

REPORTS OF JUSPAO FIELD REPRESENTATIVES

for the month ending December 30, 1965

TO : Distribution List Below

FROM : Brigadier General John F. Freund, (E)
Assistant Director for Field Services, JUSPAO

This document contains portions of December, 1965, reports submitted by JUSPAO Field Representatives. It discusses the use of a variety of psywar projects, ranging from several public indignation meetings aimed at the VC, to the sharpened use of media, such as radio, loudspeaker broadcasts, and leaflets aimed at the VC or populations under their control.

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FIELD SERVICES CENTER

All through the country in December there were encouraging signs of activity as more field representatives arrived in the provinces and cooperation with VIS became closer. In the mountains of II Corps, several PAVN troops returned with psywar leaflets; in Saigon, a seminar was held for 56 province newspaper writers, and far to the south, in Soc Trang, regional VIS cadres gathered for a no-holds-barred exchange on daily problems with their superiors.

Yet the problems remain legion. The District VIS centers are often short of supplies, and in both Saigon and the provinces the caliber of information workers is usually a cut under their counterparts in other government agencies such as the National Police. Psyops annexes are still the exception rather than the rule with military operations and provincial psyops committee meetings are infrequently held.

Still, the field reps can document a long string of successful activities, from which the following are excerpted.

IV CORPS

The Viet Cong massacre of 25 unarmed canal workers in the early morning of December 12 at Tan Huong, near My Tho, resulted in an intense and widespread outburst of anger and indignation at the enemy. Popular resentment at this shooting was channeled by VIS and JUSPAO, resulting in a large and impressive mass anti-VC demonstration in that delta community.

The incident began at 0100 December 12 when the Viet Cong massacred 25 canal workers asleep in a pagoda in the village of Tan Huong, Dinh Tuong Province. A nearby Popular Force post reported the gunfire as "harassment" and did not investigate, so first public awareness of the massacre came at dawn as early morning traffic along the main North-South route was blocked with ten canal workers, bodies put there by the VC. Another 13 lay dead where they had been shot, asleep in the pagoda. Seven wounded still lived, but two died later.

Both the VIS District Chief and the American Sub-sector advisor had photographed the massacre site. Robert Dickerman, JUSPAO rep, reported that "their photos showed not only the tragic dead lined up in the pagoda yard -- but the shocked grief of the survivors. The photos included a shot of a nine year old boy orphaned in the massacre being comforted by a GVN official, and a young woman and her baby who had also lost a loved one."

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The U.S. JUSPAO rep went to the district, got the film, and JUSPAO funds permitted a local photographer to work Sunday afternoon and Sunday night to make multiple prints for Saigon and for the Province VIS. JUSPAO's Field Rep meanwhile telephoned the story to Saigon, and at 1700 the same day the mission spokesman released the story at the daily press briefing. A special chopper picked up the prints the following morning and they were released to the press later the same day, resulting in worldwide coverage of the incident.

A Saigon based JUSPAO officer, Don Rochlen, interested CBS-TV in the story and the television crew arrived early Monday morning to film the scene of the massacre and the public demonstrations which followed at My Tho and Kien Tuong. On Monday afternoon a JUSPAO multi-media team visited My Tho to tape, film, and write interviews with the wounded survivors in the hospital, a Philippine surgeon who operated on the casualties, and Province Chief Lt. Col. Tran Van Phuc.

In the province itself, reaction to the massacre was spontaneous and deep, and JUSPAO and VIS channelled it in several constructive directions. To begin with, a mass meeting attended by 4,000 persons was held on December 13 to mark the event and honor the dead, after which more than 2,000 persons joined the funeral procession through the city, past a reviewing stand, and out the highway toward the deceaseds' home villages. VIS arranged the parade and worked through the night to prepare banners. The province cared for the dead, provided coffins, obtained the services of bonzes to pray for the dead, and obtained gifts and emergency funds for the survivors. Memorial services were also held in Catholic and Protestant churches and Buddhist temples.

As a final gesture, a memorial temple will be raised to the victims along Route 4 in Tan Huong, in which bonzes will offer services twice a week for the victims. Dedication services and an accompanying plaque will remind viewers that the VC's objective was to stop progress on the construction of a 7,000 meter canal which will permit 11,500 villagers to have two rice crops and one vegetable crop per year -- rather than the single rice crop they now plant. The VC objective was thwarted since the canal project is continuing with increased emphasis and effort.

Twelve-thousand local posters on the incident were printed and distributed and JUSPAO produced a poster for national distribution as well as a rapid response leaflet.

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VIS Film Presentation Bombed by VC in Vinh Long

Seven persons - five of them children - were killed and 41 wounded when the VC tossed a grenade into the crowd of 600 people at a VIS film presentation the night of December 17 in Phu Hiep hamlet, Vinh Long Province. The operator, one of VIS's rural information workers, was among those killed, as the bomb was thrown near the projector. Stopped on the reels was the JUSPAO film "Journey to Tomorrow," describing what a village could do with self-help economic aid projects. The next day, several hundred villagers participated in a rally-demonstration protesting the VC crime.

Go Cong Training Program

The Go Cong VIS conducted a training program for district, village and hamlet cadres from November 25-30. The program was supported by JUSPAO with extra office supplies and subsistence payments for the 125 cadres attending, and a Vietnamese employee of JUSPAO taught some of the classes. The course was useful in improving the morale of VIS cadres and in adding to their knowledge and understanding of government and procedures. It failed, however, to provide an adequate opportunity for the village and hamlet cadres to discuss their own experiences and problems, or enough "nuts and bolts" instruction. The results of the training course confirmed the receptivity of a large proportion of VIS cadres to a training program, and the need for an expansion of JUSPAO efforts to provide mobile training teams and instructional materials.

Bac Lieu Reading Rooms Established

In a summary of monthly activities, the JUSPAO rep in Bac Lieu, far south in IV Corps, writes:

"Reading rooms have been set up on the Commo Compound, at the Chieu Hoi center, at the public high school, and will be set up soon at the province hospital, at the provincial officer's club, and at the Red Cross dispensary (now being completed). The Province Chief will turn over a centrally located building here which JUSPAO will set up for both a reading room and for showing motion pictures.

"We now have English classes well under way with about 100 persons representing opinion leader groups in the military, police, civil service, education and psywar. They are taught by American

officers from sector and division who have volunteered their services. U.S. sector personnel are also helping with English classes in the province secondary schools.

"JUSPAO continues to initiate or consult in the preparation of leaflets and loudspeaker broadcasts. Psywar air has been negligible, most scheduled flights being cancelled. JUSPAO has also been pushing the theme that any military victory, large or small, can have psywar benefits if immediately exploited."

Province Radio Brings VC Defectors

The sometimes effectiveness of province radio stations in supporting local Chieu Hoi programs is documented in the following report from Kien Hoa, one of the richest provinces in the Mekong Delta, and a Viet Minh stronghold for 20 years:

Luong-van-Pho, alias Cau Tien, age 23, married and the father of 2 children, was interviewed on the air. A village guerrilla leader from Xa Tan Binh, Mo Cay District, he joined the VC in May 1963, and rallied December 7, 1965, at the province Chieu Hoi center. He says he was forced to join the VC, and before that had planted rice and sugar cane for a living. He received two piastres a day from the VC for food. Motivated by miserable living conditions in the VC area and word-of-mouth and leaflet accounts of the government sponsored Chieu Hoi program, he surrendered. Tien remembers seven occasions when he was ordered to police up leaflets dropped by GVN aircraft. Two of the leaflets which he remembers particularly were personal letters from Quy Chanhs. Later, at the Chieu Hoi center, he responded in an interview with Paul Bennett, JUSPAO rep in Kien Hoa/Go Cong, as follows:

Q: Have you heard the Chieu Hoi broadcasts by Radio Kien Hoa?

A: Yes, more than 15 times. (Apparently he referred to a daily broadcast of classical music from 0730 to 0800, which is sometimes interspersed with brief Chieu Hoi appeals. Radio Kien Hoa has an evening Chieu Hoi program somewhat similar in format.)

Q: What do you think of the broadcasts?

A: The program is good but we are prohibited from listening to it. (Returnees added later that VC cadres in the village make special checks on houses where radios are located, to ensure that they are not tuned to GVN stations.)

Q: Then why did you keep listening?

A: I wanted to escape from the VC a long time ago, but they said if we rally to the GVN we would be jailed and killed. But I did not believe the VC when I heard the broadcasts, so I continued to listen. (He added later than on one broadcast he heard an appeal by a girl Quy Chanh whose voice he recognized.)

Q: When you listened to the radio, were you alone or with companions?

A: There were seven of us VC and all of us talked secretly of our desire to surrender and they asked me to surrender first to find out the truth. If I send word of my being well treated they will come out.

Q: Have you done anything about sending out word to your companions?

A: Yes, this morning (December 8). I already sent word.

Q: How do you find life now?

A: Life is much better in the Chieu Hoi center than in the VC areas.

Q: Have you personally experienced GVN bombings, strafings or artillery fire?

A: Yes, I experienced bombings six times, the last being about ten days ago. The bomb dropped in my sugar cane field, wounding two VC and destroying my crop.

Q: What do the VC say about the constant air attacks?

A: They are discouraged by the bombing because it destroys our rice storage and crops, and now they have to beg for food.

IV Corps Regional Conferences

The recent 21st Division VIS cadres conference at Soc Trang, organized by IV Corps VIS and supported by JUSPAO, was a clear success. Well organized and professionally paced, the four day session gave low echelon VIS officials a chance to pose questions directly MPW officials on a great variety of topics. Many glaring discrepancies came up, to

the delight of most of the VIS cadres and the discomfiture (but useful education) of a few higher officials. Village cadres in Bac Lieu, as a result, suddenly got their pay after a lengthy delay. Finally, the meeting added to the morale, esprit de corps and motivation of the cadres. In at least one district so far, Vinh Loi, a formerly listless VIS official has already demonstrated significantly greater initiative and has become considerably more receptive to JUSPAO operational suggestions.

There, VIS has stepped up activities in several hamlets and, with the assistance of JUSPAO had adopted the following general pattern of action as reported by the Field Reps:

"VIS schedules psyops operations and contacts us for candy, magazines, and refugee supplies; asks us to review their operational plans and give suggestions; and breaks down into psywar teams, dressed -- especially the female cadre -- in peasant dress.

"The VIS cadre, on a typical day, move into a hamlet at about 1300 hours, broadcast news and messages over tri-lambretta speakers, and collect names of families who have lost relatives through VC action.

"Likewise, the names of the poor families, and of families of GVN soldiers known in the village for their combat records are collected. The team then goes from house to house talking to each family and distributing candy or a magazine as an opener, engaging in conversation about the GVN and VC, and distributing posters and leaflets. In the evening they show movies, sometimes repeating the same films twice at the audiences request. Later they break up to talk with families again and remain in the village overnight. The following morning the team returns to Vinh Long and has a self-examination session to discuss the previous day and what they did right and wrong and could do better. The cadres go unarmed and are directed to use only one, or two at the most, village PF as security. The villagers are immediately friendly to them under these circumstances, and talk easily.

"I have revised my low estimate of VIS cadre capabilities as a result of all this. With good leadership they are capable and energetic."

III Corps - Capitol Military RegionNew VIS Chief for Capitol Military Region - Outgoing JUSPAO Rep Cited

The appointment of a new and capable VIS chief has resulted in a noticeable upswing in informational activities in Gia Dinh province. The new S-5 Advisor, Captain James Thompson, and the JUSPAO rep have accompanied Mr. Bui Xuan Duong on visits to several districts and are included increasingly in discussions on VIS problems. Mr. Duong, who previously held the important post of VIS Chief in Long An Province, is a refugee from Hanoi where he was information chief for the capital province. A six month working plan has been drawn up by Mr. Duong with JUSPAO support. It was approved enthusiastically by the Province Chief, and MPW is now assessing and taking steps toward assembling material and money required for implementation.

The Province Chief, in the course of his Christmas party for the American sector advisors, awarded departing JUSPAO Field Rep Frederick Quinn a certificate from the Minister of Interior "for devotion to duty and effectively aiding the psyops program in Gia Dinh Province."

VIS Cadre Face Terrorism Near Saigon

At the hamlet level, VIS faces considerable difficulty in recruiting capable workers. VIS personnel, including those near Saigon, are often the target of VC propaganda or terrorism.

Shortly after midnight on November 23, a small group of armed VC stole in Xuan Thai village, Hoc Mon District (5 minutes north of Tan Son Nhut airport), and machine gunned five village leaders to death, including the hamlet information chief, two rangers on leave, a youth, and a 47 year old woman. The District VIS reacted the following morning with a demonstration against the VC attended by 200 persons, and a leaflet was produced using a photo of the slain woman. The names of the VC assassins were revealed by the villagers, and the approximate place to which they fled. However, this land is not held by the government and except for a scattering of Popular Forces defending static posts, the District had no regular troops to pursue the terrorists. In other places, there are reports of VIS cadre receiving letters from the VC threatening to disembowel them if they continued their government information work.

In spite of VC threats and acts of terrorism, VIS rural cadre morale, never especially high, took an upswing, with the news that

salaries are being increased from 1500 piastres monthly to 2500 piastres plus allowances of 500 piastres for a wife and 450 piastres for each child. Once the cadres are given civil service status and protection, this is expected to be a further step in attracting better candidates to MOI.

Bien Hoa Cadres Increase Activity

The VIS in Bien Hoa is sponsoring a 30-day psychological action program in Di An District, the objective of which is to gain the popular support of all people in that district for the GVN. Areas receiving emphasis are those immediately adjacent to VC controlled land, and the program's effectiveness appears to be good. Initially about 20-30 people come to see the nightly movies, but this figure soon doubled and continues to increase. Also, the people are beginning to talk more freely to the 86 cadre working on the operation. Numerous slogans, signs, posters, leaflets and banners have been prepared for this campaign. JUSPAO has furnished many ideas, films, and supplementary printed media as well as per diem for the cadre who do not live in the district. Generally, a significantly greater receptivity to government ideas and influence is noted than previously existed in Di An.

VIS Reacts to VC Mortaring

The appointment of Mr. Thuan as the new VIS chief in Hau Nghia seems to have produced most beneficial results. He has initiated regular meetings for all of his district chiefs for the discussion and development of improved communications techniques. The JUSPAO province rep reports that perhaps the most important example of a new spirit in the provincial information program was VIS response to the mortaring of Trang Bang village. Shortly after the shelling, VIS Trang Bang used its mobile unit to evacuate the wounded and later produced a timely leaflet in 3,000 copies denouncing the VC atrocity. In addition, VIS cadre made and hung banners on the same theme. General public sympathy was aroused because of the incident and the townspeople collected over 30,000 piastres which were divided among the families of the dead and wounded.

III Corps Chieu Hoi Seminar

More than 200 Quy Chanh came to III Corps Headquarters, Bien Hoa, December 20-23, for a motivation-indoctrination course. The idea came from Mr. Huong, III Corps VIS representative, and was supported by JUSPAO. The course included a survey of Qui Chanh

attitudes, and a report on how they were faring since returning to the government side. Propaganda exploitation of returnees to win VC friends and former comrades-in-arms to the GVN side was another topic, after which several ideas for leaflets, loudspeaker broadcasts, and public meetings were discussed for future use. This was the first such corps-wide meeting held in III Corps to date. A more detailed summary of the results of this meeting is currently in preparation.

Long An Letter Writing Campaign

The rejuvenated psyops community in this province has organized a local "Letters-to-the-North" campaign following an MPW suggestion. Some 20,837 letters had been prepared at last count for air dropping in North Vietnam. Further south, in An Xuyen Province, 10,000 letters were written by school children for the same purpose.

Phuoc Long Changes VIS Chief

"The remarkable job being performed by the new VIS chief of Phuoc Long is most noteworthy," the JUSPAO Rep reports, adding that "Mr. Chau is taking hold of the situation and is now publishing a daily news sheet (200 copies), a weekly news sheet for all districts (500 copies) and a bi-monthly newspaper of 20,000 copies circulation. Mr. Chau is quite a dynamic person and if just some of his ambitious plans materialize, my job in this area will be much easier."

II Corps

PAVN Troops Surrender with JUSPAO Leaflet

Discussing a locally produced leaflet for immediate tactical use, the II Corps Senior Rep wrote:

"As a follow-up to the 1st Cav's operations in Pleiku, we designed a Chieu Hoi leaflet with a strip map to encourage stragglers to surrender. Today a PAVN sargeant walked into the Duc Co Special Forces Camp with this leaflet. He was preceded yesterday by five VC.

"In close cooperation with the G-2, we immediately produced a Chieu Hoi tape with a statement from the rallier. A loudspeaker

mission was flown over the area from which the rallier had come, and additional leaflets were dropped soon thereafter.

"It is significant that the leaflets in possession of the ralliers were dropped south, southwest of Duc Co two and one half weeks ago. Once again this appears to substantiate our conviction that the results of psywar missions cannot be measured by immediate returns alone; the delayed benefits are often of greater magnitude."

Sweet Tarts for Demonstrators

The field rep in two of the central coast's most contested provinces, Binh Dinh and Phu Yen wrote:

"Several VC inspired protest gatherings. . . were relatively easily converted to GVN demonstrations except in An Nhon, where artillery smoke rounds were fired behind the mob, angering them. The District Chief in Phu Cat, following his success with protesters in November, invited the people to town to visit relatives, passed out Sweet Tarts, flags and rice and converted the demonstration to a pro-GVN one. The District Chief in Tuy Phuoc used the same method and got the people to come back the next day with GVN slogans. The Tuy Phuoc demonstration was controlled by the VC, who made sure no entire family was allowed to participate, a part of each family being held hostage to guarantee that no one stayed in friendly areas. The participants were old men, old women and children."

"Sweet Tarts" (a candy) are among the hundreds of give-away items sent to Vietnam by American industries through USIA's Office of Private Cooperation. Vitamin pills, candy, brushes, band-aids and other health supplies have been invaluable, and their distribution has been exclusively through Vietnamese army and government agencies in the provinces. They have been useful vehicles for creating goodwill.

VIS Aids in Montagnard Surrender

In a joint cooperative effort, VIS and the JUSPAO field rep recently engaged in two projects of interest. First, they helped convince a platoon of dissident Montagnards to lay down their arms and return to government control. This was accomplished largely with locally produced leaflets; and the remainder were printed commercially or mimeographed in the field. Second, they helped a sizable group of refugees to be persuaded to return to their village thus alleviating mounting pressures on the local district chief.

1st Cav Division Steps up PsyWar Program

"The inclusion of psyops annexes in all operation orders is becoming standard operating procedure. General Kinnard and his two Assistant Division Commanders have completely endorsed this concept and are pushing it," notes the JUSPAO rep to the 1st Air Cavalry Division, adding, "there is a serious -- sometimes stultifying lack of equipment such as loudspeakers, microphones and tape recorders within the Division. This is the more tragic because of the unique mobility of the 1st Air Cav. & its potential for psywar is enormous."

Ninh Tuan Prints a Poster

The field rep in this central coastal province states:

"Recognizing the need to inform the people of Ninh Thuan about the meaning of the sudden presence of a large number of American troops around the sleepy little town of Phan Rang, I discussed the problem with VIS, S-5 and Chieu Hoi chiefs urging them to make it an important consideration for this month. The response was very satisfying, each service endeavoring to apply the theme to its own particular activity. VIS has been especially active, holding discussions with its district workers, and in the production of leaflets and a poster."

Of his second province, the field rep reports:

"Finally, after two months of suggesting, without success, to the VIS chief of Binh Thuan province that he prepare a poster on the activities of the provincial council since its election last May, I found myself by chance seated with the Province Chief, the VIS Chief and the entire provincial council at a recent social function. I brought the subject up once more, and it received the hearty endorsement of the Province Chief and the President of the council and, on the spot, we arranged to spend a day with the council filming its activities."

Binh Thuan S-5 Drops VC Casualty List on Hard Core Units

The S-5 in Binh Thuan has for about two months been regularly airdropping an 8 X 10 inch mimeographed newspaper meant for Viet Cong troop consumption. In recounts, in fairly objective fashion, news of ARVN victories, stories of VC hardships, VC casualty lists, letters from Quy Chanh to their friends, short stories, songs and poems. This is an example of localized psywar that is gaining wider acceptance in this province.

Province Achievements Summarized

One field rep, who has spent six months in the two provinces of Darlac and Quang Duc wrote: "If a more modest term such as 'indicators of progress' may be substituted for 'major accomplishments' I believe that a number of recent developments here can be noted:

1. We are now becoming less dependent on Pleiku and Saigon by developing a local, commercial, job-printing capability. Earlier efforts to achieve this objective came to naught because of excessively high bids. Major credit toward the solution of this problem goes to my assistant, Mr. Nguyen Hai Son, who proved to be a skillful negotiator in persuading local printers to make realistic printing bids. With our new capability, we will serve not only Darlac province but also several other highland provinces in the 23rd Division area.

2. Productivity has shown a marked increase in recent weeks. The 23rd Division has turned out two eye-catching leaflets, one on a former VC female cadre and another on a captured PAVN soldier. Both leaflets were printed by JUSPAO Saigon. Also, Radio Ban Me Thuot, completed a handsome mock-up for a new program schedule booklet which incorporates a number of suggestions made by JUSPAO. Darlac sector is currently producing a songbook on national unity to be financed by JUSPAO and to be printed locally. VIS Darlac, in addition to making plans for reviving its newspaper, is now preparing two posters which should be ready for the printer within a week. Even VIS Quang Duc has shown increased liveliness by producing a poster now being printed by JUSPAO.

3. The new Chief of VIS for Darlac Province has agreed in principle to a series of JUSPAO recommendations which will, if implemented, reorient VIS activity more to the countryside. Even his agreement in principle represents progress, since his predecessor had courteously but unequivocally rejected almost all proposed reforms of the local VIS program.

I CorpsQuang Tri VIS Aids "Save the Rice" Campaign

In Quang Tri Province, VIS and JUSPAO collaborated with the ARVN 1st Div. on a highly successful "Save the Rice" campaign. Special

leaflets, loudspeaker broadcasts, and cadre visits were employed by the civilian-military psywar teams with the result that the whole harvest was gathered and stored in an area inaccessible to the VC. This is an important step in denying food to the VC.

VC Bond Sales Combatted in Thua Thien

Special armed propaganda teams continued to combat VC bond sale efforts in this northern province, which includes the former capital of Hue. Locally produced leaflets were distributed containing statements by villagers that the bonds were worthless. Elsewhere, a defected Viet Cong officer was scheduled for talks in 11 Hue high schools concerning his experiences with the VC and why he left them.

Press Seminar

In December, 56 rural jouranalists gathered for a two week MPW-JUSPAO Press Seminar in Cholon. They wrote sample stories, had them corrected and critiqued by JUSPAO journalists and heard a variety of speakers on topics ranging from news gathering to layout and distribution problems. They represented 20 some papers, none of which existed a year ago. The papers were first created through the efforts of Samuel P. Dieli, JUSPAO's first Senior Field Rep in IV Corps.

MPW officials said it was the best such seminar they have seen, chiefly for its emphasis on practical training. Some expressed the hope that it would set the stage for other MPW-JUSPAO training programs for 1968.

Anecdotes

The Lou Ross Air Force, as JUSPAO's logistical air arm is sometimes called, set a shipment record in December with 607,475 publications moved from the warehouse to the field. Total poundage to and from 8th Aerial Port in the last three months was 760 tons, or enough leaflets and publications to fill a truck convoy stretching several miles.

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MONTHLY REPORTS OF USOM PROVINCIAL REPRESENTATIVES
for the Month Ending 31 December 1965 (Region I)

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 December 31. The reports are summaries of the monthly reports submitted by each province and listed in order from north to south.

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December 31, 1965

QUANG TRI (1)

The outstanding developments of this month were the continued fierce fighting as more and tougher VC units were encountered throughout the province; the approval of the 1966 Rural Construction budget, and political stability as the new Province Chief assumed firm, efficient, though not particularly colorful control of the government.

Other developments of interest were the arrival and rapid installation of a US Air Force radar and electronics station at Dong Ha manned by 160 airmen; the completion of construction by USOM of three temporary barracks for the Ben Hai police detachment, combined with the distribution of MILCAP indemnification funds to victims of the DMZ bombings; and the completion of Quang Tri's provincial training and demonstration center.

Though the Government forces continued to acquit themselves well in terms of kill ratio and initiating contacts, the VC increased main force activity sharply and took a toll in the Government side both KIA and WIA. The VC buildup was particularly strong in the Montagnard district of Huong Hoa where a GVN outpost at Huong My was recently overrun and is still in VC hands. The fighting was for the most part kept outside the populous, more secure rice belt; however, while from the purely military point of view, increased friendly military capacity and generally favorable battle results may add up technically to increased security, from the point of view of the man in the paddy, there's more war and more casualties. In his view there is also an increased danger that a strong VC force can move into any hamlet bringing upon it Government air or artillery fire. Such a man feels there's far less security here since the northeast monsoon began.

The new Province Chief is skilled in provincial administration, hard working, and courageous in his reorganization and reform measures. But he suffers from a feeling that he's not the man for the job, because political and religious undercurrents here call for a dashing crowd pleaser. Thus far, despite a few rumors, the political scene is quiet and Mr. Thoai is being left to rule the way he knows best.

Quang Tri asked for 108 million piasters for 1966 Rural Construction but was awarded only 58 million. The Prov Rep was disappointed that USOM/Saigon was unable to reorganize and refund the 1966 budget, and that word was late getting to the field about such things as cadre reorganization, supplementary provincial development, new refugee and resettlement policies, and new Self Help and NLH school criteria; but this disappointment is somewhat offset by USOM/Saigon's success in getting the 1966 budget on time.

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QUANG TRI (cont'd)

On the economic scene, retail prices rose sharply during the latter half of the reporting period. Beef, pork, shrimp, nuoc mam, condensed milk, firewood and soap were all up an average of 20%. Only rice at 1,250\$/100 kg was down about 10% but this was due to the switch from American to local rice on the controlled market.

USOM programs continue to go fairly well. We will end 1965 with about 90% of the budget spent or obligated. All Self Help projects and NLH schools will be built. PHD programs are gaining momentum with the MILPHAP team and a Project Vietnam doctor hard at work. Agriculture and refugee relief programs are doing well and we even had a late December flurry of activity by the Public Works office. USOM commodity support is lagging, however, since Danang is unable to employ competent trucking contractors to haul goods north under present financial restrictions.

December 31, 1965

THUA THIEN (2)

No significant changes took place in the political situation in Hue during the month. There was a threat of demonstrations being organized by Buddhist elements to protest the Khae Bac Pagoda incident in the Danang area involving the US Marines. The demonstrations were called off by the Vien Hoa Dao in Saigon. Further incidents of this nature could spark unrest and tension between Buddhist and American relations in Hue but at the moment things remain quiet.

Huong Thuy District Headquarters received mortar fire at the same time the VOA site received recoilless rifle fire. Damage resulted in four friendly ducks killed at the VOA site. Mortar fire damaged the Phong Dien District Headquarters and adjacent building. A convoy led by the Province Chief and accompanied by the USOM Province Representative, along with other GVN province and district officials going to Quang Loi village in Quang Dien District to issue blankets and bulgur to needy families, was slowed by a road mine resulting in serious leg injury to the Rural Construction bookkeeper. Despite these incidents security has remained relatively stable during the month. Overall VC incidents have decreased considerably.

The Thua Thien 160 Operation in Huong Thuy, Phu Vang and Phu Thu Districts has resulted in 69 KIA, 85 VC captured, 90 suspects picked up and 16 ralliers. There were also 53 weapons, 60 grenades, an anti-tank mine, a transistor radio and a TA-43 telephone plus a quantity of rice picked up. Friendly forces suffered one WIA and one M8 armored car slightly damaged.

A three-day exhibition of VC and weapons captured during the operation was held in Phu Vang. Corps and Tactical Zone Commanders were present for the opening, along with the Province Chief and other officials from GVN, MACV and USOM.

The free market price of rice imported from the Delta took a $12\frac{1}{2}\%$ jump in price, while the cost of foreign imported rice remained relatively the same. The price of meat and fish went up 23% to 40% over the previous month. This trend is likely to continue for fish due to the offshore curfew that has been in effect over this reporting period, causing a shortage of fish on the market. Pork prices probably will continue to rise until after Tet.

The outlook is for prices in other consumer products to edge upward in January as Tet approaches. Construction materials continue to remain in short supply on the local market. Cement, for example, has not been available for more than a month.

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THUA THIEN (cont'd)

Observations made on visits to rural areas indicate that the people are not starving, but neither are they making any economic progress. As in years past, they are still subsisting. There is less noticeable improvement or construction of rural dwellings going on now, which indicates that the inflation and breakdown of transportation facilities to rural areas is beginning to have its effect in the countryside. The 1966 Rural Construction Budget shows that the province is aware of this, as road and bridges received a larger sum and the provincial plan is to get road access to rural areas having the larger populations.

The psy-war effort continues with leaflets drops and aerial loud-speaker appeals. Facilities for operation are improving. However, there is a lack of a regular newspaper carrying news that relates people and events to the Government at hamlet, village, district and provincial levels within their respective localities.

USOM-supported programs of lasting nature made little progress during the month. The outlook for January is promising if the cement supplies continue as over the past ten days. Thua Thien may still get its first rural classrooms programmed under rural education since 1964 under construction within the next ten days. It is regretfully reported that when the GVN administration binds broke loose, USOM commodity support didn't. While USOM/Thua Thien is busily engaged trying to get program commodity support for 1965 programs, GVN has again moved ahead with its 1966 budget releases.

To support the GVN effort and to make 1966 a year of progress and not just forward motion, a steady flow of commodities, will be required, not the sporadic flow typical of the past year. In this respect the New Year is met with slight pessimism because verbal sanction of 100% support has been given, but the actual commodities going out to the rural areas is far more important.

December 31, 1965

QUANG NAM (3)

The political situation in Quang Nam remained the same as in November. (See classified supplement). Changes were made in district chiefs. In Dien Ban, Major Long was retired on December 15, replaced by Captain Trung, who was moved from Hieu Duc. On December 23 it was learned that Colonel Lap, Commanding Officer of the 51st Regiment, was assigned concurrently as Chief of the Ngu Hanh Son Pacification Program. It is hoped that this will prompt Captain Hoa, Hoa Vang District Chief, who had been carrying both that job as well as Pacification Chief, to withdraw his resignation. He had complained that the two jobs were too demanding and he could not do with justice.

During the past months, reports indicate an increased enemy strength throughout the sector, in regular as well as support elements. Enemy activity is focussed on small-unit actions with emphasis on harassment of the Ngu-Hanh-Son pacification operation, as well as traffic on National Route 1, especially in the area south of Dien-Ban.

A combined GVN-US operation in the Quang-Nam-Quang-Tin border area against the 1st VC Regiment has turned up evidence of the existence in the sector of one or more PAVN regimental size forces. Also, rumors persist of battalion or larger-sized forces in the Duc-Duc/Thuong-Duc area. The increase in reported strength of support troops in the sector is considered significant for there is a consequent increase in combat efficiency of the regular forces.

Visual air reconnaissance has uncovered signs of extensive development of VC fortifications and entrenchments throughout the populated areas. This, combined with the absence of contact in these areas with main force elements, suggests that a major portion of the troop force is well-dispersed among the population and supported and protected by a highly developed political military infrastructure.

There has been a rising trend in prices of commodities from outside the province, such as rice, lumber, and manufactured goods. Quang-Nam, and especially Hoi-An, is affected by the inflation in Danang but this is of marginal effect in the more remote areas of the province, which still are on a subsistence economy, unaffected by economic events outside the hamlet or village.

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QUANG NAM (cont'd)

The heavy rains and floods earlier in the month hampered marketing of fish and produce temporarily, but there was no prolonged effect on either the economy or the general health of the population.

The outlook is for a constant moderate spiralling of wages and prices in the fashion of this month and the month past, barring increased VC activity or prolonged bad weather.

The norm in the social/psychological situation appears to be an acceptance of the present military situation and its concomitant uncertain government control and influence from one day to the next. This is not to say, however, that the atmosphere is one of resignation or defeatism. Rather, it is a fact of life to which these realistic people have adjusted.

The situation varies in place and time, from one extreme, i. e., Thuong Duc, which is wholly surrounded and supplied exclusively by air at the pleasure of the VC, to the other extreme, the areas immediately around Danang and Hoi An, where sufficient security permits a life of some normality.

The main direction of USOM effort this month has been in two areas: distribution of commodities, mainly foodstuffs, and acceleration of the rural construction program to commit funds before the end of the year. As for the second effort, there is enthusiasm in province headquarters to commit or complete projects. This is heartening but talks with the Self-Help Chief, for instance, show that because of the late release of the 1965 budget, only three million of the four million piasters allocated will be spent.

The hamlet school program is being pushed to completion by the end of the year with 34 rooms completed and the remaining six presently under construction. These six were scheduled for construction in Que Son District but because of poor security were later rescheduled for Hieu Nhon District, which caused a delay. Fifty-five teachers were trained and are now working, bringing to 131 the total trained in the past three years.

December saw increased airlift activity with cooperation among USOM, the Province Headquarters, Special Sector G-4, and the helicopters of the Marines' MAC-16 to lift badly needed foods, medicines and personnel to the hill districts of Que Son, Thuong Duc, Dai Loc, and Duc Duc. Despite low ceilings, poor visibility and sometimes blinding rain, over 100,000 pounds of USOM commodities, as well as Social Welfare rice, medicines and military supplies were lifted. It is a considerable achievement and practice will increase efficiency in the future.

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QUANG NAM (cont'd) 3

Truck transport of commodities is being carried out in the lowland districts at report time in accordance with a distribution plan worked out by province and USOM to get foodstuffs and blankets out of the warehouse and to the people. It is hoped the momentum gained in this intensive effort will continue on a sustained and regular basis.

December 31, 1965

City of Danang (3a)

On the surface, the trend of peace and quiet continued during the reporting period. Yet the city saw its first demonstration in almost six months. Albeit a peaceful one of some 500 Buddhists protesting the "desecration" of a Buddhist temple at Khue Bac, just outside the city limits, it nonetheless points to the uneasiness beginning to be felt. The steadily rising cost of living continues to be a source of concern, and restlessness among the refugees is becoming more evident over the delays in constructing the relocation New Life Hamlets and the fact that their "rice money" has been cut off, some for as long as the past four months.

The Khue Bac affair gave every indication of becoming a cause celebre. Early in November a US Marine detachment based nearby had been fired upon from it. In returning the fire, some damage was inflicted upon the temple. On December 7 there was a recurrence, and more damage was done, including the total destruction of a statue of Buddha, allegedly by a Marine.

Every offer by the US side to effect the necessary repairs, replace the statue, etc., was rebuffed on various grounds, all the while building up a head of steam which began escaping with the aforementioned demonstration. In addition, there were recurrent rumors of the probability of self-immolation by Buddhist monks over the incident.

Through the efforts of the Danang City Mayor, Colonel Nguyen Van Thien, (who was asked to intercede by the ICTZ Commander, General Thi, even though Khue Bac is outside the city limits and in Quang Nam Province) meetings were arranged between the Buddhists and the Marines, including one with the Venerable from Hue. A satisfactory arrangement was worked out whereby appropriate letters were written, repairs would be done by a US SeaBee group, a barbed wire fence was built around the temple, a platoon of RF troops was detailed to the Marines for exclusive protection of the temple, and the necessary funds were made available. USOM/Danang has provided fifty bags of cement and fifty sheets of roofing so far in assistance.

Although doubtlessly VC-inspired, the discovery and subsequent raid on a clandestine press and the confiscation of several hundred copies of an anti-American publication, The American Image, should seemingly also be considered as a warning of a likely trend.

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City of Danang (cont'd) 2

Negotiations between the US Navy Support Activity (NSA) and the Dock Workers Union discussed in the November report have been stalled as NSA awaits guidance from Saigon. A CINPAC Labor Relations team visiting Danang was urged by the USOM City Representative to assist NSA in any way it could in order that these negotiations might be concluded as promptly as possible.

There are recurring rumors that labor will make strong demands on all employers for hefty increases after Tet, the Chinese Lunar New Year, celebration of which will begin January 21, 1966. Settlement of the NSA-Dock Workers contract prior to that time would undoubtedly set a pattern and might well result in a more equitable arrangement, one which all employers could conceivably "live with" rather than one forced upon them following labor agitation, when positions would probably become more firm and the necessary "room to move" would coincidentally be seriously restricted.

There was no change in the Buddhist-Catholic relationship, with everything continuing to be quiet, nor is any currently anticipated.

Security on the whole continued good during this period. The city's Popular Intelligence Force is generally credited with supplying the information which led to the capture of two VC preparing to blast a US military billet. A subsequent sweep of the area resulted in the capture of other VC and suspected VC. All told, 10 VC were arrested and 118 suspects detained during this period.

Intelligence reports that the VC were offering 15,000\$VN to anyone who would arrange for the destruction of unattended American vehicles, and that there would be a campaign of "assassination" of Americans failed to materialize. Better precautions taken by Americans might conceivably have stymied these efforts, at least temporarily.

Security conditions at the docks continue to improve but still leave much to be desired by assessment of all agencies involved, both American and Vietnamese. A shortage of manpower is given as the principal reason for this condition. Of particular concern is the area in which ammunition and other military logistical support items are off-loaded. It is in a densely-populated neighborhood and in addition to being in danger, it constitutes a hazard itself. The possibility of relocating this facility is currently under study.

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Tanang City (cont'd) 3

Prices of consumer items continued to rise during the month and building commodities, particularly cement, gravel, crushed rock and lumber, continued in short supply, thus commanding premium prices.

Black marketing of US currency continued, with a new wrinkle added -- conversion of MPC to US dollars at a rate of \$24 MPC for a US \$20 bill. Other rates secured in controlled-test purchases at the close of this reporting period were as follows:

160 \$VN for US \$1 (\$20 bill)
115 \$VN for \$1 MPC (\$10 MPC bill)

The comparable rates secured 30 days earlier were:

180 \$VN for US \$1 (\$20 bill)
100 \$VN for \$1 MPC (\$10 MPC bill)

This would seem to indicate a slight increase in the availability of U. S. dollars and a corresponding decrease in the availability of MPC. It could also mean greater confidence in the ability of the black marketer to convert MPC to US dollars, however.

Trafficking in US dollars, the principal source of which is merchant seamen on liberty in town, will continue as long as present conditions exist. They have no facilities for exchanging US dollars to Vietnamese piasters when the banks are closed, nor are they eligible for the special "accommodation rate" of 118 \$VN to US \$1. Rather, they can secure only the official rate, which is 73 \$VN to US \$1.

Very little change was evident during the month in the social/psychological situation. Military liberty was allowed during most of the month and did not result in incidents unusual either in number or importance.

The crackdown on traffic violators continued, with citations being given in substantial numbers by members of the joint US Military, ARVN Military, and National Police patrols described earlier.

The Khue Bac incident was nipped off before it could affect the situation to any great extent.

As over the past several months, the Buddhist-Catholic situation has remained quiescent, with no changes anticipated if current conditions hold.

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A combination of factors, principally the easing up of restrictive policies by Saigon and the rush to get FY 65 funds obligated before the year's end, resulted in a tremendous surge forward in USOM-support programs, the greatest in the entire year. Construction was started on 38 hamlet schools, grading was begun for three New Life Hamlets, 20 self-help projects to provide 60 wells were approved and funds released for them, and even the long-dormant Chieu-Hoi program came alive, with five "ralliers" reported, more in one month than have been recorded in the entire history of the program in Danang.

The two-day session during which the I Corps Rural Construction budgets for FY 66 were set were disappointing for the City of Danang representatives. After being told that Danang was a "priority" area and a budget approximating 56 million \$VN had been suggested by Saigon, the formal request was for a total budget of 72 million \$VN. The approval of a budget totalling only 23.8 \$VN created understandable consternation, notwithstanding the solemn assurances that reviews would be held at regular intervals. The initial shock changed to anger, which in turn seems to be developing into a determined "we'll show 'em" attitude. Each city department head is currently preparing a detailed program as to how and when he plans to expend the funds allocated his department. Discussions will be held right after the new year begins. If the current attitude maintains, there is little doubt but that most of the money allocated will be spent well in advance of the year's end.

A fire which gutted the building occupied by the US Armed Forces Police pointed up the need for a fire department in Danang. Defective wiring was adjudged responsible for the blaze, with no indication of sabotage. However, it seems inconceivable that a city with a population rapidly approaching 200,000, the second largest in the country, has no fire protection. Guidance from USOM/Saigon on how best to approach this problem would be appreciated.

Similar guidance is needed in two other areas, generation of electric power and rubbish/garbage disposal. The two generators in use are currently operating at nearly full capacity during peak-load hours. The steady growth of the city, with a corresponding expansion of its economy, dictates early attention to this problem. Land shortages, created by military needs, as well as the other two reasons stated above, are making the problem of rubbish/garbage disposal ever more acute.

Solutions for problems of this magnitude obviously do not lie in the Rural Construction program. Yet they are part of the warp and woof of city administration, with which the USOM City of Danang Representative is vitally concerned. Failure to recognize these problem areas -- and to find solutions for them -- can only have a deleterious effect.

December 31, 1965

QUANG TIN (4)

Things political took a back seat to the tightening security situation during the month of December in Quang Tin. There were no overt demonstrations nor any known eruptions in the VNQDD-dominated Provincial Council.

The Province Chief did take part in distributing Christmas gifts to various groups (mostly military dependents). Gifts were also presented to MACV and USOM. Five hundred piasters each were given to a number of families in Quan Go Village (eight kilometers north of Tam Ky) whose houses were destroyed by VC last month.

Also during the month, General Thi sent down 100 bags of rice to be distributed to some 280 refugee families from the recently abandoned district of Hiep Duc. During this presentation, the Province Chief told the refugees that they were partly to blame for the Hiep Duc affair because they had been so critical of the Government. He also went on to say he hoped that now, as a result of the housing and food they were receiving, the refugees would not make the same mistake in the future.

The representative of the refugees who responded to the Province Chief's remarks defended the people's criticisms of the Government and as a case in point, he attacked the Government for its failure to notify one 32-man PF platoon of the decision to abandon Hiep Duc. No attempt was made to go back in and help this platoon out and there has been no word of their fate as yet. Most of the members of the platoons were fathers/sons/husbands of the refugees present.

The security situation has tightened further in Quang Tin.

Hiep Duc District was completely abandoned to the VC. Operation Harvest Moon took place in the northern part of the province near Thang Binh. There has been increasing road-cutting and other activity to the south along Highway #1, resulting in long lines of trucks and other traffic waiting in Tam Ky for the chance to go South.

The VC have been in Tam Ky twice this month, once attacking the district headquarters, but doing no real damage. The other occasion was an attempt to blow the bridge at the south end of town. This was also unsuccessful (the man with the dynamite charge was shot down as he raced towards the bridge).

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QUANG TIN (cont'd)

Since December 23, the MACV Compound and all of Tam Ky have been on special alert due to intelligence reports that Tam Ky is to be hit in retaliation for the VC loss of face in Operation Harvest Moon.

Also, on the night of December 27 several shots were fired into the USOM house as the VC kidnapped two people from the house directly across the street. USOM guards returned fire, but no one was injured.

Prices took about a 25% jump in Tam Ky as transportation became even more difficult. Pork rose from 100\$VN to 120VN\$ per kilo, beef from 120\$VN to 150VN\$, fish shot up from 90VN\$ per kilo to 150VN\$, chicken went from 150VN\$ to 200VN\$, shrimp from 100VN\$ to 150VN\$. Nuoc mam is now 30VN\$ as opposed to 25VN\$ last month, brown sugar now 50VN\$ was 40VN\$. Onions jumped from 50VN\$ to 80VN\$ and firewood from 20VN\$ to 30VN\$. At this rate, everything will soon be out of the price range for all but the most wealthy.

Despite the rain and the worsening security situation, the mood of Tam Ky seemed to perk up this month--thanks mainly to Christmas and all the ceremonies, decorations, processions and other festivities that went along with it. A new 2100 hours curfew has been initiated but still there were many more people than usual, both day and night, along the main commercial area of Tam Ky. There seemed to be a real relaxation of anxieties, and one could only wonder how nice it would be if next year, we could all live in peace.

Construction has begun on the new province hospital and is continuing at a steady pace. Completion date is some eight months.

This month has also seen an end to the long draught of Self-Help Projects in the province. Two projects were completed and a dozen others are now underway. About twenty-five more projects are ready to begin, but are being delayed because of lack of cement.

The main problem in this province continues to be the bulging warehouse. Distribution is just not taking place at the pace it could and should.

December 31, 1965

QUANG NGAI (5)

The political situation generally remains unchanged in the province. There has been a sharp upswing in labor union activity within the City of Quang Ngai, with all groups pledging support of the government.

An overall deterioration of the security situation was observed in the province during the month. Just after the close of the reporting period, a district capital, Minh Long, was overrun by the VC. Two outposts overlooking the town, although besieged, continue to hold out. Increased VC activity in Duc Pho District has made the situation there rather precarious, with GVN controlling only the district capital and several outposts. The 18th Regiment (PAVN) has been identified in the southern portion of the province and elements of two other regiments of the 325th Division (PAVN) have been tentatively identified. There has been a marked increase in VC initiated larger unit actions, and while heavy losses in men and material have been inflicted on the enemy, the VC have shown a willingness to maintain contact during daylight hours. The national highway is open to civilian traffic between Quang Ngai and Danang, but military and other official travel has been curtailed due to VC interdiction. It is likely that this trend will continue during the forthcoming months.

Prices on consumer goods continued their slow, steady rise. The most significant increases are in sweetened condensed milk, which has risen approximately 40% in the past two months and in sea food. With the advent of the long-overdue monsoon season, there was a significant decrease in coastal fishing. The rains have also reduced imports by sea and road and have resulted in a curtailment of construction.

Even with the increase in VC activity, performance by GVN forces has been such as to prevent upsetting the psychological situation to any degree. Public display of captured Chinese and Russian weapons have helped to allay fears of VC superiority. The population under GVN control seemed convinced of ultimate GVN victory (with US support). Quang Ngai Radio is due to increase output from 1 KW to ten KW in the near future. During the reporting period, construction started on a cultural center; USOM has agreed to support it with construction materials and JUSPAO with books and other equipment. The project has been largely financed through voluntary contributions. The Province Chief's "Return to the Native Village Campaign" has not expanded, but continues to be effective in those areas in which it is being conducted.

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QUANG NGAI (cont'd)

The USOM effort in the province continues to consist largely of advice. Lack of commodity support and personnel continues to impede our efforts. The shortage of cement has delayed construction projects. The bulk of commodities received have been for refugee assistance. Some distribution was made to mountain districts by aircraft provided by other government agencies, but absence of aircraft support has prevented the provision of all but token assistance.

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UNCLASSIFIED

MONTHLY REPORTS OF USOM PROVINCIAL REPRESENTATIVES
for the Month Ending December 31, 1965 (Region II)

TO: Distribution List Below

FROM: Reports Officer, MRCC (Provincial Operations), USOM

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December 31, 1965

KONTUM (6)

Major Nguyen Hop Doan, the new Province Chief of Kontum, is working into his job very well. Several meetings have been held with provincial government officials and technical service chiefs about the many problems of Kontum. Much preparation and work on the part of the Province Chief with the technical service chiefs went into the planning of the 1966 Rural Construction Budget, which was presented at Dalat this month.

Major Doan is receptive to ideas and suggestions, and is a pleasure to work with. The political strength and morale of the provincial government seems to be improving due to his presence and efforts.

There has been no indication of FULRO activity in the province this month.

The security situation remains unchanged from November. An attempt is being made to relocate approximately 1,500 Vietnamese refugees from the Kontum City area to their villages of Vo Dinh and Tri Dao 20 kilometers north of Kontum City on Route 14. The areas around the villages of Vo Dinh and Tri Dao are still not considered secure and little relocation has yet taken place. The refugees involved have expressed a desire to stay in the Kontum City area until the situation is more stabilized.

The lack of air and road transportation continues to create serious problems for the province. Until the roads to Pleiku, Route 14 and Route 19, are open to commercial traffic for a length of time, Kontum will continue to suffer from a lack of basic commodities. The commercial traffic that does move on Route 14 from Pleiku to Kontum and on to Dakto is subject to VC tax. Air shipments of social welfare rice are again beginning to arrive in the province.

There continues to be a sense of security among the population in the Kontum City area, the Tan Chanh - Dakto area and the three outposts of Plateau Gi, Dak Pek and Mang Buk. This sense of security is limited to these relatively small areas. The reluctance of Vietnamese refugees now in the Kontum City area to return to their villages of Vo Dinh and Tri Dao, despite the efforts of the provincial government, supports this fact.

USOM supported programs and projects continue to suffer from the ineffectiveness of the technical services and their cadre. Plans are under way to reorganize the entire provincial cadre effort. This will involve recognition of leadership, recruitment, and a general upgrading on the importance of the various cadre programs among the technical services.

USOM supported programs continue to suffer from a lack of logistic support of construction materials.

December 31, 1965

BINH DINH (7)

There has been no significant change since in the security situation during the month. There are still unconfirmed rumors of new and stronger VC forces in the northern districts of Hoai An, Hoai Nhon, and Phu My, and probes are being made occasionally around An Khe, Binh Khe, and An Nhon. Generally speaking, one can still drive from Qui-Nhon west along Highway 19 to An Khe, and also north to Phu Cat during the day, but beyond that the road must be cleared or travel must be undertaken with a convoy.

The economic situation continues to be as bad as ever, largely because of the influx of American troops in the area. Most of the troops have no concept (and many do not desire to have one) of the Vietnamese economy and culture; thus they do not bargain and are willing to pay ridiculous prices for commodities. This has reached its peak in housing rentals, where the military are paying prices one wouldn't dream of paying in the States for an apartment with all its modern conveniences. The result is a horrible imbalance in the local economic system. Merchants try to stock items bought largely by Americans, such as 33 beer, English newspapers, Vietnamese dolls and pajamas, etc. Some businessmen are getting rich quick, while at the same time, the Vietnamese are finding their standard of living being lowered because items which they formerly could have purchased are now too expensive.

Bars keep "blossoming like poisonous mushrooms", as a Vietnamese acquaintance of the Prov Rep put it so well. If a man cannot rent a house, he screens it and opens a bar, for who can't make money buying coke for seven piasters a bottle and selling it for twenty five or thirty? Laborers refuse to work for the Government, because American military and civilian contractors pay more. A teacher or civic action cadre worker doesn't have much incentive at 2,000VN\$ a month when a semi-illiterate opens bottles in a bar for 3,000VN\$ per month.

USOM did get a price list on often-purchased items by Americans, which MACV subsequently had distributed to every GI in the Qui Nhon area. This is a maximum price list; however, at present time there are no restrictions for those who buy or sell at higher prices, and discipline will have to come from both American and Vietnamese sides before it will work. Initially it should come from the Americans.

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BINH DINH (cont'd)

On December 23 and 24, the Province Chief, along with the USOM Rep, JUSPAO, delegates from MACV, the principal of the Normal School, and about eighty girl students from the Normal School and the local girl's high school visited and distributed gifts to the ARVN hospital, the 85th Evacuation Hospital, the Korean CP hospital near Binh Khe, and then flew by Chinook to the First Cavalry Division in An Khe. The Province Chief also presented a pony to General Kinnard of the First Cav. The girls sang and passed out gifts, and a Christmas dinner was enjoyed in An Khe. Everyone, especially the Koreans and Americans, was wonderfully receptive to this gesture of goodwill, and overall it gave a tremendous boost to both morale and rapport.

At a budget meeting in Dalat, which was attended by the Province Chief, the USOM Rep, and MACV Sector Advisor, the Province Chief was granted approximately half of the 81 million piasters he requested. When he talked to his staff, he did not grumble about not receiving enough money or make excuses. Instead, he told his staff "if you and I together cannot carry out the 1966 Rural Construction and Pacification Program on the budget we have been given and with the plan we have, then we had all better get on a plane and go to a different province". His attitude was positive and inspirational.

Twelve out of thirteen Self-Help projects approved by Province/MACV/USOM for 1965 still cannot be started because the money is still tied up in administrative red tape.

General Thang said at the Rural Construction meeting that he would visit Binh Dinh province after three to six months to evaluate the progress of the Rural Construction Program here. If it meets his approval, he offered to supplement both the Self Help and education programs (for example, he gave money to construct 56 classrooms, with the assurance that if they were completed he would give money for an additional 28). Therefore, it is USOM's intention to give priority distribution of cement and roofing to these two aspects of the program.

USOM has had cement in the harbor for almost a month, but distribution is limited because of a shortage of lighters and sampans to unload. Therefore USOM has tried to portion out enough cement to keep the big projects going. If a project can be finished rapidly and results can be shown quickly with only a small amount of cement, USOM tries to furnish enough for the entire project.

December 31, 1965

PLEIKU (8)

Of greatest interest during the month was the abortive uprising of the Montagnards which was discovered in advance, due to the excellent work of the National Police, during a house search operation in the new market area of Pleiku on December 17. During the search, FULRO Flags and documents, as well as arms, were discovered in the homes of several of the important Montagnard leaders of the Pleiku community. These people were rapidly rounded up by the police and jailed. A military trial on December 28 of 19 of the ring leaders resulted in conviction of 15 and the sentencing of 4 to terms of 15 to 20 years at hard labor, and lesser sentences for the remainder with 4 being acquitted. The uprising, although it did not follow through to completion in Pleiku, probably set back Montagnard-Vietnamese relations to a new low. This setback at a time when the initiation of GVN interest in aiding Montagnards has finally started, is most discouraging. It is difficult to understand just what the Montagnards hoped to gain from a planned uprising, as there was never any possibility of their militarily overthrowing the provincial government.

On December 29 a military trial of the twenty Montagnard Regional Force soldiers from Phu Bon who overthrew and murdered their Vietnamese officers and fellow soldiers on December 18 was held in Pleiku. Results of the trial were the conviction of nineteen and the acquittal of one. The death sentence was given to four, life imprisonment for one, ten years hard labor and ten years banishment from the country afterward for one, and thirteen received five years hard labor and five years banishment.

Otherwise, the general political situation in the province did not greatly change during the month. A feeling of gaiety prevailed throughout the provincial capital due to the holiday season and the quietness of the military situation.

VC initiated incidents continue to remain few, with only nine incidents reported during the month. The interruption of traffic on Routes 7, 14 and 19 by the VC continues to make vehicle travel hazardous. There has been little friendly military activity other than patrolling and reconnaissance. More emphasis is being given to the security of the provincial capital and the military installations surrounding the city. Imminent arrival of more US combat troop units should improve the security of the province. The enemy still has the capability to attack anywhere within the province in regimental strength. It is felt that the VC are now reorganizing, consolidating and retraining in preparation for the launching of another large scale campaign in Pleiku. Key VC targets are the two Special Forces camps at Plei Djereng and Plei Mrong, as well as Pleiku City, including II Corps headquarters, Camp Holloway and especially the new Pleiku airfield.

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The reopening of Route 19 for the period December 23 to 28 allowed the diminishing rice supply to be replenished. A total of 962.3 tons were trucked into the province from Qui Nhon, raising the total rice on hand in the warehouses to 1066.7 tons. This is sufficient to meet population requirements for almost six weeks.

Supplies of POL remained in sufficient quantity to meet normal needs. Due to the failure of one of the main diesel electric generators, all of the new market area and part of the downtown area has been without electricity, or limited to only a few hours during the early morning hours, for the past three weeks.

While Route 19 was open, 600 bags of cement were received from USOM Logistics/Qui Nhon. The arrival of this cement allows the continuation of USOM supported programs, such as hamlet school construction, building of orphanages and repair of the Chieu Hoi center.

There has been a sharp increase in prices of some of the basic commodities, such as meat, perhaps due to the increased demand during the holiday season.

There has been no new influx of refugees fleeing from VC activity due to lack of both friendly and enemy military operations in Pleiku during the month. The new resettlement center at Tra Ba II is progressing very well with most of the relocated families having already received their 3,500\$VN payment, the six months rice supply, and 25 sheets of roofing. A total of 218 families, both Vietnamese and Montagnard, have been settled in the area. Agriculture and reconstruction cadre are active, with the new settlers providing technical advice and tools for agriculture and house construction. At the large resettlement center at Le Thanh the people still have not received their 3,500\$VN resettlement payment, but they have built their new homes out of local materials and are being provided tools and supplies through Social Welfare and Agriculture Services.

The Commanding General of II Corps provided a fund for the building of a new market building and for the construction of 216 low rental houses surrounding the market. The structures are nearing completion and will be inaugurated in the near future. The idea behind this gesture was to provide something for the civilians, now that the military appears to receive all the benefits of the GVN.

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PLEIKU (cont'd) 3

The lack of harmonious relations between military and civilians reported last month has declined somewhat, but it will take many months of proper behaviour on the part of the military before the civilians warmly receive the usually troublesome military.

Letting of bids for the construction of the 35 classrooms in the 1965 program was done in early December, and construction is underway on most of the schools. The contractors have promised completion prior to February 28, 1966.

USOM, through channels, provided 3,450 sheets of aluminum roofing for house construction of the 218 resettled families at Tra Ba II. The resettlement program is one of the most active projects in Pleiku, and through this program the many refugees will be changed from wards of the GVN into self-sufficient settlers.

Ground breaking at the site of the Pleiku orphanage took place on December 14 and was attended by the Province Chief, Commander of the 52nd Aviation Battalion, whose troops donated the money for the construction of the building, and the USOM Representative, as well as other military and GVN officials. USOM is to provide the cement and roofing required for the center.

The receiving of limited additional supplies of cement will allow some progress of projects planned for earlier construction. However, for USOM/Pleiku to make any great improvement with its supported projects a continuous flow of cement and roofing is required.

The new look in the Rural Construction budget is apparently in vogue. On December 22, at a meeting in Dalat presided over by General Thang, the Minister of Rural Construction, and General Vinh Loc, Commander of II Corps, the 1966 Pleiku Rural Construction budget was approved. Although a request for 39 million was submitted, only 19 million plus was approved, in part due to the spending record for 1965. Promises were given that General Thang would visit the province within four months to determine if additional funds are required. The feeling of the Province is that a maximum effort to constructively spend the allotted money will be made during the first months of 1966. This early approval of the budget can only help the pacification programs in the province.

At the request of the USOM Representative the Province Chief has provided a 6m x 31m warehouse for permanent use by USOM/Pleiku. This space is to be utilized for storing the expected buildup of USOM commodities for emergency use in case all roads leading into Pleiku are cut due to military activity.

December 31, 1965

PHU BON (9)

The province politically came alive during the reporting period as a result of the FULRO massacre. Final reports include thirty-five people killed and twenty-two wounded. The question as to why the FULRO members fought for only one hour and left the District Headquarters is still unanswered. The handling of the overall situation by the Province Chief was highly indicative of his ability to carry out his responsibilities, no matter what they may be. The fact that no major incidents occurred after the so-called massacre was that the Province Chief informed the population about what was happening and the consequences that would prevail if the people decided to take things into their own hands.

Future political trends will bring additional political problems rather than political accomplishments. There are rumors of demonstrations against the FULRO leaders' execution, which has already taken place. To counteract any demonstrations, the Province Chief has already formed riot squads.

The security situation remains constant in that no major VC activity has taken place within the province. Attempts are presently being made to open the road to Pleiku and thus far no opposition has been met.

The Prov Rep believes that the security situation in Phu Bon will worsen in the early spring months, this statement is based on the fact that for the last three years numerous hamlets were destroyed, and there was increased terrorism against the hamlet officials during this period.

Prices of basic food items have remained constant during the last two reporting periods within the province capital. However, Phu-Tuc District is considered an economic loss because all goods in the district are shipped in by air. Most shops remain abandoned and the people living there are living on a subsistence level.

Dry goods of all kinds are found on the market and are being sold at normal prices. Although not all shops in the capital have reopened, the vast majority of the shops have. If the security situation improves, the economic situation will also improve.

The FULRO activity brought to light a number of complaints that were not heard previously. At an open meeting for the population to discuss FULRO activities, the Province Chief was outwardly accused of favoring

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PHU BON (cont'd)

the Montagnards; This complaint was based on the fact that the people in town had been receiving Grade 2 rice while the Province Chief was giving Grade 1 rice to the Montagnards. The people's minds ~~were~~ eased when the Province Chief explained that the rice given to the Montagnard was refugee relief rice and it could not be exchanged for the commercial rice under any circumstances. During the three-hour meeting the Province Chief was questioned on the assistance given to FULRO by the Americans. The answer given was that there were no indications of Americans assisting FULRO.

Approximately half of the province capital's population witnessed the execution of the FULRO leaders. A loud cheer came from the mass of people when the men were pronounced dead. The open execution of the FULRO leaders seemed to satisfy numerous minds; at the same time the Province Chief is using the execution as a psychological instrument in attempting to prevent similar actions by FULRO or any other groups.

The fastidious efforts of the Province Chief to avoid favoritism to ethnic, religious or political groups has prevented many unnecessary problems, as has been evidenced in the province lately.

During the last month the arrival of cement and roofing assisted the province greatly in carrying out a number of programs. The most important being the construction of a refugee hamlet.

The number of aircraft made available to the province during the reporting period increased over last month's period. This in itself makes the work of the USOM Representative much easier and is greatly appreciated. The commodities received included: 1,500 bags of rice, 2,700 sheets of roofing, bulgur, 300 bags of cement, blankets, agricultural materials and VIS equipment.

December 31, 1965

PHU YEN (10)

The VC started to occupy territories which were previously under GVN control; and, however feasible, they engaged in such activities as holding of victory celebrations with exhibits of captured weapons, organization of Liberation Committees in newly occupied villages, distribution of anti-GVN propaganda leaflets, organization of training courses for new VC recruits and holding of political meetings for rural inhabitants. Although the ARVN engaged in a number of operations, it is believed that there has been no significant accomplishment in its attempts to repel the activities of the enemy. Thus, it can be concluded that the political situation has deteriorated during the month.

Implications that can be drawn from the developments cited in the preceding paragraph strongly indicate that the security situation has also deteriorated. GVN-controlled areas have virtually decreased in size as a result of the VC-conducted activities and operations. Road travel has become more hazardous than ever due to VC roadblocks and sabotage. Moreover, the downtown area of the provincial capital (Tuy-Hoa) has been subjected to mortar attack for the second time on December 13, killing two and wounding seven inmates of the Catholic Orphanage. With the arrival of a fairly large unit of South Korean troops, however, it is predicted that some favorable changes in the overall security situation will be forthcoming.

Influenced by security problems, underproduction and communication difficulties, the economic situation has inevitably deteriorated. Prime necessities have registered prohibitive price increases and have become more scarce than ever, especially in the interior areas which are isolated by road and/or sea travel. Consequently, the great majority of the people suffer from general lack of basic necessities.

This economic depression, coupled with the worsening security situation, offer only two alternative courses of action for the people: either to join the VC and support their cause or move to GVN-controlled areas as refugees. Reliable information disclosed that the VC have stepped-up their recruitment of young people for military purposes. Those inhabitants who refused to be dominated by the VC have submitted themselves as refugees to the GVN. As of December 30, the province registered a total of 51,424 refugees, approximately 16% of the entire population. The Provincial Administration spared no effort to assist these refugees and programs are well underway to relocate them along the coastal districts of the province.

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PHU YEN (cont'd)

Due to lack of construction materials, implementation of USOM-supported programs has been delayed in many instances. Moreover, the inclement weather during the last quarter of the year did not permit completion of projects as scheduled; and, consequently, the Provincial Committee on Rural Reconstruction recommended extension of implementation of all unfinished 1965 projects until February 28, 1966. Meanwhile, the 1966 Rural Reconstruction Program of the province, with a total appropriation of \$VN25,457,000.00, has already been approved by authorities concerned. It is believed that this program is realistic enough to take care of the immediate needs of the province.

December 31, 1965

DARLAC (11)

During this reporting period there was a slight gain in the people's attitude toward the government with the opening of Route 21 for a period of five days, allowing commodities to enter the province without fear of taxation by the VC. Visits by dignitaries of the Vietnamese Government also bolstered the political situation, demonstrating to the people that the GVN has an interest in them.

There have been no changes in the security situation over last month. VC activities this month were characterized by small squad and platoon-sized operations engaged in road blocks and propaganda. These small unit operations continue to be effective in restricting commercial movements and forcing GVN to remain in secure areas, such as the provincial capital and district headquarters areas.

The opening of Highway 21 for a five-day period in early December relieved temporarily the acute shortage of Government rice which existed at the end of the last reporting period. A total of 1,194 tons of Government rice was moved from Nha Trang to BanMeThuot during the period, thus providing a one-month supply for the province. Concurrently, the price of locally grown rice dropped from 30\$VN to 20\$VN per kilo as the result of Government rice once more being available to the populace. Prices of commodities have otherwise remained relatively stable during the reporting period.

Two US contracting firms (Pacific Architects and Engineers and RMK) have contracts for various construction projects in the BanMeThuot area and have hired, at a higher wage scale, a considerable portion of the local skilled and semi-skilled construction workers. It is expected that this situation will produce an inflationary trend in prices in the future. It is already resulting in some resentment on the part of local employers who find their personnel seeking employment with the US firms.

The reporting period was one of considerable progress in the field of public information. Mr. Jame de Cou, of JUSPAO, reports that the Chieu Hoi service has finally developed an information program for Quy Chanh. The service is now showing films and operating a reading room.

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DARLAC (cont'd)

A new and energetic VIS chef has reacted favorably to several major recommendations, including the following: that a pictorial provincial newspaper be created and that attention be given to USOM projects and activities in the province. Work has already begun on the first issue of the paper; that principal VIS officials direct more attention to activities outside the provincial capital of BanMeThuot; that the movie program be expanded (JUSPAO is now assisting VIS repair a number of generators to make this objective possible).

A program schedule for Radio/BanMeThuot, which will soon be broadcasting with a signal strength of 55 KW, will make it the most important Vietnamese radio station outside of Saigon.

Chieu Hoi appeals continue to be the major thrust of military psywar activity.

JUSPAO has been taking pictures of USOM activities in the province. Prints of the pictures have been made available to USOM.

During this reporting period all of twenty classrooms allotted for 1965 have been started and six were completed. The second class from the Montagnard Training Center was graduated December 6 and the third training class is under preparation and will start on January 3, 1966. The construction of the provincial warehouse was started this month and will be completed within a 90-day period. The province began releasing funds to start construction of our self-help projects this month.

December 31, 1965

KHANH HOA (12)

The Province Chief's continued aggressive approach to all problem areas, and the interest he is showing in the people's behalf, has caused province officials to re-evaluate their roles in the governing of the people. There is more of a personal touch in their daily contact with them; the Prov Rep feels this trend can and will be exploited and the GVN will begin to mean something to its people.

During the month, military operations have been continuous, with excellent results. Among the Viet Cong killed were two high ranking persons. One was the political chief of four hamlets, who had been in power for three years. His body was taken through these hamlets and hundreds of people came to see it, not with sadness, but to assure themselves that he was in fact dead.

The security situation has improved during this month, as military operations were continuous. The road (National Highway #1) between Ninh-Hoa and Van Ninh was opened and repaired, which permitted much needed supplies to be transported to Van Ninh. There were almost daily reports of the capturing or killing of Viet Cong. Some villages that have been under Viet Cong control for months were cleared. These actions were conducted entirely by Regional Forces. The Prov Rep contributes their success to the leadership of Major Hung and Major Bong (Commander of the Provincial Forces). If there is no intervention of major Viet Cong units, Khanh Hoa should be a relatively secure province in the near future. Of course there will be for sometime to come the possibility and probability of small scale attacks, such as the attack on an American unit bivouacked near the airfield and an attempt to blow a bridge two kilometers south of Ninh Hoa. These were local guerilla actions and must be put up with. If the GVN continues its present course, there will be no place for the guerillas to go, for when the people join the fight the guerilla will perish without their assistance.

The cost of living continues to be a problem in the city of Nha Trang, with no relief in sight. The inadequate supply of food to meet the increase in the population is the primary problem. Also, the people have more money to spend, due to the high wages paid by the Americans. The renting of houses by Americans at ten times the normal rate continues. There are some instances where the Americans are out-bidding each other. This problem can only be solved by higher authorities controlling subordinate units.

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KHANH HOA (cont'd)

The populace has joined in the spirit of the season and their overall morale can be considered excellent excellent. They appear to be happy to be on the winning side.

The issue of USOM commodities went over the top this month with most items reaching near the 5,000 mark. At the present we are waiting the arrival of cement for the hamlet school program. Regional Logistics personnel have assured the Prov Rep that we will have cement available for this project. The self-help projects have been started and are progressing satisfactorily.

December 31, 1965

NINH THUAN (13)

Prime Minister Nguyen Cao Ky visited the province on December 28. The primary purpose of his visit was to present certificates of land ownership to farmers receiving land under two separate land distribution programs. An estimated 6,000 to 8,000 people heard him speak in Phan-Rang. Several hundred people were brought into Phan Rang for the occasion by provincial trucks. There seemed to be little outward reaction to his speech, which spoke of three main enemies: Communism; political speculators, dishonest business men and hoarders; and colonialists.

The security situation in the province has tightened up somewhat and there seems to be a greater feeling of uneasiness. The number of incidents increased over last month but was still considerably less than those recorded in August and September. Most hamlet attacks have been in the southeastern part of the province. The first battalion-size unit was spotted in the lower part of the province. Some people have indicated that VC are now moving more and carrying out more covert activities in the hamlets.

Prices of food commodities have increased 9% in the last two weeks and 11% in the last month. The general inflationary trend continues. The biggest local boom now is the opening of many new bars, particularly in the airport area. An effort will be made to develop local handicraft and to import handicraft from Dalat in order to absorb some of the American buying power.

The 62nd Engineer Battalion presently has a reconnaissance mission underway in the Song-Pha area for the purpose of determining the feasibility of this unit cutting lumber for airport development.

Two Vietnamese technicians from USOM Saigon have helped a PF platoon in Du-Long District build a new model brick kiln. If this kiln proves to be successful, more will be made in other areas to increase the production of bricks. Local demand plus demand at Cam Ranh has more than doubled the price of bricks.

There appears to be a pro-Government feeling among the people. This is true because the Government has carried out a wide range of programs in hamlets. Also, the Province Chief seems to be well known by hamlet people because of fairly regular hamlet visits and an interest in civilian as well as military affairs. In fact, hamlet people are probably more aware of Government programs and more pro-Government than are the people in Phan Rang.

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NINH THUAN (cont'd) 2

Despite the large American military buildup there has been no sign of any anti-American feeling. This is probably due to two reasons. The novelty of having Americans around has not worn off yet, and there has not been a high number of incidents or misbehavior involving Americans.

Some people are obviously discontented with the higher cost of living which has affected their morale.

A budget of 24,558,000VN\$ was approved at the Rural Reconstruction Budget meeting at Dalat on December 22. It is expected in the province that there will be a need to request more funds after several months, especially for the self-help budget where only fifty projects were approved.

Even though the budget is sizable and contains needed items, it still does not possess the capability of solving some of the province's main problems. Also there is the possibility that the entire amount of funds will be spent, but still not enough of the desired psychological impact achieved in 1966.

The province has many problems which require the special attention of the technical ministries, and other problems that can be solved through the initiative of GVN/USOM in the province, providing certain policies are pushed or changed on the national level. In the eyes of the Provincial Representative some of Ninh Thuan's biggest economic and social problems are as follows:

1. Inadequate cultivatable land space for Montagnards;
2. Inadequate land reform program;
3. Inadequate fisheries program, especially the selling of engines to fishermen;
4. Lack of fresh drinking water in hamlets;
5. Inadequate loan program;
6. Poor marketing, particularly for secondary crops;
7. Inadequate Rural Health Program, including educational programs on sanitation;
8. Need for continued followup on the formation of an irrigation association and construction of secondary canals;
9. Need for the improvement of main and secondary roads;
10. Need for the continued improvement of the Psy-War and Chieu-Hoi programs.

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NINH THUAN (cont'd) 3

It doesn't seem logical that the GVN and USOM should wait until the war is ended to begin solving some of the above problems. The place for the Government to demonstrate its capability and willingness to help its people is in secure areas. It is also the place to test new ideas. Tested ideas and programs that can meet the people's needs and aspirations can immediately be implemented in new areas when they become pacified.

Generally speaking, present USOM supported activities are progressing satisfactorily, even though the self-help program has suffered during the past two months for lack of cement. Despite the damaging flood of December 1964 there were signs of progress in 1965. However, if solutions to the above-mentioned problems can be forthcoming in 1966 there will be real progress.

USOM has been made the coordinating agency for all military civic action. Despite the recent arrival of troops a commendable start has been made by units in planning and carrying out civic action projects, especially those units of the 101st Air Brigade.

December 31, 1965

TUYEN DUC (14)

No significant changes occurred in Tuyen Duc political situation during the month. There is no propelling grievance at the moment to cause Montagnard to abandon the promising status quo. Prime Minister Ky sponsored five hundred high school students from Saigon to Dalat for a leadership training program.

The security of populated areas of the province continues to be good with only minor incidents occurring. The VC still hold the initiative, however, and determine the security pattern. Friendly operations have increased but security of hamlets remain fair to poor.

The cost of living continues to rise slightly but there is no proportionate increase in prices of local produce. Prices of some farmers' supplies are increasing and construction materials are very expensive when available (cement-260\$ per sack). Rice imports are continuing in adequate supply and most other commodities can be purchased, with the exception of POL. Heavy rains and overloaded trucks have severely damaged portions of the highways within the province, thereby slowing down traffic.

Significant advances have been made in psywar/social welfare over the past year. The provincial psywar committee and working sub-committee matured into an active and coordinated force. The social welfare team and supporting sections of provincial administration actively dealt with and supported refugees in an organized manner. However, the team leader, who was largely responsible for this locally, was recently replaced by a Ministry appointee. Plans are underway to form a provincial social welfare committee to handle voluntary agency assistance (USOM airlifted) in a more equitable manner.

Until the latter part of December, the lack of cement continued to handicap rural construction projects, especially self-help. The province estimates that 85% of the 1965 budget will be spent with education, self-help, montagnard training center, and roads and bridges programs as the leading programs. The 1966 budget planning input and project requests were a significant improvement over the past three years. The approved 1966 budget is judged adequate; however, self-help could be dramatically increased if USOM materials could be supplied. As the unseasonable rain ceased, the US STAT Team increased its pace in road building and construction of a key bridge across the Da Nhiem River. One major bridge was blown on Route 11 but was repaired and open to heavy traffic within the week.

December 31, 1965

QUANG DUC (15)

The political situation was adversely affected by a FULRO uprising on December 18. The influence on the local GVN officials and dependents was one of personal security (i. e., if the VC accomplish the same) rather than doubts of the political instability of GVN. Montagnards of Duc Lap and Duc Xuyen districts are probably impressed with the FULRO success. The political climate improved in Dau Nghia land development center (Kien Duc district) with the return of farmers, village officials, and a new security force. A substantial military victory resulted at Bu Prang as regional forces inflicted 87 dead (body count) on the 120th VC battalion which attempted to take the post. GVN and ARVN personnel have had a lift in morale as a result of this success.

The security situation, except for the lapse on December, has improved slightly. A great amount of road traffic, with suitable military escort, travelled the province roads. An ARVN battalion has been stationed in the province since the December 18 and a number of small operations have been undertaken. The economic situation also improved slightly. A problem, of course, is external transportation of commerce. For instance, a substantial amount of ginger, ready for the Saigon-Cholon Tet market, is ready for export, but the means are not available. A quantity of lumber is expected to be produced in the coming year with delivery to US aircraft at Gia Nghia airstrip. USOM regional authorities are now investigating contract sources. The Province Chief has organized a market steering committee for additional price stabilization, market procedures, and for easier release (administratively) of rationed items. A great deal of attention is being applied to the health program and to refugee support. The first week in January is being utilized for an intensive training program of Mobile Action Cadre. A major USOM project should be completed in late January. This is a CARE-USOM-Province sponsored project. USOM continued its normal support to refugees and relocated people during the month. USOM and MACV medical personnel provided medical support to military and civilian wounded at Bu Prang.

The year 1966 appears promising insofar as Quang Duc province is concerned. Lt. Colonel Man, the Province Chief, is energetically pushing the Rural Construction program, and is very cooperative with USOM personnel.

December 31, 1965

LAM DONG (16)

During the past six months the Provincial Council has gradually increased its role until it is now a true advisory body for all of the provincial services. The Province Chief has designated it to be in charge of the organization of the People's Committee for Communist Resistance, a local organization identical to the Civil Rear Reserve Forces (Home Guard - Hau Bi Quan), and the President of the Provincial Council usually occupies a prominent seat on official occasions. The Provincial Council members represent an ethnic division similar to that of the provincial population in that two are Montagnard and the other four Vietnamese, but they do not have a similar religious balance for two members are Protestant and the other four are Catholic. Nevertheless, there are no signs of friction between the Council members and the sizable Buddhist minority in the province. Likewise, relations between the local Montagnards and Vietnamese are good and there is no indication of FULRO activity within the province.

Although there continue to be occasional reports of large DAVN or Viet Cong units moving into or through the province, such units have merely been a threat, as almost all of the incidents occurring in the province are caused by strictly local Viet Cong units. The incident rate continues to remain low.

The road block/tax station on Route 20 in Long Khanh is reported back in operation but on an intermittent basis. Not only is this an important source of revenue for the Viet Cong, but it serves to increase the cost of living in Saigon, for the Saigon housewife must ultimately pay the increased cost of the VC tax levied on the Dalat vegetables, which are shipped by this route. Tea is the principal item exported from Lam Dong Province, but as its price is more or less inelastic, the effect of the VC road tax is much more severe upon the farmers of Lam Dong than upon those of Tuyen Duc. The inelasticity of the price of tea is due to the fact that much of the green tea is sold at fixed prices in accordance with a contract to supply the Vietnamese Army, while the entire black tea production is exported and thus must compete in international markets. Much of the accumulated production was shipped out during the short period when the road block was not in operation.

A CIDG unit was organized several months ago and is scheduled to move from its present location when its training is completed. It is expected that the movement to a more distant location will reduce or eliminate the small degree of friction which has developed between some townspeople and the "American troops" of the CIDG unit.

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LAM DONG (cont'd)

The majority of the population remains concerned with the present high prices of food and goods, rather than with security or political conditions.

The various services have completed their proposed Rural Construction budgets for 1966 and are trying to carry out as much of this year's program as possible before the end of the year. The present estimate is that 60-80% of the allocated funds will be spent.

December 31, 1965

BINH THUAN (17)

December brought no improvement in the political situation of Binh Thuan. There does not seem to be a political force ready to step into any vacuum left by the VC when they move to another area of a district or the province. Most of the village leaders have not been able to develop the infrastructures required to give the people a reason to feel secure. These infrastructures would seem to be the most important goal of government cadre in order to accomplish the ends of the counter-insurgency program. No political movements have been noted during the reporting period. At this time the trend is to slow down for TET, and no great political breakthrough can be expected during the next month.

Following the movement of the regular VC units to the northern districts of the province last month, the security of the southern districts did not improve as was expected. Several ambushes have been staged by VC units against government employees and two bridges were blown in the vicinity of Phan Thiet city. This is not an encouraging turn of events. The VC are returning to small, easily executed, attacks with high impact value. Enemy activity on the highway between Song Mao and Tuy Phong has made travel in this area more risky for civilians than previously. Overall enemy and friendly military activities have not changed appreciably over the past two months.

There is still an upward trend in food prices at Phan Thiet. The cost for meat, poultry and fish is up from 7% to 25% over last month. The price of rice is stable because of adequate local production and imports. The overall cost of food is only up a few percentage points from November. Cement is in acute shortage for the first time in five months. This is due to a shortage of cement in Saigon, not to a breakdown of sea transportation from Saigon to Phan Thiet. Sea shipment by junk is on the increase because of better weather and additional cargo vessels being constructed at Phan Thiet.

Sea food production during 1965 was off about 1% from 1964. Total production for the year was almost 39,000 M/T. Nuoc mam (fish sauce) production was down during 1965 but exports were greater than during 1964.

Field crop production for 1965 was down from the previous year because of drought and poor security. The rice growing area was reduced by 35% and rice production was down about 40% from 1964

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BINH THUAN (cont'd)

The promise of high rents to be paid for housing by Americans has already started landlords on a rent-raising spree. In at least one case teachers have been evicted to make room for the new renters. This has occurred even before any increase of American or third country personnel has taken place in Phan Thiet.

No notable improvement in the psychological outlook of the populace is apparent at this time. The people are still concerned about their own safety and have been shown no reason to feel that the security situation will improve greatly. The psy-war effort still lacks the personal "punch" which is needed to change the common man's thinking.

It is next to impossible to determine how much of the rural construction budget has been expended as of the end of December. According to the Finance Service, 67% of approved funds for 1965 have been expended, but this seems to mean that only some portion of the paper work has been completed. It does not have anything to do with the actual expenditure and vouchering of funds.

All Rural Construction programs continue to function at the end of the year except for Agricultural Hydraulics, which met insurmountable problems in getting bids for construction at the Cha Vaudam in Phan Ly Cham district. No project is being held up for lack of materials, although the RC pig sties and some self-help projects in the northern districts do not have sufficient cement. This is due to transportation difficulties between Phan Thiet and Song Mao or the port of Phan Ri Cua.

Relocation funds for people moved by the government in 1963 and '64 are now being paid by the Rural Construction office. Payments to those families now living in Ham Thuan district are complete.

The rural construction public works program is moving ahead steadily but is far behind schedule. Twenty-four school classrooms are complete and the remaining eight are all at least 85% complete. The Chieu Hoi service plans to construct new facilities in early 1966.

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MONTHLY REPORTS OF USOM PROVINCIAL REPRESENTATIVES
for the Month Ending 31 December 1965 (Region III)

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FROM: Reports Officer, MRCC (Provincial Operations) USOM

This document contains the Unclassified reports of USOM Provincial Representatives for the Month Ending December 31. The reports are summaries of the monthly reports submitted by each province and listed in order from north to south.

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December 31, 1965

BINH TUY (18)

New Life Operation 65 at Hoai Duc and Tanh Linh districts was very successful. The operation has improved the life of the people living in that area. Many rice mills and charcoal mills which have been closed for a long while are now being brought back into normal production.

1,173 refugee families with 9,625 refugee people are thronging into the district capital, challenging the district chief as well as his staff. A US military medical team and USOM Refugee personnel are giving him a hand.

New Life Operation 65 also had a positive effect on the security of Hoai Duc and Tanh Linh districts. Large units of friendly troops are clearing the area. Because of heavy casualties, the VC had to withdraw and resume small unit activities around the unpacified hamlets adjacent to the capital town. The VC dropped leaflets condemning the draft policy of the government and the Americans. During the month about 500 VC entered Lang Ma hamlet, drove the peasants working in the field home and warned them to stay there. In another action, two VC platoons appeared at Kiep Ngh hamlet, captured five Catholic men, and carried them away.

Prices of consumer items are skyrocketing everywhere in the province, increasing economic pressure on the people. No improvement has been made in the transportation situation, keeping prices higher than normal.

The use of sea transportation has not been satisfactory. The percentage of commodities delivered safely and in one piece was very low. Often the prices of commodities transported by sea were equal to and higher than the prices of those items passing through VC tax points. The shortage of rice, gas, and fuel oil has been somewhat relieved by periodic regular shipments by the government.

There was a major increase in social/psychological activities this month related to Operation New Life. People were urged to resettle in the newly secured areas. Many Chieu Hoi leaflets were dropped and 52 public meetings were held. 208 Quy Chanh returned to GVN control.

The hamlet school program is now 80% completed. Cement and tin roofing are still pathetically short for meeting construction requirements.

December 31, 1965

LONG KHANH (19)

Activities during this reporting period reflect a continuing effort of the Viet-Cong to use covert means to destroy the village and/or hamlet political structure located in remote areas. There were 24 incidents throughout the province where a Viet-Cong unit assembled various groups of people for propaganda lectures. The VC continue in their attempts to incite the French rubber plantation workers to demonstrate for higher wages.

There has been no indication of ill-will by the populace toward the GVN or the US. The majority of the local populace still rally towards the friendly government. However, many hamlet people seem doubtful that the present Ky regime will last very long because of alleged unrest among the four Corps Commanders.

The security situation remains the same as reported last month. Some VC activities were reported but due to continuous operations in company and battalion size conducted by the 10th Division Forces and Long Khanh Sec with full-time coordination with the Air-Force, they were limited. However, small attacks and military rifts reportedly occurred in the remote hamlets of Bao-My, Trung Hiep, Tran-Tao and Cay-Gao.

During the month there were 30 separate instances where either National Routes 1 or 20, or Provincial Routes 2 or 3 were physically blocked. These road blocks enabled the Viet-Cong to collect taxes and conduct propaganda lectures.

Viet-Cong control continues in areas outside the province capital of Xuan-Loc, except in hamlets where Regional Force or Popular Forces soldiers are maintained. In order for GVN control to remain within a hamlet sufficient armed personnel must be immediately available to suppress any Viet-Cong attack or harassment.

The cost of living persists to be a serious problem to the local populace since the costs of essential goods continue to rise. The following costs list of essentials indicates briefly the staggering increase that is now seriously affecting the rural populace, refugees, and GVN administrative functionnaires:

- a) Rice - 12\$ to 14\$ per kilo
- b) Pork - 185\$ per kilo (100\$ increase)
- c) Cement - 320\$ per sack (200% increase)
- d) Cut lumber - 8,000\$ per cubic meter (2,000\$ increase)

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LONG KHANH (cont'd)

Black market prices for condensed milk, rice, sugar, cooking oil, and salt are at an average of about 20% higher than the open-market prices.

The reported planned demonstration for obtaining higher wages for workers of the French rubber plantation did not take place during the month. It is rumored that some small settlement took place. However, this is doubtful. It seems that this unrest reached a peak when the lowest echelon of GVN cadre received a substantial monthly increase of 1,000\$ plus limited family benefits.

The local VIS has completed the construction of a TV type movie screen in Gia-Kiem village with material support and assistance from USOM and JUSPAC. The TV box was inaugurated on December 22 and was designed to give full-time service to the inhabitants of the village. Also during the month, a total of six transistor radios were given to the Youth Service, provincial hospital, Chieu-Hoi Center, On-Cung and Le-Loi hamlet (radios distributed to hamlets were for refugees). 240,000 leaflets and 15,000 copies of the provincial newspaper were distributed throughout the province.

In our regular food distribution program bulgur wheat, cooking oil and dry milk were distributed to 1,281 hamlet people in Nui Dau-Riu, Bao-Vinh, Ben-Nom, Nui-Do, Bao-Hoa, Tran-Cao-Van.

The province also distributed foodstuffs, blankets, and clothing to 470 destitute refugee families in Dinh-Quan District.

Five of the funded self-help projects for which the province recently released funds have been started. Due to this fact, the province has agreed to release funds for five more self-help projects. This number would bring the total number of projects funded by the province to 23.

Satisfactory progress is noted among other USOM supported projects.

December 31, 1965

PHUOC LONG (21)

Political stability continues to improve within secured areas of the province. Although most of the month was fully occupied with preparation of the 1966 Budget and Reconstruction Plan, the Province Chief and his administrator found time to help sell the GVN to the people. A large celebration was set up at Long Thuy lake for Christmas Eve. A pier was built in the shape of a cross and was very effective. Everyone took part in the festivities, Buddhists and Catholics alike. Toys provided by Special Forces were presented to the children in the area.

The 1966 plan appears much more realistic in number of hamlets to pacify than the 1965 plan and the Province Chief has excellent control of his administration and is funneling all efforts towards its implementation. He has made several changes in administrative and technical chiefs and the result appears to be a more efficient operation. His tendency to over-control does cause some hard feelings but without apparent effect on the functioning of the government.

The security situation remained about the same, with the VC in control of most of the province. Most of the actions were government initiated. However, toward the end of the month the VC shelled one district town and attacked the Nui Bara outpost, killing or wounding most of the platoon-sized garrison. This could indicate an increase in VC activity to come. The Nui Bara outpost is on top a mountain and physically difficult to approach; consequently such an attack required considerable effort and certainly more than the VC have expended in the area for some time.

The VC cut the road over which most of the supplies from Saigon arrive several times. This caused an increase in prices in the markets.

The Province Chief still takes every opportunity to sell the Government to the people. During the month he had the Social Welfare Chief replaced because he was extremely inefficient in distribution of money and foodstuffs to refugees.

The principal USOM supported program in the province is refugee support. On December 19, 326 families moved into Nhon Hoa hamlet. The land was cleared and homes constructed in approximately one and a half months. Throughout this period civic action support was rendered by all types of civil servants and military units. The creation of this hamlet has been a highly successful project so far.

December 31, 1965

BINH LONG (22)

There has been no change in the political situation.

Security also remains the same. Viet Cong activities have been in evidence in all sectors. Minh Thanh is still being probed.

Food prices remain high. Road transportation continues to be poor between the province and Saigon.

Transportation in this province has been better this month. Several deliveries of commodities have been made by aircraft, and civilian aircraft were made available for transportation to remote areas; all major projects were increased and payments were made on some.

All USOM projects are progressing well except for Public Works.

December 31, 1965

BINH DUONG (23)

On the political front politics is not a widely discussed subject. Those who show interest are the elected members of the Provincial Council. The Council, during the month, visited five different schools in Lai Thieu district and submitted their findings and recommendations to the Province Chief. They also visited the USOM Provincial Office and requested continued support for the school program.

The Province Chief has indicated his concern for the welfare of the poor people, visiting different districts and refugee camps, and giving his personal attention to cadres now undergoing training at the Province Headquarters.

The districts of Lai Thieu and Chau Thanh remained relatively secure, although there were some minor incidents of VC attacks and terrorism which marred the somewhat normal and peaceful situation. Hung Dinh village office and outpost were attacked. The village office was blasted and two Popular Forces soldiers were killed and two kidnapped. In this village, the officials and people were very hard-working and receptive to the Government. There were, however, only six soldiers who repulsed the attack by a force of seventy VC. The outcome was evident. The village and district had not been able to provide for more security forces because of inadequate finances. After the attack the village officials picked up what was left of the office supplies and equipment, transferred them to the hamlet office of Hung Loc and continued to hold office without interruption.

In Chau Thanh district, the compound of the 12th Psywar company was attacked two successive nights but each time the terrorists were repulsed and no casualties were inflicted. This did not deter the bustling activities of the people but served to remind them that danger still exists.

In other districts civic action activities were confined to limited areas around district headquarters, a few hamlets and nearby Army installations. Infiltration could easily be accomplished by the enemy at night. Tri Tam, which was the subject of a VC attack late last month, was still under tension. The people's food supply has to be supplemented by the Government. It was gathered from various sources that the fiasco in that district was due largely to the laxity in discipline and low morale of the soldiers.

The economic situation is very encouraging. Privately-owned public utilities provided transportation for the people, thus making possible the transport of produce to and from Saigon. Busses go as far as the district

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BINH DUONG (cont'd)

of Ben Cat with no apparent difficulty with the VC. Unofficial reports said they have been paying taxes. No electric and telephone poles were blasted during the month and communication lines between Lai Thieu and Chau Thanh were in operation.

There is abundant produce coming from the distant farms. The public markets in villages and hamlets have been busy and filled with farm products and fresh fish. The rice harvest was quite bountiful and the supply of rice in the open market was no problem at all. Also, construction activities progress. The provincial hospital, installations and facilities at the Army camps and private building construction have provided employment for many people, including some refugees. Skilled laborers are in great demand. The services of a mason command a daily wage of 250\$00 VN.

The military build-up of American forces has positively improved the morale of the people in the province. This was coupled with the hiring of local laborers in the construction of facilities at the camp, plus the civic action program undertaken by the 1st Division. Their medical team schedule visits to the refugee camps and dispensaries in Lai Thieu. They also established another medical team at the dispensary at Phu Hoa Village. For the Christmas season the 1st Division, as well as the Sector Advisor, distributed gifts to poor people and children at refugee camps.

Self-Help is one aspect of our operation that reaches and gives direct benefit to the rural people. Although projects approved and implemented this month were confined to Lai Thieu district and Chau Thanh, emphasis was made in the procedures and preparation of project proposals. All project requests received were returned for more detailed specifications and more accurate estimates. All these were subsequently approved. Implementation was closely supervised to insure that allocated funds were not used to pay labor requirements of the project, but material only. The amount of 30,000\$VN, however, was not sufficient to finish a sizable project. In Hung Loc Hamlet the people contributed money to complete their community hall which cost 55,000\$VN.

It is believed that the Rural Construction Cadre despite its poor performance could be a very vital and effective force in bringing the Government closer to the people, as well as in implementing various pacification and self-help projects. During the month their services were utilized in the distribution of fertilizer to farmers. At the refugee camp the cadre help refugees in digging a well, construction of a school building for children,

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BINH DUONG (cont'd)

land clearing at the camp site and making vegetable gardens. These activities were effected after giving them some motivational talk and discussing with them ways and mean of solving specific problems and situations. With the new organizational set-up and the personal interest the Province Chief has shown, the effectiveness and performance of the cadres will undoubtedly improve. The USOM office also extended technical assistance in inservice training held at the Province Headquarters.

During the month support was given to 1st Infantry Division in the procurement of needed materials for construction of facilities at the camp.

December 31, 1965

TAY NINH (24)

The political situation in the province remains stable. To bring the government closer to the people, a simple but impressive turn-over ceremony of the completed hamlet office at Long Qui was held on December 14. The hamlet people were made aware of what the VN and the US governments are doing for their welfare. The Province Chief, Major Trung, led government officials in congratulating the hamlet people for undertaking the project.

In recognition of the services of Third Country Forces in Tay Ninh the provincial administration distributed gifts to all members of the US Forces and the Philippine Surgical Team at a program held at the MACV compound on December 24.

There have been no definite changes in the security situation in the province over last month. No significant enemy activity was noted, but it was observed that the morale of the enemy is sinking because of frequent bombing of VC areas.

The economic picture is brighter this month. Rice harvesting is now in full swing, arresting temporarily the fear of shortage of this principal staple. Many other farm crops have been harvested during the reporting period, and are now found in the market. The cost of goods and foodstuffs, however, continues to increase by the day.

In spite of the transfer to other provinces of some VIS members, the social/psychological effort did not suffer any set back during the month. The VIS office continued to function normally.

There has been improvement in the overall psychological effort. There are now 64 hamlets considered pacified under the six-point pacification criteria. More hamlets are expected to be pacified next month.

USOM-supported programs are progressing steadily. Except for a few classroom projects where work has been temporarily suspended due to non-availability of roofing materials, all other programmed activities are progressing.

December 31, 1965

HAU NGHIA (25)

Both internally and externally GVN administrative effectiveness and political control declined noticeably, though it has not yet reached a crisis point.

Externally, GVN control, after starting to pick up in the Duc Lap area, plunged to new lows following the VC attack of December 18. This was evidenced by the desertion of much of the town and failure of local authorities to organize other than the most temporary relief measures.

The successful December 23 VC attack on the three hamlets comprising Hiep Hoa proper, following the destruction of the village office a month earlier, likewise, has resulted in some movement of population from GVN areas. In this case, however, the movement is not as great and probably is only very temporary. Nevertheless, GVN control has definitely weakened and repetitions of such incidents could cause real and permanent slippage. More than 70% of the local merchants in Hiep Hoa itself are said by the District Chief to pay taxes to the VC as it is.

The present security situation is probably the worst in the history of the province and the trend is still downward. In December incidents, friendly casualties, and weapons losses (170, vs. 2 for the VC) reached new highs for 1965. There were eight ambushes, in one of which GVN suffered 51 KIA. All district towns were mortared at least once and the province capital twice. Duc Lap, $2\frac{1}{2}$ kilometers from Bao Trai, was attacked and overrun for the third time in four months, and while friendly losses were comparatively light this time, the effect on both police and civilian morale there has been understandably disastrous. At nearby Duc Hanh A, the VC have begun destroying houses as they previously did at Duc Hanh B.

The Hiep Hoa Village complex, except for Hang Duong, was successfully attacked and overrun with little resistance from friendly forces.

Pressure which began last month on school teachers in Trang Bang District was upped, culminating in the deliberate destruction of a schoolhouse. This may be an indicator of increasing VC self-confidence, inasmuch as in the past the VC have normally limited themselves to minor propagandizing of teachers, evidently fearing unfavorable popular reaction plus GVN exploitation of same would hurt more than help while opposing military forces were still reasonably balanced.

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HAU NGHIA (cont'd)

The war continues to have little noticeable net effect upon the general rural economy, which remains in relatively good shape in and near GVN areas. If one may judge from the number of newly tiled roofs visible from the air and the number of new bicycles brought out by recent refugees there is little effect elsewhere as well (with the exception, of course, of a few free bombing zones). The unusually large rice harvest, two thirds completed, combined with quite favorable selling prices in urban markets, is creating resource control problems not only for the GVN, which realistically has made only token gestures in this direction, but for the VC, who are trying to divert it to and keep it in the localities under their control. Judging from the large amounts reaching main roads, the VC are enjoying considerably less than total success in their interdiction efforts, though they are certainly able, on the other hand, to supply themselves with as much as they need.

Rice has dropped from the 8.2-8.6\$VN per kilo range to 7.0-7.5, depending on grade. Other changes in the local price index were very few. Chickens are about 15% more costly than in November; fish, 5-15%. Costs of construction materials continued to climb.

The terrorizing effects of visibly deteriorating security probably have more than offset any gains made by GVN psywar efforts--as is witnessed by the GVN population exodus from areas under VC pressure and continued dearth of voluntary popular intelligence. (One exception may be in Trang Bang, where there has been an apparent genuine backlash as a result of the killing of school children in a mortar attack and ham-handed VC guerilla actions resulting in the closing of schools nearby). Fortunately for GVN, the fact that most of the rural population was too tied up with the rice harvest to worry much about anyone's propaganda appears to have limited the damage done to the GVN image except in such places as Duc Lap and Hiep Hoa, which were actually attacked.

Among GVN officials, deteriorating security, lack of support from higher headquarters, internecine fighting, and rampant corruption have produced and are deepening feelings of uneasiness, suspicion, and apathy.

Food distribution continues to be seriously hampered by shortages of bulgur wheat. Progress in school classroom construction slowed markedly. Road construction continued to lag badly. Pig-corn pig-purchase money still was held up by the shift of NACO to Tay Ninh. Self-Help and provincial development, agriculture, and Chieu Hoi programs showed acceptable to good results. Overall, progress was barely adequate; locally, on the USOM side it was impeded by dishonest FSLE's who have since been removed.

December 31, 1965

GIA DINH (26)

Workers from INTERTEXCO, Thu Duc District and Binh Chanh, distributed leaflets urging workers to strike. The Police and Labor Service interceded and the movement was stopped.

The security situation continues to worsen. The village chief of Phu Huu village, four hamlet chiefs in Go Vap, Nha Be, Hoc Mon and Thu Duc and three Psy War cadre were assassinated. Many terrorist actions took place, bridges being blown and several civilians killed. There were no major clashes between GVN and VC forces.

As reported last month, the Thailand rice ration consisting of 1,100 tons distributed to Gia Dinh Province was not liked by merchants. Only a small quantity of this rice was taken by merchants, therefore, the Department for Economy decided to save the rice for other merchants in the central area. The price of rice is relatively stable. Other food items, such as pork, condensed milk and sugar, remain a big problem in the province. People cannot obtain white sugar at the official price even though sugar is not scarce. This is probably because of the Tet season (Vietnamese New Year's). The condensed milk quota for Gia Dinh province consisted of 2,500 cases but still did not meet provincial consumption. Gia Dinh has asked the Department for Economy to intercede with City Hall so that the five villages adjacent to the capital can obtain milk from Saigon. Arrangements have been made for Gia Dinh Province to share 10% of the pigs slaughtered at the Chanh Hung slaughterhouse, thereby allowing the populace to get pork at the official price set up by the central authorities. Applications for scooters and motorbikes were forwarded to Saigon for consideration. During the month, 18 permits were issued to merchants by the province, among which there were permits for two factories for material printing and dyeing.

During the month, 117 VC-related families were visited. The purpose of the visits was to make a campaign on calling Quy Chanh back to the GVN. Leaflets distributed during the month consisted of 20,000 sheets publicizing the Chieu Hoi program and Quy Chanh benefits when they rally to GVN side. GIA DINH weekly magazine has been published. Each publication is for 20,000 magazines and are forwarded to inter-families in hamlets through Psy War branch services. ARVN and high school students contributed efforts in helping farmers at Hoc Mon district to harvest rice.

Thirty five out of the 69 classrooms allocated for Gia Dinh Province have been completed. The remainder 34 classrooms are expected to be completely finished before Tet (Vietnamese New Year's) which is January 21, 1966. The reason for the delay in completion of these schoolrooms is the insecure situation in some areas and the difficulty of transportation to areas interdicted by the Viet Cong.

December 31, 1965

BIEN HOA (27)

Characteristically, time is on our side in Bien Hoa. The month provided new opportunities for the Province Chief and his retinue of Administrative Deputy, service chiefs, USOM, MACV and JUSPAO representatives to advance into the bush with gifts and honorable promises for assistance. Psywar survey teams, composed of the gamut of various cadre, visited and stayed in ten hamlets in turbulent Di An District and could probably report real success in succoring the needs of the citizens. The 160 poorest families are being rewarded with substantial quantities of commodities from GVN-USOM, CARE and CRS.

The security situation continued to indicate local guerrilla activity, which, although increased, was of much the same caliber as before. There were more incidents in Di An District during the month than elsewhere, but these are probably the harassments of a bewildered Viet Cong in the backyard of the First Division. The other trouble area continue to be the adjoining areas of Long Thanh and Nhon Trach Districts, south on Route 15. There were reported movements of Viet Cong in the area and the road was the scene of an ambush. The last night of the reporting period, December 25, evidenced a flare-up of Viet Cong activity, including the murdering of fourteen Popular Force soldiers, and five other widespread but timewise coordinated attacks. It is too soon to assume new patterns.

Food prices remained at previous levels. Rice was steady at 10\$VN per kilo, pork at 160\$VN, nuoc mam at 15\$VN. Other staples, such as salt and cooking oil, were priced the same as last month. Charcoal fell from last month's 8\$VN to 6\$VN. Building materials, however, continued to edge up.

Last month's optimism over having found two contractors to build the last thirty-seven classrooms was ill-founded. After building two classrooms, both contractors defaulted on their contracts. Eleventh hour efforts were being made to salvage some of the number. Last minute self-help applications were being processed, mostly for classroom building. CATM and agricultural programs were going well, and starts were made on the province's supplementary development items.

December 31, 1965

PHUOC TUY (28)

The political situation remains stable in Phuoc Tuy. The trend has been slightly in favor of the GVN, due mainly to GVN military successes, harassment of civilians by the VC, and US/GVN air strikes which keep the VC on the move. The critical district of Dat Do, now under a dynamic and interested District Chief, has begun to swing toward the GVN. This district formerly had a wait and see attitude, but due to efforts of the District Chief, the situation is greatly changed.

The security situation is slightly improved, but the VC still are very active in all areas of the province. Continued harassing fire on villages, hamlets, and outposts is frequent, but this is offset by improved security during daylight hours.

The economic situation is improved and is expected to progress during the rice harvesting season. However the increase in pork prices seems to be out of line with possible supplies (result of the increase granted Saigon). Other food items remain relatively unchanged from the previous month.

Social and psychological trends favor the GVN due to improved daylight security, GVN military activities, and VC terrorism against civilians.

The usual end-of-year rush in USOM-supported programs is underway.

December 31, 1965

VUNG TAU (28A)

The political situation and trends in Vung Tau continue to favor the GVN. Security is unchanged, as Vung Tau is probably the most secure area in the country. The economy continues to prosper due to military construction activities and local construction. The cost of living remains high but the high inflationary trend of past months appears to have levelled off. However, it will equal or be greater than Saigon, and probably the most expensive in the country.

The presence of GVN and US military personnel are the only real indications that there is a war.

December 31, 1965

LONG AN (30)

During the reporting period there has been a continuing increase in roadblocks and mining incidents on National Highway #4, plus a number of incidents of stopping traffic to collect taxes and pass out propaganda leaflets by VC. Harassment of some hamlets and outposts continued with a few outposts overrun. Indications are that the VC will continue stepped-up activity to try to hamper pacification progress in Long An and damage the overall Hop Tac Program.

Programs supported by USOM have been progressing satisfactorily. A Philippine technician, Romeo Gloriani, arrived in Long An in late October to assist in civic action and self-help programs. Improvement in these programs has already been evident and should continue as Mr. Gloriani is able to give more attention to these areas. He has been cooperating with the Sector MACV Engineer Sergeant to assist the hamlet people in construction projects which they have requested under self-help and commodity support by USOM.

Livestock, poultry and rice prices have stabilized with a slight rise in a few cases. Exports of livestock, poultry and rice remained unchanged except for pigs, which were about 40% of the total for the previous month. Reasons given for this are that the VC in areas under their control are trying to prevent farmers from marketing pigs, and the farmers can get 100-200\$VN more per 100 kg. than the fixed price of 5,800\$VN in Saigon.

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MONTHLY REPORTS OF USOM PROVINCIAL REPRESENTATIVES
for the Month Ending December 31, 1965 (Region IV)

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FROM: Reports Officer, MRCC (Provincial Operations), MRCC

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December 31, 1965

GO CONG (29)

There are no significant changes in this area over the last reporting period. The general political situation is one of stability and of slow but increased progress in support of the GVN by the populace. Although he lacks certain techniques of municipal administration, the Province Chief has contributed greatly to improved relationships and program implementation within the province. Incumbents of the Provincial Citizens Council remain, for all practical purposes, totally ineffective; however, they do represent the beginnings of a local political base. Province administrators continue to offset this condition through competent and professional administration of their respective departments.

In spite of increased VC activity within the province, gains in village hamlet security this month were made. Overall security of the province is still a top priority mission of the Province Chief in the total pacification program. Consensus of opinion within Go Cong is that VC activity will continue to increase despite serious setbacks inflicted upon them during this reporting period.

Generally speaking, prices continue to rise on most commodities, especially those items being shipped into province from other areas. Building materials, when available, are priced out of all proportion. In spite of improved conditions concerning routes of import and export to and from Go Cong, the economic situation is serious.

Within province, the social/psychological situation remains the strongest feature and continues to improve. Morale and the psychological attitude of the people is healthy and provincial administrators continue to function at a level reflecting these improved attitudes.

No significant changes occurred in USOM-supported programs. Progress is slow and a considerable portion of the reporting period was concerned with 1966 program implementation, budget and anticipated operational procedures. Based on the 1966 budget and availability of funds early in January province should be able to effect a good start in implementing the planned pacification program. The general feeling is one of qualified enthusiasm for the coming year, depending on the actions and attitudes of Central. Officials still hope there will be greater latitude granted province in administering the 1966 program.

December 31, 1965

KIEN TUONG (31)

Major Tan and his staff continue to make frequent visits throughout the province. This has been most helpful in at least associating the people with the GVN. There is little real participation by the people in the government, however, but because of these visits it has at least become a little less alien. To date suggestions for utilizing the Provincial Council have not produced results.

Security continues about the same with possibly some slight improvement in Tuyen-Binh and Tuyen-Nhon Districts. Security along the La Grange canal is still poor but it appears that the new USSF Camp in that area may finally get off the ground. Route 29, our life line with the outside world, continues to be very hazardous, particularly in Dinh-Tuong Province.

Province continues to show a very aggressive military posture and has been going into areas that have never before been touched by the GVN.

High prices for almost all basic necessities continue to be a very serious problem. Fortunately, the flood is receding and possibly next month things will improve with the harvest.

The attitude of the people toward the GVN is generally favorable and in Kien-Binh district may at long last be improving. Real progress in organizing meaningful farmers associations has been going on in this area.

The Province Committee sent to Saigon to purchase wood this month was successful. Over one and a half million piasters worth was contracted for delivery by late January. Delivery of 30m^3 (of 130m^3) has already been made in Saigon.

Lack of steel reinforcing bar has seriously hindered many of our projects. Delivery is taking over six months.

Final figures for the 1965 budget are not ready yet but it is estimated that over 70% of the provincial budget was spent.

December 31, 1965

KIEN PHONG (32)

The province continues to be apolitical, with the Hoa-Hao influence predominant. The new District Chief of Cao-Lanh, Captain Pham-Doan-Thanh, is Hoa-Hao and his appointment should consolidate the Hoa-Hao position since, of the five district chiefs in the province, only one is not of the Hoa-Hao sect.

VC activity in the province was considerably less than last month. Thus far, there have been only twenty incidents compared to fifty last month. Various reasons are given for this new ebb in VC activity. Some credence is given to the report that the VC are regrouping and training new personnel. GVN forces have made little contact with the VC and the consensus is that VC activity will conform to the pattern of increased activity toward the end of the month.

On the plus side, the road to Hong-Ngu and Kien-Van has been open since the 26th of last month. This is the first time in several months the road, or a bridge, has not been blown. The province is not optimistic over this lull in VC activity and is taking a wait and see attitude.

According to the Provincial Economic Chief, some progress has been made to stem inflation. The most notable was the fixing of pig prices by Saigon. As a result of the November 25 meeting in Saigon, pig prices were fixed at 5,000\$VN per 100 kilos. Prior to this meeting, pig prices had risen to 6,400\$VN per 100 kilos. Initially, local pig raisers held back marketing their pigs to see if prices would go up. However, prices remained the same, and there has been a normal flow of pigs to Saigon, with 160 pigs exported recently in a twelve day period. Transportation prices reported for a truck load of seventy pigs to Saigon is 200\$VN per head.

Overall, USOM supported programs in the province have made modest, sustained progress. During the month, a modest, 1966 budget was approved for a not too ambitious Rural Construction Program. On December 15 the Province Committee and province staff attended the 1966 Budget meeting in Can-Tho. The province submitted an 89 million piaster budget, and had 34 million approved. Some 28 million requested for special cadre, however, will be paid by a special budget. It was explained that the CRCC was anxious to start the 1966 budget on time and the money approved at this time was not important since all budgets would be reviewed and re-evaluated quarterly. This was apparent since the meeting took less than two hours and there was no rebuttal by Province. Province took the line of CRCC that this money, although not what it asked for, would be enough to get it started.

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KIEN PHONG (cont'd)

The "go slow and do it well" edict expressed by General Thang hit home in Kien-Phong. Previously, the Province Chief had expressed a desire to pacify the VC controlled Thap-Muoi canal in 1966. This will not be accomplished this year. Rather, twenty hamlets are to be pacified and eighteen reconsolidated. It is the consensus in the province that the Thap-Muoi canal is the key to pacification in the province. Until this canal, which is only five miles away from the province capital, and stretches across the southeastern portion of the province, can be cleared and held, there can be no meaningful progress.

The 1966 pacification program has recently been changed to delete any further pacification in Kien-Van District. The reason given was poor security and low priority. It appears that the prior policy of expanding oil spots in each district no longer applies in Kien-Phong.

The Dong-Phuoc agrovillage area to be pacified in 1966 does not have the concurrence of the Province Representative. This area is isolated and can be reached only by two choppers. USOM support of pacification in this area would be negligible. Furthermore, the unsettled security situation along the Cambodian border does not lend itself to pacification at this time. It is felt that previous oil spots should be expanded where military and USOM support is readily available; attempts to start new oil spots in isolated areas only tends to over extend the resources available.

December 31, 1965

DINH TUONG (33)

There have been no significant political changes or trends during this reporting period.

The Deputy Province Chief for Security, Capt. Dang Ngoc Lan, was appointed on December 7, 1965. This is considered a significant change for the good on the provincial staff.

The security situation has shown little change over the previous month. VC incidents show an increase over the previous month's total particularly in atrocity incidents, which resulted in 35 civilians killed, 25 kidnaped, and 9 wounded. Civilian traffic continues to move over National Route #4 with little difficulty; however provincial roads are under frequent harassment, i. e., minings and small arms fire.

There have been no appreciable price increases with the exception of cement, which increased from 170\$VN to 300\$VN per bag, and none is available on the local market. The price of chickens has increased approximately 33%. There has been a decided increase in private construction of homes and government sponsored projects.

Early in the month there was some consternation shown when the pig producers were called to a meeting and informed that Saigon had fixed the price of pork at 3,500\$VN per 100/kilos. Later reports indicated that there was a change of policy in Saigon and that pigs would be sold at the free market price.

The 1964 rice crop totalled a reported 411 metric tons. Present estimates are that the 1965 rice crop will exceed this by approximately 10%. One reason for the increase is the low infestation, reported to be only 7%, 56,377 kilos of improved rice were purchased in December and it is planned to purchase an additional 20,000 kilos in January.

A test plot of cow peas has been planted and if successful this program will be expanded.

The Tan Ly Tay irrigation canal in Ben Tranh was 80% completed when the VC massacred 25 workers on 12 December. Work will be resumed this week. A canal in Cai Lay District will be completed in January. Two more irrigation canals have been started and are scheduled for completion early 1966.

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DINH TUONG (cont'd)

Much emphasis has been placed on immunization of cattle by Animal Husbandry. 4,224 heads of livestock were immunized during this reporting period.

As a result of the Tan Ly Tay massacre, mass demonstrations were organized by GVN in My Tho on December 13 and supported by students and all religious sects. Memorial services were held and were attended by provincial officials. Provincial funds were used to pay for funerals, JUSPAO donated money for the erection of a monument and USOM supported the families with a supplemental food issue. A CBS television crew and most of the Saigon newspapers reported the incident. There was a growing concern that in spite of all that was done the people would look on this as a VC victory unless something positive was done immediately to resume work on the canal. As of this date, the Province Chief reported that he had secured volunteers from Cai Lay to complete the estimated one week of work and that security forces would be available to protect the workers. The work will start this week.

There has been a decided improvement in the effectiveness of the family census teams operation in terms of confiscation of contraband, arrest of deserters, illegal dwellers, etc.; however, it is reported that the static police check points are considered non productive.

A rather successful program to develop a brick-making industry utilizing pressed bricks is under way. Surplus bricks will be purchased and used for other USOM supported projects for which the Quy Chanh workers will be paid a small salary for making the brick. Cement is furnished by USOM for this project.

Refugee relocation is above average with the development of the relocation area in Cai Be district. Nine hundred families have been relocated during the calendar year in individual homes. This program has been supported by USOM, and the Youth Program continues to render commendable service on week-ends by assisting the refugees in building canals, homes, bridges, etc.

One of the most pressing problems faced by both the MACV Sector Advisor and the Prov Rep is the difficulty in obtaining information, particularly statistical information, needed to maintain records and for the preparation of reports.

It is believed that 1966 will see a definite improvement in the overall USOM program in Dinh Tuong Province.

December 31, 1965

KIEN HOA (34)

In his first month in office, the new Province Chief, Lt. Colonel Huynh Phat Dat, has very favorably impressed his American advisors with his energy, resourcefulness, ability to rapidly make decisions, and approachability. In the military field he has increased the number of friendly initiated actions of sector and district size by over 100% from last month's figures. The four multiple-battalion operations initiated in province this month, for instance, compares with no actions of this size initiated in November.

The general security situation on the roads has neither improved nor deteriorated significantly. However, no new bridges have been blown, and province has begun reconstruction of one of the bridges destroyed last month on the Mo Cay road. Defoliation of large areas in the province, particularly in and bordering the mangrove swamp area, long a VC stronghold, is proceeding rapidly. There were three demonstrations protesting defoliation held in Ba Tri (250 people) and Mo Cay (1,250 people) but the participants were not very vociferous, and were well handled by the district chiefs, who gave medical treatment to those who complained of sore eyes. JUSPAO and the S-5 advisor prepared and distributed leaflets over the areas affected.

There are reports that the general population is giving information more freely than before in some areas, and the attitude of the populace towards the Government is improving. This is especially true in Binh Dai where the District Chief's extraordinary competence and aggressiveness continues to show results. After the Seventh Division routed the VC's 516th Battalion in Go Cong Province early this month, the District Chief of Binh Dai, on his own initiative, set up a double ambush for the retreating elements and killed 29 by actual body count.

Both the Province Chief and his American advisors strongly feel that much greater and faster pacification progress could be achieved if the province were authorized to recruit more Popular Force on the one hand, and to really initiate a Civil Reserve Rear Force (Hau Bi Quan) of sizable dimensions on the other.

The ten new PF platoons authorized in the 1966 budget are enough to pacify and hold 10 hamlets, which is not the 35 stated 1966 goal. Some kind of force has to protect the new hamlets after sweep and clear operations have departed. This force could be from the people themselves in these hamlets, or PF forces freed for new duty by people's forces organized in

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KIEN HOA (34) cont'd

other relatively secure hamlets. One experiment was initiated. In October, a Hau Bi Quan consisting of 37 civilians, including the Hamlet Chief, was armed with carbines, shotguns, and M-1s in Rach Gia hamlet, Binh Dai District. This force has been very successful and has freed a platoon of PF for ambush patrolling in that region. Evidence of loyalties and attitudes in Kien Hoa indicate that this experiment could now be successful on a large scale in this province, if we begin with the best hamlets and arm only the people who strongly want to protect themselves and have demonstrated their loyalty. It has been believed for quite some time that 90% of the people would vote against the VC if they only had security and freedom from the terrorism which forces them to work with the enemy. If this is so, then we should follow it with action, and allow the people to defend themselves.

Many USOM supported programs have had excellent results in 1965. The Self-Help Program, for instance, has been an outstanding success. 307 projects have been approved this year, of which 177 have been completed and 130 are under construction. Rural Health is making good progress with 29 facilities repaired or constructed during the year. POL support has been effective and the hamlet primary school program has made classrooms and teachers available for 90% of all primary school children in new life hamlets. Agricultural support has made two crops possible on much new land and new methods of production have been tried. Chieu-Hoi programs, such as a new radio broadcasting series, have had some success. USOM's failures lie not in its initiatives, but in its omissions, in its lack of funds or authority to adequately support needed programs.

The condition of Popular Force dependent housing in Kien Hoa continues to be deplorable. USOM's efforts, based on a concept which envisions improvement of existing housing using a maximum of 20 sheets of roofing and 15 bags of cement, is wholly inadequate. Existing housing now usually consists of a series of connecting mud huts built against the inside of a defensive wall at the PF members' duty station (a little mud fort, in effect). Improvement of this to a minimum local standard, such as housing envisioned for refugees is impossible without funds and more generous material support. The Prov Rep strongly urges that USOM reexamine this whole question since no assistance ever seems to arrive through GVN channels.

December 31, 1965

VINH BINH (35)

There were no apparent changes in the political situation. The Provincial Council remains, for the most part, an advisory body. Active support for the government comes primarily from its officials and from the military. There is no real, dynamic support by the people. The Cambodians and religious groups seem primarily interested in their own affairs, although they keep a weather eye on the political wind.

There was a slight improvement in the security situation in the province. VC incidents are down. Daylight road travel is possible in some areas, but remains risky; in other areas it is still hazardous.

Market prices vary from higher to lower than last month. Lumber and cement continued their sharp rise. Cement is in short supply, but the Prov Rep believes it is also being withheld for higher prices. In either or both cases, its absence from the local market is a major problem. Rice dropped slightly from 12\$/kg to a high of 11\$/kg, but it is too soon to call this a trend. Possibly it is because the harvest is coming in. Province exported 1,710 tons of rice this period. The security factor, particularly road security, continues to inhibit economic development.

There is no real, dynamic support of the government by the people. Nor are there indications of a trend toward this. Self preservation is still the first law of nature, and until the government can provide more security the people will feel compelled to temper any overt pro-GVN feelings. Similarly, they will temper any anti-VC feeling. They want to live through the night as well as through the day.

Meanwhile, provincial officials could improve the government's image and their first hand knowledge of conditions by getting out among the people. But, with few exceptions, they don't. The Prov Rep is working on those who don't and has met with limited success, but it is hoped that there will be improvement in the coming months.

As stated in last month's report, many "Self Help" projects are that in name only. With a few exceptions, the people have little say in deciding projects they need or want. The Prov Rep states that he has visited many construction sites, but cannot recall a half dozen where villagers were working, although contractors were. This should be changed if the theory of self-help means what the name implies and if the program is to be run in keeping with the theory. From beginning to end the people should be more directly involved in their projects. This matter has been discussed with the Province Chief, who says he agrees. The Prov Rep plans shortly to begin discussions with district and village officials.

December 31, 1965

VINH LONG (36)

A review of the year's progress in Vinh Long Province presents a picture, if not of unrelieved gloom, then at least hardly conducive to year-end cheer. Looking beyond the little numbers games played in pacification reporting and judging in terms of results gained for resources expended, a dispassionate observer could hardly escape concluding that the 1965 counterinsurgency effort in Vinh Long has largely failed.

A quick recap of 1965 shows no major changes in the political situation. If the creation of the Provincial Council is to be regarded as the birth of an eventual grass-roots democracy, it must in all fairness be considered a pretty puny infant so far. A slight enhancement of political stability observed in the province during the last nine months has been due almost exclusively to the presence and efforts of an excellent Province Chief. Et apres lui?

After a year of intensive military efforts, which included well over a thousand offensive operations mounted at sector and sub-sector levels, about all that seems to have been won is a continuation of the military standoff. Excluding minor (and compensating) adjustments in limits of respective influence, Government officials nowadays cannot travel to or spend the night in many more places than they could last year at this time. And if sector order-of-battle estimates are to be trusted, the enemy, despite heavy losses suffered throughout the year, has managed to recruit replacements about as fast as he sustains casualties.

Inflation is serious and worsening. In December the USOM/Vinh Long index of seven key consumer commodities rose 8.5%, outstripping for the first time building materials, which were up only an average 6.5% for ten items. In addition to the simple supply/demand forces pushing the inflation at province level, the fact that in the year ending in July the National Bank had increased currency notes in circulation by 46%, while their gold and foreign exchange reserves had dwindled by 24% over the same period, lends credence to a suspicion that throughout the country there is a classic currency inflation operating as well.

No significant changes were apparent in the social/psychological situation in 1965. With a bewildering assortment of chefs seasoning and stirring the propaganda pot, the resulting soup appears to not particularly please the peasant palate.

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VINH LONG (cont'd)

By year's end USOM assistance in Vinh Long had begun reaching the actual limits of government-controlled real estate. As if to dramatize the point, in November the VC blew up a partially-constructed self-help school, and this month destroyed 90% of a brand-new maternity/dispensary and 10% of another new self-help school. USOM may be reaching other limits as well. If the counterinsurgency effort in the Delta were amenable to plotting out in the style of a PERT logic network, the arrows would probably show that for the present and immediate future any greater inputs from USOM (in the form of higher levels of present types of assistance) would only go toward creating greater total 'float' on non-critical paths. The critical path remains, as it has perhaps since the outset, along certain activities and events having to do with political and social reforms which only the Vietnamese can accomplish, and which can only be initiated, by them, at the very top.

In fact, from the long range point of view, arguments might be mustered to support a thesis that USOM assistance levels are too high already. In this province, whose USOM assistance inputs are fairly typical of the Delta, the equivalent piaster value of just four USOM commodities supplied in 1965--cement, roofing, bulgur and oil--exceeded the entire estimated 1965 revenue of the provincial government from taxes and all other sources except direct subsidies from Central. Besides creating an expectation in the countryside of a continuing level of government services which the Vietnamese government could never hope to afford in this century, even if the war were ended tomorrow and rice production tripled and taxes quadrupled, the sheer activity required to administer the multiplicity of US supported (and mostly inspired) counterinsurgency programs constitutes a heavy, continuing drain on the desperately shallow reservoir of really talented Vietnamese man and brainpower--power which might better be turned toward accomplishing (as opposed to talking about) the first, slow, painful reforms necessary to create a responsible, responsive government serving a just, modern society.

Time for these sorts of things may well have run out. As the next act in the drama unfolds north of Saigon in 1966, Vietnam may find herself increasingly hard pressed simply to keep Washington, Hanoi and Peking sufficiently reminded that it is, after all, her war, her country, and her people.

And all the while the countryside bleeds and bleeds and bleeds.

December 31, 1965

AN GIANG (37)

No spectacular political developments occurred during the reporting period but the cumulative effect of studied attention to the people on the part of provincial and central government officials is symptomatic of the trend toward general trust in the GVN.

The farmers in particular appear to be reacting favorably to the continued interest in their orientation and welfare displayed by the Provincial Council, in close coordination with the Province Chief, and consistent with their policy of cultivating sound rapport with the hamlets and villages throughout the province.

The process of rousing public interest in a benevolent national government was helped by a timely and well organized visit December 12 of Prime Minister Ky, who was accompanied by an impressive group of distinguished visitors, including five cabinet members, the Vice Prime Minister, the Director of the Department of Land Reform and the Ambassador of the United States, the Philippine Islands and Great Britain. The occasion of the visit was the delivery of land deeds to 160 farmers which were personally presented by Prime Minister Ky. His key note speech was well-received, judging by the reaction of the large and orderly crowd. His skill as an extemporaneous speaker and his well-gauged humor were most effective and he had an attentive audience when he stressed the Government's firm decision vigorously to support in 1966. rural construction, education, and public health programs. He also took this occasion to commend publicly the work of the An Giang Provincial Council.

For the first time since its recent organization the Hau Bi Quan participated in a public event in the province. The four districts of the province were represented by uniformed units identified by placards. The units comprised thirty members each and the new uniforms attracted attention.

While the subsequent visit of the Ky group to a Hoa Hao village seemed to have the implication of an impulsive gesture of friendship, it was in fact, well-planned the previous evening at a meeting in the office of the Province Chief, Lt. Col. Tuoi (a Hoa Hao) with provincial Hoa Hao leaders and the Chairman of the Central Executive, Luong Trong Tuong. The Prov Rep was informed by a high-ranking province official that on this occasion Prime Minister Ky gave the Hoa Hao 10 million piasters to be used for community development in Hoa Hao Village.

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AN GIANG (cont'd)

Rice harvesting has begun and will continue through the month of February. Concurrent with the harvesting, the land is being prepared and planted with secondary crops in suitable areas. The programs for improved varieties of vegetables, such as onions, cauliflowers, headcabbages, water-melons (the Tet cash crop) and smaller areas of beans, lettuce, tomatoes, cucumbers, are continuing with a favorable outlook. Fifteen varieties of vegetable seed were distributed to approximately 200 refugee families during the reporting period by the Agrarian Extension Cadre.

The local branch of the Commercial Credit Bank of Vietnam continues to grant credit to well-known merchants but the farmers' demand for small loans continues to be exploited by the money lenders.

The construction boom in Long Xuyen was paralyzed by the soaring cost of cement (from 118 to 300 pasters) and finally its total absence on the local market for lack of transportation from Saigon. Builders say truckers are working exclusively for the American armed forces, attracted by higher rates. There is pressure to borrow USOM province cement.

The seasonal increase in small retail trade relating to the approaching lunar New Year January 21st, Tet based mainly on civil-servant buying is well below last year's trade for this period because of the fixed salaries in relation to higher costs.

The dominant concern is the spiralling cost of living with no remedial action in sight.

Thanks to the receding of Delta waters, delayed programs moved forward and important projects were completed, e. g., eight hamlet school rooms, renovation of maternities and schools, twenty Self Help projects completed and impressive progress in the pig-corn program sites.

The reporting period saw an increase in enemy activity. A mine destroyed the Binh Duc village office (on the outskirts of Long Xuyen), killing six Popular Force guards and wounding three others. Outposts were harassed. Five more hamlets were secured, bringing the percentage of secured area to 98. Of the total of 257 hamlets; three remain to be secured.

The situation is generally favorable for exploitation and progress in the social and psychological fields and the outlook is for the continuation of a good atmosphere for civic action and related efforts. The province's Information Service added 198 reading-rooms and appropriate and coordinated use has been made of airplane loudspeaker facilities in selected areas by responsible agencies.

December 31, 1965

KIEN GIANG (38)

There have been no noticeable changes in the political situation during the month. Generally, the situation remains good. There have been no public demonstrations either for or against the Government during the reporting period.

The security situation during the month improved slightly. The number of Viet Cong initiated actions dropped off to the pre-November level. Three vehicles were mined, including one civilian bus on the Minh Luong-Tac Cau road in which 5 civilians were wounded. A Public Works truck and a water truck were mined on the Rach Gia - Kien Luong road. An empty cement barge was also mined and sunk in the main canal between Rach Gia and Kien Luong. At the time of this writing, however, the barge has been raised and moved to a dry dock at the cement plant in Kien Luong. Two APA cadre were killed during the month. Overt VC activity centering around the rice harvest has not increased substantially, but indications are that it will in the future.

The economic situation in this province remains satisfactory with the exception of the prices of lumber and cement, which continue to skyrocket due to their extreme scarcity. The price of lumber increased from 9,700\$VN per cubic meter in November to 12,000\$VN in December. Cement is currently being sold for 320\$VN per bag and is difficult to locate even at that price.

If more cement is not made available through commercial channels within the next two weeks, every major private construction project in this province will be stopped. This undoubtedly will affect other areas of the local economy.

The social/psychological situation has neither improved nor deteriorated during the reporting period. However, in evaluating the GVN psy-war program in comparison with the Viet Cong's similar program, the VC appear to be improving while the GVN are at best maintaining the status quo. VC methods and techniques are often very effective and are becoming more and more sophisticated. In one instance, the VC used a public address system to appeal to GVN soldiers in an outpost to surrender (none surrendered). Local GVN information officials, however, remain unconcerned and seem to have no desire to take the propaganda initiative.

Progress in virtually all USOM supported programs remained unsatisfactory during December. Despite frequent reminders from USOM personnel that all projects must be started before December 31, many projects in almost all the areas of USOM support have not been started at the time of this writing.

December 31, 1965

CHUONG THIEN (39)

The Province Chief is extending GVN political influence in the rural areas of the province by building outposts, schools and markets. The Prov Rep believes that the rural people seem much more pro-GVN than at any time in the past.

Security in Chuong Thien still remains unsatisfactory. The GVN controls the province capital and district towns and a small area around each outpost, but travel by road is still unsafe.

Security should improve over the months to come with the addition of the 4th Battalion of the 31st Regiment, making a total of three ARVN battalions.

The economic outlook has deteriorated with the steady increase in prices of almost all consumer goods over the four months. No improvement is expected until GVN comes up with workable price controls.

The Prov Rep reports that the JUSPAO Field Rep is in the province half of his time. With hard work and a lot of push, things are starting to look a little better, but there is still too much land area to cover except by air, and this is not the best way to get to the people.

USOM supported programs are going well. 1965 classrooms are 90% completed, a fish market was completed this month, and one market is half completed. Agriculture and animal husbandry services are doing well in the two districts they can work in.

December 31, 1965

PHONG DINH (40)

Three events occurred during the reporting period which are considered quite significant. The first was the USOM sponsored visit of six village chiefs to Bien Hoa/Gia Dinh. Specifically, the reception accorded them by the USOM Director and the Province Chief of Bien Hoa was significant in that they were recognized as an important part of the governmental structure. Their observations and subsequent reports to provincial staff members, to approximately fifty members of a hamlet chief's training course and to the people, has had a profound impact upon political thinking in the province. If circumstances permit, the USOM member will continue to sponsor such trips in the interest of political and economic development. Secondly, the Province Chief accompanied, by his principal deputies and other members of the provincial staff, met with a large delegation of people from Can Tho, in the provincial office's conference room. Spokesmen for the people outlined their aspirations and desires, chief among them being assistance to refugees/relocatees, construction of classrooms, self help assistance and more security. The Province Chief promised to do as much as he could within the limits of his authority to attempt to bring some of these requests to practical realization. Thirdly, the Province Chief visited O'Mon in Phong Phu district on the same type mission as outlined above. It seems the people in this province are closely aligned in that their aspirations are the same generally. The observed reaction of the people in this area is not too favorable toward the Province Chief.

The overall security situation remains unchanged from last month. On December 20, the Yen Thuong hamlet chief was seriously wounded during an assassination attempt, the An Nghiep hamlet chief was informed by security forces that he too was marked for assassination. All of this activity has taken place in Chau Thanh district.

In Phong Phu district, on December 9, a mining incident occurred. The Assistant Subsector Advisor's vehicle passed over a mine and delayed detonation permitted his escape. A commercial bus was mined in Thuan Nhon district resulting in nine killed, and an undetermined number injured.

The sudden decision by the Ministry of National Economy to establish price ceilings for pigs resulted in a marked decrease in the number of pigs shipped through and from Can Tho. At first, pig raisers believed this to be some trick on the part of the dealers to stabilize prices at local level with resultant loss of income to farmers and increased profits for the middleman. Information has been disseminated far enough downward so that the farmer now knows the price stabilization originated at national level. As

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PHONG DINH (cont'd)

a result, pigs are once again being transported to Saigon at the normal rate. The pork supply for Tet will be sufficient to meet the needs of the "Saigonais". The wholesale price at the local abattoir is 5400-5500\$VN per 100 kilos. Local consumption is fifty pigs per day, up ten per day from last month.

Beef (buffalo) is sufficient to meet the needs of the local populace. The price is stabilized at 3000\$VN per 100 kilos.

The annual price crop is ripening and should be ready for harvest in late January. It is interesting to note the wide variance in production between three month and annual rice. One farmer using improved methods has stated that through extensive use of fertilizers and improved three month rice seed, his paddy production has increased from 20 for annual to 60 gia per hectare.

Information has reached this office to the effect that the VC are asking the people in contested areas to "lend them rice from their harvest surplus which will be repaid after their (VC) victory in 1966. This "loan" in some cases has been set at $1\frac{1}{2}$ to 2 bags from each 3 produced, depending upon the status of the farmer.

Commodities are moving freely along Route 4, Can Tho to Saigon.

On December 16, a demonstration was conducted in the vicinity of the main market denouncing the Metropole bombing. An estimated 7,000 persons participated, including many provincial officials and civil servants.

The fifth anniversary of the founding of the "National Liberation Front" on December 20 passed unnoticed by the citizenry in secure areas.

Preparations are now going on for observance of the third anniversary of the establishment of Corps IV in Can Tho. If the results measure up to the efforts that are being put into the project, it should be a "gala" affair.

The marked increase of US personnel into Can Tho has not yet caused any social problems. This reflects great credit upon the caliber of personnel as well as the command structure.

The improvement in supply replenishment noted during the reporting period has rejuvenated programs which were dependent upon this support.

To date USOM/Phong Dinh has been able to satisfy all outstanding requests for those commodities which were in short supply and as a result many hamlets are rushing to complete self help projects that would normally have been completed prior to the end of the calendar year to insure their completion before Tet.

December 31, 1965

BA XUYEN (41)

The new Province Chief, who arrived on November 11, is working into his job well. He has participated at meetings on the Rural Construction Budget and been helpful. His relations with MACV and USOM and cordial.

As was pointed out last month, however, the new Province Chief steps into a difficult position. He is "under the gun" for several reasons, which do not have a great deal to do with his competence as a Province Chief. Firstly, he must remember that his predecessor was removed after only four months without notice and without public explanation, and secondly, he must face the tendency to remove military personnel in Soc Trang when the airbase is mortared. It has been attacked twice since he arrived and rumor has it that there have been other military "flaps" which might tend to undermine his position.

Again it is of the greatest importance that the Province Chief gain some of the stability in his position enjoyed by other public officials.

The security situation remains essentially unchanged, and hopeful. There was a small decrease in VC incidents during the month although the first two weeks, like the last two in November, were very active.

During 1966, the Province is planning to pacify only 23 new hamlets, which is sound and modest, and the plan seems to be well-worked out.

Recruitment of Popular Forces, an indispensable part of pacification, remains difficult.

Prospects still are for a very good rice crop and the question marks are clearly Government policy, and probably to a lesser extent the Viet Cong. As of December 29, the Government had not announced its price policy for 1966, although the leading rice merchants have been convoked to discuss policies on several occasions. The Government has also failed to indicate when its first rice contract will be opened; without such a "contract", credit to the rice merchants from the banks is severely limited. Several merchants say that lack of credit limits their ability to buy up the harvest quickly and therefore keep it out of VC hands.

Both the banks and the merchants believe that the large shipments of foreign rice to have had the unfortunate effect of lessening the Government's concern for the Vietnamese crop. Foreign rice stocks give the

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BA XUYEN (cont'd)

the Government a chance to take vengeance on the "Chinese merchants" for the beating it thinks it took from them last year, but there is a danger that the shock wave will adversely effect the small farmers and the war effort also.

From Soc Trang, the Government's economic policy appears as a familiar French model: a series of decrees on prices and ideas on margins of profit issuing from Saigon, while the local egovernment confines itself to taxes, local licensing, nuisance shipping permits, etc. The Government shows no tendency to follow the American model by encouraging enterprise and investment in productive agriculture or in any of the useful industries that could be developed in the Delta. No concerted Government effort is being made to expand the production of such vital materials as building stone, brick, tile, and sand, where small expenditures now could save millions in price increases alone in the next few years. Such encouragement to economic growth would also create a better prosperity and many more jobs in the Delta.

Morale in Ba Xuyen remains satisfactory.

The Ba Xuyen Province authorities have shown themselves up to the task of taking the 1965 Rural Construction Budget, which was not approved until July, and surmounting difficulties to carry it into effect in only six months. Self-Help projects, public works, and schools remain to be completed. The fact that such problems were overcome during 1965 makes possibilities for 1966 seem bright.

If the 1966 program is to show the considerable increase over 1965 which is planned for it, USOM/Logistics must be somewhat better also. This is not intended as a criticism of the 1965 USOM/Logistics effort, whose problems are well understood here, but it is hoped that more cement, steel, and roofing will be available in 1966 and that the transport of these commodities will become more regular. When, during 1965, the Vietnamese have been prodded to improve some of their practices in carrying out the Rural Construction Program, they have often been able to point to delays in the receipt of USOM supplies as well.

December 31, 1965

AN XUYEN (42)

The political situation continues to be good. People within secure areas are banking on a GVN victory and are quite solidly behind the provincial government. The population and prosperity in Camau are still expanding.

Within cleared areas security is generally good, and is excellent in Camau itself. VC continue to harass smaller posts but are generally unsuccessful.

The economic situation is slowly deteriorating because of a lack of jobs to balance the influx of people into urban centers. This appears to be the major problem -- the inability of a commercial center to develop, while commerce is cut off on all but one side. USOM efforts to develop artisan cadre were temporarily stymied by loss of refugee counterpart funds, though plans are still pending.

The social/psychological situation remains incomprehensively good under adversity. The people seem generally optimistic and good-humored.

USOM supported programs, though developing, are close to a stand still because of logistic difficulties and general non-deliveries. It appears thzt An Xuyen is again at the bottom of the priority heap and almost no deliveries of orders, other than the cholera emergency, have been received. This has made steady progress in programs difficult. Loss of counterpart funds has temporarily halted the most important USOM attempt to "prime" the Camau economy by using local construction labor. New approaches are being considered.

Slowly evolving administrative chores, as well as loss of trained local staff, have forced the USOM office to spend an unjustifiable amount of time doing internal administrative routine work, thus taking time away from the primary reason of existence: aid to the provincial government. A local re-hire of staff may eventually help this situation.

December 31, 1965

BAC LIEU (43)

In the ordinary sense of the word, politics does not exist in Bac Lieu Province. The closest thing to a political organization is the Provincial Council, which is very active in promoting the welfare of the province and which presents the views of the people to the Provincial Chief, who cooperates well with the Council. It is very probable that the views of the Council are more representative of the landed and commercial classes than of the laborers and peasants. The Council is particularly active in improving Bac Lieu City, which is undergoing a general repair of its streets, removal of trash, and improvement of the business district.

The security situation has neither improved nor deteriorated. Commercial traffic plies Route 4 during daylight hours and travel on the minor roads by local people seems unimpeded, but neither military traffic nor USOM vehicles dare travel at any time without adequate military protection, except in the immediate vicinity of Bac Lieu City and to an even lesser extent around the district towns. However, there are no indications of danger except acts of criminal terrorism. It should be remembered, however, that large areas of the province are controlled completely by the VC and that the Government of Vietnam does not function in those areas at all. At all times the VC have the capability to launch large-scale military operations.

The economic situation is good, with business active in the retail shops and a great deal of public and private construction going on. No goods seem in short supply except building materials. There has been a general rise in prices in all but inconsequential items, such as aspirin, but the money supply matches the rise in prices, although it is probable that those who live on a fixed income are having difficulty in maintaining their standard of living.

Some feeble attempts by the VC to organize demonstrations against the use of artillery fire and air bombardment were easily countered by the police. In areas in which the Government provides protection there are no indications of anti-Government feeling and the morale of the people seems high and favorable to the Government.

Satisfactory progress was made in all USOM supported programs. However, some difficulty was experienced because of shortages of USOM commodities, and it is probable that some self-help projects cannot be completed by the February 28 unless building materials arrive soon. A great deal of work went into planning the 1966 program during the month, and it is believed that this planning will permit the initiation of the 1966 program very early in the year. A team consisting of a representative of the Pacification

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BAC LIEU (cont'd)

Office, of the district and village chiefs, of USOM and MACV, and the hamlet chief will meet with the people of each hamlet, explain the working of the self-help program, assist in the choice by the people in a democratically conducted public meeting of a project, and assist the hamlet chief in the initiation of the paperwork involved. A member of the USOM provincial staff will follow up each project and supervise the use of the USOM commodities involved; he will also provide coordination between the other agencies and the government and people of the hamlet. This procedure has already been put to use in three hamlets in anticipation of the 1966 program and ~~has met with an enthusiastic reception.~~

December 31, 1965

CHAU DOC (44)

Chau Doc continues to have a fair measure of political stability. The provincial government still makes an effort to respond to administrative and popular needs.

The series of visits of members of the provincial government to selected hamlets, begun last month, has proven highly effective. It has benefitted both the provincial officials by exposing them more directly to the needs of the people, and the people by giving them faster action on their requests.

At 9:30 a. m. on December 25 Tony Cistaro, the Province Representative left Chau-Doc with Major John Arnn and SFC Torello to go to a meeting at the Special Forces outpost at Tinh-Bien District town. At about 12:15 p. m. they left Tinh-Bien for Tri-Ton District town, with Sergeant Torello driving, Cistaro in the passenger seat, and Major Arnn manning a 30 cal. machine gun in the bed compartment of the vehicle. They turned right at Nha-Bang onto the Tri-Ton road and proceeded through the pass between Nui Ket and Nui Gai (the smaller of the two Nui Gai's) and approximately two hundred meters farther (WS005716) two mines were electronically detonated under the forward section of the bed compartment. Major Arnn, evidently the target of the attack, received the brunt of the blasts and apparently died instantly. Sergeant Torello's right arm was all but severed, and he died about half an hour later. Cistaro was not reached by the US Forces from Tinh-Bien, because they were assured by the Vietnamese that he was dead, and therefore concentrated their efforts on trying to save Torello. Cistaro was taken to the Chau-Phu (Chau-Doc) hospital by Vietnamese civilians, and evacuated by US military aircraft, to Saigon. He suffered multiple fractures of the left arm, legs, and pelvis, and is reported to have internal injuries.

The two mines, estimated at four kilograms each, were detonated nine feet apart in the center of the road, from a position about 300 meters from the road on the Nui Khet side. The vehicle travelled about 20 meters and then left the road. Reports conflict, but apparently after the blast a group of VC came from the Nui Gai side of the road and were chased away by a Popular Force outfit from the other side.

Despite this incident, it is the opinion of the reporting officer that there has been no appreciable change in the security situation in the province. The Nha-Bang - Tri-Ton road has long been considered dangerous,

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CHAU DOC (cont'd)

and Nui-Giai is VC-controlled. It is a measure of the courage of the Province Representative that he insisted on carrying out his work despite the danger.

Following this incident Major Dixon, temporary commander of the Special Forces detachment in the province, tightened security regulations for his men in recognition of conditions that he believes existed before the incident took place. In addition, the reporting officer has placed the Nha-Bang - Tri-Ton road off limits to USOM personnel and has forbidden travel in military vehicles and travel in the field prior to 7:30 a. m.

Although the rice harvest has begun, the price of this staple has not changed. This year's yield should exceed last year's, and December rains favor secondary crops. Prices of all sample items have risen or remained stable, and the advent of Tet is likely to provide further increases.

The VC appear to be winning increasing support from the people in the areas they control, due to their recent increase in terrorist activities and harassing of the GVN troops. But in areas the VC do not control there seems to be little change.

One factor of concern to the reporting officer is that since the December 26th mining the children have not been as outgoing as usual toward Americans. While this may be in sympathy for our loss, it could reflect an increasing fear that the Americans bring trouble with them, or a deeper hostility that has previously been covered on the surface. On the other hand, the number of adult and intelligent friends of Major Arnn and Tony Cistaro who have been unable to control their grief, from the Province Chief down, has been most heartwarming.

The implementation of USOM-supported programs in 1965 has generally been successful. Where there have been delays, they have been due to the delay in approval of the budget and remittance of funds, the arrival of the rainy season when implementation was beginning, and the delay in shipment of commodities from Saigon to the province. The self-help and hamlet school programs have been completed, with heavy participation by the rural people.

The current number of projects is 228 self-help projects, 27 classrooms, 23 non-funded self-help projects, 23 civic action self-help projects (jointly with MACV/SF), and 78 supplementary development projects.

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CHAU DOC (cont'd)

This figure is double the combined total projects of 1963 and 1964. The GVN has expended 6,905,000\$VN in financial assistance, while the local governments and people have contributed 593,000\$VN. USOM commodity assistance has consisted of 32,602 bags of cement, 25,328 sheets of roofing, 144,385 kg of reinforcing bars, 210 sacks of bulgur wheat, and 144 cans of cooking oil. The 1966 Chau-Doc rural reconstruction budget is 48,943,000\$ reduced from a request of 70,302,887\$VN, 468,000\$VN has been approved for NLH cadre; 3,250,000\$VN for relocation; 5,000,000\$VN for self-help projects; 1,078,000\$VN for POL; 900,000\$VN for NLH warehouse; 11,320,000\$VN for roads and bridges; 1,788,000\$VN for Chieu-Hoi; 11,500,000\$VN for irrigation; 878,000\$VN for fisheries; and 1,000,000\$VN for unforeseen expenses/imprest fund.