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SUBJECT: TIME ARTICLE ON PHUNG HOANG HIGH VALUE REWARD PROGRAM

NEW YORK TIMES AUGUST 2 PUBLISHED FOLLOWING ARTICLE ON ABOVE SUBJECT:

QUOTE REWARDS UP TO DOLS 11,000 SET FOR CAPTURED VIETCONG

NYT MONDAY AUG 2, 1971
BY ALVIN SHUSTER (SPEC TO THE NYT)

SAIGON, S. VIETNAM. AUG 1 -- THE UNITED STATES AND SOUTH VIETNAM HAVE DECIDED TO START PAYING THE HIGHEST CASH REWARDS OF THE WAR-- UP TO THE EQUIVALENT OF DOLS 11,000-- FOR INFORMATION LEADING TO THE CAPTURE OF CERTAIN KEY LEADERS OF THE VIETCONG'S POLITICAL UNDERGROUND.

INFORMED SOURCES SAID TODAY THAT THE PROGRAM, TO BE FIN7 NANCED BY THE UNITED STATES WOULD BE TRIED FIRST AS A PILOT PROJECT IN FOUR OF SOUTH VIET-NAM'S PROVICES AND EXTENDED TO OTHERS LATER IF SUCCESSFUL. IT IS DESIGNED TO STIMULATE INTEREST AMONG SOUTH VIETNAMESE CIVILIANS IN THE LAGGING EFFORT AGAINST THE VIETCONG'S CLANDESTINE ORGANIZATIONS, WHICH RE-MAINS A SERIOUS THREAT TO THE PACIFICATION PROGRAM.

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THERE IS CONTINUING CONCERN AMONG AMERICAN AND SOUTH VIETNAMESE OFFICIALS THAT THE ENEMY'S SUBVERSIVE APPARATUS WILL STEP UP ACTIVITIES AFTER THE WITHDRAWAL OF AMERICAN TROOPS, RESTORE ITS HOLD OVER MANY RURAL AREAS AND AGAIN CHALLENGE THE STABILITY OF THE SAIGON GOVERNMENT.

"IT IS THE CREAM OF THE LEADERSHIP THAT WE ARE NOW AFTER WITH THOSE HIGH REWARDS," SAID ONE OFFICIAL.

THE DECISION TO INCREASE THE REWARDS REFLECTS THE DIFFICULTIES OF THE SO-CALLED PHOENIX PROGRAM, CALLED PHUNG HONG BY THE VIETNAMESE. THE CONTROVERSIAL PROGRAM, WHICH ITS CRITICS SAY EMPHASIZES ASSASSINATION, IS OFTEN DESCRIBED AS ONE OF THE MOST IMPORTANT BUT LEAST SUCCESSFUL PROGRAMS IN VIETNAM.

AUTHORITIES WILL NOW OFFER FROM ONE MILLION TO THREE MILLION PIASTERS, OR DOLS 3,700 TO DOLS 11,000 AT THE OFFICIAL EXCHANGE RATE, TO CIVILIANS WHO PROVIDE INFORMATION LEADING TO THE CAPTURE OF KNOWN LEADERS IN THE VIETCONG NETWORK.

UNTIL NOW, THE USUAL LIMIT UNDER THE PHOENIX PROGRAM HAS BEEN 100,000 PIASTERS, OR ABOUT DOLS 370. HIGHER AMOUNTS HAVE BEEN PAID IN RARE CASES.

AS PART OF THE PILOT PROGRAM IN THE FOUR PROVICES, THE MILITARY OR POLICE UNITS CAPTURING THE VIETCONG LEADERS WILL ALSO BE REWARDED. SOURCES SAID THEY WOULD SHARE 200,000 PIASTERS, OR ABOUT DOLS 750, IF THE LEADER IS CAPTURED ALIVE, BUT ONLY HALF THAT IF HE IS KILLED.

ELECTION ATTACKS FEARED

THE FOUR PROVINCES, ONE IN EACH OF THE MILITARY REGIONS, ARE QUANGNAM IN REGION I IN THE NORTH, LONG A TROUBLESOME AREA; BINHDINH, A COMMUNIST STRONGHOLD IN REGION II; BIENHOA, JUST NORTH AND EAST OF SAIGON IN REGION III, AND VINHBINH, A COASTAL PROVINCE IN THE POPULOUS MEKONG DELTA AND AN AREA WHERE OFFICIALS FEAR THE COMMUNISTS MAY TRY TO DISRUPT THIS YEAR'S LEGISLATIVE AND PRESIDENTIAL ELECTIONS.

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AT THIS POINT, OFFICIAL BELIEVE THE VIETCONG MAY OPERATE ON TWO LEVELS DURING THE ELECTIONS FOR THE HOUSE OF DEPUTIES NEXT MONTH--REMAINING RELATIVELY QUIET IN THE FEW AREAS WHERE THEY SUPPORT SYMPATHETIC CANDIDATES AND TRYING TO DISRUPT THE ELECTIONS IN OTHER PLACES. SOURCES REPORT THAT INSTRUCTIONS HAVE GONE OUT TO THE VIETCONG CADRES TO ATTACK POLLING PLACES WITH MORTARS, ATTEMPT TO INTIMIDATE THE ELECTORATE, OVER-RUN LOCAL OUTPOSTS AND GENERALLY WORK TO SHOW WEAKNESSES IN THE GOVERNMENT'S PACIFICATION PROGRAMS.

IN EXPLAINING THE NEW PILOT PROGRAM OF HIGHER REWARDS, OFFICIALS SAID THE GOAL WAS QUALITY RATHER THAN QUANTITY. LAST YEAR IN THE PHONEIX PROGRAM 22,341 VIETCONG WERE "NEUTRAL-IZED"-- THOSE KILLED OR CAPTURED AND SENTENCED TO JAIL OR WHO DEFECTED. MOST OF THEM, HOWEVER, WERE REGARDED AS LOW-LEVEL OPERATIVES.

60,000 BELIEVED IN NETWORK

OFFICIALS SAID SOME DETAILS OF THE NEW REWARD EFFORT WERE YET TO BE WORKED OUT, INCLUDING HOW MUCH TO PAY FOR WHICH LEADERS. THEY ESTIMATE THAT THERE ARE 60,000 IN THE NETWORK, CALLED THE VIETCONG INFRASTRUCTURE, BUT THAT THE TOP LEADERS SOUGHT REPRESENT ONLY 2 TO 5 PERCENT OF THE TOTAL.

"YOU CAN BE SURE THAT IF THE LEADER CARRIES A PRICE OF THREE MILLION PIASTERS, HE'S REALLY A KEY MAN," SAID ONE OFFICIAL.

THE PHOENIX EFFORT WAS CONCEIVED BY THE CENTRAL INTELLI-GENCE AGENCY IN 1967 BUT WAS TURNED OVER THE NEXT YEAR TO THE SOUTH VIETNAMESE, WHO CONTINUE TO RECEIVE VITAL AMERICAN HELP IN THE FORM OF ADVISERS AND MONEY.

RECENT CONGRESSIONAL TESTIMONY IN WASHINGTON SHOWED THAT AMERICAN FINANCIAL AID FOR PHOENIX FROM 1968 UNTIL MAY 1971, AMOUNTED TO DOLS 732-MILLION. THE CURRENT AMERICAN CONTRIBUTION TO THE PROGRAM IS NOT KNOWN.

WHILE AMERICAN OFFICIALS ACKNOWLEDGE THAT THERE ARE ABUSES IN THE PROGRAM AND SOME INDISCRIMINATE KILLING, THEY REMAIN CONVINCED THAT IT MUST BE CONTINUED AND IMPROVED IF SOUTH VIETNAM'S GOVERNMENT IS TO HAVE A CHANCE.

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AFTER AMERICAN TROOPS LEAVE. OFFICIALS RECOGNIZE, HOWEVER, THAT DILIGENT POLICE AND INTELLIGENCE WORK IS REQUIRED TO IDENTIFY AND HUNT DOWN THE VIETCONG SUSPECTS AND THAT MANY SOUTH VIETNAMESE LACK THE KNOWLEDGE AND THE INTEREST TO MAKE THE EFFORT ALWAYS EFFECTIVE.

"THEY WILL GO IN AND PACIFY AN AREA WITH THEIR TROOPS AND LOCAL FORCES AND THINK THEY HAVE PUT OUT THE FIRE," SAID ONE AMERICAN OFFICIAL IN THE DELTA RECENTLY. "BUT THEN THEY WILL LEAVE IT SMOULDERING. THAT'S THE VIETCONG UNDEGROUND AND THEREIN LIES THE REAL DANGER."

IN DEFENDING THE BOUNTY SYSTEM, OFFICIALS NOTE THAT MONEY INCENTIVES HAVE LONG BEEN PART OF THE STRUGGLE HERE AND HAVE HAD SOME SUCCESS. THE VIETCONG WHO GO OVER TO THE GOVERNMENT SIDE, FOR EXAMPLE, HAVE BEEN PAID FOR THE WEAPONS THEY BRING WITH THEM, FROM THE EQUIVALENT OF ABOUT DOLS 2.00 FOR A FLARE GUN TO DOLS 370 FOR A HEAVY ANTIAIRCAFT WEAPON.

REWARDS, HAVE ALSO BEEN PAID TO CIVILIANS, NOT ONLY FOR INFORMATION ON WANTED VIETCONG, BUT ALSO FOR LEADING AUTHORITIES TO WEAPONS AND AMMUNITION CACHES. SOME HIGH PENTAGON OFFICIALS HAVE CALLED THIS PROGRAM THE "MOST COST-EFFECTIVE EFFORT WE HAVE."

THE NAMES OF THE WANTED VIETCONG LEADERS AND WHEN POSSIBLE THEIR PICTURES ARE POSTED IN VILLAGES AND HAMLETS, MUCH LIKE THE THE FEDERAL BUREAU OF INVESTIGATION'S POSTERS IN AMERICAN POST OFFICES. UNQUOTE
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