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USNAC ADMIN NEWPORT, RI

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on this would arouse. Moreover, important programs which would be affected by shift would then be subject aforementioned parsimonious GVN approach.

As for using PL 480 US-owned piastres, this seems to us non-starter because it presupposes GVN willingness to amend existing sales agreement, and we fail to see any incentive for them to do so.

Only other alternative is further piastre purchase. We have made it very clear from outset that this is ruled out, and that we would not recommend it. We have also discussed fully with Thuan our misgivings concerning GVN's willingness in fact to spend sums which seem to be required. Thuan is aware that our leverage on this consists in the "matching" goods and services from U.S. sources which we could withhold, if important differences arise concerning the amount of pump-priming that has to be done.

In summary, this outcome is not as fool-proof as we would like, but on balance we believe we should move ahead on this basis. Recommend Dept authorize us ASAP to exchange memoranda of understanding with GVN on this basis.

Nolting

102. Memorandum From the Assistant Director for Rural Affairs, United States Operations Mission in Vietnam (Phillips), to the Director of the Mission (Brent)¹

Saigon, May 1, 1963.

SUBJECT

An Evaluation of Progress in the Strategic Hamlet-Provincial Rehabilitation Program

1. I have asked our Regional Representatives, Ralph Harwood (IV Corps -), George Melvin (III Corps -), John Perry (II Corps -) and Len Maynard (I Corps +) to assess the progress of the Strategic Hamlet-Provincial Rehabilitation Program, in their regions. Their reports, attached to this memorandum,² provide a brief, analytical and realistic province by province review of progress made in this effort to date.

¹ Source: Hoover Institution Archives, Lansdale Papers, Chron File C. Secret. A note on the source text indicates that copies were also sent to the Ambassador, the Deputy Chief of Mission, J-5 MAC/V, J-3 MAC/V, Chief of MAAG, Chief of OSA, and the Director of the Office of Vietnam Affairs, AID/Washington.

² Not found attached.

2. This evaluation seems particularly useful at this time, since major change in the provincial support method is under consideration.³ It should provide useful documentation for discussions of program at the upcoming Secretary of Defense Conference in Hawaii.

3. In general, highly significant progress has been made in Strategic Hamlet-Provincial Rehabilitation program in many provinces. Progress is measured in terms of the establishment, in steadily increasing number, of viable hamlets with inhabitants who have the will and the means to resist the Vietcong. There is a sharp difference between the number of such hamlets, and the total number of strategic hamlets officially listed as complete by the Vietnamese Government. That the distinction is both necessary and realistic has been confirmed to us by Colonel Lac and his staff who reviewed these evaluations draft.

4. After six months field experience with this program, it has become inescapably clear that, although the concept itself is excellent, execution of the program is seriously handicapped by a lack of understanding of the concept and the lack of sufficient will to put it in effect. This is especially true of provincial and other local participating officials, but is by no means confined to them. There is, almost across the board, great difficulty in grasping the idea that "the strategic hamlet is a state of mind." Conditioned by years of experience with the French, and having no prior experience in the practice of democratic methods of leadership, many feel unable to carry out the program without using methods sure to alienate the population who support is its real objective. Significant progress has been made in improving the basic attitudes of officialdom but this progress has stemmed more from our on-the-spot insistence that the welfare of the population be considered than from Central Government direction.

Even when Mr. Nhu touched upon this vital area in his recent speech at Lo-O, his references were oblique and not easily translated into practical actions. Specific guidance from the Interministerial Committee against such practices as the collection of money for hamlet construction from the population has been honored as much in the breach as in the observance (one province chief recently received a reminder on this score and complained bitterly that this would force him to stop his entire program).

5. More important than what the Central Government says, however, are its actions in rewarding some province chiefs and punishing others for their progress in establishing hamlets. Here the stress has been almost entirely on quantity, not quality, which has reinforced the

³ For the reaction of Phillips and his staff to the agreement reached with the Vietnamese government on the question of control over the financing of the counterinsurgency program, see footnote 5, *supra*.

natural inclination of most provincial officials to create strategic hamlets "by command." I have accompanied the Minister of Interior, for instance, on visits to hamlets where he praised the Province Chief for having moved the population without expense to the Government, but where I found out later the Province Chief was obliged, because of popular discontent, to use two companies of Civil Guard to keep the people in the hamlets. This continues up to the present to be the main approach of the Central Government. This must be changed, for insistence by the Central Government on unrealistic requirements tends to force province chiefs into actions surely destructive to the program.

6. This situation is changing for the better, but still too slowly to produce the type and number of viable hamlets needed to win the war. Fortunately, encouraged by readily available support and by our guidance and backing at the provincial level, more and more province chiefs are learning for themselves that the program must be carried out the hard way, i.e., by persuading the population and winning their support—rather than by herding them into hamlets. It is precisely this change at provincial level which is most encouraging and which holds the most promise of ultimate success if we can keep the present support pattern in being.

7. These are problems which must be understood and which must be solved if the strategic hamlets are to be viable and effective in achieving their purpose. The evaluations which are attached highlight some of the problem areas, particularly in the Delta where they are most acute and where, except in a few provinces, the apparent progress is largely illusory.

8. In conclusion, it should be added that the above comments must not be construed as reflecting undue pessimism or a negative outlook. To the contrary, the strategic hamlet program has so well proven itself in those areas where it has been well executed that there is every reason for optimism and confidence. At the same time, however, if success is to become widespread, some of the obstacles and problems involved must be realistically faced and solved. These can be solved if we have the perseverance and the intelligence to continue to seek their solution in a manner which fits the task, for the heart of this task is a psychological revolution in the way the Vietnamese Government and its officials operate.

103. **Telegram From the Department of State to the Embassy in Vietnam¹**

Washington, May 1, 1963—4:29 p.m.

1024. Joint State/AID. Embtel 959.² If Thuan's conversation can be translated into agreement believe this best available resolution difficult situation. You authorized seek memorandum of understanding along lines procedures contained ref tel.

Depending on your judgment of current atmosphere you should decide whether or not seek add to memo understanding statement that funds adequate to cover local costs of all provincial plans approved by Interministerial Committee and COPROR will be deposited in specified increments in advance of requirements.

If helpful to your efforts you may inform Thuan that you have been instructed achieve broadest possible list of activities eligible for special Treasury fund financing to include if possible all activities under province administered plans regardless whether included in section A1 attachment March 18 letter³ or subsequently added on grounds this necessary insure most efficient flow our dollar commodities. Alternatively it may be preferable simply submit list to include all activities in province administered programs whether or not in March 18 letter.

May we assume Province Chiefs will be able to draw upon special Treasury fund against approved plans without need for clearance from other GVN agencies? Would appreciate whatever clarifications you may obtain re special Treasury fund.

While we have no objection to joint review of USOM administrative costs, memorandum should not derogate from U.S. rights under Section 1, para 3 of Annex to Bilateral of September 7, 1957, requiring GVN to finance administrative costs from counterpart account. Notification under para 3 Annex to Bilateral could provide for nature and mechanics of review to be made this instance.

Ball

¹ Source: Department of State, Central Files, AID (US) S VIET. Secret; Priority: Limit Distribution. Drafted by Montgomery and Poats and cleared by Wood, Donald L. Woolf in SEA, Robert W. Barnett and Hilsman in FE, Fowler in AID, and Kent in DOD/ISA. Repeated to CINCPAC for POLAD.

² Document 101.

³ Document 61.