

'Food for Peace' Fund Arms Saigon

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Associated Press

A White House report shows the United States funneled \$78 million last year into South Vietnam's war budget under the Food for Peace foreign-aid program.

The disclosure came in a report to Congress on Food for Peace operations last week. It was signed by President Nixon on June 29.

According to the report, South Vietnam through 1971 received \$1,275 million worth of U.S. farm commodities under Food for Peace. Saigon

Authority for the program is provided by legislation in 1954.

Last year, \$245 million Food for Peace aid to help pay military bills, and Cambodia got \$7.4 million.

Through 1971, Korea had received \$593.1 million in "common defense" funds under Food for Peace out of a total aid under the program of \$752.2 million. Cambodia began receiving the aid last year.

Under a typical arrangement, the United States agrees to provide South Vietnam with farm commodities, to be paid for with local currencies. About 80 per cent is then kicked back for "common defense" purposes.

The report says: "The major uses . . . are for personnel equipment, mostly clothing, construction and construction materials, and local services provided for the United States Military Assistance Command Vietnam."

Over-all supervision of the "common defense" money is handled by the U.S. Department of Defense and the Agency for International Development, the report says.

In the case of Korea, the study says the money is used "to help offset the increasing defense costs" which are being transferred from U.S. military aid mission to the Korean defense budget.

The money in Cambodia is used "for military pay and allowances," the report says.

Although 1971 is the last year for which current arrangements will be reported, the report says that "arrangements will continue to be made."

Cambodia's share of the aid is reported to be \$7.4 million.

In 1954, more than \$1 billion has been spent on "common defense" arrangements. The report shows that of about \$12.9 billion in total aid, the military kickbacks have amounted to 13 per cent.

Although Vietnam, Korea and Cambodia are the only current recipients, many countries over the years have shared in the "common defense" benefits.