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Viet Nam: The People's War and American Economic Assistance

Pictures of U.S. helicopters carrying South Vietnamese soldiers into battle are a familiar sight to the American public.

They exemplify the most dramatic part of the struggle---the conventional war aspect--- as well as the most dramatic element of U.S. assistance---our military advisers and aircraft supporting large combat operations.

The South Viet Nam struggle, however, is not primarily a conventional war, and American aid is far broader than only this type of military support.

The conflict essentially is a war of insurgency in which success depends on achieving the support of the mass of the people, ~~most~~^{80%} of whom live in the countryside.

To win the rural population, the Government of Viet Nam must carry out a comprehensive counterinsurgency campaign of which large military operations are one ^{only} facet. The entire effort, (briefly,) has these main elements: ¹

---Political-administrative improvements to develop a government which is efficient, genuinely responsive to the needs and aspirations of its citizens and deeply rooted among the mass of the people.

---Economic and social development programs to help the people begin to build a better life.

---Local security measures to protect the rural population, ^{especially in particular} particularly viable local leaders, from communist terrorism and political subversion.

---Pinpointing and destroying large communist forces whenever and wherever possible in the conventional war aspect.

American military aid helps the Vietnamese seek to achieve the last two objectives while assistance for the administrative and economic elements is provided primarily through the program of the Agency for International Development (AID).

The scope of the AID effort is broad, ranging from complex economic planning and programming to help sustain the economy of the South, to the daily efforts of hundreds of personnel working with Vietnamese officials in the countryside to bring about local

administrative and economic improvements.

The program has three parts:

- Counterinsurgency assistance
- Counterinsurgency support and long-range development programs, and
- General economic assistance.

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The New Life Hamlet Program

AID counterinsurgency assistance is provided principally through the Vietnamese government's New Life hamlet program which is the main vehicle being used to carry out the counterinsurgency campaign.

A hamlet is the basic rural community in Viet Nam. There are about fifteen thousand in the South containing eighty per cent of the population.

The hamlet program has these objectives:

- To develop a strong structure of government.
- To bridge the gap between the central government and the mass of the people by extending the government's administrative apparatus and services into the hamlets and transforming them into New Life/communities committed to the government as a result of political-administrative, economic and local security improvements.
- To use the New Life hamlets as nation-building blocks through which to carry out massive economic and social development programs.

Through the program the Vietnamese government seeks to expand its influence steadily from existing government zones, as a drop of oil spreads out, re-asserting pre-dominant influence in all populated regions contested with the communists and forcing the latter back to isolated areas where they can be destroyed.

Before influence can be re-asserted firmly in contested zones government forces

must drive out or destroy any large communist units and weaken the latter's covert political apparatus and small guerrilla forces. This procedure is called clearing. Troops then protect, or secure, the area while the village ^{*}echelon of government and local security forces are competently developed and New Life hamlets are organized. When the local administrative apparatus and security units are solidly on their feet, clear and secure the troops move on to repeat the/procedure in another area, or to conduct operations against large communist forces.

To establish New Life hamlets this method has been developed:

Teams of cadre, or government officials, with a small military force for local security, move into a group of hamlets, all or most of a village if possible. The cadre in each hamlet become acquainted with the people and seek to gain their confidence. They study the local situation to determine who the accepted leaders are and the needs and desires of the community. They also explain the government program which consists of:

---Helping the people organize a reasonable degree of local self-rule, linked to the government, by forming a democratically chosen hamlet council to operate under the supervision of the village administration.

---Begin to improve economic and social conditions rapidly with the people's assistance.

---Helping the people form a militia, if required, to assist in defense of the hamlet.

As rapport develops between the cadre and the people a census is taken in large part to detect possible covert communist agents in the community. Other police-intelligence measures targeted at the same objective also are carried out. Concurrently, small economic and social development projects are implemented primarily through the self-help procedure. This program is designed to develop the democratic process as well as to improve the living standard. The people vote to decide on a modest project they wish

* A village is a political-administrative unit composed of several hamlets.

to accomplish---repairing or building a school, digging a well, etc. They do the work and the government provides the necessary materials and technical advice.

When a reasonable amount of popular support has been developed, hamlet elections are held, and at about the same time, if necessary, a hamlet defense force is trained and armed.

The hamlet now has been organized and the cadre move to another community to repeat the process.

Longer-range programs then are put into effect through the village and hamlet officials to continue to build the political, economic and military strength of the village administration and of the hamlets. The hamlet officials may be formally trained; the village police force is developed further and continues to help prevent communist political penetration; the capability of the village-hamlet security force is improved; and economic development programs are substantially expanded.

Particular emphasis is given to the latter. Sustained improvement of the standard of living is sought for its own sake and as a primary way of continuing to build the will of the people to resist subversion or armed attack.

AID Counterinsurgency Assistance

, or counterinsurgency campaign,
AID seeks to help the Government of Viet Nam carry out the hamlet program through these measures:

---Technical advice and assistance to help the Vietnamese build a strong administrative apparatus from the capital to the countryside.

---Advice and commodities to assist in establishing New Life hamlets.

---Technical advice, money and materials to help carry out large-scale development programs in the countryside through the New Life hamlets.

To help strengthen the structure of government AID is working with the Vietnamese government in these priority areas:

---To simplify the command channels for key counterinsurgency activities thus breaking harmful bureaucratic bottlenecks.

---To rationalize the procedure for formulating and spending the budget so that funds flow smoothly to support the counterinsurgency campaign.

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---To improve the tax assessment and collection system.

---To improve the quality of, and expand, the civil service primarily through extensive training programs. AID has helped develop the National Institute of Administration where officials receive a three-year public administration course, and has assisted in training district* and village officials and thousands of the cadre who help organize hamlets. AID also has supported training of a number of senior Vietnamese officials in the U.S.

---A major effort to expand the Vietnamese police force substantially, particularly in rural areas in order not only to perform normal police functions but to counter Communist subversion.

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---Finally, AID has played a key role in bringing about a significant improvement in the governmental structure---decentralization of greater civil power to the provinces. A province is somewhat similar to a U.S. state.

The province chief, or governor, is being given a strong voice in planning the political-administrative and economic elements of a hamlet program tailored to the needs of the province, and considerable financial autonomy to carry out these efforts.

In the past the governor's hands were tied by the rigid policies and programs of the central ministries (Health, Education, etc.). To act, he had to swim through a sea of paper work in order to receive approval and money. The process often took months.

Under the decentralization procedure funds are provided directly to the provinces, rather than through the ministries, for civil measures to establish New Life hamlets and

* A district is approximately equivalent to a U.S. county.

for a wide range of local development programs. This procedure also applies to massive amounts of U.S.-supplied commodities.

The funds and materials provided directly to the provinces are used for these activities: to train and pay the cadre who assist in hamlet establishment; to compensate families who must re-settle from insecure areas if they wish to live in New Life hamlets; for hamlet self-help ^{defense} projects; to build hamlet schools; to maintain and improve local roads and bridges; for hamlet well-drilling; and for a variety of agricultural programs.

To advise and assist the province chief in planning and executing the civil aspects of the counterinsurgency program, and to coordinate these facets with the military portion, AID has placed an operations officer in each province.

The province chief, AID official and the American military adviser to the province form a coordinating committee responsible for managing the cash and commodities provided directly to the province.

In addition to helping plan and guide implementation of the provincial effort, the AID official keeps his superiors informed of the situation thus enabling them to participate effectively with senior Vietnamese leaders in breaking bottlenecks hindering the flow of support. Working with the AID advisers to the ministries, ^{central government provincial} the AID officer also helps crank smoothly into the effort the provincial programs funded through the ministries.

To help organize New Life hamlets, AID, as has been pointed out, assists in training the cadre who do the job and supplies commodities---^{such as} food, cement, roofing, reinforcing rods, small equipment and tools---for re-settlement and self-help projects. In addition, AID ^{in villages &} public safety advisers help install and maintain a village-hamlet radio net linking ^{these units} the latter with the provincial government for military, police and administrative purposes.

To help carry out rural development ^{primarily} through the New Life hamlets, AID assists in these programs:

Health: Village and hamlet health workers are trained and provided with medical supplies. District dispensaries, and surgical suites for provincial hospitals, are built and equipped. Several AID-supported American surgical teams are working in the provinces and AID supplies drugs to U.S. military medical teams which treat several hundred thousand people annually in the countryside. In addition, a large-scale malaria eradication program has been ^{successfully} carried out with considerable success.

Education: Simple hamlet schools and larger elementary as well as some secondary schools are built, staffed and supplied with text books and teaching aids in an extensive ^{rural} educational effort. Elementary school enrollment has increased from 300,000 to approximately 1.5 million in the last ten years. AID also helps support nine two-year rural trade schools.

Public Works: Programs for local rural development have centered on maintaining and improving vital roads and bridges, building water systems in large rural towns, drilling hamlet wells and rural electricification through installation of generators in countryside centers. Approximately 1500 wells have been drilled supplying fresh water, a precious commodity in Viet Nam, to 750,000 rural inhabitants. Some 160 generators have been provided to district and provincial towns.

Agriculture: The economy of the South is primarily agricultural. Over two-thirds of the people earn their living through agricultural activities. Rice farming is predominant, rubber production, livestock raising and fishing also are extensive. These programs are targeted at the vital objective of increasing agricultural production and the income of the mass of the people.

---Massive distribution through grants or loans of fertilizer and improved seed.

---Widespread distribution of insecticides for plant protection: this effort includes an extensive rodent control program.

- A crop diversification program to reduce dependence on rice and rubber.
- Development of local irrigation projects.
- Strengthening of agricultural cooperatives.
- Improvement of livestock raising through technical assistance and a vaccination animal program to reduce/diseases.
- A sizable effort to increase pig production and thus expand an important supplementary source of food and income for many farmers.
- A program to increase motorization of the coastal fishing fleet and to build dock, storage and market facilities in fishing centers.

Urban Development

The Government of Viet Nam cannot afford to seek the support of the rural population only. Popular support in the cities also is important in a war of insurgency. Increased attention is being given to broadening the government's political base in the handful of cities, particularly ⁱⁿ the capital, Saigon, through substantial improvement of urban economic and social conditions as rapidly as possible.

AID is working with the Vietnamese on plans to do this through construction of large-scale, low-cost housing, improvement of education, health and transportation facilities, and development of more small industries and credit unions. At present, a large AID loan project is underway to improve the water supply system of Saigon.

AID Counterinsurgency Support and Long-Range Development Programs

The counterinsurgency campaign requires broad supporting programs which AID helps the Vietnamese government carry out by providing technical advice, money and materials. to the appropriate central ministries.

National transportation facilities, essential for economic and military purposes, are a backbone of the war effort. AID helps keep in operation and as possible develop the national highway, railroad, air and waterway systems through these programs:

Assistance in repairing and building major highways and bridges; provision of railroad locomotives and freight cars, and maintenance equipment and materials; construction of a jet runway in Saigon and installation of air traffic control systems at principal airfields; and provision of, and operational support for, eight dredges.

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In the field of national communication and public information facilities, AID has helped build a micro-wave telephone system linking Saigon and the main towns in the Mekong Delta, and has assisted in establishing a national radio network with seven stations reaching all parts of the countryside. In addition, AID has helped develop a national motion picture center.

To help broaden and deepen the pool of skilled Vietnamese in the fields of education and health, AID assists two central and a number of provincial teacher training schools, two nurse training schools and a medical education center to train doctors.

To develop other skilled personnel essential for long-range economic growth, AID provides assistance to an engineering college, an agricultural college and a vocational education program consisting of a central polytechnic, school, three secondary polytechnic facilities and six other technical vocational schools.

To keep alive in the midst of war long-range efforts to widen the South's economic base through industrial development, AID is assisting in building a modest light industry. This program has counterinsurgency value since it provides jobs to urban citizens and thus encourages support for the government in the cities.

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A small textile industry has been developed sufficiently to be able to meet most of the economy's civilian cotton requirements, and AID has helped establish over seven hundred small factories which produce cement, pharmaceuticals, rubber, ceramics, paint,

paper and plastics. To stimulate industrial growth, AID is encouraging the Vietnamese government to buy from local manufacturers many items previously purchased abroad.

General Economic Assistance

Though positioned last in this paper this program is of major importance and comprises the largest part of AID assistance.

In order to carry on the war the Government of Viet Nam must be able to operate from a firm economic-financial foundation. To do this it must ensure that sufficient commodities required from abroad are imported to keep the economy going and to prevent serious inflation which would result from a shortage of goods. At the same time, it must support the much larger military forces required without resort to excessive taxation, which would stifle the economy, or to the inflationary expedient of printing an excessive amount of money.

The Vietnamese armed forces receive equipment, supplies and advisory assistance through the U.S. military aid program but not funds for salaries, food, transportation and other operational expenses.

The government must accomplish both these tasks at a time when it has less money since revenue declines as communist rural power grows.

AID's general economic assistance helps solve this situation. It is provided through the commercial import program, supplemented by large imports of U.S. surplus agricultural products in short supply in South Viet Nam.

Under the commercial import program AID furnishes each year to the Vietnamese government a certain amount of dollar credits. The government sells the credits to Vietnamese businessmen for piastres, the local currency, and uses most of the latter for its military budget.

The businessmen in turn use the credits to buy essential goods abroad which they

import and sell commercially. The type and amount of imports are determined in contracts between the government and the businessmen so that only essential items are brought in---industrial raw materials, machinery, fuel and vital consumer goods.

The agricultural import program works essentially the same way. Surplus agricultural products---cotton, tobacco, milk and other items---are brought in and sold to businessmen for piastres which go to support the military budget. The businessmen then sell the goods on the market.

In this way sufficient required commodities are imported to sustain the economy and help prevent inflation while at the same time the government is able to meet its military budget in a fiscally sound manner, and thus is able to operate from a firm economic-financial base.