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THE VIETNAMESE SOCIAL MODEL

By Bob Catley and Bruce McFarlane*

Despite ten years of intense war against the most powerful military machine in the world, the Viet Cong remain (to quote a CIA agent) "faceless". Even for their sympathisers a shadowy picture remains, centred on military successes, guerilla mobility and nationalist sentiments. In comparison with the enormous quantity of literature dealing with American policy objectives, neither the Right nor the Left has thrown itself energetically into a systematic analysis of the Liberation Forces' strategy—at least publicly. In part this may be due to cultural problems—"For a Western scholar to say a good word on behalf of revolutionary radicalism is not easy because it runs counter to deeply grooved mental reflexes."¹ In part it is due to the propagation of reactionary theories which emphasise purely military matters—e.g. the mythical ten to one ratio requirement for the victory of security forces. In fact the Democratic Republic of Vietnam (DRVN) and the Provisional Revolutionary Government (PRG) represent an alternative model of economic and social development to that offered by Thieu and the other administrations of Southeast Asia.

Most of Southeast Asia obtained political independence after the Second World War and the governments which came to power—mostly with the support of the colonial powers—were firmly rooted in the landlord and merchant capital classes, receiving support from the military (itself a creation of colonial policy) and those sections of the feudal hierarchy which had survived the colonial period. While this social mix varied from state to state—more feudal in Malaya, more military in Indonesia—the policies which flowed from them were almost identical: free trade, the export of raw materials, the import of manufactures; the concentration of land ownership in the hands of the landlord class and of urban wealth in the merchants; growing indebtedness and declining living standards for the majority of the population, especially in rural areas; the erosion of even those minimal freedoms granted by the post-colonial state as domestic political pressures mounted. Few countries in Asia have broken this nexus of trade-aid-foreign investment which maintains the economic bonds already established during the colonial epoch and are only being modified by recent developments—industries based on cheap labour and multi-national corporations, the Green Revo-

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¹ Barrington Moore, *Social Origins of Dictatorship and Democracy*.

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lution, the development of energy sources, etc. In Southeast Asia only the Vietnamese enable us to examine in some detail how the nexus may be broken, although no doubt Cambodia and Laos will shortly provide instruction. The Vietnamese "model" is primarily social and economic; its military features are a necessary adjunct to ensure its integrity against attack.

In this article we attempt to sketch the characteristics of the Vietnamese model and some differences between the North and South (and within the South) which are rooted in different levels of ideological awareness as well as objective conditions (fertility of soil, degrees of urbanisation, concentration of landholding, etc.).

The Viet Minh

When Ho Chi Minh proclaimed the independence of Vietnam in August, 1945, the country exhibited the classical features of the Southeast Asian colonial economy: some plantation-style development oriented to the world market; minimal industrial capacity; urban activities centred on trading and finance; a strong landlord class which had been consolidated during the colonial period. Charriere provides the following description:

"The Vietnamese economy as it existed on the eve of independence presented the classical characteristics of colonial underdevelopment in a semi-feudal structure . . . agricultural techniques and farm implements had for centuries undergone no change, with consequent low productivity; technical training was virtually non-existent . . . ; foreign trade meant trade with France, consisting of the export of raw materials and farm products and the import of manufactured goods; there was over-expansion of commercial activity, as well as unproductive expenditures; national accumulation of capital was non-existent . . . ; modern industry in 1954 was limited to seven enterprises (including a distillery, a brewery and an ice-making plant)."²

The period of the First Vietnam War, 1946 to 1954, witnessed the development of the Vietnamese strategy for overturning the colonial social structure. Four characteristics may be emphasised.

First, the Viet Minh consisted of a number of political movements united in their opposition to the French. As the war progressed the Lao Dong (Workers' Party) assumed the leading role, chiefly because it possessed a more thoroughgoing analysis of the strategic requirements for evicting the colonial forces. Its analysis included economic, military and social aspects which, united, were termed the National Democratic Revolution.

Secondly, the Viet Minh developed a separate state based at first on a series of geographic zones, distinguished by their characteristics into four categories. The Free zones, under total Viet Minh control, developed autonomous economies based on agricultural production, supplemented by handicrafts and industrial growth originated with capital evacuated from Hanoi. In the less secure guerilla bases and guerilla zones, agriculture and improvements in its productivity (irrigation, dykes, canals) was the major activity.

² J. Charriere, 'Socialism in North Vietnam', *Monthly Review*, Feb., 1966, p. 20. See also *Vietnam: A Sketch* (Hanoi, 1971), pp. 49-50.

In the occupied zones (chiefly urban areas), money and goods were raised from the sympathetic working class, some machines were taken, and the colonial economy—plantations, finance and merchant buildings—was sabotaged. By 1950 these zones were closely integrated with an overall government structure, banking institutions, a currency, and regulated trade. In addition, trade with the food-deficit French zone expanded 1,000 per cent in 1948-54,³ as part of a definite strategy of utilising the enemy's strength to build up their own.

Third, the armed forces were structured in three tiers to defend the Viet Minh state.⁴ The Main Force was in some sectors as well-equipped as the French, especially after contact with China was made in 1950, often with American equipment. Highly mobile, its units were utilised to provide strategic initiative and were often stationed in occupied areas. The regional units, semi-regular and not so well equipped, provided zonal defence and tactical initiative. The majority of the armed forces, by 1954 probably numbering over a quarter of a million, were non-uniformed, unpaid local militia engaging simultaneously in production and local resistance.

Finally, the social policy on which this state was erected centred on land reform. In a country where the peasantry composed 90 per cent of the population, the fusion of anti-colonial sentiment with a land-reform programme provided the basis for an anti-French popular uprising. In 1945 it was estimated that landlords owned 50 per cent of the land; communal lands, in fact controlled by landlords, composed another 10 per cent; colonists and missions a further 10 per cent; and that 90 per cent of the rural population (of whom 50 per cent owned no land) owned the remaining 30 per cent. Edicts issued by the Viet Minh in 1945, 1949 and April, 1953, reduced rents by 25 per cent, abolished all debts and redistributed the land of colonists and those landlords who supported the French. Such reforms were implemented in accord with local conditions—sometimes not at all, often even more extensively. In December, 1953, following an extensive "mass mobilisation" programme⁵ a more radical "land to the tiller" platform was undertaken. The land of all landlords was distributed, although compensation was granted in proportion to the degree that the landlord in question had supported the French.⁶

Taken together this strategy was represented as the "People's Democratic National Revolution". In the words of Truong-Chinh it was "the national liberation revolution and the agrarian revolution (or land reform). Because of the close collusion between the imperialists and the feudal landowner class, exercised in order to maintain their rule, it was impossible to overthrow the imperialists alone without striking at the feudalists, their agents".⁷ The popular movement had involved the creation of a state, based on wide-

3 See J. Chesneaux, *The Vietnamese Nation*, p. 188 ff.

4 Bernard Fall, *The Viet Minh Regime*, p. 81 ff.

5 Fall, *Viet Minh Regime*, p. 131 ff.

6 Vietnam: A Sketch, p. 53.

7 Truong-Chinh, *Forward Along the Path Charted by Karl Marx*, Hanoi, 1973, p. 42.

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spread rural support, capable of defending the new rural social structure it was creating. As is well known, in 1954 the Viet Minh defeated the French and set about consolidating their social model in that region which international forces had permitted to remain under their control.

The DRVN model*

From 1954 to 1957 economic reconstruction was undertaken. The agrarian reform of 1953 was implemented and the power of the rural landlords eradicated, though in contrast to the Soviet Union only 16 state farms were organized for the production of tea, coffee and fruits. Colonial and collaborator owned enterprises were seized and with foreign aid the construction of 50 new ones started. But in this period no ambitious programme for the socialization of industry or the collectivization of agriculture was achieved. By 1955 per capita rice production exceeded 1945; national income increased 89 per cent in 1955-9; real wages rose 25 per cent in 1957-60.

The First Three Year Plan covered 1958-60 with the emphasis on agriculture and the creation of co-operatives, though not communes or state farms, of which there were only 59 by 1963. Handicrafts were maintained in co-operatives but as a declining sector since light industry was developed and the basis for heavy industry established. 15 per cent of peasants and 25 per cent of the retail trade remained in the "free market", concentrated around urban areas.

The Five Year Plan 1961-5 created the economy which withstood the American attacks. Thoroughgoing planning was introduced in industry where enterprises had to meet targets, provide monthly figures and co-ordinate balances through state planning agencies.⁸ In the cultural sphere massive strides were made in health services and school attendances and by 1964 illiteracy (about 90 per cent in 1945) had been eliminated. Quotas were set for the agricultural sector at 12-24 per cent of rice production to be compulsorily purchased, the remainder being for consumption or the free market. Heavy industry, including a steel complex, was started and the exploration and exploitation of mineral wealth commenced: electricity (coal), chemicals (fertilisers), and machines (ploughs, pumps, light tractors) all expanded in production. The gap between rural and urban wages continued but was narrowed, despite the DRVN's commitment to the working class as the leading class.⁹ Progress was made in increasing the days worked per year by peasants, which the new social relations encouraged.¹⁰ In 1964 of state taxes 84% came from state enterprises, 10% from handicrafts co-operatives, only 6% from agricultural taxes.

When the 1965 Rolling Thunder programme of the US Air Force so

* DRVN: North Vietnam or Democratic Republic of Vietnam.

⁸ See Charriere, *op. cit.*, and W. Burchett, *Vietnam North*, London, 1966.

⁹ Workers received seven wage categories, 40 to 110 Dong per month; engineers and directors 75-150 Dong; peasants 14-18 Dong. Estimates placed workers approximately 50 per cent better off overall.

¹⁰ In 1939 about 100 days per year; 1960 about 150 and 200 in the most advanced co-operatives: Still much lower than the Chinese communes.

rudely interrupted it, the DRVN model was demonstrating the following characteristics: *in agriculture*, extensive redistribution of land ownership.¹¹ In the late 1950s co-operatives were inaugurated, facilitated by the co-operative traditions of the Vietnamese village centred on wet rice cultivation. "It began with mutual aid teams (already operating in the thirties in some areas for some purposes like house building). It moved fairly slowly in the late 1950s to semi-socialist co-operatives in which each peasant took from it according to his contribution in land, beasts, labour, etc., to socialist co-operatives from which each peasant collected his fair share according to the needs of his family and to the labour it provided."¹² Co-operatives were a necessary preliminary to the mechanisation of agriculture if the re-establishment of unequal social relations in agriculture was to be avoided.¹³ *In Industry*: despite the enormous problems involved by the departure of technical experts and the absence of a useful national survey of resources, a productive capacity had been constructed by 1965 which was already providing the basis for the mechanisation of the entire economy, particularly agriculture.¹⁴ It included a machine tool complex, printing plants, a saw mill, a steel complex, tea, match, cigarette, hosiery, brick and oxygen factories, and a new fishing fleet. *In cultural life*: school attendance increased enormously;¹⁵ life expectancy increased from 32 years in 1945 to 59 years in 1966; Vietnamese language in marked contrast to other post-colonial societies, became the language of all strata of the population and the medium of instruction. *In Politics*: the democratisation of life, an essential adjunct of the war against the French, was consolidated in the elective assemblies which ranged from village to national level.¹⁶ Interestingly, most attention was paid to ensuring a 35 per cent representation of women candidates and an electoral loading in favour of the urban working class. *In Trade*: in marked contrast to other Southeast Asian states, in 1964 of exports, agricultural products composed 13.2 per cent, industrial and handicraft products, 86.8 per cent; of imports, 84.7 per cent consisted of means of production.

These developments strongly suggest that but for US intervention, the DRVN had established the basis for independent capital accumulation, industry to serve the rural majority and the pre-requisites for the creation of a modern socialist society.

11 Implementation of the programme involved a number of deaths, particularly of landlords. Estimates vary from 600 to Fall's 50,000 (to Nixon's 500,000!). Without entering the controversy it should be noted that "excesses" were admitted and policies modified. Two million peasants died, chiefly of starvation 1944-5.

12 Peggy Duff, "Revolution and Counter Revolution in Vietnam", unpublished manuscript. Ms Duff's contribution promises to be very enlightening when published. We are extremely indebted to her for some of the information in this article.

13 See Alec Gordon, "The Debate on Agriculture in North Vietnam", *New Left Review*, August, 1971.

14 See Le Chau, *Le Vietnam Socialiste*, Paris, 1966, and Vo Nhan Tri, *Croissance Economique de la Republique du Vietnam*, Hanoi, 1967.

15 See B. Fall, *The Two Vietnams*, pp. 184-5.

16 Bernard Fall, *Viet Minh Regime*, pp. 23-5.

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The DRVN at War

Apart from the massive material destruction caused by American bombing, war brought certain problems to the DRVN social model. These centred around the obstacles to national planning which the disruption to communications involved and included: the growth of cottage industry, the dispersal of industry and growth of regional economies and the development of a more wide-ranging market economy.

As Gordon has pointed out

"It is evident that a clear realisation emerged in the Lao Dong that economic development cannot be conceived of as a purely economic affair but is multi-dimensional, involving national independence, raising the cultural standards of the whole population, the destruction of basic social structures and the replacement and politicisation of the peasantry."¹⁷

It is only logical therefore that the North Vietnamese (and members of the PRG of South Vietnam) should seek to confront agricultural, industrial, trade and economic problems generally with an open mind—always with a view to the main consideration—national independence, for they have fought a war of national liberation.

One aspect of this open-mind is that a *strict* Soviet model of "Five year Plans plus industrialisation" has not been followed and Chinese-style ideas about "qualitative" planning and regional self-sufficiency have also made their impact in North Vietnam. In 1965, Le Duan (Party Secretary) remarked that North Vietnam had "the foundation of a sovereign economy". In those remarks can be seen the Vietnamese intent. National independence means nothing unless there is economic independence. But it is unlikely that Le Duan was speaking in terms purely of independence from non-Vietnamese ties. For it is abundantly clear that a primary aim of the Party was in the attainment of *regional* self-sufficiency. This occurred despite a definitive shift of interest inside Vietnam away from the Chinese "leap forward" model after the 1958 crisis in China.

It was considered in North Vietnam (as in North Korea and China) that the greatest disadvantage under which the country labours in its task of building a large-scale system of socialist production is underdevelopment. What is required, according to Le Duan, is:

"transformation of the relations of production together with the execution of a technical revolution and the conversion of handicraft into mechanised labour".¹⁸

Force of circumstances, namely the war, brought home quite early the realisation that concentrated industry was soon bombed-out. This, by itself, necessitated decentralisation of the heavy industry base for which the Third National Congress had planned. But there were stronger, more ideological reasons which would probably have changed priorities in any case. The Vietnamese are very anxious that every region should be autonomous to the extent that it need rely on other areas only for products impossible to

¹⁷ *Journal of Contemporary Asia*, Vol. 1, No. 2, 1970.

¹⁸ Le Duan, *On the Socialist Revolution in Vietnam*.

produce itself. Wilfred Burchett was told¹⁹ that "parallel to the technical revolution must come a redistribution of the productive forces. New economic bases must be built up; machinery established in new zones suitable for the war situation and in order to create conditions for victory later. Industrial development in our mountain regions is very important for our national defence, but not only for protection against bombings or invasion attempts. *It is important also for the future development of the country.*"²⁰ The Vietnamese planned that a technical revolution, together with a redistribution of economic potential, would step up labour productivity and strengthen the economic and defence capacity. Yet there were compelling practical—more short term—reasons too. The war necessarily drained the countryside of able-bodied men. Where there was previously a labour surplus in the field, now there were women and old men attempting to cope with the work of crops created by new seed strains, better irrigation and in some places, a third harvest. *A technical revolution was clearly necessary to cope with this serious labour shortage.*

War conditions also made an impact on the structure of industrialisation. The labour shortage caused by the war provided the impetus for the technical revolution in the countryside, while 1965 was the first year of some low-level mechanisation in the co-operatives—and the first harvest under wartime conditions. And that harvest, under wartime conditions, proved the best in those areas most heavily bombed and suffering most from shortage of labour. Burchett points to the example of Quang Binh province on the border of the 17th parallel—a province obviously receiving the brunt of the bombings, and a long, long way from the traditionally industrial north. As Burchett noted:

"During 1965 and 1966 a network of machine shops was set up in every district as well as shops at province level, to manufacture and repair a wide range of equipment for industry, agriculture and transport. . . . All this was new to the province. . . . The resultant saving in transport was considerable, and shortages that would otherwise have been inevitable, with Quang Binh at the very end of the long haul from Hanoi, were avoided."²¹

This indicates that the problems of co-ordination of production were recognised by expressions of intention to co-ordinate the regionally-based economies within a centrally-run economy.

In the 1960s there were a number of debates within the leadership of the North Vietnamese Workers' Party over development strategy, which was seen to be crucially related to the strategy for future independence and self-reliance. The main discussion centred on a basic choice: whether to delay industrialisation and send troops south (as advocated by Le Duan) or to rely on guerilla warfare in the South and stress Northern development. (This would include agricultural development in a situation of land shortage and partition—inevitably it gave rise to related debates about the priority to be

¹⁹ W. Burchett, *Vietnam North*, London, 1966.

²⁰ Emphasis added.

²¹ Burchett, *op. cit.*, p. 62.

given to industry as against agriculture, and whether scope should be allowed for private plots as a means of raising agricultural productivity.)

In the event, a mixture of these two policies emerged under wartime conditions. In the North, industrialisation could not be wholly on the Soviet "Five Year Plan plus heavy industry model". Rather, both heavy industry and cottage industry were developed, while agricultural investment patterns reflected not only differences of high level policy but also the necessities of war and bombing.

Some Western commentators claim that decentralisation inhibited growth, that

"... the war has forced a widespread dispersal—an abandonment of large modern plants in key industrial areas and a switch to the development of small-scale units all over the country. For all practical purposes, this surely has meant that industrial development has come to a halt."²²

What this commentator says is true only if he thinks of industrial development in terms of the bigger the factory, the greater the development. He fails to grasp that North Vietnam, for those who appreciate "models", is partly following that of China. Even without war, it is most likely that the Vietnamese would have strengthened the industry of each region at the expense of the centre, for the country's own good—and for the good of the people of the region.

Moreover, the North Vietnamese clearly do not intend relying upon the traditionally (but no longer) rice-surplus South for their food supply. With each area self-sufficient, a sudden loss of a region would not cripple the entire country. It also means that the people of one area do not grow fat at the expense of people in another. It means that everybody contributes in equal proportion, within the limitations of the country and contemporary technology, to the welfare of the state and of all the people. Consequently, the country is a stronger country in the circumstances than if industrial development is built along traditionally Western lines.

Ideology and practice mix also in the example quoted by Alec Gordon²³ that the US bombing might have physically destroyed the larger industrial enterprises, but it failed to break down the newly created social framework. The collectivisation involved in the transformation of the technique of production and the industrial and labour dispersal necessarily strengthened the morale of a people who—with all the advantages, disadvantages and opportunities levelled out—shared fairly equally the burden of differences.

However, there are problems inherent in even these solutions. Lingering resistance to the collective pattern of life contributes to a constant economic tension. This underlined the importance of rent-tax reform and land reform followed by economically self-sufficient agricultural regions, in order to build a base for peasant war.

Incentives in the form of both land reform and more consumer goods

22 H. Heyman, Jr., "Imposing Communism on the Economy of South Vietnam; A Conjectural View", *Asian Survey*, April, 1971, p. 376.

23 Gordon, *op. cit.*

continued to be important. There was a necessary combination of both independence struggles and land reform: it was realised that without both, neither would work properly, while in mid-September of 1970 the Council of Ministers adopted a resolution on increasing small industry and handicraft production in order to remedy the scarcity of consumer goods.

It should be noted however that the disputes of the 1960s concerning the general line of the DRVN continue to receive some airing. Truong-Chinh has referred to "the struggle between the two paths in the North of our country".²⁴ Alec Gordon²⁵ associates the "two paths" with Truong-Chinh and Le Duan, and the dispute with the role which the free market and collectivisation of agriculture are to assume in the future. In view of the short period which has elapsed since the cessation of US bombing, consideration of this matter must rest. However, it can be stated that the anticipated Five Year Plan of 1976 will bring a large growth of heavy industry, the mechanisation of agriculture and a renewed spurt to the interrupted development of 1965. Possessing a democratised and modernised social structure and more scientists and engineers than any other Southeast Asian country, it seems unlikely that the future will be bleak.

The National Front for the Liberation of South Vietnam

It would be an over-simplification to say that the NLF was a carbon copy of the Viet Minh. But allowing for the different social composition of the south, the sects, the Northern landlord refugees and the American presence, the structural similarities are considerable. Joseph Buttinger,²⁶ a one time enthusiast for Diem and hardly sympathetic to the NLF, provides a description of the American-sponsored Southern social structure which makes quite clear the relevance of a programme of "National Democratic Revolution". The US-Saigon model contrasts sharply with that of the DRVN. *The Land*: "In the Mekong Delta region where the vast majority of South Vietnam's peasant population lives, 2.5 per cent of the landlords owned half the cultivated land, and 80 per cent of the land was tilled by tenant farmers."²⁷ *Reform*: "The land-reform programme was . . . started too late and was carried out too slowly; it did not go far enough . . . ; and its provisions for payment by the peasants who received land created an unnecessary hardship."²⁸ "Even after 1960 when insurrection made the struggle for peasant loyalty the overriding political issue, abusive treatment of peasantry remained widespread. Landlords, returning with the army to former guerilla-held regions, extracted rents far above the legal limit. Since this was only possible with the help or acquiescence of the Saigon-appointed local officials,

²⁴ Truong-Chinh, *op. cit.*, p. 54 and p. 74.

²⁵ Gordon, "The Debate on Agriculture in North Vietnam", *op. cit.*

²⁶ Joseph Buttinger, *Vietnam: A Dragon Embattled*, Praeger, 1967, Volume II.

²⁷ *Ibid.*, p. 920. Mark Selden, describing the growth of rural indebtedness and landless labourers quotes one report of 1959 that "where one per cent of the owners held 36 per cent of the total rice land in 1934, they now own 44 per cent of the land". "People's War and the Transformation of Peasant Society: China and Vietnam", in M. Selden and E. Friedman (eds.) *America's Asia*, Vintage 1971, p. 372-3.

²⁸ Buttinger, *op. cit.*, p. 930.

the peasants more often than not regretted having been returned to government control."²⁹ "A maximum of 6,300 persons (most of them absentee landlords) owned 45 per cent of all rice land in the South. The vast majority of them were not affected by the land-transfer programme."³⁰ *The State*: In education and production the southern regime was no match for the DRVN "because it concentrated instead on producing security and police officials and more officers for its regular army".³¹ *In the villages*: "Through decrees issued in June and August, 1956, the Diem Government abolished all elective village and municipal councils replacing them with appointive officials, thus leaving no doubt that, at least in this one respect, there was less political freedom in Vietnam under Diem than under the ancient mandarin and even colonial regime."³² *In Industry*: "For each factory under Diem—there were less than two dozen—the Communist regime in the North built fifty."³³ *Aid*: in marked contrast to communist bloc aid to the DRVN, "78 per cent of the total US aid was absorbed by the regime's military establishment, and no more than 1.25 per cent on industrial development and mining".³⁴

The ten point programme of the NLF founded in 1960*, was a direct response to these circumstances.³⁵ Its policy centred on a land-reform programme, the establishment of economic autonomy and the development of Vietnamese culture alongside social reforms in health, education, etc. A land to the tiller programme was enunciated and Free Zones created in which the model was built. The Liberation Armed Forces include three categories: local self-defence units, regional units and the regular army.³⁶ The model resembles that of the Viet Minh's coalition of nationalist forces with Marxists' leadership; the creation of an independent state capable of self defence; democratic and egalitarian policies. In some respects it differs: its land reform is more radical than the early Viet Minh edicts; its promise "to protect the citizen's right to ownership of the means of production", less so.³⁷ But its state, despite some initial setbacks with the first wave of American assaults, has continued to expand its territory.³⁸

The PRG Zones and the American War

In the North there is an economy which can be fashioned now as the government there wishes. In the South, there are two economic systems in com-

* In 1968 it became the Provisional Revolutionary Government (PRG).

²⁹ *Ibid.*, p. 932.

³⁰ *Ibid.*, p. 933.

³¹ *Ibid.*, p. 928.

³² *Ibid.*, p. 945.

³³ *Ibid.*, p. 966.

³⁴ *Ibid.*, p. 970.

³⁵ Tran Cong Tuong—Pham Thanh Vinh, *The NLF*, Hanoi, 1967.

³⁶ *Ibid.*, p. 42-3.

³⁷ *Ibid.*, p. 75.

³⁸ For 1973 situation see B. McFarlane, "PRG Strengthens Its Hold", *Nation Review*, 3-9 Aug., 1973. Late in 1973 Thieu openly ordered his army to attack PRG zones, despite the recognition the Paris accords granted them. In 1974 these attacks were repelled and PRG zones remain self sufficient. Thieu-held areas are dependent on U.S. aid for food, arms, fuel and Swiss bank account stocks. The PRG estimates the mid 1974 size of zones at: Liberated entirely, 70% of land, 6 million population; mostly liberated but contested, 20% land, 5-6 million; Saigon, with PRG sympathisers, 10% land, 6 million. The situation resembles the Red River Delta in 1954. Compare the two maps of the inflated French estimate of their control with the real position in B. Fall, *Viet Minh Regime*, p. 92.

petition, two social systems which have had an antagonistic relationship since at least 1964.

However, the other side of antagonism is inter-penetration. It is commonplace that NLF forces were able to obtain food and materials readily from the Saigon-controlled economy. They used their agents, friendly "enemy" commanders and bought on the well-stocked blackmarket.

Just as the Viet Minh in the North traded lustily with the French zones, the NLF and PRG have developed, as a definite strategy, the concept of a "symbiotic relationship" with the enemy's economy. On the one hand, to attack; on the other to *use* that economy to obtain resources, intelligence and food.

As far as actual implementation of land policy is concerned, there appear to have been very few bottlenecks. The NLF guidelines exhibited a remarkable flexibility in response to local economic conditions (such as soil productivity, the supply and demand for land) and institutional conditions. In effect, cadres were told in distributing land, to "meet the local situation with a land policy that will get the most support and the greatest production". After all, it was in the interests of the Viet Cong to have land in the hands of families whose sons are in Viet Cong forces or who soon will be, if only to encourage recruiting and popular support. Large landholdings were broken up by force if necessary and medium landholdings by persuasion and heavy taxes. Harvest wage rates were increased to make it costly for the large-scale farmer to hire labour. One document giving land policy guidelines specified that

"rent increases are fixed according to the number of landless peasants, lands possessed, strength of the revolutionary movement, and productivity of the field."³⁹

while at the same time providing for natural disasters, families with sons in the Viet Cong and behaviour towards recalcitrant landowners.

The tenor of the different policy guidelines must be reconciled with reports of the changed condition of the war after 1965. At that time, often up to half of the farmland was idle in Viet Cong areas because of the mass exodus to urban or Thieu-controlled areas to escape US terror bombing. An emphasis upon negotiations and reconciliation rather than terror also constituted a significant change from past policies.

Here is one area where *ad hoc* policies were quite effective in the immediate context. The NLF generally followed the line of land reform—but their method, time and extent of implementation were quite flexible. This brought many benefits to the peasantry and unquestionably meant and continues to mean much to the NLF by way of popular support.

In the area of trade policies, however, the NLF did not meet with a similar ready success. Movement of goods and people between regions of government and NLF control was interrupted by tax collection by the Viet Cong and checkpoint harassment by the government. Efforts by either side

³⁹ *Agrarian Policy of the Party*, COSVN, December, 1965, published by USAID, Sept., 1966.

to impose autarchy however, generally failed and bred a deal of counter-productive feeling: hence the NLF forces developed their idea, referred to earlier, of a “symbiotic” relationship with Saigon—to oppose it, but also to use its economic resources.

Often village-level cadres realised that prohibitions on trade were harmful to the peasants’ interests and would relax restrictions. Temporary ideological concessions had then to be made in face of the assertion of materialist prerogatives. One NLF directive noted that the productivity of the feudal landowner would be

“replaced by the individual productivity of the peasants as under capitalism. . . . Our revolution asks for a better life, wealth, productiveness for the peasant in order to support our fight against the American Empire. Instruction and guidance to make people join the collective activities is needed although right now individual productivity cannot be done without.”⁴⁰

The temporary negative effects of the progressive Viet Cong tax created difficulties. So did problems of restrictions on food exports which the NLF imposed. A vicious circle developed. The NLF could not develop a market for the commodities grown in the areas they controlled. This hampered mass work among the peasants for a time. This was slowly overcome as trade between NLF and Thieu zones grew after 1969—despite the war!

At the end of 1971, the development perspective of the PRG became clearer. One must note that there were two broad kinds of “liberated zone”. First, there are the secure larger territories such as Quang Tri province and the Mekong delta. Here a more sophisticated all-round planned economy is possible and all efforts are being put into agricultural development, where the PRG have a comparative advantage in economic terms. Planting, re-forestation, the filling in of millions of bomb craters and the repair of ecological damage caused by US bombing is also proceeding apace. Second, there are smaller zones such as Cong Tum and Thua Thien within provinces which are still under attack by Saigon troops. In these enclaves, the most important task was clearly that of defence.

Future Strategies of the PRG

Speaking of the PRG “model” for future social development PRG ministers have made it clear that there are specific conditions in various areas of the South, due to differences in topography, different course of the war and different ideological outlook. There are, in the first place, wide variations in land fertility, yields, etc., in the South, so that it will be necessary to plan each zone in accordance with the land-labour ratio and the need to protect resources and ecology. Holdings of land, for example, will not be uniform but will be permitted to vary between regions.

Economic development strategies, however, depend on the success of political strategies. At the time of writing, the PRG was following a five-stage process. First, the peace would be consolidated. Second, the political

⁴⁰ NLF, 15 December, 1965.

status of the PRG would be strengthened by success at the Paris talks, growing recognition by West European governments, etc. Third, the release of political prisoners would be secured. Fourth, the holding of elections would be pursued. Fifth, the setting up of a council of National Reconciliation and Accord would be completed.

It appeared in 1974 that the first two stages in this strategy were already well advanced. A sign of this is the set of proposals put by the PRG side on the 28th June, 1973, for which they hold high hopes of acceptance. In this "package deal" both governments in the South would immediately pass laws ensuring all democratic liberties and the free circulation in both zones of the newspapers and journals of both sides. The two parties would then set up a National Council of Reconciliation and Accord, if possible by August this year. Negotiations on this with Saigon's team have been proceeding since 1 July, 1973. It was also proposed that the negotiating sessions should first concentrate on questions of principle. Once agreement has been reached in principle on one question, a commission will be set up to deal with that question in a concrete manner, and so on *ad seriatum*.

As the PRG consolidates its hold, the South Vietnamese social and economic model which they pursue takes shape: planning for self-reliance, development priorities set by ecological protection, land-labour ratios, self-sufficiency. Most important, we are witnessing an *escape* from the nexus of the world capitalist market—something that may prove to be a *sine qua non* for countries seeking to retain their own natural resources for further economic development.

That the PRG in South Vietnam *would* consolidate its hold became increasingly evident during 1973. As the Thieu regime moved hastily to send war refugees back to rural sites under Saigon's control, they alienated thousands of people who sought, instead, to return to PRG territory.⁴¹ Mr Hotche James, director of re-settlement, reporting from the "second military region", and Mr Lamar Prosser (another US adviser), reporting from the central highland province of Pleiku, noted that re-settlers were moving to the PRG-controlled areas.⁴² On Pleiku, Prosser said, "it is simply a tragic fiction to draw resettlement sites on a map when two-thirds of the area indicated lies under enemy domination. The result is obvious, predictable and heartbreaking—the people are leaving these marginal areas and returning to PRG domination".⁴³

Simultaneously, the Thieu regime found itself in serious straits, with rising inflation, a sharp increase in rice prices and discontent among low-paid soldiers and civil servants.⁴⁴ A 10 per cent value-added tax on all transactions proved to be unenforceable, and a huge budget deficit opened up. The shortage of fertilizers and petrol hamstrung plans for development of the rural areas of South Vietnam by the use of "miracle rice" (the "green revolu-

41 Jacques Leslie, "Saigon Sends Refugees to Viet Cong", *The Australian*, 7 Aug., 1973.

42 *Ibid.*

43 *Ibid.*

44 C. McArthur, "Thieu in Tight Straits as US Aid Recedes", *The Australian*, 16 Aug., 1973.

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tion”), partial mechanisation of peasant agriculture and abundant good roads.⁴⁵ In the meantime North Vietnam carried through a successful “green revolution” of its own.⁴⁶

Intervention of the International Bank for Reconstruction and Development and Asian Development Bank

As economic conditions in Thieu-controlled zones deteriorated during 1973, Mr Charles Cooper (Rand Corporation and top economic adviser to Kissinger) was sent to South Vietnam to study economic problems.⁴⁷ An “economic reconnaissance mission” from the International Bank had already visited the area in May and reported⁴⁸ on 28th September, 1973. Following hard upon this, a *closed* meeting of the World Bank, scarcely reported in the Australian press,⁴⁹ was held in Paris at American initiative. It was attended by delegates from the IBRD, the Asian Development Bank, Belgium, Canada, Denmark, Finland, France, Germany, Japan, The Netherlands, New Zealand, Norway, Sweden, UK, USA, The International Monetary Fund and Australia. The Australian delegation included: Mr H. M. Loveday (First Assistant Secretary, Department of Foreign Affairs); Mr M. G. Heinrich (Assistant Secretary, Treasury); Mr M. J. Dan, Counsellor, Australian Delegation to OECD Paris, and two other such OECD counsellors (Mr E. Horton-Stephens and Mr R. L. Hillman). Also in attendance was J. W. Keaney, Executive Director for Australia to the Asian Development Bank.

The aim of this meeting was to circumvent the accord in the Paris Agreement under which all economic aid would be channelled through a Council of National Accord. Perhaps for this reason, it was held behind closed doors, for, as one official was reported to have said, “aiding South Vietnam is a terribly delicate matter that could be easily upset by undue publicity”.

The backdrop to the Report of the mission is important. On 7 September, and 10-14 September, 1973, the Committee on Foreign Relations of the US Senate heard evidence⁵⁰ about Kissinger’s ideas on “multi-lateral” aid to the Thieu economy. The statements by Kissinger confirmed the strategy which caused the State Department to authorize a Columbia University Project on this issue in 1971. That strategy was expressed by Kissinger as follows:⁵¹

“we favour broad international participation in post-war assistance in Indochina. One possible mechanism would be a Consultative Group Arrangement along the lines of the one that has been established in Indonesia.”

This was followed by action: on 31 October, 1973, Nixon asked Congress

45 Martin Woollacott, “Who Are the Nibblers”, *The Australian*, 18 July, 1974.

46 Alec Gordon, “The Green Revolution in North Vietnam”, *Journal of Contemporary Asia*, Vol. 4, No. 1, 1974, pp. 128-133.

47 G. McArthur, *Loc. cit.*

48 International Bank for Reconstruction and Development, *Report of An Economic Reconnaissance Mission, the Republic of Vietnam* (Report No. 198a-VN), 28 September, 1974.

49 An exception was *The Digger* (Melbourne), 20 April, 1974.

50 Hearings Before the Committee on Foreign Relations, United States Senate 93rd Congress, First Session, Nomination of Henry A. Kissinger as Secretary of State, Part I.

51 *Op. cit.*, p. 237.

for \$1.5 billion for the International Development Agency. Multilateral aid came from these funds.

The Report of the Economic Reconnaissance Mission of the IBRD is a quite incredible document. All its data is based on information that Saigon authorities gave the mission. The absurd claim then follows that Thieu "controls" 95 per cent of the population.

In paragraph 25 of the Report it is stated that large funds must go in the near future for "balance of payments support"—at very low interest or grant terms. The only body that can meet this proposal is the IDA. They then claim, in a contradictory way, that despite what was said elsewhere in the Report,⁵² the aid is to deal only with structural distortions, and not with the immediate outlook for the Saigon economy.

The Mission regards agricultural development as the crux of reconstruction plans, but it is admitted that the normal pattern of domestic expenditure is hampered by the size of military spending. They approve of Thieu's investment laws and export promotions, but fail to note that neither has remotely attained their goals. As for Saigon's plans for re-building, they found that "in most cases much needs to be done to give them concrete content".⁵³ To any other observers the conclusion that would have been reached is that Thieu cannot apply large funds to reconstruction. Thieu relies almost exclusively on foreign aid, and in 1972 was able to collect only \$37 million or 4 per cent of its total budget income from direct taxes. Yet Thieu must pay soldiers (1.1 million) and the Saigon police (122,000), and must pay for the minimal maintenance of 200,000 political prisoners.

The crisis for Thieu is a serious crisis. His budget deficit is rising at the same time as the US Congress is increasingly unwilling to pour in economic aid. The budget needs have risen from 235 billion piastres in 1971, to 467.2 billion in 1973 and 630.7 billion in 1974.⁵⁴ But in 1973 Congress cut \$128 million from Nixon's request for \$632 million for the Thieu regime. This explains why the US is hoping for multilateral aid and for other countries to take over some of the burden.

However, these efforts seem doomed to failure. For as the Report admits,

"only a massive shift towards the production of commodities in the use of the economically active population will enable South Viet Nam to overcome the distortions in its economic structure."⁵⁵

But the economically active strata are migrating to the PRG social model.

Resume

The PRG, recognised by nearly fifty countries including Sweden, accorded equal rights with the Thieu regime by the Paris Accords, refused recognition by the Whitlam Government which continues to support Thieu against it,⁵⁶

⁵² Report of Mission, Para. 15.

⁵³ Report of Mission, Para. 4.

⁵⁴ Dien Tien (Saigon), 11 June, 1973.

⁵⁵ World Bank Report, op. cit., Para. 29.

⁵⁶ See Retrieval (Melbourne), Aug.-Sept., 1974, pp. 18 ff. and D. McLean and K. McLeod chapter in M. Richards and R. Witton (ed.) *The American Connexion*, Cheshire, forthcoming.

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is not a band of guerilla fighters. It represents a coalition of social classes—most peasants and urban workers, in particular—whose material interests are not served by the model of social development Western powers, including Japan and Australia, support in Asia. From this social situation the PRG has developed a political and military strategy which proceeds in two phases. The first, like the Viet Minh, is that of the National Democratic Revolution or People's War: agrarian reform with peasant support; the eviction of colonial enclaves; the creation of an expanding parallel state in liberated zones. At present these encompass most of South Vietnam and unlike Thieu's are largely self-sufficient (Saigon's continued dependence on US financed imported rice and despondency at the sabotage of its oil depots are substantial signals in this respect). PRG policy in the second phase, so far only achieved in the DRVN up to 1965, can only be estimated. The northern model of village co-operatives, industrial development to serve agricultural production, decentralisation and the breaking of subordinate link with the world markets no doubt provides pointers. It is that model, or variants of it, that provides the "threat to stability" in Southeast Asia that America and her allies have been at such pains to preserve.