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REPORTS OF USOM PROVINCIAL REPRESENTATIVES (Region I)
for the Month Ending 31 Oct. 1965

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

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October 31, 1965

QUANG TRI (1)

October brought few abrupt changes in the general situation that have prevailed here during the past three months. Basically, however, it must be counted as another month of overall strengthening of the friendly position. With the coming of the rains the Viet Cong took the offensive; but their major strike of the month at the ARVN outpost in the Ba Long valley was repulsed and turned into a resounding victory for the defenders.

The political situation has stabilized in that it seems to be generally understood that the Province Chief will be replaced sometime in November; and all sides are now quiet and apparently content to get on with the war effort. There is no evidence of things being adversely affected by what seems to be a "lame duck" administration and relations among ARVN, Sector, the civil administration and the entire U. S. advisory effort can be classified as being extremely good.

The cost of living has been stable during the past month with food prices little changed from last month's high levels. Food is in reasonably good supply in the lowlands but still is short of desired reserve levels in the mountain districts. All construction materials are in very short supply. There is very little change in the economic situation here from harvest to harvest since the Province has consistently presented a poor agrarian economic picture. Quang Tri is a net importer of rice, requiring about 100,000 tons per month on the average. It exports nothing of importance, and the deficit is obviously made up in the form of national spending to maintain substantial armed forces and a large civil service in the area. Our search for economic improvement continues. The answer probably lies in continued improvement of crop yields, attempting to build up crafts and cottage industry, and searching for means to take advantage of known natural resources such as the good timber lands now mostly in Viet Cong control, and the yet unmeasured natural resources that could be developed.

The rainy season is known as the time of most danger from Viet Cong activity. With its advent spirits noticeably dampened. Indeed Viet Cong activities showed a sharp increase but, as noted above, the government victory in Ba Long, in which 170 VC bodies were counted, has done a great deal to make people feel that this rainy season might be different. October was the best month to date in Chieu Hoi results with 60 returnees during the reporting period.

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QUANG TRI (cont'd)

USOM programs that require construction materials are at a complete stand-still with no cement and no roofing on hand. This is really a tragedy because so much opportunity is being lost. We have already investigated and approved dozens of non-funded self-help projects of the best type in the highest priority areas, but we now must keep putting off the applicants because suddenly we have nothing to work with. We have ex-officio pig-corn, CINVARAM, and precast yard programs that now must be halted. We are embarrassed to open talks about improving refugee shelters. We hope the painful change-over from the anticipated system that caused our present plight to the new logistics system that promises so much will soon be over.

The MACV Sector advisory team has been very alert in putting its revolving Rural Construction Fund promptly to good use. Initial concentration has been in the fields of rural health and education. The availability of these funds at the Sub-Sector level complements the USOM non-funded self-help program very well; and we foresee an extremely useful role for these funds in expediting projects stalled for want of nails or other essential items.

Much of USOM's efforts and resources during the past month have been expended in relieving emergency needs caused by the Ben Hai bombing incident of 17 September. Despite Saigon's promises to the contrary these added requirements have had to be met out of our regular supplies. Aside from the emergency relief, the USOM reconstruction of the demolished police buildings is getting under way. Bids for the construction of three temporary barracks will be opened and the contract awarded before this report reaches Saigon. The National Police will soon submit to USOM their ideas and plans for the permanent headquarters.

The best USOM success of the month was the vegetable garden program. Seeds, fertilizer, and tools were issued to 1,125 refugee families and numerous garden demonstrations were held.

October 31, 1965

THUA THIEN (2)

The political situation remained quiet. An unsigned pamphlet, critical of the patriotism of Hue students, was circulated. It claims to be authored by patriotic soldiers. No significant consequence seems to have developed from the pamphlet.

The security situation improved in the inhabited areas of the province; however, communist military strength remains significant, and the communist forces have the capability to act in force on short notice. Communist leadership seemed unsure of its objectives, or hesitant.

There was no significant economic activity. Prices edged upward and shortages continue. About 250 tons of rice per day, were imported for Hue and about 25 tons of rice per day for the rural areas. American rice is well liked but is more expensive than domestic rice. The social situation has improved somewhat in the refugee sector, primarily because of better management of the problem on the part of the provincial offices concerned. The psychological situation remains stable. VC elements burned out eight houses in the ⁿinterment camp for relatives of VC, but this incident seems to have aroused only limited interest.

The rural reconstruction budget made further progress in its execution. The 1964 and 1965 self-help program accelerated in approvals and completions. The 1964 program of 302 projects lacks 6 for completion, while there have been 23 completions . . of 54 approvals so far in the 1965 program. Only 880,000\$VN remains unobligated in the self-help item of the 1965 rural reconstruction budget. Other programs made some progress but have yet to throw off administrative inertia. USOM support was weak. (roofing remained out of stock).

The new Province Chief visited throughout the province, consulted with people and directed operations. His ideas seem to be very sound and positive.

October 31, 1965

QUANG NAM (3)

October has been a month of stalemate or standoff. The Viet Cong are still in the province in strength--possibly increased strength. Their estimated military numbers now run from over 5,000 by ARVN to about 3,500 by US Marines. ARVN Intelligence speculates that the VC have, through local forced enlistment, possibly doubled their strength since last July, and that the majority of this force is located in training camps in the mountains of western Hieu-Duc and Thuong-Duc districts. October has seen no large pitched battles, but both the US Marines and ARVN have been caught in ambushes and suffered moderate casualties. The VC in turn have probably had quite the worst of it, at least as far as estimated casualties are concerned. The rice harvest operation was assisted by about ten days of excellent weather but the workers and their military protection were under constant harassment and the VC extracted their pound of flesh for the rice.

The past fifteen days have been unusually quiet with fewer mines, ambushes and kidnappings and only a relatively few isolated incidents of VC violence. They have considerably extended their Psy-War campaign. On several separate nights they were reported to have distributed several hundred handbills in Hoi-An and in other villages. There were no demonstrations against the GVN during the month. In the middle of the month there was a close threat of serious floods. Water was two feet deep on the front street of Hoi-An but blue skies prevailed at the last moment and as yet there has not been reported any serious flood damage. So far the highlight action of the pacification program is a current ten-day training course at Hoi-An for 344 cadre to be used in hamlets as the operation moves forward.

The Province Chief has been very active in visiting all districts of the province, in making speeches, dedications, and attending other ceremonies. Col. Yeu, Special Sector Commander, (Danang-Quang-Nam) has also been very active in the province. He maintains an office at the Province Headquarters, which he visits at least four days a week. General Thi, I Corps Commander, visited the province at least seven times during the month. One trip was the occasion of a visit and briefing for the Ambassador of Australia and his staff.

There is an atmosphere of depression, uneasiness and tension that can be sensed among the rural population in insecure areas and which does not lend to a picture of bounding optimism. One well-informed Vietnamese teacher

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QUANG NAM (cont'd)

recently told the USOM Representative that "the rural people here are just about at the breaking point; by night they live in deep-seated real fear of the Viet Cong, by day fear of being caught up in the hot fire and passion of combat operations. Such fear, year after year, sears and depresses the soul, and I suppose that is how the Viet Cong hope to break our spirit".

While the build-up of U. S. forces is most certainly contributing to inflation, it is the ray of sunshine which may eventually overcome the deep-seated fear and unrest. The build-up will permit an effective pacification program which can provide the rural people not only day-time, but 24 hour, security. This, together with economic assistance to provide them a better way of life, can give the rural population the will to continue to resist.

Prices in October held about level with September but the impact of the inflation of the summer is now desperately hurting the rural population and causing much discontent and unrest. The Viet Cong are, of course, exploiting this to the hilt, but many people who are friendly, pro-American, and have no VC sympathy are having misgivings over inflation, and the United States is often directly blamed for the price rises.

The very excellent weather that greatly assisted the good rice harvest has helped in at least temporarily reducing the local cost of rice by about 1%.

In Quang Nam Province there are 300 buses, 132 tri-lambrettas and 646 trucks. There are few private passenger cars. Each day there are about 204 bus trips between Hoi-An and Danang hauling about 1143 persons. The price of passage to Danang is \$VN18. The cost of commercial trucking depends on the cargo and distance and is subject to bargain. During the early part of the month harassment, bus stopping and kidnapping was a daily occurrence on Route #1 between Danang and Hoi-An, but the last fifteen days have seen great improvement and traffic is moving with regularity. The Cau-Lau bridge is again in operation and has opened Route #1 to the south of Hoi-An.

Fishing has been hard hit by both the security situation (enforced restriction of offshore fishing along the coast) and the very heavy rains and heavy surf on the coast, and this is working great hardship on local fishermen. All fish brought into Hoi-An must also pass about six miles up the river from the China Sea. The river is controlled by the VC and it is understood every pound of fish is taxed.

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QUANG NAM (cont'd)

The local price of tile remains about \$VN6 per piece. The factories are not in operation during the rainy season but they have sufficient quantities on hand to furnish needs until spring. The price of construction rock and sand has risen considerably during the past months, further increasing the cost of heavy construction.

Unskilled labor remains scarce, especially during the rice harvest season and the rate is now about \$VN 80-85 per day.

Heavy stress is still being laid on emergency assistance to civilian refugees. Social Welfare during the month finally released funds for construction of more temporary refugee centers. This construction has been moving satisfactorily in some districts but the heavy mid-month rains and inability to obtain helicopters for air delivery to cut-off districts have greatly hampered the program.

VIS operations have been retarded by lack of electronic equipment (radios, loudspeakers, generators, etc.) which were damaged during last year's flood. More than 200 broken pieces of this equipment have been sent to the Hue I Corps repair center for repairs. It is hoped they can be returned in good condition within one month and can be effectively used.

I Corps/VIS Danang has sent 56 cadre to work on the pacification program in Hoa-Vang and Dien Ban districts. Five villages under Phase I of the pacification program have been saturated with leaflets by MACV officers. The leaflets explain the program and encourage Chieu-Hoi defectors.

The VC pulled off a neat psy-war trick in Thanh-Quit hamlet on Oct. 16, at 3:00 p. m. This hamlet is on Route 1 between Hoi-An and Danang and is noted for VC sympathy. They cleverly set up a hidden transistor tape recorder underground and ran hidden wire to loudspeakers located on trees and poles. For over one hour they managed to broadcast threats and warnings to the people, advising them not to use the highways after 5:00 p. m. or to go to the markets, etc.

Psy-warfare suffered a serious setback through three incidents during October: (1) involved the accidental killing of one PF wife and wounding of one PF and two PF wives by Marine artillery. The artillery was only used after being given full clearance to fire on an area by ARVN. How the PF group

QUANG NAM (cont'd)

happened to be in the area at night is not known. (2) On September 20, four civilians were wounded by Marine artillery after its fire was called down on ARVN's request. Several VC were also reported killed near the hamlet by the same fire. In the third incident which occurred on October 21 at about 2:00 p. m. an unidentified plane dropped a stick of three 500 lb bombs near the river bank about 2 kms from Hoi-An City. The explosion killed two civilians, and seriously wounded four more. The incident is being further investigated. It is highly probable the VC will use these unfortunate incidents for propaganda purposes.

Over 5,000,000 piasters of MILCAP claims for 1964 and 1965 were processed by the provincial committee (Province Chief, MACV and USOM) during the month and it is hoped rapid payment will be forthcoming. These payments should have considerable impact throughout the province.

October 31, 1965

DANANG CITY (3A)

Politically, the month of October was tranquil. Relocation payments amounting to over 21 million piasters have been made and are continuing to relocated families.

It seems doubtful that the VC can find much discontent upon which to feed in this city and while any event could prove otherwise, it seems unlikely that any new demonstrations will occur or that a rash of terrorist activities will develop in the city in the near future.

Buddhist-Catholic relations are quiet and most likely will remain so for the foreseeable future.

The Danang East attack on October 28 came after the close of the reporting period. However, it injects a further variable into the political situation, with a possible renewal of VC efforts within the city.

October was a relatively quiet month with the exception of the Danang East attack October 28, and no incidents were reported in the city. It had been rumored that October 15 would mark the commencement of terrorist activity and anti-American propaganda, but nothing developed. An M-1 carbine, as well as a very pistol and flares, were recovered in the city by the popular intelligence. Local authorities give these prizes considerable significance as an indication of popular support for the administration.

Prices continued at the same general level during the month with the notable exception of canned milk. The government price increase of 30%, plus scarcity, drove the price to 28\$VN per can. Sales are restricted for infant and adolescents consumption only other consumer goods are in adequate supply on the market and the outlook is for continued stability.

Transactions in MPC continue to be a problem but are being attacked on two fronts: making places of exchange more readily available to troops on liberty, and swift action against traffickers in proscribed currency.

It seems apparent that a balance has been reached in relations between the US forces and the Vietnamese population of Danang. Both American as well as Vietnamese authorities now have both the experience and the machinery necessary to deal with problems before they become unmanageable. The chronic Buddhist-Catholic feud is quiescent and no one seems inclined at the moment to stir up antagonism.

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DANANG CITY (cont'd)

For all practical purposes, the Hamlet School Program is dead for this year, despite earlier hopes for its realization. The CRCC has refused to authorize an expenditure of 49000\$VN per classroom sans furniture, while holding out hope for some action if a third bid still does not come within the 50,000\$VN ceiling per classroom.

The program for financing three ATS has been rejected by NACO, the agency charged by CRCC to provide loan funds. The method to be used in expending funds is now being negotiated with Saigon. On the one hand, authorities here want to divide the project into contracts for ten houses each, while NACO wants only one bid made for the entire program.

October 31, 1965

QUANG TIN (4)

The Province Chief participated in the festivities for the birthday of Confucius with the local Confucionist priests. He was asked to make good the promise of a prior Province Chief for a new Confucionist school. The Province Chief said that he would consult Saigon.

On the political front, a local Catholic priest reports that new refugees at his camp say that the VC are losing face because of US bombings. The VC are concentrating more and more on military matters and less and less on politics, with a resulting loss in popular support. Farmers blame the VC for attracting bombs and for not being able to offer any protection against them.

Security is improving in Quang Tin but it is still too early for any rampant optimism.

Tam Ky proper was very quiet for the first three weeks of this month (only one incident: a VC squad and PF guard post exchanged fire near the railroad tracks). By since then, there have been attacks on surrounding outposts and/or the airstrip for the past six consecutive nights.

As the Marines push the VC south from Quang Nam and north from Chu Lai, the VC continue to gather in Quang Tin in increasing numbers. Present estimated total of VC for this province is 7,000 plus. Accompanying this build-up are occasional rumors that Tam Ky is to be hit.

October saw another increase in total VC incidents. Included were three minings, road cutting between Tam Ky and Thanh Binh Districts, and the wounding of the Deputy American Sector Advisor and his interpreter in an ambush between Tam Ky and Chu Lai.

For the past two weeks, trucks have been convoying USOM commodities from Chu Lai to Tam Ky almost daily. As yet they have not been molested, although RF-PF have reported company-size units along this stretch of Highway #1.

ARVN strings troops along the highway whenever trucks are running, and now that rice is being transported, larger (40-50) vehicles, and armed convoys are being used. Bulgar and cement are not too attractive to the VC, but they may try for the rice.

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QUANG TIN (cont'd)

Country wide inflation and difficulty of transportation between Danang and TamKy continues to keep prices high in Quang Tin; however, for the items that are getting through in quantity, prices have decreased. Beer is down from 40\$VN to 30\$VN this month and coke from \$VN35 to \$VN25.

A 300-ton shipment of rice now being transported from Chu Lai to TamKy for sale through authorized dealers should reduce black market prices. Consumption levels should also increase because of the incoming rice.

As for wages, government salaries remain the same. On the open market, wages for unskilled labor are held down by the availability of large numbers of unemployed men from refugee camps.

No new stores or closings have been noticed in TamKy proper. However, new shops are flourishing around Chu Lai, dealing mostly in drinks and souvenirs for the Marines. Prices there are considerably higher -- but so are wages. Standard rate of pay per ton for off-loading is 130\$VN in Chu Lai, as compared to 80\$VN in Tam Ky.

Some of the more vital GVN programs are definitely functioning. Refugees are receiving aid, not necessarily in accordance with the plans Saigon sends out, but they are getting something. Helio-transportation of supplies to the outlying districts is going on at an increased pace. MILCAP indemnification funds are being spent. Claims are usually a year old with only one-third settlement, but MILCAP is functioning. With the large input of USOM commodities this month, more and more GVN programs are being carried out. All this contributes greatly to the morale of the population and their support of the GVN.

TamKy proper has a "fat" feel. There are large numbers of people on the streets at night, just milling around. Townspeople seem to carry themselves in a much more relaxed manner now as compared with the tenseness of a few months ago. All this seems even more significant in view of the fact that the rainy season has already begun.

Quang Tin is presently in a transition stage. After a literal drought of commodities, things are now arriving at an almost over - whelming pace. Much activity is getting underway in connection with the arrival of supplies (hamlet schools, hospital, more refugee centers, etc.), but it is still too early for any evaluation.

QUANG TIN (cont'd)

It is requested that monthly allotments of commodities continue to increase so that current programs will not falter and lose their present momentum. The needs of this province are great, but they can be eliminated on a systematic basis.

In connection with the Chu-Lai off-loading, it is understood that USOM has contracted a 280 ton 5 foot draft motorized barge with crane. This sounds ideal for Chu Lai, and we hope to see it there or at TamKy in the near future. (See classified supplement for additional information).

October 31, 1965

QUANG NGAI (5)

October, as in the preceding three months, was again marked with continued successes on the political, security, economic and psychological fronts. The overwhelmingly successful "Return to the Native Village Campaign" in three villages of eastern Tu Nghia District was expanded to include the remainder of Tu Nghia District east of National Highway #1, parts of Mo Duc, Nghia Hanh and Son Tinh Districts. Although effectively adding to the area under government control, inadequate numbers of provincial cadre prevent the pacification to be carried out with the same degree of intensity as the pilot program. USOM staffing also continued to be inadequate to devote full attention to the manifold tasks. The Province Chief has also started an "Anti-Graft Campaign". Although too early to evaluate the effectiveness of this effort, there is evidence of some graft, corruption, misappropriation of funds and material, and malfeasance. During the month, 1250 tons of provincial and USOM commodities were received by LST through the US Marine TAOR at Chu Lai. Lesser amounts of USOM commodities were shipped in by other means. Even these supplies have not been adequate to meet our growing needs. The logistics picture has improved and it is expected that the situation will continue to improve. Over 4,000 new refugees were generated by military campaigns in Mo Duc District and a lesser although a significant and undetermined number by a similar campaign in Nghia Hanh District. In spite of this, because of resettlement, the refugee population remains constant though shifting.

The political situation remains about the same as the preceding month. No new incidents of intra-party rivalry or strife between the two factions of the VNQDD have appeared openly. The Province Chief continues to be active in contacts with the common man, addresses, visits, inspections ceremonies and presentations. Government prestige appears to be rising especially in newly cleared and pacified areas. There is no external evidence of religious strife. There were some overtones and hints of preferential treatment by USOM of Catholics because of shipments of US-provided commodities on USOM provided transportation to this group. This was partially dispelled by seeking out other groups and by the cessation of air transport of these commodities.

The GVN continued to expand its sphere of control. Friendly forces exhibited greater mobility, confidence and displayed higher morale and esprit de corps. VC forces generally sought to avoid contact with strong local forces although there has been a slight increase in the number of VC initiated incidents

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The VC remain a constant threat and still have the capability of massing and attacking in force almost anywhere within the province. In fact, on 27 October, the VC attacked and overran Son Huong Village, Son Tinh District, one of the "Return to the Native Village" areas, killing 17 cadre and friendly forces with a yet undetermined number missing. With a preponderance of supporting fire available to friendly forces, it appears unlikely that the VC could maintain a sustained siege of any post.

Prices continued steady at a fairly high level on some commodities and rose slightly on others. Even with a fairly successful rice harvest and the arrival of a significant quantity of American short-grain rice (both for GVN and under the CIP), there was no appreciable drop in price. For the first time in several months, commercial cement appeared on the local market at 205\$VN per bag, 25\$VN higher than the previous official price. Local shops are well-stocked and much business activity is in evidence in Quang Ngai city. Trade has been stimulated by a rise in employment and importation of consumer goods. There has been a significant increase in commercial shipping at the local port, which has unfortunately limited facilities or capacity to meet the needs of this province.

The favorable psychological trend within GVN-controlled areas continued to grow particularly in those areas wherein the "Return to the Native Village" campaign has been initiated. Simple effective slogans and banners have helped to generate popular support for the government. Local elements of the labor union have actively joined in support of this program by providing free services for pacification cadres. There appears a growing and strengthening feeling that the government will win and can provide a better life for the people. The government scored a tremendous success, by being immediately responsive (with USOM & MACV support), to the housing, medical and food needs of more than 4,000 new refugees along the coast in Tu Nghia District early in the month. Erection of the new Radio Quang Ngai transmitting tower continued, but has been temporarily delayed because of lack of parts. The reassignment of the J USPAO representative, who had only been here a short time has seriously hampered their efforts. There is an immediate and urgent need for a replacement. Morale of the VC is reportedly low, but this seems to be more the result of friendly military actions than propaganda efforts. Social Welfare still has been unable to meet the needs of the refugees, and yet the refugees manage to subsist and exist, largely through efforts of other government agencies, USOM and voluntary welfare organizations. The arrival of a six-man military civil affairs team during the month began to alleviate this situation. It is

QUANG NGAI (cont'd) 3

felt that the successful VC attack on 27 Oct. 1965 in Son Tinh District is part of an effort to discredit the government in the "Return to the Native Village Campaign".

There has been a marked increase in receipts of foodstuffs and other items for the care of refugees. However, USOM has continued to fall short of its goals in this province, partially due to the logistical bottleneck and partially due to an inadequate staff. Building is lagging due to shortages of construction materials. Without the wherewithal to support USOM programs, we risk losing much of the psychological advantage we now enjoy as a result of recent military victories and on which we should capitalize. With the assignment of a nursing advisor to the Provincial Hospital and the scheduled arrival of a MILP;IAP Team late in November should result in a giant step forward in the field of medicine and public health.