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6 July 1963

Mr. Seymour J. Janow
Assistant Administrator for the Far East
Agency for International Development
Department of State
Washington 25, California

Dear Mr. Janow:

I greatly appreciate your letter of 15 May and its expression of confidence in us and the work which we are undertaking here.

I have delayed in responding to it because I had hoped to be able to report that through much hard work, the negotiations on funding operations in the provinces had been brought to a successful conclusion despite the apparent wide divergence of opinion between the two Governments at the beginning. The special fund to support provincial rehabilitation operations has, indeed, been established as you know, and the GVN is considering a draft of the procedures. Due in some measure to extraordinary efforts on our part to achieve better GVN understanding of what we are doing in the provinces, the proposed procedures retain the existing GVN-US provincial committee as a coordinating rather than authorizing entity for the expenditure of GVN funds. This has been accepted in principle at the working level but given the current deterioration in GVN-US relations over the Buddhist problem, it is difficult to say if this will be finally approved. Nevertheless, I remain hopeful on this score and, if approved, it means that we will retain enough influence to ensure movement of our commodities, as well as to guide the program. In view of current political difficulties, I would not, however, rule out the possibility that we will need additional direct financing.

Provincial Rehabilitation is generally going well, particularly in the Central Vietnam area you visited. We are definitely winning the war. Our own particular programs and logistical support for them are encountering no major snags. The resourcefulness of our people in getting the job done despite what appear sometimes to be almost overwhelming difficulties, never ceases to amaze me, and any kudos should go to them and not to me for what progress has so far been achieved.

In conclusion, let me say that in regard to our own position following the final decision to accept the GVN proposals on funding, all of us have been doing our best, as good soldiers, to make the new procedures work. I believe that this constructive attitude (the only one permissible under the circumstances) has already been amply reported to you and I will not

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dwell upon it except to say that I believe it has contributed something to the success achieved so far in keeping the program moving.

I have just returned from Laos where I was most impressed with the organization and operations of the Mission. I believe that a strategic hamlet type effort can be mounted there and will succeed if it gets full support from Washington. I came away with the strong conviction that the U.S. can attain its objective of a free and independent Laos if it has the will to do so, because the needed will to resist in the Lao is above all a reflection of our own resolve or lack thereof. USAID has at least one man in the field in Laos worth a Division -- "Pop" Buell.

Very sincerely yours,

Rufus C. Phillips
Assistant Director for Rural Affairs

cc:Mr. Joseph Brent, DIR.

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