

U.S. OPERATIONS MISSION
AMERICAN EMBASSY
Saigon, Vietnam

ECONOMIC ASSISTANCE TO THE REPUBLIC OF VIETNAM

OBJECTIVES

The immediate and overriding United States objective in South Vietnam is to help the Vietnamese government and people resist and defeat the Communist insurgents.

To achieve this goal, the United States provides two forms of assistance: military, administered by the Department of Defense, and economic, administered by the U.S. Operations Mission (USOM) of the Agency for International Development (AID).

The role of USOM is to help the Vietnamese government develop effective political, social and economic programs. These are designed to give the people the incentives to defend their homes and villages.

PROGRAMS

USOM performs its role in large measure through Supporting Assistance. This is a type of economic aid provided to those countries whose defense efforts so strain internal resources that stability is endangered and development cannot proceed without outside assistance. In Vietnam, Supporting Assistance grants are used to finance essential commercial imports and counter-insurgency measures.

Commercial import assistance provides funds for the purchase of essential commodities such as medicine, trucks, fertilizer, machinery, cement and steel. These commodities for the most part are purchased in the United States. In the month of July, 1964, for example, plants in 22 states were among those furnishing commodities to South Vietnam under USOM financed contracts.

The USOM Counter-insurgency program directly supports the war effort in the rural areas. USOM supplies and technicians enable "new life" hamlet dwellers and refugees from the Viet Cong to earn a livelihood, construct schools, health stations, rural water supply facilities and hamlet defenses. The program includes distribution of improved seed, fertilizer and rat poison; help in establishing a hog raising industry, and in growing better corn and sweet potatoes.

Through this program, USOM is equipping villages and hamlets with two-way alarm radios and providing personal radio receivers to key residents. The counter-insurgency program

supports the immediate economic and social needs of the rural population.

USOM also provides grants for Technical Assistance. This is a form of help designed to create the human and institutional resources necessary for development of a free society. The Technical Cooperation and Development Grant Program in Vietnam extends to advising, training, teaching and helping in such fields as health, education, public administration, agriculture, public works and industry.

In addition to the dollar grants for Supporting Assistance and Technical Assistance, economic help is provided through Food for Peace. This is accomplished through:

Sales of U.S. surplus agricultural commodities under Title I of Public Law 480;

Direct grants of surplus goods by USOM under Title II of P.L. 480; and

Donations of surplus food from private voluntary agencies authorized by USOM under Title III of P.L. 480.

The Title I agricultural commodities supplement the commercial imports. The sales of these commodities generate local currency (piasters) which cover most of Vietnam's expanded military budget.

The Title II grants of food are integrated into the counter-insurgency and technical cooperation programs where appropriate. For example, during 1965, \$24.9 million worth of bulgar wheat, corn, oil and dry milk will be distributed to 304,000 families in hamlets as part of the counter-insurgency program. Another Title II project to help the technical cooperation program will provide \$8.7 million worth of surplus corn to 44,000 families to increase the production of livestock and poultry.

AMOUNTS OF AID

From Fiscal Year 1954 through June 30, 1964, the U.S. committed to Vietnam for economic assistance more than \$2.1 billion, of which more than \$240 million was in Food for Peace commodities.

Economic aid for Fiscal Year 1964 (July 1, 1963-June 30, 1964) totaled \$233.9 million, of which \$165.7 was in dollars for Supporting Assistance and Technical Cooperation, and \$68.2 million in Food for Peace sales and grants.

The Fiscal Year 1965 program proposes \$272 million in economic aid, of which \$65 million would be in Food for Peace commodities.

PERSONNEL

The U.S. Operations Mission in Vietnam is the largest maintained by the Agency for International Development (AID). More than 400 direct-hire U.S. nationals are serving presently. Another 150 are en route or in process. Additional advisers on rural health, public safety, rural affairs and logistics are being sought. AID also finances advisers from other countries.

The ultimate total of U.S. direct-hire AID personnel will be more than 700. About twice this number of Vietnamese nationals are hired directly by AID or by AID contractors.