



**A COUNTRY  
STAYS ALIVE  
WHEN ITS CUL-  
TURE IS ALIVE.  
HOPE NEVER  
DIES IN THE  
INDOMITABLE  
VIETNAMESE  
MIND**

- **SACEI Newsletter** updates you on the latest news about Vietnamese-America.
- It serves as a **LINK** between **SACEI** members and those who are interested in the Vietnamese or Vietnamese-American culture.

#### **INSIDE THIS ISSUE:**

Introduction	1
Gen. Nguyen Duc Thang	1
South Vietnamese Economy (1966-1967)	2
Vietnamese Products Made in USA	9
Australian-Vietnamese War Memorial	10
The Boat	10
Stone Instruments in VN	11
Year of the Rooster	13

## **SAIGON ARTS, CULTURE & EDUCATION INSTITUTE**



To Research, Document & Promote Vietnamese-American Culture

NEWSLETTER # 100

FEBRUARY 2017

### **SACEI is Proud to Introduce to You Our Centennial Issue.**

#### **VIETNAM 1966**

1966 was a fairly quiet year during which pacification, counterinsurgency—winning hamlet level hearts and minds, providing security—became a larger focus.

The NVA was successful in overrunning an isolated, poorly manned, defended and supplied Special Forces camp in the remote A Shau Valley in March of 1966.

Unending struggles for political power among the generals and political factions continued to hamper national unity in Vietnam. Inflation was relentless and prices had risen 40%. This was due to GVN budget deficits, military expenditures, and economic dislocation.

### **Gen. Nguyen Duc Thang** *James McAllister*

Journal of Vietnamese Studies. 2009: 4 (2): 117-153 (Excerpts)

Nguyen Duc Thang graduated in 1951, from the University of Ha Noi with a degree in mathematics. He later graduated from a French-run officer training class where he was a classmate of Nguyen Cao Ky. In 1958, he came to the United States for officer training at Fort Leavenworth, Kansas. By the early 1960s, Thang had risen to the position of commander of the Fifth Infantry Division. He was a good officer who marched on foot alongside his troops and was known to be a "moral man who doesn't worship money or playing around."

Like some of his American counterparts, Nguyen Duc Thang believed that the most important problem to be solved in South Vietnam was the crisis of leadership. He rarely entertained the possibility of directly entering the political arena. While he was in favor of a greater use of American airpower, he told Gen. Depuy that "he did not think that U.S. ground combat troops should be brought into the country."

Diem's successors ended the Strategic Hamlet Program, but they developed no alternative program for gaining control of the countryside. Nguyen Khanh, a one-time leader of the military junta, raised the theme of expanding the war to the North, but was not interested in pacification of the countryside. U.S. Ambassador Lodge enthusiastically brought Lansdale back with him to Saigon in August 1965 and appointed him to be his liaison to South Vietnamese officials working on pacification.

The basic concepts of the Revolutionary Development (RD) program were begun by Tran Ngoc Chau in Kien Hoa Province and further developed by the CIA with the creation of so-called Political Action Teams. The goal of RD is to win over the population to active political support of the government.

The cadre of the RD program, organized into teams of fifty-nine people, were put through a ten to thirteen-week training program at Vung Tau that was designed to instill in them the political motivation necessary to win over the population at the hamlet and village level. The RD cadre was supposed to carry out a variety of functions, ranging from surveying grievances of the peasants to rooting out the political infrastructure of the VC, as well as undertaking construction projects that would improve the daily life of the people.

*Continue on next page*

**Gen. Nguyen Duc Thang...**

The control of the program essentially passed from the CIA to Nguyen Duc Thang and the Sai Gon government over the course of 1966. He established his control of Vung Tau by appointing Tran Ngoc Chau as national director of the RD training program. It was estimated that after a period of two years only half of the villages in South Vietnam would be pacified and ready to vote in national elections. Progress in pacification might have been nonexistent or hard to discern in 1966, but Thang's standing among American and South Vietnamese officials was greatly enhanced by his central role in the 1966 Constituent Assembly elections. The prospects for successful elections were not very bright since the Buddhist opposition quickly decided that it would boycott the elections.

By February 1967, the CIA argued that the pacification program was finally moving in the right direction. Thang's main task was to ensure that the RD cadres and other village officials were fulfilling their responsibilities to the people in the hamlets. He spent most of his time out in the field, carrying out surprise inspections of the RD program.

Thang was apolitical. However, the 1967 presidential election greatly altered the political landscape in South Vietnam and changed Thang's place in the political system. Prime Minister Nguyen Cao Ky would like to be the military candidate for the presidency, but Chief of State Nguyen Van Thieu made it clear that he was unwilling to meekly step aside. In the middle of April 1967, Ky informed Lansdale that a meeting of the generals had decided that Thieu would have to drop out of the presidential race and that Thang had been selected to inform Thieu of this decision. Why Thang accepted the assignment of delivering the generals' views to Thieu is still not easy to discern. Thang asked Lansdale, "What do you want me to do against a whole system that is rotten and that you Americans keep helping stay alive?"

In early May, after another meeting of top generals, Thang did indeed visit Thieu in the hospital and told him that the military requested his withdrawal from the race. Thieu refused to withdraw from the race. The impasse was resolved when Ky somehow decided to back down and accept the position of vice-president on a ticket headed by Thieu.

The postelection conflict between Thieu and Thang would turn out to be a protracted and complex struggle. Thang was ordered to restructure the fundamental relationship between Sai Gon and the corps commanders. Ending the power of the corps commanders to appoint and protect corrupt or incompetent province and district chiefs would enable a reformist and determined Sai Gon government to carry out its programs. This would have been a revolution should he succeed. But Thieu was unwilling to move forward. Thang decided to resign from the ARVN in January 1968, due to his lack of support from top officials in the GVN. Thieu explained that the army had supported him in his quest for the presidency, and he was unwilling to "indiscriminately turn against them."

Thieu refused to accept Thang's resignation and appointed him as IV Corps commander to allay the Americans' fears of a crisis. The Tet Offensive, however, revived the issue of speeding up reforms for some officials in Washington. The CIA requested that Thieu appoint Thang as the minister of both interior and defense with the power to reorganize all command relationships and to remove any official he deemed necessary.

In April 1968, Thieu finally announced his own plans for ARVN reforms, and they were very similar to the ones Thang had long favored. What was ironic was that "the power of General Thang, as a corps commander, is curtailed by the very reforms he once unsuccessfully sought." The following month, Thieu appointed Tran Van Huong as Prime Minister. The latter with Thieu's approval decided to replace Thang and name him Ambassador to the U.S.

In the aftermath of an accident in which American forces killed Ky's several close and powerful associates, Thang decided to resign as commander of the IV Corps. He essentially watched the war from the sidelines after the summer of 1968.

## South Vietnamese Economy (1966-1967) *Nghia M. Vo*

The bloody removal of President Ngo Dinh Diem on November 1, 1963 (1) plunged South Vietnam into four years of political instability, military inefficiency, and economic difficulties. Due to political instability and the abandonment by the military junta of Diem's strategic hamlets program (2), governmental and social structures, the resulting chaotic and social void that ensued further worsened the weak political system in South Vietnam. From 1963 to 1968, South Vietnam endured ten changes of government. Not only did the government change, civilian instability caused by the Buddhist Struggle Movement and inept government response was also frequent enough to disrupt schools, markets, and daily civilian life severely affecting in turn the military conduct of the war.

Since economy plays an important role in nation building, it is important to understand South Vietnam's economy in the mid-1960s when the U.S. roughly had more than 200,000 troops on the ground.

*Continue on next page*

### ECONOMY OF A COUNTRY AT WAR

Vietnam was mainly an agricultural country with relatively few minor industries.

**Table 1. South Vietnam's Gross National Product and Budget**  
Revenue Projections 1960-1967 (VN\$ millions)

	1960		1967	
	Amount	%GNP	Amount	%GNP
Direct	831	1.0	2,857	0.8
Indirect	3,190	3.9	4,799	1.4
Excise	1,435	1.7	6,254	1.8
Registration	729	0.9	2,989	0.8
Total Internal Taxes	6,184	7.5	16,898	4.8
Customs	1,991	2.4	13,731	3.9
Total taxes	8,175	9.9	30,629	8.7
Foreign aid	4,481	5.5	21,577	6.1
Other revenues	1,577	1.4	13,085	3.7
Total	13,833	16.8	65,292	18.5
Gross National Product (billion)	82	100.0	352	100.0

Source: Halliman (1969)-Rand 2008 (3)

Due to insecurity problems in the countryside, the productivity of two main products—rice and rubber—decreased in 1964. Exports as a result decreased to VN \$1,696 million in 1964 compared to VN \$2,685 million in 1963.

From 1965 onward due to the presence of U.S. troops, the total money in circulation and in short-term deposits increased by VN \$5 billion from VN \$24,781 in 1963 to 30,329 million in 1964.

As security decreased, farmers and their workers slowly and gradually shied away from working in unsafe areas while new job creation was almost absent. As a consequence, the price index rose 5 percent in 1964 (4) and gradually increased with time.

The other problem was the rapid influx of American soldiers who with their liberal spending literally drove upward the costs of living toward the end of 1965. The increase escalated as the war got worse. U.S. troops in Vietnam rapidly increased from 60,000 to 200,000 in 1965 to 500,000 in 1967.

Sixty percent of the country's budget went to defense (table 6), which was deplorable for any country, especially a poor one.

**Table 2. Exports and Export Projections**  
1960-1978  
(US \$ Millions)

	1960	1967	1978	
			Low	High
Rice	37	0	40	90
Rubber	48	20	40	60
Fish products	*	*	10	40
Other agriculture	5	4	20	80
Subtotals	80	24	110	270
Industrials	4	1	50	170
Totals	84	25	160	440

Source: Halliman (1969)-Rand 2008 (3)

Neighboring Asian countries that were at peace during that period, only spent from 14 to 25 percent of their budget for defense. What made the condition worse in times of war was local corruption whether through the phenomenon of ghost soldiers, overcharges for supplies to training camps or other excessive local expenditures.

The Commercial Import Program (CIP) and the Industrial Development Project (IDP), highly touted features of American aid in times of peace, fell short of their goals in a country at war. Although the CIP provided much needed consumer goods and curtailed inflation, it went out of control. Local profiteers inundated South Vietnam with American-financed wares. Not only consumer necessities were available and affordable, luxury items such as water skis, hi-fi sets, automobiles, and air conditioners gradually became prevalent. (6)

Besides, most of the imports stayed in Saigon, giving it a falsely prosperous air, while leaving the countryside untouched. This mal-distribution just aggravated the divide between city dwellers and peasants, those who could afford to live in cities and those who remained in the countryside, and fa-

*Continue on next page*

**S. VN Economy...** vored the Viet Cong who lurked in the vast countryside close to the villagers. In the countryside, middlemen price-gouged U.S. fertilizers, farm tools, milk, plastic goods, textiles.

The CIP also undercut other AID program objectives. Intended as a "quick fix" to stimulate South Vietnamese economy, it gradually made South Vietnamese more dependent on American-financed goods and gave the South Vietnamese little inducement to invest in local production of consumer goods and building local industrial complexes. (7)

American advisers and critics in the beginning remained cloistered in the cities rarely working in the countryside. This allowed the Vietnamese to apply an old adage to the Americans, "In the hallways of my nation, strangers who see little remain strangers. They are, verily, tigers in my house." (8) It was only in 1962 that American advisers began fanning out into the countryside and their numbers were insignificant until 1966 by which time nation building became "pacification" work.

The magnitude of the American presence completely changed the society and even turned it upside down. It created tens of thousands of new occupations for job-hungry Vietnamese, skilled or unskilled. They worked as maids, butlers, cooks, house boys, gardeners, construction workers, stevedores, etc... They rented rooms, houses, became businessmen, importers, traders. While men were off in the military, women joined the workforce. Of Saigon's labor force of 330,000 close to 250,000 were women. A "Mrs. Danang" owned a villa she rented to Americans, several restaurants and a movie theater, as well as a lavish home of her own. Mrs. Nguyen Duy Luong owned pharmaceutical laboratories, di-

rected the Nam Bo Bank, and managed the Rex hotel in Saigon, where the U.S. military held briefings. (9)

The abundance of dollars and goods raised the living standards of the middle and working class urban residents. Ordinary households owned a radio, and one in ten a television. In 1967, the Saigonese possessed 100,000 motorbikes, 25,000 motor scooters and motorcycles, 25,000 trucks and 7,000 automobiles. Saigon's boom town atmosphere attracted thousands and thousands of rural Vietnamese. The city's population rose from 800,000 in 1957 to 3 million in 1970. By 1972, a survey revealed that only 25 percent of the Vietnamese questioned "were native of the city they lived in." The rest were either migrants or refugees of the war. Huge shantytowns encircled the city's prosperous center. Half of Saigon's 3 million dwellers lived in squalor, crunched into hovels slapped together from sheet of tin, cardboard, and mud. Authorities were able to complete 2,000 new public housing units a year, far below the 10,000 to 15,000 houses needed to stay even with the population increase. Sewage and other sanitation facilities hardly existed for Saigon's huge "fringe population." Disease was rampant. During the war, Saigon had the highest incidence of small pox, cholera, bubonic plague, and typhoid of any major city in the world. In 1965, only a dozen of antiquated French garbage trucks operated around the city. They dumped most of

**Table 3. Consumer Price Index**

	1959	Jan 1964	Jan 1965	Jan 1966
Middle class	100	115	122	176
Working class	100	116	124	184

Source: Yearbook of Statistics, 1967. The National Institute of Statistics  
Reproduced from Nguyen Anh Tuan, p. 99. (5)

**Table 4. Per capita incomes, per capita imports, and per capita imports per US \$1.00 dollar of per capita income: selected countries of East Asia (1966-67)**  
(US dollars)

	Per capita Income	Per capita import	Per capita import per US \$1.00 p/c income
Indonesia	100	5.42	0.05
Korea	139	33.44	0.24
Japan	1074	116.83	0.11
Philippines	175	27.61	0.16
Taiwan	247	54.48	0.22
Thailand	141	27.65	0.19
So. Vietnam	126	41.82	0.33

Source: *AID Economic Data Book East Asia*. Agency for International Development, Washington DC, December 1968; United Nations, *Year Book of International Trade Statistics 1966*. New York 1968, Table A, p 18. Imports are all CIF.  
Reproduced by Halliman (3)

*Table 4 shows that compared to other Southeast Asian countries, in the mid-1960s South Vietnam used a third of its income in imports compared to 5 to 24 percent for neighboring countries that luckily were at peace.*

*Continue on next page*



**Table 5. Trade balances: Korea and Vietnam 1953-1967**  
(in millions of US dollars)

Year	Korea			South Vietnam		
	Import	Export	I/E	Import	Export	I/E
1953	345.4	39.6	8.7	288.5	61.9	4.7
1954	243.3	24.2	10.1	267.0	50.6	5.3
1955	341.4	18.0	19.0	263.2	69.0	3.8
1956	386.1	24.6	15.7	217.7	45.1	4.8
1957	442.2	22.3	19.9	288.7	80.5	3.6
1958	378.2	16.5	22.9	232.1	55.2	4.2
1959	303.8	19.8	15.3	224.6	75.1	3.0
1960	343.5	32.8	10.5	240.3	84.5	2.8
1961	316.1	40.9	7.7	255.1	69.8	3.7
1962	421.8	54.8	7.7	264.5	56.6	4.7
1963	560.3	86.8	6.5	286.2	76.7	3.7
1964	400.4	119.1	3.4	297.8	48.4	6.2
1965	463.6	175.1	2.6	357.3	35.4	10.1
1966	716.4	250.3	2.9	564.9	24.8	22.8
1967	996.2	320.2	3.1	691.9	16.6	42.2

Source: Halliman (1969)-Rand 2008 (3)

Table 5 shows that by 1965 with American troops landing in Vietnam (8 March, 1965), the import/export ratio for South Vietnam rose to 10/1 and kept climbing to 42/1 in 1967. Prior to 1965, the annual ratio ranged from 3 to 6. For Korea whose war ended in 1953, the import/export ratio never rose above 24/1.

thought..." (12) Moreover, since the American Civil War a hundred years earlier, the US "way of war" practiced during WWII and the Korean War was to treat population in enemy controlled areas as an enemy resource. Therefore, American firepower was too often directed in rural areas where lived the very people that intervention was supposed to protect.

And, let's not forget that ARVN, underpaid, under-appreciated, too often poorly supported, occasionally treated their own people with excessive roughness.

### ANTI-INFLATIONARY MEASURES

The government of South Vietnam (GVN) had to take serious anti-inflationary measures, whose main purpose was to absorb the excess liquidity. The latter generated by the massive and rapid insertion of American GIs on the South Vietnamese soil threatened to disrupt the native society through inflation. That was one of the many factors that President Ngo Dinh Diem was afraid of and for which he was pushed aside. Raising taxes was not a wise political solution at that time because the government needed the support of its people. Measures taken included:

#### Issuance of public bonds

In the beginning, bonds were issued to absorb excess funds of business firms and private banks in order to encourage saving and investments while providing the government with a source of financing. The National Bank could then expand or restrict the credit market by modifying the interest rate and conditions applied to such credit operations as mortgage or discount. However, in 1964, credits to the private sector did not increase despite the rapid increase in bank deposits. As a result, bank liquidity was rather excessive.

#### Combating the smuggling of bank notes

The old South Vietnamese \$500 bills were easy to counterfeit and large amounts of these notes were hoarded on the international market by unscrupulous businessmen. The bank notes were taking out of the country illegally and the total of dealings in Hong Kong amounted to millions per week. Saigon ended up withdrawing VNĐ 5,599 million bank notes.

their refuse at sites within the metropolitan area. Saigon had only 6,000 hospital beds and there was just one doctor for every 8,000 residents. (10)

The abnormal state of the economy flipped traditional Vietnamese moral values upside down. A policeman only made U.S. \$25 a month, an American employed construction worker up to \$300. A civil servant with twenty years of experience earned \$85 a month while a young bar girl or prostitute could take in ten times as much. The crass materialism induced by the rising tide of the American dollar fostered anger among many Vietnamese. They abhorred the endemic corruption in the cities—crime, black marketeering, drugs, and graft. A Vietnamese stewardess said, "I don't want the Viet Cong to take away my freedom. But I can't help hating the Americans for the way they are corrupting my country." (11)

As to the people living in the countryside, they suffered not only from the insecurity, but also suffered from the horrors of the war. "The barbarity of Viet Cong (VC) terror, the seeming indifference of the enemy to the lives of their own countrymen had a profound effect on the Americans who came to fight in Vietnam. The cruelty of the VC toward the peasants reinforced the mistaken belief that life was cheap in the countryside. At the same time the inability of the peasants to defend themselves contributed to the contempt with which some GIs regarded them. Their refusal to risk their lives and those of their families by informing on the VC helped nurture the idea that they were themselves the enemy. The strategy of terror employed by the communists raised the level of savagery with which the war was

*Continue on next page*

**S. VN Economy...** Apart from this measure, the government tried to get more U.S. economic aid, especially commercial aid. It also tried to reduce advances from the National Bank to the Treasury, to increase budget revenues by reforming the taxation system, and to reduce unnecessary budget expenditures.

#### Increase export incentives

Exporters could earn VN \$100 for each dollar consisting of the official rate of VN \$35 plus 5/7 allowance of VN \$25 and the new supplementary allowance of VN \$40. They have also been granted 25 percent of their foreign exchange earnings to import such things as beverages, fresh and dried fruits and dairy products.

Results, however, were limited because exports of the two main products, rice and rubber, had been declining since 1964 due to insecurity in the countryside.

### MEASURES ISSUED IN 1965 AND 1966

By mid-1965, the war had escalated at an alarming rate, which required increased expenditures to control it far exceeding budget revenues. The National Bank had to provide more advances to cover the deficit. Money in circulation increased from 13 percent in 1962 to 79 percent in 1965 causing consumer price index to increase and leading to a new phase of severe inflationary crisis. New steps had to be taken.

#### 1. Readjustment of the exchange rate

The strong purchasing power of the 200,000 foreign troops affected the demand for commodities and services and caused a substantial loss for the national foreign exchange reserves when they used U.S. dollars instead of Vietnamese piasters to pay for their expenses.

Decree-Law 10/65 dated August 8, 1965 established a special fund at the National Bank for control of the selling and buying of foreign exchange. Sellers to the fund received a special allowance while buyers had to pay a special surtax of VN \$44.50 for each dollar bought or sold.

According to a signed agreement between the U.S. and South Vietnam, from August 31, 1965 onward, all U.S. personnel, civilian and military would be paid in military payment certificates (MPC or red dollar bill) instead of the U.S. currency (green dollar bill). From that date U.S. personnel were not allowed to bring green dollar bills into South Vietnam. (13) Since the National Bank had to spend VN \$118 for one U.S. dollar but could get only VN \$60 for it, it was not profitable to buy the currency. It also decided not to keep excessive foreign exchange reserves but would use them to increase imports.

#### 2. Anti-inflation measures related to the import program

Imports amounted to U.S. \$400 million in 1965 and U.S. \$600 in 1966, of which U.S. \$400 million were financed by Washington and U.S. \$200 million by Saigon. Because of the abundant foreign exchange available, an increase of U.S. \$200 million in imports would increase budget revenues from import duties and the Counterpart Fund.

To improve the efficiency of the import program, old and complicated procedures had to be abolished. This could only be done with the approval of U.S. authorities since two-thirds of the imports were financed by the U.S. This in turn raised another issue. In order to receive all the imported merchandise and since Vietnamese ports were either antiquated or had badly deteriorated with time, establishing new ports in Vung Tau and Cam Ranh and constructing more floating bridges and storage facilities were needed.

All these measures contributed to the expansion of the import program, which however led South Vietnam into an ever increasing reliance on foreign aid.

#### 3. The immediate working plan

Since the classic method of freezing excess money supply would not work in this case, emergency measures had to be taken. Imports were increased from U.S. \$550 million to U.S. \$660 million to absorb 70 percent of the excess money in circulation. An import fund was established in January 1966 and the main ports had to be expanded to meet the increasing demand of imports.

On the other hand, new taxes (excise tax, gasoline tax, land tax, and registration tax) were implemented. National defense bonds and national lottery tickets also increased budget receipts. Taxes on custom duties and luxury goods were also increased.

#### 4. The devaluation of the Vietnamese Piaster

*Continue on next page*

**S. VN Economy...**

Since 1955, there was a considerable difference between the actual value of the piaster and its official value. It was realized that in 1966, the average exchange rate was even higher than that of the free market. The devaluation of the piaster was bound to occur as an inevitable consequence of a protracted and costly war. Inflation was tolerable as long as depreciation of the piaster was gradual and the upward movement of prices was kept under control. However, from 1963 to 1965 the money supply rose rapidly reaching VN \$51.5 billion in January 1966 compared to VN \$36.3 billion in July 1965. (14) While prices increased moderately in 1965, they rose at an alarming rate in 1966.

The people lost their confidence in the piaster and began to spend money recklessly or to buy gold or diamonds as a protection or investment against inflation. Most of the gold was brought in illegally from Laos since the amount of gold that could be officially imported was low. The amount of gold brought in from Laos rose from U.S. \$2.4 million in September 1965 to U.S. \$3.3 million in January 1966 and U.S. \$4.4 million in April 1966. Despite this influx of gold, gold price shot up from VN \$7,900 per tael in September 1965 to VN \$12,400 per tael in May 1966. (15)

As such gold had become for the commoners a valuable asset for protection against the declining purchasing power of the piaster. The gold rush indicated a dangerous inflationary threat, which required drastic enforcement of governmental measures before it was too late.

The International Monetary Fund (IMF) dispatched a delegation to Vietnam to assess its economic situation. The report suggested that inflation in the second semester of 1966 amounting to VN \$16 billion would not be lower than that of the previous semester had the previous measures been strictly applied. Two solutions were suggested: either to open a new foreign exchange market or to modify the foreign exchange rate. The second solution appeared to have a sound basis for the national economy since the multi-rate system had caused many objections. For example, while a Vietnamese peasant could get only VN \$60 for each dollar in rice export, a foreign soldier got VN \$118 for each dollar spent. A single rate was needed to stop such discrimination. (16)

A modification of the exchange rate would have dramatic economic and psychologic effects on the commoners who not only had to endure the physical and economic consequences of the war, but also saw their earnings and savings volatilize rapidly. Prices would expect to rise until three or four months later before the effects of the measures would become evident. Then prices would stabilize.

**5. Economic measures of June 18, 1966**

On June 18, 1966 the Saigon government announced a series of measures aimed at stabilizing the economy: increasing salaries for civil servants and military personnel, selling gold to jewelers, establishing a new exchange rate for the piaster, and abolishing limitations in industry and commerce.

To show its concern for individuals most likely to be hit hard by the inflation and usually its staunchest supporters, the government raised the salaries of civil servants and military personnel:

- 30 percent on total salary for those whose pay was less than VN \$5,000 per month,
- 25 percent on total salary for those earning from VN \$5,000 to \$10,000 per month,
- 20 percent on salary for those earning more than VN \$10,000 per month.

The decision was effective retrospectively from June 1, 1966.

A gold fund was established at the National Bank for the purpose of fixing the quotas of gold to be sold, establishing the gold price, and determining intermediary commissions. Designated banks were authorized to buy gold from the National Bank to sell it to licensed jewelers.

A new exchange rate for the piaster was set at U.S. \$1/VN \$80 effective from June 18, 1966. The new exchange rate was applied to all exchange dealings throughout South Vietnam. Allowance to the import of equipment was set at 20 percent of the value of the equipment. Outstanding students abroad were granted and allowance of VN \$38 per each dollar transferred.

New import licenses were to be granted to anyone who fulfilled the stipulated requirements. (17)

**ANTI-INFLATIONARY EFFECTS**

The economic measures overall had an impact on the inflationary gap, the change in money supply, and the stabilization of prices.

The inflationary gap was wide in 1966. Without monetary reform, the inflationary gap would reach VN \$36.6 billion. With monetary reform it would be reduced to VN \$19.5 billion. The assessment, however, was overly optimistic because excess liquidity could not be solved completely and military expenditures were unlikely to be reduced.

The large reserves of foreign exchange accumulated by South Vietnam caused Washington to level off its commercial aid (CIP: Commodity Import Program), which was used to make up for budget deficit and to control inflation. While Saigon's foreign exchange reserves rose from U.S. \$238.8 million in June 1966 to U.S. \$315.9 million in December 1966, the CIP decreased

*Continue on next page*

**S. VN Economy...** from U.S. \$103,839 million in the second quarter of 1966 to U.S. \$38,524 million in the fourth quarter. Moreover, according to the foreign exchange policy, the rate of U.S. \$1/VN \$118 was applied when purchasing dollars while the lower of U.S. \$1/VN \$60 was applied for selling them. Therefore, the national budget had to absorb losses from these imbalances. From 1968, the budget deficit rose rapidly, inflation was heavy, and prices continued to escalate.

The June 18, 1966 economic stabilization program caused prices to go up. Increasing salaries and wages in the public and then in the private sectors raised production costs. The tax measures and the piaster devaluation had undesirable effects on the prices of imported commodities, raw materials and equipment. Because the government was not able to control the increase in money supply, the problem of inflation was far from being definitely solved. (18)

Political instability and military insecurity, which plagued South Vietnam from 1963 to 1967, presented serious deterrents to development. Agricultural production and industrial production were both deeply affected while foreign trade deficits soared. The South Vietnamese stabilization program could not increase production and keep price levels stable, although it did bring inflation under control. South Vietnam thus waged two wars in 1966: besides fighting the war against the NVA/VC, which progressively got worse, the GVN continued to fight inflation that threatened to cripple the economy and make hardship worse for the common people.

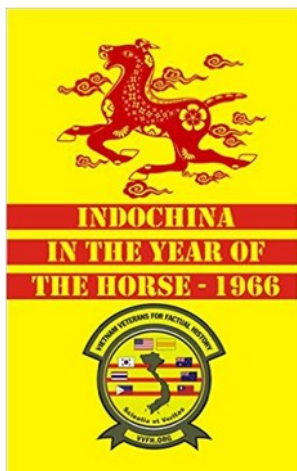
#### NOTES

1. Dommen, Arthur. *The Indochinese Experience of the French and the Americans, Nationalism and Communism in Cambodia, Laos and Vietnam*. Indiana University Press, Bloomington, IN, 2001.
2. Strategy used to isolate the rural population in fortified hamlets from contact with and influence by the Viet Cong.
3. Hallinan, Timothy (1969). Economic prospects of the Republic of Vietnam. [www.rand.org/pubs/papers/2008/P4225.pdf](http://www.rand.org/pubs/papers/2008/P4225.pdf)
4. Nguyen Anh Tuan. *South Vietnam Trial and Experience. A Challenge for Development*. Ohio University Press, Athens, Ohio. 1987: 95.
5. Ibid, p. 99.
6. Doyle, Edward, Weiss Stephen. *The Vietnam Experience. A Collision of Culture*. Boston Publishing Company, Boston, MA. 1984, p. 18.
7. Ibid, 19.
8. Ibid, 21.
9. Ibid, 74.
10. Ibid, 76-78.
11. Ibid, 86-87.
12. Ibid, 157.
13. Nguyen, 100.
14. Ibid, 104.
15. Ibid, 105-106.
16. Ibid, 108-109.
17. Ibid, 109-110.
18. Ibid, 118.

### Indochina in the Year of the Horse - 1966

This is a very instructive and interesting series of publications under the direction of Stephen Sherman. He served as a Civil Affairs/Psypops Officer with 5<sup>th</sup> Special Forces Group in Pleiku and Nha Trang, Vietnam 1967-1968 then Chief of Plans and Programs for the Vietnam Regional Exchange from 1969-1971.

#### Contents



The Situation in 1966  
 Henry Cabot Lodge II: Republican Brahmin  
 The Cowing of the Joint Chiefs of Staff  
 The Battle of A Shau  
 DePuy: Preparation and Command of 1<sup>st</sup> ID  
 Recovery Operations 1955-1966  
 PROVN's Integrated War Strategy for Vietnam  
 The Factor of Corrosive Corruption  
 Hanoi's Political War Inside the USA  
 Blurring the Lines: Harrison Salisbury's Hanoi Dispatches Revisited  
 Vietnam—Helicopter War  
 South Vietnamese Economy 1966  
 George Herring Reexamined  
 Our Wrap Up

MACV Command  
 Geoffrey DT Shaw  
 Paul Schmehl  
 James D McLeroy  
 Henry Gole  
 Frank Scotton  
 Marc Jason Gilbert  
 Stephen Sherman  
 Roger Canfield  
 J Keith Saliba  
 Gary Rousch  
 Nghia M. Vo  
 Bill Laurie  
 The Editor



## USA 2017

### Vietnamese Products Made in USA

#### LOUISIANA DRIED SHRIMP

Dried shrimp is used in Vietnamese cuisine: either as a flavoring or an ingredient in soups, stuffing, salads, noodles, and so on. It can also be eaten straight out of a package. Dried shrimp was first introduced to Louisiana by the Chinese and at one time, the US was a producer of dried shrimp, which was sold to China. As the price rose in the US and decreased in China, export was replaced by an import of dried shrimp. Hurricane Katrina and other smaller hurricanes have devastated facilities or scared of dried shrimp producers. Coastal erosions also affected the shrimp business in Louisiana. Then the 2010 oil spill raised concerns about the quality of Louisiana shrimp. This caused the number of dried shrimp producers in the US to drop from ten to five.

Came the Vietnamese some four decades ago, some of whom entered the shrimp business. Being shrimpers in Vietnam, they began harvesting shrimp, which was sold fresh at the market. Recently, Vietnamese businessmen also entered the dried shrimp business, some of them are located in Grand Isle, Louisiana. It roughly takes 6 pounds of fresh shrimp to make one pound of dried shrimp. Sold as wholesale or retail, it is advertised as not containing glutamate.

<http://blog-giadinh.blogspot.com/2016/01/tham-hang-san-xuat-tom-kho-louisiana.html>



#### CALIFORNIA FISH SAUCE

<https://www.numberonefishsauce.com/buy-it-now>

<https://www.numberonefishsauce.com/video-qm551>

Most fish sauces (extracts) are made from raw fish, some from dried fish; some come from only a single species, others from whatever is dredged up in the net. Most fish sauces contain only fish and salt, others add a variety of herbs and spices. Fermentation decreases the fishy taste and gives the product a richer and more savory flavor. The Vietnamese variety is called *nước mắm* and is produced in two regions Phu Quoc Island and Phan Thiet in central Vietnam. Popular brands include Red Boat, 3 Crabs, Golden Boy, and Hon Phan Thiet.



Inauguration of the Total Sourcing and Trading Inc Co (TSD) in 2016 with former CA Senator Joe Dunn, CEO Le Binh, CA Senator Janet Nguyen,

In 2016, some Vietnamese Americans began producing fish sauce in the US. The company is called Total Sourcing and Trading Inc or TSC under the direction of CEO Le Binh and is headquartered in Westminster, CA. The product is called Fish sauce Number One or Phu Quoc. The TSC was inaugurated in 2016 under the watchful eyes of with former CA Senator Joe Dunn, CEO Le Binh, CA Senator Janet Nguyen, and Congressman Tyler Diep.



Writer Nha Ca and TSD CEO Le Binh

## Australian-Vietnamese War Memorial in Sunshine, Victoria



The breaking ground ceremony for the building of an Australian-Vietnamese Memorial Monument took place on December 17, 2016 at Kevin Wheelahan Gardens, Dickson Street, Sunshine, Victoria. A total of 521 Aussie died defending South Vietnam.



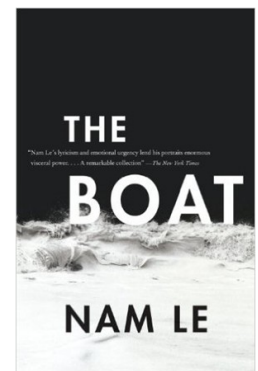
<https://dongsongcu.wordpress.com/2016/12/17/le-dong-tho-xay-cat-cong-vien-va-tuong-dai-chien-si-uc-viet-tai-sunshine-tb-victoria-ngay-thu-bay-17-thang-12-nam-2016/>  
<http://www.lyhuong.net/uc/index.php/shcd/4688-4688>

### The Boat

The seven stories in Nam Le's masterful collection **The Boat** take us across the globe, from the slums of Colombia to Iowa City; from the streets of Tehran to a foundering vessel in the South China Sea. They guide us to the heart of what it means to be human — and herald the arrival of a remarkable new writer.

Available on Amazon:

<https://www.amazon.com/Boat-Stories-Nam/dp/0307388190/>





## Mysterious Stone Instruments Keep Being Discovered in Vietnam

by Cara Giaimo

January 13, 2017

[http://www.atlasobscura.com/articles/the-mysterious-stone-instruments-that-keep-popping-up-in-vietnam?utm\\_source=Atlas+Obscura+Daily+Newsletter&utm\\_campaign=d05d565ff8-Newsletter\\_1\\_16\\_2017&utm\\_medium=email&utm\\_term=0\\_f36db9c480-d05d565ff8-64334741&ct=\(Newsletter\\_1\\_16\\_2017\)&mc\\_cid=d05d565ff8&mc\\_eid=ba8b58c7e1](http://www.atlasobscura.com/articles/the-mysterious-stone-instruments-that-keep-popping-up-in-vietnam?utm_source=Atlas+Obscura+Daily+Newsletter&utm_campaign=d05d565ff8-Newsletter_1_16_2017&utm_medium=email&utm_term=0_f36db9c480-d05d565ff8-64334741&ct=(Newsletter_1_16_2017)&mc_cid=d05d565ff8&mc_eid=ba8b58c7e1)

An ancient đàn đá at the Vietnamese Institute of Musicology in Hanoi.

In April of 2015, farmer Pham Dinh Huyen of Quang Binh, Vietnam set to work on his new fishpond. He had barely started digging when his shovel hit a rock. He pried it out and put it aside, but then he hit another, and another. Eventually, he had 20—large, oblong slabs of various sizes, some of them pointed at the ends.



So he did what you do when, in Vietnam, you find a bunch of weird rocks all together—he hit each one with the flat of his shovel, and listened. And lo and behold, they rang out clearly, in varying tones. He called his local museum, and they confirmed his suspicions—Huyen’s future fishpond was a musical graveyard. He had dug up one of Vietnam’s many ancient lithophones.

Rocks, to most of us, seem cold, inert, and boring. Across time and all over the globe, though, people have taken them and made them sing. The lithophone—a set of ringing stones carved and arranged to allow for musical perform-

ance—can be found everywhere from Scandinavia to Indonesia, says Mike Adhock, a musician and lithophone enthusiast who has spent years compiling a book on the subject. In Argentina, they’re carved out of quartz; in Namibia, pounded into large boulders. Some researchers even think Stonehenge is a giant lithophone.

In Vietnam, they’re called đàn đá. Most are chunks of volcanic rock or of schist, a kind of layered slate, that have been carved into a more sonorous shape. Experts think they date back anywhere from 3000 to 10,000 years—younger than the pan pipe, but older than anything with strings. As more and more pop up all over Vietnam, archaeologists attempt to solve the many mysteries that dog them, and musicians figure out how to add their unique tones to an already-rich folk tradition.

The first đàn đá discovery occurred in 1949, when a group of construction workers in the Central Highlands dug up eleven stone slabs. The stones were vertically oriented and huddled together, and word of the strange find soon spread to a nearby town, Ndut Lien Krak, where ethnologist Georges Condominas was living and working. As Adcock describes in a recent paper, Condominas was drinking rice beer with some friends when they got to talking about the stones, and, intrigued, he asked to go see them. He ob-

*Continue on next page*

**Stone Instruments...** tained permission to bring them with him back to France, where he sent them to the Musée de l'Homme.

Archaeologists, historians, and anthropologists puzzled over the stones, until someone decided to put them in order from largest to smallest, and lay them over a pair of supports, like a xylophone. "It immediately became apparent...that this was undoubtedly a musical instrument," *New Scientist* wrote in 1957. "It was possible to play tunes on them ranging from a simplified version of *Claire de Lune* to *Pop Goes the Weasel*." The markings on them were identified as remnants of the tuning process.

This initial đàn đá is, like so many colonial-era artifacts, still in Paris. But since its identification, more and more have turned up. Experts seek them out on archaeological digs, but laypeople also find them while planting yams and, like Huyen, building fishponds. A musician named Pham Van Phuong, who actively seeks them, has found five separate sets in one stream, and other amateurs go out đàn đá-hunting in their spare time, the way New Englanders look for arrowheads." It's like people lugging around metal detectors," Adcock says. "Everyone wants to go out and find something really genuine and discover it." This discovery is, in some ways, the easy part. Much harder is looking back in time and trying to figure out who used the stones, and exactly what for. Some minority groups in Vietnam have long kept ringing stones to scare animals and birds away from crops—but these are structured as wind chimes or hanging gongs, different from the lithophones, which are often found laid out and accompanied by mallets. Other clues come from comparing the tones available in đàn đá to those of better-known ancient musical traditions, like Javanese gamelan music. It's possible that ancient emigrants to Vietnam held these scales and songs in their heads, and sought to recreate them with the materials of their new environment.

But it's difficult to know for sure. "One of the things about instruments is there's very little evidence," says Adcock. "You can see rock paintings, and there's no doubt that's a picture of a bison." But for most of human history, music was lost to time as soon as it was made: "We've got nothing to go on except circumstantial evidence, and markings on a stone."

This hasn't stopped people from embracing this new old tradition. Folk musicians have incorporated the đàn đá into tunes and styles that didn't originally include it, playing fast and melodious, rather than ringing and repetitive. "They're creating a revival, rather than recreating one," says Adcock. Newly built, portable đàn đá can be found in instrument shops across the country. One enthusiast in Ho Chi Minh City has built a giant twelve-stone lithophone, tuned just like a piano. He keeps it in his office, at a luxury toilet engineering firm, and plays it for guests.

Not everyone is convinced that the đàn đá's deserves this place in the pantheon. The specimen at the Musée de l'Homme came with its own skeptic, Fritz A. Kuttner, a musicologist who maintained for decades that it wasn't an instrument at all. "Any long and fairly thin stones will emit some kind of sound," he wrote in 1953. "To qualify as lithophones... shaped stones have to show some evidence, not just of shaping, but of acoustical and mathematical knowledge and skills." Because the stones are not tuned to any known tone system, Kuttner argues, they shouldn't make the cut. Other modern Western scholars, like anthropologist Roger Blench, have told Adcock that the đàn đá's utilitarian role as a crop protection device disqualifies it from ancient instrument status. Adcock rebuffs this, saying these critics are hamstrung by reliance on conservative, Western-centric definitions of music.

Granted, Adcock says, some of the discoveries are hard to swallow. People have claimed to find hundreds of stones at once, which Adcock says is unlikely. Phan Tri Dung, the luxury toilet engineer from Ho Chi Minh City, claims his instrument is a re-creation rather than an invention, and that it's proof that an-

*Continue on next page*



cient Vietnamese music was built around the Western scale, against the conclusions of most of the country's musicologists. Although his instrument is amazing, Adcock says, his conclusions are probably not accurate. A certain number of the many finds likely fall under this category.

Others, though, are rock solid. Experts in Vietnam have authenticated at least 200 different stones over the past few decades, and some now reside in museums and shops. Others have been sold to collectors and historians, who, by comparing different instruments and keeping careful track of their pedigrees, can draw new conclusions about their origin and evolution.

Adcock himself has not learned how to authenticate individual instruments. But he is most convinced by the argument from human nature, both compelling and difficult to prove—that everyone who has access to a noisemaker eventually wants to experiment with it. “I think we can assume that people who are making sound, that they would have been making whatever equivalent to music there was at that time,” he says. “Why wouldn't they have? It's fun.” He should know—since beginning to study lithophones, he has started a band, carving his own instruments out of roof slate. Someday, someone will dig one of them up and wonder what he was thinking.



## Vietnamese New Year



### 2017: Year of the Rooster

People born in the Year of the Rooster are characterised as honest, energetic, intelligent, flexible and confident. But according to Chinese astrology, the year of your sign is believed to be one of the most unlucky years of your life.

The general image of people in this zodiac sign is of always being hardworking, resourceful, confident and talented. In addition, their active, talkative and engaging ways make them popular with people. They are happiest when they are in company, enjoying the spotlight. Although they were born with enviable skills, they still have several shortcomings, such as being seen as vain and arrogant and a tendency to brag about their achievements.

**Strengths:** healthy, sporty, self-assured

**Weaknesses:** a little sensitive, stressed, moody

