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November, 30, 1966

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SAIGON, VIETNAM--A multi--million-dollar epidemic of corruption, rake-offs and theft is sweeping Vietnam, well-informed sources have revealed. The official American position regarding these malpractices is now being openly questioned here since the victim is the American taxpayer.

Reports of the epidemic, which have been dribbling in, are expected to gain more headlines in the wake of the ^{Recent} American Congressional election ~~in 1966~~. American officials here, speaking privately, predict Republican oppositionists will become more critical of the Johnson Administration on the over-all management of the war in Vietnam, using specific scandals as evidence

MC To cope with the mounting problems of keeping track of the \$60-million-a-day war, the individual American military services -- Army, Navy and Air Force -- brought in their own auditing teams in September. A team from the General Accounting Office, which reports directly to the American Congress, has already been delving into records for the past several months. Staff members of a Congressional committee recently visited Vietnam.

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These are some of the malpractices that are being uncovered:

1. The American officialdom here, with the knowledge of Washington, have been allowing the Viet Cong Communist to be indirectly paid off on American-funded projects. Private American construction firms, which hold more than one billion dollars' worth of contracts for the American government, have collected stacks of Viet Cong tax receipts in their confidential files which drive up by a small percentage of the total cost of such American-financed projects as building of airfields, port facilities and communication sites. Most of these payments are made by Vietnamese sub-contractors who include Viet Cong taxes as part of their original cost estimates and then pass on the cost to the American government. Some of Viet Cong taxes are paid by Vietnamese subcontractors for the use of the roads; the Viet Cong impose enough control over almost every major road in Vietnam to collect their own taxes. In other cases, Vietnamese businessmen who hold sub-contracts to supply sand or aggregate for American construction firms also regularly pass on the Viet Cong taxes. These taxes--paid in Vietnamese piastres or goods--are used to finance the Communist war effort.

American military road convoys do not pay Viet Cong taxes; they are continuously subject to Viet Cong mines, grenades and ambushes; American military engineering units do not pay Viet Cong taxes for locally-secured construction materials.

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The indirect use of American funds to pay Viet Cong taxes is not a new trend, but is one that has gained importance as the war budgets including construction and transport have increased tremendously since the buildup of American combat forces last year. In 1964, aviation fuel transported by Vietnamese firms paid Viet Cong road taxes at two major checkpoints along the 125-mile drive from Saigon to the provincial capital of Soc Trang in the Mekong Delta, according to reliable sources. The aviation fuel was then used by American helicopters to fight the Viet Cong guerillas.

Even when the American advisory effort accelerated in Vietnam in 1962, American engineering advisors reported to their superiors that American funds from the Military Assistance Program (MAP) were used to pay Viet Cong taxes in order to get wood from the Communist-dominated areas. This wood was then used to provide the lumber for ^{Building} Vietnamese military installations, such as training centers and division headquarters. This practice has continued since 1962; last year during the hectic build-up of American combat forces, large quantities of this lumber on which Viet Cong taxes had been paid were purchased by American military units for constructions of cantonments and other buildings; this year, however most of the lumber used for construction by American units is imported. But, lumber for construction by the Vietnamese government for bridges and schools, for example--is still Viet Cong taxed. (This Vietnamese government spending is directly or indirectly American funded). In some cases, near the resort city of Dalat northwest of Saigon, Viet Cong forces even cut down the trees for Vietnamese businessmen, who are under contract to the Vietnamese government. The Vietnamese contractor then pays the Viet Cong for their labor as well as their economic taxes. One unofficial Vietnamese syndicate dealing in wood-cutting told this correspondent they paid the Viet Cong five million piastres for economic taxes alone last year, but they still made profit of six million piastres.

(Last year the official exchange rate was 73 piastres per U.S. dollar; 89 piastres for Australian dollar. This year the rate is 118 piastres per ~~unit~~ United States dollar or 133 piastres per Australian dollar. This year, however the Viet Cong have demanded from the syndicate payment not only in piastres, but also in rice salt and fish to supply their troops.

2. American officials in Vietnam, on instructions from Washington, are not discouraging--or are tolerating--payoffs and rake-offs by the Vietnamese government officials they are supporting, which drives up the cost of American construction projects, leaving the American taxpayer to foot the bill. Last year, when American ~~construction~~ projects attempted to keep pace with the build-up of American combat troops, private American construction firms, under contract to the Department of Defense, noted that locally-hired Vietnamese employees had to pay the equivalent of ^A month's pay to "local Vietnamese politicians", such as province chiefs and security officials, in order to obtain their jobs of working for the American firms. The Vietnamese complained and wanted to be reimbursed by the American construction firms, who then found that construction costs were exceeding substantially their original estimates. The firms asked for advice from Washington and were told ^{TAN} officially to allow the pay-offs in order to continue to main good relations with the local officials in the provinces, according to highly informed sources.

One result was a significant, but undisclosed increase in the over-all construction costs of the American projects, which total more than a million dollars.

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Another significant result has been poor security checks of Vietnamese employees hired by American private firms on government contract as well as by official government agencies, since Vietnamese employees were given security clearances on the basis of their payoffs to the Vietnamese government security official rather than on the basis of their non-Communist political loyalties. In the ^{U.S.} \$100-million American airbase and logistical installation of Cam Ranh Bay, which President Lyndon Johnson recently visited, American construction officials estimate that ten per cent of the ~~#~~ 5000 Vietnamese employees are either Viet Cong or sympathetic to them. Even this estimate is considered low.

3. There is a growing suspicion that some American military and civilian officials are involved in malpractices--^{PM} on allegation that has been the talk of Saigon's diplomatic corps, even at the ambassadorial levels, since mid-1965. One ~~#~~ American businessman attempting to secure a million-dollar contract for plywood was reportedly told by an American sergeant in the purchasing office, "You'll get the contract if you give me ^{U.S.} \$40,000." (The businessman didn't pay--and he didn't get the contract, although he represented one of America's foremost plywood manufacturers). In another case, one Vietnamese businessman reported he secured a contract to repair American air-conditioners, typewriters and refrigerators by giving to the American civilian contracting official for the Agency for International Development (AID) birthday presents of jade ~~pins~~ pins and diamond rings for his wife and daughters. In another case, an American businessman said that one U. S. Naval officer, responsible for PX and commissary purchasing, had set up his own "dummy" company in Hong Kong, and made a number of ~~purchase~~ purchases through that without letting competitive contracts.

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4. Vietnamese Prime Minister Nguyen Cao Ky and American officials admit that the pilferage of goods passing through Saigon port and the other major ports in the country is high, but monetary amounts are beyond calculation. (One American labor official last year told a Congressional committee he estimated that US\$1 million a day was stolen from Saigon port, but that estimate is now considered out of date). Prime Minister Ky has publically accused--and Vietnamese businessmen have admitted to this correspondent--that some of Saigon's businessmen have organized their own gangs ~~to~~ thieves to steal their own imported goods off the docks of Saigon port--as a means to circumvent the high ~~but~~ customs duties.

In another case, one Vietnamese ~~businessman~~ businessman confided to an American observer that he had been taken to a dock in Saigon port and was shown the American generator he could purchase. The destination on the generator for an American installation in the provinces had been marked out with black paint.

In far more serious cases, however, organized ~~gangs~~ ~~gai~~ gangs of thieves--Prime Minister Ky said recently they were suspected of operating in collusion with some Vietnamese government employees--have adeptly stolen large quantities of low-priority military and commercial goods imported by Vietnamese businessmen and the American government. In at least one known case, Vietnamese security officials report a U. S. Army lieutenant was under investigation for driving truckloads of civilian goods from the port to the hideout of the Vietnamese thieves. Special ~~spu~~ squads of porters, operating within the organized theft gangs, are assigned the delicate job called mò bung xe --"to open the abdomen of the trucks" and to remove the stolen products from the vehicles into pre-designated caches.

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The center of this special Saigon network of thieves hubs around the small village of An Khanh (The name means "New Peace"), which lies across the Saigon River from one of the leading hotels in the heart of the capital. Formerly part of Gia Dinh province, the donut surrounding Saigon city, the little village of thatched-roofed huts is now part of the first precinct of the capital city. This village is suspected by American security officials to have been used by the Viet Cong when they unleashed recoilless rifle fire into the heart of Saigon on the November 1st National Day.

Vietnamese intelligence reports indicate that the thieves have made an accommodation with the Viet Cong guerrillas and political cadre in this village and hand over to them a slice of the stolen American goods.

Virtually all of this stolen goods excludes high-priority military items, such as weapons, and ammunition, which is handled in a separate docking areas and is unloaded by American military logistical units. Most of the stolen goods includes low-priority military or civilian goods such as PX items, which have been sold in abundance along Saigon's main streets. It was not uncommon to see American liquors being sold next to Chinese Communist ball-point pens, which had been smuggled into Vietnam from Cambodia.

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The mayor ~~of~~ of Saigon has ordered the open air markets to stop selling "illegal and stolen" goods, but many Western observers believe the PX items will simply be black-marketed clandestinely. Prime Minister Ky recently announced these ~~are~~ thieves--and even government officials--caught red-handed in stealing from Saigon port would be "executed." Vietnamese police authorities have recently organized special police units to crack down on the theft network. ~~He~~ Secretary of Defense Robert ~~A.~~ McNamara gave special attention to the port problem during his last visit here in late October.