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NEEDS FOR UNITED STATES ECONOMIC
AND TECHNICAL AID
IN CAMBODIA, LAOS, AND VIETNAM

REPORT NO. 1 OF THE
UNITED STATES ECONOMIC SURVEY MISSION
TO SOUTHEAST ASIA

WASHINGTON, MAY, 1950

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Declassified as of 1967

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THE PREFACE

The Mission was sent to Southeast Asia to study the needs of the area for emergency economic and technical assistance which would

1. Quickly strengthen and expand the economic life of the area and improve the conditions under which its people live;
2. Strengthen national governments in the area by helping them rehabilitate and develop the productive resources of the area and by helping them provide improved services to their people; and
3. Demonstrate concretely the genuine interest of the United States in the welfare of the people of Southeast Asia.

No ceilings were established in advance on the amount that could be recommended for any one kind of assistance, or for total assistance to any country, or to the whole region. Proposals were judged in terms of (a) the immediacy and kind of effect likely to be obtained; and (b) limits on the amount and kind of assistance each country could promptly absorb.

The recommendations made were reached through the following steps:

1. Discussion of over-all function of Mission with Embassy Staff;
2. Discussion of function with officers of the National Government, including a formal meeting with the Foreign Minister and with the Prime Minister, and with any planning or economic development board;
3. Submission of specific project proposals prepared by the staff of the individual ministries in varying degrees of detail;
4. Extended discussion of content and priority of projects in their relationship to each other, including amendment of project proposals;
5. Preparation of recommendations by member of Mission; and
6. Consideration and adjustment of recommendations by members of Mission sitting as committee.

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THE UNITED STATES ECONOMIC SURVEY MISSION TO SOUTHEAST ASIA

A STUDY OF THE EMERGENCY ECONOMIC AND TECHNICAL NEEDS
OF CAMBODIA, LAOS, AND VIETNAM

MEMBERS

The Honorable R. Allen Griffin, Chief of Mission, with the personal rank of
Minister
Samuel P. Hayes, Jr., Department of State, Deputy Chief of Mission and Adviser
William McAfee, Department of State, Adviser
Henry Tarring, Jr., J.G. White Engineering Company, Consultant to the Department
of State, Adviser
Edward Dickinson, Economic Cooperation Administration, Adviser
Robert Blum, Economic Cooperation Administration, Adviser
Raymond Moyer, Economic Cooperation Administration, Adviser
Alexander Lipsman, Department of Treasury, Adviser
Russell G. Duff, Colonel, USA, Department of Defense, Adviser
Frederick B. Warder, Captain, USN, Department of Defense, Adviser

DURATION

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SUMMARY OF REPORT

1. A major revolution is raging in Vietnam with substantial military forces engaged on both sides. The revolutionaries (Viet Minh) are led by Communists, but the majority are probably non-Communist. Their ardent nationalism and antagonism toward the French are so strong that they have accepted Communist leadership in their struggle to drive the French from the country and achieve complete independence for Vietnam. Apparently the majority of the population is sitting on the fence, while even the "pacified areas" are honeycombed with agents or sympathizers of the Viet Minh. (Section I, A).
2. French military forces control the major population centers and lines of communication, but only a "political solution" is likely to bring an end to the conflict. If the majority of the Vietnamese can be convinced that the Bao Dai Government will be able to achieve real independence for Vietnam and provide a competent government for the country, the fence-sitters may declare for Bao Dai, and the non-Communist elements in the Viet Minh may withdraw their support from Ho Chi Minh and turn their nationalist fervor to constructive political and economic activity. (Section I, A).
3. As a whole Indochina is still a food surplus area, although production of rice and corn is down somewhat from prewar levels as a result of wartime deterioration of facilities, civil strife, and the resultant interruption of communications. (Section I, B).
4. Military expenditures are heavy (partly paid for directly by the French), and the various civil budgets are badly unbalanced, with the French making up the budget deficits. During 1949 the rise in living costs nearly came to a halt in Vietnam, following the application of direct controls, including import controls, price controls, and a modest system of rationing. (Section I, C).
5. Prewar exports of rice and corn to France and French colonies were very large and made an important contribution to France's balance of payments. These food surpluses might be of great importance to the food deficit areas of China. (Section II, A).
6. Indochina is strategically important, for it provides a natural invasion route into the rice bowl of Southeast Asia should the Communists adopt this form of aggression. Moreover, it has great political significance, because of its potential influence, should it fall to the Communists, on Thailand, Burma, Malaya, and perhaps Indonesia. (Section II, B).
7. The overriding political problem of the day is the settlement of the revolution and the re-establishment of law and order. (Section III, A).
8. The most urgent economic problems are rehabilitation of recently "pacified" rural areas, extension of medical and health services, rectification of import shortages, reconstruction and extension of telecommunication facilities, and the rehabilitation of industry. In the long run, there is need for more adequate and better balanced economic development. (Section III, B).
9. France continues to provide most of the outside economic aid furnished Indochina. (Section IV).

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10. The aid which the United States has extended to France through the ECA is of major assistance to the French in carrying the present load in Indochina, but little U.S. aid has been given to Indochina directly. (Section V).

11. A program of technical and economic aid estimated to cost \$23,500,000 for the 15 months ending June 30, 1951, is recommended. (Section VI).

12. The recommended program of rural rehabilitation (to cost \$16,150,000) includes. (Section VI, A).

- (a) plowing service, repair and construction of irrigation facilities, well drilling, and the like;
- (b) provision of medical and health facilities through dispensaries, clinics, and maternity centers;
- (c) provision of agricultural supplies such as fertilizers, farm tools, seeds, and cattle vaccines; and
- (d) the rehabilitation of dwellings.

13. Assistance is required in health and medical problems beyond that proposed in the preceding section. (Section VI, B).

14. Additional agricultural assistance is also needed. (Section VI, C).

15. Costs of the above three programs are estimated as follows:

- (a) medical and sanitation supplies and equipment, \$6,000,000;
- (b) engineer units for rural rehabilitation, \$3,500,000;
- (c) agricultural supplies, \$3,050,000;
- (d) rice mills, \$2,000,000;
- (e) short-term road construction, \$1,000,000; and
- (f) technical equipment and supplies and training aids, \$600,000. (Section VI, D).

16. Other programs recommended are:

- (a) import commodities, \$2,500,000;
- (b) telecommunications, \$1,000,000;
- (c) 50 trainees, \$250,000;
- (d) industry, power, and transportation, \$3,100,000; and
- (e) expanded USIS activities, \$500,000. (Section VI, D, E, F, G).

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17. The factors most seriously limiting U.S. aid programs are

- (a) the absence of law and order and the demands of the political and military effort on money and official time;
- (b) the lack of experienced administrative and technical personnel;
- (c) the antagonism of the Vietnamese toward the French; and,
- (d) the opposition of the French to technical experts from countries other than France. (Section VII).

18. To have the maximum effect on the internal political situation, American aid should arrive quickly, should be well publicized, and should be distributed through the National Governments in order to build up the prestige of these Governments and to attract nationalists to Bao Dai. France, which has had long experience and which is currently pouring large sums of money into Indochina, has a responsible role to play in connection with any economic aid, but should not be given control nor allowed to insist on quadripartite arrangements unacceptable to the local governments. (Section VIII).

19. In addition to the expanded USIS activities previously mentioned, there is need for an expanded information and public relations activity to explain U.S. interest in Indochina, what it is undertaking, and why it is undertaking it. This will require not only delicate handling, but more handling, more people, and more equipment. (Section IX).

20. U.S. economic and technical aid programs in Indochina must be directly administered under a single responsible Chief of Economic Mission. It is recommended that the ECA set up the field organization and appoint the Chief as its representative. If the local governments agree, joint bodies should be set up with U.S. representation in connection with the administration of aid programs. (Section X).

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I. THE CURRENT SITUATION

A. Political Situation

Indochina came progressively under French control as the result of French conquests beginning in 1858 over part of Cochinchina (South Vietnam), and continuing until the final acquisition of Laos from Thailand in 1893. (Two western provinces of Cambodia were added in 1907). Five administrative units were established by the French, of which one (Cochinchina, the richest) was governed as a colony, and the other four (Tonkin, Annam, Cambodia, and Laos) nominally as protectorates, although under highly centralized direct French administration.

During the war, and especially during the period of full Japanese control in 1945, the already existing nationalism of Vietnam (by far the largest part of Indochina) received a tremendous impetus. Complete independence was declared for Vietnam in early 1945, under Japanese sponsorship, and, after the Japanese surrender, independence was reaffirmed under the leadership of Ho Chi Minh, a Moscow-trained Communist, who had attained great popular prestige by his effective leadership in the nationalist cause.

Vietnam was occupied by British and Chinese troops at the end of the war and its independence was not recognized by the French. By the end of 1946 French troops were able to relieve the British in Cochinchina, though they were opposed by the guerilla activity of nationalist rebels, which has continued to date. North of the sixteenth parallel, Chinese troops had permitted Ho Chi Minh's Government to operate, and it was this Government which signed an agreement permitting French forces to return to North Vietnam, in return for which the French Government recognized "the Vietnam Republic as a free State...forming part of...the French Union." As a result of disagreement over the interpretation of this agreement of March 6, 1946, hostilities broke out in Tonkin and Annam at the end of the year.

On March 8, 1949, the ex-Emperor of Annam, Bao Dai, signed an agreement with President Auriol whereby he would return to Vietnam as chief of state in exchange for certain French concessions, including the unification of Cochinchina, Annam, and Tonkin. This agreement and subsequent agreements with Cambodia and Laos recognized the three states as "associated states within the French Union" with full internal sovereignty and limited diplomatic representation. French citizens and citizens favored by treaty were to have extraterritorial privileges before the law, and French citizens were granted national treatment and preferences in other respects. Ultimate control over international defense and foreign policy rested with the French, and certain matters, including customs, treasury, immigration control, et cetera, were to be later determined by a joint conference of the three States and France.

The form of the government to be established in Vietnam is not yet decided, awaiting the action of a freely elected constituent assembly when established. Provisionally, Vietnam is headed by a "Chief of State" Bao Dai, formerly Emperor of Annam. The other two States are constitutional monarchies with popularly elected assemblies. The Cambodia National Assembly is currently dissolved. The powers and functions whose transfer is envisioned in the March 8 agreements are being progressively turned over to the governments of these three States.

Laos + Cambodia

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These concessions have not been enough for Ho Chi Minh and for a substantial number of other Vietnamese leaders. Rebellion against the French, and against the Vietnamese cooperating with the French, has continued full-scale since December 1946 and has at one time or another touched most of Vietnam and spilled over the borders into Laos and Cambodia.

Today, the population of Vietnam is deeply divided, with substantial military forces engaged on both sides, with rebel (Viet Minh) guerrillas, agents and sympathizers honeycombing the whole country (including Saigon), and with large numbers of people, including many political leaders, sitting on the side lines refusing to commit themselves yet to either side. Complicating the picture is the Communist affiliation of Ho Chi Minh and some of his top leaders (including General Giap, his Chief of Staff), the impression made by Communist victories in China, and the beginning of support for the Viet Minh by Chinese across the border a support taking the form of arms deliveries and the use of Chinese territory for escape, regrouping, rest, as a base of operations, and, reportedly, even the provision of strategic emplacements for artillery.

B. Economic Situation

Even today, people do not starve in Indochina, except in some areas of Tonkin province where there has long been a food deficit and where destruction, disruption of production, and interruption of imports from Cochinchina have seriously reduced food supplies. As a whole, Indochina is a food-surplus area; even with a civil conflict raging, people have enough to eat.

Production of rice is down somewhat from previous levels. In Tonkin, this results from wartime deterioration or destruction of villages, farmhouses, and many productive facilities, either during the fighting or as part of the Viet Minh "scorched-earth" policy. It also results from the fact that substantial areas are still in Viet Minh hands or are currently fields of combat. In Cochinchina, the other big rice-growing area, production is apparently high, although some falling off has undoubtedly occurred as the result of transportation barriers, which prevent the rice from moving out and therefore prevent the earning of money with which consumer goods can be purchased.

It is this transportation problem that affects export surpluses most. The rice normally moves out of the producing areas in barges drawn along the network of canals to the mills near Saigon. Because it was feared that the money obtained by selling the rice produced in the great plains of the Transbassac region would go to support the Viet Minh, which is quite active in that region, the French have enforced a blockade against the movement of Transbassac rice. The consequence has been that far less Cochinchina rice has been marketed than usual, and there is therefore almost none for export.

Corn production is down and exports almost stopped, for the higher corn country is generally in Viet Minh hands, or at least outside the area of effective police protection. The phosphate and metal mines are in Viet Minh hands. The coal mines are gradually being rehabilitated, but do not yet produce enough for domestic consumption. Some rubber plantations have been destroyed, but others are producing as virtual armed camps, and rubber exports are running at the rate of some 40,000 tons a year. Potential rubber production is estimated as approximately 115,000 tons per year.

C. Financial Situation and Counterpart Prospects

The military and political situation in Indochina dominates financial developments. Conditions of security have not been established; French military expenditures are

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heavy; and Indochinese budgets, local and national, are sharply unbalanced. This has resulted in an expansion of purchasing power to an amount which, despite substantial net transfers and payments abroad (see below under Currency Issue), could not be absorbed by the supply of goods and services available in Indochina without increased prices.

Prices were rising steeply until about July of 1949, and, although they have since leveled off, inflationary pressures are still strong and are likely to increase during the coming months, in part because Government expenditures, including those associated with U.S. aid programs, will no doubt have to be financed by inflationary means. Moreover, measures have been put into effect strictly limiting the flight of capital to France. This movement of capital had been somewhat deflationary in effect.

1. Public Finance

Independent fiscal operations are conducted in Indochina and various levels of Government. North, Central, and South Vietnam each administers its own tax and expenditure system, and the National Government of Vietnam now does likewise. Prior to the revolution, separate budgets were maintained by 56 provincial governments--20 in the south, 26 in the north and 10 in the center--and some 3,000 villages and municipalities. Today a large number of village and municipal budgets do not exist insofar as the Governments of France and Vietnam are concerned, because the Viet Minh controls the areas concerned. Each of the States of Cambodia and Laos has a national budget and, as well, budgets applicable to lower levels of Government.

These budgets are established and administered by single political entities, each of which derives some revenue from the area under its jurisdiction, but depends also on subsidies from the central budget, solely under French jurisdiction and control, and applying to the Associated States of Indochina.

The major share of the deficits in the budgets of Indochina is financed by the French Government. A part is financed by the Indochinese Treasury, which obtains funds from the Bank of Indochina under French Government guarantees. The Treasury's debt to the Bank of Indochina at the end of 1949 was approximately Ps (piaster) 4 billion, or the equivalent of U.S. \$200 million (at the official rate of exchange of U.S. \$1 to Ps 20).

In 1949, ordinary expenditures of the tri-State budget, which appears to be larger than the sum of all other civil budgets in Indochina, are estimated at nearly Ps 1,900 million, while ordinary revenues from current sources are estimated at about Ps 1,600 million.

Nearly one-third of ordinary expenditures of the the tri-State budget or Ps 620 million, was devoted to the maintenance of peace and order, of which Ps 120 million went to repay the Indochinese Treasury for outlays on peace and order incurred in 1945-46. Government services, amounting to Ps 465 million, accounted for one-fourth of ordinary expenditures and the balance was devoted principally to the maintenance of public structures, roads, and to costs of administration.

About 90 percent of current ordinary revenues was derived from customs duties and excise taxes, receipts from the former amounting to more than Ps 800 million and receipts from the latter to almost Ps 450 million.

Ordinary expenditures of the tri-State budget for the whole of 1950 have not yet been budgeted, according to the French, pending discussions to be held at the Interstate Conference. However, in respect to the first quarter of 1950, the ordinary portion of the budget is in balance at an annual rate of Ps 1,380 million with all revenue derived

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from current sources. This rate is smaller than actual annual expenditures in 1949 and the decrease is largely due to the transfer of governmental functions to the three associated States.

The extraordinary section of the tri-State budget shows expenditures of Ps 1,400 million during the fiscal year 1950 (July 1, 1949 to June 30, 1950), chiefly for the purpose of rehabilitating public property, including railway rolling stock, buildings, and roads. Extraordinary expenditures are entirely deficit-financed.

2. Balance of Payments

The most significant inflationary pressure is generated by virtue of the inflationary financing of the military effort against the Viet Minh. In 1949, total piaster outlays by France (purchased from the Bank of Indochina), primarily for military purposes, amounted to some Ps 5.3 billion (U.S. \$265 million) at the present rate of exchange, distributed as follows:

	Billion Piasters	Million Dollars
French Army	Ps 2.9	\$145.00
Partisan Troops	0.9	45.00
Tri-State Extraordinary budget	0.9	45.00
Local budgets (for peace and order).	0.6	30.00
TOTAL	Ps 5.3	\$265.00

These expenditures are decisive for the Indochinese balance of payments, and were sufficient in 1949 to offset the current account deficit with the franc zone, in respect to which the invisible deficit and the trade deficit each amounted to more than Ps 2 billion. Balance-of-payments deficits with non-franc currency areas were financed by France in an amount equivalent to approximately U.S. \$20 million in 1949, of which \$8 million went to the dollar area, \$6 million to the sterling area, and \$5 million to all other areas.

In the foreseeable future, there is little prospect that Indochina's international accounts can be restored to their prewar balance. Over the last 3 years the trade deficit has steadily increased, rising from Ps 501 million in 1947 to Ps 1,190 million in 1948, and in 1949, with imports valued at Ps 4,000 million and exports at Ps 1,100 million, the deficit rose to Ps 2,900 million, or the equivalent of U.S. \$145 million.

Foreign Trade of Indochina
(million piasters)

Year	Imports	Exports	Deficit
1947	967	466	501
1948	2,360	1,172	1,188
1949	3,946	1,129	2,817

The volume of exports during 1947-49 was much less than in previous years; in 1948 their volume was 40 percent of 1938 and in 1949 (rate of first 10 months) 29 percent of 1938. On the other hand, the increased value of imports has been matched by an increase in their volume, from 117 percent in 1948 (using 1938 as a base of 100) to 154 percent in 1949 (rate of first 10 months).

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3. Bank Credit

The inflationary effects of deficit financing and French military expenditures have been reinforced by the extension of private credit. Commercial banks in Indochina during 1947 extended new credits amounting to approximately Ps 100 million; the net increase in new credit during 1948 amounted to Ps 250 million, and, in 1949 to Ps 265 million.

4. Currency Issue

The large volume of funds created by the governmental authorities and the banks was very substantially extinguished through the purchase of piasters by the Bank of Indochina in exchange for funds which covered net payments and transfers abroad. In 1949 such net payments and transfers amounted to Ps 5.4 billion. Accordingly, during the year, the currency issue of the Bank of Indochina increased by only Ps 560 million. But during the first two months of 1950 the currency issue rose by Ps 650 million, from Ps 3,843 million on December 31, 1949, to Ps 4,496 million on February 28, 1950. Heavy drawings on the Bank of Indochina by the Indochinese Treasury--for military expenditures--were mainly responsible for this sharp increase.

5. Direct Controls

Some effort has been made to restrain the rise in prices by the application of direct controls. All imports which require the expenditure of non-franc foreign exchange are subject to price control. All imports from France and other parts of the French Union which require an import license are likewise subject to price control. From France, import licenses are needed for a small number of commodities, including nonferrous metals, chemical products, flour, milk, and a few other items. From other parts of the French Union, the most important commodity for which an import license is needed is sugar. Domestically produced commodities are also subject to price control, notably rice, coal, salt, cement, meat, coffee, copra, and soap. In addition the French have introduced a modest system of rationing and allocations.

However, enforcement and operation of control regulations is not effective, especially in view of the highly unfavorable political conditions existing in Vietnam.

6. Cost of Living

During 1949 the rise in living costs nearly came to a halt in Vietnam. A major factor countering the inflationary pressure was the substantial increase in the volume of imports. Another factor believed to be important was the backing up of rice stocks resulting from the French blockade of rice movements from the interior to the ports, a blockade imposed to prevent the collection of tolls by the Viet Minh. The cost-of-living situation is less unfavorable in the south than in the north, where, even before the revolution, rice was not produced in exportable quantities. Transport and communications throughout Vietnam are hindered by security conditions, and rice does not move in adequate amounts from the south to the north.

7. Financial Aspects of an Aid Program

It is doubtful that the inflationary effects of a substantial addition to public expenditures needed to carry out an aid program could be materially offset by

- (a) reducing other governmental outlays for civil and military purposes;
- (b) increasing tax, customs, and other tax-type revenues;

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(c) borrowing from the public; or,

(d) restrictions on the expansion of commercial bank credit.

The military and political situation dominates the level of governmental outlays, and a possible improvement in the utilization of public funds would play only a minor role in determining the level of such outlays. If all government departments are transferred to Vietnam during 1950, an additional burden will be put upon public expenditures, since the Vietnamese, without sufficient experience, will be undertaking new and difficult responsibilities. If France retains the Government Departments or unduly delays their transfer, opposition to French rule will be intensified, and military expenditures in particular may well be larger than in 1949. It is taken for granted that military expenditures will, if anything, increase in the future--because of Chinese aid to the Viet Minh, perhaps in response to our aid program, and because of increased support for the rebels if negotiations at the interstate conference do not bring results acceptable to the moderate nationalists.

Any significant enlargement of tax and tax-type revenues would need to come from custom duties and excises, and possibly some worthwhile sum might be derived from the fiscal monopolies. Present high levels of money income to Indochina would permit rate and duty increases at existing prices, but this involves knotty considerations. It seems unlikely that the French or the Vietnamese would be willing to chance a disturbance in the current cost-of-living situation. If prices recommence their upward movement in 1950, excise revenues will increase, while receipts from customs duties will remain dependent upon the foreign value of imports. The economic situation in France permitting, the French would no doubt prefer a higher level of Indochinese imports to raising customs duties, especially as American aid would make the former course relatively feasible.

An enlargement of revenues from better tax and customs administration, particularly tax enforcement, is a possibility, but not one to be counted on. A reform program would require the exposure of prominent figures, both in official positions and in private life; but widespread corruption at all levels of government and business makes it difficult to find an initial force for reform. Also necessary to a reform program is widespread acceptance of, and loyalty to, the Government in power, a situation not existing in Indochina.

A capital market has not been developed in Indochina. If it were proposed to sell Government securities, the effort would have to be directed toward banks, particularly the powerful Bank of Indochina, and a relatively small group of wealthy Indochinese, since the unequal distribution of wealth and income does not allow the accumulation of savings by the bulk of the population. Under the best of circumstances it would be difficult to sell securities in the absence of forceful measures, legislative or otherwise, and the task is even more formidable when the financial institutions concerned are almost wholly owned by foreigners.

The possibilities of imposing restrictions on bank credit need further examination, but it is not likely, in any event, that much can be accomplished. Bank credit in Indochina is extended largely to finance foreign trade and real estate construction, with some credit for export rehabilitation activities. The main aim would be to restrict credit for financing unessential imports so that funds already in existence would be used to buy these imports. On the assumption that the authorities are empowered to impose selective credit controls, restrictions would encounter stout opposition from the powerful French importing syndicates in Indochina.

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In view of the above, it would be desirable--as an anti-inflationary measure--to sell aid supplies to the fullest possible extent, bearing in mind, however, that sales prices need to be fixed at levels which do not defeat the political objectives of the aid program.

This raises the question of the sources from which to derive sums of local currency which are needed in addition to the sales proceeds of aid supplies. If the additional sums needed are large, they cannot, in all likelihood, be obtained by a possible improvement in the use of public funds; or by an enlargement of tax, customs, and other tax-type revenues; or by borrowing from the public.

Insofar as public credit is concerned, a new bank of issue, primarily to replace the privately owned Bank of Indochina as the note issuing authority, is to be established when the Interstate Conference is held, as provided by the terms of the March 8 agreement. The conference was supposed to be held in March 1950, but has been delayed. The issues to be resolved, in respect to several matters, are extremely difficult, and the conference, if held, may lead to a further deterioration in the political situation. In any case, the French are opposed to vesting the new bank with broad powers, notwithstanding the desires of the Vietnam Government, and its potential ability to extend credit must be regarded with some reservation.

It is an open question whether existing and potential cash balances held by the Vietnam Government are large enough to supply, in whole or in part, the local currency to support economic or technical-aid programs, since the relevant information was not supplied to the Mission. In this connection, the French claim that the Vietnam Government has resources which it is not willing to use, or which could be used for more worthwhile purposes. At a minimum, this implies that the matter of cash balances is a bone of contention between the two parties.

On balance, it appears that the most likely source of local currency funds will be the French Government, unless aid is made available to Vietnam without active French participation. In this event the Vietnamese would have a powerful political incentive to supply the local currency needed, whatever sacrifice is involved, and conceivably might drastically reduce public outlays for other purposes.

Cambodia and Laos supplied practically no worthwhile information of a financial character to the Mission. Both countries claimed their national budgets were unbalanced and that the deficits were supplied by France. Local currency needed for aid programs carried out in the two countries will undoubtedly have to be supplied by France.

II. ECONOMIC AND POLITICAL SIGNIFICANCE OF INDOCHINA

A. Economic

Indochina is normally one of the three major rice-exporting countries (with Thailand and Burma) of Southeast Asia's "rice bowl". Its great exports, reaching 1,762,000 metric tons of rice and paddy in 1936, have normally gone to feed the rice-eating areas of the world under French control, for its rice has cost too much to compete readily in free markets, at least before the war.

These rice exports were important to the consuming areas; they were important to France, which might otherwise have had to find sterling or dollars (as at present) to purchase the needed rice; and they might be of great importance to the food-deficit areas.

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of China - a fact that can hardly be ignored in the light of China's desperate need for food today, and in the light of the expansionist, imperialist nature of the Communism that has already engulfed China.

Before the war, Indochina also produced much corn, which went primarily to France for fodder (exports reached 557,000 metric tons in 1936). It produced coal (1,725,000 metric tons exported in 1936). It produced rubber (57,900 metric tons exported in 1938). And it exported some tin, iron, salt, zinc, cement, tea, and dried fish.

Although not a major earner of foreign exchange before the war, Indochina was helpful to France in producing substantial quantities of goods for which France would otherwise have had to expend foreign exchange. Its economic revival as a saver or as an earner of foreign exchange would contribute substantially to that better balance in world trade which ERP and other U.S. and international economic programs are intended to help achieve.

B. Political

Indochina is politically important in several ways. First, it is a former colonial area in which a new pattern of cooperation between East and West is being attempted. The success of this effort will markedly affect Western prestige and Western influence in the whole of Southeast Asia. In the Philippines, in Indonesia, in Burma, less Western economic or political control remains than is envisioned by the March 8 agreements in Indochina. If these agreements can be implemented in cooperation with a united people in each of the three countries, much mutual advantage can be gained by both parties, and the possibilities of increasing world cooperation in voluntary association of both Eastern and Western countries will be enhanced. On the other hand, if French influence is increasingly opposed and if the result of attempts to compromise is a widespread revulsion against the West, Vietnam, Cambodia, and Laos may draw away from association with Western countries and may seek the will-o'-the-wisp of "neutral" isolation, or may be drawn into a power bloc that intentionally sabotages genuine international cooperation.

Second, Indochina provides a natural invasion route into the ricebowl of Southeast Asia, if the Communists in China adopt this form of external aggression. In centuries past, invasions have come down the coast from China. Cochinchina itself is one of the great food-surplus producing areas, and control of its surpluses might appeal mightily to the famine-stricken Chinese. Moreover a Communist-controlled Indochina would have a potent impact on the development of Communist influence and power in Thailand, Burma, Malaya, and perhaps in Indonesia, even if no overt invasion of those areas occurred.

Political developments in Indochina, therefore, may help or hinder greatly the eventual development of a truly United Nations organization, and they will certainly offset the future orientation of the other States of Southeast Asia.

III. DOMINANT POLITICAL AND ECONOMIC PROBLEMS

A. Political Problems

The over-riding political problem of the day, and the problem that must be solved before any substantial economic recovery or development can take place, is the conflict raging in Vietnam and touching Cambodia and Laos as well.

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1. The Bases of the Conflict

Indochina faces a world in turmoil, with a powerful and potentially unfriendly neighbor, and yet is fettered by its legacy from the past.

Vietnam, Cambodia, and Laos look far back in history to their independently developed cultures and traditions and want again to live lives independent of each other, despite the advantages that would derive from common or at least coordinated economic and financial policies, and probably also from coordinated political policies.

The French in Indochina look back to a history of colonial administration in which they take great pride, and during which the economic resources of the area were substantially developed, public health was greatly improved, education of an "elite" was encouraged, and the three countries drew real benefits from economic and political integration. There is a natural desire on the part of the French not to see these advances wiped out by an extremist, unrealistic nationalism and by hastily conceived economic and political policies.

The Vietnamese, Cambodians, and Laotians look back on French control with a jaundiced eye, understating its contributions and magnifying its political and economic restrictions. Fired by an intense nationalism that so far is primarily negative, a reaction against control, they naturally tend to give less than enough attention to planning and carrying out positive, constructive policies.

Finally, the fairly recent past has also narrowed the possibilities of mutual adjustment, for the virulent disease of Communism has infected some of the most effective and popular leaders in Indochina, a country where there are too few leaders who are either effective or popular.

The French have a large stake in prestige, in investments, and in their responsibility to the peoples with whom they have long worked. They are understandably reluctant to pull out until the three governments are going concerns, able to carry their full burden both domestically and internationally. The Vietnamese want the French to leave us soon as possible, and feel that everywhere, including the military field, responsibility is being transferred much too slowly. The Communist-led rebels (who include many non-Communists) take the same view but much more violently and uncompromisingly. Besides their extreme and impetuous nationalism, of course, the rebels are more and more committed to the inflexible Communist line.

Among all three groups, deeply felt emotions have been so exacerbated that reason and mutual accommodation have been unable to play anything like their proper part. These fetters from the past, made up of old ideals and dreams and now heavily encrusted with emotion, greatly hinder the working out by all non-Communist groups of what, to an outside observer, might be a thoroughly fair and reasonable solution.

2. The solution being attempted in Vietnam

(Because Vietnam is by far the largest of the three States and because the three elements that must be reconciled are most irreconcilable in Vietnam, the following discussion pertains only to that country).

French policy has been to find and support those responsible and respected leaders among the Vietnamese whose nationalism (ardent among all) was not so unreasoning as to make impossible an evolutionary adjustment to "independence within the French Union." The French sincerely believe that Vietnam will derive important advantages from its

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association with the other countries within the French Union and that the strength of the whole Union will thereby also be enhanced.

Bao Dai, formerly Emperor of Annam (one of the three parts of modern Vietnam), and now called "Chief of State of Vietnam," believes that the status negotiated with the French and spelled out in the March 8 agreements will be beneficial to Vietnam. He is supported by a number of respected and able Vietnamese leaders and by a substantial part of the population.

He is not, however, a French "puppet," although he is regarded as such by many Vietnamese and other Asiatics; since his vigorous protests to the French have never been made publicly, and since he has failed to elicit from the French firm promises of future concessions where French aid and cooperation will help Vietnam, Bao Dai seeks it. Where he believes that the French are not acting in the best interests of Vietnam or are not acting fast enough to turn over the reins of agreed authority, he is quick to protest vigorously. The continuous popular pressure resulting from the more extreme nationalist demands of the Viet Minh, the widespread antagonism to and suspicion of the French, and the continuing need to win over the fence-sitters by evidence that he is able to forward Vietnam's independence and interests, combine to push Bao Dai and his government into continual efforts to wring more and faster concessions from the French. That complete freedom of action is not achieved by him does not at all mean that he is subservient to French demands. Quite the contrary, he is making continual demands of the French.

On the other hand, Bao Dai sees in Ho Chi Minh a rival leader, who has been and still is personally immensely popular and yet who is Moscow-trained, apparently a devoted Communist, relying on a clique of avowed Communists, and heading a "government" that has been recognized by Moscow and by Communist China as the "legitimate" Government of Vietnam.

The possibility of compromising with such a group, without losing effective control to them, is very small; and their control of the country would mean a foreign domination, and a vicious and unremitting kind of domination, that would be worse than any of which the French were ever accused and certainly far worse than any of the French controls envisioned under the March 8 agreement. Some of the "fence-sitters" have stated that the reason they do not commit themselves to Bao Dai is that they wish Vietnam to receive a status comparable to that of India, Pakistan, and Indonesia, others are still waiting it out, not because they want Ho Chi Minh to win, but because they are afraid of being against him if he does win. They also fear immediate reprisal and even assassination from Viet Minh agents, who they believe are everywhere. It is no wonder that Bao Dai welcomes French military aid in quelling the rebellion of such a group.

The Viet Minh is strong, well led, well organized, well armed. It receives aid from China and from sympathizers all over Indochina. It receives indirect aid by virtue of the very fact that many personally unsympathetic Vietnamese are afraid to commit themselves to support Bao Dai, for fear of what may happen to them either now or after a possible Viet Minh victory.

Bao Dai's military and police forces are growing. They are being armed and trained by the French, and are being given more and more responsibility, both for policing and for front-line action. They are not yet strong enough, however, to stand up to the Viet Minh alone. It is only honest to say that, today, however general would be Bao Dai's support in a fair and secret election, his government could not last long if French troops withdrew from the country.

Besides nationalism and Moscow Communism, there is another force influencing the situation in Indochina. This is Chinese Communism.

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According to previous estimates there are between 600,000 and 1,000,000 Chinese in Indochina. They are hardworking, aggressive, competent, shrewd. They dominate much of the business in the country. Some 200,000 to 300,000 of them live in Cholon, the twin city of Saigon.

Although they live and work in Indochina, few of the Chinese minority feel any deep loyalty to the country. They owe allegiance to friends, family, and business associates, many of whom are in China. Unlike similar groups in Thailand and Malaya, they have never been active in the political life of the country. Moreover, Communist doctrine and practices are presumably a threat to their business interests. Nevertheless, pressures may be exerted on them from Communist China and through Communist organizers to make them a potential subversive force. It would be very surprising if the Chinese minority now supported the government of Bao Dai.

There is always present, moreover, the unlikely possibility of outright invasion from the north. Long-standing antipathy exists between Chinese and Vietnamese and the Vietnamese hold bitter memories of the looting by Chinese Nationalist troops in 1945 when they occupied all of Tonkin and parts of Laos and Annam down to the sixteenth parallel after the Japanese surrender. Such an invasion would undoubtedly go far toward uniting the people of Vietnam in opposition to any group that was allied with the invader. On the other hand, inasmuch as the Chinese Communists are probably well aware of the antipathy that exists towards China and the Fear of Chinese imperialism, they may well maintain an officially correct attitude and hold out prospects of friendly relations as an additional drawing card for Ho. This policy would not prevent the Chinese Communists from continuing to supply Ho with material and some technical assistance.

In the meantime, however, the presence of a strong, modern French Army near the northern border gives many Vietnamese a feeling of security against at least one danger. This is clearly recognized by Bao Dai and by the other leaders who support his policy of working for Vietnam with, not against, the French.

The situation boils down to this:

- (a) The French are gradually turning over much responsibility to Bao Dai and his Government, but retain certain powers as French Union powers. Prominent among these powers is military defense of the area against internal and external aggression;
- (b) The Viet Minh wants the French out completely, wants no part of the French Union, and wants to control the country for Communism (and probably calculates correctly that only the French are now strong enough to deny Ho Chi Minh this control);
- (c) Bao Dai wants as much authority for a Vietnamese Government as possible, but knows the country would be lost to Communist control if the French Union now withdrew its military support. He supports the March 8 agreements, but will undoubtedly continue to press for an evolutionary interpretation of those agreements, as fast as he believes the Vietnamese can themselves maintain law and order in the country, and administer its affairs.

In this situation, the balance can only be shifted and a solution achieved by

- (a) Military suppression of the Viet Minh, by the Vietnamese so far as possible, and backed up by the French so far as militarily necessary. This is apparently feasible only in the accessible areas that contain the majority of the population, food production, and industry; or

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(b) Convincing enough fence-sitters and enough of the non-Communist nationalists in the Viet Minh that Bao Dai can and will promote Vietnamese national interests, as fast and as far as is feasible, given Vietnamese military and political effectiveness. This "political solution" is the one for which both Bao Dai and the top-level French are striving.

B. Economic Problems

Indochina's economic problems are partly short-run, resulting from the deterioration, destruction, and disruption brought about by the war and the recent civil turmoil, and partly long-run, based on inadequate or unbalanced economic development. Some of the short-run problems, particularly, are also military or political problems in the sense that solving them would contribute to the solution of the military and political problems outlined above.

1. Rural Rehabilitation

The most urgent short-run problem is the rehabilitation of farmsteads and villages in the Tonkin delta area. The war with Japan and the recent fighting with Viet Minh forces, especially when the latter withdrew and scorched the earth behind them, have resulted in an enormous amount of destruction of homes, water buffaloes, farm equipment, and water and electricity supply systems. Many of the inhabitants of affected regions fled to escape from the disorders, and they return to take up former occupations when the area is pacified. Those who remained and those who fled have both suffered serious losses from which they now are attempting to recover; but they are lacking many of the essentials of recovery. Aid is needed both for rehabilitation of public services (health supplies and medical facilities, water supply, electricity supply, repair of roads, irrigation ditches and dikes), and to start the farmers producing again (preparation of the land for cultivation, housing materials and services, fertilizer, farm tools, seeds, animal vaccines, repair of rice mills).

2. Health Services

Quite apart from the special rehabilitation needs of areas recently pacified, there are also general needs for better health and medical supplies and services throughout Vietnam, Cambodia and Laos. Wartime destruction and neglect of hospitals, clinics and training institutions, and limitations on imports of certain supplies and equipment, because of foreign exchange shortages, have resulted in a deterioration of the health and medical services now available in those three countries. Moreover, the three local governments are now beginning to undertake the responsibility for operating a considerable proportion of the health services of these countries, services formerly provided by the French. They see the need not only to regain prewar levels of service, but to provide more and better service. Malaria is prevalent in upland areas and other diseases are common outside of the major cities. Infant mortality is high. Although a health program is essentially long-term in nature, an immediate start on it would have beneficial political effects. Mobile units and temporary clinics would bring emergency aid to many neglected areas, and the experience gained during this first period would be invaluable in developing a long-range program in the health field.

3. Import Shortages

Certain fields of reconstruction and economic activity are held back by shortages of imported commodities. This is particularly true of the cottage textile industry (short of cotton yarn and raw silk), of power and transportation (short of petroleum products), and of reconstruction of housing, bridges, and public buildings (short of galvanized sheeting and steel reinforcing bars).

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The supplies of these commodities have been limited by the shortage of foreign exchange, despite French assistance on the franc trade deficit and ECA assistance to the French Union as a whole on the dollar trade deficit. Encouragement to production and reconstruction is particularly important now, when both unemployment and a lack of consumer goods and housing are severe.

Supply and distribution of moderate quantities of such products would give an immediate impulse to production and construction.

4. Telecommunications

One of the particularly critical economic problems of the area is the reconstruction and extension of its telecommunications. This is important on political and military, as well as economic, grounds. Outside the major cities, telephone and telegraph wires, all above ground, have generally been cut. Radio is the only practicable means of telecommunication. Radio facilities are, however, quite inadequate.

Radio communication facilities among major towns are heavily over loaded, and messages are consequently often delayed. No rapid communication at all is available to most small towns and villages. The people there get their news by rumor or by mail. They have relatively little way of knowing what their government is doing for them, or, in fact, who is in control of the government. They do not learn quickly or fully about the successive transfers of control from the French to the local governments.

Their inability to get information is matched by their inability to make their views known to the government. For them to feel any sense of identity with the government, to experience any participation on which their loyalty may base itself, they must be able to communicate more easily with the major centers of political activity.

Similarly, the government is unable to spread information about its own or the Viet Minh's current or impending military activity, or to get prompt news of rebel attacks on isolated villages.

Improved radio communication among the major towns, and between the towns and villages, would benefit commerce and travel greatly. It would also assist the governments of the three countries to keep in touch with much more of the population, broadcasting information and news, and getting back in turn quick reports of local political and economic conditions. Its military value, in keeping track of rebel movements and speeding aid to beleaguered villages, would alone justify a substantial expenditure in this field.

5. Rehabilitation of Transportation and Industry

Two important bottlenecks in the economic life of Indochina result from the destruction of bridges (highway and railroad), small craft, and port equipment. Imported materials and equipment are needed to rehabilitate these key elements in the transportation system. Foreign trade would be facilitated thereby, but internal trade and travel would be helped even more, and there would also result some military benefit.

Power and light facilities in most areas have deteriorated or been partly destroyed during the last 10 years. Shortages of power and light constitute barriers to industrial activity and also affect military security.

Certain mines (especially the phosphate mines in Tonkin and the Laotian coal mine near Vientiane) need rehabilitation or development so that they can supply minerals

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urgently needed within Indochina. A small amount of money and effort quickly applied to these mines could have an important and prompt economic effect.

6. Knowledge of English

An urgent economic-political problem in Indochina is posed by the almost complete ignorance of English by any non-French personnel other than top government officials. This is an important handicap in many technical fields, in trade and tourism, and in government. It severely limits the possibility of non-French speaking technical experts doing their most productive work in connection with aid programs, and it means that very few Indochinese students can profit from study in the United States, England, Canada, etc. Moreover, it prevents the development of better acquaintance with and understanding of westerners other than Frenchmen. Familiarity with the English-speaking world, its history, government, attitudes, business, technology, etc., might make a real difference in the attitudes of Indochinese toward the possibilities of mutually beneficial cooperation with the West.

There is today a great enthusiasm for English in Indochina. No store has a French-English dictionary in stock; English books and magazines are snapped up, what few can be imported. And the few English classes that are offered, such as those given in Saigon at the Seventh Day Adventist Mission, are jampacked and have long waiting lists. Provision of English teachers and teaching materials would be one of the most effective ways of stimulating economic development and the growth of internationalism in Indochina.

IV. AID CURRENTLY BEING EXTENDED TO INDOCHINA FROM SOURCES OTHER THAN THE U. S.

Since Vietnam, Laos, and Cambodia are now recognized as Associated States within the French Union, since France has important economic interests there, and since the French have long trained and provided technicians and advisers, as well as administrators, for the various governmental services in Indochina, it is only to be expected that France would still be providing much economic and technical aid to these three countries. Some 1,200 Vietnamese and 100 Cambodian students, for example, are reported to be now studying in France.

As Government functions are transferred from the High Commissariat (French) to the Government services of the local governments, substantial numbers of French personnel ordinarily are also transferred--sometimes as advisers, often in line positions. The future need for foreign advisers is clearly anticipated in the March 8 agreement with Vietnam, and the similar agreements with each of the other two governments, which specifies that:

"The Vietnam government will apply, in the first place, to subjects of the French Union every time it needs counsellors, technicians or experts in public services and establishments or in enterprises having a public character concerned with the defense of the French Union.

"The priority granted to subjects of the French Union will only cease in case the French Government is unable to supply the personnel required."

Of course, these are advisers, who are to be paid by the Vietnam Government, so it may be somewhat misleading to consider them as one form of technical "assistance."

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On the other hand, France is currently meeting the major share of the budgetary deficits of three local governments, contributing about \$30 million to these individual budgets in 1949, is financing the tri-State extraordinary budget, to the extent of \$45 million in 1949, and is providing substantial dollars, with ECA aid, to cover certain imports from dollar areas, is supporting the piaster at an artificially high rate vis-a-vis the franc, and is spending some \$410 million on partisan troops and on its own military effort in the area.

This is clearly important economic aid by France. How much of it could continue if ECA were not in turn aiding France is another question.

The United Nations and the specialized agencies are not providing any economic or technical assistance to Vietnam, Laos, or Cambodia, except for a fellowship granted by the United Nations which is enabling a Chief of Section of the Ministry of Finance of Cambodia to study forestry in Canada this year. It is true that France offered in the March 8 agreements "to put forward and to support the candidacy of (Vietnam, Cambodia, Laos) when the latter conform (s) with the general conditions set out by the Charter of the United Nations for admission to that organization"; and that associate membership has already been arranged in the Economic Commission for Asia and the Far East (ECAFE), and the three Governments have been admitted to membership in the World Health Organization. On the other hand, the priority reserved for French Technicians, noted above, may operate to limit any assistance the United Nations and specialized agencies might otherwise be prepared to extend. Even the offer of the United Nations International Children's Emergency Fund (UNICEF) to provide \$457,900 for a child-feeding and anti-tuberculosis vaccination campaign in Indochina has apparently not been taken advantage of.

V. AID CURRENTLY EXTENDED BY THE UNITED STATES

Practically no American governmental aid of any sort is now reaching Indochina directly. It is true that some ECA aid is provided indirectly through the French Union program, but the United States gets no public credit for this and has not local representatives to see that it is used wisely. Moreover, ECA aid indirectly helps France finance the military and other governmental expenditures she is now making in Indochina, but the United States gets no local credit for this and presumably wants none. No other U.S. Government aid is supplied to Indochina. Cambodia is itself paying the expenses of three students who are studying corn hybridization in the United States.

There are a few U.S.-supported private religious missions that are active in Indochina, supplying medical and educational services. These include the Seventh Day Adventists and the Christian and Missionary Alliance. The American Foundation for Overseas Blind has provided Braille publications and equipment, and the World Student Service Fund has provided certain textbooks for colleges and faculties in Vietnam. There were six Vietnamese students studying in the United States in 1948-49, but it is not known under what sponsorship.

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VI. RECOMMENDATIONS FOR EMERGENCY AID

Summary of Program Recommendations

1. Rural rehabilitation

- (a) Medical supplies and equipment including mobile units, buildings for clinics, water purification equipment, educational supplies \$6,000,000
- (b) Engineering units for 20 centers, including tractors with equipment for land preparation, irrigation ditch repair, and earth moving equipment for dike and canal operations 3,500,000
- (c) Agricultural supplies including fertilizers, seeds, farm tools 3,050,000
- (d) Rice mills 2,000,000
- (e) Short-term road construction. 1,000,000
- (f) Technical equipment, publications, training aids for use in implementing aid projects 600,000

\$16,150,000 \$16,150,000

2. Commodities including cotton; and cotton yarn, reinforcing steel, galvanized sheeting, raw silk and POL. 2,500,000

3. Telecommunications - rehabilitation and extension of present system 1,000,000

4. Trainees to U.S. (50 at \$5,000 each) 250,000

5. Power, light, and engineering projects for mines, ports, bridges, etc. 3,100,000

6. Funds to supplement present USIS activities. 500,000

TOTAL \$23,500,000

A. Rural Rehabilitation and Agricultural Improvement

1. General Objectives

This program is designed to follow in a pacified area as soon after the conclusion of military operations as conditions permit, to help the rural people re-establish themselves and carry on their accustomed occupations. It aims principally at helping them to meet their immediate problems of living and to build up production to a high level. It is foreseen that complete recovery from the damaged conditions now existing in many areas will require 5 to 10 years. The soundest form of aid under such a situation would

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consist of assistance to measures which help the people re-establish production with the expectation that, out of the returns of production, they themselves will gradually find the means of acquiring the many things now needed.

2. Locations Where Operations Should be Undertaken.

The present disturbed conditions in the countryside, now prevailing over a considerable part of Vietnam, Cambodia, and Laos, greatly limit the extent to which the proposed program can be successfully operated. Furthermore, from a political point of view it is more important that such a program be established in some areas than in others. Taking these two factors into consideration, it is recommended that the initial operations be undertaken in accessible portions of the Tonkin Delta, with a few centers in pacified portions of Cochinchina if conditions permit. It is recommended that, subsequently, the program be introduced into other areas as quickly as they are pacified and provision can be made to do so.

3. Types of Activity

- (a) Engineering. Plowing service, with mechanized equipment, as a pilot operation undertaken in 20 centers, where war has caused a serious shortage of draft animals and farmers find it difficult to bring land back into cultivation.

The repair and construction of irrigation facilities, possibly road repair, well drilling and other types of activity, making use of mechanized equipment largely available for the above operations.

- (b) Health. Dispensary and maternity services through local clinics formerly existing in these areas, which need to be rebuilt and strengthened;

Mobile clinics; hospital service in hospitals located in principal centers, existing before the war, which need to be rebuilt and strengthened; health and Sanitation Education;

- (c) Agricultural Supplies. Ammonium phosphate fertilizer: 5,000 tons for delivery to meet needs of the rice crop transplanted in June and July, largely in the Tonkin Delta but also in Cochinchina; 15,000 tons for rice crops planted the following winter and early summer.

Farm tools and equipment: hand tools and simple implements, some of them of improved types, to be procured in Japan for immediate use before local production is available, and for demonstration; assistance to local blacksmiths, supplying iron and simple blacksmith equipment, to assist them in getting back into the production of tools commonly used and understood.

Seeds; vegetable seeds to be imported, to meet shortages as found to exist in areas being rehabilitated. Improved seeds of field crops, as rice, will be obtained largely from local sources.

Vaccines for the control of rinderpest of cattle and other animal diseases, which can be produced by the Pasteur Institute in Indochina.

- (d) Rehabilitation of Dwellings. Plaster loans to purchase the most essential timbers for simple structures. Hauling or leveling services (performed by engineering unit).

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4. Organization Recommendations

- (a) Responsibility for carrying out the specific projects developed under each of the above four categories should be assumed by the appropriate government agency, or by a private agency, such as the Pasteur Institute, where it excels and has facilities.
- (b) Over-all responsibility for coordinating the different categories of activities in this program, and for providing the administrative and executive staff in field centers, should be assigned by the government to an appropriate agency which would take steps to see that this coordination and administration is effectively provided for.
- (c) In the field, the program should be carried out through centers established in the principal city of each province, and through subcenters in each of its subdivisions, of which there usually are between three and five.
- (d) The programming of United States aid to specific projects in this program should be the responsibility of a mixed Commission, in general based on the pattern developed by the Joint Commission on Rural Reconstruction in China. This Commission should operate under an agreement with the United States economic mission which agreement defines its area of responsibilities and relations to the economic mission. Attached to this mixed commission should be a corps of specialists -- Indochinese, French, and Americans -- who would advise the Commission on projects, supervise the use of United States aid, and give technical assistance to sponsoring agencies.
- (e) In order to gain from this program the greatest possible political benefit, it should be carried out under some appropriate name, preferably including some well-conceived catch phrase which could readily be publicized (suggestion: "People's Recovery Aid Program"). It should be publicized by a substantial effort in information and training aids, through such media as posters, comic books, leaflets, film strips, radio and motion pictures.

5. Justification

The need for reconstruction of areas devastated by fighting is described in Section III, B, 1, above. Aid in rural rehabilitation will increase stability within recently pacified areas and lessen the difficulty in keeping order. At the same time, news of improved conditions on the Vietnam side will filter over the lines, possibly making the population less cooperative with the Viet Minh forces and more eager to get on the Vietnam side.

Perhaps most important of all, a substantial program bringing effective assistance to those who need it should increase the prestige of the Bao Dai Government and gain for it the adherence of patriots that are aware of the country's problems and wish to align themselves on the side that does something about them. These reasons justify efforts to push this program on the largest feasible scale, progressively into as many areas as permitted by conditions.

Aid in carrying out a program of rural rehabilitation in recently pacified areas has been requested in a general letter to the U. S. Economic Survey Mission from the Vietnamese Secretary of State for Agriculture, written at the request of His Majesty

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Bao Dai; but no specific plan for this program, containing recommendations for assistance has yet been received. The proposals here presented are based on discussions and information obtained in Indochina, and on experience with the rural reconstruction program of the Joint Commission on Rural Reconstruction in China. Before any program can be undertaken in Indochina, agreement on its general outlines must first be secured. Then, it will be necessary to define specifically the localities within the general area of the Tonkin delta and Cochinchina where operations can first begin; and agreement must be sought with the French military authorities as to when their responsibilities for rehabilitation cease, and when these responsibilities are taken up by the civilian administration under Bao Dai.

Obviously, for success, a program of this sort will require a great deal of imagination, patience, determination, and energy. It is not to be expected that the most effective program possible will be hit upon in all its details at the beginning. Six months or more may be required for the Commission to think through its problems and devise the most effective ways of meeting them. With determination, however, it should be possible to overcome difficulties and establish a program which not only will be useful in solving this immediate problem of rehabilitation but also may assist the newly established government services of these countries to develop an action program designed to help the mass of the people.

In connection with this program it is believed that a careful study of the experience of the Joint Commission on Rural Reconstruction in China will offer useful suggestions.

The selection of representatives to serve on the Commission is a matter of the utmost importance. The American member should be French-speaking, have a wide knowledge of rural programs, be interested in the objectives of the program, and prepared to work cooperatively with other nationals for its success. Some resistance may be encountered to the idea of having an American serve on this Commission. It probably will be found true that the French will have the best judgment and the soundest suggestions in a large number of cases. However the Chief of the U. S. Economic Mission should have his own representative on this Commission to advise him on appropriate action, as well as to bring to the work of the Commission another viewpoint and the contributions which the right kind of an American might make.

The suggested list of activities does not include action by the Government on social problems such as land reform, arrangements to eliminate usurious rates of interest, and action which lessens the harmful effects of the monopolistic control on rice marketing now held by Chinese merchants. The present does not appear to be an appropriate time for the newly established government to attempt action on such matters but they will eventually require action if living standards of a considerable proportion of the peasants in Indochina are to be appreciably raised. A rural program will be greatly strengthened by the addition of effective action along these lines.

B. Health (In addition to the Rural Rehabilitation Program)

1. General Objectives

The Governments of Vietnam, Cambodia, and Laos are now beginning to undertake responsibility for operating a considerable proportion of the health services of these countries, including hospitals, clinics, and training institutions. It is recommended that aid be given, supplementing what is available from other sources, to provide the medical supplies and equipment to the extent needed for the operation of these services during the period contemplated in the present aid program. If available, it is recommended that piasters be allotted to help with the rebuilding and furnishing of certain

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of the required structures, destroyed during the war, especially for structures needed to provide trained personnel and services in the rural rehabilitation program. If needed, the use of appropriated funds for materials and furnishings that have to be obtained from abroad also is recommended.

2. Justification

Requests from each of the three States of Vietnam, Cambodia, and Laos place high priority on assistance in meeting health problems. An appreciation of health services was developed under the French regime, when medical work on different levels, including training, was established. Many of the facilities then established were destroyed during the war with Japan or subsequently. These Governments now are anxious for assistance to rebuild hospitals and training centers and the services of the Government through which these programs are carried out. However, assistance to this program, which is essentially long range in nature, has a deeper justification of extreme importance. This justification applies at least equally to the development of agriculture. Communism now derives its principal following on the issue of nationalism. Economic distress at the present time is mentioned in Communist propaganda, but it is secondary. Nevertheless, the need for rural reform programs is urgent, as was apparent in the Mission's trips in the rural areas in the Tonkin Delta and in the countryside around Saigon. Farmers in Vietnam are living in unjustified poverty and distress only in part because of the present disturbed conditions. Some of this distress arises from a lack of attention to health problems. Related to it are the existing conditions of agriculture. A great deal of improvement can be brought about through a development of irrigation, control of animal diseases, distribution of improved seeds, and the use of commercial fertilizers. The current poverty, however, is also due to usurious interest rates, monopolistic control of rice marketing by Chinese merchants, and high land rentals. In the conditions created by this situation there exists an issue of which the Communists may some day decide to take advantage, if it happens that the present issue of nationalism has less popular appeal. If the Bao Dai Government, on the other hand, seizes the initiative in this matter and establishes itself as the government of rural reform, it will possess a tremendous advantage that would be useful now and possibly still more useful later. Although long range, therefore, assistance to the development of an effective government program and services in both the fields of agriculture and health could have a very important short range effect. It should not be overlooked, furthermore, that the year immediately ahead will be formative in these Governments, and aid given at this time could help mould these essential services more quickly and directly along lines that would be soundest and most useful in the future.

3. Comments

The Chief of the U. S. Economic Mission should secure for his staff a high caliber public health specialist with experience qualifying him to advise in a situation such as now found in Indochina. As in other categories, funds should not be committed to any program of aid until the outlines of that program and the type of assistance required are agreed upon. Undue haste in this matter may lose an opportunity to insure that the aid is used for the most useful purposes possible and to help influence the development of government services along sound lines.

C. Agriculture (In addition to the Rural Rehabilitation Program)

1. General Objectives

The Governments of Vietnam, Cambodia, and Laos have assumed or shortly will assume responsibility for operating the government services in agriculture of these countries. This will include the operation of experiment stations, research laboratories, field

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extension services, and training centers. Many of the structures used in this program were destroyed or damaged during the war, and equipment has been lost or destroyed. It is recommended that substantial assistance be given toward the supply of technical equipment, supplies, and reference material needed for the rehabilitation of these services during the period of United States aid. If available, it is recommended that piasters be provided to assist in the re-establishment of essential structures, particularly of institutions or establishments which supply information, material (such as vaccines) or trained personnel required for the operation of the rural rehabilitation program.

2. Justification

Statements justifying expenditure for health program and services, made under the preceding heading, apply equally here; little more need be added.

D. Procurement Recommended for Rural Rehabilitation, Health, and Agricultural Improvement Programs

To assist in carrying out the above three types of programs, the following categories of equipment and supplies are recommended for procurement, using appropriated funds. It is recommended, however, that no procurement be initiated until general outlines of the programs into which they fit have been agreed upon between the Chief of the U. S. Economic Mission and authorized representatives of the other governments concerned, and until agreement also has been reached on the kind and quantity of material to be procured. The amounts recommended are approximate total amounts required, based on present information. It should be understood that even changes in the amounts may be necessary subsequently, arising out of changes in the situation, new information, and discussions with the other governments concerned.

	Amount
	(U. S. \$)
1. Medical and sanitation supplies and equipment, (including mobile units, educational supplies, building supplies)	\$6,000,000
2. 20 engineering units, for pilot operations (including tractors with attachments and parts, for land preparation, \$2,000,000; and earth moving equipment for irrigation ditch repair, dike operations, and canals, \$1,500,000).	3,500,000
3. Agricultural supplies (20,000 tons ammonium phosphate \$2,000,000; farm tools, largely from Japan, \$1,000,000; vegetable seeds, \$50,000).	3,050,000
4. Rice mills.	2,000,000
5. Short-term reconstruction of roads.	1,000,000
6. Technical equipment and supplies, and publications and training aids	600,000
1. Medical and sanitation supplies and equipment (\$6,000,000)	

(a) Justification. This item covers assistance to Vietnam, Cambodia, and Laos. It includes medical and sanitation supplies for hospitals, clinics, and training centers; equipment required for the same institutions; supplies

and equipment needed in the rural rehabilitation program, including vehicles and equipment for mobile clinics; materials and furnishings procured abroad for use in rehabilitating buildings. In a program for the people this item appears to deserve very high priority. It was mentioned prominently in every request received. It will bring direct and immediate benefit. Properly applied for purposes of agreed programs it will aid the newly formed governments build up programs and services to support them, thereby increasing their prestige and strength.

- (b) Comments; An exact list of the supplies and equipment required for these purposes has not yet been compiled. The compilation of this list, based on programs in which it is agreed they shall be used, should constitute one of the first tasks of the Mission after it is established.

2. Engineering Units (\$3,500,000)

- (a) Justification. A pilot operation made up of 20 units of mechanized equipment is recommended. The equipment will be mainly of two general categories: equipment to prepare land for planting; and equipment for the moving of earth, in the repair of irrigation systems, the building of dikes and the like. The purpose of this program is not to introduce mechanization in the cultivation of rice. It is an emergency measure, designed to meet the present shortage of animal power in Vietnam. No feasible way is seen to replace the water buffaloes needed on farms, and the use of mechanized equipment appears, after study, to be an effective measure that can be employed for the purposes indicated. Since a substantial amount of land is out of cultivation and public works are in disrepair, it is expected that the use of these units will contribute significantly toward the rehabilitation of these areas. At the same time their use will serve to dramatize this rural program and call attention to aid that is being given. Items of equipment suggested include, for each center: 5 tractors; 5 sets of disc plows; 5 disc harrows; 1 Martin ditcher; 2 wagons; 1 leveler; and spare parts. The estimated cost includes the cost of POL.
- (b) Comments. Careful attention to the selection of the proper types or types of tractors used is essential, to insure that they are suited to a condition under which they will be used. In the Tonkin area it appears likely that several types of tractors would be best in one center, from the Cub or Farmall type to larger types of about 44 horsepower. Experience in the operation and repair of these types of mechanized equipment does not now exist generally; and a complete organization to handle the project will be required. Some technical assistance in developing the necessary personnel and maintenance facilities can be supplied by private farm equipment companies established in the area. It is envisaged that the sets of equipment will be distributed among the subcenters of the Province in spots most needed. One of the duties of the person in charge of each unit should be to study needs and opportunities and provide for the fullest possible use of the equipment in services which achieve the desired object. These services might include the plowing and harrowing of land; the repair and construction of irrigation laterals and small canals; the hauling of building materials, fertilizers etc.; and the grading or leveling of building sites and agricultural land. It probably will be found desirable to begin with the operation of not above 5 or 10 of the units, adding others as needed and possible, until the total number is in operation.

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3. Agricultural Supplies (\$3,050,000)

(a) Justification and Comment. Fertilizers (\$2,000,000). Farmers in parts of Tonkin and Cochinchina are to some extent familiar with the use of superphosphate, originally from the phosphate rock mined in Tonkin. Indications are, however, that nitrogen may contribute even more to an increase of yields; so ammonium phosphate would appear to form nearly the ideal fertilizer for this region, especially since it will leave no acid residue in the soil. This opinion is strengthened by results obtained in Kwangsi Province of China, to the north, where soil conditions are similar. Soils will almost certainly respond well to its application, though experimental data have not been presented. Farmers in both Tonkin and Cochinchina spoke of the need of fertilizers, and the average rice yields of Indochina are only about one-third the average yields of Japan. Since this type of fertilizer is new, a certain amount of demonstration may be needed; and therefore it is recommended that only 5,000 of the 20,000 tons be brought in for the rice crop which is transplanted in June and July. Studies will be required to determine the proportions which should go to Tonkin and to Cochinchina. Since haste will be necessary if procurement is to be effected in time to arrive by June, it is suggested that agreement on this item be sought by the Mission and procurement initiated at the earliest possible moment.

Farm Tools (\$1,000,000). The need for attention to the supply of farm tools and implements arises out of the shortage created as the result of destruction and loss during the war, especially in Tonkin. Hand tools and farm implements are usually made by blacksmiths, found in many places throughout the countryside. A part of the amount requested is to be used for the purpose of iron and steel and for simple smith equipment needed to get these blacksmiths back into operation. A larger part is intended for use in purchasing in Japan a selected list of tools and implements believed to be adapted to use in Indochina, for immediate distribution. It is suggested that the first order be limited in quantity but include a rather wide selection of types of the following: shovels; rakes; grubbing hoes; weeding hoes; hand-propelled paddy weeders; plows for paddy fields; pedal-driven threshing machines; small power-driven rice huskers; and small power-driven rice polishers. Reference is made to a catalog prepared by the "Japan Export Advancement Association of Agricultural Machinery and Implements," of which a copy has been left in the American Legation, Saigon. In selecting the individual items to be imported, farmers in parts of the country where they are to be used should be consulted, not officials in Saigon or Hanoi.

Seeds (\$50,000). Improved varieties of rice have been developed in experiment stations of Indochina and are available for distribution. They should be sought and used, if possible, to distribute to farmers lacking seed of this crop. Vegetable seeds, on the other hand, often are difficult to supply from local sources. Furthermore, a number of varieties obtainable abroad have been found to be suitable for use in countries like Indochina. It is recommended, therefore, that appropriate varieties be imported in quantities that can be absorbed. Action to procure seeds, however, should be preceded by a careful investigation of types and varieties most likely to be useful, and of quantities likely to be absorbed.

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4. Rice Mills

Rice is the principal crop of Indochina. The agricultural economy, therefore, depends largely on the production and processing of this product. Owing to the lack of maintenance, war damage, and antiquity the rice mills of Indochina cannot produce to capacity nor can they maintain the quality desirable for export. The mills are in the main over 40 years old. This results in a very high percentage of broken rice which brings a substantially lower price on the world market. At present the mills have sufficient capacity to mill the rice that is currently flowing into Saigon-Cholon, but should the blockade on rice movements from the Transbassac region, currently enforced by the French, be lifted in the future, the mills would not be able to handle the rice production.

Practically all rice mills are located in or near the Saigon-Cholon area. This necessitates the transportation of large tonnages of paddy husks to that area and in many instances the reshipment of paddy husks back to the rural areas. With the construction of new rice mills studies should be conducted to determine the feasibility of locating the rice mills at concentration points in the rice-producing areas rather than adding to the concentration in and around the Saigon-Cholon area.

The specific requirements for the rehabilitation of the rice mills were not developed owing to the shortness of time available. However, it is estimated that the capacity for and the quality of products can be greatly increased with the expenditure of \$2,000,000 for rehabilitation of existing mills. It is recommended, therefore, that this sum be earmarked for rehabilitation and construction of rice mills.

5. Road Construction

Throughout Indochina during the period of occupation by the Japanese the roads were permitted to go without repair, and the scorched earth activities of the Viet Minh have resulted in a badly deteriorated road system. Equipment and materials for the repair of roads and bridges are not available. From both the economic and security standpoints, as regions are pacified, it is extremely necessary that communications be resumed with these areas. To provide contact by road, basic materials and equipment for road repair and construction must be provided. Requests were received for equipment and material to establish five district maintenance shops, each of which would be fully equipped with modern equipment. In the long-term plan when the country is pacified, these maintenance shops would be necessary for proper maintenance operations. However at present it would be most difficult to maintain proper security for five scattered shops. Any large stock of materials or concentration of equipment would undoubtedly be a target for Viet Minh guerrilla activities. Therefore it is deemed advisable that only such equipment and material that is found to be the minimum requirement and that can be used effectively should be provided at this time.

It is felt that labor should be used to the greatest extent possible and should be supplemented by equipment only where large operations are necessary. As areas are pacified, large numbers of people return to their homes and work on highways would give them a means of livelihood until crops could be planted and harvested.

Requests received involved major repair to and construction of 17,000 kilometers of highways, of which 600 kilometers are listed as being of first importance. In an emergency program it is not felt that time or funds should be spent in construction of modern highways, but roads and highways should be repaired only to the extent necessary to assure communication with outlying areas. Studies should be conducted by the mission to Indochina to determine which roads should be repaired and to what extent. Also they should determine the minimum equipment necessary to accomplish this end.

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It is felt that \$1,000,000 should be sufficient for procurement of equipment and materials for a 15 months' period ending July 1, 1951, if work is restricted to emergency repairs. It is recommended that this sum be made available for this purpose.

6. Technical equipment; publications, and training aids. (\$600,000).

Technical equipment, supplies, and publications would be used for institutions and establishments of the government playing significant parts in the program and services of the government in agriculture. Health programs and services can secure such supplies and equipment out of funds requested as a separate item for the health program. Equipment and supplies for training aids would be used largely in field educational activities promoting projects in the program. They might include paper and other supplies and equipment for the preparation and duplication of posters, comic books, and leaflets; radio receiving sets; cameras and reproducing equipment to make film strips, filmstrip projectors, and motion picture projectors.

E. Industry, Power, and Transportation

In considering the immediate industrial program for Indochina the following factors must first be taken into consideration (a) security of area; (b) the long-term and short-term requirements; (c) speed with which facilities can become effective; (d) economic need for facilities; and (e) ability to provide facilities locally.

Primary consideration must be given to certain fields of industrial enterprise that form the backbone of an industrial economy. These are generally considered to be (a) power; (b) communications; and, (c) fuel. In addition thereto, the primary products of the country under consideration should be studied and the specified facilities for handling and processing these products should be given consideration. In Indochina the economy is largely agriculture--92 percent of the population is engaged therein. The principal products are rice, rubber, and maize. There is normally an important surplus of each of these, which surplus is exported into the world market. In the case of Indochina it is necessary to add to the three primary classifications of industries a study of the facilities for processing these three products.

Extraordinary requirements of Indochina also must be considered. These consist mainly of the destruction of homes, farm implements and farm beasts of burden by the Scorched Earth Policy of the Viet Minh. As areas are pacified, the restoration of these facilities are of the greatest importance. This matter has been considered in the agriculture section of this report and therefore will not be considered as part of the industrial program.

There is currently a struggle being fought between the Vietnamese and the French relative to the form the economy of Indochina will take in the future. The Vietnamese would like to change from an agricultural to an industrial economy. The French feel that the economy should remain primarily agricultural. There are numerous unexplored and undeveloped natural resources such as zinc, gold, iron, magnesite, phosphates, and sulphur. However, for the purposes of immediate aid neither the problem of an industrial or an agricultural economy nor the opening up of these natural resources has been considered. Long-term economic and engineering studies are necessary to determine the feasibility of the various plants. Consideration might be given to providing technical assistance to conduct studies, but no capital expenditures should be made for this purpose at this time.

For purposes of immediate aid to Indochina only those things that will tend to stabilize the existing economy and indicate to the people that the Government can do more for their welfare than can the Viet Minh have been considered.

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Power. In all of Indochina there is an installed generating capacity of 76,500 kilowatts. Of this total 58,300 kilowatts are installed in the three cities of Saigon, Hanoi, and Haiphong. There are numerous independent small power plants scattered throughout the country that provide power for the lighting purposes in the small villages. These small plants have been destroyed or are in a badly deteriorated condition at most.

It is recommended, therefore, that 50,100 horsepower mobile Diesel electric generators, 3 phase, 210/120 volts, 50 cycle be provided. It is proposed to place these units in pacified areas in order that lighting can be provided as people return to their homes. These plants also will provide sufficient power for temporary pumping of water. As permanent power plants are rehabilitated, the mobile power plant can be moved to another newly pacified area. The estimated cost of these units totals \$755,000.

It is further recommended that two Diesel power plants of 2,500 kilowatt capacity each, together with all necessary transformer and switching equipment, be supplied for installation in two of the larger industrial areas, such as Saigon, Hanoi, Haiphong, or Cantho. The location of these units should be determined at the time of their arrival in Indochina. The security situation at the time of the writing of this report is not sufficiently stable to make a firm recommendation as to location. However, 5,000 kilowatts of electric power can be used to advantage in any of the above-mentioned cities. These two units are estimated to cost \$670,000.

Requests were received for power installations greatly exceeding the capacities recommended above. These requests in the main are economically justified. However, owing to the insecurity of the area and due to the limitations of funds available, it was felt inadvisable to recommend their installation at this time.

Bridges. Throughout Indochina the "scorched earth" policy of the Viet Minh has resulted in the destruction of many bridges along the highways, thus making entire areas inaccessible. To establish communications with these areas most expeditiously it is recommended that 2,000 linear feet of "Bailey Bridge" be furnished. As permanent bridges are repaired or replaced, the Bailey Bridge can be disassembled and moved to newly pacified areas. The cost of 2,000 linear feet of Bailey Bridge designed for a 16-ton loading is being investigated.

The detailed justification of the balance of the proposed industrial and transportation expenditures has not yet been prepared because of illness of the officer of the Mission responsible for this portion. The over-all estimate of \$3,100,000 for expenditures for power, light, engineering projects, etc., is therefore subject to revision.

F. Fifty Trainees to the United States (\$250,000)

There is an intense interest among young Indochinese in visiting the United States and in studying there. Moreover, trained Indochinese are needed in every field except, perhaps, law and medicine (and there is certainly a shortage of medical personnel everywhere outside of Saigon). Provision of trainee grants would be one of the most effective ways of demonstrating genuine United States interest in the Indochinese people, and would at the same time give them a feeling of belonging to a world far wider than (and in many ways different from) the French Union. The propaganda value of selection for education in the United States would be very great, and hundreds would be influenced by each trainee so privileged.

G. Supplemental USIS Activities (\$500,000)

English classes should be established by the USIS in Saigon, Hanoi, Phnom Penh, and perhaps elsewhere in Indochina, to meet the wide demand to learn English. Training would

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be directed especially to students and officials likely to study in the United States (or other English-speaking countries) and those working with Americans on joint-aid programs in Indochina, but should reach as wide a public as possible.

Such classes should employ modern high-speed methods of instruction, as developed during the war.

Additional USIS offices should be set up in Indochina, more materials on United States culture and technology should be available (especially through film strips and other audio-visual techniques), and a large program of translation and distribution of technical pamphlets into Vietnamese, Cambodian, and Laotian should be undertaken.

Finally, the USIS should be provided with American sports equipment for distribution to town and village schools and playgrounds throughout Indochina. This should include basketball equipment and replacement supplies of balls, as well as soccer and softball equipment. Training programs for village sports leaders could and should also be set up in Indochina. Distribution of sports equipment and training in its use would reach youths throughout the three countries, and would be a rapid and inexpensive way of showing United States interest.

VII. FACTORS LIMITING THE AMOUNT, SPEED, OR KIND OF AID PROGRAMS THAT ARE FEASIBLE

The dominant element in planning any aid program in Indochina is the degree of law and order obtaining in areas of projected operations. Reasonable security for aid personnel obtains in Hanoi, Haiphong, Vientiane, Hue, Tourane, Phnom Penh, and Saigon, and in smaller towns in certain pacified or unaffected areas (the latter mainly in Laos and Cambodia). Relatively limited rural areas in Vietnam, primarily in the Red River delta in Tonkin, can be considered safe for aid operations. The general insecurity of most of Vietnam places very severe limitations on the extent of aid operations that can be undertaken, and is the reason why French and Vietnamese officials alike declare that the most effective economic aid that can be furnished Indochina is military aid.

As a corollary, the economic aid supplied should have a military utility also, wherever possible. For this reason, emphasis in the aid recommendations made above has been given to rural rehabilitation and health activities that help stabilize recently pacified areas, to telecommunications, to power and light, to roads and bridges, and to propaganda activities, all of which would bring important support to military operations.

The Vietnamese, Cambodian, and Laotian Governments are very short of experienced, trained, administrative and technical personnel, particularly personnel who speak English. Although the French saw that an elite group was well educated, this group was not given responsible administrative posts and thus not made ready for self-government. This will be a major limitation on aid programs, for effective operations require responsible direction as well as local technical personnel to work with, and to learn from, foreign aid personnel.

This would not be so serious a limitation if the Vietnamese, particularly, were not so eager to launch out on their own, without depending on French personnel for advice or execution. The French have many able and experienced personnel in Indochina, and could carry a larger load than the Vietnamese want to put on them. The natural Vietnamese desire for "independence" thus raises a barrier to the economic and technical development needed to become ready for independence.

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The attitude of uncooperativeness is not limited to the Vietnamese, however. On the other side, the French have admittedly done too little and done it too late in training Vietnamese for responsible positions, and then turning over to them real responsibilities. Even now, while official policy tries to accelerate this process, Frenchmen on the "working level" are loath to let go, and so slow the process up.

Moreover, the French have fought hard against the "penetration" of other Western influences, that might weaken the French position even though contributing importantly to Indochinese development. Thus, American, and presumably other, business concerns have found it almost impossible to get established and do business in Indochina.

This attitude comes out very explicitly in the March 8 agreement with Vietnam, in section IV, which reserves priority to France in furnishing experts and advisers (quoted above, in section IV; of this report) in section V, which specifies that French law will be applied in civil and commercial cases wherever a Frenchman is implicated; in section VI, which reserves a privileged place for the French language in Vietnamese institutions and provides for other special relationships with France in cultural affairs; and in section VII, which establishes full national treatment for French business interests in Vietnam, in addition to the applicability of French law.

The first provision mentioned, concerning priority for French experts, obviously sets up a major barrier to any United States economic or technical assistance program, especially if this agreement is interpreted narrowly. Two questions arise here. First, is an American who helps expedite or distribute American economic aid to be considered an "expert adviser"? He is likely to have some expertness, to be sure, but he is not present in connection with the regular functioning of the local government, and obviously does not replace any expert obtained to advise or participate in such normal functions. It is believed that the French authorities will not consider such United States "aid experts" to be barred by the March 8 agreements, but will on the contrary welcome their participation in economic aid programs in the area.

The second question has to do with American experts provided independently of economic aid or supply programs, and performing advisory, demonstration, or training services either within the local governments or under their auspices. These are, it should be noted, expert personnel whose salaries are being paid by the United States. They are therefore additional to, and do not replace, any French experts employed by the local governments. It is not believed that the March 8 agreements were meant to exclude the possibility of such additional non-French experts, but the question is apparently currently under consideration by the French authorities and the officials of the three local governments. The Vietnamese officials realize their obligations under this section of the March 8 agreement, although of course pressing for a liberal interpretation. In any case, the agreement does not limit foreign technical training in any way, and the Vietnamese are eager to take advantage of American training facilities.

Many of the above considerations apply to the possibility of United Nations and specialized agency personnel being assigned as technical experts to advise the Governments of Vietnam, Cambodia, and Laos. When these three Governments become, on May 17, 1950, full members of the World Health Organization, they automatically become eligible for technical assistance from the United Nations and from all of the specialized agencies. A liberal interpretation by the French of section IV of the March 8 agreements would clear the way for substantial multilateral technical assistance programs, but a restrictive interpretation of this section could cut these three countries off from all expert advice, although not from training grants, under the technical assistance programs of the United Nations and its affiliated bodies.

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The existence in Vietnam of a rebel "Government," recognized by the USSR and its satellites (including Communist China) as well as by Yugoslavia, might cause some complications in such programs. Aid to "French-controlled" territories could be carried on in any case. Unless one of the specialized agencies admits the rebel Viet Minh "Government" to membership, which is highly unlikely, no proposals are likely to be made to provide UN technical assistance to the Viet Minh. A proposal of the latter sort, if made, would in all likelihood be strenuously opposed by the French Government, as happened when the UNICEF in 1948 and 1949 split a tentative allocation of \$457,900 for use in Indochina between the "French-controlled" areas (\$305,300) and the Viet Minh areas (\$152,600). (These funds were to have been used for child feeding and anti-tuberculosis vaccinations with BCC vaccine). Although the French Government has requested that such aid be provided for areas in Indochina under its control, no implementing action has been taken by UNICEF because of unsettled conditions. No implementing action can be taken on the Viet Minh allocation until a request is received from the Viet Minh "Government" and an agreement reached by that "Government" with the Fund. The French Government has announced that, as a member of the Executive Board of UNICEF, it would protest any implementation of the Viet Minh allocation.

VIII. SPECIAL CONSIDERATIONS

AFFECTING THE PROVISION OF AID TO INDOCHINA

To have the maximum effect on the internal political situation in Vietnam, American aid should arrive quickly, should be distributed through the Vietnamese themselves, and should be widely and effectively publicized as aid made possible by direct U.S.-Vietnam arrangements. On the other hand, continual attention must be given to retaining the benefit of French experience and competence in a mutually beneficial cooperative endeavor.

A. The Need for Prompt Action

There has been so much interest stimulated by U.S. recognition of Vietnam, Cambodia, and Laos, by the visit of the Navy, and by the discussions with the Economic Survey Mission, that failure to follow through promptly with concrete action, even if minor, would bring about a great let-down. An issue has already been made by the Vietnamese, Cambodians, and Laotians of their capacity and intention to state their own needs for economic aid, without French intervention, particularly from Paris, and of their intense desire to receive and distribute economic aid by themselves, also without French intervention. If their statements of needs, and their assertions of independence are not quickly given substance, there will have been a considerable tempest about nothing, with loss of potential influence both for the local governments and for the United States.

B. The Case for Direct Aid

There are two very important aims to be served by direct U.S.-Vietnam relationships on economic aid. In the first place, it would make possible the avoidance of any control, or even appearance of control, by the French. In the second place, it would build up the prestige and authority of Bao Dai--not simply as an independent agent working directly with the United States (although this would be significant) but also as head of an effective Government interested in the welfare of the people themselves, and able and ready to take actions to help them.

C. Letting the People Know

It is not Bao Dai's Government that needs to be impressed by the fact of United States economic aid, or by the directness of such aid. The Government is composed of men who are already committed. It is among the fencesitters and the great unconvinced portion

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of the people that new strength must be sought, by demonstrating the genuine interest of the United States in the economic and political development of the three countries. Economic aid will therefore have relatively little impact on the political situation unless it is widely and effectively publicized. This may mean opening up new channels of communication, such as village radios, where inadequate channels now exist. It may mean adapting audio-visual techniques to the special needs of Indochina. And it may mean a substantial increase in the total cost of United States aid. It is, however, a sine qua non of any economic program that is intended to have both an economic and a political effect.

D. French Responsibilities in Connection With Economic Aid

France has been for some time, and is at present, pouring in large sums of money into Indochina, to support the large-scale military effort there, to cover the budget deficits of the three local governments, to cover the balance of payments deficit of the area, and to pay for those central administrative functions (other than military) that remain the responsibility of the High Commissioner. Quite apart from the military operation, French financial support has been absolutely necessary, to keep the three local governments afloat.

In the last analysis, of course, the French financial contribution to the area has been made possible by ECA aid to France, and the balance-of-payments deficit of the area has been taken into account in calculating France's need for ECA aid. The United States is therefore already indirectly aiding Indochina. On the other hand, so long as Indochina remains part of the franc area (its piaster is already supported by France at an unrealistically high rate vis-a-vis the franc), so long as the three countries use a common currency and continue their customs union and so long as France contributes heavily to the costs of Government in the area, there will be financial questions of common interest to all three countries that cannot be settled without French participation nor, in fact, without French leadership. Direct or indirect, as United States aid may be, France will have to continue to aid, and will therefore have a right and a duty to participate in discussions of problems affecting the need for her contribution. Carrying out these French responsibilities will continue to require a central commissariat with administrative authority in Indochina.

Moreover, certain economic activities are of such immediate importance to all three countries, and also to France, that they are administered by a quadripartite organization (for example, the rice board). There are other fields in which the economics of the three countries are interdependent, such as transportation and meat supply, from Cambodia and Laos to Vietnam, but where no quadripartite planning or administration now goes on.

Finally there are fields, such as power, where future development may require joint planning if not administration.

This is recognized in the March 8 agreements, section VII of which reads in part as follows:

"H.M. the Emperor of Vietnam, believing that, in the economic and financial field, he has common interests with the sovereigns of Cambodia and Laos, on the one hand, and with the French Union, on the other, and that it might be profitable to the Vietnamese nation that these interests be harmonized with a view to the prosperity of all, recognizes that joint organizations might well be formed for the purpose of studying and harmonizing these interests, and getting action under way."

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In order to reach agreement on the composition, scope, and powers of such joint organizations, it is intended shortly to call a quadripartite conference, to be concerned particularly with the communications services, immigration control, customs and external commercial relations, treasury, and plans for reconstruction and modernizing of agricultural and industrial equipment.

The French consider that the need for unified direction in these several areas, based on the requirements of administrative efficiency, or on the countries' financial or economic interdependence, argues strongly for central direction and control over the economies of the three countries. They therefore propose that additional quadripartite entities be created to carry out this function. The three local governments minimize the importance of quadripartite action, and wish to avoid it wherever possible. Not only is there suspicion of and antipathy towards the French, but there is also considerable mutual suspicion among the three countries. The resolution of this question will significantly affect the amount and kind of American technical and economic aid requested, the manner of distribution of economic aid, and the status and functions of technical experts provided.

IX. INFORMATION ACTIVITIES SUPPORTING THE AID PROGRAM

Provision is made in the aid recommendations presented above, for certain USIS activities (trainees, English classes, translation program, sports equipment) that will have particularly significant propaganda value in addition to their justification on economic or educational grounds. Provision is also made for battery-operated village radio receiving sets. Moreover, certain of the aid programs, rural rehabilitation, health, agriculture, will require training aids and information materials to be successful, and provision of the necessary funds has therefore been recommended above.

There is need also, however, for expanded information and public relations activities to explain United States interest in Indochina; what it is undertaking to do through its aid program, and why it is taking on this task. This is a peculiarly difficult task in Indochina, where the most careful distinction must be clarified to show that the United States is helping the Indochinese live their own lives and yet not derogating legitimate French interests and manifest French contributions, to show keen United States interest and yet not suggest a greater commitment than the United States is prepared to undertake, to support anti-Communist leaders and yet not be tarred with the charge of simply buying allies in the cold war (allies who would be or perhaps already are, in the front line of a hot war), to be more pro-French than the Vietnamese, and yet not pro-colonialism, to push the French towards liberal and constructive actions and yet not be misinterpreted as wanting to replace them.

This requires delicate handling. It also requires more handling -- more people, more offices, more equipment, more materials, more funds. It means more activity in Indochina, and more in Washington. A first step, of course, is immediate initiation of Voice of America broadcasts in Vietnamese. Beyond this, however, substantially increased funds should be provided to expand all USIS activities in Indochina in time to take full advantage of the arrival of United States economic and technical aid.

X. ORGANIZATION FOR FIELD ADMINISTRATION OF AID PROGRAM

The economic and technical aid program recommended for Indochina totals \$23,500,000 for the 15 months ending June 30, 1951 (which presumably means in practice for 12 or 13

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months). This is the largest program recommended for any country in Southeast Asia. It is also the program likely to draw on the greatest variety of authorized funds (as ECA is authorized to aid Indochina, including as it does three members of the French Union); and it is without question the program most deeply involved in complex and fundamental political considerations.

For these reasons, it is of the utmost importance that all United States economic and technical aid programs in Indochina be directly administered under a single responsible Chief of Economic Mission (CECOM) and that there be the closest integration of the direction of United States economic and technical activities with the direction of United States diplomatic and information activities.

It is recommended that ECA set up the field organization and appoint CECOM as its representative, recognizing of course that CECOM must also derive authorities under section 303 of MAP, point four and possibly other legislation.

CECOM should work particularly closely with the United States diplomatic mission in Indochina, in establishing general objectives and policies, appraising the political impact of existing or projected aid activities, and initiating, modifying or terminating programs where required by political considerations.

It is recommended that, if the local governments agree, joint bodies be set up, with United States representation, in connection with the administration of aid programs. The top United States representative in any such joint body should be responsible to CECOM.

In view of the provisions of the March 8 agreements reserving priority to France in the furnishing of expert advisers, it is anticipated that most American aid personnel in Indochina will be there in connection with the administration (preferably under a joint commission) of aid programs involving the distribution of aid supplies. Such personnel would therefore be responsible for their detailed operations directly to joint commissions or to CECOM. In any case, CECOM would have responsibility for the success of aid programs and for the satisfactory performance of all United States aid personnel.

It is recommended that consideration be given to freeing CECOM (and Embassy officers) from administrative detail by establishing a Joint Administrative Staff (as in Korea) to handle all housekeeping functions both for the legation and for the economic mission.

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APPENDIX

1. The Mission arrived in Saigon at 1:15 p.m., March 6, 1950, and remained in Indochina until 11:30 a.m. March 16, 1950.

2. The Mission during its stay in Indochina was composed of the following persons:

Department of State

R. Allen Griffin
Samuel P. Hayes, Jr.
Henry Tarring, Jr. (March 10-20)
William McAfee
Eleanor L. Koontz
Mary D. Randolph

Economic Cooperation Administration

Edward T. Dickinson, Jr. (Washington Office)
Raymond T. Moyer (JCRR Formosa)
Robert Blum (Paris Office)

Department of the Treasury

Alexander Lipsman (March 6-18)

Department of Defense

Russell G. Duff, Colonel, USA
Frederick B. Warder, Captain, USA (March 11-16)

3. The following formal conferences were held during the visit of the Mission to Indochina:

- (a) Conference with the High Commissioner of France in Indochina, His Excellency, Leon Pignon, March 6, 4 p.m.
- (b) Conference with the Prime Minister of Vietnam, His Excellency, Nguyen-Phan-Long, March 6, 4:45 p.m.
- (c) Conference with the Commander in Chief of French Armed Forces in the Far East, Gen. Marcel Carpentier, March 6, 5:30 p.m.
- (d) Conference with the Governor of South Vietnam, Governor Tran-Van-Huu, March 6, 6:15 p.m.
- (e) Orientation conference with members of the United States Legation staff March 7, 8:15 a.m.
- (f) Conference with High Commissioner and advisers, March 7, 10:15 a.m.

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- (g) Conference with officials of the Cambodian Government, March 8, 8:30 a.m.
- (h) Conference with officials of the Laotian Government, March 8, 11:30 a.m.
- (i) Conference with United States press representatives, March 9, 2:15 p.m.
- (j) Conference with Vietnam officials, March 9, 5 p.m.
- (k) Round table discussion with officials of France, Vietnam, Cambodia, Laos, March 10, 8 a.m.
- (l) Conference with ex-Emperor Bao Dai, March 10, 11 a.m.
- (m) Round table discussion with French and Vietnam officials, March 11, 8:30 a.m.
- (n) Hanoi Conferences -- During the visit to Hanoi, conferences were held with the Governor of North Vietnam, with many provincial and local government officials, and with General Allesandri, Commander of forces in North Vietnam, and members of his staff and subordinate commands.
- (o) Audience with the King of Cambodia March 14, 5:30 p.m.
- (p) Conference at High Commissioner's with officials of France, Vietnam, Cambodia, Laos, March 15, 5 p.m.

4. A list of certain of the persons with whom the Mission conferred in Indochina follows (names not listed necessarily in order of rank):

U.S. Legation

Edward A. Gullion, Chargé d'Affaires
H. Francis Cunningham, Jr.
Stephen H. McClintic
John T. Getz
T. J. Duffield
Mr. Glazer
John Donnell

French Officials

A. Civilian Officials

Leon Pignon, High Commissioner of France in Indochina
Marc Bires, Director of High Commissioner's Staff
Jean Bourgoin, Adviser on Planning, Director of Public Works
F. Camboulive, Chief Inspector of Technical Education
Albert Charton, Adviser on Education
Robert Davee, General Secretary of Economic Committee
Dr. P. Dorolle, Assistant Adviser on Public Health
Robert Jean Dufour, Adviser on Social Problems

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A. Civilian Officials (Continued)

Roger Robert du Gardier, Diplomatic Adviser, Minister Plenipotentiary
Robert du Pasquier, Director of Agriculture and Cattle Breeding
Paul Gannay, Inspector General of Bank of Indochina
Gerard E. Huet, Director of Rice Bureau
Rene LeDoux, Representative of French Ministry of Finance
Arthur Longeaux, Adviser on Public Works and Means of Communication
Romain V. J. Penavaire, Economic Adviser
Pierre Perrier, Director of French Security Service
Mr. Savourey, Director of Electric Power Company
Rene Schneyder, Assistant to Adviser on Planning
C.H. Bonfils
Georges Mazot
M. Cambouline, Inspector of Technical Education

B. Military and Naval Officers

Gen. Marcel Carpentier, Commander of Forces in North Vietnam
Gen. Marcel Alessandri, Commander of Forces in North Vietnam
Gen. Charles Chanson, Commander of Forces in South Vietnam
Vice Admiral Paul Ortoli, Commander of Naval Forces in Far East
Surgeon Gen. A.H. Robert, Adviser on Public Health

Vietnamese Officials

H.M. Bao Dai, Chief of State
Ngyyen Phan Long, Prime Minister (until May 7)
Duong Tan Tai, Minister of Finance (in Long's Cabinet as well as Cabinet formed May 7)
Le Tan Nam, Counselor to Minister of Interior
Le Van Hoach, Chief of Caoistaist Party in South Vietnam
Le Van Ngo, Secretary of State for Labor and Social Progress
Nguyen Huu Tri, Governor of North Vietnam
Nguyen Van Xuan, Prominent Political and Military Figure
Tran Van Chi, Secretary of State for Agriculture
Tran Van Don, Prefect of Saigon-Cholon Area
Tran Van Huu, Governor of South Vietnam (became Prime Minister May 7)
Le Quang Huy, Minister of Public Works (Minister of Communications in new Cabinet)
Vuong Quang Nhuong, Minister of Education (same position in new Cabinet)
Hoang Cung, Undersecretary of State for Commerce (Minister of Economy in Cabinet formed May 7)
Nghiem Van Tri, Councillor to H.M. Bao Dai
Huynh Van Diem, Public Works Engineer
Dinh Quang Chien, Electrical Engineer
Tran Van Meo, Engineer and Member South Vietnam Assembly
Nguyen Dan, Journalist
Nguyen Van Dinh, Adviser to Vietnam Delegation to ECAFE
Le Van Ho, Lawyer
Nguyen Duy Doc
Ly Cong Trinh
Tran Van Thi, President of Syndicate of Vietnamese Importers and Exporters
Vu Tian Huan, Chief of Cholon Province
(In addition to the above, many working-level officials were met)

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Cambodian Officials

H. M. Norodom Sihanouk, King of Cambodia
Yem Sambaur, Prime Minister (until April 30)
Huot Sam Ath, Department Chief, Ministry of Agriculture
Lam Keu, Assistant Chief of Veterinary Service
Neal Phleng, Minister of Public Health (Head of Group which conferred with Mission)
Tieu Long Nek, Representative of Cambodian Government to High Commissioner of France in Saigon
Hem Chiamreun, Water, Service and Wildlife

Laotian Officials

Ngon Sanaikone, Representative of Laotian Government to High Commissioner of France
Outhong Souvannavong, Minister of Foreign Affairs, Education and Information
Tiao Souvannaphouma, Minister of Public Works and Planning (Head of group which conferred with Mission)

Others

Frank S. Gibbs, Minister of Great Britain, Saigon
Arthur G. Trevor Wilson, H.B.M. Consul, Hanoi
M. Marchal, Curator of Angkor

American Press Representatives in Saigon

Mr. Christopher
Mr. Fielder
Carl Mydans
Seymour Topping
Robert Miller
Mr. Mathew

5. The Mission in Indochina adopted a pattern of action also used in the countries subsequently visited. As soon as the dispatch of a survey mission had been determined upon in Washington, communications were sent by the Department of State to the diplomatic establishments in the countries to be visited, indicating the scope of the survey mission's responsibilities and the information which it would need to obtain. On the basis of this communication the diplomatic establishments informed the Governments of the countries to be visited of the purpose of the Mission. On arrival in a country the survey mission would be briefed by appropriate officers of the United States post there, and at all important conferences members of the Mission were accompanied by representatives of the post most familiar with the problems under consideration. At the most important conferences the Ambassador or the Officer-in-charge accompanied Mr. Griffin. For a majority of the conferences the survey mission divided itself into working groups on agriculture, industry, public health, education, and finance. To each group the post attached an officer familiar with the needs of the country in that field.

Members of the Mission discussed with representatives of the various countries the formulation of an aid program, including projects which these countries wished to undertake and in which United States assistance could be of significance. In view of the advance notice which the Governments had received they had in general, prior to the arrival of the Mission, prepared certain requests. On receipt of these requests members of the Mission and the post would analyze them and at subsequent meetings with representatives of the other Government review the requests and make suggestions as to the feasibility

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of the projects proposed. Thus the final recommendations to the Department of State were based on requests from the various Governments as to their needs, and on an evaluation of these requests by United States personnel assigned abroad and by the members of the Mission who had been selected to make the survey.

Colonel Duff and Captain Warder during the visit of the Mission to a country, evaluated military factors bearing on the feasibility of the economic assistance projects being considered.

6. During the visit in Indochina members of the Mission made two trips in addition to the visit to Dalat, present residence of H.M. Bao Dai, and the short visits to the countryside in the area of Saigon. On March 11, Mr. Griffin, Mr. Dickerson, and Dr. Moyer, flew to Hanoi accompanied by Mr. Gullion. During the two days spent in the Hanoi Area, members of the Mission had the opportunity to observe first-hand the devastation resulting from fighting there, to visit areas recently retaken from forces of the Viet Minh, and to confer with French and Vietnam officials.

7. There follows a list of the most important documents submitted by the various Governments in Indochina (in cataloging the documents the letters F, C, L, and V were used to indicate the Government from which the document came).

Documents Submitted by the French

- A. Rapport sur les Modalités de l'Aide Américaine à l'Indochine, le 5 mars 1950
(Memorandum on Ways and Means of American Assistance to Indochina March 5, 1950)
- B. Annexes to the Above Listed Document, Submitted Under one Cover as Follows:
 1. Note sur le niveau de vie de la population indochinoise. Prepared by J. Royer of National Statistical Bureau.
(Memorandum on the Standard of Living of the Population of Indochina) March 4, 1950
 2. Note sur la construction immobilière (Saigon-Cholon et Phnom-Penh, 1946-1949) prepared by Mr. Denoux of Brossard et Maupin Company.
(Memorandum on Building Construction (Saigon-Cholon and Phnom-Penh, 1946-1949), March 4, 1950.
 3. Note sur les conditions propres à relever les rendements dans la culture du riz. Prepared by G. Huet, Director of Rice Bureau.
(Memorandum on the Conditions necessary to increase production of rice) January 25, 1950.
 4. Note sur L'Asie de Sud-Est, pivot stratégique du Continent Asiatique Role de l'Indochine. Prepared by M. Dugardier, Diplomatic Adviser to the High Commissioner.
(Memorandum on South East Asia, Strategic Keystone of the Asiatic Continent - The Place of Indochina), January 4, 1950
 5. Note sur l'approvisionnement du marché indochinois en produits d'importation. Prepared by Office of Foreign Trade, Saigon.
(Memorandum on Supplying the Indochinese Market with Imported Products) March 5, 1950
 6. Note sur le concours accordé au Vietnam pour la constitution de son armée. Prepared by Financial Adviser to the High Commissioner.
(Memorandum on the Assistance Given to Vietnam in the Formation of its Army) February 3, 1950.

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7. Note au sujet des possibilités d'intervention financière des Etats Unis en Indochine. Prepared by Adviser on Planning to High Commissioner. (Memorandum Concerning the Possibilities of Financial Intervention by the U.S.A. in Indochina), January 20, 1950.
 8. Note sur les travaux projetés d'hydraulique agricole et d'exploitation rizicole. Prepared by Adviser on Planning. (Memorandum on Contemplated Projects of Rural Irrigation and Rice Cultivation)
 9. Note sur les besoins de l'Indochine en matériel aéronautique. Prepared by Director of Civil Aeronautics. (Memorandum on the Needs of Indochina as Regards Aviation Equipment)
 10. Note sur le crédit agricole. Prepared by Adviser on Planning. (Memorandum on Rural Credit).
 11. Note sur l'elaboration des programmes d'importation de l'Indochine. Prepared by Office of Foreign Trade, Saigon. (Memorandum on the Preparation of Import Programs for Indochina)
 12. Note sur l'éventualité d'une aide des Etats-Unis d'Amérique en Matière Sanitaire. Prepared by Surgeon General Robert, Adviser on Public Health. (Memorandum on the Possibility of Assistance on the Part of the U.S.A. in the Field of Public Health).
- C. Note complémentaire (addition a la Note Francaise du 5 mars 1950) (Supplementary Memorandum (addendum to French Memorandum of March 5, 1950)
- D. Programme D'Avenir
1. Port de Vatchay (Port of Vatchay)
 2. Terrain d'Aviation (Airfield, Camranh)
 3. Port de Banghai (Port of Banghai)
 4. Centrale de Hongay (Hongay Electric Works)
 5. Aménagement des Terrains d'Aviation (Maintenance of Airfields)
 6. Routes du Laos (Laos Highways)
 7. Travaux d'hydraulique agricole (Agricultural Hydraulic Works)
- E. Aide Immédiate (Immediate Assistance)
1. Aide Economique Américaine (American Economic Aid)
 2. A List of Heavy Equipment Required to Make the big Works in Indochina
- F. Reconstruction et Développement du Port de Saigon (Reconstruction and Development of the Port of Saigon)

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- G. Projet de Repartition des 50 groupes Electrogènes Diesel de 100 HP Triphase 210v/120v 50 cycles (Project for the Distribution of 50 Groups of Diesel Generators)
- H. Premier Rapport de la Sous-Commission de Modernisation de l'Indochine (First Report of the Subcommittee for the Development of Indochina)
- I. Fonds Nécessaires à l'Institution du Crédit Populaire au Vietnam (Funds Necessary to Establish People's Bank)
- J. Plan d'Organisation Pour 5 Ans (Public Health) (Five Year Public Health Plan)
- K. The Franco-Vietnamese Agreement of March 8, 1949
- L. Justification of Equipment Necessary for Fluvial Navigation.
- M. La Coopération Agricola en Indochina (Agricultural Cooperation in Indochina)

Documents Submitted by the Government of Vietnam

- A. Projet de Mechanisation de la Riziculture (Project for Mechanizing Cultivation of Rice)
- B. Letter to Mr. Griffin from Ministry of Agriculture, March 10, 1950
- C. Brief Statement of Agricultural Problem and Proposed Solution
- D. Réforme Agraire (Agrarian Reform)
- E. Organisation de l'Agriculture dans le Cadre Provincial (Organization of Agriculture Within the Provincial Sphere)
- F. Institut des Recherches Agronomiques et Pastorales (Institute of Agronomical and Rural Research)
- G. Note Verbale Relative à l'Aide Economique Américaine en ce qui concerne les Besoins de l'Administration des Eaux et des Forets du Vietnam (Note Verbale re American Economic Aid Relative to Vietnamese Water and Forestry Administration)
- H. Fonds Nécessaires à l'Institution du Credit Populaire au Vietnam. (Funds Necessary to Establish People's Bank)
- I. Etude Sur Les Besoins du Vietnam en Matière Sanitaire (Study on Sanitation Needs in Vietnam)
- J. Le Ministre des Travaux Publics (The Ministry of Public Works)
- K. Liste des Besoins (Travaux Publics) (List of Public Works Needs)
- L. Programme - de Rééquipement et de Reconstruction en 1950 (Travaux Publics) (Program of Reequpiment and Reconstruction in 1950 (Public Works))

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- M. Energie Electrique (Electric Power)
- N. Replacement throughout the Country of Roads and Bridges
- O. Remises en Etat des Routes du Vietnam (Road Repairs in the Vietnam)
- P. Situation Générale des Aerodromes du Vietnam
(General Condition of Airports in Vietnam)
- Q. Recapitulation Travaux Publics, Communications et Reconstruction
(Resume on Public Works, Communications, and Reconstruction)
- R. Note April 1, 1950 sur l'Aide Technique que les Etats-Unis Envisagent
d'Apporter au Vietnam (Secretariat d'Etat au Commerce et a l' Industrie)
(Note Concerning Technical Aid Which the U.S. Plans to Contribute to the
Vietnam)
- S. Letter of March 14 Enclosing Exemples on Public Works Requirements and
General Summaries

Documents Submitted by the Government of Cambodia

- A. Procès-verbal de la séance du Conseil des Ministres tenue la Vendredi 25
Novembre 1949, sous la présidence de S.E. Yem Sambaour. (Minutes of Pro-
ceedings of the Cabinet, held on Friday, November 25, 1949, with S.E.
Yem Sambaour presiding)
- B. Rapport sur la réunion spéciale des Chauvaykhet et du gouverner de la ville
de Phnom-Penh, le 2 fevrier 1950.
(Report on the special meeting of the Provincial Governors and the Governor
of the City of Phnom Penh, February 2, 1950), memorandum attached)
- C. Letter from Prime Minister and Minister of Foreign Affairs Yem Sambaour,
Phnom Penh, February 27, 1950, No. 8 AFE/X concerning Cambodian needs for
military assistance.
- D. Note sur la Situation Générale de Cambodge
(memorandum on General Situation in Cambodia) Prepared by Tieu Long Nék,
former Minister, Delegate of H.M. The King of Cambodia, February 9, 1950.
- E. Etat des besoins en effectif, armement, moyens de transport et de communica-
tions de la ville de Phnom Penh et des provinces du royaume
(non compris le secteur autonome)
(List of needs in manpower, arms, means of transportation and of communication
of the City of Phnom Penh and the provinces of the Kingdom (not including the
autonomous sector)).

Documents Submitted by the Government of Laos

- A. Note on American Aid to the Kingdom of Laos, March 13, 1950.
- B. Budgetary Expenses of Laos.

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