AGENCY FOR INTERNATIONAL DEVELOPMENT

USOM

VIETNAM

OPERATIONAL REPORT

FY 1963-1964
UNITED STATES OPERATIONS MISSION

OPERATIONAL REPORT

1963 - 1964

AGENCY FOR INTERNATIONAL DEVELOPMENT

VIETNAM
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FOREWORD

An aid program, like a nation, is a dynamic thing — constantly moving, constantly changing according to circumstances. To capture it in print it is possible only to capture a given moment — a certain period of time — recognizing that nothing stands still and with the hope that the reader will also recognize this fact of life.

So it is with this report. In the period since it has been in preparation for publication, many changes have already come about in Vietnam and in the US assistance program. The political upheavals of late 1963 and their after-effects continue to plague the efforts toward stable government.

These efforts continue, as the embryonic civilian government of Tran Van Huong is presently struggling to harmonize diverging influences in the body politic. What the outcome of this struggle or its consequences will be with respect to the effectiveness of government in this country is truly an unknown factor at this time.

The effects to date of the economic aid program in Vietnam are, however, readily identifiable. The economy of the nation has been kept afloat by the commodity import program; and aid-generated piasters have carried from 30-40% of the total GVN budget. The economic base of the country has been significantly expanded by new industry, new power generation and distribution, new communications systems, new water supply systems, and improved transport capability. The reservoir of human skills has been both widened and deepened by technical assistance and training programs in public administration, health, education, agriculture, police, information, industry, etc. Lacking in glamour or short-term impact, the effort of the past years is now beginning to have the multiplier effect that comes only with time. And lastly but of great importance, aid commodities have sought to bolster GVN ability to withstand Viet Cong infiltration and subversion throughout
the country. It is in this latter area that much needs yet be done to
develop the strengths and the tactics sufficient to counter the insurgency.
The task of marshalling a total effort, combining in proper degree
physical, psychological and motivational factors, and representing combat
capability, intelligence gathering, civic action, effective civil administra-
tion, and informational activity, presents the Government of Vietnam
with its greatest challenge today. Progress is being made in this
all-crucial area, and, with the expected strengthening of Government's
cohesion and administration, CY65 should be a year of accomplishment
and further steps towards ultimate pacification and politico/economic
health.

The period of time captured in this report covers the last two
years of the stewardship of Joseph L. Brent as Director of the U.S.
Operations Mission in Vietnam. In a major sense it is a testimonial to
that stewardship and that of his colleagues in the USOM.

This report is submitted in the hope that it will give the reader
a better view of what the United States' economic assistance program
has undertaken in Vietnam. Between the lines, the reader will also
detect something of the problems, frustrations, and satisfactions that
are shared by all who have participated, or are participating, in this
multifaceted operation.

JAMES S. KILLEN
Director
United States Operations Mission to Vietnam
American aid to newly independent South Vietnam began in 1954. At that time the economic base built up during decades of French colonial administration had been largely destroyed by seven years of civil war. The government had far too few trained civil servants for Vietnam's population of twelve million. In addition, it had to absorb a million refugees from the North. Vietnam was in such economic and political straits that many expert observers on the scene predicted that after only six months the new regime would succumb to chaos, and then to Communism.

In the eight years following independence, the American people, furnishing $1,687 million in economic aid, assisted the people of Vietnam in achieving a remarkable degree of economic recovery and progress. From 1954 to 1962 the American aid program emphasized long-range social and economic development. There were two main aspects to the program. First, the US funded over 50% of the commercial imports, to enable the government of Vietnam to maintain basic living standards and governmental services during the period of economic recovery. Second, the US furnished technical assistance, concentrating on expanding agricultural and industrial production, developing governmental services, assuring public safety, and building a transportation network. The US also trained the personnel who would implement these programs. The results achieved by this massive American investment in the future of Vietnam — together with the energy, initiative and resourcefulness of the Vietnamese people — can be seen from Table 1.

In the late 1950's it was becoming increasingly apparent to the Communist regime in Hanoi that South Vietnam was not going to fall into its hands like a ripe apple. Indeed, the growing contrast between the prosperity of the South and the poverty of the North was becoming a source of embarrassment to the Communist movement. Accordingly, the decision was made to take direct action to bring South Vietnam into the Communist fold. The Viet Cong cadres left behind in the South after the 1954 Partition began to step up terrorist activities in 1959 and 1960.
Table 1
EXPANSION IN THE VIETNAMESE ECONOMY, 1955-1961

<table>
<thead>
<tr>
<th></th>
<th>1955</th>
<th>1961</th>
</tr>
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<tr>
<td>Rice Production</td>
<td>2,839,000 tons</td>
<td>4,955,000 tons</td>
</tr>
<tr>
<td>Rice Yield per Hectare</td>
<td>1.3</td>
<td>2.1</td>
</tr>
<tr>
<td>Rubber Production</td>
<td>66,400</td>
<td>76,900</td>
</tr>
<tr>
<td>Jute Production</td>
<td>382</td>
<td>2,441</td>
</tr>
<tr>
<td>Kenaf Production</td>
<td>0</td>
<td>7,800</td>
</tr>
<tr>
<td>Hogs</td>
<td>2,295,000</td>
<td>3,620,000</td>
</tr>
<tr>
<td>Fertilizer Imports</td>
<td>44,000 tons</td>
<td>124,000 tons</td>
</tr>
<tr>
<td>Electricity Production</td>
<td>203,000</td>
<td>306,000</td>
</tr>
<tr>
<td>Railroad Freight</td>
<td>77,000</td>
<td>142,000</td>
</tr>
<tr>
<td>Students — Elementary</td>
<td>602,000</td>
<td>1,300,000</td>
</tr>
<tr>
<td>Secondary</td>
<td>53,000</td>
<td>170,000</td>
</tr>
<tr>
<td>University</td>
<td>2,500</td>
<td>11,500</td>
</tr>
<tr>
<td>Exports ($000)</td>
<td>69,000</td>
<td>84,000</td>
</tr>
</tbody>
</table>

On December 12, 1960, the Viet Cong campaign was formally opened with the announcement of the establishment of the «National Front for Liberation.» During early 1961, Viet Cong activity was gradually increased. The US was aware of this problem; in his visit to Saigon in May, 1961, Vice-President Johnson promised increased aid to the Government of Vietnam. Then, in the summer of 1961, the Communists took advantage of the deteriorating situation in Laos to infiltrate a number of cadres through Laos into South Vietnam. Increasing Viet Cong military activity created a crisis which resulted in General Taylor's visit to South Vietnam and President Kennedy's decision to increase US military assistance. Intensive planning in Saigon and Washington resulted in the formulation of the Hamlet Program, which was formally inaugurated in February, 1962, as a major part of the pacification effort.

Experience has shown that a nation seriously threatened by Communist insurgency can survive only when backed by popular support. Accordingly the new strategy has aimed at establishing a stable administration, economically and politically viable, enjoying and meriting the support of the people. The strategy has three major programs: military action against the armed Communist insurgency forces; economic, political, and social programs directed at the rural population so as to win its support for the government; and long-range efforts to provide an adequate military, economic and social base which will enable Vietnam to achieve future objectives.
A great deal of the US effort is below the surface, or behind the scenes. What is visible is project-type assistance, the concrete results of US aid. What is not so immediately evident is the amount of work and resources that goes into budget support and program planning. USOM has two main offices and several divisions. The Office for Program and Planning works with the Vietnamese Government to help plan programs to accommodate the nation’s most pressing needs. It provides the services of expert economists who work with counterparts in the GVN Ministries. This office also programs large-scale general economic or “non-project” assistance to give financial support to Vietnam’s military budget, whose requirements are far in excess of the GVN’s ability to collect piasters internally to support necessary expenditures. Piaster-generation programs administered by USOM are the Commercial Import Program and the Food-For-Peace imports. 90% of the piasters thus acquired have gone to support the nation’s defense budget.

Counterinsurgency and project assistance is provided through the Office for Rural Affairs (ORA) (now reorganized into an Office of Operations), together with the various technical Divisions. Using the technical knowledge of Vietnamese and American personnel and the supplies of essential materials and equipment being provided by the GVN and the US, this office advises the GVN in a series of specific efforts to solve individual problems. The emphasis is on counterinsurgency and the principal objective is to gain the support of
"Yellow Golden" melons are harvested for the first time in Vietnam at My Tho.
the rural people of Vietnam. At the field level of operations, the ORA is the principal link between the Divisions; through the ORA the activities of the Agriculture, Public Health, Education, etc., Divisions are fused into an effective economic program.

There has been a recent trend towards increased decentralization of USOM activities. Regional offices are now being established in the four prime regions corresponding to the Military Corps areas of the Republic of Vietnam. These regional offices will be staffed by representatives of all of USOM's substantive divisions and a Regional Coordinator will be charged with the overall administrative and operational responsibility for all activities and personnel assigned to his region.

In 1964 USOM efforts have continued to be directed toward the general objective of winning the loyalty of the rural population. The major emphasis of USOM activity in FY 1964 has been on the improvement of living conditions in the Mekong Delta region, an area currently of crucial importance in the counterinsurgency effort. Among the programs are the following:
1) An intensive well-drilling program to increase the supply of potable water;

2) Distribution of 50,000 tons of fertilizer over and above normally available quantities;

3) Improvement of the rice crop by means of a free distribution of improved seed to farmers in this area;

4) The establishment of a total of 25 provincial radio broadcasting stations to supplement the national network.

This report attempts to describe briefly the US economic aid program in Vietnam and its recent accomplishments, as well as the means by which these accomplishments have been effected. Everything cannot be covered in a publication of this nature; it is hoped that the most significant achievements of USOM/Vietnam in the past two years are presented.
The Office for Rural Affairs represents a new approach to technical assistance. Its philosophy is one calling for the provision of psychological as well as material aid. The primary purpose of the ORA is to assist the GVN in securing and sustaining the loyalty of the rural population. This is accomplished by assisting the rural citizen to become secure from Communist-inspired guerrilla activity, and by awakening and developing a sense of village and hamlet solidarity through cooperative community improvement programs aimed at consolidating individual and group, local and national sensibilities.

Material aid is part of the Rural Affairs program insofar as it is instrumental in gaining popular support. Provincial stocks of wheat, cooking oil, cement, roofing, clothing, tools and miscellaneous items have been built up and are distributed to achieve specific purposes. While US Government surplus property lists are checked for items which might be of significant use to the rural population of Vietnam, the ORA does not merely hand out supplies. It provides needed advice and counsel to people in the provinces and stimulates them to help themselves. Appealing programs of technical assistance such as plant protection, hog improvement and rural water supply, are quickly expanded. ORA assists the GVN in the relocation of families whose homes have been destroyed by VC action or natural disasters. It also provides advice on the «Chieu Hoi» (Open Arms) campaign, which offers amnesty and rehabilitation to Viet Cong who voluntarily surrender.

In order to bring to each village and hamlet the assistance most useful to that particular community, planning and program implementation have been largely decentralized to the province level, and, in some cases, even to the hamlet level. At least one USOM representative is stationed in each of Vietnam’s 42 provinces. A committee, headed by the Vietnamese province chief, and including the USOM representative and the US sector

* This office was reorganized as the Office of Provincial Operations in July, 1964
Farmers receive US Aid soybean oil as prizes for their work with agricultural extension agents.

(province) military advisor, decides the specific projects to be initiated in each hamlet. The people of the hamlets also select certain community improvement projects, to be achieved through Self-Help (the people of the hamlet furnishing the labor and US aid and the GVN furnishing the money and/or commodities).

The Strategic Hamlet, or New Life Hamlet, is the smallest administrative unit of the country. A fully operative hamlet is a community whose population is committed to resisting the Viet Cong with every means at its disposal. To this end, a defensive perimeter is constructed around the hamlet, men are trained and armed to defend it, and a variety of government social and economic services and Self-Help programs are introduced. These measures all have the goal of encouraging the population to adhere to the Government of Viet-Nam and to defend itself against the Viet Cong. The fortification and armament of a hamlet are also for their psychological value: they give the people the feeling that their actions plus those of the regular military forces can bring them security. For this reason the hamlet has best been described as «a state of mind.»
The hamlet program was first put into effect in late 1962, when the Office for Rural Affairs started operations. This was the first time that the US had been engaged in such a large-scale counterinsurgency effort, in which economic and technical assistance was to play such a major role. It was also the first time that US economic aid and technical assistance had been so decentralized. Flexibility was the keynote. To be effective it was necessary to respond quickly to emergencies and to provide immediate assistance for those who had been left homeless by Viet Cong action and those who had to be quickly relocated for security reasons.

The whole concept of Rural Affairs operations received its acid test in the northern province of Quang Ngai. This was an area of extreme poverty which had a tradition of rebellion and was generally considered to be one of the principal Viet Cong strongholds in Vietnam. It was therefore singled out for a particularly rapid implementation of a com-
bined civil and military counterinsurgency program. About 268 hamlets, comprising much of the area's population, were organized. Commodities, including fertilizer, cement, food and miscellaneous material, were distributed. Rats were largely eradicated in an intensive campaign just before the harvest. The ORA together with the Agriculture Division furnished the pesticides, equipment, and technical guidance.

The payoff came early in 1963. As large numbers of government troops moved into the province for a major clearing operation, the Viet Cong decided to make an all-out assault on the hamlets. In a six-day period they struck at over fifty hamlets; all of the attacks but one were repulsed. It was basically a people's victory. The people informed government forces well in advance of VC moves, ambushed small groups of VC scouts, and fought in every
way they could. Because of the resistance of the people, which was apparently a result of major changes in attitude brought about by the counterinsurgency program, Viet Cong influence in the province was greatly reduced.

Millions of people have felt the impact of the program. By the end of 1963 about 8,000 hamlets had been launched, bringing about 9,000,000 people into the program. By the end of the year some 7,000 Self-Help projects had been undertaken or planned, involving most of the hamlets in the country. The Office for Rural Affairs had delivered about 145,000 tons of commodities. These commodities were moved by truck, barge, coastal steamer, LST, airplane, helicopter, and Tri-Lambretta.

About 50,000 Montagnard tribespeople were resettled. These people often had to be relocated substantial distances from their ancestral areas so as to be kept out of Viet Cong control. Rural Affairs advised and assisted provincial administrations in planning new settlements for them, and special cadres were sent in to organize them and train them for settled living. At first many were unwilling to give up their semi-nomadic way of life, but as they saw the results of the first new settlements of Montagnards, more and more came voluntarily out of the hills and asked for assistance in resettlement. The life of large areas of the plateau provinces was transformed as these tribes began to receive education, medical attention, and economic improvements.
The greatest impact of the program, however, was on the Central Coastal provinces. The pattern of habitation of these areas was best adapted to defense by the hamlet technique, and in this area the government made strenuous efforts to consolidate its position against the Viet Cong. The Office for Rural Affairs, with the USOM Agriculture Division, made a major assault on the poverty of this area.

The November 1, 1963, military coup in Vietnam slowed efforts in the countryside considerably. The Vietnam Government's bureaucracy was paralyzed by the coup, and as a result, communication between Central Government and provincial administrators was at a standstill for several months. The decentralized organization and methods of the ORA was a major factor in preventing provincial governments from being totally immobilized by the
inactivity of the central government. Gradually, however, the GVN resumed its functioning and coordination with Rural Affairs personnel was strengthened. The frankness of the new administration in dealing with Americans in Vietnam was one of the main factors in this improved cooperation.

In 1964, increased emphasis has been placed on activities in the «Critical Provinces» of the Greater Delta area. The maximum feasible input is being made in these provinces. This does not, however, mean that other areas are being neglected. Generally speaking, they are provided with adequate resources and technical advice to carry out necessary programs; Rural Affairs is thus concentrating on reaching as many individuals as possible in the attempt to demonstrate through tangible evidence that their support for the Central Government is justified.
One of the primary objectives of the aid program in Vietnam is to provide the village population with the means and the know-how to raise agricultural incomes as quickly as possible. During 1963 and 1964 the Agriculture Division, assisting the Ministry of Rural Affairs and other GVN agencies, continued its assault on the worst poverty problem of quality. The Agriculture Division attacked the poverty of these 700,000 families, using as ammunition fertilizer, pesticides, new livestock and new crop varieties.

A massive fertilizer campaign was launched in 1963 with the goals of achieving an immediate yield increase and of achieving a permanent in farming techniques. A million tons of chemical fertilizer were delivered in the first year and 50,000 tons in the summer of 1964. This chemical was distributed through provincial centers and hamlet committees. The distribution of fertilizer was done in a campaign in which supervised demonstrations were conducted, and leaders from each hamlet were trained at provincial centers for training sessions. These sessions were not only about the use of fertilizer, but also about hog raising and new crop varieties. The education campaign also included
Rice planting at My Tho.

The newly introduced wheel cultivator from the US has been accepted with great enthusiasm by farmers in Long Khanh province.
distribution of posters and leaflets. Many farmers reported 30% increases in yields due to application of fertilizer, and it is estimated that the fertilizer program resulted in an overall yield increase of 8 to 10 percent.

In 1964 the results of a pest-control campaign that began in 1961 were tabulated. That year a nationwide organization of plant protection services was built up. A plant protection agent was trained and established in each province, equipped with a special Tri-Lambretta mobile unit and enough sprayers for his whole province. Beginning in mid-1962, a rat-eradication campaign killed a rat population many times the region's human population; in 1963, further rat control drives finally eliminated rats as a major cause of crop damage in Central Vietnam. During 1964 USOM built up sufficient stocks of rat poisons to supply 75% of the farmers of all of Vietnam, and thus keep rats under control in all areas.

In addition, spraying brought the second major pest of the Central Lowlands, rice-hoppers, under control. Sprayers were loaned out by the government's provincial plant protection agent. In Central Vietnam insecticides were distributed without charge; in other areas they were sold at low prices. Outbreaks
Farmer using a primitive insecticide spray gun.
of several other pests of secondary importance in various regions were also brought under control. By the end of 1963 the Ministry of Rural Affairs' Plant Protection Service was ready to control pest outbreaks in any secure area of Vietnam and in many insecure areas. During 1964 the Service began a campaign for selling sprayers to individual farmers. Twenty-one thousand will be sold this year.

One of the most successful activities of the Agriculture Division is its hog raising program. Successful hog raising, which can provide a relatively decent income for a family with very little land, requires adequate credit facilities, decent feed, breeding stock, know-how, and adequate veterinary treatment.

_The Plant Protection Service not only sells insecticides and sprayers at low cost but also provides training in their use._
The hog raising program includes corn, hogs, improved pigsties and farmers' cooperatives.
The basis of the program is three 100-pound sacks of surplus corn, three pigs, and eight sacks of cement per family. The distribution is handled by cooperatives and farmers' associations throughout Central Vietnam on low-cost loans. Feed corn is also distributed by the cooperatives on loans. The farmers purchase a limited supply of the American corn and the materials to complete the concrete pigsties on a credit basis from the cooperatives.

Some 5,000 families are participating in the program, and 16,000 high-quality hogs have been distributed. Each hog is treated for hog cholera. Extension agents visit areas of hog distribution to explain proper techniques to the farmers. The introduction of this program on a nationwide scale has already had a considerable impact on the economy, and preparations have been made for its expansion.

To provide a source of feed for hog raising in Central Vietnam, and also to provide an export crop, various varieties of corn were tested. Guatemala Golden Flint Corn was selected as the most suitable for this region; since it is 50% more productive than local varieties. During 1963 about six tons of this seed were distributed, largely in the Central Lowlands. This program will not only raise the yield of the land now devoted to corn, but it will provide for expansion of corn acreage. In many areas of Central Vietnam, corn can yield a higher income per hectare than rice.

In 1963 about 3,000,000 sweet potato cuttings and 200 tons of roots were distributed in Central Vietnam, including varieties which can yield 100 to 200 percent more than varieties previously planted. Progress was also made with several truck crops in the Central Highlands: Vietnam no longer has to import potatoes, onions and garlic, as production of these vegetables is now sufficient for domestic needs.

Pond culture of fish, a traditional source of income in rural areas of many parts of Vietnam, has continued to expand. Distribution