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This document contains the Unclassified reports of USOM Provincial Representatives for the Month Ending 31 July 1965. The reports are summaries of the monthly reports submitted by each province and listed in order from north to south.

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The month of July in Quang Tri was a month of relative quiet and of slight gain in the overall friendly position. It should be emphasized that the quiet was only relative as there were 60 VC incidents but little VC initiated main force activity. The gains were slight with five hamlets technically but sloppily pacified, most programs stuttering forward, and the political and economic situations evidently under control.

Politically the Province is enjoying a period of quiet stability. The Province Chief rules with authority and courage. He spent a good deal of time during the past month out in the countryside meeting and talking with hamlet leaders and elders. A feature of his forays into the boodocks is that he tries to spend the night out there and did so three times in July. Despite overtones of politics and paternalism these excursions are most effective.

The economic situation is bad, but for the time being, it does not seem to be getting worse. White rice averaged about 9$00 per kilo during the month, kerosene 165$00 per can, wheat flour 28$00 per kilo, sugar 42$00 per kilo, and fish about 120$00 per kilo. A bottle of Lauer beer often sells for the outrageous price of 40$00 when it is available. The road from Danang has been open most of the month.

The VC incident and sightings rates remained about the same as during June, but things were decidedly quieter to the average man in the densely populated rice belt. Throughout the month, the initiative in the war was with the Government side. This is attributed to the fact that two large VC units formerly operating in Quang Tri were probably operating in Thua Thien during most of the month, and ARVN and RPF probably just do a little better job here than they do in many other places in the country.

There were no new psychological trends notable during the month. The people are frightened. For the most part, they would like to see the Government win, but they are afraid to show it.

The arrival of some cement and the clarification of some fiscal procedures have helped USOM supported programs registered modest gains during the month. Self-Help is running well, as are most Agricultural programs; i.e. relatively well in a bad security situation. Refugees are not presently the problem here they are elsewhere in Region I. Nevertheless, refugee relief and relocation are handled poorly. The difficulties seem to be mostly administrative, but there is also the problem of lack of clarity in the official national or regional policy toward refugees.
July 31, 1965

THUA THIEN (2)

No unusual or changing political trends were noted during July. The security situation remained potentially dangerous but BViet Cong incidents decreased in frequency. After a small flurry of assassinations at the beginning of July, no further overall pattern could be discerned in VC activity; there were numerous incidents of a harassment type and some attempts at interference with routes of ground communication. The economy remained static. No price increases were found in the real price of staple foods. A variety of items remained in short supply but not acutely so. A slight decrease in rice pricing was reported—possibly as a result of government firmness about hoarding and speculation. The social and psychological situation remained moderately optimistic with one extraordinary event: the last half of July witnessed the return of 68 former VC to their own government; in contrast, during the first six months of 1965, a total of 114 had returned. As of the end of July, over 200 persons will have returned to the government in 1965. In the instance of 68 noted above, favorable results are attributed to a strong GVN forces military attack followed by personal follow-up contacts in the same area, between previous ralliers and the populace. USOM supported programs made better progress in July than in immediately previous months as a result of greater materials availability and a softening of the rural reconstruction budget impasse.
July 31, 1965

QUANG NAM (3)

Lt. Col. Dong is about to be replaced by Lt. Col. Tung, I Corps Deputy Chief of Staff. There were VC attempts to subvert local Buddhist organizations such as placing Buddhist flags over houses where VC live and Liberation Front flags on pagodas, and of VC disguising themselves as bonzes. The Buddhist leadership is attempting to disavow these actions and to preach anti-communism. There were no significant demonstrations and the Provincial Council has not been heard from since it was installed July 1. Demonstrations were expected after two Cao Dai students were killed after failing to stop at a checkpoint. No demonstrations developed but Cao Dai leaders did put some pressure on the province chief.

July was another month during which the VC, for the most part, avoided large-scale confrontation with friendly forces. The notable exception occurred in mid-July in the southern part of Quang Nam where a VC daylight attack was made on forces clearing Route #1, resulting in heavy losses on both sides. VC harassment continues at a high rate, particularly by mortar attacks on district headquarters and almost daily incidents (snipers, mines, roadblocks, etc.) on Route #1. Route #1 remains open to traffic which continues to flow, but he who negotiates the road does so on a "heart in mouth" basis with constant fear of incident. Constant harassment and the closing of the Cau Lau bridge now makes the traffic flow tenuous at best. The arrival of additional US Marines permitted an expansion of Marine operations. Marine units have been concentrating on clearing VC combat villages around Danang and it has been taking them much longer than anticipated, thanks to extensive VC tunnels and other devices. In essence, the VC have played their role in July in low key, building up their combat villages and networks while refraining in general from large-scale actions. The major problem for friendly forces continues to be the lack of sufficient personnel.

Prices in July remained at about the same levels as in June with few increases and several minor decreases. Rice continued to sell for about $VN 1,300 - 1,700 per 100 kilos in the isolated districts and the GVN has not been able to effectively deal with the situation. In addition, the refugees are having some difficulties in obtaining sufficient amounts of rice at government-controlled prices, at least partially due to transportation problems. Prices continue to rise in Danang. Coupled with a growing employment problem among the refugees, the Danang price increases may have wider and more disastrous effects.

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QUANG NAM (cont'd)

With slightly more than half the population in areas under VC control, only the people living along the major arteries appear to side with the GVN. The continuing ability of the VC to operate almost at will, particularly the significance of their ability to do so during daylight, has undoubtedly weakened the people's confidence in the GVN. The resettlement of 2,000 refugee families, finally getting up stream, may make some points for the government, but these are probably more than counter-balanced by the increasing numbers of civilians killed or injured by military action.

Refugee resettlement has top priority and it is hoped will move at a faster pace. The Hamlet School program, after a late start, is now under way and the teacher training program appears to be satisfactory. There have been no new Self-Help projects but more are expected as the refugees settle in. Previously-approved Self-Help projects, for the most part, are making good progress. The Agriculture programs are moving along in some respects and not in others. The loss in February of an American agricultural expert is now having its effects. The SYP is moving along at a fast pace and is closely linked to refugee resettlement. Chieu Hoi and the Mobile Cadre are the weakest sisters in the USOM program.
DANANG CITY (3A)

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VC "suicide squad" broke through US defenses at the south end of the airfield in the early morning of July 1 and mortared or otherwise destroyed several aircraft and killed one air policeman. Since that time defenses have been reinforced but, while the marines are capable of smashing large scale attacks on the Danang area, repetition of such small actions will be extremely difficult to prevent.

There are indications that the city government is becoming more effective in detecting covert VC activity in Danang.

Some results are showing from efforts to control currency circulation. Rice stocks remain scarce with supplies adequate only for current needs. There is not yet any backlog of food commodities building up to cover eventualities which may develop during the rainy season either from natural catastrophes (such as flooding or typhoons) or VC activity. The mayor is making an effort to control prices, which have spiraled upward steadily in the past several weeks. Also, new regulations prohibiting trading in US currency have put a considerable crimp in the black market exchange rate. Estimates here range depending on the size of the bill from 110 to 1 for a $1 bill to 125 to 1 for tens and twenties.

The "austerity" policy of the GVN has had no measurable effect on attitudes among the people since last month. The sense of foreboding reported here has dissolved with the continuing secure and insulated atmosphere.

A potential area of concern pertains to the relocation of families from near the perimeters of the airfield. The eventual goal is to relocate about 650 families from areas immediately adjacent to the field, where they constitute a security hazard, to areas north and west of the field nearer the Bay of Tournan. Some of the affected families have already been shifted two or more times and were understandably reluctant to move again. The mayor has spent considerable time and effort to explain personally to the people involved the imperative necessity to move and the benefits the government is prepared to provide those people being moved. Initial reaction was slow; after the first families were coerced by military and civilian police, sufficient inertia was achieved to accomplish a steady flow of relocatees. At this time about 150 families have been moved. All interested parties, Vietnamese as well as U.S., will continue to watch this potentially explosive situation,

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DANANG CITY (cont'd)

The arrival of a large quantity of cement and roofing in Danang at the beginning of the month enabled the Dien g government to embark on several programs, notably in hamlet construction and schools. The problem of financing the three projected ATS remains unsolved pending action in Saigon. The month of July was critical in the current reconstruction program. Planning could not be completed until after the arrival of commodities had set an upper limit on construction. This construction in most cases did not begin until late in the month, with the unfortunate result that much of the short dry season was lost for building purposes.
July 31, 1965

QUANG TIN (4)

The most important political event of the month occurred on July 1 when the newly elected Provincial Council was convened for the first time. The members, chosen in what may be described as a free election, represented a fairly wide variety of politico-interest group. It is interesting to note that the VNQDD party occupies only three positions on the council. While this party continues to be politically preponderant because of the powerful appointive governmental positions its members possess and because of its predominance in the provincial political action teams, it does not seem to have the popular base it once claimed. However, no other one political group can match its size, and organization, and leadership in Quang Tin.

Two anti-communist demonstrations took place during the month, one July 9 in which only a few hundred persons participated, and the other on July 20, which as elsewhere in Vietnam stressed the theme of "Unity for the Liberation of North Vietnam." Approximately 7,000 were actively engaged in this latter demonstration.

July was militarily quieter in Quang Tin than June. The VC initiated 34 incidents as compared to 43 last month. The areas and population which the provincial government claims it holds remain about the same as June's: an area with 170,000 people controlled by the Viet Cong; 145,800 people under GVN control; and 27,200 people in partially controlled areas.

National Highway #1, though badly damaged and periodically interdicted, remained open to daytime civilian traffic and regular military convoys for the entire month. East-West land routes are under Viet Cong control.

No new hamlets met the criteria for pacification, leaving the total the same as last month: 13 out of 426. However, the provincial government using a looser interpretation of the six criteria devised by I Corps Commander General THI, maintains that 42 hamlets may be classed "pacified".

While it is true that the Viet Cong continues to tax incoming rice and other food products; the market places in the GVN controlled areas are well stocked daily with a wide variety of goods. Meat, textiles, gasoline, and fish sauce prices remained stable. The prices of some essential goods rose, however: beer rose from $VN 25 to $VN 30, tin sheets $VN 100 to $VN 150, lubricating oil $VN 18 to $VN 35, salt from $VN 6 to $VN 7 per kilo, and rice $VN 8 to $VN 13 per kilo. Eggs and sugar dropped in price. Fish is plentiful, inexpensive, and fine in quality.

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QUANG TIN (cont'd)

Cement and other construction materials continue to be scarce causing a complete halt in most government building programs and curtailing sharply private projects. This situation will continue critical until USOM materials can be transported into the province whether by highway, sea, or air.

The loyalty of the populace seems to be best described by the cliche': "They have a tendency to go along with whichever side controls, with no strong feelings for either cause." In addition the populace in Quang Tin generally does not willingly give intelligence to the GVN concerning Viet Cong activities.

No real anti-American has appeared, though the VC may have convinced many of the peasants around CHU LAI that the US Marines were responsible for burning 185 houses in the July 9 raid on Ky Hoa village. On the other hand the Marines have created good will by actively engaging in mutual aid projects for the newly relocated village near the CHU LAI base.

Other factors on the brighter side are the 3,566 persons treated by MEDCAP teams during July, and the $VN70,200.00 paid to the victims of GVN military operations.

The overall mood among the people must still be characterized, however, as neutral at best.

Although the security situation remains rather critical in Quang Tin, one of the factors which would undoubtedly strengthen the government's position in the eyes of the neutral populace would be its capability to carry out the rural reconstruction programs it has proposed. The government has made the promises, limited though they may be, and it must carry out at least the most conspicuous of these, or it obviously is ineffective and untrustworthy.

Two or three "conspicuous activity projects" exist in Quang Tin. The refugee centers and their need for wells and other sanitation facilities is one. A Second project of this nature is the hamlet classroom building program. And third might be the repair and maintenance of the main arteries of transportation and commerce, i.e. National Highway #1.

All attempts by USOM to obtain the necessary materials for the implementation of even these most conspicuous and essential projects have failed in the past month. Perhaps August will bring a solution.
July 31, 1965

QUANG NGAI (5)

Overall, the situation in Quang Ngai province deteriorated during July, as it did in June. Among key factors inducing this trend was (1) continuing VC military success highlighted by its major victory at Ba Gia on 5 July, (2) unimpressive performance by province officials in many problem areas, especially their failure to provide relief for bulk of refugees, (3) Province inability to obtain materials necessary for rural reconstruction and other construction activities (USOM bears a heavy share of the blame for this).

A quiet truce prevails between rival political parties and also between religious groups. People are primarily concerned with survival. Most are politically apathetic. The Provincial Council has met once according to the Province Chief, but has not done any work. According to some observers, at least half of the council are VC sympathizers and most are not well-known or highly regarded persons locally. The Province Chief believes that the Council is likely to be a problem and a hinderance and is thus not pressing it into action. One council member has resigned.

The Province Chief is personally very active in touring the Province, fostering and attending meetings, rallies and ceremonies, both civil and military. He makes a special point of asking the MACV and USOM representatives to accompany him and never fails to mention and praise the helping role of the US military and USOM. He speaks frequently on Quang Ngai Radio and seems to be increasingly effective in promoting public unity and confidence. On the other hand, these efforts are largely multified by the inability to provide public security from the VC, relief for the refugees and to get commodities for the rural reconstruction program moving.

A number of rumors have circulated that the Province Chief is about to be replaced but there has been no evidence available which would tend to give credibility to these stories.

The security situation has continued to deteriorate slightly. Aside from the major defeat inflicted by the VC at Ba Gia on 5 July when they captured two 105mm howitzers and overrun the post in 7 minutes, there have been no major confrontations. The VC has continued its war of steady harassment and attrition against friendly forces and has continued to make gains on the ground. Two district headquarters can be reached by road without significant danger. Three others are usually accessible by day providing some military force accompanies. The other fire are accessible only by air and even then at some risk of ground fire from the VC. Eleven hamlets were lost to the VC in July, 8 in Tra Bong District and 3 in Son Tinh District.

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QUANG NGAI (cont’d) 2

Friendly defensive power is maximized by judicious use of air and artillery bombardment and by aggressive patrolling and clearing activity. The limited number of friendly forces does not permit this tactic to be used as extensively as desirable and precludes holding and securing most of the areas cleared.

Prices continued to rise during July for most commodities, including such key items as rice and cement, and averaging at least 10 percent. Food and commodities generally were in shorter supply by the end of the month. Unemployment was ripe and growing. Labor costs (wages) decreased. Little GVN money other than bureaucrats' salaries moved into the economy. Only about one fifth of registered refugees were fed or paid and these considerably less than the standard allocated by the GVN. Rural reconstruction projects and resettlement payments were few and nil respectively. Milcap funds were not used at all. Sugar production available for sale outside the province was estimated at 1/6 of average and one third of last year crop, but a dispute over prices, subsidies and costs, coupled with transportation problems, has blocked marketing. Road convoys (military) and individual trucks continue to transport significant (but insufficient) quantities of goods from Danang. They are subject to VC attacks and VC "tax" payments respectively.

There is some hope that the economic deterioration may be arrested, or at least slowed, by early inauguration of sea convoys from Danang, and by breakthroughs for action in the realms of refugee relief and rural reconstruction and resettlement. Both USOM and MACV representatives are pushing hard to induce and assist such action by province officials.

Psychological situation continued to deteriorate during July, primarily due to the worsening of the economic; social (i.e. refugee) and security situations. The destruction of Quang Ngai's radio transmitter tower by a VNAF helicopter jockey decreased the GVN's ability to communicate with the people for about ten days until a temporary expedient could be rigged to put the Government voice back on the air. Although reduced in power from 10 kilowatts to 250 watts it could reach adequately most of the GVN controlled areas in the lowlands.

Province continued to fall far short in handling both refugee and rural resettlement problems. The toll of refugees (registered and others estimated) reportedly dropped significantly during July from nearly 100,000 to perhaps as few as 80,000 despite an influx of several thousands refugees from Be Gia. This decrease, unfortunately, appears to be the result of discouragement and disillusion with the GVN's lack of assistance, culminating in the view that a hard, risky life at home in VC-controlled areas was better than homelessness and starvation under Provincial auspices. Negligible sums were spent under the rural reconstruction budget during the month.

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QUANG NGAI (cont'd) 3

Public morale will continue to decline, should VC successes continue and GVN-USG efforts continue to be inadequate to meet the challenge of providing security, aid for refugees and reasonable economic stability and social welfare services. On the other hand GVN successes in these problem areas could reverse the current negative trend.

USOM continued to provide negligible support to provincial programs. Our local stock of advice was plentiful, but most other items were either "out of stock" or "no longer stocked," both here and in Saigon. During the month, USOM was unable to supply any cement by any means, nor was it able to respond effectively to a considerable number of requests for assistance from the Province Chief. This relatively ineffective performance shared the onus with the central GVN authorities and local province officials for the virtual standstill of most USOM supported programs in Quang Ngai. It also put the USOM Provincial Representative in the unfortunate position of having to say, "do as we say, not as we do." Fortunately, USOM Saigon was able to respond promptly and positively to a few of the Province requests, as USOM was not entirely discredited.

Thanks to the efforts of many, it seems likely that the supply bottleneck will be broken in August by the inauguration of sea convoys of junks between Danang and Quang Ngai. However, USOM efforts locally will fall short unless better support is forthcoming from USOM Saigon. Promises have been made and forgotten. Cables have gone unanswered. This sort of ball-dropping, if continued, will not permit the development of an appropriate working relationship between the Prov. Chief and the USOM Representative, and will continue to impede the success of the programs which we are committed to support.
July 31, 1965

KONTUM (6)

The provincial continues to maintain effective government in spite of serious supply and security problems. The elected members of the Provincial Council were sworn in. They constitute a beginning of representative advice for the Province Chief.

It is difficult to determine if security is improving or deteriorating. The number of VC is said to be increasing. The District Capital of Dakto was lost during the month, but was recovered by determined military action reflecting a trend of stiffening resistance. The VNA Captain who commanded at Dakto demoted to private and imprisoned.

Roads that had been thought to be insecure now carry some civilian traffic including province supply trucks, however no military actions were undertaken to make this improvement.

While there have been shortages of food and fuel during most of the month the people appear to have maintained reserve supplies and life continued unnoticeably uninterrupted except for minor grumbling. A USOM airlift brought in some food supplies and for a few days food arrived over Route 19 but less than 2,000 bags came in by roads. No fuel or other supplies came in by road. With the road again closed Kontum is dependent upon air for supply. Several province trucks were caught at Qui Nhon and are presently unable to return. There is virtually no fuel in the province.

The movement of the 22nd Div and their families out of Kontum in addition to the outward flow of many prominent families of officials and citizens from Kontum has made the populace uneasy. Talk is prevalent of a VC assault on the town. Requests for space to move families out are numerous. The Province Chief has been instructed to move out his family and have his government workers also move their families.

For much of the month the technical service activities were idle due to a misinterpretation in II Corps of a Saigon order relating to the Rural Reconstruction Budget. It was thought no money could be spent except for going projects and cadre salaries. The true instruction was that no money was to spent for projects in insecure areas. The Finance Chief advises that money is now available and the service chiefs are being informed and prompted in the execution of the Rural Reconstruction Budgets. USOM supported programs have suffered in this period.
July 31, 1965

PHU YEN (6)

During the month, the VCs stepped-up their demonstrations against the GVN and US. VC-inspired demonstrators demanded the release of their husbands/sons whose services are presently engaged by ARVN. The demonstrators also protested against air strikes and indiscriminate artillery firing by Friendly Forces.

On the other hand, some GVN-sponsored activities have counter-balanced the VC effort. These activities include support for refugees, consolidation of hamlet governments and organization of entertainment and cheering committees to boost the morale of ARVN troops.

The security situation remained about the same. The VC continued their road-mining activities. They also engaged in such activities as hamlet harassments, kidnappings and banditry. Friendly Forces, however, conducted a series of successful air strikes against VC hideouts which reportedly incurred considerable losses in personnel and supplies. Moreover, the ARVN conducted search-and-destroy operations in areas immediately outside the perimeter of GVN control.

Two significant changes in the GVN military organization have occurred during the month. First, the province became a part of the 22nd Div Tactical Area; and, second, the 47th Regiment took over the province as a replacement for the 44th Regiment. These changes should bring about better relationships between and among the various military units in the province.

The economic situation has continued to deteriorate, and, it seems rather remote that immediate and permanent solutions can be worked out to alleviate the plight of the people. This could be attributed to a number of inter-related factors: (1) the unimproved security situation, (2) communication difficulties brought about by VC sabotage, and (3) decreased agricultural production.

It is heartening to note, that some USOM foodstuffs and supplies are now being shipped to this province by commercial junks from Nha Trang. At least, some temporary relief measures can be instituted to resupply urgent operations in the province.

The present economic depression in Phu-Yen has caused disturbances in people's normal pattern of living. There has been a marked increase in the number of refugees who come from VC-controlled areas. These refugees seem to be disenchanted with VC abuses as the VC have reportedly raised taxes and imposed more restrictions.

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PHU YEN (cont'd)

Due to security problems, the GVN was unable to relocate refugees and their status (as refugees) would probably continue indefinitely.

The shipment of sizeable quantity of USOM commodities from Nha Trang to Tuy-Hoa should enable the GVN officials to pursue the activities planned under the 1965 Rural Reconstruction Program. But the prevailing security situation and the current economic depression pose big stumbling blocks.

To stabilize the price of rice, the Province Chief, the MACV Sector Advisor and this USOM Representative, in coordination with the key officials of the province, the district chiefs, the village chiefs and some private citizens, agreed to buy from farmers all rice in excess of their own needs and to keep this as reserve stock for the entire population; and, to effect a systematic rationing of rice to the people at government-controlled price.
There are some repercussions expected after the beating up of a Buddhist monk in Binh Khe district by a Special Forces interpreter. Allegedly contraband ammunition and weapons were found in the temple. Also impending is evacuation of the district capital in Van Canh, despite strong opposition of American military advisors. The reason given is the problem of resupply, the desire to shorten supply lines and establish solid Hop Tac support.

Security situation on a par with last month. As soon as the radio revealed highway 19 inland was opened, the VC blew up a bridge just outside of An Khe but it can now be bypassed by jeeps. Convoys did go both East and West from here to Pleiku for about a week. Travel to Tuy Phuoc, Phu Cat, and Phu My possible by road, but each one progressively more dangerous. VC set a mine outside Special Forces camp in Tuy Phuoc, which killed a mother and child.

There was a complaint by indigenous population that the increasing number of Americans was driving prices up. The US army is attempting to inform military personnel of accepted prices, and the Vietnamese are cooperating by informing local merchants of acceptable maximum prices. If this move is followed through, it could help the local situation greatly. Outside, Qui Nhon, rice and food shortages still acute, making prices perhaps 50-100% above average.

Province has set up a rationing standard for rationing of food, figuring five kilos of bulgur and one litre of cooking oil per person per month for refugees. The increasing number of refugees adds to the problem of treating all fairly. Presently we are attempting to distribute a circular to determine more accurately the needs of each center. Many places complain that they still haven't received the government allowance of rice and plasters, especially for the months of June and July. Funds are slow coming out from Saigon. We are starting to see signs of "professional" refugees, content to live in camps and take handouts. Some people must live outside camps because of overcrowding compounding the problem.

Cement and roofing were supplied to the Chieu Hoi center for the building of a kitchen and dining room. The 63 hamlet teachers mentioned in the last report finished a seven-week training course last week, and USOM Rep. attended the graduation. Displays of their efforts were impressive. Another class starts next month and the principals wants our support for additional classrooms. We are also supporting building and expansion of schools in the refugee centers.

The Province Rep. has been invited to be a member of the Provincial Consultative Council for Economic Affairs, which helps direct and control price trends.
July 31, 1965

PLEIKU (8)

As a result of the recent change in government in Saigon the II Corps Commander, General Nguyen Huu Co was transferred to Saigon to accept a ranking position in the new military government. General Vinh Loc was assigned as new II Corps Commander and assumed control during the last week of June. The former Province Chief, LtCol Vo Van Ba was rewarded for his eleven years work in Pleiku Province by being assigned to Saigon. Major Ho-Vinh was transferred from a Saigon position to Province Chief of Pleiku, and assumed control on July 12. The vacant position of Deputy Province Chief for Security was filled upon the arrival of Capt Vo Van Ml, also from Saigon. It is expected that these two new young ambitious provincial officials will stimulate the local population to exert more effort in improving the security situation in the province.

Further evidence of interest in Pleiku on the part of the central government was shown by the visit of Prime Minister Ky on July 24 and 25th. The Prime Minister addressed a rally at the Montagnard Vocational Training Center on the 25th.

The security situation continued to deteriorate throughout the month. Route 19 to the coastal areas was reopened on July 19, but after the withdrawal of the security troops it again become a risky venture to make the trip to Qui-Nhon. The VC continue to operate at will in Le Thanh and Phu Nhon Districts and continue to establish hamlet governments. Reports have been received of company sized VC/MVC units entering hamlets located in the so-called secure area. Local Popular Forces defense units are forced to withdraw as they are unable to resist the superior sized and equipped VC forces.

The route to Kontum (route 14) was reopened during the week of July 26th however, route 14 to BanMeThnot continues to be interdicted and impassable.

It can expected that the VC will continue to expand their political as well as their military efforts in the areas surrounding Pleiku City. The reopening of route 19 to Qui-Nhon on July 19 served to alleviate, at least for the immediate future, the shortages of basic commodities which were increasingly acute at the time the road was opened. The city was without electricity (except for public buildings and street lamps lit for reasons of security) from July 15 to 18. Present supply of diesel oil for the electric plant will last until August 14. At present, various parts of the city are deprived of electricity for various periods of time. A total of 677 tons of rice was brought into Pleiku during the period route 19 was open, bringing the total of rice in or delivered to province hands since the first of the month to 851 tons, of which 123.1 tons have been distributed through July 28.

over/..
PLEIKU (cont'd)

Distribution still in progress. All the rice is being rationed by the province on the basis of 25 kilos to families of 5 and less, 50 kilos to families of 6 and more, distributed twice a month. Little rice was brought in commercially over route 19, and rice on the local market still costs 18 to 20 VN per kilo. Prices of meat per kilo remain at 120 VN for beef and 150 VN for pork; sugar is at 35 VN to 40 VN per kilo; kerosene 400 VN per can (20 liters). Supplies remain short.

In Le Thanh District, the greater part of Phu Nhơn district and considerable portions of Le Trung district, VC control continued undisturbed during the month of July, and VC influence over the populations of these areas may be considered to have increased accordingly. Morale among the population of Pleiku City and its immediate environs, on the decline during the first half of the month due to increasing commodity shortages, received a considerable boost when the road to Qui Nhơn was opened on July 19, thereby reducing shortages for the time being. Demonstrations of interest in Pleiku and its people on the part of II Corps Commander General Vinh Loc and Prime Minister Ky, who visited Pleiku on the 24th and 25th may also have raised morale somewhat. Morale among the over 5,000 refugees in Pleiku remains low, due to poor housing and continued dim prospects of return to Le Thanh district, from where the overwhelming majority of them fled.

Due to the poor security situation in the province, and the directive from the new II Corps Commander suspending all rural reconstruction activities until a review of the security situation had been completed, all USOM supported programs have been at a standstill during the past month. USOM has continued to provide commodity support for the expanding refugee relief program. Supplies of bulgur, blankets, rice and cooking oil were received from Saigon and turned over to the Social Welfare agency for distribution to the refugees.

Due to the unavailability of road transportation from the coastal areas for the past two months the supplies of roofing and cement have both been seriously depleted. This situation is handicapping progress in construction of the refugee center, as well as other projects previously approved under 1965 rural reconstruction program.
July 31, 1965

PHU BON (9)

The Chief of State, Prime Minister and other high ranking Vietnamese Officials visited the Province during the month. Enthusiasm exhibited on the part of the Province Officials and the population was negligible. Although numerous signs were scattered throughout the Capital only the Civil Servants and small organized groups of Montagnard attended the ceremony. All speeches were given in Vietnamese with the majority of the audience being Montagnard.

The mortaring of the Provincial Capital on two different occasions last month exemplifies the lack of security, not only within the Province, but in the Provincial Capital. Additional troops have been sent to the Province with the mission of guarding and protecting the Capital. These troops form a perimeter around the Capital. This by no means indicates the Capital is secure as was evidenced by the mortaring. If conditions are favorable it is believed that the VC will attempt to overtake the Province Capital despite the increase in friendly forces.

The rationing of rice is working effectively. The Province has cut almost one half of its rice consumption. During the month all people within the Province Capital were ordered to re-register with the police. Each person received a certificate when he re-registered and this certificate along with the family booklet and normal ID card has to be presented prior to the purchasing of rice. There is no evidence whatsoever that black marketing of rice is taking place. All rice that enters the Province goes directly to the Provincial warehouse and distributed through one contractor. The price of rice remains at 8.7 piasters per kilo.

It is estimated that over fifty percent of the shops in the Capital are closed due to the lack of supplies. These shops and more will be be closed until an attempt is made to open the routes of communications. Future trends: a continuance of the present economic crisis.

It is estimated that within the Provincial Capital at least seventy five percent of the population have constructed fox holes or bunkers in the front of their homes. In some cases people are sleeping in their bunkers. The people are well aware of the indefatigable efforts of the VC. This results in numerous people camping at the airstrip daily in hopes of obtaining air transportation out. In short, the people are scared. In this particular Province it is not that the people under-estimated the actions of their Government, they don't understand them.

Public Works activities within the Province Capital and the construction of classrooms in the Capital are the only major programs in operation other than refugee support. All other USOM supported programs will continue to lag until the security situation eases.
July 31, 1965

DARIAC (11)

The political situation continues to deteriorate relative to the worsening economic situation caused by VC control of all highways in and out of the Province. The provincial and district officials cannot circulate more than a few kms. from their Hqs due to the security situation, therefore the government presence is not felt in the countryside. The confidence of the people towards the government has lowered during the reporting period due to (1) inability of the government to keep the province resupplied in basic commodities, (2) continued price rise for foodstuffs and other basic commodities, (3) inability of the business and merchants to import or export goods for the continued conduct of their businesses, (4) continued deterioration of the security situation.

VC effectiveness continues to be characterized by better tactical organization, larger units, unconfirmed presence of PAVN units and Chicom weapons. Trends: Denial to GVN of use of highways to create economic problems and dissatisfaction among the populace thus pointing up the lack of GVN control and authority in the province.

The refugee situation created by people abandoning their hamlets and concentrating at district Hqs and vicinity of Prov Hqs (estimated 13,000) is at present beyond the province's capability to adequately due to the lack of air transport from province to district and a shortage of commodities. Four hundred and eighty tons of rice was air-lifted into the province during the month and it is not getting much beyond Provincial Hq and vicinity and District Hqs. Province has established rice rationing as follows: Normal ration adults: 650 grams per day, under 10 yrs of age 300 grams per day; Heavy labor 850 grams per day, Hv laborers under ten: 400 grams per day. The economy of this province is slowly but surely coming to a grinding halt. Normal exports of rubber, coffee, corn, and string beans cannot be made due to highways being under VC control. Canned milk and sugar are non-existent on the market. Rice is transported into the province by air by USAF and USOM with token Vietnamese airlifts. All commercial construction has ceased due to lack of cement and gasoline to transport construction material. We are at the point where mail is being flown by USOM courier between Ban-Me-Thuot and Quang Duc.

Social/Psychological situation is: rather bad, but nothing that the opening up of Highway #21 couldn't reverse.

Our warehouses are empty, Province has no gas and programs are generally at a halt. This could be reversed by opening up Highway 21. The input of USOM commodities into the Province during the month was negligible due to the concentration of rice movements.
July 31, 1965

KHANH HOA (12)

No political problems were noted during the past month. All apparent efforts of local authorities were concentrated on the efforts to stabilize the price of goods, and to minimize speculation.

VC incidents continued its gradual increase during the past month. Atrocities, as for the past two months, continues to take the lead. The bulk of activities is centered in the District of Dien Khanh and secondly, in the district of Minh Hoa. Minh Hoa District, previously relatively free from VC activity, has, during the change of District Chief two months ago, been approximately 50% lost to the VC.

The past month witnessed a slight continuation in the rise in the cost of living. Basic items, such as rice, sugar, milk, are still in short with the populace having to pay higher prices for them. Black marketing appeared to be less prevalent during the past month with the higher prices on most items and the scarcities due to transportation difficulties. It is felt by the USOM Representative in Nha Trang, that a considerable amount of the difficulties presently being encountered could be lessened if more ships (LST-type) could be utilized for shipment of commodities from Saigon to the Coastal Port Cities.

In Nha Trang City as well as in the countryside, for the past month, there has been a fear of the possibility of famine. The shortage of rice coupled with many other item shortages has placed this fear in the minds of the people.

There has been a tendency on the part of the populace to exhibit a growing distrust of the military as well as Governmental Officials. The roots of this growing discontent lies in the increase of corruption in the Province. For example, with rice and cement, the individuals of authority are receiving the approval for legal purchases of rice and/or cement over most individuals who have no "in" with Governmental officials. After the items are purchased legally, they are then sold on the black market for 100-200% profit.

All of the USOM supported programs were temporarily stopped during the month, due to a telegram received by the Province from the CRRC, instructing the Province to do so.

On the 28th of July, 1965, a re-evaluation was started of some of the project sites in respect to existing security.
July 31, 1965

TUYEN DUC (14)

No significant changes occurred in the political situation during the month. People have a "wait and see" attitude towards the Central GVN. Political efforts at provincial level are generally favorable. The elected Provincial and Dalat Councils are functioning with some positive effect as advisory bodies to the Province Chief. Economic problems tend to monopolize the energies and resources of the local government.

The general economic situation deteriorated further as the road from Dalat to Saigon remained impassable to vehicle traffic. On several days, the province rice stocks were depleted and airlifts were called to supply a limited ration for the population. Road #11 to the coast has remained open but most imported items are in short supply with gasoline, sugar and milk rationed when available. Several hundred tons of vegetables have rotted in the fields with only small amounts being airlifted out. Coastal shipping for vegetables proved unsuccessful. Farm supplies and animal feeds also in short supply. Slaughter of pigs critical due to lack of feed grains.

Faith in the GVN is being reduced as economic pressure increases. The VC are blamed but the GVN is criticized for its inability to keep the roads open. The coordinated efforts of agencies involved in psywar activities have shown considerable improvement but without rice - words are empty. The Social Welfare Team and Provincial Committee, and student groups have also been active during the month.

USOM supported Programs: MA cadre generally unsatisfactory, Montagnard resettlement support very effective, self-help progressing but affected by economic pressure, Rural Affairs Ministry's cut in cadre quotas adversely affected RR programs, public works slow to begin RR projects so STAT Team and ARVN Engineers to carry out some projects, teacher's training continuing and school construction to begin soon, Construction of DaThien Dam approved, hydrojet well drilling budget approved, Montagnard development activities generally effective, rural health program weak and the rural electrification cooperative progressive on schedule.

The security situation remained the same with only occasional incidents involving small units. Major incident involved a VC company action against a hamlet bordering Dalat. Two hamlet chiefs were kidnapped in other incidents.
Security has become worse with respect to hamlet attacks and road interdiction incidents. Travel along some roads is still possible although long trips must be done with escort. A 12 year old Montagnard girl was shot and killed attempting to flee from the VC when she and others tried to return to their old village for rice. Twenty people were taken from Nghi Xuan hamlet but all except five (two men, three young girls) have been returned after a 7 days lecture class.

The economic situation has become very critical especially foodstuffs such as salt, sugar, soy sauce, nuoc mam, milk, etc. Only five tons of this type food was flown in this month. The Province Chief is exercising good control of food rationing and prices. Additional assistance is required as people are more concerned with obtaining food than carrying out their jobs, which is natural and no real progress will be made in province until food stock can be built up so people don't worry about a shortage.

All USOM supported programs requiring construction, except the fish pond, have come to a halt. Lack of cement and building materials, which cannot be transported into the province due to the gas shortage, remains one of the biggest obstacles. Security is not the biggest obstacle confronting the implementation of these programs.
July 31, 1965

IAM DONG (16)

The general attitude of the population towards the control government remains apathetic, however there are no signs of active opposition to it.

Major Viet Cong incidents during the month included two ambushes of government convoys on highway 20. There were numerous reports of stopping of civilian traffic and propaganda lectures in hamlets. The resettlement center of Gia-Bac on highway B between DiLin and Phan Thiet was abandoned because of Viet Cong attacks. On the night of July 21 a VC bomb wrecked the USOM residence and damaged the adjoining office.

The blockade of highway 20 continued throughout the month. Rice stocks dwindled to as low as one day supply and severe rationing and price control was enforced. To insure constant supervision of distribution, rice was sold only by village officials at village and hamlet offices. The price of rice increased approximately 2 piasters per kilo over the normal price due to the additional cost of transportation. The Information Service placed banners at rice distribution centers to explain that the shortage of rice and price increase was due to the Viet Cong. A small amount of rice was air lifted into the province and a 12 day supply was shipped by boat to Nha Trang and transported by convoy to Bao Loc. Planes transporting rice to Bao Loc returned tea to Saigon for the Tea Cooperative. This enabled the Cooperative to continue to pay the normal price to farmers for tea, whereas the commercial dealers were paying less than half the regular price.

The continued shortage of rice and other commodities due to the blockade of highway 20 has had a serious effect on the morale of the people. Large tea plantations are continuing normal operations but owners are apprehensive as to the future if the road blocks continues. Despite the fact that a program has been initiated to construct bunkers near all government buildings, the general population does not appear to be worried about a full scale VC attack upon the provincial capitol. Reports indicate that the residents of DiLin, the other district capitol, do fear such an attack.

Most of the USOM programs continue to be held up due to lack of cement and other commodities. Lack of sufficient trucks has also hindered the resettlement of refugees and other programs. Major efforts during the month were devoted toward securing airlifts of rice and tea.
There has been no significant change in the political situation this month. The return of control of the Nat'l Government to the military and subsequent spartan attitudes and austere policies have had very little, if any, effect at this level.

Anti-VC feeling among the population in the secure areas appears to be high. It seems that as a by-product of the increased tactical air support in this province there has been a general raising of morale of the people sympathetic to GVN. Recruiting of the RF forces continues to exceed the ability to clothe and equip the new troops.

There has been no significant change to the security situation in Binh Thuan. Roads are controlled by the VC and freedom of movement in the southern three districts of the Province is extremely limited. There has been a significant decrease in VC incidents this month and no major engagements between VC and GVN forces since May 17.

The Province is concerned over the lack of adequate rainfall. The unusual shortage of rain for this period has already affected the corn crops as much of the seed failed to germinate. The inland districts (Thien Giao & Hoc Do) are being severely hurt by the drought. The use of fertilizer this year is being reduced to 300 tons versus 1100 planned. Both factors will significantly reduce the Province's normal rice harvest.

Prices of commodities are continuing to show a steady rise as a result of the VC controlling the roads and closing the railroad.

There continues to be an apparent upsurge of grass roots commitment to the GVN cause. This was first noted last month with a remarkable jump in recruitment of additional regional military and para-military forces.

A decided improvement was in the VIS field where new vigor, courage and flexibility of operation was observed. This was primarily due to closer supervision and coordination by the JUSPAO member of the country team and also because of the application of their limited facilities to a more restricted, and hence, more manageable area.

There has been no significant improvement in the Rural Reconstruction Program since June. Overall it is still unsatisfactory. Province has asked CRRC for a 50% percent increase per NLH classroom funds and approximately 30% increase for Provincial Development projects. This increase in fund is believed to be necessary to interest contractors in bidding. Materials have taken a sharp increase and the problem of fuel for the contractors trucks and equipment is a major procurement problem. It is hoped that if the increase are granted contractors will be more inclined to bid. If something isn't done to alleviate the fuel situation for civilian use the Rural Reconstruction Program will fail.
Binh Tuy (18)

July 31, 1965

The political situation is unchanged from last month. The Province Chief has not gotten out as much as he should, even for a short visits to secure hamlets and refugee centers. His Deputy for Security has represented him in all ceremonies outside the province headquarters. The population is wondering who really is the Province Chief. Reported VC political orientations were few and ineffective.

The 51st Ranger Battalion, ARVN, has been relocated in the immediate area and has conducted several search and sweep operations. Highway One has been relatively free of VC activity other than a few reported small scale VC Tax operations.

All bridges and culverts are now repaired and operational at this time. Public Works people in this province have done an excellent job under some really hazardous conditions.

MACV Sector Team #82 has conducted air strikes using all available fixed wing and helicopter craft hitting known and suspected targets throughout the province. Hiep-Hoa and Van-My have received the majority of the effort. On 27 July US Naval elements bombarded VC assembly and training areas in the locale of Hiep-Hoa coastal and immediately inland.

It appears that the assignment of Binh Tuy province to III Corps Tactical Zone has resulted in greater military support.

The reported increase of VC taxation units and harassing actions in Long Khanh province have reduced vehicular traffic into this province. It is reported that they are increasing the tax levies, burning Saigon newspapers, and generally creating doubt as to the ability of GVN to provide security between provinces. Shipments of charcoal and fish by road to Saigon has been reduced by 40% over last month.

The PsyOps Committee could be more active at this time. A few leaflet drops were made and a broadcast plane was employed. These appear to be a "do something" type of action rather than a well-planned coordinated effort, to gain the maximum results.

In USCM-supported programs, 265 piglets were purchased and a contract was let for 16 water-buffaloes. Actual construction of 22 classrooms started.
July 31, 1965

LONG KHANH (19)

There have been no indications of anti-GVN or anti-American attitudes. A meeting was held promoting the "North Liberation Front".

The security situation remains about the same not any worse, but still very unfavorable. A few hamlets can be reached in safety by auto, but chopper must used for visits to most. The VC have increased their harassment of hamlets beating or killing hamlet officials and destroying development projects, bridges and roads.

Farmers are still harvesting fresh corn, soybeans and greenbeans. The producers of fresh corn are suffering because the price received is now less than the cost of production. Consequently more of these farmers are becoming actively interested in the yellow-corn-for-export program. The price of white rice increased from $VN 7.55 to 7.61 per kilo, while the black market price exceeds 12.00 $VN per kilo. One reason why we cannot find contractors to bid on construction projects is that the labor shortage is becoming acute.

In July, 200,000 leaflets were dropped by helicopter throughout the province; one VC defector found his way to the Chieu Hoi Center. The RF and PF are participating in civic action projects such as road construction and hamlet self-help projects. The Filipino civic action/Psyzwar team has been withdrawn from the Province without explanation. Two lambrettas for Psywar/civic action have been released to this Province by MOI/ Saigon. The VIS has just completed construction of an outdoor movie screen for daily showings of propaganda and entertainment films.

For the past few months the deputy chief for administration has been dreaming up every delaying tactic possible in regard the approval and/or release of funds for various development and special projects. Finally, just a few days ago, he in effect admitted that he is afraid to approve expenditures because such approval might not be in accordance with Saigon's interpretations of any "Guidelines" that have been issued; and that he is afraid to release money for projects that have been approved because the District Chiefs probably will not submit the proper justifications for such expenditures.
The people in Phuoc Long are not really concerned with what Saigon does as long as the essentials for living are available. The fact remains that Song-Be, along with three other district areas were either overrun or hit very bad despite the presence and efforts of GVN. As people anywhere, they fear for their lives.

The security situation is, as always, the top priority in Phuoc Long. Nearly every night one or more of the district headquarters are probed. At present GVN and US officials are walking and driving around the capital area quite freely. The addition of ninety (90) more national policemen should make the people feel a bit more secure.

Economically, the province is in bad shape. All bridges out of the capital to the districts have been blown up during the past two weeks. All of our supplies have to be air-lifted in. Supplies cannot get out to the districts, except by chopper which we don't have. The Province Chief has asked the III Corps Tactical Zone commander for the use of a H-34 chopper three days a week. If granted, this would be a boon to the province.

The people are worried about another attack on Song Be, since the VC have announced they would try again.

Unless USOM sends cement to Phuoc Long, there won't be any USOM supported projects except to order rice and fuel. USOM has provided a number of sheets of roofing and nails to cover the artillery battery headquarters. In the near future, a sewing center will be set up and USOM provided machines will be used.
Viet Cong activity has increased throughout the province and there have been reported assassinations of hamlet and village officials. The hamlet chief of Hung Yen and the hamlet chief and deputy hamlet chief of Dong-Long hamlets were assassinated. Viet Cong sabotaged bridges at Tan Khai and Tao O. Personnel losses were heavy on both sides during the month and the number of Quy Chanh returning to government control has increased.

There appears to be sufficient food for the local population. Locally grown vegetables are in abundance but rice, meat and fish are scarce as a result of the VC roadblocks. There is a shortage of fuel as the province was supplied with only a few thousand liters of gasoline during the month. Salt and beer are now available. Prices appear to be firming up although they are higher than last month's. Morale of the local population is improving.

The psychological warfare section increased its activities for National Shame Day (July 20) holding meetings, talking to people, and dropping leaflets in hamlets. Building has finally begun on a number of USOM supported hamlet schools.
Political stability continues to prevail in at least two areas - Phu Cuong and Lai Thieu. One District - Phu Giao is in a period of transition and the inevitable confusion exists.

The security situation is similar to that in contiguous provinces. Four district capitals are accessible by chopper only. Very few villages are accessible at all.

Prices for most commodities are rising. Rice is getting harder to obtain each day, but just from observation, the market in Phu Cuong appears very prosperous. Phu Giao is on the verge of economic collapse since few supplies have come in since early July.

Salt is rare and one some days went up to 20$ a kilo. Charcoal went from 3.50 to 4.50 plaster a kilo because the VC refused to allow firewoods trucks into the producing areas. The VC no longer wanted to collect taxes from the truck owners but threatened to fire at the truck tires or burn the trucks if they caught them. The charcoal producers have little remaining wood supply for their kilns and must buy their wood supply as best as can. Profits are decreasing and some are considering closing their businesses.

Of the 2400 odd refugees in Phu Cuong, a large percentage have been dispersed to other areas; to Gia Dinh for resettlement, back home to Dong Xou and one group at Lai Thieu is still supported by Social Welfare. At present, there is a total of 771 families of refugees consisting of 3,476 persons - 1346 adults and 2131 children. 254 are rubber tappers from Thuan Loi Plantation, the remainder are merchants and laborers. The tappers have been recruited by the Michelin Company to work in Dau Tieng Plantation in Tri Tam District, Binh Duong. 167 families from Boi Loi, Van Hanh and Ba Nha have been relocated in Ben Cui, Ben Sue and Dinh Thanh, Tri Tam District. These families have received relocation money ranging from 1,500$ to 3,500$ according to the size of the family. The province has provided them with land for housing. These families are now self supporting. The remaining 604 families in Phu Cuong, Chau Thanh District are waiting to return home. Assistance have been given them by Social Welfare and by USOM.
July 31, 1965

TAY NINH (24)

The month of July was marked by the departure of General Le Van Tet from the office of Province Chief, and his replacement by Major Ho Duc Trung. While consternation greeted the news of General Tet's departure, which was unexpected, the new province chief gives the impression of being both capable and vigorous; and appears anxious to cooperate to the fullest with all involved in the US military and civil effort. Unfortunately, there are indications that he does not enjoy the support given to his predecessor by the Cao-Dai clergy, who boycotted the Change of Command ceremony and pointedly did not invite Major Trung to important ceremonies relevant to the laying of a Cornerstone at the Holy See. Nevertheless, Major Trung is going about his duties with determination and vigour; he has already devoted a great deal of his time to visit outlying areas in an effort to win further recognition and support among the peasantry. USOM Tay Ninh will bend every effort meanwhile to lend the new Province Chief all possible assistance in his new and difficult assignment.

There has been a marked increase in VC activity during this period, which has been characterized by attacks in company strength on RF/PF outposts. Attempts were made to disrupt lines of communication by the erection of dirt mounds and the detonation of culverts. On July 20, the VC attacked Tay Ninh City with grenade throwers, wounding three RF soldiers.

The weather picture remains unchanged, except for a further increase in precipitation as the monsoon progresses. Surface travel to most hamlets connected by road is still possible as long as proper security is provided.

The apparent inability of GVN to reimburse its numerous provincial medical personnel (health workers, medical assistants, etc.) is regrettable; it has been responsible for a decline in the quality and availability of medical services throughout the province, since cadre cannot be expected to remain at their posts without pay for an indefinite period. At the present time, there are only four doctors (besides the medical personnel in the Philippine Surgical Team) assigned to a province, whose population totals 232,000, and two of these are military. The news that there will be a replacement for the departing Surgical Team, was particularly welcome, since their departure would have otherwise left a void which, would have had serious consequences.

The teacher training course is proceeding well; and construction has begun on 50 of 77 classrooms funded for 1965. It is expected that most, and possibly all, of these will be completed prior to September 1.
HAU NGHIA (25)

July 31, 1965

Viet Cong - GVN conflict continues to be marked by gradual GVN forfeiture with enemy moving into voids. Certain amount of VC apathy apparent in slowness with which they exploit demonstrated GVN weaknesses. Some antipathy expressed among Catholic officials at return of Ambassador Lodge, with predictions of Saigon street demonstrations that failed to materialize. A feeling of uneasiness by Province Chief on his continued tenure - apparently based on fact he was Quat appointee and is without high connections. District Chief appointment and removal appears to be at discretion of echelons higher than provincial level - greatly ham-stringing Province Chief's capability to enforce program accomplishments. Two civilian demonstrations against artillery firing during the period. One on 15 July at Bao Trai involved only 25-30 women from So Do and Tan My hamlets, and was dispersed quickly. Second on 26 July at Trung Lap Village involved 400 people (mostly women) and was difficult to disperse. Amount and type (unobserved and interdictory) of fire is such as to precipitate demonstrations even without VC stimulation. Province claims missions are ordered by 25th Div Cmdr and even joke about how useless they are from standpoint of killing or harassing VC. The Prov Rep is convinced that this type action is alienating the civilian population beyond all hope of recall and is useless.

The security situation is bad and deteriorating. Thirteen people killed in ambushes on National Highway #1 during period. Twelve more killed in two day period (26-27 July) on main provincial road leading out of Bao Trai from minings. Two separate forays into Cu Chi District Town made on night of 25 July by VC - one to shoot up PF quarters, and a second to assassinate intelligence squad members. Significant to note that no countering action was taken all night within a District Town and VC given run of area. Numerous similar instances during period. GVN is literally sitting behind barbed wire at night allowing VC to pick time and place of action - to his advantage. Daylight operations continue to be the well-advertised, several battalion, no contact type supported with pre-strikes of artillery and air. ABC TV crew forced to seek shelter during daylight form VC small arms fire within provincial capital.

Price rise in rice has plateaued - but at level 30% higher than July 1964. First class rice running from 950 to 1090 plasters per 100 kilos during period. Tremendous increases, up to 100%, have been noted in poultry and eggs, and the price of Biere Larue has risen from 9.5 $VN to 12$VN. This is attributed by provincial officials to hoarding on the part of the farmers, partly to drive the prices up and partly as a result of increased interdiction of road by the VC.

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Military advisors at the Trung Lep Ranger Tng Ctr report a concerted VC effort to intimidate farmers not to supply the Trung Lep town. Final production figures for processed sugar from Hiep Hoa shows a 1965 total of 8,140 tons, about 10% less than in 1964. If planned defoliation of the Vaico cane planting area takes place, production will go down about 50% in 1966. Of possible economic and political significance is the fact that the recent rash of minings on the Hiep Hoa - Bao Trai-Cu Chi road coincided with the termination of major truck shipments of sugar from Hiep Hoa. Rice plantings made in May are up to 24" in height and some are now being transplanted. There will again be only one crop, although double and triple cropping of rice is possible in this area. Currently, there is less water than normal this time of the year, and some difficulties are being experienced in the more fertile, higher location areas. Also as a result of the comparative dryness, more than the normal damage is being done by insects, particularly grasshoppers, and spraying of insecticide is far less than desired. Approximately 15% of crop yield is estimated to have been lost to the insects.

Med Cap, 11½ hours of broadcasts by Psywar Helicopter transported personnel, and actions of Chieu Hoi platoon on a person to person basis constituted the major psywar efforts during the month. On the VIS side new activities included the installation of loudspeaker equipment in outposts in the Duc Hoa and Cu Chi Districts, thus allowing radio broadcasts to hamlet personnel. Approximately 50,000 leaflets were air-dropped during the period. Demonstrations were held throughout the province on 20 July to celebrate the Victory or Reunification effort over or with NVN. These displayed varying degrees of effectiveness, with the one at Bao Trai having a negative impact due to poor planning, lateness in starting, degradation of personnel forced to participate, and the lack of enthusiasm of all participating. A demonstration was held on 26 July in Duc Lap village shortly after a Lambretta Scooter was blown up on the Bao Trai - Cu Chi road by a pressure mine, killing eleven civilians including three children, a pregnant woman, and several older citizens.

The school program is well underway with four classrooms completed, construction begun on 25 more, out of the 58 authorized for 1965. As of the date of this report, additional roofing was being picked up in Saigon which will permit the program to continue without any delay caused by shortage of materials. Teacher training has gone exceedingly well, with all 65 of the teachers still enrolled and completed the second month of their course.

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The Self-Help Program still is not off the ground, although 33 of 35 authorized projects were formally approved on 14 July. Initial issues of cement (240 bags to each district) to support this program were made by USOM based on the approval, but no funds had been sent to district by Province as of the close of the period. Food distribution continued at a high level, with special emphasis placed upon refugees. Relocation of refugees is less than satisfactory, with only 50,000 piasters being actually distributed during the month although approval for nearly 600,000$VN exists. A joint USOM-MACV effort during the month resulted in four harelip children getting operations to improve their appearance.
Increased VC activity in Binh Chanh and Thu Duc districts has caused a deterioration in security.

The economic situation throughout Gia Dinh province is in a state of flux. There are indications of hoarding and inflation despite government measures against rice profiteers and speculators. Official rice prices have increased on the average of 45$VN, making it 700$VN per 100 kgs and the black market price has passed 1,000$VN per kgs. Taxi fares have sky-rocketed and a great increase in prostitution has been noticed in Go Vap. The prospect of a large increase in American personnel is creating conditions for speculation. There is a large influx of refugees, creating potentially serious problems in the province. GVN has directed the province to provide facilities for the refugees and has directed USOM to provide commodities. There is concern that if the military situation continues to deteriorate that large numbers of troops and refugees would be falling back into Gia Dinh province, creating an almost insurmountable burden on the provincial government. Thought is being given to significantly increased production of vegetables in Hoc Mon and Go Vap districts, utilizing technical advice from the Chinese technicians.

To date the provincial JUSPAO representative has been operating in Gia Dinh without coordinating his efforts with the province chief, sector advisor, or the USOM representative. Many of the VIS cadre are seeking new jobs because of the low salaries they receive.
July 31, 1965

BIEN HOA (27)

The political situation remains constant with no discernable trends.

On 8 July a government decree was issued which transferred to Bien Hoa Province from Phuoc Thanh Province the District of Tan Uyen and one half the District of Hieu Liem. The one and one half Districts were consolidated into a new expanded Tan Uyen District. As this District is located in zone D, there will be a problem of shipping commodities and supplies by road.

The security situation remains relatively unchanged. Arrival on 14 July of the 2nd Brigade, 1st US Infantry Division in the area along route 1-A northeast of route #15 precipitated a fair amount of activity for the first four or five days after which the situation quieted down. The brigade lost six killed and about 25 wounded during the early settling in period but quickly cleared the area and seized the initiative.

The purchase of a good grade of rice remains difficult in the public markets. The price of poor grade rice has gone from 6$VN to 9$VN per kilo during the past month and the price of pork has advanced about ten percent. Charcoal has gone from 3 to 5$VN per kilo. The economy is afflicted with creeping inflation which is hurting the little man. Housing is in very short supply and there are indications of the most flagrant cases of rent gouging by local and absentee landlords where Americans are involved. This matter will be discussed with the Province Chief with a view to correcting this situation by means of increased taxation on rents or whatever other methods might be employed.

One of the most productive and informative conferences ever held in this Province was on 6 July when representatives of the Central Rural Reconstruction Council from Saigon visited Provincial officials in Bien Hoa. Not only were budgetary and other matters solved but equally important was the fact that the Saigon representatives spoke with a good deal of authority which was not overruled or watered down by GVN in Saigon. These meetings are scheduled quarterly and are extremely useful. The Prov Rep suggests that changes in personnel of the team be kept to a minimum as the complicated nature of the program requires a depth of knowledge which can only be acquired by experience.
July 31, 1965

PHUOC TUY (28)

The political situation in the province remains fairly stable in spite of increased VC activity, especially along Hwy #15 and in or near the provincial capital. Although several of the minor GVN officials are quite apprehensive about the situation most of the top GVN officials are exhibiting a calm exterior. All in all the political situation is surprising calm.

The security situation has deteriorated in some areas and improved in others. The security situation in the districts of Duc Thanh and Xuyen Moc continues to remain critical as only the district towns (capitals) are under GVN control. All roads leading into the district capitals of Duc Thanh and Xuyen Moc are cut and under VC control. The area south of Dat Do to Phuoc Hai is more insecure than it was a month ago. On the positive side, increased use of provincial control operations with several successes has increased the security in areas of Long Le district, Long Bien and portions of Dat Do districts. The unsuccessful attempt of the VC to infiltrate or attack Bao Diep has increased troop morale. Too, air strikes in the province with operational successes in Xuyen Moc and Duc Thanh districts has further lifted troop and general population morale, however, this may be a pit into which the GVN often stumbles (a win at Dat Do in December and a huge loss at Binh Gia afterwards).

The price of all commodities and foodstuffs have risen since the so-called rationing and price control measures were put into effect. The cutting of Hwy #15 has caused an economic pinch on incoming supplies and out-going marketings of fish. Much of the economy of this province is based upon the fishing industry, and the cutting of Hwy #15 has stopped the flow of this commodity to the Saigon markets. However, as of July 27th, the road was open again, for how long we will have to wait and see.

Social/Psychological trends are slightly more positive than a month ago. The villagers of Phuoc Hai, over-run by the VC and re-taken by GVN forces the following day with a large number of VC killed, has made this village even more pro-GVN.

The over-all situation in the province is one of slightly improved security in and around the province capital with the rest of the province about the same as last month. However, the economic picture is darker with more difficulties to come.

The open-mindedness of the Budget Review Team was most refreshing, and it was a pleasure to work with the Team members. The principal of making decisions on the spot is one of the strong points of the Team.

over/...
PHUOC TUY (cont’d)

July 31, 1965

Approximately one thousand (1,000) families have indicated a desire to move into the province in the Le Voi area. However, this group was to be led by a retired army officer and a request had been made to the Central Rural Reconstruction Committee and to IIICTZ.

This group would provide youths for FF to provide security in the area. However, it was learned that CTZ III Corps had turned down this request. This is unfortunate as land is available in the area where they wish to relocate, the families could start a new life, and the strengthened FF could provide security for the new village and for Provincial Road #44.
July 31, 1965

VUNG TAU Special Zone (28A)

Lt. Col. Quang has replaced Lt. Col. Conh as Mayor of Vung Tau, and first impressions are favorable. Lt. Col. Quang appears cooperative and willing in his new capacity, and it is expected that progress on the ER Program will progress more rapidly under his guidance.

The security situation continues to improve.

Interdiction of Hwy #15 by the VC has caused economic inflation in Vung Tau. The price of foodstuffs has gone up greatly with the exception of fish which is caught locally. However, even the fish market has suffered due to lack of means of transport fish and other seafoods to the Saigon market. Some fish was transported to Saigon via water, but the main means of transporting fish is by truck over Hwy #15. Total tonnage of fish caught during the report period was 950 tons, which is about 200-250 tons less than normal. An apparent reason for this is lack of fuel for the fishing fleet for approximately one week.

The lack of tourists has affected the economy as has the inadequate supply of beer to be served to the servicemen. During the past week most of the local bars have remained closed due to this shortage.

In spite of traffic being interrupted on Hwy #15 by the VC the spirit of the inhabitants of Vung Tau has remained high. The road was re-opened on July 27, 1965.
July 31, 1965

GO CONG (29)

It is estimated at least eighty percent all people, favor GVN as opposed to VC. Inhabitants of Go Cong are politically passive - no organized political attitudes, no discernible religious dissenion, and officials are on good terms with all segments society (weak link is village level where it is difficult to induce good men to come forward for fear of VC retribution). Provincial Citizen's Council formally installed and first session held to elect chairman. Younger GVN officials, doubt as to how effective on useful it will be as incumbents are old men, passive, and seemingly not too bright nor articulate. However, they themselves seem serious in assuming positions. It does represent some progress in establishing what one might call a "political base". Province Chief intends to give full cooperation and try to make the system work. Province now conducting two week training course for fifty hamlet committee members - periodic training program for rural officials as they elected in newly pacified hamlets (USOM presents two hours on U.S. Aid to VN). In summary, there appears to be a steady - strengthening of peoples' confidence in local GVN, and the GVN is making reasonably effective efforts in political field to gain support, VC incidents decreased some fifty percent during month. However, last two weeks saw marked increase to include two incidents of harassing mortar fire on Go Cong City - 20 and 31 July. First incident 14 killed somre 50 injured and 54 homes destroyed; second incident reported 7 injured, no significant property damage. Also, on 3 July District town of Hoa Tan (Tan Nien Toy) received harassing mortar fire. In addition, last two weeks saw marked increase in VC killings (more than ten) of pro-GVN people (rural officials, objectors to VC activities, etc.). This indicative VC reverting to terrorist methods in attempt prevent peoples' steady swing towards GVN.

Prices inched up somewhat, no panic among population but noticeable concern. Construction and commercial activity remains reasonably sound. Some shortages of foodstuffs reported - due to drought, increased population Go Cong City, but no serious affect on people as yet. Drought caused loss of early-season rice crop - however, not too serious as relative small hecctage.

Social welfare activities began to function and react more effectively (refugees being handled decently, relocation payments being made, and assistance in kind to destitude families being carried out quite satisfactorily). Government-sponsored programs of schools, water cisterns, self-help projects, electrification, etc., has and is having its impact on psychological attitude of people in favor of GVN. In summary, GVN social welfare work and economic improvement among people have improved social well-being, and has won friends for the Government.

over/...
Ministry and rural reconstruction programs considered unsatisfactory are:
(1) rural health, (2) youth and sports, (3) NACO, (4) public administration, (5) public works (electrification/roads and bridges) (6) fishery, (7) psywar information, and (8) an unsatisfactory pay scale, promotion opportunities, civil service status, etc., for our front line cadre.
July 31, 1965

LONG AN (30)

The Provincial Magistrate, estimated that the local situation is stabilizing. His judgment was based on the fact that during the past year the Long An legal docket of civil cases has increased considerably and that cases are coming into the provincial court in increasing numbers and from greater distances from the provincial city. This encouraging trend indicates an improving confidence in the government on the part of the local populace.

The security situation in Long An can best be described as "holding its own". Although there has been no significant deterioration in the security situation, there evidence of an apparent increase in Viet Cong strength within the province.

Seasonal agriculture activity is getting into full swing. Harvesting of the early rice crop is expected to begin within three weeks. Some early rice crop damage from insects has been noted. The provincial plant protection service is endeavoring to cope with this problem with the assistance of the asst. Prov. Rep. and an entomologist from USOM Agriculture Division. Numerous malpractices in the use of insecticides and in the sale of associated chemicals on the part of commercial dealers have been discovered. This problem was being studied. Light industry of the handicraft and lightly mechanized variety is flourishing throughout the province both in "secure areas", and in some instances, in Viet Cong dominated areas. Duck raising, a major agriculture effort in Long An, is flourishing as the season progresses. Approximately four and one-half million were produced during the past season. Rice milling has begun anew in the 109 mills of the province. This activity is significant since most mills have been idle during the past four to five months. The inflationary trend in cost of labor and building continues. It is estimated that costs of labor and building materials are up from 25% to 50% since the first of the current calendar year. An example of this situation is the cost of school construction. School classrooms which were built for 50,000$VN at the first of the year can no longer be accomplished at that price. Contractors cannot be found who will bid on projects of this nature under existing circumstances.

In conjunction with the apparent increase in Viet Cong strength in the province, there has been an associated increase in air activity and the use of artillery. These activities have created a situation whereby large numbers of people are seeking refuge in district towns and population centers on the fringes of these "free zones". Generally speaking, these "part time refugees" will come to the district towns of Ben Luc and Thu Thua via sampan and small junk boats in the evening and remain overnight.

over/...
LONG AN (cont'd)

During daylight hours they return to their farming and fishing endeavors in their villages. The total number of these individuals is difficult to estimate, but the count may go as high as five thousand. The Social Welfare Director, USOM representative, District Chiefs and others are attempting to work out an assistance program for these people.

Generally speaking, USOM projects and programs are progressing satisfactorily. The most significant deficiency is in the area of classroom construction under the 1965 budget program, where the funds allocated are inadequate.
July 31, 1965

KIEN TUONG (31)

No new political activity has been evident during the past month. Relations between the Province Chief and religious sects shows some small improvement. In the past month he visited both Buddhists and Cao-Dai priests. There exists the possibility of some clashes between newly imported Hoa-Hao CIDG troops and locals in Tuyen-Nhon District. The Province Chief visited that area recently with the hope of forstalling any incidents. Relationships between the Province Chief and the LIEB Commander are good.

Newly elected numbers of the Provincial Council assumed office on July 12, 1965, right after their election. The chairman of the group is Mr. Nguyen-Huu-Duc, the Vice-Chairman, Mr. Pham-Xuan-Tung and Secretary, Mr. Pham-Van-Anh. They have been taking part in our bi-weekly Rural Reconstruction meetings, also give speeches and attend most official functions. They do not however, seem to have much power. The Province Chief has shown them every courtesy and provided them an office in the Provincial Capital. According to the Chairman, at present their work has been confined to setting up their office and soon they would be going out to get first hand information of what the people want and relay this to the Province Chief. He mentioned further that on August 9, 1965, their duties and activities would be discussed in a meeting thus making their work assignments very clear. We hope on our next "helicopter day" to take them around the Province so as to further acquaint them with USOM’s role in the Province. This invitation has been extended to their office and copies of "The United States Assistance Program in Viet Nam" in Vietnamese has been given them for their perusal.

The security situation during the past month has been mixed. There have been increased minings and stopping of civilian buses in Kien-Binh District. This would include traffic on Route 29 and the La Grange canal. In this District, there has been a notable deterioration in security along the canal. For any real security in this area, large scale operations on a Division level south of the canal are necessary. Small scale patrolling along the canal has been notably lacking. This has been due in part to the present District Chief, Lt. Le-van-Toan. He is being replaced in early August by Capt. Do-Tri-Mai from 7th Division. We hope with a new District Chief and promised increased interest from Division to see an improvement in this area.

Twenty young boys between 11 to 15 years old were captured some time ago by the VC and later returned to their hamlet of Hung-Nhuong. Some of them now create a great deal of disturbance during hamlet meetings. This hamlet is also in Kien Binh District.

over/...
KIEN TUONG (cont'd)

The situation in the other three Districts has shown good improvement and we anticipate that the CIGD efforts at border surveillance and interdiction will continue to produce fringe benefits to the pacification program.

Prices for basic commodities during the past month in Moc-Hoa were as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>7.35 $VN per kilo (235$VN per gia)</td>
</tr>
<tr>
<td>Bread</td>
<td>24 $VN per kilo</td>
</tr>
<tr>
<td>Pork</td>
<td>50 $VN per kilo</td>
</tr>
<tr>
<td>Salt</td>
<td>8 $VN per kilo</td>
</tr>
<tr>
<td>Sand</td>
<td>480$VN per cubic meter</td>
</tr>
<tr>
<td>Gravel</td>
<td>1,150$VN per cubic meter</td>
</tr>
<tr>
<td>Cement</td>
<td>2,40 per kilo (120$VN per bag &quot;Ha Tien&quot;)</td>
</tr>
<tr>
<td>Hollow Brick</td>
<td>1,80$VN each</td>
</tr>
<tr>
<td>Wood</td>
<td>8,000$VN per cubic meter</td>
</tr>
</tbody>
</table>

There are many programs in the fields of Agriculture, Fisheries, Animal Husbandry, roads, etc.. which are all favorably affecting the economy of the province.

The general attitude seems to be increasingly towards the possibility of a government victory. These early signs must be cultivated as they are not strong enough yet to constitute a basic change in the people's methods of reacting.

Provincial support for USOM sponsored programs is very good particularly is the great support being given to all types of self-help projects.
July 31, 1965

KIEN PHONG (32)

The political situation remains unchanged. The Provincial Council has taken office but whether it is effective or not remains to be seen. The Security situation has become a little more tense with a step up in VC harassments during the day and night, particularly in the Kien Van and Cao Lenh Districts. The morning of July 29 a major VC action took place at the Regional Force Training Center about seven kms. north of Cao Lenh. The government losses included 34 Regional Force killed 22 wounded and 7 missing with 43 weapons lost. In conjunction with this attack the VC mortared Cao Lenh with 10 to 20 rounds of 60mm mortar and destroyed a bridge between the Training Center and Cao Lenh.

The Province is facing a dilemma regarding the rice situation. A great quantity of rice has been already shipped illegally from the Province and more will follow unless more stringent controls are used. Several plans are under consideration to be implemented by the Economy Service. They entail purchasing rice either at the official or the market price and transporting it to Saigon to be sold at the official rate. No firm instructions have been received on this yet and the officials were to attend a meeting in Can Tho on 2 August to discuss the matter. A delegation of the Central Rural Reconstruction Council spent the morning of July 15 reviewing the Rural Reconstruction Budget. Though the results of the meeting have not been communicated there were no major changes except the Province is hopeful that funds will be granted for two markets, three large docking facilities, and some smaller docks as a part of the Provincial Development Budget.

The same problem exists that has executed for over one year with regard to pushing the Pacification Program forward. The Province needs authorizations for additional Popular Forces.

Present authorizations do not allow sufficient troops to guard bridges and other installations and to carry out of pacification as planned. In effect during the last year the province efforts have been directed toward holding what we have and keeping the VC off balance so they cannot attack in mass.

Until there is a better understanding of the need for PF in support of the Pacification Mission no further gains can be made in a small unit operation type of area. An ARVN Division cannot pacify and hold the ground the PF can.
On July 11, General Thieu, Chief of State, addressed the population and announced that recent elections in Vietnam have no relationship to the true will of the people. This was generally interpreted in My Tho as a death sentence for the Provincial Council and confirmed the province Chief's decision to use the provincial council as little as possible. Apart from the inauguration ceremony at the end of June, the Provincial Council has received no significant attention and has played no noticeable role in local affairs.

Considerable activity surrounded the Province's preparations for the July 20 holiday. Pay Warfare was mobilized to produce banners and ARVN personnel were given the day off to participate in the demonstration. My Tho however, showed little interest in the ceremonies and the demonstrators numbered a bare 3,000. Apart from planting flags, banners and distributing a larger number of "Ap Bac" than usual, the Viet Cong made no particular appearance during the holiday.

The local opinion of the Ky regime continues to be "wait and see". But as few of the revolutionary promises have been kept, little of the new regime's apparent enthusiasm has reached My Tho and the population appears increasingly convinced that they will not benefit from the new government.

However, on July 27, province summoned all provincial officials to announce in closed session that an investigatory team, specially charged by the Ky government with investigating charges of corruption and malfeasance, will shortly arrive. An effective investigation team could give substance to the government promises and perhaps favorably influence local opinion towards the regime.

While the Viet Cong incident rate has been lower than last month, Viet Cong pressure has been increasingly serious and the GVN decision to evacuate the Hau My agroville area, forcing a flood of refugees, estimated at almost 6,000, is a result of this pressure. Local VC battalions 261, 263, and 265 are at full strength but following the death of the Viet Cong Province Chief and several of his assistants and ARVN's substantial victory at Ap Bac III, Dinh Tuong enjoyed several weeks of relative quiet. During the last weeks of the month VC incidents substantially increased culminating in the attacks of July 24, and the destruction of two bridges at the western end of route #4. This resulted in a temporary but serious dislocation in communications and the movement of goods.

Prices in important sectors of agricultural production rose above those for June. Milled rice, for example, sold for $VN 795 to $VN 903 per 100 kilos as compared to June $VN 731 to $VN 858, while paddy remained roughly the same, ($VN 91 to $VN 108 in June to $VN 88 to $VN 109 per 40 kilos in July).
To some extent the increase in prices was matched by an increase in earnings—principally from higher prices in the Saigon market. Sales of market pigs for example to Saigon and other areas increased three fold during the month from about 3,000 to 6,000.

Normal manufactured imports, cotton goods, sugar, condensed milk, and construction materials did not increase at as high a rate, with the result that the increases in prices were limited to city dwellers and profits effected the peasantry.

There are no changes to report in the number of local industries.

There has been no general change in the psychological situation since July 1, though recent government dications to increase ARVN pay rates have improved ARVN morale. As usual psychological attitudes vary widely from locale to locale and GVN successes or reverses generally effect only families and areas directly involved.

Province will in the near future begin to collect detailed data on attitudes and the psychological situation due to the presence of an effective Hamlet survey team and an increasing number of Census Grievance Cadre. In the latter category seventeen are already in the field and twenty in training.

USOM supported programs continued to move slowly during the month of July. The tardy progress can be principally attributed to province's reluctance to use impress funds to stimulate projects at the local level and local reluctance to begin new projects with only a promise for reimbursement. The situation was troubled further by the Rural Reconstruction budget review meeting on July 7 when the budgets of several provincial agricultural services were cut in half. To compound difficulties, no written instructions confirming budget changes have yet to reach the effected services forcing them not only to cut back activities but leaving them reluctant to replan programs.

The sharp rise in refugees, beginning about July 17, has taken much of USOM/Dinh Tuong's time and attention but inspection of self-help and school construction sites has proceeded and the foundations are being laid for progress in coming months.
July 31, 1965

KIEN HOA (34)

The newly elected Provincial Council met for the first time during the week July 12-16 after having been presented to Provincial Officials and Notables at a buffet dinner in the Provincial Meeting Hall on July 14. The Province Chief has expressed approval of the Council and on numerous occasions voiced his intention to utilize the Council in Provincial Administration and in relations with the public. A large ceremony and parade on July 20 included public manifestations of loyalty by hamlet units and two platoons of the armed propaganda team. Col. Khoi's committee met with Province Officials on July 9, but added very little of value to the Provincial Reconstruction Budget.

The security situation remains unchanged with no large VC attacks reported and few government initiatives, although small VC incidents have statistically risen during July. The number of Qui Chanhs has doubled to 41.

The economic situation has changed little from last month. The rains are still inadequate and only one fifth of the land planted in early season rice last year, has been planted this year (2000 hectares rather than 10,000). The seedbeds for the more important mid-season rice (about 40,000 hectares) were planted at the beginning of the third week of July two or three weeks later than usual. It is too early to predict the harvest since transplanting, and the need for even greater-quantities of water will be necessary in August and September.

First quality white rice 25% broken is selling for 845$VN for 100 kilos. In the first 7 months of this year, 3,592 tons of paddy were shipped to Saigon compared with 4,928 during the same period last year. During July some 87 commercial water pumps were sold after restrictions and licensing procedures on the purchase of pumps were eased. However, the local supply of pumps are still not adequate in view of the need for water. Both Province and the CRRC are bogged down in attempts to aid the farmers in irrigating their dry fields.

The morale of the people is still fairly high, Psywar efforts are marginal, a condition that is not helped by the lack of attention paid to this province by JUSPAO of 7th Div. area. A Chieu-Hoi Newsletter is being published for air drop Eighty five thousand of these were dropped in July.
Of the 3600 trans-aire radio sets distributed to Kien-Hoa this spring cash has been received for 2521 with cash expected for the remainder from already approved applicants within the next two weeks. USOM Kien-Hoa strongly supports the recent Provincial Committee's decision to request 7,000 additional radios.

Other USOM programs are progressing satisfactorily although province officials are reluctant to obligate program funds for self-help projects and no funds have been spent for this activity. As a result USOM has cut the distribution of commodities greatly until money is made available for Self-Help.

Relocation payment is a particularly mixed program and figures are difficult to obtain. It appears that large amounts of money are paid out with little control and to people who are questionable relocatees.
On July 9, a Cambodian pagoda in Tra Cu district was bombed by VNAF planes who were attempting to hit a nearby VC concentration. Two monks were killed and seven injured, as well as some civilian casualties. The VC district committee took advantage of this event to prompt the monks and Cambodian population to demonstrate against the GVN and the US. The monks first claimed that the planes were US-piloted, but the province chief refuted this argument. The monks then claimed that the bombing was deliberate. The Provincial Committee held an emergency meeting to discuss and analyze the nature of the problem, and approved an indemnification of 100,000$VN plus the necessary roofing and cement for the repair of the pagoda. The Committee also decided to visit the pagoda. Due to the security situation, the trip was only to the nearest crossroads, where a meeting was held. No agreement was reached at this meeting, but subsequently Public Works viewed the damages and submitted an estimate of 310,000$VN (plus labor, to be supplied by Public Works). On the 28th, the Province Chief and the senior MACV advisor visited the pagoda, and the monks then repeated their charges that the bombing was not accidental and demanded 4,000,000$VN to build an entirely new pagoda. Despite the intervention of the Theravada Me Kon (chief monk in the province), the two sides have not reached agreement, and it is possible that the monks will carry their "grievance" to Saigon.

During July, the VC planned to organize an anti-US demonstration against the air raids held during the month in Cau Ke and other districts. A VC sabotage plan to blow up 2 bridges on road #7 was discovered, but too late. In addition, a VC plan to destroy the observation plane at Phu Vinh airport was also discovered and security measures were taken.

The security situation during July was more or less the same as in previous months. Notable VC activities during the month were the following:
1) VC guerilla activities and acts of terrorism occurred in Cau Ke, Vung Lieu Can, Cau Ngang and Tra Cu districts. 2) Road mining and blockades continued during July in all districts. 3) Van Chay, VC leader and member of an assassination team, was arrested in Tra Vinh. Important military, air, and naval operations were conducted during the month to counteract VC activities.

There is a marked tendency to an increase in prices of all imported commodities and produce, indicating a continued inflationary trend.

over/..
VINH BINH (cont'd)

Rice Status, July, 1965:

July 31, 1965

Paddy rice exported in July ------------------------ 781.1 M/T
Paddy rice exported in June ------------------------ 1724 " "
Total paddy exported, Jan. 1 to July 25, 65 ------- 10083 " "

Paddy Rice Prices (20 kilos):

<table>
<thead>
<tr>
<th>Quality</th>
<th>Official</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>90$VN</td>
<td>105$VN</td>
</tr>
<tr>
<td>2nd</td>
<td>80$VN</td>
<td>97</td>
</tr>
<tr>
<td>3rd</td>
<td>65$VN</td>
<td>74</td>
</tr>
</tbody>
</table>

Polished Rice Prices (100kg):

<table>
<thead>
<tr>
<th>Quality</th>
<th>Official</th>
<th>Provincial</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>741$VN</td>
<td>820$VN</td>
<td>1100$VN</td>
</tr>
<tr>
<td>2nd</td>
<td>671</td>
<td>710</td>
<td>900</td>
</tr>
<tr>
<td>3rd</td>
<td>601</td>
<td>650</td>
<td>700</td>
</tr>
</tbody>
</table>

Compared to June, there was a great decline in rice exports: 943 tons less in July. The total expected paddy rice exports for 1965 is 69,373 metric tons. The Economic Service reports that there are presently 12,481 tons of paddy and 213 tons of polished rice left in the secure areas of the province. About 50% of the paddy in Vinh Binh is under VC control. 20% of this has been exported to other province or to Indonesia by the VC. The VC control 13,800 tons of paddy in Cang Long, 3,400 in Vung Lien, 3,830 in Tra On.

The implementation of USOM projects under the Rural Reconstruction Budget for 1965 continued at a slow pace during July. The main reason for the slow progress has been slowness in releasing funds allocated for the various projects. The district chiefs tend to submit requests for the release of funds very late. Talks with the officials concerned have been held in an attempt to solve this problem.
The political scene remained quiet in July. The various pronouncements issuing from Saigon were greeted for the most part with a "we've heard it before" attitude and the initial convening of the recently-elected Provincial Council met similar apathy, based in this instance on a pretty realistic recognition of the extremely limited powers -- both budgetary and policy-making -- vested in that body.

Security showed a minuscule overall improvement in July, continuing a barely perceptible "trendlet" begun in May.

Consumer prices of staple commodities continued to inch upward in July as they have for several months. Building materials, particularly wood (double or more the 1964 price), bricks, sand and gravel remain sky high, principally as the result of VC tax levies and outright interdiction, and are a continuing cause of concern vis-a-vis GVN-USOM construction projects. Lack of rainfall in July resulted in postponement of paddy transplanting in many areas of the province. August is generally written off here as a dry month and farmers are pinning their hopes on September. If the September rains fail to materialize, the Vinh Long paddy crop may be in serious trouble.

Apart from the building materials pinch mentioned above, USOM programs continue to move ahead with good progress.
July 31, 1965

AN GIANG (37)

An estimated crowd of 50,000 people gathered at Trung Vuong Square in the provincial capital to mark the National Rancor Day, July 20 (partition of the country as a result of the 1954 Geneva Agreement signed by the VietMinh). Speeches were delivered by Representatives of Refugees from Communism, the Provincial Council and the Province Chief, exhorting the population to solidarity to fight against Communism.

At the same time, in an obvious attempt to commemorate the same day, the VC have had some separate political propaganda activities, - propaganda exhorting the population to participate in VC guerilla warfare, urging the population to request an end to mopping-up operations, propaganda fomenting hatred against Americans; however their efforts did not succeed to create any influence over the population.

The VIS, Chieu Hoi, Rural Political Cadre have been doing a good job spreading the GVN anti-communist policy lines. Apparently, there was no serious dispute among the various political organizations or religious groups in the province.

Thanks to the GVN awareness and efforts, the VC have entirely failed in their attempt to sabotage and to disturb security and order in the province on the occasion of July 20. Their harassments against remote hamlets and outposts did not cause any significant loss. Meanwhile, the GVN military mopping up operations and ambushes have stopped many of the VC subversive designs and have brought more families to more secure areas in the province. The improved security situation has permitted and facilitated the performance of various rural development projects.

In the low fields, the floating rice is growing steadily with the water that starts flowing in from the rivers. However, in the hilly fields, the rice and secondary crops are not so promising due to irregularity of rains.

The livestock breeding is at its normal rate, so are the fisheries.

The handicraft activities slowed down as the result of the rains.

Commerce and trade decreased. The buying power was reduced because the harvest season is over. There was a shortage of construction materials: cement, roofing, and lumber.

Transportation by road and river between Saigon and the province was much hindered by VC sabotage on bridges and highways and also by the delay of GVN Navy escort ships.

over/...
July 31, 1965

AN GIANG (cont'd)

The paddy price was slightly reduced, but still higher than the authorized price (3/70 to 75 per gia as against 3/65 authorized). 3,000 MT of paddy were shipped to Saigon during the month. A remaining total of 7,000 MT was expected to be shipped out of the province during the coming months.

An important policy document was published by the Hoa Hao recently. This paper outlined policies and stated doctrine with regards to attitude toward small splinter religious, political groups of the Hoa Hao Religion. In general, it can be stated that the paper is an attempt to consolidate the group under "Central Hoa Hao Buddhism" and eliminate the political splinters or party groups. (This document is available in Vietnamese and English summary in the Office of Provincial Operations).

The Province Chief of An Giang has recently prepared a plan for the complete pacification of the Delta Area. This plan has been distributed through military channels, and although in detail the plan is classified, its general concept can be summarized without danger of compromise of the overall plan. The overall concept is based on exploiting the religious-political cohesiveness of the Hoa Hao people, the success of which is evidenced by the security situation in An Giang Province. The plan calls for the activation of a Hoa Hao Division to pacify the six semi-Hoa Hao provinces surrounding An Giang, and subsequently moving the Division East to pacify other provinces, while using Regional Forces to secure the area. The plan has some merit, based on past performance of complete Hoa Hao control in An Giang, however it is problematical whether it will be accepted by the GVN Military and Central Government because of their inherent fear of the Hoa Hao and their influence in the Government.
July 31, 1965

Kien Giang (38)

The political situation in this province showed an improvement this month. On July 31, Prime Minister - Air Vice Marshall Ky, Chief of State Thieu, and Defense Minister CO visited Kien Giang. General KY delivered a speech in Kien Ten District. The visiting delegation was very warmly received by a crowd of over 10,000 persons. This visit undoubtedly gained popular support for the National Government.

The security situation appears to be slightly improved. This can be attributed to a lack of VC action rather than to positive measures taken by GVN forces. However, air strikes by VNAF and USAF planes continue to be effective. VC harassments remained at a low level during the month. One hamlet chief and one VIS district chief were killed by VC.

The general economic situation remains fairly good. Some disturbing inflationary trends, however, have been noted.

The price of lumber increased from 6,000$ to 7,000 per cubic meter during the month. Sand and gravel increased 20$ per cubic meter. As of this writing there is no sweetened condensed milk available in this province.

Local importers believe that this milk is being hoarded in ChoLon and Saigon.

The Social/Psychological situation appears to have improved slightly over the reporting period. The visit of Generals Ky, Thieu and Co demonstrated to the local population that the National Government was indeed concerned with their welfare. The decrease in VC activity also had a slight positive psychological impact on the population.

Progress of USOM projects under the Rural Reconstruction budget continues generally satisfactory.
July 31, 1965

CHUONG THIEN (34)

There were no significant changes in the political situation except that the Hoa Hao are sure to become stronger as there is now a Hoa Hao Province Chief.

The security situation has not improved. The military forces are being used to the maximum, but the progress is slow. The VC still have the capability to control a large portion of land area in the province.

No change had been observed on the economic situation in view of the security problem. People can work only in areas where adequate security is maintained.

There had been slow improvement in the psy-war effort. VIS personnel are spending more time at the hamlet level.

The Province Chief has a number of USOM supported programs in the planning stage if he follows through with them there will be a big improvement in Chuong Thien province.
On 19 July, Mr. Phan Thong Luong, Chairman of the Provincial Citizens Council, stated that the first increment of 1,500 Hoa Hao had been recruited as authorized by the personal letter he received signed by Prime Minister Ky. The letter stipulated that this force would be integrated into the Provincial forces.

Indications are that the preponderance of Hoa Hao on the Provincial Citizens Council, and the evident creation of a military force may eventually lead to Hoa Hao control of key provinces and a possible ultimate control of the entire delta may be forthcoming.

There has been no reported change in the strength of Local Force (LF) VC units in this Sector. Intelligence reports continue to state that the VC recruitment or forced draft of men between the ages of 18 and 35 in insecure and contested areas of the Sector continue unabated. Unconfirmed reports state that the VC recruitment and training program over the past three months is designed to furnish replacements for VC units in II and III Corps Tactical Zones. The single indicator that the LF VC in this Sector may be furnishing troops for units in the North is the fact that the VC continue to initiate light harassing attacks on outposts rather than risk losses in direct attacks. There has been no significant GVN countermeasures which would have prevented such heavier attacks if the VC had desired to initiate them and accept casualties.

Unless effective GVN countermeasures are taken, the VC will continue their patient harassment of OP's and installations with the intent of demoralizing the defending troops and weaning the population away from GVN. The VC can also be expected to continue bold efforts such as those demonstrated during the past month.

The recent decree on price control promulgated by the National Government, has influenced stabilization of heretofore spiraling commodity prices. Sample prices obtained from merchants generally conform to those established by the government.

The Province Chief has indicated that he will direct the export of 6,000 tons of paddy to Saigon form provincial rice millers in compliance with provisions of contract "D". This agreement entered into by the Ministry of National Economy and local rice millers, guarantees that a minimum number of tons of paddy will be exported from the province annually, and at a minimum price per ton established by the government. The minimal figure will vary depending upon the estimated harvest.
July 31, 1965

PHONG DINH (cont'd)

Construction of permanent type housing and commercial buildings continues at a high rate in two districts in the province.

Two representatives from SONADEZI (National Company for Developing Industries) visited provincial officials to complete initial surveys for an industrial site, with the ultimate view of establishing light industries in the Can Tho area. Tentative sites have been selected; feasibility and engineering studies are continuing.

Population and Resources Control activities on the part of local National Police have shown a slight increase within the secure areas of Can Tho and the five district towns. Recently, IV Corps Military Police started small scale population and resources control activities in conjunction with the local National Police in the Province Capital area.

Plans are being made to coordinate the resources of the local National Police, IV Corps Military Police, and Sector RF/PF elements to project the population and resources control program into the rural areas along major highways and waterways.

Two psywar missions were flown and a total of 124,000 leaflets were air dropped on the dates and over the areas indicated below, loudspeakers were not utilized on the first mission due to high alert, and on the second mission mechanical failure prevented its use. Stock leaflets were used on both missions; however, on 22 July 65, 5,000 of the leaflets air dropped were mimeographed by the Sector Psywar Team describing a VC act of atrocity in Cai Tac during the evening of 21 July 1965.

On 19 July, 65 VIS displayed at public places photographs denouncing VC atrocities and acts of terrorism. The Youth Service held various athletic contests for students at the Youth Club, Phan Thanh Gian high school and Tho Nhon school. A camp-fire rally was held at the Tho Nhon school by students who participated in skits, dances, and other individual performances.

On 20 July 65, at Christian and Buddhist place of worship, prayers were offered for those who were killed by VC, for peace, and unification of Vietnam. Students greeted a special aircraft bearing the Republic of Vietnam National Flag when it stopped over in Can Tho on its trip to Ben Hai from Ca Mau. The Prov. Chief, other officials, and Quy Chan from the Chieu Hoi Center participated in a ceremony decrying the division of Vietnam, and urging the unification of Vietnam with the expulsion of Communists. A duck catching contest was conducted on the Can Tho river. Ducks which were released bore tags with names of leaders in the VC and Communist hierarchy. Winners were determined by values assigned to names each duck carried. In the evening before a large audience, competitors performed skits, drama, individual acts and orchestral presentations. The program concluded with the awarding of prizes.
July 31, 1965

BA XUYEN (41)

In a ceremony on July 8, Lt. Col. Nguyen Ngoc Diep was installed as Province Chief of Ba Xuyen, replacing Col. Pham Van Ut, who was assigned to IV Corps Headquarters. Although the period of observation of Lt. Col. Diep has been rather brief, he appears to be an experienced and aggressive individual who evidently requires minimum guidance in military affairs and who appears to be receptive to suggestions regarding matters in which USOM has a more direct interest. He is firm in guiding his staff and demands effectiveness from each individual concerned. He has shown no hesitation in getting out among the people, praising deserving individuals or hamlets, and offering guidance or assistance to others. Lt. Col. Diep is gifted with a pleasant and forceful personality which has improved the esprit among all concerned with the advisory effort in Ba Xuyen.

The overall economic situation remains satisfactory in Ba Xuyen. Soc-Trang merchants decided to sell 17,350 tons of rice to the Government under contract D. This is 5,350 tons more than the 12,000 tons required for Ba-Xuyen in the contract, and probably indicates both that the price was interesting and that Government threats have had some effect.

However, the important problem of transport to Saigon for this rice must be resolved. Shipments could be impeded by a shortage of junks, by long turn around times in Saigon, or by certain tax problems.

A Ministry of Economics Official who came to Ba Xuyen to ask for continuing support and even more rice was told that if the Government wanted more it might be able to get it if it offered another contract.

The consensus here is that if the Government wishes to avoid future price increases and problems similar to the ones it has had this year, it must begin the next season in much stronger position in respect to rice stocks.

Viet Cong strength in the Province remained consistent during the past month. There were no large scale contacts between VC and GVN troops within the Province itself, and the slight decrease in total incidents (attacks, terrorism, sabotage, propaganda and anti-aircraft fire) is not considered to be significant. Purely military activities by the VC have been relatively low since the Soc Trang Provincial Battalion lost heavily in operations across the border in Bao-Lieu Province on May 13-14 and July 4.
New of further increases in U.S. Forces in Vietnam remained as the major factor contributing to the improved psychological outlook during July. Increases in salaries for the Armed Forces as well as the initiation of payments to relocatees have also improved morale among those who are bearing the brunt of the fighting, and the arrival of a vigorous new Province Chief has been welcomed by all concerned.

As noted last month, many USCM supported activities, particularly a broad spectrum of self-help projects, have lagged because of a shortage of materials. While there are indications that the situation will improve shortly, up to now this has slowed project approvals and has led already to a decision by the Budget Review Committee to reduce the number of self-help projects for Ba-Xuyen during 1965.

On the other hand, July's report shows real progress in relocation and points up areas where we can exploit favorable developments. These favorable areas include (1) Hamlet Schools where the Province has requested Budget Review Committee (BRC) intervention in favor of 100 additional teachers (HST); (2) Roads and Bridges, where BRC intervention is also required for a larger program; (3) Chieu Hoi and (4) Animal Husbandry, where the BRC has appreciably increased the program possibilities, (5) and RF/FP Housing.
July 31, 1965

AN XUYEN (42)

The security situation remains level - minor harassment but no major build up against GVN concentrations. On the GVN side very strong increase of air actions which from all appearances is affecting the VC permanent establishments (training centers, industrial compounds) in An Xuyen. No repercussions among GVN civilians to this increased air activity has been noticed.

An interesting detail of VC political action is a heightened "terror" campaign against the Quan-Long Province town, Tac-Van, which is under Capt. Nguyen-Van-Dan, Capt Dan has been energetically revamping the administration he inherited so that the GVN would become a more obvious and forceful factor in this pacified territory. Military activities as well as civil activities have been increased to a point which appears unbearable to the VC. Since Capt Dan's reforms:

- On June 30 the pacification cadre chief was mined and killed by a VC squad, six others were injured.
- On July 8 an estimated VC platoon entered the Tac-Van market area, killed two sleeping civilians and wounded a PF soldier.
- On July 27 the VC electrically detonated a Hanoi-made claymore against a security detachment. Total casualties were nine killed and six wounded, no VC casualties known.

All these actions seem in an effort to restore the cordial GVN-VC relationships that existed prior to Capt. Dan's efforts to tip over the apple cart. VC Economic blockade, designed against the GVN but not the people, continues.

Social and psychological situation remains good. A greater percentage of the population of Camau is cheering to indicate faith in the GVN. This is an observation, no hard statistics are obtainable. District towns continue to hold their own, except for Nam-Can which is a steadily deteriorating situation. We just do not have the security forces to relieve this town and as a result of the VC blockade its civilian population is down to about 280 souls.

USOM programs, going O.K. though Saigon support has been at times muddled.
July 31, 1965

BAC LIEU (43)

The most significant political activity in Bac-Lieu is the activity of the Provincial Citizen's Council (Hoi-Dong Tinh). This council is presently making its plans for what to do in Bac-Lieu. They are very anxious to discuss these plans with the USOM office, and in every way appear to be willing, even eager to cooperate with USOM.

VC initiated incidents dropped almost 50% when compared to June. Of the 41 incidents, over half were in Gia-Rai district which lies astride National Highway #4 between Bac-Lieu and Ca-Mau. All in all, there has been an improvement in security here.

Rice shipments have dwindled to 2-4 thousand tons per month. An export balance of approximately 30,000 tons remains in VC-controlled areas. Whether or not this rice finds its way to Saigon is largely dependent on the VC.

Among the people living in GVN-controlled areas there is a surprising degree, of understanding of what life is like under VC control. While in VC areas, or in contested areas, the people are unwilling to commit themselves to the GVN if their physical security cannot be assured. We need the element of security if we are to make any real progress, or hold what we already have.

With an increase in transportation capability, the province should be able to proceed more rapidly in USOM-supported projects. Self-help is moving along much better than ever before. 60% of the 1965 hamlet schools are under construction now. Teacher training is being well handled, and textbook distribution is underway. The first application for a rural electrification project has been submitted by Vinh-Trach village. Approval has been obtained for construction of a Provincial warehouse. A $1,000,000 VN bridge repair project in Gia-Rai district has received tacit approval of the CRRC review team. In general, there is improvement in the effectiveness of the province in implementing USOM-sponsored programs.
General popular support for the Government of Vietnam continues to be present. Changes in policy by the Saigon Government do not generally have serious ramifications on a popular level in Chau Doc. The establishment of the Provincial Council should increase the effectiveness of the Provincial Government both with popular and inter-agency rapport.

The security situation has not changed greatly. VC operations have been limited in scope including only minor harassments and occasional road mining. GVN operations have not established significant contact with the VC. GVN forces appear to be hampered by a feeling among the leaders that a "no contact mission" is successful mission. The curfew which was originally set from 11 PM to 5 AM has been modified to commence at 12 PM.

There has been no great change in the economic situation and trends. The rice flow continues on a steady flow to Saigon.

In Tan Chau, on July 21 anti-police riots took place. The situation apparently developed after the police arrested a man for selling numbers slips. He was arrested in possession of 550$ and some numbers slips. He was questioned and released. The man then alleged that he had been falsely arrested and that the police had taken 2,000$ from him. The man was subsequently re-arrested and put in jail where he was found later with a mat over his face which was covered with blood. While police sought medical attention the man escaped and his body was later found in the Mekong river. A local doctor established the cause of death as drowning. The blood previously found on the man's face had been caused by an attempt on his part to bite off his tongue. The population became aroused by the incident and rioting ensued during the course of which one policeman was wounded and one was killed. Police were ordered not to defend the area and the crowd eventually dispersed. Representatives from Saigon and Can Tho came to Tan Chau to investigate the incident. One Buddhist leader by the name of Chon-Nhu was apparently instrumental in fomenting the rioting.

Since the incident the police in Tan Chau have been rotated to other parts of the province and the situation now appear quiet.

All USOM supported programs are under implementation. There is an apparent tie-up in the release of monies. Commodity shortages threaten to cause a slow-down in activity and could cause a serious problem.