

Comments on Specific Allegations Contained
in the Colegrove Articles on Viet-Nam
(Scripps-Howard Correspondent)
July 20-25, 1959

There are attached herewith detailed comments replying to the principal allegations made by Mr. Colegrove in a series of articles about the United States aid program in Viet-Nam. These comments have been drawn up in response to requests made by the Subcommittee on State Department Organization and Public Affairs of the Senate Foreign Relations Committee and the Subcommittee on the Far East and Pacific of the Foreign Affairs Committee of the House of Representatives.

Department of State
International Cooperation Administration
August 13, 1959

1. Allegation

"The American aid program in little free Viet-Nam is an outrageous scandal." (1st article)

"We have wasted many millions of dollars, and still are." (1st article)

". . . the well-paid U. S. bureaucrats who supervise the program are not preventing serious waste." (2nd article)

Comment

Answers to these sweeping generalizations are contained in comments on specific allegations under items numbered: 2, 4, 5, 6, 7, 8, 9, 10, 11, 14, 15, 16, 19, 20, 22, 24, 27, 29, 35, 36, and 37.

2. Allegation

"The true story of this fiasco has been hidden from the American public, which is paying for it." (1st article)

"U. S. bureaucrats . . . have tucked the damning facts away in secret files." (1st article)

Comment

Mr. Colegrove gives contradictory evidence in the same article, when he states: "We have accomplished our main mission. We have kept Viet-Nam from Communist conquest and from economic collapse." Here are some of the principal tasks that have been accomplished and others on which considerable progress is being made:

Economic stability has been maintained, while the Vietnamese armed forces have been built up from an ineffective disorganized force to one now well on the road to becoming a cohesive, well-trained fighting force;

Some 660,000 civilian refugees, fleeing from Communist North Viet-Nam, have been successfully cared for and integrated into the economy;

War-damaged public works and other facilities have been rehabilitated;

Tens of thousands of Vietnamese have been given technical and administrative training ranging from a few weeks to well over a year;

A beginning has been made in a constructive longer-range development program, which includes constructing highways,

increasing agricultural production, expanding industry, and building up government institutions and services in education, health, and agriculture.

Most observers agree that, had these not been achieved, there would be no free Viet-Nam today.

It is untrue that the true story of this program has been hidden from the American public and that U. S. bureaucrats "have tucked the damning facts away in secret files." Certain documents are classified, on security grounds, to protect sources of information, or because premature release would prejudice negotiations -- not to hide embarrassing facts. But a great bulk of information relating to the utilization of aid is available to meet any inquiry. For example, project documents and audit reports are normally unclassified.

It is to be noted that this sweeping allegation has been made by a man who visited Viet-Nam for less than three weeks and during that period had only limited contacts with the United States Operations Mission (USOM). According to our best information, he made no contact with USOM technical advisors in Agriculture, Education, Industry, Public Administration, or Public Safety. He avoided a meeting with the Mission Director. Mr. Colegrove made no effort to check accounting facts with the Controller.

Although he saw the American Ambassador on arrival, he did not call before leaving to discuss conclusions which he had reached. He had a briefing by an officer of the U. S. Military Assistance Advisory Group (MAAG) shortly after his arrival and consulted with other officers, but he did not see the Chief of MAAG.

3. Allegation

"In less than five years, the U. S. taxpayers have spent roughly \$2 billion to help this new-born anti-Communist nation ..."

"America is spending more than \$1 million a day to keep this country alive and on our side." (2nd article)

"... They get from America the millions necessary to buy what they want but can't afford. Since 1955, this has amounted to more than \$1 billion. In addition, we equip and train Viet-Nam's military forces. The cost is a military secret, but has amounted to at least another \$1 billion." (2nd article)

Comment

The exact amount of aid cannot be revealed because it would involve figures for military assistance which are classified. The figure of \$1 billion for economic assistance is approximately correct. However, the other three figures used in the above quotes are all substantially higher than the correct ones. Correct figures, of course, have been made available to the appropriate committees of Congress on a classified basis.

4. Allegation

"... We forked over bundles of American cash to the fledgling inexperienced Viet-Nam Government, and then looked piously at the ceiling while the money melted away." (1st article)

"We are also giving, outright, millions in cold U. S. cash to a country that has a desperate scarcity of skilled accountants, let alone trained government administrative help. Nonetheless once we arrange to deliver a batch of money for goods to free Viet-Nam, that's it. American officials wash their hands of further responsibility." (2nd article)

Comment

No "cold U. S. cash" is being given outright to Viet-Nam. Cash grants were given to Viet-Nam during FY 1955 and the first half of FY 1956 to meet emergencies, but not since that time.

It is not true that American officials wash their hands of further responsibility once a particular item of aid has been agreed to. Complaints of irregularities are investigated; American technicians follow the technical aspects of projects; the Controller's office conducts audits and end-use checks, examining whether or not funds and supplies have been used in line with agreed purposes; and the International Cooperation Administration (ICA) in Washington conducts comprehensive field audits checking on actions taken by the field mission.

Despite the shortage of accountants and trained administrative personnel, which has been substantially reduced during recent years, we believe that accounts are being handled capably by the Viet-Nam Government, aided by these factors:

(a) Viet-Nam's National Budget and Accounting Office is widely regarded as a model installation. Its thoroughly competent and devoted staff effectively utilizes IBM equipment. This operation has been visited by

officials of other Asian countries who wished to study the feasibility of converting their systems to that in use in Viet-Nam. It has also been inspected and praised by American observers.

(b) With USOM technical advice, the latest methods of stock and inventory control have been set up in the Vietnamese Foreign Aid Administration's Central Purchasing Agency (CPA). This agency was established in 1956 and now purchases, receives, warehouses, and distributes the bulk of project-commodity procurement under the U. S. aid program. It has handled procurement as follows: 1956 - \$40,000; 1957 - \$3.5 million; 1958 - \$7.5 million. A recent analysis of ICA refund claims showed no claims involving CPA activities. For a group of "unskilled accountants and untrained administrators," this is a remarkable performance.

(c) Extensive courses in accounting techniques and in the use of modern business machines have been and are being conducted under the joint auspices of USOM and the Vietnamese Government. These courses have been so successful that the panel appointed to supervise the program is gradually being phased out because the Vietnamese staff is developing great proficiency.

5. Allegation

". . .the by-word of most high American officials: Keep your mouth shut, smile and don't rock the boat."

"We learn quickly, said one, if you start criticizing the status quo, even mildly, you are promptly warned your boss may consider you a troublemaker, and might so state when he writes up your efficiency report. This could fowl up your career permanently." (1st article)

"But they have their instructions.

"These instructions, issued from Washington and fanatically enforced by the local U. S. brass are:

"'Don't rock the boat. If you don't like the way things are done, shut up or quit. Never, never be so rude as to question the Vietnamese government's privilege to do as it pleases with American aid.'" (2nd article)

Comment

At no time has any U. S. agency -- the Department of State, ICA or any other, or the respective missions of these agencies in Viet-Nam -- issued any instructions muzzling American personnel. Moreover, the assumption that large numbers of Americans could be intimidated, or would be guilty of cowardice in hiding the truth in order to protect themselves in alleged soft, easy jobs, is completely contrary to the American character. On the contrary, objective criticism is encouraged. Evidence supporting these statements is attached, in a letter from a former employee of the ICA's field Mission in Saigon (USOM), and a memorandum of a USOM official to the technicians on his staff.

Furthermore, senior officials of all agencies, including the Ambassador, have "rocked the boat," by turning down suggestions made by Vietnamese officials.

Many members of the staff also have "rocked the boat" in offering criticism to the responsible officials of U. S. missions in Viet-Nam.

It should not be inferred from this, on the other hand, that individual Americans in official programs in Viet-Nam or any other country are free to act entirely as they may feel disposed under all circumstances. While they are encouraged to question any government's privilege to do as it pleases with American aid, they are not at liberty to do this rudely, without reasonable regard for the sensitivities of those with whom they are working. Some employees do not understand the difference in these two approaches, and need to be reminded. Furthermore, all large organizations, whether government or business, operate under certain policies and procedures established as best suited to an achievement of the objectives of the operation, to which individual employees are expected to conform. Aid programs, carried out in foreign lands in cooperation with another government, are no exception to this rule. It is inevitable, under the various circumstances surrounding these programs, that certain individuals will not be in sympathy with all the existing policies and procedures, and that some will feel their freedom of expression is being unduly restricted.

LETTER TO THE EDITOR:

I have now read two of Albert M. Colegrove's articles on Vietnam and you are damn right--I am angry. What I am angry about is that here in the United States of America there should be a newspaper reporter and a newspaper so irresponsible as to print such a mass of distortions, inconsistencies, and outright lies. I have just come home from a tour of duty with the USOM in Vietnam, the office that administers the economic aid program. I was the statistician and economic analyst there and it was my job to know about the things Colegrove is writing about. To me it is very easy to understand how he managed to collect so much wrong information. It is obvious he was never even inside the USOM; if he had been, he would have known damn quickly, believe me, that it isn't air conditioned. Undoubtedly he got the information sitting at those French-styled sidewalk cafes he talked about, drinking gin and tonic with a few malcontented wise-guys, who, themselves, don't know what is going on there. Yes, there are some malcontents there--just as there are in every organization, whether government or private, in or out of the United States.

The whole thing--the million dollars a day, the idea that we turn money over without keeping track of it, the fabulous allowances, the lush living, and particularly the idea that we couldn't criticize without fear of being fired--all a bunch of lies. Sure, some things were wrong--show me an organization, any place, where there aren't some things wrong--but we could and did criticize. In fact, I was one who criticized most because it is my nature to criticize. I criticized to my boss, the Director of the USOM, and even to the Ambassador. I was not fired--in fact, they wanted me to come back for another tour. And, all I can say is, if I had been earning as much as Colegrove says we did and living as high, I would have gone back. If you want to know why I didn't, it is because I was one of the few lucky people who didn't get amoebic dysentery, or hepatitis, and I didn't want to push my luck.

Since I do not work for ICA now, I feel free to write this letter. I shall write another one after the series is over, taking Colegrove's articles point by point, and telling you what the facts are. But first, I challenge you to publish this one.

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Attachment

DIVISION OF AGRICULTURE AND NATURAL RESOURCES

January 15, 1959

MEMORANDUM

To: All Technicians
Thru: Section Heads

From: Dr. L. W. Jordan, Deputy Chief, Div. of Agr.

Subject: Monthly report for December 1958

It has been decided that instead of the usual monthly report for December we will submit a summary of the activities of 1958 in order that the Director and S/Food, ICA/W, may be brought up to date on the current status of our projects rather than having to wait for the usually inadequate (as far as we are concerned) Annual Report of the Mission which will not come out for several months and thereby loses much of its effectiveness for future planning purposes.

Attached hereto is a format for your guidance in furnishing me with the basic data and information which will be used in compiling our report. Most of the financial data is available either from Miss Jones or myself.

In your report I want a frank, honest appraisal of your project, AS YOU YOURSELF SEE IT, as of 31 December, together with immediate and long range prospects for the completion and/or continuance of the project. What is needed, when, where, etc. Whether ICA, the local government or someone else furnishes the requirement is immaterial. That the job needs to be done is the main point. We want your recommendations on how it is to be accomplished.

Let us use Extension for example. We recognize the need for a nation-wide extension service, but to date have only 8 agents working in 20 provinces whereas we need 150 agents working in all 36 provinces. What are the prospects for getting the agents, training, facilities, etc., and over what period of time. Possibly it will take 5 to 10 years. New legislature may be needed. What are the roadblocks in getting the job done? What must we expect and what can be done about it?

We do not want to use this report as an opportunity to discuss our favorite gripes, but don't be afraid of stepping on toes, provided it is impersonal and points out the obstacles standing in our way of accomplishing our mission.

With only a limited amount of space, your summary will necessarily have to be short and to the point. If you are up on the status of your project, as you should be, then you already have the information you need to submit a factual, comprehensive and beneficial report. Without fail, it must reach me not later than 22 January 1959.

6. Allegation

"... We've done little to guide Viet-Nam toward the day when she can support herself. This country has a terrible financial problem. Our 'solution' has been to put her on the dole. She may be there 10 years, 25 years - or forever." (1st article)

"We spend and spend, and our government experts haven't proposed a single new answer to the problem. All they can come up with is determination to maintain the status quo. We'll never solve the economic problem this way. Meantime, these people are living off our hand-outs and are quite satisfied to do so." (2nd article)

"Then he President Diem added significantly: 'Many experts think undeveloped areas like South Viet-Nam will need help for 25 years.'" (2nd article)

Comment

In applying aid funds in Viet-Nam it has been necessary to do first things first. When this program first began in FY 1955, the "status quo" included a number of elements dangerously threatening the survival of that country as a free nation. There was a potentially very serious threat of inflation, which could have destroyed any possibility of an effective military or development effort. Towns and countryside had been devastated by eight years of civil war, which left Viet-Nam's economy in ruins and its society disorganized. Free South Viet-Nam had to care for the influx of hundreds of thousands of refugees fleeing from Communist North Viet-Nam, who lacked shelter and the necessities to sustain life. The majority of these had no means to make a livelihood. Had the aid administrators really been content with the "status quo," these glaring problems would have gone unattended, and free Viet-Nam would probably have gone Communist well before now.

The Vietnamese have often made it clear that they do not enjoy their status of economic dependence on the U. S. Under the circumstances, however, they realize the need for and appreciate our aid. In frequent expressions of

concern over this situation, high officials emphasize their determination to achieve economic independence as soon as possible. But the facts are that Viet-Nam is still technically at war, and that what semblance of peace there is depends on a precarious cease-fire agreement. Therefore, it must finance a substantial military force to meet the threat posed by the larger armies in the North. It is also continually threatened with internal subversion, plotted, contrived, and carried out by Communist Imperialists. For these and other reasons, Viet-Nam has a major problem in restoring stability and developing its economy.

The Vietnamese leaders realize that if they do not maintain their military strength they would be dangerously vulnerable. They cannot yet finance their army and police and civil guard at the levels required and also maintain basic civilian services, without the assistance that foreign aid gives. What we presume Mr. Colegrove calls the "dole," namely the import of consumer and other goods for sale within Viet-Nam, is in fact the soundest way in which the U. S. can help Viet-Nam maintain its security forces and carry out other essential activities without serious inflation.

When President Diem saw Mr. Colegrove's statement in the first article, inferring that Diem had said "that Viet-Nam may be on the dole for 10 years, 25 years - or forever," he told the U. S. Ambassador that in discussing this general question with Mr. Colegrove he had stated that many foreign experts had told him that it might take 25 years to improve the situation in all the underdeveloped countries in the world. President Diem stated that he had not implied in any way that Viet-Nam would need aid for that length of time but had talked in terms of "three, five or eight years depending upon the rate of progress."

Fortunately, with aid given to help deal with these problems, Viet-Nam has now achieved a considerable part of the security, economic stability and repair of war damage prerequisite to undertaking a sound program of economic development. Furthermore, many concrete accomplishments have already been achieved since our aid program began, as follows:

1. The internal situation has been brought from chaos to basic stability.
2. The Vietnamese armed forces have been built up from an ineffective disorganized force to one which is well on the road to becoming a cohesive, well-trained fighting force.
3. Under MAAG supervision the Vietnamese army engineers have built a new, important all-weather road from Kontum in the northeast to the coast.
4. Vietnamese civilian engineers are now beginning to build excellent roads on their own, using techniques and methods taught by American advisers.
5. A new highway from the coast to the interior, which has opened new fertile lands for settlement, is practically completed; another road further north from the coast to the interior is well under way.
6. The country's principal railroad, destroyed in great part by the Communists, has been rebuilt to the demarcation line dividing Vietnam, and through trains are running from Saigon.
7. Rice production has increased substantially so that the amount available for internal consumption and export has risen from 1.8 million tons in 1954 to about 3 million tons for 1958.
8. French planters have taken advantage of the Vietnamese Government's loan program to extend the area of their rubber plantings. New rubber plantings have risen from a low of 325 acres in 1955 to 4,740 acres last year.

9. A sugar refinery, destroyed by the Communists, has been rebuilt and surveys for other refineries are well advanced. These will produce enough sugar to meet internal consumption requirements.

10. A factory manufacturing miscellaneous rubber products, destroyed by the Communists, is being rehabilitated and another factory to make tires for bicycles and scooters has been designed and should be erected in the near future.

11. A jute mill adequate to meet the country's needs for burlap bagging has been re-equipped. A 20,000-spindle textile mill and a large glass factory are under construction, and scores of smaller industrial plants have been established or enlarged.

12. In Viet-Nam's land reform program, as of the end of February 1959, a total of approximately 250,000 acres had been surveyed and allotted to 115,410 new owners. It is expected that the land transfer program will be completed by mid 1960, when about 1.7 million acres will have been transferred to new owners.

13. Over 50,000 persons from the crowded coastal area have been settled on government-owned land in the high plateau where they are now raising hard fibers and expect to raise other commercial crops which will diminish the foreign exchange demands of the economy.

14. The Government of Viet-Nam's Ministry of Information, with equipment and technical assistance supplied by the USOM, has established and is now operating about 1,100 community radio listening centers and information halls. These centers are scattered over the entire country. Through them many thousands of listeners regularly receive news and information, consolidating understanding between government and people.

15. Airports have been improved and built.
16. Air navigational aids have been installed at Tourane and Saigon.
17. Navigational aids have been installed on the Saigon River so as to permit travel by night, thus facilitating ocean shipping.
18. Improvements in irrigation and drainage facilities have been supplied to 237 village irrigation systems, benefiting 450,000 acres of arable land.

As a result of progress along these lines, it has been possible to reduce substantially the amount of U. S. assistance given to Viet-Nam for both Defense Support and Technical Cooperation. Over the first two years of the period FY 1955 through FY 1959, aid averaged about \$263 million per year, as compared with an \$180 million average for the last two years of this period. Clearly, a significant start already has been made toward the day when Viet-Nam can support herself. Present programs include a variety of projects designed further to speed Viet-Nam's economic independence and social development.

7. Allegation

"We are buying jeeps, trucks, guns, tractors, factories, even whole radio networks for an infant farm-economy nation that quite admittedly lacks the know-how to use them. Of free Viet-Nam's 13 million people, there are only 300 trained technicians and engineers by its own government's count."
(2nd article)

Comment

Aid equipment is not turned over to incompetents. To train personnel to handle such equipment properly the USOM and the MAAG have conducted scores of training programs, ranging from a few weeks to as much as two years.

If the term "technician" is understood to include tractor operators, mechanics, and similar skilled workers as well as engineers, which one would have to infer since the allegation includes reference to jeeps, trucks, tractors and factories, the number is far beyond the 300 indicated.

Of the more than 30,000 persons trained under USOM programs, at least 5,000 would fall within the foregoing definition of "technician." The Capitol Engineering Corporation, a USOM contractor, trained 134 technicians and conducted a nine-month high-level course on highway engineering for public works engineers. Johnson, Drake and Piper, another USOM contractor, apart from training some 1,800 technicians to handle all heavy highway equipment, is now conducting its second four-month, eight-hour a day, six-day a week course for 30 highway supervisors. Others have been trained to serve as dredge captains and crew, well drillers, pump maintenance men, welding experts and Diesel engine operators.

Similarly, the MAAG has trained over 33,000 personnel for periods varying from 4 to 26 weeks or more. Of these, 209 are graduates of the U. S. Army Engineering School at Fort Belvoir, Virginia. Others were trained

in such fields as radio repair, vehicle maintenance, metal working and welding.

This training includes what is done under our Exchange of persons programs--whether conducted by USIA, ICA, or the Department of Defense-- under which qualified persons are brought to the United States for extended periods of study. We believe it is one of the finest ways in which we can cooperate with our friends abroad.

8. Allegation

"'My job,' he said, 'includes advising Vietnamese who have a large number of Jeeps, trucks and cars. They misuse and abuse these vehicles. They leave them outside in vile weather. They overload them. They seldom check the oil or bother with grease jobs. They pay little attention to our advice.

"'Every American in my shop is bitter. But we know if we get firm, we'll be tabbed by our bosses as troublemakers who can't get along.'" (2nd article)

Comment

In the absence of specific information it is impossible to comment specifically on this allegation.

There are some exceptions but, in general, equipment is well-maintained. American advisers in both the military and economic programs help see that repairs are effected and vehicles are accounted for. For instance, in the highway project, there is a uniform program of checking and servicing all vehicles on a regularly scheduled basis, and a good system of accounting for spare parts. Records are kept on dates of servicing and when further servicing is due. The training programs, referred to in item 9, supported by the MAAG and the USOM, are building up competence among the Vietnamese to handle these operations effectively.

9. Allegation

"An American advisor, going thru the books of Radio Viet-Nam, the official government radio station, found a mysterious entry for '14 radio towers' costing \$28,500, for which U.S. aid officials have paid. That was almost three years ago; no one has yet laid eyes on those towers." (2nd article)

Comment

Originally, in 1955, there were 14 towers budgeted for in this project, estimated to cost 1,100,000 piasters, but only 10 steel towers were actually procured. These were bought for piasters from the counterpart fund and not dollars, and they cost 395,680 piasters, the equivalent of \$11,305. We know where they are. These towers were bought for use with transmitters already in the hands of Radio Viet-Nam.

Pursuant to Mr. McIntosh's recommendations, 14 more towers were purchased for dollars by the Central Purchasing Agency under Invitation to Bid #450. These bids were opened on October 29, 1958. These towers are to be used for the system of local stations as planned by Mr. McIntosh with Radio Viet-Nam. We know where they are, too. They were received in Saigon on May 7, 1959.

The specific facts in the history of these towers follow:

1. The origin of the first group of radio towers goes back to the program agreement signed on February 15, 1955. On page 8 of this agreement there is a budget item for the purchase and installation of 14 radio towers at an estimated cost of 1,100,000 piasters to be financed out of counterpart funds.

2. Revisions of this program agreement extended the availability of these funds through FY 1956.

3. During the last quarter of FY 1955 six 40-meter towers (240 meters) of triangular steel material fabricated to a design made by Mr. Ray C. Trout were purchased. Bids on these towers were received from A.S.A.M. (Aux Sept Ateliers de Macanique), F.A.C.I. (Forges Acier et Chantiers Indochine) and C.A.R.I.C. (Chantiers Ateliers Reunis Indochine). The director of Eiffel Establishment did not bid because that company was only accepting contracts over 5 million piasters at that time. A.S.A.M. submitted the low bid at 277,680 piasters. The towers were delivered to Radio Viet-Nam during April-June quarter of 1956 and paid for from counterpart funds in July 1956.

4. In FY 1956 an additional 160 meters of material for 4 towers was required and procured by Radio Viet-Nam. The Eiffel Establishment submitted a bid and was low bidder over A.S.A.M., C.A.R.I.C. and F.A.C.I., with a bid of 118,000 piasters.

5. On August 10, 1959, the four above-named companies were queried as to their sales of towers to Radio Viet-Nam. No records indicate that more than the 10 towers listed above were sold.

6. The office of the Foreign Aid Administration of the Government of Viet-Nam has completed a review of all counterpart expenditures and has informed USOM that no expenditures for towers, other than those pertaining to the above 10 towers, have been paid.

7. Based on information recently received from Saigon, 8 towers are at Quan Tre, one is at Hue and one at Nha Trang.

10. Allegation

". . . the American government pitched in about \$71 million (2.5 billion piasters) to bring south and care for some 600,000 refugees. Almost three years later, in 1957, we asked for the free Viet-Nam government to please tell us how it spent the piasters. The Vietnamese accounted for \$34 million--and left \$27 million unaccounted for."
(2nd article)

"A few polite requests later, the missing amount was down to \$22 million--of which, they explained to us, some \$8 million unfortunately must have been burned in a 1955 fire. 'We will give you the records on the remaining \$14 million in the near future,' the Vietnamese explained. That was two years ago. My sources insist the accounting was never completed; the fate of many millions remains unsolved."
(2nd article)

Comment

Despite the difficult, almost wartime conditions which prevailed during this vast, dramatic, and successful refugee movement, when as many as 5,000 to 10,000 persons a day were pouring off the ships at Saigon, we did obtain a satisfactory accounting for the counterpart funds which supplemented the Vietnamese Government's own funds used for this purpose.

A USOM audit report on U. S. aid given during this period, made in March 1958, explains the problems of accounting for some of the piastres provided for Operation Exodus under the FY 1955 program. That report contains the conclusion that

"Expenditures totaling VN\$ 1,430,889,967, have been fully documented by various ministries and agencies of the Government of Viet-Nam. This is VN\$ 20,444,967 in excess of the ICA-financed contribution of VN\$ 1,410,445,000."

As explained during the course of the testimony, Vietnamese and U. S. funds were pooled, of necessity, because of the emergency conditions that prevailed. However, the 1,410,445,000 piastres (equivalent to \$40,289,428)

contributed by the U. S. were considered fully accounted for, according to the final conclusion of this audit report:

"The active audit and review of Operation Exodus documentation can now be considered completed."

The \$71 million referred to in the allegation concerns not only the counterpart funds provided in 1955 for Operation Exodus but also the piastres provided in 1956 for refugee resettlement. Since the emergency had abated by the time FY 1956 funds were required, U. S. counterpart piastres and Vietnamese budget piastres could be and were handled separately and the normal ICA accounting procedures were followed for the counterpart funds.

The statement that "some \$8 million unfortunately must have been burned in a 1955 fire" needs clarification. What was burned was not currency, but documentation covering the expenditure of piastres. This was not an ordinary fire or one deliberately set, but one that occurred during the Battle of Saigon, when the refugee commission headquarters was located between two warring forces; the Government and the Binh Xuyen. Currency was stored in fireproof safes and was recovered; documentation not so protected, was burned.

11. Allegation

"A year ago, a U.S. group wondered what had happened to some 2700 vehicles given to one branch of the Viet-Nam government. It asked for a tally and got one--with close to 700 vehicles unaccounted for. After a while, this was cut down to a few dozen, still missing." (2nd article)

Comment

The "one branch of the Viet-Nam government" is not identified; neither is the "U. S. Group".

In programs on the civilian side, no one branch of the government has been given that many vehicles.

If the vehicles referred to are on the military side, we are unable to reconcile the figures quoted in the allegation with any vehicle transactions between the MAAG and the Armed Forces of Viet-Nam.

The Armed Forces of the Republic of Viet-Nam has approximately 10,500 vehicles, but no one transaction in recent years involved 2,700 vehicles.

The monthly vehicle status reports of the Armed Forces of Viet-Nam have fluctuated in amount, but this fluctuation has decreased with constantly improving and standardized reporting procedures and correction of bookkeeping errors. Current reports reflect a variation from month to month of approximately one per cent. This small variation is attributable to delays in the reporting of receipts, outshipments and salvage. Based on information available to the MAAG, no vehicles are unaccounted for.

12. Allegation

"The American adviser to a small group of Viet-Nameese technicians discovered his group's Jeep was missing. He reported it stolen. A month later, he was informed the Jeep had been 'transferred' to the Ministry of Information. He inquired. Nope, said the ministry, we don't have it. 'Never did find the darned thing,' he says in exasperation." (2nd article)

Comment

It is impossible to offer comment in the absence of information concerning the specific incident.

13. Allegation

"But it is obvious to anybody with eyes that certain members of the Viet-Nam government are much wealthier today than before. (Informed consensus here is that President Ngo Dinh Diem himself is financially honest.)" (2nd article)

Comment

The standard of living in Viet-Nam has gone up since the wartime low, and many Vietnamese have filled business positions formerly held by the French. Others are now holding high government positions formerly closed to them, and they receive commensurate salaries. This probably explains part of the impression created that "certain members of the Viet-Nameese Government are much wealthier today than before." On the other hand, there undoubtedly is some corruption as attested to by the fact that a number of arrests have been made and announced in the press. By and large, the government officials live simply. There is little evidence of conspicuous wealth, and the government as indicated above is punishing wrongdoers.

14. Allegation

"Are we giving these people what they need --- or what they want?"

"ITEM: We've arranged to provide a powerful, complicated, 50,000-watt shortwave radio transmitter system costing over \$100,000 so they can beam propaganda at communist North Viet-Nam. But after almost five years of American aid, the Saigon water system remains so inadequate that the poorer people line up for blocks at 7 a.m. to fill their buckets with water that trickles from a handful of public pumps." (2nd article)

Comment

Admittedly, an improved water system for Saigon is needed. But the 50,000-watt radio transmitter (which is medium wave, not shortwave) is also considered necessary in the interest of telling the story of South Viet-Nam's progress and countering Communist propoganda in North Viet-Nam.

That fact is, however, that U. S. assistance is being given or planned for both of these projects. The Saigon water distribution system has been surveyed by U. S. engineers, who have made recommendations for a new system. At the time of the correspondent's visit to Saigon, negotiations were well advanced to obtain financing for the water system from the Development Loan Fund, which had already indicated its willingness to make the loan.

15. Allegation

"Naturally, their attention soon turned to Radio Viet-Nam.

"This was the small (three-station) radio chain which the newborn nation inherited from its former French rule.

"In 80 years as masters here, the French had avoided training Vietnamese for anything better than semi-skilled jobs. Thus, the director of Radio Viet-Nam was one Maj. Doan Van Cuu, a veterinarian whose specialty was the intestinal disorders of elephants.

"The three 'chief technicians' were non-engineers whose qualifications were that they had friends or relatives at the Presidential Palace..

"Then there were the girls--dozens of small-boned soft-lipped, gently-curved, laughing, trilling beauties with which Viet-Nam is so happily endowed--and all of them hired and thrust behind microphones or control panel after a couple of hours' 'training' by the admiring Cuu.

"The 7 a.m. news often came on at 1 p.m. Saturday night's serial frequently was postponed to Tuesday morning because the leading lady (one of Cuu's little birds) was 'busy' Saturday night." (3rd article)

Comment

This does not describe the current situation with regard to Radio Viet-Nam. It represents a highly colored and probably exaggerated version of an unprofessional situation which existed when the newly independent Viet-Nam Government first assumed full responsibility for the operation of radio facilities in the country. It would not be a fair picture of Radio Viet-Nam today. During the early period, to which the above is related, the United States gave only limited help on the technical side. Most of United States assistance to Radio Viet-Nam has been given in the period since its operation has been improved, following a reorganization which took place late in 1956.

16. Allegation

" ... As a result, Radio Viet-Nam today has, not one, but three costly teletype 'reperforating' devices it never has used!"
(3rd article)

Comment

These devices were procured in connection with an earlier program, later abandoned, to communicate news from Saigon to the other radio stations by teletype. Together they cost approximately \$10,000. The procurement of these machines in 1957 before the plan was finalized represents a mistake in judgment. It is expected that another use can be found for them in Viet-Nam.

17. Allegation

"Information Minister Thanh opened the meeting by flatly rejecting the American proposal. What his government desired, Thanh said, was a giant 100,000-watt shortwave transmitter which not only would reach the communist north; it also would go all the way to America where millions of families, huddled around their shortwave receivers, would be swayed to send more aid to Viet-Nam! (3rd article)

"The Americans coughed nervously and suggested this might be a trifle ambitious for now. The Minister walked out." (3rd article)

Comment

The Viet-Nameese Government did propose a 100,000-watt short wave transmitter. As the article suggests, the proposal for a 100,000-watt short wave transmitter was turned down, and has never been reconsidered.

18. Allegation

"Under U. S. guidance, it was decided to move the Saigon transmitting station. An American supervised construction of a \$25,000 building and drew plans for a lofty antenna tower. Then it was discovered a law prohibited any tower over 90 feet tall so close to the Saigon airport. This eliminated use of the best broadcasting frequency." (3rd article)

Comment

It is true that a decision was made to move the Saigon transmitting station, from Phu Tho to Quan Tre, near the airport. Although the article states that the law prohibited the erection of any tower "over 90 feet tall so close to the Saigon airport," in fact the restrictions permit a tower of 273.9 feet (83.5 meters) to be erected at this site. A location further from the airport might have been desirable to permit a still higher tower, but this assumes that all other factors such as conductivity of the soil, distance from the city and security would have been favorable. The broadcasting frequency as now planned remains the one which would have been used had the tower been taller. The shorter tower may reduce the strength of the signal by up to 15 percent of the calculated ideal.

19. Allegation

"Radio Viet-Nam Director Cuu, the specialist in elephant bellyaches, finally overreached his privileges. A horde of police, acting on information received about Cuu's unique bookkeeping (which had never been open to American inspection) swooped down one day--a trifle late. Major Cuu had just burned his books in the alley. Some \$446,000 of the money entrusted to him remains to be accounted for today." (3rd article)

Comment

The alleged shortage in Major Cuu's accounts is an old rumor dating since 1956. When high Viet-Nameese officials heard these rumors, an investigation was ordered. These officials have assured the Ambassador that Major Cuu's accounts were found to be in order, but, he was dismissed because he was not a good administrator.

The alleged shortages involved only Vietnamese Government funds and not any funds derived in any way from the United States Government.

20. Allegation

"The also ramrodded thru a U.S.-financed project to air-condition Radio Viet-Nam's Saigon studios. Seven machines, costing \$27,500, were installed. A local contractor, paid in advance, was hired to install the necessary ducts throughout the building. He skipped the country. The air-conditioning machines are still there, idle; and Radio Viet-Nam's Saigon studios remain uncooled."
(3rd article)

Comment

To protect the delicate electronic equipment which it was supplying, and to make possible soundproofing of the studios to permit modern broadcasting efficiency, USOM quite properly provided air-conditioning, costing approximately \$27,500 as indicated. Without it, in the hot humid Saigon climate, electronic equipment deteriorates rapidly, and soundproofed rooms are unbearably hot.

Plans for the soundproofing of the studios were made by Mr. McIntosh, a qualified American electronic engineer. He also recommended the physical location of the air-conditioning units which was followed.

Installation of the air-conditioning was slow because of restrictions placed on the contractor by Radio Viet-Nam. Work stopped for a time when the contractor engaged by the Viet-Nam Government left the job. Later he returned, and work resumed. At last report the offices were air-conditioned, and the air-conditioning in the studios had had its first test run. Some noise in the ducts was being corrected. As soon as these defects are taken care of, the studios will also be effectively air-conditioned. The USOM provided the air-conditioning equipment; the Government of Viet-Nam financed the local costs of its installation.

21. Allegation

"However, in recent months, Tho has been partially appeased.
Some U. S. 'jamming' equipment is on the way." (3rd article)

Comment

All requests made to USOM for jamming equipment have been rejected.
None has been or is being supplied by the aid program.

22. Allegation

"Then came Abbott Washburn of Washington, Deputy Director of the entire Voice of America program, swinging thru Saigon to see how things were getting along. (3rd article)

"The problem of the transmitter impasse reached his ears. Why, said Mr. Washburn, what a lucky thing I passed by! The Voice of America happens to have a 50,000-watt transmitter it's not doing anything with just now. That may not reach to America, but it will get the message to North Viet-Nam. We'll give it to free Viet-Nam, how's that? (3rd article)

"The Vietnamese were delighted.

"Later, after Mr. Washburn had zoomed back to Washington, it was discovered that American law positively prohibits even him from giving away Voice of America equipment to foreign nations. (3rd article)

"This threw foreign aid officials into a tizzy. What to do? American 'face' was at stake. Above all, the boat must not be rocked. So--the 50,000-watt, \$100,000 transmitter was quietly sandwiched into the USOM budget for Viet-Nam . . ." (3rd article)

Comment

The statement already issued by Mr. Washburn provides the correct account of these events, as follows:

"When Abbott Washburn, the Deputy Director of USIA, visited Saigon, Vietnam, in October 1956, he saw President Diem on what he thought would be a courtesy call. The visit turned into a three-hour meeting, in the course of which many subjects were covered. During the discussion President Diem mentioned his need to strengthen the radio broadcasting facilities in Vietnam in order to meet the challenge of strong radio signals from North Vietnam (Radio Hanoi) which were blanketing both North and South Viet-Nam. Mr. Washburn observed that there might be U. S. Government equipment excess to the needs of the Voice of America which possibly could be made available to assist the Vietnamese Government in developing its radio facilities. He said he would look into the matter on his return to Washington. Mr. Washburn made no commitments and no promises other than that.

"When Mr. Washburn did look into the matter on his return to Washington, it was found that the excess Government transmitters were not suitable to meet the needs of the Vietnamese

Government. This information was conveyed to officials of the International Cooperation Administration. While the USIA Mission in Vietnam and USIA officials in Washington concurred in the desirability of enabling the Vietnamese Government to reach the peoples of North and South Vietnam by radio, the project fell more appropriately into the economic aid program of ICA."

23. Allegation

"After much travel and study, Mr. McIntosh recommended 11 sites. He drew up detailed designs for equipment at each site. He then returned to America. The Vietnamese rejected most of his designs and all but two of his sites as 'unsuitable'." (3rd article)

Comment

The foregoing allegation may have been applicable to the period immediately following Mr. McIntosh's first visit in 1957; it is not applicable now.

Some of the sites selected by McIntosh on his second trip, it is true, turned out to be unavailable for one or another reason, but original McIntosh sites or suitable alternate sites for all but three of the stations have been approved by USOM and acquired by the Government of Viet-Nam. Building designs set by McIntosh are being followed in the buildings now under construction and his building designs will be used at all but one of the provincial stations. McIntosh designs will also be used when the time comes to erect the antennae.

24. Allegation

"Stupidity and arrogance of the people who represent our Government in Viet-Nam may be losing friends for America faster than aid dollars can gain them.

"Showing rare talent in this department, American bureaucrats and their families have managed to get themselves disliked, not merely by the Vietnamese but also by other Asians, Europeans and even their fellow countrymen here.

"There are exceptions, of course--people who individually have gained respect and fondness.

"But--

"Speaking with typical Oriental restraint, a prominent Vietnamese editor unhappily told me: 'It is not considered a compliment to call a Vietnamese 'pro-American,' these days.'

"Added a successful Vietnamese publisher: 'Americans in your Embassy and in your foreign aid and propaganda branches do not get out and around. They tend to stick together or, at best, to associate only with the people who they think comprise the upper crust of our society.'" (4th article)

Comment

These allegations as made by the author bear little resemblance to fact. The extent to which Mr. Colegrove was able to gauge such sentiments is also questionable in view of the brevity of his trip to Viet-Nam and his admitted inability to speak Vietnamese or French.

That some anti-American feeling exists in Viet-Nam, as it does in any country in the world, is indisputable. We are disliked by the Communists. Others dislike all Caucasians. Distrust of all foreigners, Asian or Western, doubtless motivates others. Some dislike certain manifestations of American culture and may transfer this feeling to a general dislike of Americans. Some ultra-nationalists undoubtedly resent their country's being dependent on American aid.

On the positive side, which we feel outweighs these considerations, is evidence of growing pro-American sentiment throughout South Viet-Nam. Official relationships have been and continue to be close between members of our mission and Vietnamese Government officials, and in numerous cases these have ripened into deep friendships. American culture, presented through such media as translations and original versions of American books, visiting musicians and mobile libraries, is being better understood and appreciated throughout the country. A Vietnamese-American Association with a growing membership and thousands of participants is now functioning in Saigon and Hue. It is helping to create amicable feelings through its many joint activities.

Despite some language barriers, Vietnamese have found many of the approximately 2,500 Americans in Viet-Nam ready to develop personal friendships beginning with common interests and expanding to a wide variety of others. Most Americans have freely extended their hospitality to Vietnamese. There are numbers of Vietnamese whose children play with ours, who spend quiet evenings in American homes or Sundays at the beach with Americans, or whose wives work closely with American wives in a wide variety of charitable causes such as a school for the blind, hospitals, and orphanages.

As far as statistics are concerned, we have the results of a recent private non-official opinion survey which was made available to us just last week. Of some 462 students polled at the universities of Saigon and Hue, only 3 percent had a "bad" opinion of the United States; 22 percent had a "fair" opinion, 41 percent "good", and 23 percent "very good". Eleven percent had no opinion. On the question of whether American foreign policies and actions have been good or bad for Viet-Nam, 69 percent of those interviewed thought that they

were good, only three percent believed them bad, and 28 percent gave no opinion or reply. It is also significant that 99 percent knew that the United States was helping Viet-Nam.

The author's statement that we are disliked by "other Asians, Europeans and even their fellow countrymen here" deserves little comment. Official Americans have close professional and social relations with many non-Vietnamese groups on a continuing basis. A large International Women's Club in Saigon includes women of all nationalities in its membership. Americans cooperate extensively with French officials and private citizens in a number of activities; relations with Vietnamese of Chinese origin are good; and other Asians resident in Viet-Nam are friendly to U. S. personnel. Whatever unfavorable attitudes do exist probably arise from causes described above in the second paragraph of these comments.

If some Americans in Viet-Nam dislike one another, they are simply exercising their human prerogatives of liking and disliking whom they please. In this connection, however, some friction may exist on the grounds that official Americans have the privileges of the commissary, motion picture theatre and dispensary, which non-official Americans do not. Without discussing the merits or demerits of this situation, which will be treated in another context, it is reasonable to assume that those to whom these privileges are not granted are aware that decisions on these matters are not and cannot be made in Saigon. Relations between official personnel and most American citizens in private business, charitable and welfare work and other activities are very good. This would be readily affirmed by representatives of the Asia Foundation, the American

Volunteer Service, CARE, the National Catholic Welfare Service and most members of the small American business community.

25. Allegation

"---chauffered to and from work in a Government car."

Comment

The only vehicles with drivers permanently assigned to members of civilian agencies are those used by the Ambassador, the Deputy Chief of Mission, and the chiefs of the USOM and USIS. All other civilian agency transportation is pooled. In the MAAG only general officers and key administrative personnel, such as the fire warden, have drivers assigned to their vehicles. The Department also authorizes the Embassy to provide official pooled transportation to personnel for group travel between their homes and offices if they do not have personal vehicles. Such transportation is authorized by the Foreign Service regulations in posts where local transportation facilities are either unsafe or unavailable, or where security conditions would advise against the use of local transportation.

26. Allegation

"But perhaps the greatest American bid for the ill-will of all nationalities and classes in Saigon has been our house and apartment rental policy.

"All U. S. employees here are provided quarters rent-free. Uncle Sam picks up the tab, leasing apartments and villas for his wards at a sucker price.

"Here is a typical sample:

"Mr. G--is an American Government employe. He and his wife have no children. Our Government leases for them a four-room apartment for \$300 a month.

"Actually, that \$300-a-month figure is 'modest.' Many American Government families here enjoy homes and villas that cost U.S. taxpayers upward of \$600 a month. These rents are not paid with so-called 'counterpart funds,' either, but with piasters purchased by U. S. dollars from the U. S. Treasury.

"What rankles the people of Saigon, tho--from top-salaried private business leaders to lower-middle-income Vietnamese wage earners--is that Uncle Sam's free-spending rental policy has caused a chain reaction that has skyrocketed virtually all rents." (4th article)

Comment

A detailed survey of the housing of United States official civilian employees in Saigon indicates that the average monthly rental paid for all leases contracted by American agencies is \$236.27 and not the \$300.00 cited by Mr. Colegrove. The statement that many houses and villas cost "upward of \$600.00 a month" is incorrect. One large leased house costs \$645.00 per month. There are no others in that bracket.

That rentals are high throughout Saigon is attested by the fact that the six other Western diplomatic missions pay larger average rentals than we do. The implication that the 269 American leases have been the sole cause of the "skyrocketing" of rents in a city the size of Saigon is a gross exaggeration.

Although detailed statistics are lacking, it is widely acknowledged that hundreds of thousands of people have taken up residence in the city during the past decade. Despite this situation, rental levels in Saigon for lower and middle class groups have been remarkably steady for the past four years.

The U. S. mission in Saigon has not had a "free-spending rental policy" in Viet-Nam, and many official Americans can attest to the fact that they have waited for adequate quarters for as much as four months while U. S. agencies negotiated with landlords to obtain quarters at reasonable rentals. For three years there has been a U. S. inter-agency housing board in Saigon which exercises strict responsibility for seeing that exorbitant rental charges are not approved. The vigilance of this board has contributed a great deal toward holding rentals paid by U. S. agencies to an absolute minimum, despite keen competition for the limited housing available.

Finally, the procedures long followed by the American mission in Saigon provide still further controls. As a matter of policy, all American civilian personnel are provided quarters instead of receiving allowances. By observing this practice, the mission is able to assist in keeping rentals relatively stabilized, can insist on renewal options at fixed rentals in all leases, and can meet the demands of local landlords for one-year and often two-year advance payments. It would be difficult, if not impossible, for any official American to make advance payments covering more than a few months.

27. Allegation

"And on the subject of 'hardship pay':

"Our State Department tells the folks back home that life in Viet-Nam is so fraught with peril, discomfort and expense that our brave bureaucrats must have handsome bonuses to compensate for their sacrifices.

"The fact is--

"From the moment he boards a U. S. plane, bound for two years in Saigon, the average Government worker enjoys more luxurious living, fewer tensions, than 90 percent of his tax-paying fellow citizens will ever achieve.

"There is, indeed, tension and hardship--among the Vietnamese and especially outside of Saigon. . . .

"For withstanding these 'hardships', all our Government civilians in Viet-Nam receive bonuses amounting to 20 percent of their base pay." (4th article)

Comment

These allegations deserve detailed replies, which are offered below:

(A) Security Problems

On July 10, Mr. Colegrove wrote an article of which the heading in the Washington Daily News read "Terror Stalks Countryside of Viet-Nam." Although his version of the internal security problems in Viet-Nam is somewhat inaccurate, the picture Mr. Colegrove himself conveyed is not one of a quiet, placid situation. There are Communist guerrillas in the countryside and remnants of fanatical armed sects still operating from the jungles, swamps and forests. These extremist opponents of the South Vietnamese Government pose a continuing threat to internal stability, through sporadic acts of violence, in areas in which Americans are stationed. Two members of the MAAG stationed but 20 miles from Saigon were killed by gunfire and a third wounded a month ago. Less than two years ago, in October 1957, bombs were exploded in the USIS

library, a MAAG commuter bus and a hotel housing MAAG personnel. Other incidents of violence reported in the press include assassinations, kidnapping, robberies and terrorist attacks. Although the government has succeeded to a large extent in neutralizing or eliminating much of this threat, it is nevertheless compelled from time to time to warn the American Embassy of anticipated terrorist attacks on Americans and U. S. installations. American personnel are therefore frequently confined to the immediate Saigon area and have been forbidden on several occasions to venture into the downtown Saigon area. Travel at night on highways outside Saigon is prohibited to all American personnel.

(B) Health Hazards

Many Americans fall prey to maladies to which they had never previously been exposed. This factor plus the high incidence of serious disease in Viet-Nam makes the health hazard an important element in the designation of Saigon as a hardship post. Statistics on visits made to the understaffed American dispensary operated by MAAG are a reasonable but incomplete indicator of the state of health of official Americans in Viet-Nam. These data for the past three fiscal years are as follows:

	<u>FY 1957</u>	<u>FY 1958</u>	<u>FY 1959</u>
Infectious Hepatitis	20	23	4
Amoebic Bacillary and Other Forms of Diarrhea and Digestive Tract Infections	n.a.	1,611	1,595
Dermatological conditions	1,562	1,556	639
Acute Respiratory Infections	1,319	1,046	1,369
Diseases of ear, nose and Throat	1,020	879	1,269

	<u>FY 1957</u>	<u>FY 1958</u>	<u>FY 1959</u>
Diseases of Eye	272	400	432
Other Medical Conditions	3,219	3,145	2,363
Other Surgical Conditions	532	337	555

(NOTE: Approximately 40 percent of these totals are for persons being treated for a given condition for the first time. It should also be noted that official Americans must pass a rigorous physical examination in Washington before they are sent to Viet-Nam.)

Because of the high prevalence of these diseases in Viet-Nam and the inadequate number of technical and medical personnel in the American dispensary, many American employees obtain medical services at their own expense from French and Vietnamese doctors, as well as from the American doctor at a small Seventh Day Adventist missionary hospital in Saigon. The American Embassy in Saigon does not maintain records of such treatments. Private doctors and the three principal hospitals in Saigon from whom such statistics were requested were unable to provide them because their records are not maintained according to nationality. An additional indication of the health hazard in Viet-Nam is found in statistics which reveal that 81 official American personnel or their dependents were evacuated, mostly to Clark Field in the Philippines, during the first six months of 1959 for treatment of more serious ailments.

The two principal American contract firms in Viet-Nam report the following statistics on the health of their employees:

1. Capitol Engineering Company. (Average complement of 130). In FY 1958, 447 cases of the ailments

listed above were reported by personnel of this organization, and the total for FY 1959 was 427. Three employees were evacuated to the United States, and there was one death. These were attributed to diseases contracted in Viet-Nam.

2. Johnson, Drake and Piper Company. (Average complement of 350 employees and dependents). In FY 1958, the American doctor employed by Johnson, Drake and Piper treated 442 cases of the ailments listed above. In FY 1959, there were 577 cases. Fifteen employees of this company were evacuated to the United States, and one employee died. (It should be noted that a large percentage of the employees of Johnson, Drake and Piper and of Capitol Engineering work in areas far removed from Saigon and receive medical treatment which is not included in these totals.)

These diseases persist despite such precautions as boiling and filtering water and washing fresh vegetables in chemical solutions as a precaution against various forms of diarrhea and/or hepatitis. The high incidence of tuberculosis represents an additional serious threat to the health of Americans in Viet-Nam.

(C) Adverse Climate

There are no seasons in Saigon and, to the typical American accustomed to wide variations in weather, the effect of twelve months of hot humid summer is enervating. Aside from visits to the Dalat mountain area, six hours by car from

Saigon, the only relief from the weather, in which temperatures range well into the upper 80's and 90's twelve months of the year, is an occasional costly trip to Hong Kong or Japan during the fall or winter months, at the employee's own expense.

(D) Shortages

During the hot dry season, which generally lasts from November to June, water is often available for as little as two or three hours a day and, for periods lasting as long as two and three days, it is not available at all.

The power facilities of Saigon, a city geared to a population of 500,000 rather than the almost 2,000,000 who now live there, are severely over-taxed. Electrical failures are frequent and often of long duration. Flush toilets and showers seldom operate satisfactorily in any season because of low-water pressure.

Telephone service is so poor, expensive, unreliable and often unobtainable that very few Americans have telephones. A typical American desiring telephone facilities would have to wait up to three months for its installation and then he would receive a telephone only if the Embassy certified that the facility is essential to the official operation of the United States Government.

28. Allegation

" . . . at least 90 percent of the Americans never leave Saigon overnight." (4th article)

Comment

It would be much closer to the truth to say that 90 percent of the official Americans in Saigon have spent many more than one night in Viet-Nam outside the capital city.

A number of U. S. personnel live outside Saigon, particularly military personnel who are stationed at a number of locations. Also, there is an American Consulate in Hue, and there are USIS centers in Hue and Can Tho. 141 members of the staffs of the Capitol Engineering Corporation and of Johnson, Drake and Piper live outside Saigon in work camps; and there are 9 persons from the International Voluntary Services working outside Saigon on USOM projects.

Of those stationed in Saigon many make frequent visits to various parts of Vietnam. Official statistics show that U. S. military personnel in Viet-Nam averaged more than 450 trips to the field every month. USOM personnel make an average of about 90 trips monthly outside Saigon. Members of the small USIS staff made 35 official trips outside Saigon for a total of 170 days during Fiscal Year 1959.

Officers of the Embassy staff whose duties require travel, including members of the Service attache staffs and the Ambassador, are continually visiting practically every region of the country. The Ambassador, for instance, has been out of Saigon for more than 60 trips in the past two years and has visited and revisited all areas of South Viet-Nam. These

visits have lasted from one to nine days. The USOM Director travels as frequently, and has made extensive visits throughout all South Viet-Nam.

Administrative, clerical and other personnel whose duties do not require official travel make frequent unofficial trips to other parts of Viet-Nam while on leave or during holidays. No statistics are kept on this travel but such trips are being made by virtually all personnel of U. S. missions in Viet-Nam.

29. Allegation

". . . to compensate for a non-existent high cost of living an unmarried civilian receives \$400 extra a year, while the family man draws \$800 extra." (4th article)

Comment

Official American civilian personnel do not receive any allowance "to compensate for a non-existent high cost of living." No such allowance has been paid since October 1957. Prior to that time a "cost-of-living" allowance was paid to offset extremely high prices on a wide range of imported items available only on the local market. Uniformed military personnel, to whom Mr. Colegrove did not refer, are still paid a cost-of-living allowance. This allowance was adjusted downward early this year. It is noteworthy in this connection that military personnel are not eligible for the hardship differential.

For the record, prior to October 1957, civilian employees in Viet-Nam received "cost-of-living" allowances ranging from \$240 a year for an unmarried employee earning between \$3,000 and \$3,499 to \$740 for an employee with family earning \$13,000 and over.

30. Allegation

"Here, then, is how the typical civilian employee is doing financially:

"He receives \$9500 a year in 'base pay.'

"To that is added \$1900 annually for 'hardships.'

"Throw in another \$800 for his 'cost-of-living' adjustment.

"Thus his total comes to \$12,200 a year--or \$1016 a month PLUS free rent and utilities." (4th article)

Comment

The average annual "base pay" of all official United States civilian employees in Viet-Nam, including that of the Ambassador, is \$8,452. The 20 percent hardship differential adds \$1,690.40 to this figure and, as has been indicated earlier, no cost-of-living allowance is received. The average annual total is thus \$10,142.40 rather than the figure of \$12,200 cited by Mr. Colegrove.

31. Allegation

"There is a two-hour lunch time siesta daily. Employees work Saturday mornings, but take Wednesday afternoons off."
(4th article)

Comment

American employees in Viet-Nam as elsewhere in the world work a 40-hour week. Neither the Vietnamese Government nor other foreign missions with which the Mission does business function from Noon to 3:00 or 3:30 p.m. The siesta is an accepted facet of life in tropical climates. Nonetheless, many U. S. employees work part of the first hour of the mid-day break and return before the end of the second hour. Evening social activities constitute for many official Americans an extension of their normal eight or ten-hour workday, and much official business is transacted informally in this way. That many Vietnamese and members of other foreign missions fully expect to conduct much of their business well after the normal conclusion of the workday is a well-accepted fact in Saigon as elsewhere in the world.

An indicator of the conscientiousness of American official personnel in Saigon is contained in figures showing that in 1958 American clerical and administrative employees worked 15,600 hours of uncompensated overtime. An additional 4,680 hours of annual leave were forfeited by all U. S. civilian personnel.

The work schedule, which calls for work on Saturday mornings but not Wednesday afternoons, conforms to the practice of the Vietnamese Government.

32. Allegation

"And in addition to all the standard government benefits, there are 20 official no-work holidays annually--including a three-day layoff for the Vietnamese New Year and a day's rest on the (Anniversary of Confucius)." (4th article)

Comment

The key national holidays of countries abroad are customarily observed by Americans as well as by other official foreigners throughout the world. It is not possible to do business with nationals who are celebrating their legal holidays. Many Americans use these holidays to catch up on desk work which could not be accomplished during normal business hours.

The Tet (Vietnamese New Year) holidays which constitute a sort of Thanksgiving Day, Christmas and New Year's Day rolled into one, is strictly observed by all Vietnamese. It is, as the author states, a "three-day layoff" for Vietnamese employees, but it is only a one or one and one-half day holiday for U. S. personnel. Tet offers many Americans an opportunity to participate in the private family activities of their Vietnamese colleagues.

The statement concerning the "20 official no-work holidays" is incorrect. Official Americans receive the normal eight American holidays -- New Year's Day, Washington's Birthday, Decoration Day, Independence Day, Labor Day, Veterans' Day, Thanksgiving Day and Christmas-- and seven and one-half days off for the major national Vietnamese observances.

33. Allegation

"This government-operated, air-conditioned theater is one of only two places in Saigon where current, popular English-language films are shown. (The other is the British Information Service Building.)

"Many intelligent Vietnamese love to sharpen up their knowledge of English by seeing our movies. But they are barred from the American Theater, even as guests. So, also, are all other foreigners--in fact, everybody except American Government civilian and military employees and their families.

"British employees in Saigon may bring guests -- of all races -- to their movies on Friday nights." (4th article)

Comment

The "American movie house" is a U. S. military facility operating under the direct supervision of the U. S. Military Advisory Assistance Group (MAAG) in Viet-Nam and using films procured through the world-wide Army and Air Force Motion Picture Service for U. S. military personnel.

Under the provisions of Paragraph 4 of Army Regulation 28-62/AFR 34-32, the Army and Air Force Motion Picture Service is responsible for the control and integration of motion picture service policies on a world-wide basis.

The mission of the Armed Forces Motion Picture Service is to furnish recreation through the medium of motion pictures for military personnel at Army and Air Force installations.

The film programs shown overseas are procured from the American film distributors under contracts which define the patronage eligibility. Pursuant to those contracts, Paragraph 17g of the regulation issued by the Army and Air Force provides that admission to Army and Air Force theaters in overseas areas is restricted, as pertains to other than military personnel, to U. S. civilians

and allied nationals working for the U. S. government agencies and members of their immediate families who are part of their immediate households, except that this privilege will not be extended to allied nationals within the country of their nationality. These privileges cannot be relaxed without specific authority from the Motion Picture Service.

The basic principle underlying attendance at Army and Air Force theaters is that military theaters serve the U. S. military community and commercial theaters serve the civilian community.

It must be borne in mind that the motion pictures provided by the Association of Motion Picture Producers are for the morale and welfare of members of the U. S. Military Establishment. Tickets for attendance at the Alhambra Theater in Saigon are sold to eligible personnel at nominal charges in U. S. currency. To permit arbitrary relaxation of attendance eligibility requirements would be contrary to the interests of the motion picture producers as well as the local film distributors and exhibitors, and such action would jeopardize MAAG'S retention of these privileges.

In 1957 commercial motion picture interests in Saigon registered a complaint that patronage restrictions were not being observed at the Alhambra Theater and that anyone could attend this theater. The MAAG in Viet-Nam conducted an official investigation and reported strict observance of the patronage regulation.

The British motion picture installation is a small theater in the Shell Oil Company's building in Saigon which the British Information Services generally uses two nights a week. This theater holds approximately 50 persons,

and film showings are not advertised publicly. Advance notice is given only in official British and American community bulletins. Attendance is often as small as eight or ten persons and, in practice, is almost exclusively by British and American citizens. This installation is also air-conditioned.

34. Allegation

"Then there is that fantastic horn-of-plenty, the American commissary.

"The commissary has done more to isolate us here than any other one thing," said a perceptive U.S. employee who's been in Saigon since 1955.

"When the Americans first arrived in numbers, four years ago, there was no commissary. American wives had to patronize the Vietnamese groceries and drug stores. Then the commissary was built. Now, the wives and husbands go there and let their servants do any other necessary shopping.

"I've actually heard women brag that they haven't been in downtown Saigon for six months! Not only has the blending process stopped, but also the local merchants are plenty unhappy, to say the least." (4th article)

Comment

A branch of the U. S. Naval Exchange at Sangley Point in the Philippines has been functioning in Saigon since 1956. It is not a "horn-of-plenty" but is instead stocked with such items as baby foods, sugar, white flour, disinfectants, insecticides, soap, cigarettes, alcoholic and soft beverages, powdered milk, canned goods, frozen food, fruit juices, frozen meats and others. Many of the items sold at the commissary are in short supply for prolonged periods. For other products some employees send to Hong Kong, Singapore or the United States.

A survey of official Americans in February 1959 indicated, contrary to Mr. Colegrove's implication that official Americans do all their shopping at the commissary, that they obtained 75 percent of all meats, 83 percent of fruits, and 70 percent of all vegetables from the local market. Later in the fourth article, the writer says that whiskey is available at the commissary for \$2 a quart and cigarettes for \$.10 a pack. All U. S. Government employees in overseas areas, whether Viet-Nam, Korea,

or England, purchase these commodities duty and tax-free.

With regard to Mr. Colegrove's charge that American wives used to patronize Vietnamese grocery and drug stores but no longer do, it should be noted that many medical prescriptions and medicines are obtained in Vietnamese pharmacies, while many wives continue to purchase such items as bakery goods, canned European foods and dairy products in local grocery stores.

Mr. Colegrove states that the commissary was built. It must be assumed that he did not see this installation, for it is a building which had served its previous occupants for many years before arrangements were made to use its upper floors for much-needed small apartments for U. S. personnel and the ground floor for the commissary.

Servants do, in fact, perform many shopping chores in Saigon for Americans, Europeans, middle and upper class Vietnamese, and other Asians, as they do elsewhere in Viet-Nam and Asia. There are several reasons for this. First, as inexperienced shoppers in an area where spirited bargaining is the rule rather than the exception, an American housewife would be at a distinct disadvantage. Second, the food markets open at 4:30 or 5 a.m., and choice items are often sold out by 6:30 a.m. Finally, the existing practice has a long history, and any attempts we might make to change it substantially would be most unwelcome by the servants who by long-standing custom receive commissions of up to 10 percent of the value of their purchases.

35. Allegation

"Even when smelly evidence of possible graft and corruption in our \$2 billion aid program here is held right under their noses, America's bureaucrats ignore it.

"None of our business!" they insist -- as they shovel out an average \$1 million a day in American money for military and economic aid to this country of 13 million persons.

"They have little time for problems or complaints from the dwindling handful of frustrated U. S., British and French businessmen trying to make a living here." (5th article)

Comment

In support of these statements the articles refer to two specific incidents in the experience of Mr. Gonder, bidding for (a) steel bridges and (b) phosphate fertilizer. Detailed refutation of the allegations in these particular cases is given under items No. 36 and 37.

36. Allegation

"This is Mr. Gonder's story--

"He was doing pretty well until early last year.

"At that time, the Viet-Nameese government's 'Central Purchasing Agency' asked for bids to supply 2000 metric tons of a phosphate fertilizer with American cash.

"Now--and this is important--the advertisements stipulated that 'a minimum of 10 percent' of the fertilizer's prime ingredient must be 'soluble in citric acid.'

"Mr. Gonder relayed all this to the Productexa Corp. of New York City, a supply firm he represents. The company authorized a bid but said the solubility requirement must be erroneous . . . 'There is no such material in existence. We can only guarantee 7 per cent of the P2O5 to be soluble in citric acid . . .'

"Mr. Gonder bid \$61,240 but lost to a foreign firm which had bid \$91,840, or \$30,000 higher than he.

"How come? Because, he was told, his fertilizer's chemical was not 10 per cent soluble.

"Mr. Gonder took his problems to a chemist named John Dempsey, employed by the United States Operations Mission (USOM), our economic aid group.

"'Mr. Dempsey told me,' says Mr. Gonder, 'that if anybody could produce P2O5 that would be 10 per cent soluble in citric acid, he'd eat it.'

"Armed with this information, Mr. Gonder went to the U. S. adviser at the purchasing agency. 'He said he'd look into it,' Mr. Gonder recalls. 'That's the last I ever heard from him on that.'"

(5th article)

Comment

Ten percent solubility in citric acid has been customary in specifications for phosphate fertilizer in Viet-Nam. Disproving the above statement that "there is no such material in existence," shipments actually made under this contract were covered by inspection certificates indicating that the material procured under the bid in question was 12.27 percent soluble by

Wagner standard method in 2 percent citric acid. This is the type of phosphate fertilizer to which the farmers of Viet-Nam are accustomed and which they want and will pay for.

37. Allegation

"The Vietnamese (as always, advised by Americans) invited bids for steel to build what is known as a standard 'Krupp' bridge, on which it is possible to figure the precise amount of steel needed.

"For Bethlehem Steel, Mr. Gonder bid \$559,810, which figured out to about \$333 a ton.

"The contract went to Eurasia Corp., a local firm with a Belgian source of supply.

"It had offered a price \$10,000 lower than Mr. Gonder's--BUT this was for 250 tons less than Bethlehem's experts had figured was necessary! On a ton-for-ton basis, said Mr. Gonder, Bethlehem's price was almost \$50 a ton cheaper than Eurasia's.

"Two weeks later, having received no satisfaction, Mr. Gonder turned to his fellow Americans.

"He went to see Arthur Z. Gardiner, who heads the entire American economic aid program in free Viet-Nam. And he followed up his visit with a letter to Mr. Gardiner, outlining the case in detail and concluding:

"'Something obviously is wrong.'

"Mr. Gardiner's reply came by letter on Aug. 21.

"'As we have advised you orally,' said Mr. Gardiner's letter, 'the decision on this and all awards conducted by the Central Purchasing Agency is the responsibility of the government of Viet-Nam, and is not one that lies within the purview of this (American) mission . . .'

"In other words: Don't bother us. We only hand over the money. How it is spent is no concern of ours.

"I have been told by an excellent source, the word has been passed around in American aid circles here: Pay no attention to Mr. Gonder; he's a troublemaker, or worse."

(All from 5th article)

Comment

Full documentation covering the entire history of the bid for these steel bridges has been given to Committees of the Senate and the House. The

bid was awarded to a competitor of Mr. Gonder who bid a lower figure for what was determined to be a satisfactory type of bridge for the purpose, and one meeting the specifications. Before making an award, the bids were carefully reviewed by a panel of engineers set up by the Central Purchasing Agency. Later, following a complaint by Mr. Gonder, the Central Purchasing Agency referred the entire file to USOM for review. USOM consulted a qualified American bridge design engineer from the local Capital Engineering group. Based on his report the USOM concluded that the bid had been awarded properly, and so advised the Central Purchasing Agency.

In reporting on this incident the article quotes the first sentence of a letter from Mr. Gardiner to Mr. Gonder referring to this matter. The article fails to mention the rest of the letter, in which Mr. Gonder was advised of various steps which the USOM had taken to check into the matter. The part of the letter which was omitted disproves the allegation, "in other words: Don't bother us. We only hand over the money. How it's spent is no concern of ours."

38. Allegation

Colegrove's 6th article states that Viet-Nam "is not developing democracy at home," and makes a number of comments on the Vietnamese political scene.

Comment

Compared to many other newly independent countries, Viet-Nam has made considerable progress in establishing and developing democratic institutions and a democratic way of life. This is remarkable when one considers where they started, the time elapsed since independence, and the problems still to be faced. It is most essential to recall that the country is still in a state of war. What semblance of peace exists in Viet-Nam is based on a somewhat precarious cease-fire agreement which the Government of Viet-Nam refused to sign.

Viet-Nam received her independence, not as we did by our Declaration of July 4, 1776, but in the form of a dictated treaty -- the Geneva Agreements -- which both South Viet-Nam and the United States refused to sign because, among other reasons, we felt that it favored the Communists, who were given control of half the country. At that time the Vietnamese had an emperor, who spent most of his time abroad. The first time in their history that they held anything which resembled a national election was the plebiscite of October 1955 to decide whether they wanted an emperor or a president as the head of state. The people voted overwhelmingly for a republic.

Six months later they voted for the first time for direct representatives -- the members of the Constituent Assembly charged with drawing up a constitution. The constitution which was drawn up and approved by the Assembly resembles ours to a large degree, but during the initial period the Executive is given special powers in order to guide the fledgling government through the early stages of

trying to learn the rules of self-government -- particularly the responsibilities. Illiteracy was high and, despite progress, still is. The Vietnamese had never, during the colonial period, been allowed to run their own own affairs at any level beyond that of the village. No one could expect them to use and apply all the tenets of democracy overnight. Mr. Colegrove agrees with this statement. Even our forefathers in the infancy of our republic felt that the people were not ready for full self-rule. Presumably, that is why the Senate was elected by indirect vote and the Electoral College system was written into our Constitution for the election of the President.

Furthermore, as we know all too well from other experiences, if all the practices of freedom and democracy are carried out from the outset in newly independent countries, the Communists have trained native experts in every such country who well know how to use the freedoms of democracy in order to overthrow it. Until not only the freedoms, but also the responsibilities of democracy are learned and practiced, it is quite easy for the insidious forces of Communist subversion to prevent the growth of democracy.

When one realizes that President Diem not only faced the full force of the well-trained agents and military elements of Communist imperialism but also had to cope with hordes of fanatical armed sects, it is all the more astonishing that his government is moving as rapidly as it is toward genuine democratic concepts and practices. President Diem and his young government recognizes such fundamental rights as, among many other things, that a man's home is his castle and they stress the importance of enhancing the dignity of the individual. They are trying at this very time to persuade truly responsible candidates to run for National Assembly offices in the elections on August 30. However, because of

the well-known tactics of the Communists who are well versed in using the democratic mechanism to infiltrate and try to take power, persons under serious suspicion of having pro-Communist sympathies are not being permitted to stand for election. High Vietnamese officials expressed deep concern about Mr. Colegrove's articles which they asserted could only help the Communists in this crucial pre-election period.

It is often alleged that President Diem is a dictator. He is a devoted hard-working, very firm, honest nationalist who is doing his utmost to better the lot of and teach his people the fundamentals of self-government. He desires particularly that the Vietnamese people realize the nature of the heavy individual responsibilities which must be exercised in order to make self-government work. He travels continually to the remotest corners and smallest villages of the country. Instead of using demagogic tactics, he lectures and pleads with the people to realize their responsibilities, to improve their own lot by self-help and to use to best advantage the resources given by the government or obtained through foreign aid. The Ambassador and other American officials have been with him on many of these trips to the far corners of the country and have heard him admonish the people to work harder, stamp out graft and improve their lot by community self-help.

The President has a legal successor, the Vice President, who tours the country to make contacts with the people, learns about their needs and complaints, and makes recommendations to better their lot. The Vice President holds what we might call New England town hall meetings urging the people to ask questions and complain if necessary. The people speak up frankly. American officials have been with him on such trips.

The Vietnamese Government is carrying out an extensive land reform program and is busily resettling tens of thousands of people on fertile government-owned land. The President operates on the very sound assumption that people who have a personal stake in the country by owning their own land and home will hardly be won over by false Communist promises.

It is true that there are several thousands of people under detention -- members of the armed sects, Communist brigands and just plain crooks. Given the prevailing circumstances in Viet-Nam, particularly the efforts being made by the Communists to overthrow the regime, some may have been apprehended by understandably over-zealous police. The vast majority are traitors, misguided victims of Communist propaganda or ordinary criminals. Instead of torturing them Diem is trying to re-educate many of them so that they may become free and useful members of society. American officials have visited villages where these re-educated people are living in freedom. However, with those who are militant Communists and who have been duly tried and convicted of serious or traitorous crimes, the Government has been very firm, and a considerable number of them have been executed. In order to assure that Communist cadres caught in the act are given speedy trials and justice is meted out, the National Assembly recently enacted legislation creating special military tribunals to assure such speedy trials. With Communist agents assassinating about 15 to 20 government officials a month, the Government must retaliate firmly. President Diem is a devout Christian and would never permit someone to be executed merely because he shook "a fist in the general direction of the Palace" as was alleged by Mr. Colegrove.

When Ambassador Durbrow talked to President Diem on July 26 he was understandably most disturbed to think that anyone could even hint that he would permit such a thing. He added that anyone who believed that was undoubtedly the victim of Communist-spread rumors, or rumors put out by malicious right-wing groups of the old school, or merely by the comparatively small number of perpetual gripers who frequent the sidewalk cafes of Catinat Street. (This cafe rumor mill has long been known locally as "Radio Catinat." While a small percentage of its "emissions" have some validity and all enjoy some currency, most are rumor in its most undiluted form.)

The press is not as free as in Western democracies. Considering the use Communists make of full freedom of the press, it cannot be completely free by our standards at this time. But in the past year more and more criticism has been carried in the press. Four papers carried the story of the dredge blown up by the Communists, despite incorrect reports that this incident never appeared in the press. The editor of the newspaper mentioned by Mr. Colegrove as "being closed by the Government a month ago" was, according to official reports of the Vietnamese Government, convicted of passing bad checks and is under indictment for fraud in three pending cases. Only three papers have been closed since the current press law was passed about three and a half years ago.

Regarding the allegation that Diem wants only a one-party system, it is unfortunate that this impression was given because of an error of translation in the reply to a written request by Mr. Colegrove.

On July 26 Ambassador Durbrow showed President Diem a copy of the 6th article in which the President was represented as having replied to one of Colegrove's questions in writing that he envisaged the creation of only one

"big party." The President was deeply perturbed over this rendition of his reply. He immediately told the Ambassador that he had not made such a statement but that he had tried to convey the delicate point that he would oppose the development of a multi-party system of small, irresponsible, unrepresentative groups. What he did and does want is the establishment of large, responsible parties which could play a significant role in the political life of the country. What he does not want is parties for parties' sake. To prove and reemphasize this point, President Diem immediately asked for his own copy of his written reply to Mr. Colegrove's questions. When this copy was produced, it became quite clear, from the original French text, that the President was in fact referring to the development of more than one political party. In order to provide full documentation for this important point, the original French text of the President's reply is inserted at this point:

"Le but n'est pas un système à deux ou à plusieurs partis.
Le but c'est d'arriver à des partis bien organisés, bien
disciplinés, ayant un programme d'intérêt général réalisable
et des hommes capables et en nombre suffisant pour réaliser
ce programme . . ."

(It will be noted that the word "partis" and the qualifying phrases "bien organisés" and "bien disciplinés" are in the plural.)

There follows an accurate translation in English:

The aim is not a system based on two or on several parties.
The aim is to foster the development of well organized and
well disciplined parties, with a practicable basic program
and enough capable men to carry out this program.

The English translation which was attached to the original French text left out the word "parties". This error understandably caused Mr. Colegrove to conclude that President Diem desired to have only one "big party."

In a word, full democracy with all its freedoms is not functioning in Viet-Nam, but the seeds have been planted and some of the plants are growing. There is no question but other freedoms will develop later as more stability comes to the country. We must continue to remember that Viet-Nam is not at peace -- it is operating only under a cease-fire arrangement and the Communists by subversion and terrorist acts are doing all they can to prevent the growth of democracy and overthrow the regime if possible. In a similar situation -- a continuing state of war -- even old democracies would have to curb democratic freedoms.