

PRESENTATION AT PSA CONFERENCE, MR 2
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Most of you know that we conducted a Development Workshop here two weeks ago. And probably most of you know or have heard that some rather surprising and provocative views were expressed.

A report on the Workshop has been prepared and is available in limited copies at the conclusion of this discussion. Suffice it to say that the interest displayed in the meeting, prior, during and after, especially in Saigon, and the range and breadth of the subjects raised, exceeded our expectations.

The fact that these and subsequent discussions extended beyond the bounds of development and that little was agreed to in the formulation of specific development projects which some of us had hoped would result from the workshop, did not, in our view, reflect a failure of the workshop so much as it suggested the degree of concern on the part of many interested parties on the direction or lack of direction of our current activities.

I will not delve into the specifics of the concern at this time because they are expressed, at least in part, in the report. But I would like to spend a few minutes with you describing some of the somewhat schizophrenic concerns that have occupied me during the past three months since I arrived in Vietnam, especially during the first month or so. This will be my Alice In Wonderland story and also a bit of mea culpa. First I should state that I arrived with some twenty years experience in the traditional AID development approaches which in itself poses a difficult obstacle to overcome in attempting to comprehend our role in the development field in Vietnam.

In varying degrees, I am sure many of these doubts, questions and concerns, have been shared by you. So let me cite just a few in a sort of stream of consciousness:

. What are we doing in the so-called development area to begin with? After all, there still is a war going on. Every day starts with a 7:30 head count briefing, a rather unnerving backdrop to plan long term institutional development.

. And here I am in Nha Trang. Where is my counterpart? Where is the regional civil government and where are the development agencies here to work with? I haven't yet met a GVN official even remotely interested in what I am trained to talk about.

. There is a very impressive staff of professional and technical officers here with me. What are they doing, where are their programs, their project agreements, PIO's (to use an AID concept) and all the other program management tools we work with in AID? Where are the funds we control and what are the Host Country contributions and obligations?

. For a development program, this is a peculiarly military environment both on the US and GVN side. How do we fit in? - (A closer examination on this score indicated as Ted Long cited yesterday, that less than 10% - approximately 300 of the 3500-odd personnel assigned to CORDS MR 2 are development oriented - a small percentage but still a lot of people and a group that is becoming a vocal minority.) And what is the role of our development officers in the field? What direction do they get and from whom? Certainly not very much from my office. It appears that these 300 people primarily are monitors and reporters, not advisors, and their functions seem to be chiefly a combination information gathering, village do-gooder - PC type operation, and a GAO type auditing and monitoring function, none of which are normal AID responsibilities. So why is AID hiring them and what am I as the man in charge of development activities in the region supposed to be doing for or with them?

. We have brought many goods and much food into the country, yet, except for the Montagnards, the people don't seem poor. Just the other day, a District Chief told me that the continuing flow of US rice into his district was driving local rice producers out of the market because they couldn't compete with the price. And I have also been told that many of the PL 480 foodstuffs brought in for refugees and other recipient groups are not consumed by them but rather sold on the market or fed to livestock.

. And how do we here on the development side relate to that massive, rather amorphous USAID in Saigon with all of its divisions and macro-programs? And to whom or what office in CORDS do we look for guidance or support?

. And here are all these large and impressive Province Advisory teams, with their close relationships with the GVN Provincial organization of service chiefs. Many of the US personnel, including PSAs, are AID employees - so they must be involved in development. But they seem, and understandably, more concerned with the security area, the HES, RF/PF, PSDF, Phung Hoang, Psyops, and the necessity of managing the mail, ice cream and movie syndrome. How do I relate to them?

. There just seem to be so many of us Americans everywhere, one can't help but wonder if we might be choking the Vietnamese by the sheer magnitude of our physical and moral presence or, would the whole GVN structure collapse like a house of cards if we left precipitously? It was all quite bewildering.

. These are just some of the questions that I am sure hit most of us in varying degrees, when we first arrived in Vietnam - perhaps we could describe it as a severe case of culture shock, although I thought I had outgrown this problem after twenty years!

. The Development Workshop hopefully was one of several beginnings of a dialogue on these kinds of issues. It struck a responsive cord because people are beginning to consider decisions for the future, including the role of the US in the long term economic development of Vietnam, not only in the humanitarian, social welfare, emergency-response type activities which have understandably engulfed our efforts to date.

. Let us look for a moment at the economy of Vietnam. Here is a country that imports \$750 million worth of goods a year, excluding military hardware, with exports of about \$15 million. How is this horrendous gap filled? We have been filling it through the CIP program and related budgetary support. We import more medical supplies alone each year into the country than the total value of GVN exports. This is a country with an improving, but still unattractive exchange rate in terms of promoting exports, and with an undesirable industrial investment incentive law, an obviously poor international investment climate, limited fiscal or monetary planning, little macro-development planning mechanism and a modest and not especially impressive array of natural resources. On the plus side, Vietnam is a country gifted with a highly capable and motivated entrepreneurial class and, because of the war, a relatively highly developed infrastructure of roads, communications, ports and the like. All in all, there is a long way to go before industrial development can begin to fill the gap but there are possibilities. Improved and diversified agricultural production will contribute measurably but again much remains to be done in this area also.

. AID which normally concerns itself with such fundamental issues, has been preoccupied on the one hand with the stabilization program to keep the economy functioning and on the other, with providing the wherewithal for the pacification and development effort so vital to continued political and military success, that it has yet really to address itself fully to these basic unavoidable problems - it is just now beginning to do so.

. And as AID begins to shift its focus toward providing the means for economic growth which will be so necessary to the maintenance of a viable peace-time Vietnam, of necessity, the nature of its current activities comes in for closer scrutiny. Stabilization support in some form will doubtless have to continue until domestic production begins to fill the gap, but as pacification continues to improve, the P&D type activities AID is currently financing probably will be increasingly under the gun.

. This need for readjustment will become especially urgent in terms of the steadily reducing size of the AID program world wide and in Vietnam, and the growing desire, at least as I detect it, of AID people to return to their kind of business, and leave P&D type functions to other more experienced military and security organizations.

. So in light of all of this - it seems to me that we in the CORDS development area have a great opportunity and responsibility here today to participate in shaping the future course of events. Decisions have not been made and I am sure decision-makers would welcome our views, so long as they are constructive and feasible.

. I would ask each of you in the provinces to renew your efforts in determining the kinds of things you believe the GVN should do to develop its own resources, looking to the day when the war will be over and the US will no longer be providing massive budgetary support. At the province level, this should involve considerations as to how local revenues can be raised or increased, local industries started to contribute to supporting the costs of local services and, of course, you should consider how the US might possibly assist

the GVN or private citizens or groups in these endeavors.

This would be a fruitful time to propose revenue producing, income generating projects. We must heed Ambassador Colby's guidance that 1971 is still the year of pacification and it will not be until 1972, at the earliest, that development gains a predominant role, but if we are thinking of new approaches for 1972, we must begin to plan for them now. Nobody is going to do it for us. As confusing as most of the signs seem to be, the future is beginning to form. And now is the time to help shape its direction along the lines that appear to be in the best interest of both the GVN and the US. In many ways, as discouraging as the Vietnamese scene appears, rarely in history, save for the post-war recovery programs in Europe under the Marshall Plan, have we had the national commitment and the accompanying resources to help develop an economy as we have in Vietnam today. Let us grasp this opportunity and make the most of it, but let us also profit from our experience in terms of guarding against the temptations of replacing the massive American military might with an economic one that may frustrate rather than help to create the will and determination of the Vietnamese to make their country a prosperous and desirable nation. Province development plans, as such, may not be feasible in the long run, nor even regional ones. Perhaps sector planning or broad gauged project planning tied to national directives is the answer. There is no magic formula to apply. It would be foolish to think AID has been that successful in all cases in other countries with its approaches. New thinking is needed.

As I stated at the outset, the Workshop was a beginning and we plan other meetings to explore in depth various development opportunities, hopefully, with our Vietnamese counterparts. Any ideas you might have along these lines would be appreciated. We intend to redirect our thinking and relationships with NLD Provincial Advisory teams in the near future, in order to provide more leadership along these lines. For example, we are now planning a workshop, to be conducted by our Industrial Development Office in Saigon, in the near future to teach interested parties, both US and Vietnamese, some of the basic techniques of benefit/cost analysis and project identification in commercial enterprises. Hopefully, this is merely an indication of things to come.

The main point I would like to leave with you is that change is inevitable in the present way we do our business. We have a tremendous opportunity to direct or influence these changes along the most constructive lines. There are few as close to it, with the experience and insight that most of us in this room possess, so let us take full advantage of this opportunity.

I will be pleased to try to answer any questions you might have in the few remaining minutes.