

***“Lead us not into Salvation, but deliver us from Deliverance”:* The International Cooperation Administration’s delivery of U.S. foreign assistance to the Republic of Vietnam, 1955-58**

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Abstract:

In 1963, the Vietnamese Buddhist monk Phuc Quinh described his exasperation with the United States’ foreign assistance to his country, the Republic of Vietnam, writing: “Save us from salvation and deliver us from deliverance!” What were the problems he saw that were so frustrating? Among the issues he perceived, U.S. foreign assistance included too many goods that were not useful in Vietnam, such as milk which was not popular among Vietnamese and was mostly wasted because of inadequate cold storage facilities. Especially problematic were goods that did not assist agriculture production or that did not contribute to increasing rice yields and other commodities.

Farmers in South Vietnam desperately needed tractors, small motors, and other relevant assistance. Instead, unnecessary commercial products, including alcohol, tobacco, and hi-fi stereo systems, were prominent in the foreign assistance distributed to Phuc Quinh’s country. This type of commercial import program misalignment not only failed to meet the needs of the Republic of Vietnam, it led to inflation, corruption, and several other political problems. Secondary issues included not only increased anger with the South Vietnamese government over its misguided administration of the country and misappropriation of U.S. foreign assistance, but also with the United States who supplied the wrong type of assistance for the rural conditions of Vietnam. In an analysis of U.S. foreign assistance to the Republic of Vietnam in 1958, these problems led the scholar Bernard Fall to write: “Vietnam needs hi-fi equipment like it needs a hole in the head.”

In the late 1950s, the U.S. State Department-led organization, the International Cooperation Administration (ICA), designed and implemented foreign assistance to South Vietnam. On September 4, 1961, President Kennedy signed the U.S. Foreign Assistance Act which disbanded the ICA, separated military and non-military aid, and established the U.S. Agency for International Development (USAID). USAID provided assistance to economically vulnerable countries, but it also encountered problems created by its precursor, the International Cooperation Administration (ICA). This project analyzes the ICA and problems with the assistance it provided to the Republic of Vietnam between 1955 and 1958. It also assesses how economic planning, including mechanisms for strengthening local currencies through the use of counterpart funding, failed and led to ICA dismantlement and the subsequent reorganization of U.S. foreign assistance through USAID.