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11 JUN 1966

MEMORANDUM FOR: Mr. Robert W. Komer
Special Assistant to the President
The White House

NSC REVIEW
COMPLETED,
6/26/2003

1. I have read Ambassador Leonhart's report dated 31 May 1966 and find it a useful and clear exposition of the major problems facing us in Vietnam in the non-military field. The report also points out in a useful way those courses of action or programs which require priority emphasis. Members of my staff have reviewed this report at my request, and we are in agreement on the views I have expressed above, and on the brief comments which follow.

2. Because of CIA's deep involvement in the creation, launching and expansion of the PAT program, naturally our comments touch primarily on that subject. From the outset, our officers in Saigon were acutely aware of the fact that these teams of cadre would be only as good as their training, and that the high promise of the original programs dictated that much attention be paid to maintaining the essential quality of instruction and motivation. I am well aware that Ambassador Porter is giving great attention to this matter as the rate of production of teams goes up. I am glad to see that we all share an insistence that the quality of training keep pace with the expansion of the program.

3. With regard to Ambassador Leonhart's observation concerning team competitions, retraining, etc., contained at the end of paragraph 5b, many of these features have long been incorporated in the program. A word of caution here: while the program is being expanded many-fold, as it should be, care must be taken to avoid bureaucratizing the effort. Special efforts must be made to maintain the local and intimate character of the teams, seeing to it that they are constantly being identified with the local population from which they come and where they work.

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4. I am glad to see that priority attention will be given to the redefinition of the roles and missions of the various echelons of the GVN's armed establishment. In particular, my advisors feel the police, the Police Field Forces, and the RD cadre probably deserve more attention and resources than they have received in the past. We all agree that a strengthening in the numbers and quality of the police and the PFF is essential, but do not agree that police training and management should become a function of the military establishment, a view which paragraph 10 of the report apparently ascribes to our military colleagues in Vietnam.

W. F. RABORN
Director

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2489/A



CENTRAL INTELLIGENCE AGENCY

WASHINGTON 25, D. C.

OFFICE OF THE DIRECTOR

**MEMORANDUM FOR: Mr. Robert W. Komer
Special Assistant to the President
The White House**

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5. I am fully in agreement with Ambassador Leonhart's comment concerning the press. Much more attention needs to be given to the encouragement of broader and more objective reporting by the press corps in Saigon. Their record to date for such reporting, it seems to me, does not do them credit as a press corps.

W. F. RABORN
Director

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66-2489/1

7 June 1966

MEMORANDUM FOR THE DIRECTOR

**SUBJECT: Ambassador Leonhart's Report on His Trip to
South Vietnam**

1. Returned herewith is Mr. Komer's memorandum covering the Leonhart report, together with some brief comments concerning the report. Also attached is a memorandum to Mr. Komer for your signature, in response to his request for comments.

2. I found the Leonhart report to be a clear and useful list of the major needs and inadequacies which characterize our non-military effort in Vietnam at the present time. There is nothing really new in this report, as all of the shortcomings or points of criticism have been well identified and recognized by the Mission in Saigon as well as the parent departments and agencies at the Washington end. The observations and recommendations made are generally self-evident and already a matter of record. With particular regard to your own role as Director of the Central Intelligence Agency, the Leonhart report does not raise points of criticism, nor does it make recommendations that have not earlier been made and are in the process of being acted upon.

PEER DE SILVA
Special Assistant for Vietnamese Affairs

Attachments

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Executive Registry
66-2489

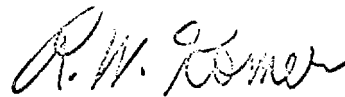
THE WHITE HOUSE
WASHINGTON

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1 June 1966

MEMORANDUM FOR: Secretary of State
Secretary of Defense
Administrator, AID
Director, USIA
Director of Central Intelligence

I think you will find of interest the attached report of Ambassador Leonhart, my deputy, on his trip to Saigon. I would appreciate any comments you might have on the matters he raises.

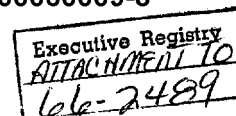


R. W. Komer
Special Assistant
to the President

Attachment

cc: Cyrus Vance
U. Alexis Johnson
William Gaud
John McNaughton
W. P. Bundy
Rutherford Poats

THE WHITE HOUSE
WASHINGTON



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May 31, 1966.

FOR : Mr. Komer

SUBJECT : Visit to Vietnam: May 17-29, 1966

1. General. Three general impressions from this quick trip, my first in fourteen years since a 1950-52 tour in the Saigon Embassy.

a. In the non-military field our key programs have not been substantially hindered by the recent political disorders. They may not be bounding forward, but they are moving ahead: in the organization of revolutionary development and in more effective politico-military coordination. Little of this has been reflected in press reporting from Saigon.

b. Ky's ability to cope with the intestine discords of Vietnam and to set national directions for his people remains in doubt, but since his early political blundering against Thi, his touch has much improved. If the summer can be surmounted, the situation may look considerably brighter by late September. We should have made substantial progress in our arms, on which all else chiefly depends, if Westmoreland finds, as he expects, the newly infiltrated NVN regiments and their built-up supplies. The Constitutional Assembly elections should bring refurbished prospects for healthier politics. We should have the political impact of the completion of the first village cycle by the 100 new RD cadre teams which graduated on May 25, with another 110 teams finishing training in September. If we move in time, the effects of checking inflation and breaking port congestion should have improved living standards and given us more solid ground for our own programs.

c. The immediate Komer priorities, seen on the ground in Vietnam, thus hold as sound and essential. They are indispensable as damage control measures for a situation threatening non-military disaster, but much remains to be done in helping the Vietnamese define national goals; strengthening their organizational base and our own; wringing out the water in a reporting system which now does not serve as a genuine measurement of performance; and rationalizing roles, missions and competition for Vietnamese men and money.

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2. Immediate requirements relate to the top priorities. Solutions are generally visible, but the pay-off lies ahead and our negotiations with the GVN should be hard, fast and early. The next three paragraphs review the crucial areas of inflation, ports, and cadre.

3. Inflation.

a. The setting: Retail prices continue to rise 5 per cent per month. Rice is up 35 per cent since the first of the year; pork 100 per cent since 1965. Construction materials are worse: lumber prices have risen 600 per cent in one year, rock 500 per cent, sand 300 per cent. The price of lumber is now the equivalent of US\$400 per 1000 board feet. Outcoaling Newcastle, a USAID tender for 610,000 tons of sand has gone to Taiwan: 61 unbudgeted Liberty ships. Last week the Saigon black currency market set two all-time highs: 182 piasters for US\$10 bills and 250 for gold. Against these trends not even a strong government could long contain these pressures or maintain its money.

b. The approach: The IMF visit, as we had hoped, has been most helpful. The Washington anti-inflationary telegrams of last week were clear and precise stimulants. But there is a gap between Washington and Mission thinking on the size of the negotiation package and on the ratio of carrots to sticks. I doubt that action proposals on Ky's PX system or on comprehensive land reform can be formulated in time for inclusion in the anti-inflation package and believe the negotiations should not be delayed for them. The IMF team has now softened up the GVN. The longer remedies are put off, the more they will be involved in elections and the more resistant the domestic political argument. If there is a political backlash, it would be well to get it over with as far in advance of the elections as we can and while there is time in the pre-election period for its benefits to become apparent. We can try for the deeper range of devaluation around 120 or the lesser around 80 with special surcharges and variable exchange rates. The IMF appears to favor the latter and it is important to keep it out in front. But a deeper devaluation would be cleaner, simpler to administer, and less subject to subsequent unraveling. My own view is that the door should be held open for a negotiating entry at about 110 and an exit at about 100.

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4. Ports.

a. The setting: In the last week of May the number of non-military ships waiting in the Saigon area for their turns at unloading was 36. Average waiting time was 26 days. Civilian port stevedoring had been increased to two eight-hour shifts a day (the same companies work three in the military port) and the new regulation for ten-day removal of warehoused cargo published. No experience factor was available for either, and USAID supervisors seem to doubt the enforcement of these new measures. According to AID's General Brakefield, the military continue to occupy repair facilities, truck parks, equipment stands and storage amounting to 35 per cent of the nominal area of the commercial port. PX supplies and military club refreshments shipped on commercial license continue to take up commercial facilities. Civilian cargo clearances have been overstated through errors in reporting methods by about 20 per cent or 50,000 tons a month. The most knowledgeable USAID experts complain of continued shortages of cranes, forklifts, trucks and palletizing.

b. The approach: Westmoreland now seems to favor military operation of the Saigon port jointly with ARVN units. This will provide some cushion for political sensitivities while letting the US do the real work. It is essentially the formula proposed to him by the GVN for Danang. His recommendations should be ready this week. He will ask for authority over US civilian employees at the port, effective arrangements to remove warehoused goods, and a system to schedule and control outbound cargo from the States. Lack of such control and authority to coordinate commercial and military priorities has been one of the basic weaknesses in the present system. Westmoreland should be given promptly what he needs to make the port work.

5. Cadres.

a. The setting: The new 59-man RD cadres are the most promising elements in the country. If there had been imagination enough to form these teams fourteen years ago, Vietnam would be much different today. The decision to double the cadre this year was of basic importance. By June 1967, if the program goes well, the training cycle will be built up to 11,500 each thirteen weeks. Westmoreland indicated to me he is now

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prepared to convert PF troops into RD cadre provided no villages are left uncovered in the process and provided CIA auspices can be reasonably concealed.

b. Approaches: We can expect problems of quality as cadre numbers rapidly expand. There will be increased efforts at infiltration and heavier VC counterattacks as the program gains effectiveness. All this means that the assignment of the new teams will have to be carefully planned and security strengthened. Additionally, we must work to insulate the cadres from changes in GVN regimes, an aim which General Thang himself emphasized to me and which extends to his own position as the head of the program. We should hold the existing training facilities at Vung Tau at least until the new camp at Long Hai is fully operational and its surrounding area secured. Finally, we will need a system of provincial headquarters and traveling inspectorates, some scheme of team competitions and awards, periodic retraining, and a close cross-check on our training methods against cadre experience and performance.

6. Washington and Saigon seem well in agreement on the next steps toward dependable pacification and village security as preconditions of further development. The following five paragraphs summarize matters on which we should aim for decisions by mid July.

7. Manpower planning. The Mission badly needs help on this. The local committee has been largely inactive, and the projected survey mission should be sent from Washington to assist it soonest. In four to six weeks, the survey should provide tolerably empirical statistics as a basis for overdue judgments on new allocations of increasingly scarce Vietnamese manpower. But the real problem is not the survey but the establishment and enforcement of manpower priorities and a system to coordinate competitive employment bids in a situation in which an unregulated market now sets our manpower priorities in a casual and sometimes perverse fashion.

8. Priorities guidelines. A mission group, under AID's Robert Klein, is now working on definitions of priorities for the pacification and developmental phases of rural reconstruction. It is using NSAM 343 as its base and is under instructions to make its initial report to Porter by June 15.

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9. Roles and mission redefinitions. A roles and missions group has also been set up and given a June 30 deadline. The critical area for its study is the 350,000 man agglomeration of RF, PF, Police, PFF, CIDG, special force units and RD cadre now competing for money, men, and material. The group will attempt to convert this hodgepodge into an improved design for village security.

10. Police and Police Field Forces constitute a special and unresolved problem. An increase from 55,000 to 72,000 police, including 15,000 for the PFF, has been approved. A recent call for 500 officer cadets brought 5000 candidates for the nine-months course, and the training facilities I visited seemed thoroughly professional. There are, however, undercurrents of restiveness that police corruption is so endemic that an increase in numbers will expand graft more than it will improve security and that civilian advisers have been unable since 1955 to construct an effective national police force. Some proposals are being discussed for a joint military-civilian police training organization. These are mainly at military staff levels, and Porter, I thought, made a strong case against them. Westmoreland believes that the PFF mission is inconsistent with the provisions of AB 140. Clarifications of roles and missions and the prospective changes in the public safety division will be helpful. But the program requires a new tough look, and needs to be well established against political or diplomatic contingencies.

11. Land Reform. A mission group has been established pursuant to questions raised by Washington on the Cooper-Hewes proposals. Porter has also directed the political section and certain Provincial Representatives to sample village opinion on reform appeal. The due date for recommendations for a specific program is June 15, but, in view of continuing political disorders and the absence of Cooper and Hewes from Saigon, seems likely to slip. At An Giang, which they had nominated as the initial demonstration area, the provincial team was entirely divided on land reform impact, feasibility, and effect. The mission acknowledges that there is little real knowledge of land reform dynamics or popular aspirations, but its present consensus seems to favor a selective and gradual approach rather than a dramatic, essentially politically-oriented program. My suggestion is that an officer from the Jacobson task force be detailed to Saigon soonest to help pull together mission views and the present status of Washington's study of the problem.

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12. There were additionally a number of special problems I looked into at your suggestion:

a. Chieu Hoi. The defection rate has been falling off. There appears to be some correlation between high defections and US/ARVN military successes, but the program, which has had real effectiveness at modest cost, is in deeper trouble. The criticism involves, on the GVN side, inadequate MICH leadership, military opposition, and poor staffing in the provinces; and, on the US, unclear responsibilities between JUSPAO (psychological content) and USAID (support). Mann would like USAID given controlling authority. This seemed a questionable transfer to me. As soon as the political air clears a bit, I suggest instructions to Saigon for a high-level review with the Directorate on ways to revitalize Chieu Hoi staffing and defector rehabilitation.

b. Rice. The combination of sharply rising prices in Saigon, decreased delta deliveries and increased diversions, and the GVN refusal to release to the public US-imported rice creates a mess. Your message on a new delta strategy has had good effect. Porter is moving strongly into Saigon rice shenanigans, and unless he can obtain quick agreement on release of existing stocks is prepared to break government hoarding into the open.

c. Reporting. The new provincial reporting system devised as a function of the Porter operation is a vast improvement. We still lack a dependable data base and the evaluation criteria of the several mission agencies have not yet been entirely reconciled. The crux is the number of hamlets secured. The first four months of 1966 will show a total of 246. There will be a considerable jump for May with 578 reported as newly secured. In part this arises from GVN provincial officials rushing to meet Thang's May 31 deadline for a report to the nation on revolutionary development. The cumulative totals at this time will be carried by the US as 1831 secured hamlets and by the GVN as 1665. These will be less than the totals published at the end of 1965 and will create an impression of receding GVN authority. Porter's people are confident the slippage is more apparent than real reflecting revisions in pacification criteria toward more realistic and reliable accounting. It may, however, also be due to the loss of momentum occasioned by the withdrawal of the old PATs early this year for the new cadre training cycle at Vung Tau. If the bets are right, the number of authentically secured hamlets should increase steadily in the future.

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13. Three further sectors for strengthening non-military programs requiring action in the weeks ahead appear to me to be:

a. Resources allocation. Little is now being done in this field by the existing mission organization and charter. Competition for local materials is out of control, and prices continue to zoom. GVN development plans in a number of provinces have been drastically cut within the first few months of their formulation because the price base or material availabilities were quickly overrun. Required remedies seem to me the establishment of a combined US piaster budget for both military and civil programs--which should follow on DOD's current review of in-country expenditure levels--and the assignment of an experienced resources officer with a small staff to Porter's office.

b. Joint operations. Given the unlikelihood of sudden vigor and competence in the GVN, we may need to move more toward joint operational boards and commissions and away from an exclusively liaison and advisory structure. Even in the military area, we need to find a more effective means for advance consultation on plans and political actions. Westmoreland's projects for joint operation of ports and storage facilities seem promising leads. For the cadres, some adaptation of the JCRR, which did effective work on Taiwan, may be useful. Its key provisions were a direct appropriation of Congressional funds and the appointment of its members (three Chinese, two Americans) by the respective Presidents for fixed terms. Independence of tenure and funds should help insulate the cadres--and preserve the present dynamic chief, General Thang, from GVN politics.

c. Urban projects. A new look needs to be taken. We have tended to ignore urban areas and then find time and again that our political difficulties arise from the cities. Each of the eight districts of Saigon increased in population by 60-70,000 last year. Another 500,000 will probably be added in the next twelve months. Some form of political action teams or an extension of the RD cadres to urban areas may be useful. Measures to repair the breakdown in urban services--particularly public health and refuse disposal--are urgently required. This is one of the few areas susceptible of visible results before the September elections.

14. All this leads to the question of US Mission organization:

a. The Embassy. I return full of admiration for Porter. No one could do more with less than he. But he is stretched too thin

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over his multiple duties and virtually all of the usual DCM functions. His office needs strengthening and a secondary level of able functional experts. We should use his forthcoming consultation to establish these staffing requirements in the light of priority Washington concerns, and to begin an urgent ivory hunt.

b. USAID vacancies. Of a total of 3,931 approved positions, USAID has 2,991 on board. In its field operations staff, it is authorized 203 positions and had 128 present on May 23. Obviously recruitment programs need to be pressed, not only by AID/W but throughout the departments and agencies. There is a crucial need to fill certain positions at once. Long-standing vacancies in auditors and commodity analysts have diminished control procedures and opened the entire program to adverse comment. In general, the USAID personnel structure needs reexamination (Lodge would favor a 25 per cent cut). My own view is that realignment and slenderizing need to be done but should be undertaken against the new decisions on revised priorities.

15. Finally, press relations. The resident Saigon press corps by and large is young, inexperienced, and sensationalist minded. It will be a difficult group to work with at best, but I am convinced that more can be done. Barry Zorthian, the head of JUSPAO, will be in Washington for several days in mid June. I strongly recommend that Mr. Moyers and you meet with him and that we work out an informational strategy and operational plan for the next several months on story lines, press treatment, and greater emphasis on third-country programs in behalf of Vietnamese freedom and development.

William Leonhart

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TO: DDCI *has noted w*
DCI

Bob Komer recently sent to the DCI (and to SecState, SecDef, AID and USIA) a report given to him by Ambassador Leonhart following Leonhart's recent visit to Vietnam. The Leonhart report sets forth various problems confronting us in the nonmilitary fields in Vietnam.

Komer invited comments on the report. The report was sent to Peer de Silva for analysis and Peer has provided for DCI's signature the attached memorandum to Komer.

[Redacted Signature Box]

L. K. White

10 JUN 1966

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