

VIETNAM - PROGRESS DESPITE THE WAR

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Possibly the most misunderstood part of the Vietnam effort deals with the alleged lack of progress in the "other war," in nation building, in Vietnam. Since Tet the rural efforts, including pacification, have been variously described as "dead" or "future in doubt." Vietnamese officials are charged with wholesale corruption. A.I.D. officials are charged with incompetence. The inflation is described as skyrocketing and the Saigon port as hopelessly congested. Allegations are numerous to the effect that a large proportion of A.I.D.-financed commodities are being stolen and diverted to improper uses. To many, Vietnam is a charred land populated largely with refugees.

What these charges usually ignore is the fact that, in overall terms, a surprising amount of progress has been made since early 1965. The economy has not only survived the war, but has moved forward in many sectors such as industry and education. Several thousand hamlets in the past two years have been caught up in the "green revolution." Much of this significant progress was temporarily

obscured by the all-out communist offensives at Tet and during May, but it is now clear that even this massive disruption has not stopped the forward momentum.

Most seasoned observers now not only credit South Vietnam with having the most broadly supported and effective government since the early days of the Diem regime in the mid-50s, but also agree that South Vietnamese, with outside help, have been demonstrating an unusual capability for development under adverse conditions.

All major wars, including ours from the Revolutionary War to World War II bring with them, at least temporarily, increased mismanagement, increased corruption, increased waste, and increased inflation. These problems are heightened in any less-developed country with its weak managerial and technical capacity and rapidly changing standards and values. These were particularly accentuated in Vietnam by 1965, following many years of war, and by the communist military effort which nearly overwhelmed the government forces during late 1964 and early 1965.

The buildup of American troops saved the day, but caused severe inflationary pressures and dislocations in the Vietnamese economy.

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Saigon port facilities were swamped by the logistical buildup of U. S. forces and the surging import demands of the Vietnamese war economy. Prices soared in 1965 and 1966. The political weaknesses and rapid turnover in government in Saigon following the overthrow of President Diem caused a deterioration in the operating caliber of the Vietnamese Government. Discipline and effectiveness of government employees declined, particularly in the provinces. The influence of war became so pervasive in certain rural areas, particularly north of Da Nang near the demilitarized zone, as to make meaningless any serious discussion of development.

The Turnaround

The U. S. assistance effort, greatly accelerated in 1965, has been concentrated on four critical problems -- containing the inflation, helping refugees and civilian war casualties, supporting the pacification program, and pushing development as fast as the wartime situation will permit. To accomplish these, it was necessary to triple the A. I. D. program in dollars and in personnel.

During the past year, despite the massive disruptive effect of the Tet offensive, it has become clear that significant progress

is being made on every major front. Some of the highlights are as follows:

1. During the four years 1965 through 1968 inflation was kept at approximately 300% as compared to some 2700% in Korea during a comparable wartime period of only three years. (The inflation has been kept to a rate of about 35% annually during 1967 and 1968.)

2. The ports of Vietnam have been enlarged and made many times more efficient. Saigon has moved up from one of the worst to one of the best ports in the Far East.

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3. From the 1965 - 1966 school year to the 1967-1968 year, elementary school enrollments have risen 20% and secondary school enrollment nearly 50%. An even more remarkable contrast can be made if one compared the present with the last years of the Colonial system in Vietnam. In the 1953-1954 school year there were only some 400,000 elementary pupils enrolled in elementary schools in both North and South Vietnam. In 1967-1968 there were approximately two million elementary and 470,000 secondary pupils. Today, 76% of the elementary school age group is in school, and about 20% of the secondary school age group, in South Vietnam.

The literacy rate is now higher than such countries as India and Pakistan and comparable to Turkey.

Despite the Tet communist offensive, the nation's normal schools are producing more teachers -- 1450 in 1968 as compared to 1100 in 1966. In addition, more than 3000 elementary school teachers were trained in accelerated 90-day courses in 1968 for a total of more than 14,000 since these were instituted in 1964.

4. Between 1965 and 1967, industrial production increased by a remarkable 20%. However, the Tet offensive which temporarily moved the war from the countryside to the urban centers during the first half of 1968 has thwarted industrial gains this year. Damage exceeding \$50 million was done to industrial facilities by the communist offensives in 1968 and industrial production will return to pre-Tet levels only in 1969.
5. With the increase of the tempo of war in 1965 and early 1966, there was a quick, sharp, and dangerous decline in Vietnam's production of primary food staples -- rice and protein.

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In 1967, not only was this halted but the groundwork was laid for dramatic increases in agriculture production. Farmers were given a much better price for their produce and had to pay relatively cheaper prices for the things they consume, particularly the inputs such as fertilizer to increase their productivity. Improvements were quickly apparent. Shipments of vegetables from the IV Corps area of the Mekong Delta to Saigon increased to approximately 700,000 tons in 1967, a 150% increase over the preceding year. Over 600,000 hogs were shipped to Saigon from this area during 1967, more than 40% above the previous year. Rice production in 1967-1968 was up one-half million tons over the preceding year.

On September 30, 1967, the Vietnamese started the most intensive program for introducing the new "miracle" rice seeds ever undertaken by any country. This new seed, which more than doubles rice yields, was sown by more than 40,000 farmers in over 100,000 acres in 1968. A large portion of these farmers received credit from the Agricultural Development Bank. (This Bank in 1968 extended

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some \$35 million in credits to over 60,000 farmers during 1968. These credits were 130% above the total for all of 1967 and more than 10 times that loaned to farmers in 1966.)

The Vietnamese also launched a major program in 1968 to increase poultry by 15% annually and hog production by 10% annually. During the past year many thousands of refugee and village families have gone into the commercial raising of chickens for eating. Imports from abroad of baby chicks have increased from a few thousand weekly in January 1968 to 20,000 weekly in July, to approximately 55,000 a week in September and to some 200,000 a week during November. Poultry and livestock vaccinations have increased from less than 300,000 a month in January 1968 to 400,000 a month in June and more than two million in December.

The higher prices for farm products and rapidly increasing rural purchasing power have led to a major increase in expenditures for production by farmers in the Saigon area and in the Mekong Delta. Despite the increased fighting in the countryside, fertilizer use is expected to amount to

about 250,000 tons for 1968, as compared with 205,000 tons in 1967. The 130,000 member Tenant Farmers' Union and two other farmer organizations distributed 40% of the fertilizer. More than 40,000 irrigation pumps, powered by A.I.D.-financed small engines, were sold in 1967 alone. This was probably ten times the number that existed in the entire country less than five years before. The sale of treadle sewing machines increased very greatly in 1967, by the tens of thousands, to the point in some secure hamlets that 30% of the families owned one. The sale of these items was down in the first months of 1968 because of the communist offensive, but had picked up again later in the year.

Several captured Viet Cong documents have referred with some alarm to what the VC term the three-machinery movement -- the growing purchases of transistor radios, sewing machines and motor pumps -- noting that this movement reflected growing peasant interest in their natural wellbeing and attenuated interest in the ideological grievances the VC have tried so hard to exploit.

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6. Progress in the fisheries field also has been impressive. The fish catch has increased from 52,000 tons in 1952 to 255,000 tons in 1962, 380,000 tons in 1966 and more than 410,000 tons in 1967. This progress has occurred despite the increasingly strict security conditions which have made it far more difficult to fish in the traditional fishing areas in the past several years. It has been possible to avoid retrogression and, in fact, increase the catch primarily because of the dramatic increase of motorized fishing boats. There were 4,400 in 1962, 16,700 in 1966, and 28,700 by mid-November 1968. These boats, most of whose engines have been financed under the USAID import program, can both go farther afield and reach their traditional fishing grounds more quickly during the restricted hours when the curfew does not apply.
7. In February 1966, the Vietnamese civilian hospital system treated less than 30,000 patients per month, including outpatients and admissions. In 1968 the average per month is 205,000. In 1966 immunizations against smallpox, cholera, and plague, totaled 4,100,000. In the first four months of 1968 alone, nearly 9 million immunizations have been given.

8. The South Vietnamese Government also has been seeking to expand local self-government in the villages and hamlets as rapidly as security conditions permit. Under French rule and later under President Diem in the 1950s, the traditional self-government of Vietnamese villages was gradually destroyed. In the past two years elections have been held in the more than 40% of the 3,000 villages and 12,000 hamlets where security conditions permitted. Villages have been given additional tax powers and increased responsibilities in many fields such as land matters. This progress is continuing despite the fact that the communists kill, injure, or kidnap two or three hamlet and village officials every day, more than one thousand a year.

9. Until 1968, little had been done in the 1960s to further the land reform program of the 1950s, which resulted in more than 60% of the farmers owning at least some land. 75,000 acres of government owned land was distributed to farmers in 1968 as compared to 23,000 in 1967. Far more important, on January 1, 1969, President Thieu announced a sweeping new program intended to transfer to tenants 40% of all the rice land in Vietnam over a two-year period.

10. By the end of 1967, over 1,000,000 of the more than 2,000,000 persons from rural areas who have become refugees during the war years had returned to their homes or been resettled elsewhere. However, at the end of October 1968, refugees still numbered an estimated 1,200,000 (of whom two-thirds are located in the six northern coastal provinces of South Vietnam).

The capability of the Vietnamese and American Governments to help refugees with both temporary care and resettlement has improved substantially. The refugee organization of the Vietnamese Government, first organized in 1966, now has over 500 well-trained personnel stationed in all of the 44 provinces. U. S. refugee officers have increased from 50 in 1967 to over 100 in 1968. Some 30 American voluntary agencies with several hundred employees also assist. The total U. S. assistance to refugees in fiscal year 1969 will be \$50 - 60 million.

Even more important than relief services in easing the plight of the refugees, important as these services are, has been the full employment and high wages in the urban areas resulting from the war economy and the American military buildup. A massive migration from

country to cities of more than 3 million people, many of them refugees, has raised the urban proportion of the population to over 40% in contrast with the pre-war 20%.

This influx into the cities has resulted from the triple impact of Viet Cong taxation and control, the dangers of military action, and the lure of new job opportunities.

Though this movement has frequently been accompanied by much human misery, the people now residing in the urban areas are, by and large, fully employed, their income is higher than ever before, and their standard of living, except in housing, on the way up.

11. The increase in popular support for the government has been perhaps the most striking development in South Vietnam in 1968.

The creation and development of political institutions, like the National Assembly, under the new constitution provided expanded avenues for participation in the political life of the country when the post-Tet crisis in South Vietnam galvanized the non-communist majority of South Vietnam. Confidence increasingly began to run both ways -- from the government to the people (as shown by the willingness to turn to the ballot box in 1967 and the

new willingness to provide 100,000 arms to civil self-defense units in 1968), and from the people to the government (as demonstrated by the success of the new military mobilization program which led to a 30% increase in the armed forces in 1968, and by the wholesale reconstruction in city after city of the tens of thousands of houses destroyed during the communist offensive early last year).

President Thieu's selection in late May 1968 of Huong, the most widely respected individual in the country, as Prime Minister has contributed enormously to this process.

12. Since late 1967, there has been an increasing trend toward integrity and against corruption in South Vietnam. President Thieu has replaced more than half the province chiefs in 1968 and the fight against corruption has been still further accelerated under Prime Minister Huong, who is generally recognized in South Vietnam as the most vigorous proponent among the leading political figures in South Vietnam of the fight against corruption.

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A.I.D. on its part has taken numerous measures during 1967 and 1968, with considerable success, to reduce diversion and loss of U.S. -financed goods, including augmenting of its auditing and logistics staffs, stationing U.S. personnel at all provincial warehouses and improving operations of the Commerical Import Program. Perhaps more important, A.I.D. has been instrumental in eliminating situations which lend themselves to corruption: when the Saigon port was badly congested, there were a variety of kickbacks and bribes by importers to get their goods out more quickly. This problem was attacked successfully by eliminating the cause of the payoffs, namely port congestion.

A survey of losses of A.I.D. commodities completed early in 1967 showed losses from all causes of between 2 and 5% for commodities imported for commerical sale under the Commerical Import Program, and between 10 and 15% for project and relief commodities which must be distributed throughout the countryside under difficult and insecure conditions. By early 1968, audits were indicating

that losses from all causes under the CIP had dropped to less than 1% and that losses on project and relief commodities were also down dramatically.

13. Pacification and rural security. The best available data in late 1964 and early 1965 indicated that less than 50% of the total population was in areas of relative security and government control. By late 1967 this proportion had increased to an estimated 67%.

The all-out communist offensive in early 1968 obviously impaired rural security and during February the population under government control dropped to under 60%, two-thirds of which were in urban areas, leading to allegations by some that "pacification is dead." By August 1968, however, the estimates of urban and rural population under government control (66.8%) had risen once again to approximately pre-Tet levels and by late 1968 had reached the high of 73%. At the end of 1968, approximately 60% of the rural population lived in relatively secure areas; however, this obviously would change if there were to be major new North Vietnamese offensives across the borders into South Vietnam during 1969

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The above recital should indicate that, while there have been setbacks in the past and more must be expected for the future, there has been significant progress in virtually every major field over the past three years. Under war conditions in a developing country there will continue to be problems of mismanagement, waste, and corruption. However, very substantial improvements have been and are continuing to be made in each of these problem areas.

As noted at the outset, the Vietnamese Government of today is more effective and has more popular support than any government since the 1950s.

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