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SAIGON, VIETNAM--Peace for South Vietnam would bring a tumultuous economic upheaval, worse than this little Idaho-sized nation has seen in 25 years of war. It would require an American-backed Marshall Plan to curtail the period of turbulent adjustment and to bring prosperous stability.

"If America won the shooting war--and ~~was~~ withdrew ~~it~~ from Vietnam militarily and economically, the country would still collapse in five minutes," one Vietnamese economic expert explained. "If the Viet Cong Communists win the war, the South will just be the rice supplier for Hanoi."

While American experts predict a Korea-type comeback with the first breath of peace for South Vietnam, Vietnamese economists predict, "If we have peace tomorrow, Vietnam will still be an economic slave for 100 years. The whole purpose of the American ~~economic~~ import program (US\$400 million last fiscal year) is to halt the inflation and to finance the military war--not to develop ~~the country~~ in a positive manner the country economically."

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Vietnamese economists are especially critical that so little has been done to develop the economy; yet the ~~economic~~ dilemma is that the economic base of Vietnam--the agricultural countryside--is either held by the Viet Cong or is such a hotely contested battleground that development is impractical.

Currently, "almost all the productive resources are employed in war and not in peace," as one ~~far~~<sup>2</sup> economic expert explained; the artificial "war-dominated" Vietnamese/economy would be badly bruised, if not battered, in the marked shift towards a ~~prep~~<sup>3</sup> prosperous peace-time one. The multi-facted resources with this war-time economy can be shifted--but not automatically--into a ~~prosperous~~ peace-time economy. With peace in the countryside, some of the 700,000-man Vietnamese armed forces could return to their rice paddies and lumber plants; agricultural production could be vastly improved over the pre-war level. But what would happen to the others? Some of the Vietnamese troopers, who are already beginning to think of that problem, wish the government could finance the equivalent of the GI Bill, in which they would be given free education--an important commodity ~~in~~<sup>2</sup> in a Confucianistic-based society. But, few see little hope of that.

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Current

The official spending of the American and Vietnamese governments has put such a strain on the economy and the manpower budgets "that we may have to cut back a few programs and bring in fewer American troops," according to one well-informed economic specialist. In 1964, the Vietnamese-American government official spending was 40 billion piastres (US\$400 million); in 1965, was 60 billion (US\$600 million); in 1966 was 100 billion (US\$1 billion). In 1967, the ~~in~~ expectations are it will level off at ~~75~~ 75 billion piastres, ~~(US\$750 million)~~ (US\$750 million). In 1965, the American and Vietnamese government hired 130,000 persons from the private sector of the economy; in 1966, the figure jumped to 160,000; in 1967, the figures are expected to level off at 80,000. One of the prize factors that has developed during the war has been the training and up-grading of hundreds of thousands of skilled and ~~and~~ semi-skilled workers. These could be transposed to into a peace-time economy—but ~~whom~~ employed by whom without continued, though gradually-diminishing/monetary outlays by either the American government or the Vietnamese government—which is almost totally backed by Washington ~~economy~~ economically? The shortage of capital and managerial talent within the Vietnamese private sector of the economy is so great that only a dozen or so persons with a ~~given~~ specialized sphere have the money or the capabilities to ~~begin~~ even begin to fill the vacuum created by a withdraw of the American dollar. Rarely do Vietnamese pool their capital even in the vaguest of stockholding ~~ret~~ ventures.

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What will American leave behind after the shooting war? It has directly or indirectly financed the construction of 14 jet-length runways in the country; but only the Vietnamese government has the talents and money to run a civilian airline; in most cases, the fares are too expensive for Vietnam's "black people." (working class). The American base camps and cantonment areas would ~~in~~ bequeath some usable buildings which could be converted to schools or office buildings. Fine ~~tele~~ telephonic communications, now monopolized by the military, would, along with the new arrival of television, allow better communications among the ~~span~~ fragmented Vietnamese nation-~~hood~~.

Many American officials, including President Lyndon Johnson, have stated that the \$100-million Cam Ranh Bay port, air and logistical base would be converted into an industrial complex and planned city. But some Vietnamese and American officials concede that is a ~~for~~ distortion. The 50-acre ~~base~~ American base, under total American jurisdiction, now appears to be planned as a total military operational area on a long-term basis; there ~~is~~ are reports by some American officials that an American submarine base will be constructed there.

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The civilian industrial complex and planned city is now planned to be built ~~near~~ nearly two miles from the military area; civilian piers and port facilities separate from the elaborate military ones are under consideration, according to informed sources.

But, despite ~~glamor~~ glamorous pronouncements, including those during the Honolulu Conference in February, no industrial complex has even been started, "because we don't have the money and all our plans are on Cloud No. 9," one American official x explained. "The people who drew up the plans thought we had simple things we don't have--like electricity and water." Some American officials estimate that US\$200-300 million "would do a great deal to get things started" in Cam Ranh Bay, but that has yet to be forthcoming.

New plants ~~was~~ constructed last <sup>fiscal year</sup> with Vietnamese private investments totaled US\$16.8 million, up from US\$7.2 million during the previous fiscal year. These light industries--everything from duck feather plants, to sewing machine heads and bicycle tires--however, depend as much as seventy percent on American-financed imported materials, rather than on the Vietnam-produced agricultural items which are now ~~engaged~~ <sup>PLA KADEP</sup> by the war.

On the medical side, the American government has financed the building of 28 "surgical suites" attached to provincial hospitals; these are staffed by 42 American and Free World teams from Iran, Philippines, Australia, Switzerland, Formosa, New Zealand, Britain and South Korea.

American military patrols often move into contested or insecure areas to perform medical services for the peasants--some dispensaries ~~exist~~ <sup>VICT NAMESE</sup> and rural health workers would remain after an American military withdrawal.



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## IMPROVEMENTS IN

~~Increases in education~~ of teachers' training and education of children have been noted, even though some of the new-constructed schools lack teachers. Economic officials predict that next year ~~that~~ eighty percent of all eligible age school children at the village or hamlet level will receive some kind of education—though some of it may be only of third grade level.

~~Much~~ <sup>MANY</sup> of the economic ~~assets~~ <sup>assets</sup> ~~in~~ <sup>H</sup> South Vietnam ~~possesses~~ <sup>POSSESSES</sup> for a peaceful tomorrow depends on what the Communists eliminate on the eve of the peace. For example, in Long An province, immediately south of Saigon, American and Vietnamese government built 58 schools during the first ~~ten~~ ten months of 1966; the Viet Cong blew up 56 of them. A Korean engineering unit stationed near Saigon built one school for Vietnamese children; the Viet Cong blew it up the night it was completed; the Koreans re-built the school and the Viet Cong destroyed it a second time.