



Khóa Hội Thảo Về Phát Triển Kinh Tế

Economic Development Seminar 6:12-10:12, 1971

US AID LONG-RUN ECONOMIC DEVELOPMENT IN VIETNAM

by Mr. JOHN R. MOSSLER
Mission Director, USAID/Vietnam

15

PRESENTATION BY JOHN R. MOSSLER AT DEVELOPMENT SEMINAR, DECEMBER 9, 1971

EXTERNAL AID AND LONG-RUN ECONOMIC
DEVELOPMENT IN VIETNAM

I. INTRODUCTION

With my presentation coming, as it does, at the very end of this four-day seminar, I'm not sure how much there is left for me to say. The topics listed and the stature of the speakers are certainly impressive. Nevertheless, I hope to be able to add something by considering some of these aspects of development from a slightly different point of view. And, in any case, there is some advantage to being last -- my colleagues and I will not have to defend these remarks over a period of subsequent discussions.

Let me note first that the topic I am treating is slightly different from the one I was assigned -- I have broadened it from the role of U.S. aid to include, to at least some degree, the role of external assistance in general. This seems to me to be an appropriate change since aid from sources other than the United States has been important in the past, and may be expected to be increasingly so in the future. Now of course I can't speak for the other donors, either the individual countries or the international organizations. Nor for that matter can I, or anyone else, speak with certainty of the long-term role of my own country. The recent actions by the United States Senate underscore the uncertainties -- and I'll come back to this. But they also underscore the importance of considering aid from other donors. So, without trying to speak for the other donors, I'll try to take them into account in my remarks. Many of the same considerations would appear to apply whatever the source of the aid.

My remarks will be divided into four sections.

First will be an examination of the role of aid to date -- its objectives, its magnitude and composition, and its accomplishments. This should help to give a perspective on the magnitude of the task ahead and some elements of the base already established for tackling that task.

Second will be an examination of the present state of transition. The accomplishments of the stabilization program and the very far-reaching nature of the fundamental economic reforms now in effect have greatly changed the setting. The talks you have already heard -- particularly those by Minister Ngoc and Deputy Minister Dung -- have largely covered this subject. But I wish to develop further the theme of how these accomplishments set the stage for an even further emphasis on economic development.

Third, it seems appropriate to explain the formulation of our program for the current fiscal year and to interpret as best I can the steps and the significance of the recent Congressional actions.

Fourth and finally I will deal with the interrelationship between external assistance and Vietnam's own efforts as they relate to long-run economic development. You will note that here again I am taking some liberties with the topic assigned to me. But the role of foreign aid in long-term development -- it seems to me -- can be treated adequately only in the context of the interaction between aid and Vietnam's own efforts. It is plain that successful development efforts will require large-scale foreign aid. But it is equally true that the effectiveness of that assistance -- and, indeed, even the probabilities of its availability -- will depend in large part on the promise and effectiveness of Vietnam's

own actions. The topics covered by this seminar augur well for such effective actions. I'll simply try to interrelate the two a little more explicitly.

II. THE ROLE OF EXTERNAL ASSISTANCE TO DATE

The future role of aid in Vietnam can of course be best examined in the perspective of the past. Here I want to make two main points. First, we must be aware of the amount of past aid, which is a measure of the magnitude of the ultimate task of eventually displacing extraordinary external assistance. Second, and more positively, past assistance has had some very solid accomplishments that will contribute to future development.

Turning first to the magnitudes. In the six years since the major build-up began -- i.e., FY's 1966-71 -- U.S. economic assistance has totalled upwards of \$4 billion, an average of well over \$600 million per year. This is about 50 percent more than the annual aid to Korea during the peak post-war period or, on a per capita basis, more than double.

The breakdown of this assistance is of interest in assessing the role of aid in the future. Rough averages over the past six years, during which the relationships have not changed too greatly, will give an adequate indication of the magnitudes.

The Commercial Import Program (CIP) has been the largest single element. This program finances needed imports on a regular commercial basis with the piasters paid for the dollars going into the Counterpart Fund. This in turn is used to support various parts of the budget. The CIP has averaged about \$225 million per year and has been proposed at a somewhat higher level in the current year and for the period immediately ahead.

Another large part of total aid is the Food for Peace (PL 480) program, which has averaged about \$150 million per year. With Vietnam being on the

verge of self-sufficiency in rice, this program is likely to be somewhat smaller in the years ahead. But it will still continue at a very substantial level, financing such major imports as feed-grains and cotton as well as a variety of imports for various kinds of relief programs.

The Department of Defense project program has also been an important component of the total, averaging more than \$80 million per year since it was initiated in FY 1966. A major part of this program has been for highway construction and improvement. This program will of course be very greatly reduced as the U.S. military effort is phased down -- but by and large this reduction will follow achievement of the major objectives.

The other major part of the U.S. assistance program per se has been the USAID project program. This program has varied considerably, but has averaged upwards of \$200 million per year, although the trend ~~has~~ been downward in recent years. This project program has two major components, capital projects, such as power plants, and technical assistance projects. The trend of the latter will be downward, in part because many of the objectives have already been achieved. On the other hand, the trend of capital projects is likely, in one form or another, to be upward. And it is also to be expected that capital projects financed by other countries and international agencies will increase.

Another category that in a broad sense also constitutes assistance is the purchase of piasters for dollars by the U.S. military establishment for official uses and by military personnel for their own use. These transactions increase the availability of dollars to the GVN, but they are not a net gain because the piasters bought are spent for the use of Vietnamese resources. This source of dollars has been of the order of \$200 to

\$300 million dollars per year in recent years, but of course is declining and will continue to decline.

The other major element of external assistance, of course, is aid from other donors. Although it has been relatively small as compared to U.S. assistance, it has nevertheless been significant -- and it is almost certain to increase. This aid totalled \$160 million through 1970, and the recent Japanese loan of \$16 million for a power project in Can Tho and the current Asian Development Bank exploration of two major projects, along with increases in many of the individual country programs, are indicative of what the future may hold.

The relative size and importance of these various components of aid are likely to change considerably in the years immediately ahead. But some, and particularly the U.S. piaster purchase programs, will surely decrease very substantially in the years immediately ahead. This gives an indication of the level of budgetary and balance of payments progress that must be achieved by the GVN.

The other aspect of past foreign assistance that I want to note is the very substantial achievements that have already been registered -- achievements that provide an important base for future developments.

I'll not take the time to go into detail; two or three general illustrations should suffice.

One major asset of the Vietnamese economy has grown out of the war effort itself. Much of the infrastructure investment by the U.S. forces, although largely for military purposes, has important developmental uses. By conservative estimate there has been an investment of more than \$400 million in the highway network and \$150 million in harbor, coastal and

waterfront improvements. Because so much of this needed social overhead capital is already in place, the government can be selective in allocating parts of its budgets to special kinds of social overhead that will yield high returns.

The stabilization program has also had very favorable effects, but that I want to take up in the context of the next section.

Also, as most of you know, the Technical Assistance program here in Vietnam has been on a very large scale. And it has, in cooperation with the Government, registered a large number of solid accomplishments.

To cite just a few: A total of nearly 5,000 Vietnamese have received training abroad under the aid program, including several hundred who have earned degrees. The "miracle rice" program has been an outstanding success. Despite the war, Vietnam has increased its rice production enough to go from a deficit of about 20 percent of requirements in 1968 to virtual self-sufficiency today. Primary education provides another example of a successful GVN-AID activity. Fifteen years ago only about a quarter of the children of elementary school age were in school, and as recently as five years ago the proportion was not much more than half. But today more than 85 percent of these children are in school. The Technical Assistance program has also helped to develop or strengthen a wide range of institutions, both public and private, that are indispensable to the tasks of development.

This citing of accomplishments does not suggest that they were the result of foreign aid alone, although it was an essential element. In many cases the Government took the lead, and in all cases they played a major role. And this, in turn, suggests still another major achievement. The GVN and the aid agencies have learned to work effectively together. This, of course, is an essential element in external assistance being able

to play a role in development.

III. A TRANSITION TO A GREATER DEVELOPMENT EMPHASIS

The U.S. assistance program in recent years has, as you know, been directed largely toward support of the military effort. There have been few resources left over for use for specifically developmental purposes. Aid from other donors has also been largely limited to non-developmental purposes -- in their case, primarily for humanitarian purposes.

The transition to a greater development emphasis cannot be an instantaneous one. A series of steps is required. Achievement of a reasonable degree of security has been essential. On this base it has been possible to develop an effective stabilization program. The next step has been a series of reforms to free up market forces. And, as these measures have their effect, it should be increasingly possible to channel a growing portion of total resources into developmental uses.

I need not detail for this audience the progress that has already been made through this series of steps. But I do want to review them quickly both to show their interrelationship and to underscore the key role that has been played by the GVN. U.S. resources have of course been essential to their achievements to date, but more fundamental have been the government actions that are making it possible to use those aid resources more effectively.

Continued improvement in the security situation made it possible to initiate a major attack on inflation. You all know of the exchange rate and interest rate reforms initiated over a year ago and the success in bringing the rate of price increase, which had been averaging some 30 percent per year, to the tolerable level of around 10 percent. Continued vigilance will be required if the stabilization gains are to be maintained.

But at least the base has been established on which the next steps can be taken.

I should also like to pay tribute to the really far reaching and courageous reforms which the GVN undertook just last month.

Perhaps the most important element of the reform program was the attempt to reach a truly equilibrium exchange rate structure, and to keep it that way by periodic readjustment. There is hardly any other matter of economic policy so important. A disequilibrium exchange rate, that is, one which does not balance the supply and demand for foreign exchange, misallocates foreign exchange, including aid, provides opportunities for corruption leads to maldistribution of income through windfall profits, hinders foreign investment, and restricts export potential. I would go so far as to contend that all the successful cases of economic development in recent years can be shown to involve an approach to, even if not a complete achievement of, a free exchange system. One case with which I am personally familiar is Indonesia. Indonesia's development did not go into gear until its exchange was freed from most controls.

The second aspect of the reform which I regard as critically important is the simplification of the tariff and the elimination of outright import prohibitions. This leads toward a commitment to engage in world trade, limiting import substitution to those goods which can be produced with a moderate protective tariff, and relying on exports to pay for the remainder. This policy should lead to a balance of trade, some years from now, at a high level of both imports and exports.

Against this background of improving security, relative price stability and a freeing up of market forces, it now becomes possible to concentrate much more effectively on explicit development efforts than would have been practicable before. The GVN, particularly in President Thieu's recent speech, has indicated its intention of doing so. And we in USAID are prepared to give such efforts our strong support.

What this set of observations really comes down to is a question of timing. A review of the sort we are having this week would probably have been pointless two years ago, and very likely would have been premature even one year ago. But at the present point in time the stage seems to be set. A much greater concentration on development now seems possible. But, before continuing this theme, let me take a moment to consider with you the historical evolution and current status of the U.S. aid program.

IV. THE PAST AND "CURRENT" HISTORY OF THE U.S. AID PROGRAM

Given the unusual Congressional actions of recent weeks, and the predominant position of United States aid at present in the total aid picture for Vietnam, it seems relevant to examine the past and "current" history of the U.S. assistance program.

The history over more than two decades gives some broad indications of what the future may hold. And the very recent developments -- those of the last few weeks, which are still evolving -- although too new to interpret with much certainty, give some further indications of what may be expected in the years immediately ahead.

Economic development assistance made its first major appearance on the stage of world history with the Marshall Plan for European economic recovery in 1948. This program was rooted in the concept of self-help --

in fact the initial outlines of the program were drawn up by the Europeans themselves. Its success is now history. And it is probably fair to say that that success exceeded all but the most optimistic expectations.

The next stage was a concentration on economic development assistance to the less developed countries -- particularly those of Asia. With the benefit of hindsight it is clear that the expectations were much too optimistic. The feeling that technical assistance alone could do the job was widespread. And the experience under the Marshall Plan had doubtless engendered an unduly optimistic outlook on the part of many. There was insufficient recognition that in Europe the pre-conditions of economic recovery and development were already there while in the less developed countries many of them had to be created. As a result there was disillusionment and disappointment. Economic assistance had produced less than had been expected. And, during the latter part of the 1950's, U.S. foreign aid appropriations fell.

In the early 1960's, the whole approach was reexamined. Prior to the creation of the Agency for International Development (more generally known as AID) in 1961, U.S. task forces developed the concept of overall programming for eventual self-sustaining growth and the indispensable companion concept of host country self-help. Experience of the previous decade had made clear that U.S. (and other) economic assistance could be effective in generating development only where it could be used to support effective self-help efforts by the developing country itself.

This new approach to aid created new support, and appropriations rose again for a time. There were some conspicuously successful combinations of

country self-help and external assistance. But the clear-cut cases of success were rare. Other national concerns assumed increasing proportions. Among these, as I'm sure you are all aware, were the very divisive views in the States of our proper role in Vietnam. Given these forces, the levels of aid, relative to national income, again turned downward.

It was in this context that we submitted our proposals for the program for FY 1972. These went forward more than a year ago. In general they reflected the view that economic "Vietnamization" could not proceed simultaneously with military "Vietnamization". The proposals for the traditional elements of the AID program were comparable to those of previous years. In addition, in recognition that the balance-of-payments support from Department of Defense piaster purchases would be decreasing, we requested \$150 million under a new category called the Economic Support Fund. The total request to the Congress came to about \$550 million (exclusive of Food for Peace and the Defense Department programs). These proposals were designed to support imports at about the same level as in the previous year or two with an adequate level of support for the stabilization program and an increasing emphasis on development.

As you all know, Congress has taken a much more restrictive position. This has been both in the AID program in general and on the Vietnam portion thereof.

Before sketching in the developments of recent weeks, it will be helpful to outline our legislative process. Our fiscal year runs from July to June, that is, fiscal year 1972 started July 1, 1971 and runs to June 30, 1972. Our proposals go to the Congress in January or February and, in principle, the Congress acts before the beginning of the new fiscal

year, i.e., by June 30. In practice, this has not happened for many years -- the AID legislation, as well as many other appropriations, often not being passed until November or December. In the interim what is called a continuing resolution permits obligation and expenditures at some designated level until the actual legislation is passed.

The legislation must pass four separate actions. Both the House of Representatives and the Senate must approve authorizing legislation and then each branch of the Congress must pass the actual appropriations.

Several weeks ago the House of Representatives passed the authorizing legislation for this year's foreign aid. The amounts authorized were fairly close to those requested. But the margin of support was narrow; the bill passed with a majority of only eight votes.

The Senate Foreign Relations Committee reduced the amount in the bill by about 20 percent before it went to the full Senate. The bill came to a vote in the Senate in late October. It was defeated by a vote of 41 to 27. This came as a great surprise - and as a shock. Since the Senate has generally been more favorable to foreign assistance than the House, passage -- even if by a narrow margin -- had been generally assumed. It is not altogether clear just what the reasons for the defeat were. The United Nations vote earlier in the week to expel Taiwan was doubtless a factor. And the fact that the vote came late in the day on a Friday -- when some supporters of foreign aid had already left for the weekend -- probably shifted the balance somewhat. But whatever the specific explanation may be, the underlying cause seems clearly to be that there is a serious disillusionment in the United States with foreign aid, and this includes many who in the past have been strong supporters.

The surprise defeat of the foreign aid bill in the Senate did not, of course, mean that foreign aid was dead. The Senate committee quickly proposed new legislation. This new proposal was at a substantially lower level and split the aid program into two bills -- one for economic and humanitarian assistance and one for security assistance, which includes economic aid to Indo-China. These have been passed by the Senate. The continuing resolution was extended by both houses. And, as of this writing (November 23) a conference committee of the two houses of Congress is working on a compromise of their differing versions of the aid legislation. So there will -- it seems almost certain -- be a continuation of the aid program this year. But the level will certainly be very much lower than anyone thought likely only a few short weeks ago.

As to the longer-run implications of the recent Senate action, probably no one has a very clear notion. But I am certainly not defeatist. I think that the Senate's partial reversal of its earlier action makes it safe to predict that the United States will continue to have an aid program of major proportions in the years ahead. But we must accept the possibility that it may be on a smaller scale than in the recent past. And there is a very strong possibility that the justification will have to be even more compelling than has been the case in the past.

V. THE INTERDEPENDENCE OF EXTERNAL ASSISTANCE AND VIETNAMESE EFFORTS --

PARTNERS IN DEVELOPMENT

Within this historical perspective, I believe that the single most critical factor in long-term economic development in Vietnam -- as elsewhere -- is a credible expectation that there is a program, and a

determination, to move eventually to a position of self-sustaining growth. There must be a realistic and deeply-felt strategy to gradually reduce -- and ultimately eliminate -- the dependence on concessional external help. This is doubtless essential for the Vietnamese themselves. Long-run economic development will call for short-term sacrifices. And there must be a goal that makes these sacrifices worthwhile. But such a goal is doubly important since it now seems very likely that self-help and demonstrable accomplishment will be increasingly essential to obtaining the aid that is needed. Fortunately the recent statement by the President and the reforms undertaken constitute a very great beginning. But more remains to be done.

A dedication to ultimate self-sustaining growth does not necessarily depend on a four-year plan, or a ten-year plan or any other kind of blue-print document -- although present efforts in this regard may prove helpful. And I do not propose to try to quantify the targets. In my view it is probably still too early -- given remaining major uncertainties -- to do so with very much meaning. But it is certainly possible now to identify the areas in which progress must be made. Although these are well known, let me say a few words about some of the dimensions of progress required. I shall note five of the most critical areas, although there are others.

Some gradual reduction in the budget deficit and a movement toward eventual public savings is essential for development. The main elements involved are greatly increased domestic revenues and some eventual reduction in the relative budgetary burden of defense. The particular circumstances of Vietnam in the recent past may have justified the dropping off of domestic revenues to a level that is low by almost any standard of

comparison with other low income countries. But if development is to be a realistic objective, this trend must be sharply reversed. Major increases in local taxation, greatly increased collections from existing taxes, and a major reform and upward shift in the total tax structure are all essential. I know that important efforts are underway on all of these fronts.

An eventual scaling down of the military budget -- the other main aspect of a reduced deficit -- is less easy for me to comment on. This will obviously depend on developments and on assessments of how to get military security -- with the changing security situation -- at lower unit costs. The report of the Asian Development Bank on Southeast Asia's Development in the 1970's contains some interesting observations in this regard. It suggests that a shift towards greater reliance on the Popular Forces and the Peoples' Self-Defense Forces may provide a part of the answer. Not only would the budgetary costs be substantially reduced, but the contribution of defense forces to production in the civilian economy would be greatly increased. I am not competent to judge the validity of this particular suggestion. But it suggests one possibility that seems worth exploring. And it does seem clear that some means must be found for shifting resources from direct security expenditures to development. In the longer run, growth and development will almost certainly be the most solid base for security.

The other most obvious problem is some narrowing over time in the gap in the balance of trade. Just how, and how fast, this can take place is inherently uncertain. One interesting benchmark estimate is given in the Asian Development Bank report already mentioned. This study, on a variety of plausible but inherently uncertain assumptions, suggests a formula for the reduction in the level of Vietnam's imports. This formula projects

a decrease in total imports from a peak of more than \$700 million in 1972 to a level of less than \$600 million in 1975, with a decreasing portion being financed by U.S. assistance and an increasing portion by Vietnamese exports and aid from other donors. Plainly nobody knows just what the events of the next several years will bring in this regard. But this illustration gives one indication of what may be needed, and what may be possible, in narrowing the balance-of-trade deficit.

In meeting the balance of payments problem, the experience of other relatively small economies, such as that of Vietnam, has made it clear that the problem cannot be solved by highly-protected import substitution. The alternative of an "outward looking" policy of seeking areas of comparative advantage and competing in world markets is not an easy one. But the successful experience of some Asian neighbors shows that this approach has real promise. And the recent exchange and tariff reforms are a long first step down this road.

The budget and balance-of-payments deficits are extraordinarily serious problems in Vietnam and call for extraordinary measures. More fundamental to growth however, here as elsewhere, are increases in savings and investment in the private sector. One important step here is adequate inducements to foreign private investment. An expanded banking system and attractive interest rates are also important. But most important is that investment have attractive profit potentials. Improving security will contribute. But a freedom of entrepreneurial decisions may contribute even more. The releasing of market forces within the economy, as well as in the allocation of foreign exchange, will encourage investment and, through that,

will help to induce savings. Fortunately, important forward steps are already underway to stimulate this needed increase in savings and investment.

In the field of public investment -- which will increase in importance as the budget deficit is reduced -- it is important that the limited resources be directed only to the highest priority uses. The needs, of course, are almost endless, but only a fraction of them can be met. Government investments should be concentrated on areas that will have a quick, sizeable effect on growth. This means that to the extent practicable they should contribute to further production, such as irrigation, rather than to meeting consumers' needs, as for example public housing. It is also essential that public investments be screened in the light of their long-run budgetary and foreign exchange costs. For example, a new road might be cheaper immediately for a particular need than improved canal transportation, but the longer-run foreign exchange costs for trucks and fuel and the higher budgetary costs for highway maintenance might make the canal the more effective investment. The formulation and implementation of an optimum public investment program thus constitutes a major planning challenge. If this challenge can be successfully met, it will go a long way toward getting the most out of the scarce resources that will be available for development.

A fifth point, and this is the last one I'll mention, where Vietnam's own efforts and the role of foreign assistance interrelate is in the preparation of projects for foreign assistance, setting priorities among them, and coordinating them with potential donors. Effective work in this area holds promise of substantial increases in assistance -- and the converse is equally true. Although much of our U.S. assistance for some time is

likely to be in the form of general economic support, the aid from most other countries and from the international organizations may be expected to be primarily on a project basis. If there are well thought out, well prepared and well supported projects, and if there is a clear sense of priority among them on the part of the GVN, this could very substantially increase the amount of aid received. But if potential donors must in effect develop their own projects, competing uses in other countries are likely to claim a larger proportion of the limited aid funds available.

This fairly extended discussion of what Vietnam needs to do to maximize development may appear to be something of a digression from my main subject. But let me assure you that it is not. Experience in the developing countries over the past two decades has abundantly demonstrated that a country's own efforts are much more important than outside help in achieving development.

My emphasis on the importance of Vietnam's own efforts is not to suggest in any way that the role of foreign assistance is marginal or unimportant. Plainly, it is crucial. In a sense, that role is simpler than the role of the Vietnamese. Basically it is to provide resources which, if effectively utilized, will help to bridge the gap in the long, difficult process of transition from a seriously deficit economy to one that can meet its own needs and support its own growth. To fulfill that role that assistance must have several essential characteristics.

The most obvious characteristic of foreign aid to Vietnam in the years of transition is that it must be on a large scale. This will be particularly true in the earlier part of the period. It would probably serve no useful purpose for me to engage this afternoon in the numbers game. But several things are clear. A major narrowing of the budget deficit will take time.

Even with the utmost dedication, increases in domestic revenues from their present low levels to a point where they meet a major part of budgetary costs will require years. The development of efficient import-substitution industries and, more importantly, the promotion of exports on a large scale can at best be gradual. Again, much of the difficulty arises from the very low starting point. Even very large percentage increases in exports would take years before they could bring exports into relative balance with import requirements. Even with considerable belt-tightening, the greatly increased levels of savings needed to meet the investment requirements of development cannot be achieved overnight. Without very large amounts of aid as this process gets underway there would almost certainly be economic chaos in the form of runaway inflation or sharply falling standards of consumption or inadequate imports of needed agricultural and industrial inputs to keep the economy functioning. I assure you that we in the U.S. Mission here realize that there is no cheap way to help Vietnam through the transition to self-sustaining growth.

A second characteristic that aid and aid donors will need, in order to perform their role effectively, is a realistic sense of the possible. I've already discussed at some length the role that Vietnam needs to play. And experience both here and elsewhere suggests that aid donors can help governments -- both in a technical sense and more broadly -- to take and carry through these necessary economic decisions that may be politically difficult. On the other hand, the donor countries and institutions must not expect the impossible. There are many things that the less developed countries cannot do as readily as the more developed ones -- which is one of the reasons they are less developed. Every country has its own set of

cultural and institutional and political circumstances which place certain limitations on what can be accomplished -- and how fast. And every country has a need -- within certain resonable limits -- to set its own priorities.

What is needed in this area of give and take between the donor and the host country -- and this may be particularly true in the case of Vietnam -- is a real jointness of purpose. But we must be realistic in our expectations. I hope that we -- and here again I trust that I can speak for the whole donor community -- can strike the proper balance between pressing for accomplishments where pressure is appropriate and accepting the existing limitations where they are unavoidable.

A third important requirement for aid to successfully play its essential role is patience. No realistic assessment of the gigantic problem of moving the Vietnamese economy from its present state of heavy dependence on foreign aid to a state of self-sustaining growth could foresee a completion of the process in a few years. We all trust that what has come to be called . Vietnamization in the military sphere can be successfully accomplished in a short time. But on the economic front, more time will be required.

So this third requirement -- that the aid donors be prepared to stay the course -- is at least as important as the other two I have mentioned. And here perhaps most of all the accomplishments of Vietnam itself become more crucial. Patience fostered by progress may be difficult to achieve. But patience without accomplishment seems, in today's world, to be highly unlikely.

Having said all this, I wish I could assure you that if Vietnam successfully plays the difficult role I have described, foreign aid meeting the difficult conditions I have suggested would be certain. But, as you know, I can give you no such assurance. I do feel, however, that I can say with reasonable certainty that the more effectively Vietnam plays its role the greater the likelihood that the needed aid will be available.

And this permits me to conclude on a moderately optimistic note.

The President's address to the legislature of last month certainly indicates a determination to start on the needed measures. The economic reform package recently undertaken is a clear demonstration of both technical skill and political courage. The more recent actions of the legislative branch of my government give promise of supporting the role I have described for the year ahead. And the gradual increase in support from other donors may be expected to increase with time. There are no certainties in this difficult business of achieving self-sustaining growth. But if these recent developments set the trend, we may all look forward increasingly to being what the Pearson Committee has called "Partners in Development."