

SECRET

MEMORANDUM FOR: Chief, Covert Action Staff

SUBJECT: The Asia Foundation (TAF) Program in Vietnam

REFERENCE: Your memorandum, same subject, dated 5 December 1962

1. Referenced memorandum indicates that there is general agreement on the desirability of constructing and staffing schools for the strategic hamlets in South Vietnam. It indicates that TAF is interested in assisting in this matter, at least until AID could get geared up to initiate a program. The memorandum further states that the CA Staff might be able to allocate \$50,000 for this purpose if at least matching funds could be found elsewhere, and refers to your understanding that this Division is considering a supplemental request to the Pentagon which might include some funds for this purpose.

2. This Division certainly concurs in the desirability of providing schools for the strategic hamlet program. Indeed, the success of the entire strategic hamlet program may stand or fall in the final analysis on the extent to which various community services and facilities are incorporated into these hamlets.

3. As far as financial support for this undertaking is concerned, however, I do not see how FE Division can be of assistance. This Division has indeed recently addressed a supplementary request to the DOD for funds. However, this presentation was restricted to funds needed to finance the strictly paramilitary effort now underway in Vietnam, part of which is in the process of phasing over to DOD control in any case. This request itself represented a substantial reduction over the total requested by [redacted], was strictly limited to semi- or fully-overt activities conducted [redacted] in conjunction with the war effort there, and specifically excluded covert activities which must either be funded from our regular budget or be the subject of a special request to BOB. As far as funds now available to this Division are concerned, we were recently compelled to reduce the CA budget already approved for the Division for FY 1963 by one million dollars. This cut has not been easy to make; \$50,000 of the total has been taken from the CA budget for Vietnam itself. It clearly is not possible to set aside \$50,000 or more from monies now remaining to us for this purpose. With respect to the approach to BOB, we are most reluctant to make requests more than by necessity for programs we have been specifically authorized to execute through private authorities.

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4. I regret that we are not in a position to support this endeavor financially. Perhaps you will consider it feasible to proceed with it on a limited basis with the funds now available to your Staff.

[Redacted]
[Redacted]
Chief, Far East Division