

1. Kien Phong cement incident - USOM had several tons of cement to send Kien Phong. The Province Chief offered to supply trucks to haul cement. He used the trucks of the tenth regiment of the 7th Division. The Sector Advisor was tipped off by the strategic hamlet advisor of 7th Division that 200 sacks of cement had been dropped off at 7th Division Hqs. Realizing that the Province Chief was a wiley old fox and that he would take advantage of us, at every opportunity and we, the Province Rep., the Sector Advisor decided to gently but firmly nip his free wheeling in the bud. We decided that we should verify this tip-off. So, had MAAG advisors go to all storage locations. Ostensibly to check storage conditions, but in fact, to make bag count. The tip-off was verified. Now the difficult part - to confront the Province Chief. We requested a meeting for 9 PM. and covered many different subjects making a few minor concessions as we went along. When the proper spirit of camaraderie had been established as about 1 AM after a few cognacs we dropped out bomb. We told the Province Chief that while checking storage we had found several hundred sacks of cement were missing and wondered if they had not been delivered or whether they had already been distributed. The Province Chief became livid and called for his S-4. When the S-4 arrived the Province Chief began to chew him out vigorously. The S-4 was still in his underwear and noticeably frightened. After ten minutes of violent monologue in Vietnamese the Province Chief dismissed the S-4 and turned back to us. He said that he had agreed to give the 7th Division Commander 50 sacks of cement in return for the use of his trucks. He said the S-4 had been very weak and had given

in the to Division Commander and had given him more than 200 sacks. He said that the cement would be replaced the next day. We said that it was understandable that the Province Chief should make such a deal. However, we felt that the commodities in the military pipeline could be drawn upon by the Division Commander and that the commodities that USOM had available were desperately needed to support the strategic hamlet program. He agreed completely and the meeting ended on a note of friendliness and mutual respect. Postscript: the total amount of missing cement was returned the next day.

2. Kien Tuong - Collusion and kick-back incident.

The USOM/Strategic Hamlet Program in Kien Tuong provided for the distribution of foodstuffs, tools, and clothing to recently relocated families. As a matter of procedure, I requested writtin bids and samples to determine the best source of these materials. After several weeks, I received these bids and samples and requested that the Province Chief wait until the bids had been checked out before purchasing the material. The Province Chief had agreed to this procedure many weeks before and so I was understandably very upset when he announced that he was sorry but that the commodities had already been delivered to the province. I told him that I felt that this was an improper thing for him to do because we wanted to get the most for our money and also had responsibilities to the Comptroller of USOM to observe certain procedures. He apolbgized profusely and out meeting terminated. Then, with the assistance of my area specialist I checked out surprised the bidders. and was not overly / to find that the 4 bidders who had submitted prices on all of the commodities were in fact, suppliers of one of the commodities.

Evidently, they had gotten together and rigged the bids submitting prices much higher than the going market price. This was a very serious case and so I went to the Assistant Director of USOM for Rural Affairs and reported it. The next week the Assistant Director for Rural Affairs and his Deputy joined me for a trip to Kien Tuong. We had arranged a meeting with the Province Chief and the bidders. We brought along identical samples of the material supplied which had been purchased by us, Americans, in the Market Place at the going rate without bargaining. These prices were still substantially lower than those presented by the bidders. After the initial amenities, we confronted the Province Chief directly and bluntly with this fact. The Province Chief was furious, turning several different shades of red and screaming at the top of his lungs. We had made the decision to confront him bluntly because it was a well known fact that he was a crook, a coward, and a very poor administrator, owing his position only to the fact that he was the godson of Archbishop Thuc, the brother of the President. After considerable shouting and waving of the arms, and a prolonged pout on the part of the Province Chief we addressed the bidders, and requested that they lower their prices to conform with the going rate in the Market Place. They were obviously shaken and put up no fight and agreed to the latter prices.

At that point, we cordially, but curtly said good-bye to the Province Chief with the implied threat that he would be watched closely from this point on and would have to make his money elsewhere. USOM funds were not his private account. This incident was reported to higher authorities in the Vietnamese Government. They were not pleased by the Americans snooping, but agreed to, and conducted a perfunctory investigation. The Province Chief remained in his position until the

overthrow of Diem. There are four basic lessons that can be drawn from these two incidents. One:

1. Many Vietnamese officials will try to pull the wool over the eyes of the trusting Americans. A realization of this fact will greatly assist an advisor in the performance of his duties. There is a danger that a cynical attitude will develop which takes for granted that all Vietnamese officials are corrupt. This is not true. However, an appreciation of this problem is essential.

2. There are many times in Vietnam when apparently unethical procedures are the only way to get the job done. For example, in the Kien Phong cement incident the logistics snarl in Saigon was so great that commodities were not moving. The Province Chief wanted the cement and used the expedient of employing military trucks to haul it. The kick-back to the Division Commander is not uncommon and in that case did it was a difficult decision to blow the whistle. We / so because we knew the Province Chief was a wheeler and dealer and wanted him to know that we realized this and realized that it was important but wanted to keep it within reason when he was dealing with USOM supplied commodities.

3. It's important to add that the Division Commander did not want the cement for his personal use, but needed it to strengthen some fortifications within his area of responsibilities. The materials in the military pipeline were clogged and dribbled out in small quantities. He saw an opportunity to obtain materials which were in critical short supply.

4. A word should be added about the failure of the Diem Government to replace such a notorious crook. Diem, himself, was a very honest man.

However, after two attempted coup d'etats he was very suspicious of everyone and place great importance on unswerving personal loyalty.

The misdeeds of these loyal officials were kept from him by an elaborate intelligence and counter-intelligence apparatus controlled by his brother Councillor Nhu.

3. The unpleasant confrontation incident-

In early 1964 the Viet Cong attacked and overran the village headquarters at An Hoa in Kien Hoa Province. The village headquarters was almost completely destroyed by mortar and 57-mm. recoilless rifle fire. The Province Chief met me at the entrance to his operations center and asked if we could release 100,000 piastres, cement and sheet roofing to rebuilding the village Headquarters. I had estimated that the repair would cost no more than 50,000 piastres, and recommended that the province reconstruction chief make a fairly detailed estimate of the funds required. and we would release the money immediately. The Province Chief who is normally an amiable intelligent person who has had a great deal of contact with Americans and is ordinarily very receptive to advice became upset and said that he would get the money elsewhere. He then walked off to his office. I realized that a situation like this, if allowed to fester, would injure and perhaps permanently destroy our previously close working relationship. I therefore went immediately to his office and told him that I was convinced of the effectiveness of his program and wanted to support him in every way possible. I said further, that a disagreement over how much the reconstruction of one village headquarters should cost should not stand in the way of getting a very important job done.

I apologized for having appeared to disbelieve his assessment of the situation. That was not what I intended. I hoped only to get the most for our limited funds. He agreed with me and then went onto tell of the many problems that were bothering him, and for this reason he was not really himself. This incident served to bring us closer together than ever before. The lessons to be learned from this incident are:

A. The Vietnamese, especially those in high positions, are extremely proud individuals. They cannot be bullied or coerced into doing something which they do not believe is correct. It is essential to establish rapport and a close working relationship before an American, in his typically frank and open manner, can hope to put across his ideas to his Vietnamese associate.

One should
B. Remember that the Vietnamese know a lot more about their country, their people, and their enemies, the Viet Cong, than any foreigner. An advisor must be ready and anxious to learn. Things which appear to us to be crazy or counter-productive may in reality be the best if not the only way to accomplish our mutual objectives.

C. One should remember also that the matter of saving face is a lot more important to the Vietnamese than to the American. The American should occasionally swallow his pride in the interest of getting the job done. The Vietnamese, rather than thinking you weak, will trust and respect you more. They live with the matter of saving face every day.

4. The civil guard ~~in~~ "Hamlets" incident

One of the most pressing problems at the provincial level was the morale of local forces. The civil guard and SDC lived in miserable housing facilities.

Families of 5-8 persons were crowded into ten by ten rooms. The roofs leaked. The floor was dirt and more often muddy than not. There were no sanitary facilities. The children were covered with sores. The emphasis of the strategic hamlet program which was supported by USOM, was on providing benefits to the people, the residents of hamlets. The soldier who faced the enemy every day was the forgotten man. He did not receive his pay on time. If killed, his family received compensation only after several months had lapsed, if at all. He had very often to supplement his income by working in the fields or confiscating chickens and rice from the people that he was supposed to defend. We, the Province Chief, the MAAG Sector Advisor and the USOM representative set out to correct these conditions. We presented the problem to our superiors in Saigon. They said they realized the conditions of the local forces and the importance of sustaining their morale. But they were very sorry that they had no money program to deal with this problem. We determined to develop our own solution. On the outskirts of the capital city Ben Tre was a miserable housing area for civil guard and their dependents. We decided to consider this housing area as two "strategic hamlets" and by doing so, could release self-help funds to rebuild their homes. This was technically an improper use of funds. However, the housing was completed and the morale of the civil guard increased 100 per cent. We feel that the decision to use this procedure was correct. The Comptroller may view it differently.

UNITED STATES OPERATIONS MISSION TO VIETNAM

SAIGON

Date 18 Feb

MEMORANDUM

From: The Assistant Director for Rural Affairs

To: John O'Donnell

Concur province
should bear part of
cost. Policy is
rice fund may be
used for such
expenditures but cost
should be kept in
neighborhood of 100,000
P/\$ or lower. In other
words we are