religious activity in the not too distant future. Whoever is to be the new Province Chief, we certainly hope the change will be soon. Right now things are at a standstill. We also hope the new Province Chief will be given half a chance by providing him with new staff members, both military and civilian.

The Provincial Council still has no real power. It has proposed a number of projects to the Province Chief which he has proposed "in principle" but that is all. We hope with the new Province Chief that a more satisfactory utilization of the Council and its manifold advantages will occur. Still badly needed is a clear and definitive statement from Saigon as to exactly what are the Council's prerogatives and responsibilities. The present outline as "advisers", like ourselves, is far too vague for implementation.

The security situation during September was mixed. Security along the La Grange canal is still bad. There has been one large scale attack. On the night of September 30, the VC attacked a small outpost named Nam Ngan south of the La Grange canal about 4 kms. from Ap Bac District town. After receiving heavy VC fire for about an hour, the Popular Force soldiers manning the post withdrew according to plan. Before leaving, they destroyed the radios. The District artillery then fired directly on the post. Popular Force losses were one killed, two missing. VC losses are unknown at this time but suspected heavy due to the good artillery support. The post was reoccupied the morning of October 1st.

At the same time as the attack, approximately 30 rounds of 60 kms mortar hit Ap Bac District town. Damage was light, one Popular Force dependent wounded. Also at the same time, My Phuoc Tay in Dinh Tuong Province on Route 29 was also mortared by 81 millimeters.

Terrorism, sabotage activities and brief fierce fights also show an increase.

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KIEN TUONG (cont'd) 2

A few steps taken near the end of the month, we hope will insure a better security situation this month. On Sept. 21st, a high level meeting was held in Moc Hoa to discuss the deteriorating situation along the La Grange canal. As a result of the meeting, an additional company is now in Kinh Quan II. Because of this extra security, people who fled after the Agu. 28th attack have finally started to return to their village. A new Special Forces "A" team arrived and is presently picking a site near Kinh Quan II for a new camp.

With more troops on the La Grange canal and good improvements in Tuyen Nhon, we hope next month to be able to report an improved security situation Province wide. There is still however strong possibilities of increased terrorist activities.

Most economic activity has begun to slow down as a result of the flood. The next two months will be slow for the same reasons. Recent prices in Moc Hoa are as follows:

Rice	7.35	\$VN	per kilo (235\$VN per gia)
Bread	24	\$VN	" "
Pork	70	\$VN	" "
Salt	8	\$VN	" "
Sand	480	\$VN	Per cubic meter
	200	\$VN	" "
Stone	1,500	\$VN	" "
Cement	2.70	\$VN	per kilo (135\$VN per bag "Taiwan)
	2.50	\$VN	" " (125\$VN " " "local)
Hollow brick	1.80	\$VN	each
Concrete brick	1.60	\$VN	"
Wood	8,800	\$VN	per cubic meter

If we can capitalize on the people's faith that we are finally going to really do something about the La Grange canal, we well be way ahead. The people are basically with us in the area.

A recent raid of a VC platoon, CP weededs some interesting VC propaganda. Among the normal leaflets, etc., was a Hanoi newspaper dated August 1965 with a photograph of American students protesting US participation in the Vietnam war.

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KIEN TUONG (cont'd)

A complete lack of real interest in the people's problems by most of the GVN functionaires makes implementation of many USOM projects an uphill battle all the way. With the present staff of officials, most of whom consider their tour in Moc Hoa as a form of punishment for some real or imagined wrong, I doubt if we will ever receive really enthusiastic support. "Lip Service" support we certainly do receive, but "let's get out and do it", we find in only a few Service Chiefs.

We have been informed by the Province Chief that the military Deputies for Pacification in all 4 Districts have been ordered by the Defense Ministry to be returned to their regular Army units. Two civilian Deputies for Administration at District level have been ordered returned to Saigon. Just how we are expected to carry out pacification activities in a District level without these important people is not explained in the orders.

September 30, 1965

DINH TUONG (33)

During September, the VC attempted to compensate for military losses in the province and in the north by intensify political warfare -- intensified terror, and propaganda activity. Where pacification is proceeding best, as in Cho Gao District, the VC activities have been the most fierce. Of sixteen killings during the month eight took place in Cho Gao alone. It is felt that the VC may balance past defeats with a stepped up political and terror campaign.

The subject for most concern was the draft. Practically no sector of the administration has been left unaffected by intensified conscription. Cadre services, village and hamlet administrations, and the teaching corps appear the most gravely effected. The most explosive case to develop is the provincial secondary school. At the beginning of the month the principal announced that he, his assistant and forty six other teachers would be drafted. In an ambiguous letter to his staff he suggested that on September 22, draft reporting date, all classes taught by eligible teachers be terminated, in effect turning two thousand senior grade students into the street. Remembering the riotous record of the school during last days of the Diem regime, this seemed an awesome threat. To date no teachers have been officially called and probably not all those eligible will be called. Classes have continued and the students appear passive.

The VC military build up in the Tien Giang Tactical Area of regular and provincial forces at the beginning of the season has not produced major attacks feared by division and province. The threat nonetheless remains and GVN forces continued to be grouped in larger reaction forces, limiting their capability for small pacification operations.

A total of 107 VC incidents were initiated in the month, a decrease from August giving further evidence that the VC offensive will not take place. Only two incidents approached medium scale operations. During the night of September 22-23 two VC companies attacked and overran the Ngu Hiep Popular Force post, killing and scattering fifty seven defenders but due to heavy shelling were not even able to recover all their own arms. With brutal disregard for civilian lives the VC in a diversionary effort to draw artillery fire, mortared the district towns of Cai Lay and Cai Be. Earlier in the month a post in Long Dinh was attacked. Both minings and roadblocks decreased from last month. Six of the minings took place on Route 4 where the VC could gain the maximum propaganda effect.

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The USOM supported reconstruction of hamlets around My Tho proceeded at a slower pace than predicted in province's somewhat everoptimistic plans. Causes for delay are shortages in essential materials (e. g. steel stakes for barbed wire fencing), uneven leadership, a critical shortage of hamlet labor, poor cadre work, insufficient security forces, and in some cases unexpected VC oppositions. There is little likelihood that the six hamlets will be completed and meet the six point criteria in the two months allotted. USOM is supporting the construction with foodstuffs and tools.

The agriculture situation has improved with the coming of rain and the drought now appears over. Nonetheless the Agriculture Extension Service predicts the rice crop for 1965-66 will be 30% to 40% below that of 1964-65. Total production is predicted to fall from this year's 219,046 metric tons to about 131,427. The break in the drought is being followed by insect infestation. At least 2,000 hectares in the western end of the province have been damaged. Harvest of the greatly reduced early rice crop is in progress while the belated planning of the regular crop seems completed. There has been an increase of NACO sponsored and commercial sales of fertilizer, about 2,000 tons over last year, but it is too early to predict what effect this will have on production.

The province's Economic Service reports that market prices remained reasonably stable during the month. There has been a slight increase in general economic activity and a total of four small new industries were founded.

While the overall psychological situation appears unchanged, certain areas of discontent and depression exist. Increased VC terror, sabotage incidents on Route 4 which impede commerce and taxes, the forced draft and the increase in food prices are the principle themes. On the other hand for some in secure areas the VC failure to mount its seasonal offensive has been heartening.

Particular efforts have been made by provincial, district military and special psywar group in preparing the atmosphere and working in the hamlets in the My Tho pacification zone, announcing the new province-wide and stringent curfew, to go into effect on October 1, and in preparing and begin a six month plan for the entire Tien Giang DTA.

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The principle objective of this plan is to counter VC recruitment of soldiers and laborers and tax collection and bond sales. The relatively poor performance of provincial, district, village and hamlet propaganda cadres has and will limit these programs. The draft has cut down the numbers of cadre, taking frequently the younger and more dynamic. In VIS as in other services female cadre cannot efficiently replace male counterparts.

USOM supported activities made better progress during the month as compared with the past several. Agriculture projects continued well and in the only unexploited section of the agricul ^{re}/services' budgets - pump purchase a pricing session was held, prices decided and plans for utilization discussed. School construction continued at a good pace. Activities in the Cai Be refugee area included supplementary distribution of Catholic Relief foodstuffs and clothing. Plans being prepared, and work begun on temporary relocation has suffered, however, from over-hasty construction and its use is delayed until province and district agree on the means of supporting refugees during their residence. No progress has been made with the planned refugee vocational training center. Plans for Popular Force housing are being reviewed and reprepared by province before submittal for USOM approval. Perhaps the most encouraging progress has been in self-help, both funded and non-funded. Irrigation made no progress as in the past month, but plans have been drawn which propose construction during October.

Preparation of the 1966 Rural Construction budget began on 9/17/65 under the chairmanship of Le Van Hoi, the new deputy of administration. As no instructions have been received from Saigon on the budget, Hoi directed the preparation of a preliminary budget based on 1965 activities. As a result all the service chiefs with exception of NACO, proposed programs identical in size and nature with those of 1965. NACO hopes to triple its operation. Hoi is determined the budget be completed and approved by January 1966 so that the implementation of the budget will not be delayed as has been the case this year. As the meeting was of the most preliminary sort USOM is, for the moment, withholding its judgment on the feasibility of proposed programs.

September 30, 1965

KIEN HOA (34)

There have been rumors of a non-communist anti-GVN political movement arising in the province but just what is still unclear. The Provincial Council is functioning effectively in its advisory role and is an excellent channel of communication with the people. The Province Chief plans to make them truly effective as a Provincial Council and allow them the full powers they are authorized under their charter. Religious leaders still express concern about the results of air strikes and artillery on the pro-GVN morale of the people.

During September VC incidents increased by about 25% but there was no significant increase in the intensity of incidents. On October 3-4, ~~six mines were detonated on the most secure provincial road~~ leading from Ben Tre to the My Tho ferry. It is believed by military sources that the VC has suffered heavy losses due to air and artillery strikes. As usual the VC are training large numbers of recruits and the usual units move in and out for recruiting, training and R R. On the night of October 1, the district town of Thanh Phu was harassed with mortar fire and small arms fire from within the town and a number of civilians in the refugee center were killed and wounded by small arms fire and grenades. In general, the security situation has slightly deteriorated.

The lack of rains remains a critical problem. Heavy rains during part of September have somewhat reduced the critical nature of the situation but a less than average Rice Crop is expected. Planting and plowing are still going on. The VC have increased economic pressures in two districts and along some of the main roads and waterways and prohibit the shipment of some supplementary food items.

Prices of commodities

Rice (100Kilo)	- 1st class	900\$00
	- 2nd class	800\$00
Milk (can)		16\$00
Cement (bags)	- Ha Tien	120\$00
	- Taipei	138\$00
Sand (1m ³)	- Coarse	200\$00
	- fine	220\$00
Crushed Rock (1m ³)		700\$00
Gravel (1m ³)		1000\$00
Rebar 10mm(100 kilo)		1000\$00
Wood (1m ³)		7000\$00

Reports indicate that the VC are forcing the sale of "NFL" certificates and are meeting resistance from the people.

The general attitude of the population to the GVN is favorable. The psywar effort is only marginally effective and needs to be propped up. Fortunately a new JUSPAO representative has arrived. He will divide his time between here and Go Cong.

The same problems still exist with the funding of USOM supported programs through the Rural Reconstruction Budget. These consist of fears of setting up the authorized advance fund, fears about properly justifying expenditures, and poor and conflicting GVN guidelines from Saigon.

So far 126 Self-Help Projects have been completed, and 188 approved but only two funded projects are approved and as yet are not completed.

To date none of the Ministry of Education's 76 classrooms have been completed but most will be completed by year end. Support of PF Dependent Housing has slacked off. The Summer Youth Program Continues to function but is without funds. USOM Continues to assist with the support of PAT units, CG units, and APA units.

September 30, 1965

VINH LONG (36)

There was little change in the political climate in September. Saigon is still a long way from Vinh Long, and national politics makes little impress in the towns; none in the rural areas. On the local scene, at a District Chief change-of-command ceremony in September USOM let out a little sotto voce cheer as the Chairman of the Provincial Committee took his seat on the reviewing stand at the right hand of the Province Chief usurping, in fact, the MACV Sector Advisor. Unfortunately this exaltation in the provincial pecking order is more apparent than real and the Committee remains pretty powerless. Their role here is all advise and no consent and there is already more high-powered free advice floating around this province headquarters than the Province Chief can intelligently absorb. One excellent program they have dreamed up is to launch a special sub-committee for Self-Help, charged with touring the rural areas explaining and drumming up interest in Self Help projects. Needless to say, USOM is giving them every encouragement.

While still too early to tell for sure, there are some indications that September may have marked a watershed in the security situation in Vinh Long. Some straws in the wind: By the end of September the province's rather ambitious 1965 Pacification Plan had fallen 60% behind schedule and it seemed likely that no really major gains would be achieved in the last quarter. (One courageous new District Chief rose in a pacification meeting and explained the reason he could secure no new hamlets in the last quarter was that it would require all the forces at his disposal merely to secure the two hamlets which encompass his district town--territory which his predecessors had confidently reported "pacified" for months.) Over most of the province it appeared to USOM that friendly forces had secured about as much ground as they could hold, and in at least one district were seriously overextended. Popular Force detachments in their lonely outposts grew increasingly to resemble a "thin black line" of defense backed up at least in the first crucial hours of attack (and all too often until afternoon the next day) by nothing much at all. Meanwhile, back in the Vinh Long saloons, the cream of ARVN, particularly the Rangers, continued to strike more terror in the hearts of peaceable beer drinkers than they ever have in the enemy.

Perhaps in response to this situation, enemy tactics showed a definite change in September with the emphasis shifting to fewer but much heavier attacks. On the night of September 18th an enemy force variously estimated at from two companies to two battalions attacked isolated Cho Lach District from safe havens in neighboring Kien Hoa province, handily penetrated across more than 8 km of supposedly (secured) territory, attacked five outposts simultaneously put the torch to two New Life hamlets and for a time threatened the district town. These units were equipped with newly issued 57 mm and 75mm recoilless rifles and plenty of ammunition, which firepower they lost no time in using to good effect against RAG vessels. In that weekend's operation they sank two LCVPs and on the following weekend dispatched two Monitors and a FOM.

Terrorism was for the first time in many months focussed on the province town. In Vinh Long city in September a terrorist team disguised as Buddhist monks was discovered in a pagoda; police surprised one terrorist rigging a grenade trap on the JUSPAO Representative's front gate; and an ARVN Major was reportedly gunned down in his private car while entering the outskirts of the city. On Route 4 between Vinh Long and Sadec an enemy team stopped a civilian bus in broad daylight, removed four uniformed ARVN soldiers and summarily shot them.

Given the thinness of friendly defenses and the greater, more selective aggressiveness of the enemy it seems not unreasonable to predict that if the enemy is badly frustrated in the highlands and decides to turn on the heat in the Delta again, it wouldn't take too much to alter the security situation in this province with dramatic suddenness.

The economic picture was little changed from the preceding month. With the exception of an almost twenty per cent rise in cement (probably reflecting exploitation of local shortages) spot prices of key commodities listed below remained about the same:

<u>Commodity</u>	<u>Price</u>
Rice - No.1	VN\$ 1000 per quintal
Gravel	VN\$ 520 per CM
Sand (mountain)	VN\$ 220 per CM
Cement (Ha Tien)	VN\$ 125 per 50 kg bag
Rebar	VN\$ 9 - 10.50 per kg
Canned milk	Unavailable at any price
Building lumber	VN\$ 8000 per CM

Paddy transplanting, delayed two to four weeks due to lack of rain in July, was drawing to a close as September ended. Two weeks should see all seedlings transplanted. Province agriculture officials refused to forecast this year's crop results beyond saying it would probably be about the same as last year's. Evidence continues to mount that the VC in this province are in a worsening economic bind, both for money and rice. Quy Chanh report that in one district the daily forage allowance has been reduced by two thirds and the rice ration from one liter per day to twenty centiliters. Similar stringencies are reported from other districts. Viewed in this context the 1965-66 daddy crop assumes considerable strategic importance. The enemy obviously will try for every kilo of paddy he can get. If there were enough friendly forces to deny him all but the crop in the most hard core areas, it might result in starving out great numbers of hungry Quy Chanh. Regardless of who ultimately gets it there seems good reason to believe that this year's crop will be liberally splashed with blood before it's all over.

The USOM team in Vinh Long province is in the process of directing several shifts of emphasis in its programs. Self Help schools, for two years the most popular project going here, are being de-emphasized in recognition of the fact that a school without teachers is just an empty building and also that in a growing number of villages there are for the first time in history enough primary schoolrooms to meet the demand. USOM here is actively promoting the water purification unit program. One unit is under construction, two have been surveyed and approved, and four more are being studied. We feel that there are few more real and tangible symbols of a government's concern for its people than a supply of clear, potable drinking water--particularly to a people who have drunk nothing but turbid canal water all their lives. What's more, it is something the enemy cannot offer them.

EXTRACT - HOA HAO

September 30, 1965

AN GIANG (37) "(USOM Report)"

The political atmosphere continues to be free of stresses and is conducive to the preservation of the productive stability which has characterized this province for some time.

A well organized and attended open-air Hoa Hao Political rally on September 21 attracted considerable public attention and was in commemoration of the 10th anniversary of the Dan Xa Dang (Democratic Socialist Party). The keynote of the rally was to press for unification of rival party factions and to achieve this at the provincial and district levels - in contrast to the failure in this direction at the national level.

Phan Ba CAM, pro-Diem, and Truong Kim CU, representing the Central Committee made speeches advocating unification. The third Central Committee representative, Trinh Quoc KHANH, made no comment but his presence was construed as tacit approval of the unification evolution.

The dominant personality among the speakers at the Longg Xuyen rally was Tran THANG (anti-Diem), one of the three local faction leaders, the other two being Nguyen Van KHAI (anti-Diem) and Lam The XUONG (pro-Diem).

In cooperation with An Giang's Hoa Hao province Chief the two neighboring provinces of Kien Giang and Vinh Long simultaneous rallies and sent representatives to attend the meeting in Long Xuyen.

The rallies were well organized by An Giang Province Chief, Lt. Col. Tran Van TUOI, the province's Hoa Hao Committee chairman, Nguyen Van Hue and the chairman of the Hoa Hao Central Committee Luong Trong TUONG (not present at the rally) and the results progress in the process of unification of the discordant party factions from the ground up.

Both retail and wholesale trade have not sustained any marked change up or down and, by local standards, has continued to be fair during the brief reporting period. Bank credit has continued to be readily available to known merchants under favorable terms while farmers continue to be victimised by usurous money lenders.

The upward trend in private construction has continued under the stimulation of the basic combination of conditions, viz: general city ownership of non-saleable land the rental of which is encouraged contingent upon construction; Provincial Capital's urban policy implemented by the decree fixing a

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AN GIANG (cont'd)

time limit on the construction despite the absence of bank loans or credit measures; the continued attraction of new residents animated by the city's superior layout of broad streets and parks and knowledge of its good security.

Barring unexpected adverse factors in the course of the remaining three months before harvesting, the prediction is for a better rice crop than last year. Thus far this year's crop has not been affected by the unfavorable conditions of last year, namely, late flooding of the Mekong, disease, and a bad outbreak of stem borer.

Growth was retarded by the July dry spell but since then rains have been plentiful - especially in September - the Mekong has risen on time to flood the paddies and the rice plants have recovered their normal growth.

Due to natural factors rather than to control through the utilization of insecticides, the rice stem borer has not been a serious pest yet this season. Thus far, the incidence of infestation has been negligible. However, the possibility of this problem is still present as the critical stage has not yet been reached.

While rice sales are much lower than last year the amount of fertilizer used last season was small in relation to the area under cultivation. Thus the fertilizer factor is having little effect on the current crop.

Summed up, the decrease in the area of planted rice (CF 143,557 ha 1965 - 148,989 ha 1964) is being offset by more favorable natural condition rendering a production increase probable.

The increase of enemy harassing over last month is being contained. This rise in enemy activity in the southwestern border area is seasonal relating to the approaching rice harvest and, to some extent, is believed to be a reaction to enemy defeats elsewhere in the country. Friendly Regional Forces are 83% combat effective - the deficiency of 17% involving three companies lacking completion of training and weapons. Mobile operations of resources control have continued weak and in need of development although encouragement was derived from a measure of success in the execution of one large river operation.

With the stimulation of public interest by support from high levels of government civic action activities have continued to grow under adequate local direction. The psychological warfare operation is proving to be a healthy

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program meriting the continuation of American and Vietnamese government efforts for improvement in general and in the areas of motivation, initiative and imagination in particular. The general atmosphere is calm and conducive to production.

Implementation of projects which are at the local jurisdiction stage moved forward in a satisfactory manner.

However, other basically approved projects have been impeded by what appear to be obsolete regulations and procedures at the Saigon level. For example: (a) The one million piaster imprest fund is not in fact such a fund but, rather, a method to request project approval at any time of the year through the government ministry concerned. The post understands that USOM Saigon is taking remedial action. (b) Critical non-receipt material for high-impact projects where timeliness is a key factor such as, for example, rural electrification, technical equipment for a trade school recently inaugurated.

September 30, 1965

KIEN GIANG (38)

There was no noticeable change in the political situation during September. The Catholic community in Kien Tan is not an exception to the general notion of Catholic support for the GVN but it should be noted that even though the Catholic community represents an anti-VC group, these people could also be considered to have less allegiance to the central government than other groups. It was further noted that over a thousand refugee families migrated into province in September, and the lack of young men was obvious.

A slight change was noted in the security situation. On September 20, the VC dropped about 20 rounds of 81mm mortars into the town of Rach Gia killing four persons and wounding 21. In Kien Tan district there was one assassination and two kidnappings. In the Kien Binh district town two men were assassinated. One outpost was overrun. Large VC units are still reported moving along the Kien Binh - Chuong Thien province borders. It is reported that the VC have at least one battalion sized unit, with support operating in the Kien An district. The Ha Tien - Rach Gia highway was opened on September 16, 1965 but on September 17 a mine was exploded under a bus, killing seven (7) civilians. The road is not used generally because of fear of mines and minor harassment.

Economic situation unchanged since last report. Some sweetened milk is now available in Rach Gia but in limited quantity.

Province Services are still slow in implementing their programs. The Finance Chief, reluctant to release funds when requested, is one of the biggest bottlenecks. Many hamlet and village officials are becoming disinterested in Self-Help and other UOM supported Programs because of their inability to obtain funds to start the projects. The Province Chief has refused to take any action to correct this situation except to publicly reprimand the Finance Chief. This has not been sufficient. Many self-help projects are currently stalled because of lack of funds.

September 30, 1965

CHUONG THIEN (39)

Effectiveness of GVN political influence is limited to areas where GVN military troops are maintained. However, the presence of ARVN in any locality does not make a permanently secured area. The VC still have the capability to conduct operations in any area of this Chuong Thien.

There has been no change in the economic situation and no large change in expected until GVN controls the farm lands of the province.

There has been improvement in the overall psychological effort during the past six months and with the increased coordination at province level expectations are favorable. The rural people's attitude is expected to remain basically unchanged until we are able to provide true security in the areas that are presently "pacified".

The Deputy province chief for administration has taken strong action in support of USOM and at long last we are getting things out of the planning stage into the building stage.

September 30, 1965

PHONG DINH (40)

In general, the VC program remains intact and unchanged.

It is probable that the VC will be reluctant to commit large forces against VN installations because of their demonstrated vulnerability to air attack. The most effective VC tactic against important GVN/US installations remains the mortar attack which provides maximum damage at minimum risk. Also the highly successful VC program of weaning the rural populace away from GVN influence by repeated harassment of the local Popular Force outpost inducing the government to fire artillery into friendly areas can be expected to continue. This last VC tactic has yet to be countered by effective government action. The tactic is very simple and as applied provides little risk to VC military units. The VC will select a prominent GVN outpost, usually one which houses a village and/or hamlet office, and subject it to continuous small arms or mortar harassment. This harassing fire is rarely damaging in its effect on life and property, but it demonstrates GVN inability to protect the people and it demoralizes the popular force troops in the outpost. The only GVN response is to fire artillery at the suspect VC locations and as a result the fire is as likely to damage friendly lives and property as the VC. The VC propagandist can then claim with some considerable validity that it is unhealthy for the people to live near the outposts and that they had better move into the VC "Liberated" or "combat" hamlets. The result is that the population moves away and the outpost becomes isolated and practically functionless. The ARVN employment of the artillery plays into the hands of the VC. ARVN artillery loses its effectiveness by refusing to continually register concentrations in support of outposts to insure timely and accurate fire support.

Prices of consumer goods have increased slightly, and speculators continue to flourish openly. As a case in point, canned milk, best quality, is almost unobtainable in most shops. A few are selling limited quantities at the controlled price of 1.6 to 1.7\$ VN per each. Speculators are demanding, and getting, 17.00 to 25.00 \$ VN per can. Controls heretofore exercised by the provincial economic controllers have relaxed.

It has been noted an increasing number of unauthorized persons are in possession of Military Payment Certificates.

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PHONG DINH (cont'd)

Dredging activities are progressing in the vicinity of the LST landing area (WS 808149). If and when construction of a facility of facilities begins, more jobs will be created for permanent residents and incoming refugees.

Harvesting of the 3 months crop is now in progress. If results approach the last harvest, in excess of 5000 tons of paddy will be realized.

The population and resources control of the area is improving. The number of arrests and confiscations has increased from last month. There were 31 known VC arrested and 17 suspects. There were also 3 deserters and 104 draft-dodgers apprehended. Confiscations included 9 weapons and 22,085 pounds of foodstuffs. The general efficiency of the personnel manning the checkpoints is also improving. There still remains a need for an increased system of water route check points.

Except for Rural Health and Fisheries most other USOM-supported programs are making satisfactory progress.

September 30, 1965

BA XUYEN (41)

The province did not suffer as badly from lack of rain as did others in the Delta during August and early September. Therefore, while estimates on rice production will not be forthcoming until the transplanting has been completed the outlook is fairly good. The price of one liter of rice in Soc Trang stood at VN\$ 5.40 for 25% brokens and VN\$ 5.80 for 15% brokens. Last month the prices were VN\$ 5 and VN\$ 5.50.

Local rice merchants are laying plans for the next rice season. They have apparently just heard that the Government will provide them with ample credit to finance the purchase and storage of this year's crop so that it may be brought in early. Apparently, however, they have not yet arrived at a common position themselves on policy for the coming season ("there is much competition between us"), and as a consequence are not yet able to make clear policy recommendation to the Government. The knowledge that the key credits will be available on time probably lessens the pressure on the merchants to get together and make these proposals.

Increased construction activity at the Soc Trang Airfield has provided jobs and injected more money into the local economy. Favorable economic indicators in September included the opening of two new bars in Soc Trang; the occasions were graced by the presence of mobile action bar girls brought in from Saigon, and others in attendance on the opening nights included high Provincial Officials and their wives.

The security situation in Ba Xuyen improved in September. There were no major encounters between VC and GVN troops in Ba Xuyen and there was a significant drop in all major categories of VC activity (attacks, terrorism, sabotage and propaganda) except anti-aircraft fire. An increase in the number of Qui Chanh is believed to reflect resistance on the part of village youths to the VC recruiting drive for "volunteers" to join main force units going to Central Vietnam.

Morale in Ba Xuyen remains relatively high. There are some indications that most of those leaving the insecure areas as a consequence of stepped-up bombings are directing their resentment at the VC and that they are beginning to accept the necessity of becoming relocatees. While there is no forced relocation, the Province Chief has addressed himself with some success to the problem of inducing civilians from VC-controlled

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BA XUYEN (Cont'd)

territory to stay in the secure areas indefinitely rather than for only a few days at a time as they have often done in the past.

Ba Xuyen's Rural Construction budget for 1965 totals approximately VN\$ 32 million (plus \$ 1 million approved recently for Supplementary Development Projects) of which almost \$ 12 million had been spent by Sept. 29. While there are problems, it is expected that an additional \$ 15 million will be spent on roads and irrigation projects by the end of the year.

As is probably the case in most provinces, the spending rate is satisfactory with respect to New Life Hamlet Cadre, relocatees (for whom additional funds have been requested) and teachers (funds have also been requested for more teachers). Payments to refugees are also being made with little delay.

The Province is faced with rather serious problems in connection with two other major items in the budget VN\$ 2.2 for self-help projects and VN\$ 1.4 million for programmed schools - but it is believed that these programs will also be satisfactorily completed by the end of the year.

Progress in the various agricultural programs is spotty, and of VN\$ 1.5 million in the budget for agriculture only about one-third has been spent. While the pig-corn program has begun to move along fairly well, the draft has already had a serious effect upon both the animal husbandry program and agricultural extension activities, and they will suffer even more unless accorded some relief. Serious personnel problems (unrelated to the draft) also account in part for shortfalls in expenditures on the Chieu Hoi program (only VN\$ 1.5 million spent of VN\$ 3.1 million) and the fisheries program (almost nothing spent of VN\$ 1.3 million).

Work on the Provincial Warehouse should finally get underway this month and the Popular Forces Training Center for which USOM is supplying cement and roofing is well on the way to completion.

Recently the opening steps have been taken in an effort to expand economic activity of a continuing nature in Ba Xuyen. A visit by a group of USOM and Industrial Development Center economists had been planned for the early part of the month but has been postponed. However as a result of the preliminary work for this visit, one of the banks here is already

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BA XUYEN (Cont'd)

buying out a defunct brick kiln at Dai Ngai and has made plans to reorganize and modernize it. The possibility of building a port at Dai Ngai large enough to handle rice shipments directly to central Vietnam and to serve as a port for this whole rich region is also being discussed in preparation for the meeting with the economists.

There is also interest in developing a fish meal mill, and perhaps a feed mill. The central area of this province would certainly be excellent for a fourth USOM Rural Electric Cooperative should the money become available, and some of the homework is being done to prepare for such a contingency. There is also hope that as the security situation improves, some of the large scale water control/irrigation projects planned by the French in this area can be re-engineered and carried out. In the meantime, meaningful small irrigation projects can be undertaken.

AN XUYEN (42)

September 30, 1965

The political situation in An Xuyen Province appears to have changed little during September. There have been no major incidents or demonstrations by any political or religious groups either to forward or negate the GVN's position. However, in Quan Long District GVN is gaining ground politically. This is due to the strong efforts of the District Chief and his staff to promote civic action programs.

The security situation throughout the province has tightened up in recent weeks. Several of the district towns and even the province town itself have been anticipations attack.

Road security remains about the same. We can only drive on route 4 from Camau to Quan Long, approximately 12 to 15 kilometers. Even driving this distance contains a certain amount of risk.

The economic situation remained about the same. The price of rice is 7 piasters per kilo.

USOM Supported Programs have picked-up a little during September. Areas of greatest headway have been self-help and relocation.

September 30, 1965

BAC LIEU (43)

The political situation in Bac Lieu remains unchanged. Few personnel on the provincial government have any real political sense. Those that do are stifled by the ignorance of their contemporaries. The net result is a group of people who are content to do their job well enough to keep out of trouble, but have little motivation to do that extra little bit which will put the government in a more favorable light with the common rural inhabitant. The phrase "negative thinking" is time-worn, but it nevertheless applies to the majority of personnel in this provincial government. The impression is there is no feeling of national unity, either in the government or in the people themselves. A political vacuum exists in Bac Lieu.

13 VC-initiated incidents were recorded during the month. Two attacks were made on Pho Sinh outpost in Phuoc Long District, and a bridge and outpost were attacked in Gia Rai. None of these attacks resulted in serious loss to the GVN. The national highway #4 in Gia Rai District was blocked on four occasions, but only for a few hours each time. Three assassinations occurred, and three kidnappings. One of the persons kidnapped was the father-in-law of the Vinh Chau District Chief. Over-all, the VC versus GVN military posture remains unchanged.

Nr. 1 grade white rice is presently 700\$VN per 100kgs. Sand is 390\$ VN per m³, cement is 125\$VN/bag, gravel is 1,100\$VN/m³. Rock is 700\$VN/m³, and sawn lumber is presently 8,000\$VN/m³. Lumber has been sporadically unavailable during the month. Housing rentals are beginning to show an upward trend. RMK, with its' high wages for labor has disturbed the scene here with the start of a MACV housing project. Coolie labor is hard to get because they are holding out for triple wages with RMK. The green money blackmarket is on its' last legs, and there is no MPC blackmarket as yet.

The emphasis on family as a basic social element could be blamed for several of the national ills. Children and young people even in their twenties are not allowed to handle their personal finances. This done by the parents. Thus, the reluctance to act in fiscal matters later on, when in a position of responsibility may be a subconscious extension of this family control. The fierce family loyalty may well consume all the energy required to develop national loyalty. Like a brick house built without mortar, which comes tumbling down when a disturbance occurs, a nation built of strongly-knit family units cannot be expected to be stable without the common national loyalty of these basic social building blocks. These two social characteristics apply quite well to the situation in Bac Lieu.

Relocation payments finally were made this month, however the method of payment is unsatisfactory due to the arbitrary establishment of a 2,000\$ VN flat rate per family. Self help has come to a halt due to inability or unwillingness of the province to pay off on bills for materials to merchants who have extended credit to the various hamlet chiefs. The well-drilling program is well underway with two rigs operating in province. Road repair is underway and proceeding satisfactorily. Hamlet schools are 60% complete, and coming along well. Fisheries shows literally no activity, with no service assigned. Social Welfare has no team assigned, thus is hard-pressed to cope with the refugees in province, and doesn't have any idea of the number of refugees at present. Agriculture and animal husbandry is proceeding satisfactorily.

September 30, 1965

CHAU DOC (44)

The Provincial Council resumed their deliberations on last month's agenda, the creation of a Hoa Hao District and the secession of two villages in Tinh Bien District to Kien Giang Province. The general opinion is that these two proposals will be favorably endorsed by the council, although details are being worked out. They may be able to complete this by the end of October and forward the proposals to Saigon.

The Provincial Council has been demonstrating their continued interest in the socio-economic and political development of the province. They have been trying to cooperate as much as they can with the Provincial Administration since they have assumed office.

The over-all security situation this month has improved slightly. Minor VC harassments have decreased. There were several incidents of mining on the Tri Ton and Tinh Bien Districts roads. On the GVN side, small scale operations are continued throughout the province.

There is a plan to establish several CIDG companies from the 626 KKK returnees which will strengthen the border defenses. The province definitely needs these extra companies but there appears to be a lack of interest or drive to establish these companies. The lag seems to be pointed to the EVN in Saigon or the Military Officials at higher echelon. This definitely poses a serious problem as the KKK returnees would like some decision and want to serve the country. Also, they would add to our military strength and assist to remove the lag in pacification. We have pacified, as of the end of September, 91 of the 10 hamlets proposed.

Economic developmental activities are continuing to accelerate. Over 70% of the 125 authorized self-help projects have been implemented within the three month span of their approval. The remaining 30%(-) have already received their materials but are awaiting the end of the rainy season to begin. The province has received approval of an additional 66 projects in 1965. With the savings of some of the original self-help funds, we hope to realize 100 projects instead of the 66. There has been good cooperation in the inspecting and screening of all applications.

There were 71 TT Cadre graduated this month which brings the total to 794 technicians and cadre from the 11 service agencies. 95% of the 27 hamlet classrooms have been completed and the 35 new hamlet school teachers have completed their training and are being assigned.

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CHAU DOC (cont'd)

The Agricultural and Animal Husbandry Offices have held a two day training course for 172 farmers. The USOM Vietnamese Agriculture/Animal Husbandry man was in attendance and has enhanced his position with the local agricultural officials and local farmers. Progress has been made and the future looks good. Most of the province's tillable lands have been planted with rice with the remainder being finished in October.

Bids were received on the dredging of the Than Nong Canal. The canal will be dredged for a 25 km distance for a cost of \$VN 11,500,000 and should begin soon.

The Hoa Hao received official recognition last month by the present government as a result of their petitioning and lobbying. They now are seeking a separate Hoa Hao District. The rationale for a separate district is to assume a more concentrated effort in fighting the VC and progressing towards pacification goals.

On 29 September, 33 Hoa Hao religious cadre were graduated from a 24 day course. They are now assigned to various provinces where they will preach the Hoa Hao Doctrine. Their mission is not only to preach the doctrine to the existing Hoa Hao people, therefore bringing them closer to their religion and religiously educating them, but also to recruit new members to the faith.

While outward appearances seem to be noble, it is worth noting that the Hoa Hao have been demanding of not only the people they try to govern, but are demanding also of the government. The demands appears to have strengthened and increased since official recognition by the government. One should also note the possibility of the Hoa Hao demanding or requesting autonomy in the future. At any rate, the Hoa Hao seem to have been completely in accordance and supporting the local and national government and its cause.