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Talk with Secretary Cong to Offer USM Support for Land Transfer Administration

I called upon Secretary of State for Agrarian Reform Do Van Cong this morning to offer USM support for the administration of the Government's land transfer program.

During our session I informed the Secretary that we would support the administrative costs of land transfer to a total of some VNG 77,000,000 as outlined in the budget he sent the President. I made crystal clear that we were not offering to support land payments.

At the same time, I told the Secretary that this Mission has some serious reservations concerning the program as presently outlined. The first problem was the repayment period. The Secretary told me that if budget analysis indicates the six year repayment is too short, he will get the repayment period lengthened. There seemed no hesitation in his answer, and certainly no problem in his mind. Our second reservation related to the fiscal impact of land sales payments. I told the Secretary that we were concerned about the inflationary impact of these payments, and that we felt some kind of blocked account mechanism should be worked out. During the conversation it developed quite clearly that the Secretary has not the first idea about inflation and its causes. After some minutes of fruitless discussion, he finally agreed that problems of this nature would be referred to the special commission provided in Ordinance No. 57. It now appears to me that this will be the most difficult aspect of our future relationships. Our last reservation concerned the development of detailed administrative procedures. In this regard the Secretary was quite willing to work out the procedures in detail, although he was eager to begin on a "pilot" program in some province during the current dry season. It is my opinion that the problems of securing financing, etc., are so difficult and will be so time consuming that there will be plenty of time to develop working procedures before the Department has cracked the nut of transfer payments.

We agreed that this Mission would begin immediately to support the key administrative personnel to study the problems I had raised, and would continue the support of the agrarian reform agents. The question of agrarian reform committees in Central Viet Nam was left open to future discussion. I agreed to release VNG 1,000,000 for January. (This request along with the justification has been sent to Mr. French). The Secretary informed me that he has nominated two persons for Director General of Agrarian Reform, one with 30 years administrative experience and one with 20 years. These nominations have been submitted to the President, but the Secretary refused point blank to tell me who they are. He said that the whole administrative organization would be ready to begin functioning on January 1. This depends on securing the Junior Officers Club which is to become the new Department building, and may be optimistic. I told the Secretary we would have to prepare the PPA and Project Agreement, but I did not dwell on this point, preferring to wait until the Director General has taken up his duties.

The Secretary and I agreed the eight persons holding the following positions would take part in the study mission to the Philippines, Taiwan, and Japan: (1) Secretary of State for Agrarian Reform; (2) Director General of Agrarian Reform; (3) Chief, Operations Service; (4) Chief, Land Acquisition Service; (5) Chief, Land Sales Service; (6) Chief, Program Planning Service; (7) a representative of the Cadastral Service; (8) a representa-

tive of the Land Registration Service. This is a good selection, in my view, although I am disappointed he was not more interested in sending the Chief, Rent Contracts Service.

On the whole, I was quite pleased with the results of our discussion, and felt the Secretary was genuinely appreciative of our assistance and willing to try to meet our objections to the program as we presently see it. I anticipate we may have a difficult time ahead explaining the problems of the economic impact of land payments. I think, however, that the Secretary has enough confidence in the competence of various Americans, including Mr. Mode, Mr. Ladejinsky, and Mr. Lindholm, as well as in me, that we will be able to demonstrate the validity of our arguments.

JPG/pl

cc: Mr. Rhodes
Dr. Lavergne
Mr. Mode
Mr. Rosenfeld ✓
Mr. French
Mr. Olnik