



# CURRENT FOREIGN POLICY

## U.S. Assistance Program in Viet-Nam

NO DUPLICATE  
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### OBJECTIVES

The Agency for International Development (AID) administers the U.S. economic assistance program in Viet-Nam. It is the largest and most complex program administered by AID in any nation.

As of June 1970, about 2,200 AID employees held jobs in Saigon and in the provinces of Viet-Nam. They include employees under special contract and persons on loan from other U.S. agencies. Constantly exposed to the hazards of war, nearly 100 of AID's personnel have been killed or injured by enemy action since the early days of the program.

From 1954 to the present, the U.S. foreign assistance program has spent or committed approximately \$4.8 billion in economic aid to Viet-Nam. Although small compared to military expenditures, economic aid has changed for the better the lives of the Vietnamese people.

AID's objectives in Viet-Nam include helping the Government of the Republic of Viet-Nam to:

- Maintain economic stability and increase local production of goods;
- Alleviate the economic and social consequences of the war through the provision of food, shelter, and resettlement for refugees and evacuees, and medical assistance for civilian war casualties;
- Create a more secure and prosperous environment in the countryside and thereby contribute to the political stability and economic growth of the country;

-Prepare the groundwork for post-war reconstruction.

### MAINTAINING ECONOMIC STABILITY

The expansion of U.S. military and free world forces in Viet-Nam during the period 1964-68, and the increased strain of war-related demands on Vietnamese resources, severely distorted that nation's economy.

As agricultural production declined, mainly because farmers abandoned their land for safety in the cities, and as manpower was diverted to the military, the supply of goods and services failed to keep pace with the growth in purchasing power. As a result, strong inflationary pressures developed which jeopardized political, social, and economic gains and interfered with the progress of the war.

To help solve these problems, AID has worked closely with the Government of Viet-Nam in developing economic policies to moderate wartime inflation. Increased taxes, currency devaluation, restraints on Vietnamese and U.S. spending, and coordinated wage policies were among the stabilization measures put into effect.

However, the primary weapon in combating inflation and maintaining price stability is AID's Commercial Import Program (CIP) which, combined with imports financed by the Vietnamese, provides needed external resources to supplement domestic production.



*A modern freighter unloads U.S. corn meal onto oriental junks at the port of Saigon, one of the busiest in Southeast Asia. About five million tons of cargo a year is unloaded at Saigon from ships from all corners of the earth.*

The CIP helps prevent consumer shortages, commodity speculation, and price spiraling by insuring that adequate supplies of consumer goods and basic commodities are available in the market, and by providing raw materials and machinery for domestic industry.

Only essential commodities are imported under the CIP. Luxury goods or strategic military commodities are excluded. To minimize the effect on our balance of payments, most of the commodities are purchased in the United States. The importer pays for them with Vietnamese piasters which are deposited in a "counterpart account" in the National Bank of Viet-Nam. These piasters are used to support the Government of Viet-Nam's budget in projects and programs approved by the United States, and to cover AID's administrative costs in Viet-Nam.

The Food for Peace program established under Public Law 480 plays a similar role to that of the CIP in the economic stabilization effort. Commodities imported under the Food for Peace program—rice, wheat, wheat flour, corn, cotton, tobacco, dried milk, and other dairy products—are paid for in local currency which generates funds for U.S. needs and Viet-Nam's military and civilian budgets.

In 1969, commercial imports to Viet-Nam totaled \$667 million. Of this amount, \$265 million (40 percent) was U.S.-financed: \$177 million under CIP and \$88 million under PL 480.

The port of Saigon has played a vital role in the operating efficiency of economic stabilization programs. AID helped transform this port from one of the world's most congested to one of the best in the Pacific. Ships are now able to unload and reload in less than a week, compared to a two-month "turn around" required a few years ago.

## HEALTH

To reinforce the Vietnamese health service, 61 medical teams from the United States and other nations are treating about 44,000 hospital patients a month.

The Ministries of Health and Defense in 1969 established a joint program, under which hospitals in 25 provinces treat both Vietnamese civilians and soldiers. While monthly admissions of patients increased 15 percent in 1969, admissions of civilian war casualties dropped by 26 percent. With the addition to the program of the medical personnel from the Ministry of Defense, the number of doctors will be tripled by the fall of 1970.

The increase will bring the program's combined civilian/military medical personnel to 7,700, including 183 physicians.

AID's contribution to an accelerated construction program is mainly responsible for adding 29 modern surgical suites, eight new province hospitals, and some 500 district and village dispensaries to the Ministry of Health's treatment system. In addition, AID contributes annually more than \$12 million in medical supplies and equipment to support the Vietnamese civilian health program.

Since June 1966, almost 800 American physicians have served without pay in Viet-Nam for 60 days or more to treat Vietnamese civilians. Under the "Voluntary Physicians for Vietnam" program, sponsored by the American Medical Association and funded by AID, American doctors help ease the critical shortage of physicians available to treat Viet-Nam's civilian population.

With U.S. assistance, 185 physicians were graduated from Vietnamese medical schools in 1969, compared to 85 in 1965. During that four-year period, the Vietnamese established seven new nursing schools and increased the number of graduates from 275 to 580.

The Vietnamese government also is improving its disease prevention program. Preventable diseases account for more than half of the patients treated in Viet-Nam's hospitals and dispensaries. During 1969, the people of Viet-Nam received more than ten million preventive inoculations against such diseases as cholera, plague, smallpox, and polio.

AID has provided technical advice and commodities for a two-year plague control campaign administered by the Ministry of Health. In addition, AID has contributed the principal financial support for Viet-Nam's National Institute of Public Health—a research, training, and technical service base from which the Ministry of Health, assisted by the World Health Organization, hopes to mount effective campaigns to eliminate Viet-Nam's formidable disease hazards.

Other institutions to improve the medical care and treatment of Vietnamese civilians include:

—The National Center for Plastic and Reconstructive Surgery (initially operated by AID) which provides modern medical treatment to more than 100 severely deformed patients each month.

—The National Rehabilitation Institute, consisting of four modern centers, which teaches patients how to use the approximately 800 artificial limbs and braces it manufactures each month.

## REFUGEE PROGRAM

Between 1965 and early 1970, the war generated about three million refugees. Approximately 2.2 million have returned to their former villages or have been reestablished elsewhere. Most of them are women and children or men too old for military service. About 300,000 refugees still need temporary assistance. An additional 500,000 have received a resettlement allowance from the Vietnamese government but are still living on about 600 refugee sites.

Under the Government of Viet-Nam's "triple ten" program, a resettlement allowance to families consists of a six months supply of rice, ten bags of cement, ten sheets of roofing, and \$VN5,000 to \$VN10,000 to rebuild or repair their homes. Most refugees still need substantial government assistance to become fully integrated into normal civilian life.

About 90 American AID refugee advisers work closely with Viet-Nam's Ministry of Social Welfare which receives substantial financial assistance from U.S. counterpart funds. Ten American voluntary agencies helping refugees in Viet-Nam also receive financial support from AID.

Under the Food for Peace program, AID distributes surplus food to refugees and other needy persons.

## EDUCATION

In 1954, fewer than half a million (five percent) of Viet-Nam's children attended elementary school. Most of them became fifth-grade dropouts. At that time, education was limited to

children of wealthy parents, while most hamlet children, sons and daughters of poor farmers, followed tradition and worked in the rice fields. Today, however, more than 2.3 million children (85 percent) of elementary school age attend classes.

The Vietnamese government, with AID assistance, has trained more than 20,000 hamlet elementary teachers and constructed more than 18,000 classrooms during the period 1963-69. In addition, AID helped write, print, and distribute 18 million elementary textbooks.

Secondary school enrollment climbed from 54,000 students in 1955 to 623,000 in 1970. During recent years, three secondary demonstration schools and 12 pilot comprehensive high schools have been established. Higher education has seen similar growth. In 1955, for example, only 2,900 students were enrolled in Viet-Nam's only university, the University of Saigon. Today more than 40,000 students are enrolled in five universities, with about 32,000 enrolled in the University of Saigon. The remainder of the students are enrolled in the Universities of Hue, Dalat, Van Hanh, and Can Tho.

Since Viet-Nam is basically an agricultural country, the Government of Viet-Nam, with AID assistance, is

emphasizing agro-business and agricultural education to provide skilled farmers and trained agricultural leaders. In addition, the U.S. has helped develop ten vocational agricultural education schools with an enrollment of more than 4,000.

AID has also helped establish four polytechnic schools, five trade schools, and 12 junior technical schools to produce skilled workers. About 12,000 students are receiving vocational training. Twenty-six elementary schools have introduced pre-vocational agriculture and rural homemaking courses, with current enrollment at 2,600.

Eighteen AID education advisers and five teams of educational specialists from several American universities are currently helping Viet-Nam improve its educational product. Elementary education is progressing at a rate which will see virtually all elementary school-age children in classrooms by 1975.

## AGRICULTURE

Agriculture is the backbone of Viet-Nam's economy.

Thanks to a fast-growing, high-yield rice seed introduced in Viet-Nam by



Nearly 800 American physicians have volunteered their services for tours of two months or more in Viet-Nam without pay in the AMA's "Voluntary Physicians in Viet-Nam" program.





*"Miracle" rice seed and modern farming equipment such as the mechanical weeder shown here have enabled many Vietnamese farmers to double and triple their rice production.*

AID in 1967, rice production has since begun to soar.

Farmers using the new "miracle" seeds, called IR-8 and IR-5, are doubling and tripling their crop output. Since the new rice matures in about 120 days, compared to 180 days for the old varieties, many farmers are getting two, and sometimes three, crops a year instead of one. The "miracle" rice also is more resistant to diseases and more responsive to fertilizers.

As recently as 1964, Viet-Nam was exporting rice, but as the war intensified, thousands of peasants fled the paddies for safety in the towns and cities. Rice production dropped while the market demand climbed. As a result, Viet-Nam has been forced in recent years to import as much as 750,000 tons of rice annually.

With the expanding use of "miracle" rice seed, however, Viet-Nam is expected to achieve self-sufficiency in rice production by March 1971.

To continue the expansion of rice production, AID agricultural specialists are working closely with their Vietnamese counterparts to provide the farmers with improved seed and better farming methods.

Next to rice production, the second priority of the agricultural program is to increase the nation's animal protein supply. In 1969, poultry production

climbed 15 percent and swine production increased ten percent, thereby creating an accelerating demand for livestock feed. To meet this demand, AID is expected to provide Viet-Nam with 200,000 tons of feed grain during 1970.

Improved production and marketing techniques have stimulated vegetable and fruit production, now a significant part of the rural economic scene, which accounts for approximately five percent of Viet-Nam's total agricultural output.

To enable farmers to buy modern farm equipment, seed, fertilizer, and insecticides, the Vietnamese government, with AID support, established the Agricultural Development Bank (ADB) system in 1967. The banks give low-interest credit to farmers and fishermen, thereby competing effectively with moneylenders. The ADB made nearly 90,000 loans in 1969 and expects to make 150,000 loans in 1970.

To further help the small farmer, the ADB last August launched a rural bank system offering reasonable credit to farmers who own or operate less than 25 acres of farmland. The banks are 50 percent financed by local capital. Four rural banks were established in 1969, 25 are planned in 1970, and about 200 are expected to be in business within the next five years.

## LAND REFORM

During the past few years, AID has helped the Vietnamese government complete the land reform programs of the 1950's and has encouraged the government to broaden the base of land reform to enable all small farmers to own the land they till.

A farmer who owns his land has a great incentive to improve and protect his property. Just owning land, however, will not solve all of his problems unless he gets a fair price for his produce, obtains transportation to market, receives reasonable credit, and uses modern water control methods and other scientific farming techniques. The Vietnamese government, with AID assistance, has attacked all of these problem areas.

In March 1970, the government enacted a new and revolutionary land reform law which will eliminate tenant farming on riceland. Under the new "Land to the Tiller" law, the government will expropriate nearly all tenanted riceland and transfer it to tenant farmers free of charge. The tenant farmer, under this law, may acquire up to 2.5 acres in the central lowlands and as much as 7.5 acres of riceland in the Mekong Delta. Excess land will be redistributed to tenants, war widows, veterans, retired civil servants, and farm laborers.



*Farmers are a good credit risk as a result of high-yield rice and broiler chick programs. Here a farmer receives a loan from the Agricultural Development Bank branch at Binh Dinh under a program jointly sponsored by the Government of Viet-Nam and AID.*

To get the free land, a tenant farmer simply files an application with the village government. Once approved there, the central government issues title to the farmer who becomes the owner of the land he tills. President Nguyen Van Thieu presented the first 600 land titles to tenant farmers in August 1970. The former owners of the land will receive prompt and fair compensation from the Government of Viet-Nam amounting to 20 percent in cash and the remainder in bonds bearing ten percent interest and paid in eight equal installments.

An estimated 500,000 tenant farmers could acquire land under the new program which will transfer ownership of more than 2.25 million acres—nearly half of Viet-Nam's rice-land.

Because the program will create hundreds of thousands of new land-owners and significantly strengthen social stability in the countryside, it will greatly increase the government's base of political support. The program also provides a strong foundation for rural economic development and graphically demonstrates the government's interest in improving the lives of the rural population.

To help implement the program, AID is providing the Government of Viet-Nam with technical assistance. The United States also plans to provide at least \$40 million in financial assistance to help overcome the inflationary impact of the cash down-payments to be made to the former landowners.

## PUBLIC ADMINISTRATION

On April 1, 1967, a new constitution prepared by Viet-Nam's Constituent Assembly which represents most major political, religious, social, and other groups, became law. It provides for separate but equal legislative, executive, and judicial branches of government. The constitution also establishes an independent "Inspectorate" with authority to investigate and audit any government agency or official.

The government also has improved its revenue program and established a National Institute of Administration



*Hamlet school children in the Mekong Delta use Vietnamese language textbooks provided by AID to study geography, science, mathematics, history, and hygiene.*

to develop able young administrators. The national tax revenue has increased about 490 percent in four years. Collections in 1969 were \$655 million, 74 percent higher than in 1968. A 58 percent increase is expected in 1970.

AID local government advisers have helped the Ministry of Interior and other government agencies to strengthen local self-government in villages and hamlets and have assisted unprepared local officials to cope with increasing social, economic, and public service problems generated by the rapid growth of new urban centers. Seven major elections by secret ballot have been held since 1967.

In addition, the Vietnamese government, with AID assistance, is developing a systematic program to help villages raise local revenues to defray costs of government and development. Approximately 45 training centers in the provinces and cities plus the National Training Center at Vung Tau have instructed more than 53,000 new village and hamlet officials in public administration in 1969.

## INDUSTRY

AID provides continuing assistance to the Government of Viet-Nam and the private sector in identifying, developing, and publicizing industrial opportunities in Viet-Nam. In 1969, the economy was bolstered by the completion of new plants specializing in marine shipbuilding, plastic products, detergents, dry cell batteries, electric wire and cable, cement blocks, steel

rolling, and other enterprises. Several existing plants were expanded, and ten new plants are under construction.

Viet-Nam's largest industries—textiles, pharmaceuticals, plastics, chemicals, and cement—are growing steadily. Feasibility studies on cement, paper and pulp, and basic chemicals have been completed, and hopefully will attract new investors.

In addition to technical assistance, AID's Commercial Import Program enables Viet-Nam's industry to buy foreign industrial equipment and raw materials. As a result, more than 1,000 new manufacturing facilities have been established, most of them located about 15 miles from Saigon at the Bien Hoa industrial park. Another industrial park is under construction in Can Tho, in the Mekong Delta.

In 1969, the private sector invested \$20 million in industrial projects and plans to invest an additional \$20 million in 1970.

## ENGINEERING

Embracing a wide range of public services, AID's engineering program in Viet-Nam includes improvement of waterways, ports, railroads, civil aviation, telecommunications, water resources, and electric power. The program also includes construction of health, education, police, and other public facilities.

These activities help stabilize the government and the economy and improve living conditions for the Vietnamese people.





*This modern textile plant, a joint venture of private Vietnamese and American investors, employs 2,000 workers. Viet-Nam now produces about 90 percent of the cloth needed for domestic purposes.*

For example, there are more than 18,000 telephone subscribers today in Viet-Nam compared to about 9,000 two years ago. By the end of 1972, an estimated 40,000 telephones are expected to be in operation.

The Saigon Metropolitan Water Office increased its service by 12 percent in 1969 and continued its 24-hour service to all areas. In the rural areas of Viet-Nam last year, about 200,000 more people were serviced with potable water.

Although Saigon's electric power output has increased more than 30 percent since 1968, it has been barely able to meet the rapidly increasing demand. AID is assisting the Vietnamese government to further increase its power output by 80 percent within the next three years. Plans are underway also to improve the power transmission and distribution system in the Saigon area. Moreover, a national power survey is expected to establish guidelines for sound electric power development throughout Viet-Nam.

## **AID ORGANIZATION**

The American Ambassador is in overall charge of the U.S. effort in South Viet-Nam. Directly responsible to him is the director of the AID Mission who is in charge of the U.S. economic assistance program. He oversees AID expenditures in Viet-Nam and works closely with the principal U.S. military commander in the

country in carrying out the assistance program.

The AID Mission in Saigon is responsible for national programs which require close working relationships with various Viet-Nam government ministries in Saigon such as education, health, and agriculture.

To improve the effort in the field, U.S. military and civilian operations in support of rural development were integrated in May 1967 under the U.S. Military Assistance Command/Vietnam (MAC/V). The military commander's chief deputy for rural development is responsible for operations of the organization called Civil Operations Rural Development Support (CORDS).

CORDS supports certain Vietnamese projects which receive AID funding—refugee relief, Chieu Hoi (the Government of Viet-Nam's "open arms" program designed to encourage Viet Cong defection), public safety or police work, and material support of the work of the rural development teams.

CORD'S responsibility also involves the coordination of U.S. civilian staffs in the provincial areas. These staffs include the AID medical teams and educators, agricultural specialists, administrators, and engineers operating in the provinces.

## **WASHINGTON ORGANIZATION**

To insure that the costly and complex AID program for Viet-Nam re-

ceives the best possible management, the Administrator of the Agency for International Development established within AID headquarters in Washington a separate Bureau for Viet-Nam in May 1967.

Under the Assistant Administrator for Viet-Nam, the Bureau combines within one organization the most essential AID functions concerned with direction and support of the AID effort in Viet-Nam. It also coordinates the support activities of the Washington staff in such areas as personnel, financial management, and services.

## **FUTURE PLANNING**

A U.S./Vietnamese Joint Development Group has completed a report which outlines possible postwar development in South Viet-Nam. The report recognizes that there may have to be a period of two to three years devoted largely to reconstruction followed by seven to eight years of development. At the end of this period, it is hoped that Viet-Nam will have achieved a balanced foreign trade and will no longer require concessionary foreign aid.

AID presently is financing a broad program to train Vietnamese in a number of disciplines, including economics, education, health, public administration, public safety, trade union development, engineering, and transportation. Already some 5,000 Vietnamese have obtained training in the United States and other countries under AID auspices. In addition, the U.S. Army in Viet-Nam operates an extensive program in such skills as motor mechanics, electronics, car-



*A major bridge under construction northeast of Saigon.*

penry, driver training, and secretarial work.

These courses are open to Vietnamese civilians already employed by the U.S. military or other U.S. Government agencies. A substantial number of Vietnamese are receiving on-the-job training during their employment with the U.S. military and U.S. contract firms.

A series of studies which began in

1969 covered the development prospects of the five northern provinces, agricultural capability, export potential, industrial development, and the tax system.

Other significant projects underway include a U.S./Vietnamese effort to develop a single integrated telecommunications system, and plans to develop different modes of transportation.

Viet-Nam's ability to implement long-range development programs will be severely limited by the heavy strain placed on its resources by the current Vietnamization program. Until a greater measure of security is restored and the war effort slackens, the bulk of the country's material and human resources will be diverted to meet military needs and serious long-range economic development will have to be postponed or at best remain sporadic.

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