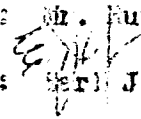


September 6, 1963

TO : Mr. Rufus C. Phillips, AD/RA  
FROM :  Earl J. Young, RA/Phu Bon  
SUBJECT: Mid-Year Progress Report

This report describes the progress in building a sound base for government - the prerequisite for successful counter-insurgency - and the concomitant social and economic development, in one province in Vietnam. It attempts to present the courage, initiative and hard work of the Vietnamese people in that province who used so effectively the American aid extended to them, primarily through the USOM Office for Rural Affairs.

Progress in Phu Bon Province began on September 1st 1962. At that time the most undeveloped and isolated portions of three adjacent provinces in the Central Highlands were joined together to form the new Province of Phu Bon. This newly created Province lacked money, trained personnel, equipment, medical facilities, communications and security. But it did possess two important assets: a population willing to work hard and an excellent Province Chief to lead them. The Montagnard people of the area - Jarai, Bahnar, M'clar and Jrung - were living in semi-permanent villages on a subsistence level agricultural economy. Neither means nor motivation existed to produce a disposable surplus.

Government control in Phu Bon on the 1st of September was limited to a narrow strip of land along Highway #7 and portions of the Song Ba River Valley adjacent to it. This area had not been expanded since the departure of the French Army in 1954. Highway #7 was passable by vehicle Southeast through the Province from the Pleiku-Phu Bon border to the ferry crossing at Le Bac. A strong military escort was required for travel on this highway.

A military clear and hold operation was begun almost immediately under the direction of Major Pham Dinh Chi, the Province Chief. The purpose of this operation was to enlarge the extent of Government control outward from the river valley and lessen Viet Cong influence over the Montagnards. This type of operation is necessary to provide a secure area which will be held by friendly forces until the people have built their strategic hamlets and have been trained and armed to defend themselves. Prior to the operation 6,865 Montagnards had left the Viet Cong (Communist) controlled areas and sought help from the Government. Within four months of the beginning of the operation the number of refugees increased to 18,000 and then to 26,000 by August 1963. These first refugees were fed through an emergency fund provided by USOM jointly to Pleiku and Phu Bon Provinces. Information furnished by these early refugees indicated that the psychological campaign conducted concurrently with the military operation was highly effective. The theme of this campaign was in essence a promise of food, medical care and security to the Montagnards if they would leave the Viet Cong.

## Refugee Relief

The flood of refugees quickly exhausted both the emergency USOM fund and the major resources of the new Province. At this time the Assistant Director for Rural Affairs and several of his staff came to Phu Boi to work out the details of the US ID-Government of Vietnam assistance agreement. This first agreement was designed to support the Montagnard Refugee Relief and Resettlement Program. It provided almost eleven million piastres (US \$150,000) for a variety of relief projects the most significant of which was six million piastres for food, seeds and clothing. In addition large quantities of Public Law 480 foodstuffs were sent to Phu Boi. These consisted of 2,000 bags of bulgur wheat, 10,000 bags of beans and several hundred bags of corn. An additional 100 tons of bulgur wheat was delivered this month.

This continuing supply of food accomplishes two important objectives. First, from a humanitarian standpoint it has kept faith with the promises made to the refugees and fed over 40,000 people. Second, from a practical viewpoint providing this supplementary food supply permits the refugees to devote their time to the construction of strategic hamlets and the training of these people to defend their hamlets. This supply of food will be continued until the first corn and rice crops are sufficiently large enough for self-sufficiency, perhaps this fall.

## Personnel Problems

A major problem quickly developed in administering both the new province and the three refugee centers. A small and in many respects inexperienced staff had been assigned to Phu Boi by the national government. These few people were trying to control a military operation, organize a new Province and establish three refugee centers. These men were chiefly soldiers, trained in the art of war, not civil government. A considerable number of civilian personnel were required, but no funds had been provided by the Government to hire them. No money was actually received for civilian hire until six months later. The Provincial Committee established by the US ID Agreement and consisting of the Province Chief, the Rural Affairs Representative and the US Military Advisor met to seek a solution. It was decided to utilize the 102 positions provided in the Agreement for civic action personnel to hire clerks, secretaries, nurses, midwives, teachers, laborers and the many other categories of people needed by the new Province. These men and women were assigned to the three new district headquarters and the refugee centers. The average salary for each person amounted to about US \$27.00 per month. This hiring program had two beneficial results. It provided the necessary personnel to cope with the sudden influx of refugees and was also the beginning of a small but steady flow of new money spent directly in the Province. This assured monthly input awakened the first interest in the commercial possibilities of the new Province. Also the Government assumed the payment of their salaries in March 1963 the economy had already expanded to a surprising degree.

### Medical Care

The sudden gathering together of the thousands of previously isolated Montagnards posed immediate medical problems. The USOM Public Health Division responded quickly to the request from Rural Affairs for assistance and made all the necessary coordination with the Government of Vietnam Public Health Department. A combined task force moved by air to Phu Bon in February 1963. Over 60 personnel, including physicians, entomologists, epidemiologists, sanitarians, health educators and malaria spraymen went to the three refugee centers to carry out an intensive two-week program. The activities of these teams are recorded in more detail in PHU BON PROJECT, a pictorial record of this operation compiled by USOM Public Health and published in July 1963. The malaria eradication program became especially significant when tests indicated over 55% of the Montagnard children were afflicted with this disease.

This emergency medical program was supplemented by 34 nurses and 34 midwives recruited under the provisions of the USAID Agreement. These personnel were of such assistance that the second Agreement provided for a total of 100 Village Health Workers to be trained with AID funds then paid a monthly salary by the Vietnamese Government. The local US Special Forces Team is providing the four week training course for these Health Workers with 67 trained thus far. Each graduating class receives individual USOM-furnished health kits containing thirteen basic medicines plus a thermometer and bandages. The mission of these Health Workers is to live in each hamlet, providing on-the-spot treatment for the minor illnesses and thus prevent more serious cases requiring hospitalization. Fifty-eight thousand Vietnamese piastres were spent from the Agreement to repair the sole Province Dispensary. A new infirmary is planned for each District to replace the temporary one established to meet refugee needs. A complete new hospital is also under consideration if staffing requirements can be met.

### Communications and Security

The opening of Highway #7 from Pleiku to Tuy Hoa on January 1st provided a relatively high speed route for military traffic and at the same time opened whole new sections of the Province to commerce. In September 1962 one bus was the only commercial transportation within the Province. Today, five new buses make daily runs from Hau Bon to Pleiku Province and to Tuy Hoa in Phu Yen Province. These are filled to capacity on a round trip basis. The resettlement of 95% of the refugees along Highway #7 has aided not only in securing the road from Viet Cong attack but has also brought thousands of previously isolated tribespeople into contact with commerce. While essentially individualistic subsistence-level farmers and hunters the Montagnards have been quick to see the advantages of exchanging their pigs and forest products for salt and tobacco in the market place. The local merchants are also very willing to journey down the highway to the Montagnard villages.

Security has shown the most improvement of any aspect in the Province. A second military clear and hold operation is now being conducted in the last major Viet Cong held area in the northwest section of the Province. The most conclusive documentation of security in the Province is the fact that not a single hamlet has been attacked in the past twelve months. No attempts have been made to assassinate or kidnap any citizen or military officer holding a position of responsibility in the Province government. It is now possible to drive the USOM vehicle from Pleiku to Tuy Hoa, the complete length of the Province, without escort. During the first few months the Rural Affairs Representative could move outside Hau Bon only by air or under heavy escort.

### Provincial Growth

A second Provincial Agreement was signed in April 1963. This new Agreement provided for an additional six months assistance, adding twelve million piastres to the total. The USAID program in Phu Bon has now been allocated 23,182,250 VN\$ or about \$315,000 US dollars. This Agreement was modified to include those changes indicated by the experience gained in administering the first agreement. The chief additions are funds for a school construction and teacher training program, a large self-help program, assistance for refugee home construction and continued provision of food, seeds and clothing for the increased number of refugees.

From an economic standpoint the new Agreement has done much to stimulate the Province. In direct payments three million piastres for refugee housing will be paid to individual Montagnard families. Another three million will be spent for self-help projects at 30,000 VN\$ for each of 100 hamlets. The new Hamlet School Program will require construction of 12 classrooms and the hiring of teachers, whose salaries will be paid for the first year by USAID. The two Province Agreements cover a period of one year. During this time 160 Montagnards will have received a 1,200 VN\$ per diem allowance each for participation in a USAID-sponsored training course and another 171 people will be serving in a salaried position authorized by the Agreements. The average salary for these positions is very low by American standards, but in a new Province where previously only a small group of military personnel had any salary at all, it has made a decided impact.

### -USOM/IVS Agricultural Program

One of the most significant achievements has occurred through the joint efforts of USOM, International Voluntary Services (IVS), the Vietnamese Department of Agriculture and Phu Bon Province. Through the efforts of the USOM Agriculture Division, an IVS staff member and his Montagnard assistant were assigned to Phu Bon. This young American, a graduate of a mid-western agricultural college, came to Phu Bon directly from the United States to establish an experimental agriculture training and demonstration area. The objective of this

experimental center is to determine what new or improved plants, animals and fruit trees can be successfully grown in this highland province under the same conditions faced by the mountain people.

The Deputy Chief of Province for Montagnard Affairs, himself a Montagnard, persuaded the local Canton Chief to set aside a tract of tribal land for this project. The Chief of Province and the MAAG Advisor agreed with the Rural Affairs representative to provide the sum of 150,000 VN\$ from the province Agreement for this project. This money was used to hire nine Montagnard agricultural workers and extension team agents. A large variety of seeds and fruit trees were planted in June and almost without exception they are doing very well. New varieties of corn, beans, sweet potatoes, cotton, soy beans, cabbage, tobacco and tropical fruits such as lemons, oranges, limes and bananas show great promise. At the end of this year's growing season those plants proven to be adaptable to Phu Bon will be marked for mass distribution to the new refugee hamlets next year. The extension team will visit each hamlet instructing the people in the proper method of planting and caring for the new crops. Complete self-sufficiency is our goal for the Montagnards. This fall an experimental animal husbandry program will begin at the Center. This will include pigs, chickens, ducks, rabbits and possibly a pair of draft horses. Showing the most promise as a commercial crop is Kenaf, used extensively as a fiber in the manufacture of rice bags. The Montagnards have no cash crop at the present time. The collection and marketing details will be worked out prior to next years planting. The sweet potatoes planted last June have already proven to be such an improvement over the old variety that the Vietnamese Government is sending 60,000 potato cuttings to Phu Bon for distribution to the Montagnards.

#### -Strategic Hamlets

The original military operational plan for Phu Bon anticipated that 147 Strategic Hamlets (Ap Chien Luoc, in Vietnamese) would be required in Phu Bon. At the completion of NHAN HOA I the Rural Affairs representative and the MAAG Sector Advisor reduced this number to 100. The continued influx of refugees to the present total of 26,000 may cause this number to be revised upward to the original estimate of 147.

One hundred and thirty-three strategic hamlets are now completed or under construction. Only 100 of these are receiving MAP (Military Assistance Program) support. These hamlets are provided with barbed wire, trip flares, weapons and other items for defense. At this time 41,399 people are living in strategic hamlets. When all hamlets are completed, 54,517 citizens of Phu Bon will be safe from intimidation within the protection of their hamlets. The US Special Forces Team has trained and armed 2,000 hamlet militia in Phu Bon. These defensive forces vary in size from thirteen to one hundred and thirty men per hamlet, depending upon its size.

-6-

The resettlement of Montagnard tribespeople has been greatly facilitated because of their cultural practice of moving entire villages to new agricultural and hunting areas. Most refugees came down from the mountains in village units, thus making it very easy to retain their original groupings and resettle them in the strategic hamlets. The exact opposite situation prevails in the totally Vietnamese Provinces.

#### -Economic

By actual count business establishments in the Capitol of Phu Bon have increased from 83 in November 1962 to 110 in March 1963 and then to 153 by August 1963. A complete new market place is almost finished, and is being constructed of tin and concrete to replace the old temporary structures. Each individual merchant is providing his own building materials and USOM is furnishing the cement for an overall concrete walkway between shops. Significantly, the increase in business establishments includes two new saw mills, a brick kiln with a capacity for firing 8,000 bricks, a concrete block manufacturing concern and the newest addition, a shop specializing in the production of concrete pipe. These industries are directly associated with new construction and growth, highly indicative of permanent stability and long range opportunities. An ESSO gasoline station will be opened soon, to service the growing number of automobiles and motorbikes.

The increase in consumer goods and services has been expedited by the injection of currency into the Province from outside sources - USOM and the Vietnamese Government. This influx is attributable to the recruitment and training of a civilian staff and functionaries to administer the Province. While initially paid from USOM funds, the salaries of the teachers, nurses, secretaries and other personnel have been assumed by the national government. The requirement for civilian functionaries is both an increasing and permanent one.

Economic growth in Phu Bon is built upon a foundation of increased employment, a growing population, new routes of communication and protection from the Viet Cong. While some temporary economic advantage may have been gained from transient military units, only one reinforced battalion of Vietnamese army (ARVN) troops has been stationed in the Province. This unit is posted 50 kilometers from the capital of Hau Bon, and its piaster (dollar) generating capability is limited at best. The bulk of military forces in the Province are the 50th Civil Guard Battalion and about 800 SID (Self Defense Corps) soldiers. These men and their families are chiefly Montagnards, recruited from within the Province itself. During their free time they return to their old villages and help with the farming.

The multitude of increased commercial enterprises minors the change in productivity in the Province. A fifty percent increase has occurred in the number of Montagnard and Vietnamese farmers living in settled hamlets.

In another year or two they will be able to produce a surplus for exchange or sale on the local market, a surplus which can be shipped to town on the newly constructed and now secure roads.

#### -Chieu Hoi Program

The USOM sponsored Chieu Hoi (Open Arms) program designed to induce members of the Viet Cong military and political units to defect to the Government is going exceptionally well in Phu Bon. A complete Chieu Hoi center has been constructed, providing a dormitory built in the traditional Montagnard fashion, a mess hall, kitchen, storeroom, administrative building and a combination classroom/dispensary/information hall. Over one hundred and forty-five former VC have defected in the province, of whom forty-four are now living in the Center. Only one has returned to the Viet Cong. Each returnee under the Chieu Hoi program spends about one month in the Center. During this time he or she receives food, a suit of clothing, pro-government instruction and, in conjunction with the USOM/IVS agricultural training center, practical experience in new methods of agriculture, hygiene, and well digging. A quantity of construction and agricultural tools have been presented to the Center by Rural Affairs.

#### The Summary

During the past eleven months the improvement in security, communications, health, education, agriculture and economic growth in the new Province can lead to only one conclusion; the Viet Cong have lost their war in Phu Bon Province. The enemy is still capable of inflicting damage to material goods and causing loss of human life, but he has lost the support of the people. Only a massive, overt military action will ever again place this area under Communist control. The people have freely chosen to align themselves with the Government of Vietnam.

The success of the refugee resettlement and Chieu Hoi Programs underline the failure of the Viet Cong and the success of the National Government. From a near-starvation area to that of one now well on its way to integration into the national economy as a self-supporting entity is a long step. But that step has been taken in Phu Bon, and it is indeed a long step on the thousand-mile journey against Communism.