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PHAM THANH VINH

# BUILDING AN INDEPENDENT NATIONAL ECONOMY IN VIETNAM



FOREIGN LANGUAGES PUBLISHING HOUSE — HANOI — 1964

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## FOREWORD

*Everybody is aware of the heroic armed struggle the Vietnamese people have had to wage since 1945 to wrest back national independence. Moreover, the Vietnamese people have constructed their economy, formerly backward and dependent, on an entirely new basis, on a national and independent one. Everybody also knows that the problems which arise from the building of an independent national economy in a colonized and underdeveloped country, are at least if not more, as hard as those of political independence. Many are those who deny the colonized peoples with a backward economy the ability to conquer economic independence.*

*This booklet recalls the history of the persistent and hard struggle the Vietnamese people have waged these twenty years in the economic field to strengthen their political independence. For without economic independence, political sovereignty is only an illusion.*

*What have been the stages of this economic struggle? How has the Democratic Republic of Vietnam settled its economic problems in the first days of its founding? How has it built its war economy? So many difficult*

*and new questions facing a country which had no industry, no financial means and no qualified technical personnel.*

*Since the restoration of peace in 1954 the Democratic Republic of Vietnam has become a socialist country. How have the changes of structure been carried out? How have the problems of agricultural development and of industrialization been solved? These are intricate problems which need precise technical solutions and above all, a well defined policy.*

*If Marxism-Leninism is based on principles of universal scope, its application in a poor and relatively small country just liberated from feudal and colonial bondage, raises countless problems.*

*This booklet is both concrete and theoretical. Its authors have seen much service in the economic field on the practical as well as theoretical planes. Not only do they recall the history of the economic development of the Democratic Republic of Vietnam, but they also attempt to draw some experiences which would be of general scope. Therein lies the interest of the booklet which we especially recommend to those who devote themselves to problems regarding the countries in process of development.*

FOREIGN LANGUAGES  
PUBLISHING HOUSE — HANOI

Since its very inception, the Democratic Republic of Vietnam (D.R.V.) was submitted to the hardest trial: the war. A young state, deprived of all modern material and military means, it had during nearly nine years to face a highly industrialized imperialist power, possessing an army having a most up-to-date equipment and a well established military tradition: France. From 1950 onward, the U.S. intervened with might and main in the conflict by granting France a considerable financial and material aid, and the Vietnamese people had to face two imperialisms at the same time: France and the United States. A battle between a grasshopper and an elephant as would say the fabulist; however it was ended in the defeat not of the grasshopper but of the elephant, as the fable says.

According to the 1954 Geneva Agreements, France together with other powers, recognized the independence, sovereignty, unity and territorial integrity of Vietnam. Free general elections would have been held in 1956 to give a single government to Vietnam, and pending them, the country was temporarily partitioned into two zones, North and South, with the 17th parallel as a demarcation line to facilitate the cease-fire

operations and the regroupment of the opposing armed forces. The northern zone was entrusted to the care of the D.R.V. government.

The ruthless control of the U.S. over the southern zone has hindered the correct implementation of the Geneva Agreements and protracted the division of the country. While in the South the Vietnamese people have been obliged to continue their struggle against U.S. imperialism for national liberation, in the North, the D.R.V. government and people have chosen to build up the national economy and culture along socialist lines. A new socialist state is thus set up in South-East Asia, without going through the stage of capitalist development in its historic march forward\*.

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\* Vietnam has about 30 million inhabitants (1960 figure) and an area of 330,000 sq. km. (round figure). The northern zone (now the D.R.V.) accounts for 16 million souls against 14 million people for the southern zone.

The French conquest which began in 1860 was virtually completed in 1884. However an unrelenting struggle has been waged by the Vietnamese patriots to wrest back national independence. From 1940 to 1945 the Japanese occupation was imposed on the French colonial regime which increased considerably the burden of the population.

In August 1945, after a long arduous and heroic revolutionary struggle under the leadership of the Indo-Chinese Communist Party, the Vietnamese people were able to win power from the hands of the French imperialists and the Japanese fascists.

On September 2, 1945, following a short but victorious general uprising (the Revolution of August 1945), independence was proclaimed and the Democratic Republic of Vietnam was founded. On September 23, 1945, under the protection of British troops, the French unleashed their first operations of reconquest against the southern part of the country; on December 19, 1946 the war spread all over the country till July 20, 1954. The brilliant victory of the Vietnamese armed forces at Dien Bien Phu on May 7, 1954, made a decisive contribution to the success of the peace negotiations which were being conducted at Geneva.

From 1945 to 1954, the military trial was naturally accompanied by an economic trial: how to succeed in supplying the front, how to feed the population to give them a vital minimum to endure the long-term resistance war, to face the economic war waged by the enemy who was seeking to stifle and wreck the economy of the free zones; such were the questions which called for clear-cut and concrete replies, for it was necessary to win back economic independence while the armed struggle for political independence was going on.

After the re-establishment of peace, together with healing the war wounds, the basis of a modern economy had to be started in the northern zone completely liberated but entirely devastated by a long and destructive war. This has to be done in a country deprived of half its territory, formerly the richest region and the rice granary feeding the whole nation. Furthermore, the establishment of the U.S. armed forces and military bases in the South has made it necessary for the North to increase, beyond need, her expenditure for national defence. Thus all the obstacles met by under-developed countries are found in the economic development of the D.R.V., with the particularity that here, the war, the partition of the country, the American threat, have considerably aggravated its difficulties and complicated its task. Considered as a whole, Vietnam can be said not to have come out of the war from the time of the Japanese occupation in 1940 up to the present. To these difficulties should be added the frequency of natural calamities — drought, flood, typhoon — which hit chiefly the northern zone

and the extremely dense population in the plains of the D.R.V.\*.

The economic tasks which lie ahead the people and government of the D.R.V. during these peak load years have been in fact difficult and complex. At each stage, a rigorous choice should be made among the economic solutions which come up in which the slightest error would be a peril and the slightest false step would seriously complicate the situation.

We will deal hereafter with these fundamental economic choices made by the D.R.V. in each period of its history. The D.R.V. has since its founding, followed a well defined economic policy which has taken root in a number of intangible principles and has been gradually amended according to circumstances. The economic road taken by the D.R.V. is that of a colonial and semi-feudal country, which has a backward economy, wins its political and economic independence at the same time, and completes it with the building of socialism, without passing through the period of capitalist development.

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\* The acreage of cropland per head of population is nearly one-tenth of an hectare. Attention is drawn, from now on, to this figure which we should keep in mind throughout the length of this report.

## CHAPTER I

### WAR FOR NATIONAL LIBERATION AND ECONOMIC INDEPENDENCE

In 1945, when the French colonialists launched their first operations to reconquer the country, they thought they would be able to win an easy victory not only in the military but also in the economic field. They were convinced that the D.R.V. would be in a position neither to equip its armed forces nor to supply its liberated zones, nor to issue a currency which would win the people's confidence. They believed that the zones controlled by the French expeditionary corps — covering the best industrial regions and the most productive plains, and continuing to maintain commercial relations with France — would constitute an irresistible economic attraction for the people throughout the country.

This reasoning was not without foundation. The characteristic of Vietnam's economy at that time was that it was a colonial economy, that is to say, a completely dependent, unbalanced and most backward economy.

This economy was dependent to the utmost. The few modern industrial and commercial enterprises were built not in consideration of the economic development of the country but exclusively in consideration of the interests of some metropolitan firms. The profits netted were transferred to France, as well as raw materials derived from mines and plantations; no processing industry, no metallurgy of iron and of other metals would have played a beneficial role in the whole of the economy. Equipment and technicians came from France, while Vietnam supplied only raw materials and chiefly a dirt-cheap manpower, tailable and liable to forced labour at pleasure. The forms of colonialist exploitation coupled with those of feudal exploitation ruined the peasantry in the end and kept agriculture in a backward and quite medieval state. In the same way the inflow of French goods in a protected market ruined the traditional handicrafts, thwarted the development of a national industry and stifled the growth of the national bourgeoisie.

A long umbilical cord thus linked the economy of Vietnam to that of France, but through this cord it was not France, a developed country, which injected her capitals, men and techniques into Vietnam to impel the growth of the latter; the current was reversed with metropolitan firms stripping Vietnam of its resources. The expenses imposed on the country to maintain an administration and foreign armed forces — poll-tax, taxes on salt, spirits, opium, to mention only the most flagrant ones — were enough to bleed white the population as a whole.

The few modern installations stood there as alien bodies and suffice it to break the ties which joined them to France to stifle them completely. As Vietnam was known to import from France even nails and needles, how can we fancy that the factories and workshops in the country were able to work without French equipment and spare parts.

Leaving the few big towns, one came across in the villages with farming technique and methods dating as back as several centuries. In the economic field, by its industrial and commercial structures guided to serve metropolitan interests only, the colonial regime could not bring modifications of any importance to the countryside insofar as technical progress was concerned. Politically speaking, it had interest to maintain the feudal structures: the Vietnamese landlords, dignitaries and mandarins constituted the best supports of the colonial administration to levy taxes and "maintain order" in villages inaccessible to the French officials. On their side, the Vietnamese feudalists found in the colonial armed forces a protection against the peasants' rebellions more efficacious than in the old royal armies.

Economically and socially speaking, after eighty years of French colonization, the Vietnamese countryside remained at an almost medieval stage.

How this shaky economy could face the powerful French economy? Question which led to another interrogation: how could the guerilla units, using bamboo sticks and obsolete rifles and collecting

weapons here and there, be pitted against an enemy having armoured cars, artillery and air force?

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### **I. First steps of an independent economy**

After the Revolution of August 1945, it seems that there were only cruel angels to take care of the D.R.V.'s cradle.

The five years during which the Japanese ruled over the French colonial administration were enough to ruin the country. Many industrial and handicraft enterprises stopped working, owing to lack of raw materials or to war destruction. The years 1944 and 1945 were marked by important natural calamities: one-third of farm land in the North suffered from flood; then at the beginning of 1945 a protracted drought seriously hit the crops. Furthermore, the French colonial administration as well as the Japanese occupants stocked rice and the speculators were free to do their business. As a result, two million people died of starvation. When the D.R.V. was founded, famine was still rife. Most of the communication lines were destroyed and many regions were reduced to live by their own means.

When it took office, the D.R.V. government had first and last 1,250,720 piastres\* in cash. The old colonial budget was mainly fed by the collection of

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\* One Indo-Chinese piastre was equivalent to 10 French francs in 1945. This rate was raised to 17 francs in the following years.

inequitable and exorbitant taxes which, of course, should be discontinued by the people's government. The Indo-Chinese piastre rapidly lost its value just as the Chinese dollar introduced by the Chiang Kai-shek occupation troops.

In the international field, the D.R.V. was completely isolated as China was then in Chiang Kai-shek's hands; its supply in industrial goods as well as its export depended entirely on the free will of the imperialists. The zone north of the 16th parallel was swarming with Chiang Kai-shek's troops who ransacked the country shamelessly and kept the "nationalist parties" in their pay to sabotage the new government in order to hinder the forward march of the Vietnamese revolution and seek to bring in office a government of the Vietnamese feudals and reactionaries. In the South immediately after their landing, the British troops prepared the ground for the comeback of the French colonialists.

Tortured by famine, fighting an occupation force far superior in strength to their own, geographically cut off from the outside world and deprived of all economic assets, the Vietnamese people and government seemed not to have other alternative than to accept the condition imposed by the enemy which was the restoration of the colonial regime adorned with a sham independence; Vietnam would then become the first country in which imperialism would be able to conduct its first neo-colonial experiment in post-war days.

The D.R.V. government took the road of safeguarding the newly won independence and this political

and military choice had given rise to an appropriate economic policy. The fierce resistance put up by the Vietnamese patriots in the South upset the colonialists' plans. The reconquest by the enemy proved more difficult and longer than expected; time was needed to bring in an important military apparatus. On the Vietnamese side, there were no illusions as to the aim of imperialism, but also time was necessary to relieve the aftermaths of famine, put in position the mechanisms of the new government and get the people ready for the task ahead. It should at all costs prevent the coalition of French, British and Chiang Kai-shek's forces, and enlighten the opinion of the world, especially of the French progressive opinion on the will of the Vietnamese people for independence and also on their spirit of peace and conciliation.

Thus from September 1945 to December 1946 a new period opened up during which on the one hand the French troops continued launching military operations for reconquest in the South, and on the other arduous negotiations were held between the D.R.V. government and the French government\*.

Neither the military threat nor the opening of the negotiations could make the D.R.V. deviate from its general line in its economic policy which was governed by three major principles of action:

- *increase production* by all means;
- *lay the bases of an independent national economy*, develop and strengthen them as swiftly as possible;

\* Negotiations marked by the Agreement of March 6, 1946 and the Modus Vivendi of September 14, 1946.

— *democratize the economic structures* as widely as possible and as time permits.

\* \*

The first task was to *wipe out famine*.

At the first session of the provisional government of the D.R.V., President Ho Chi Minh pointed out: the three sworn enemies of Vietnam are foreign aggression, famine and ignorance. He then made a pathetic appeal to increase agricultural production.

"At present," he said, "we are facing two tasks of paramount importance which are to resist the enemy by force of arms in the South and to wipe out famine in the North. Do everything to intensify production! Increase production immediately! Increase production further! This is our watchword at present. This is for us the most concrete way to defend our freedom and independence."

The slogan "Not an inch of land lying fallow" was launched; the shortage of rice was made up by the increase of subsidiary crops: sweet potatoes, cassava-root and various vegetables. This was a genuine mobilization against famine, in which President Ho Chi Minh, the government members, civil servants and the army took the lead by farming all the plots of land available. President Ho Chi Minh launched a fast-campaign, which consisted in abstaining from eating once every ten days in order to save food for the most hunger-stricken people. The distillation of spirits from rice and maize was forborne.

In a few months this big campaign against famine gave the expected results. In Bac Bo (formerly Tonking) alone, the 1946 valuation enabled to see a resumption of rice production which at the end of 1944 and beginning 1945 dropped by 50 per cent compared with the previous years, and chiefly a sharp increase in subsidiary crops of rapid growth. In 1946 rice production reached nearly 2,000,000 tons as against an average of more than 2,200,000 tons from 1940 to 1944; subsidiary crops yielded 600,000 tons against over 250,000 tons in the same period.

On the historical plane, this was the first victory won over famine in a country periodically thinned out by famine. From the end of 1946, the Vietnamese people began to eat their fill and consequently the armed struggle could be waged on the basis of a "long-term resistance" strategy.

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While making effort to step up production, the young Vietnamese state was obliged to secure *independent finances*, an indispensable condition for its own survival and one of the essential pillars of its economic independence. The first task was to put an end to the monopolistic power of the Banque de l'Indochine \* which grasped all the financial and monetary resources of the country and issued the Indo-Chinese currency. Though the new regime was set up, the Banque de l'Indochine continued to carry out its

\* Various circumstances prevented the revolutionary forces from laying hands on the Banque de l'Indochine in 1945. This was, as the Vietnamese leaders recognized later, a weak point of the August Revolution,

predatory manoeuvres against the population: particularly, in order to deprive it part of its money it decreed valueless the 500-piastre note it had issued under Japanese occupation.

On January 31, 1946, after five months in office, the Provisional Government of the D.R.V. issued its own *currency*, though the Banque de l'Indochine continued to exist and the Indo-Chinese piastre to be legal tender. The *dong*, new Vietnamese currency, was first in circulation south of the 16th parallel; in the North, owing to the presence of Chiang Kai-shek troops and the negotiations being held with France, it was not yet possible to apply the same measures. However after October 1946, with the ratification of the first constitution, the National Assembly of the D.R.V. passed at the same time an important resolution to adopt the new currency throughout the territory. The population was invited to change old notes of the Banque de l'Indochine for the new ones.

From the *financial* point of view, the million of piastres in cash owned by the Vietnamese government at the outset, was rapidly spent during the first months in office; it was chiefly by asking for the sacrifice of the public servants and inhabitants that the budget was filled up. For several months many officials did not receive their salaries and the large-scale collections organized were enthusiastically welcomed by the population, for the revolutionary administration had known how to ally all the people's aspirations for independence and democracy. A "fund for national defence" was set up by means of collections and during the "gold collection week" many families

gave their jewels and precious objects as contribution to the expenditures of the government.

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The *agrarian measures* taken by the D.R.V. during the first years dealt chiefly with the land owned by the French colonialists\* and the Vietnamese landlords who had joined the enemy's ranks: these lands were temporarily allotted to the poor peasants. On November 20, 1945, a decree was issued obliging landlords to reduce land rent by 25 per cent. The question of distribution of land belonging to Vietnamese landlords was not yet tackled but the decree on land rent reduction and the elaboration of a labour legislation proved to the peasants and workers that the new regime was keeping their interests at heart notwithstanding the difficulties it encountered.

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## II. Problems of war economy

Repudiating brutally all the agreements signed, the French command thought to put an end to the Vietnamese resistance by launching on December 19, 1946 an attack against the central organs of the Vietnamese government in Hanoi. Not taken unawares, the latter resisted and the battle of Hanoi believed

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\* The industrial and commercial enterprises of the French were left intact during the negotiations for the Vietnamese government wanted to show to world opinion its will for peace and conciliation.

by the French Command to be the last, was in fact the beginning of a war which lasted eight years on end and took on an ever larger-scale. The whole country lived in the same situation as faced by the South since over one year. The enemy controlled the big towns and trunk communication lines while the free zones were mainly in the countryside. The major principles laid down at the outset were to guide the mind of the masses in all fields, i.e.:

— *to prepare ourselves for a long-term, hard, complicated but certainly victorious resistance war, an all-out resistance waged by the entire people;*

— *to rely mainly on our own strength, and not on assistance from outside.*

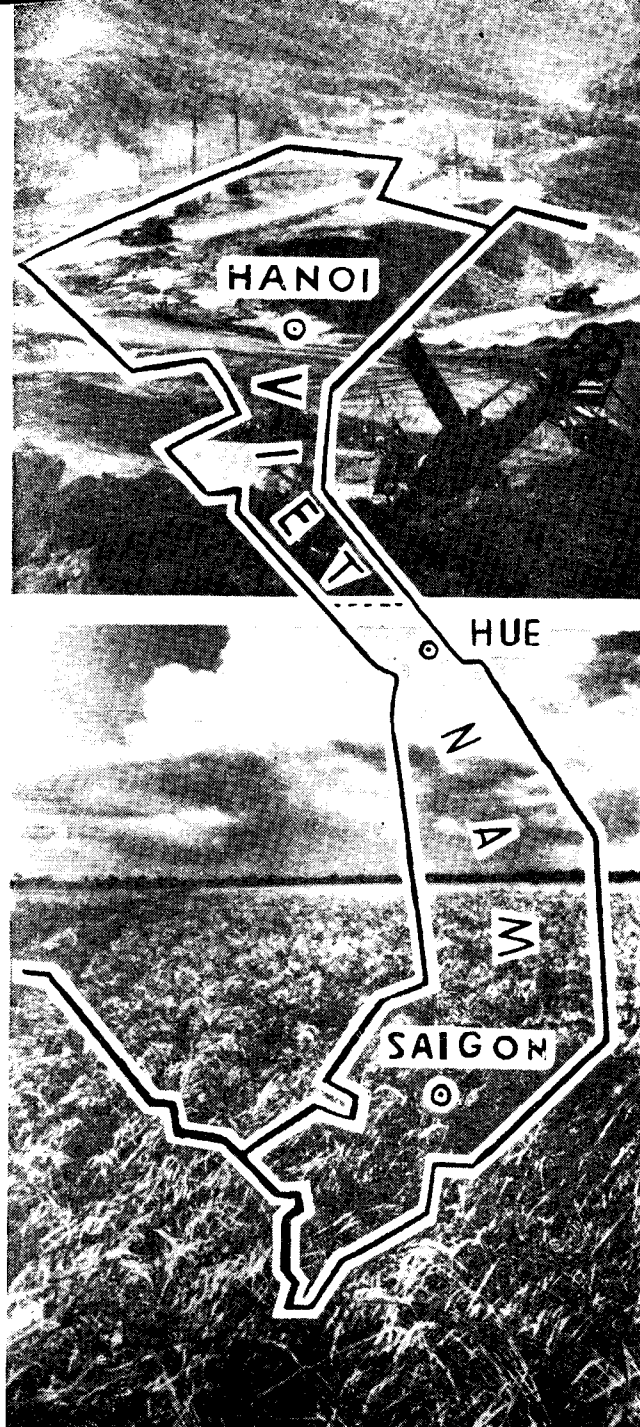
Temporarily, the enemy was by far superior in materials and technique; but waging an unjust war, he had to reckon with the weariness of his mercenaries, with the awakening of French and international opinion, and with the difficulties which would not fail to arise at home and abroad as the result of a long-term war. Should it know how to develop further its own forces, the Vietnamese resistance which was defending a just cause, could in the course of a long-term war, gradually consolidate and increase its strength in order eventually to upset the balance of forces and win victory. It was the same in the economic field, for the economy of the free zones, greatly handicapped at the start, was gradually stabilized, while the economic depression grew from bad to worse in the regions controlled by the enemy.

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The occupation by the enemy of big towns and main communication lines resulted in the establishment of regions quite isolated from one another. Besides, to prevent the enemy from thrusting his military operations into the liberated zones, or settling in the heart of some regions, the Vietnamese patriots destroyed the railway tracks, highways and towns which were likely to serve the enemy. It is understood that in these conditions, the watchword "To *increase production* at any cost in order to supply the frontline and the rear" was completed by the directive that *each region should cater for itself*.

*Agricultural production* was the central task. President Ho Chi Minh called ceaselessly on each citizen to increase agricultural production. In a concise formula "*Good food makes good army*", he made it clear to the people, especially to the peasants, that they are duty-bound to increase agricultural production at any cost. The mountain regions of Viet Bac\* where the central organs of the Resistance were set up, were thinly populated and had wide areas of uncleared land; thanks to the efforts made by the population and the Resistance organs, their agricultural production increased considerably. Taking the whole of the northern zone, where agriculture was always subject to the scourge of natural calamities, it could be confirmed that in 1947 and the following years, despite the difficulties created by the war, rice production reached the average yield of the period from 1940 to 1944.

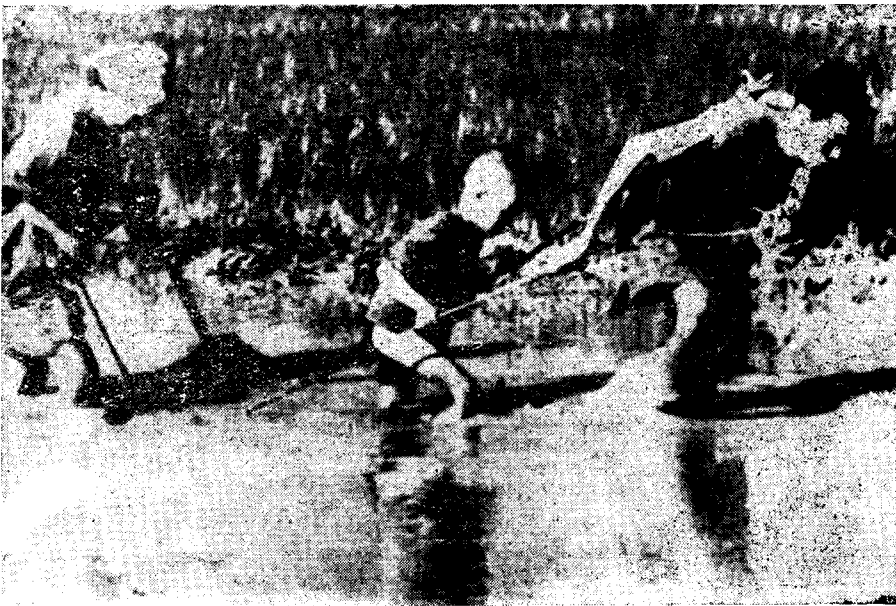
\* Covering chiefly seven provinces : Tuyen Quang, Phu Tho, Vinh Yen, Phuc Yen, Thai Nguyen, Bac Can, Cao Bang, which are situated north of the Red River.



The North with its rich mineral resources

The South with its fertile lands

# UNDER THE COLONIAL AND FEUDAL DOMINATION



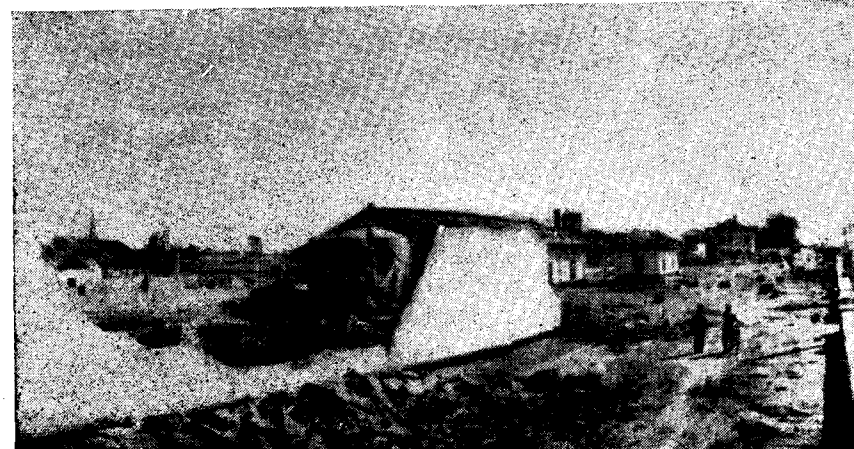
Misery...

...hunger...



... a backward  
and parcelled  
out agriculture...

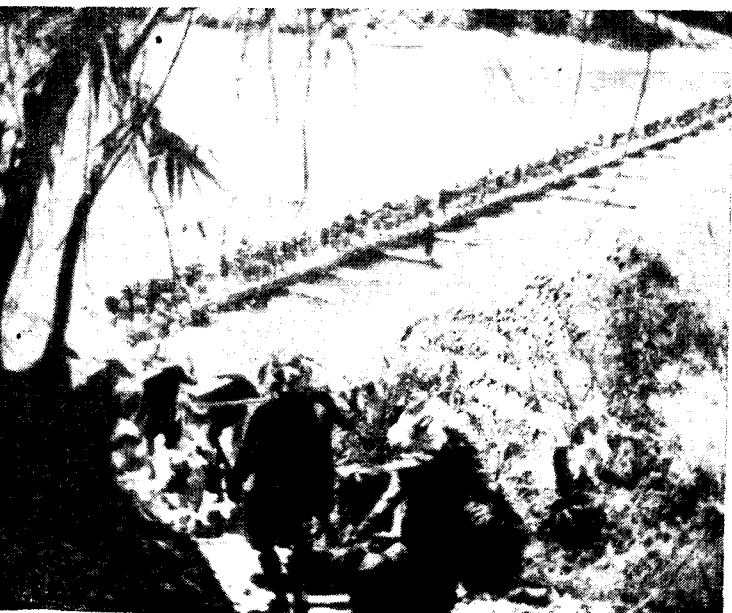
...makeshift enterprises ruined by the war and  
left by the colonialists after their departure  
from North Vietnam





A corner of an arms workshop in the resistance zone

The population supplies the front



## THE ECONOMY IN THE SERVICE OF THE RESISTANCE

*Handicrafts* was greatly promoted to produce consumer goods, some of which had been previously imported. There were many initiatives to make up the shortage of raw materials and to find new techniques.

Thanks to the devotion of the workers and of all labourers, several thousands of tons of machines and various apparatuses were dismantled and carried pick-a-back piece by piece from the towns to the workshops in the jungle or installed in villages. By salvaging the rails, the dismantled machines and shells fallen in the hands of the patriots, and even by collecting scrap iron in the French controlled towns, it was possible to have steel necessary for the manufacture of weapons. Gun powder and explosives were made by ingenious handicraft means from saltpetre, various acids, potassium chlorate, etc. Step by step it was possible to make rifles, machine-guns, bazookas, recoilless guns, mines, explosives, etc.

In the *monetary and financial fields*, a government decree signed in 1948 prohibited the use of the piastre issued by the Banque de l'Indochine and since then, this currency completely disappeared from the liberated zones. Land taxes covered most of the government budget (67 per cent in 1947, 83 per cent in 1950). However the war expenditures became more and more important and the receipts covered hardly a quarter of the governmental expenses. Despite a growing inflation, the population, out of patriotism, continued to trust the national currency. All the enemy's attempts at forcing his currency in the liberated zones and depreciating the Vietnamese currency met with failure.

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### III. Towards a democratic and popular economy

In October 1950, a series of French posts, strongly fortified and defended to bolt the Sino-Vietnamese border fell in the hands of the Vietnam People's Army. The war took a new turn. The French expeditionary corps was then faced with a guerilla force which developed unceasingly and a regular army made up by big units whose armament and fighting technique were more and more formidable. In the international field, an event of paramount importance took place with the People's Republic of China extending its power which touched as far as the Vietnamese frontier.

France then received from the U.S. all the necessary financial and material assistance to continue and intensify the war. American weapons were poured into Indo-China; especially the French air force was largely strengthened to carry out most murderous and destructive raids on the free zones. The French command and the American advisers set upon destroying the irrigation works, particularly important for rice production, and preventing all production work, chiefly farming, in the liberated zones. The mobile units of the French expeditionary corps were re-equipped with a view to launching raids deep into these territories. A great impulse was given by the enemy to the establishment and training of a "national army" fighting at the side of the French expeditionary corps. It consisted in "pitting Vietnamese against Vietnamese" and "feeding war on war" i.e. in the economic field in robbing as much local resource as possible to finance the war.

Thus with the development of the war, the military operations were conducted on an ever larger scale, and the destructions, exactions and crimes committed by the enemy increased day by day. The military and economic expenditures defrayed by the Vietnamese Resistance were more and more heavy. This new stage of the war required that new resources should be found. The general line of economic policy did not change compared with the previous period, but a series of new measures were adopted, giving this policy a much greater coherence and systematization\*.

\* \*

As before, the bulk of agricultural and handicraft production derived from individual exploitation and patriotic emulation was always the leading mover impelling the workers, peasants, a major part of artisans and many owners of small industrial and handicraft enterprises to increase production. However the burdens carried by the state on the one hand and by the peasants who constituted the bulk of the army and made the greatest contribution in the productive branch on the other, were more and more heavy. That is why from 1951 to 1954, measures were taken to:

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\* By strengthening to the utmost its war potentiality with a growing American aid, in 1953 the French command set afoot the "Navarre plan" by which the Vietnamese armed forces would be defeated within 18 months and the country entirely "pacified". This plan met with complete failure and the climax of this last stage of the war was the Dien Bien Phu battle.

- strengthen the economic role of the state and strengthen its financial position;
- encourage production and enhance the combativeness of the working peasants.

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*Increase in production* remained the fundamental problem. In its progress the war led to an acute unbalance in the budget, a rapid depreciation of the currency and an important rise in prices. Thus it was necessary to take *radical financial measures* to increase receipts and curtail expenses to unify the system of receipts and expenses of the government, stop inflation and stabilize prices.

In May 1951, three measures of vital importance were decided for the

- establishment of a *National Bank*;
- issuance of a *new currency* (the new dong was equivalent to 10 dongs of the old currency);
- establishment of a *single agricultural tax* to replace the old taxes, contributions and indirect taxes paid by the peasants;
- organization of *State trade services*.

Agricultural tax was paid in kind, on the basis of the agricultural income drawn by each household and at a progressive rate; the basic abatement was calculated according to the number of heads of population to be fed by each household \*. Up to that

\* All households whose members earned an income inferior to 60 kgs of paddy each, were exempt from taxation. The progressive tax table included forty categories; the

time the taxes and contributions collected from the peasants were quite various and often took the form of voluntary contributions. As a result, it was often the poorest peasants who, out of patriotism, gave the most, proportionately speaking, and the rich who tried to give the least possible. With a single tax fixed on the basis of agricultural incomes and at a progressive rate, those whose income was bigger were compelled to make a greater contribution to the war burden. It is worth noting at once that after its establishment and collection — we shall come back to this subject — agricultural tax was more and more opposed by the landlords and warmly welcomed by the poor peasants.

Another unified system of taxes collected in cash (called industrial and commercial taxes) on commercial transactions and industrial activities completed the new fiscal list.

The institution of the new fiscal system, and above all of a unified agricultural tax allowed the budget to increase rapidly; if we take the receipts of 1951 as basis, we have the following percentages:

1951	1952	1953	1954
100	311	530	536

From year to year, the percentage of receipts compared with budgetary expenses was as follows:

1947	1948	1949	1950	1951	1952	1953
27	20	18	23	30	82	116

lowest category, fixed at 6 per cent, was to be paid by households whose members drew an income ranging from 61 to 75 kgs of paddy per capita. The highest category fixed at 45 per cent was to be paid by all households whose members earned an income superior to 1,796 kgs of paddy each.

Since 1953, the prices and currency have become stable. Meanwhile the piastre, currency of the enemy occupied zones, progressed in the opposite direction. On May 11, 1953, the colonialists decreed the devaluation of the piastre whose official rate dropped from 17 to 10 French francs while on the world market it sank to 7 francs. Thus, in the financial field, the assertion that "our forces increased day by day with the protraction of the hostilities, while the enemy's forces grew thinner" was confirmed. Time was on the side of the Vietnamese Resistance and not on the side of the French colonialists, despite a substantial aid granted by the U.S.

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This result was not obtained by armed struggle only; *in the economic and financial fields*, there was also an *actual war*. At the beginning of the hostilities, when the enemy occupied the big towns, a blockade had to be organized first to prevent the enemy from making supplies in the surrounding countryside. It was also necessary, as has been said, to forbid the enemy's motorized units to venture far from these towns. Hence the importance of the destruction of communication lines: 10,700 kms of road, 1,540 kms of railway tracks and a length of 30.5 kms of bridges were destroyed as well as 53 small towns and market-towns. As soon as the enemy was spotted, the inhabitants literally "emptied" their houses and gardens, thus creating great difficulties for the supply of the enemy and his installation of posts and administrative centres.

Little by little, the enemy extended his zones of occupation which included some regions in the countryside set among the liberated zones; for years on end, many territories were contended by both sides, changed hands by the fate of arms, or were controlled by the French expeditionary corps by day and the Vietnamese Resistance forces by night.

Thus the economic struggle could not be confined to mere blockade and it was nonsensical to try and maintain a close barrier between the occupied zones and the free zones. In the occupied zones, the production of manufactured goods in the towns, though much weakened compared with the pre-war days, and chiefly the inflow of French and American goods, gave the enemy a great economic advantage. He sought to swamp the free zones with goods in order to ruin our handicrafts and cottage industries, to grasp necessary agricultural products, to enforce his currency to the detriment of the Vietnamese currency, while trying to blockade the liberated zones economically. Through the trade channels, the enemy also tried to expand his political influence and introduce his spies and agents in the free zones.

Furthermore, some agricultural and forest products of the free zones could advantageously use the occupied zones as outlet. This operation would have a double advantage in the field of production. It would thus be necessary to re-organize the blockade, without however allowing economic transactions to develop freely and spontaneously. Then a new policy on the economic battle with the occupied zone and the control of economic intercourses between the two zones

was advocated. A decree signed on August 13, 1951 laid down the cardinal principles of this battle. It consisted first in securing economic independence for the free zone, protecting the national production, importing only what was strictly necessary, exporting only what was produced in surplus; this drastic policy also tried to satisfy as much as possible the most pressing needs of the population. While the home trade was free, all transactions with abroad should be subject to control.

In 1952 the amount of exchanges between the two zones grew rapidly (5 times over 1951); in 1953 the exportation was 160 per cent and importation 40 per cent larger than in 1952. The exportation of agricultural and forest produce went up rapidly (110,000 tons of paddy in 1953, 87,000 tons during the first six months of 1954 as against 9,000 tons in 1951), thus enabling the agricultural people, especially the highlanders to make a sensible odd income. The excess of imports over exports decreased gradually to become insignificant. In the monetary field, in the beginning, the enemy had the advantage owing to the relative abundance of manufactured goods he had in hand. But thanks to the patriotism of the population on the one hand, and to the application of drastic measures on the other, the exchange rate could be stabilized gradually and the state could build up a reserve of the enemy's currency. The prices of goods coming from the enemy occupied zones dropped, while the exportation of handicraft and forest products created new resources for the population.

The battle between the two currencies took place in the course of development of controlled transactions between the two zones. Furthermore, in the newly liberated territories, the question was to drive away the currency of the opponent side, and to track down the forged national currency introduced by the enemy in the free zones; in the zones contended by the two sides, it was necessary to enforce the national currency concurrently with that issued by the enemy. Many fighters lost their lives in this arduous and protracted monetary battle. The exchange rate between the two currencies turned gradually to our advantage. In January 1953, one Indo-Chinese piastre was worth from 48 to 100 Vietnamese dongs according to the regions; this rate fell to 30 dongs on the average on the eve of the armistice.

The development of trade at home and with People's China after the opening of the China-Vietnam border, the intensification of the economic struggle against the enemy, and of the commercial exchanges between the liberated zones and those occupied by the enemy, the increase of war expenditures and of the supplies to the army and the front, and the growing necessity of stabilizing finances, currency and prices, led the government to set up a state trade service, by the May 14, 1951 decree. The state closely took in hand foreign trade, while on the home market the state trade service sought to concentrate in its hands part of agricultural and handicraft products, staple consumer goods (rice, salt, fabrics...) and part of means of production in order to improve the supply of the

army and the people, to serve and intensify production, to curb and stabilize prices.

In 1953, it could be said that prices were stabilized in the main; disparities of prices between various regions, so far strongly marked, were brought down considerably together with seasonal price fluctuations. As a result, in the Viet Bac region, from December 1952 to December 1953, the price of rice lowered by 35 per cent, salt (a valuable merchandise for mountain regions) by 55 per cent, and fabrics by 30 per cent.

The part played by state trade in exchanges grew rapidly. Compared with 1952, the 1953 trade turnover was as follows:

Increase of 200 per cent for the purchase of			
paddy and rice			
—	39	—	for the sale of rice
—	69	—	for the sale of salt
—	500	—	for imported fabrics
—	150	—	for other manufactured products.

The exchanges with People's China increased rapidly too:

	1952		1953		
Exports	21,615 million yuans		38,942 million yuans		
Imports	19,040	—	36,573	—	—
(one yuan was worth 0.179 dong in 1953)					

The development of state trade did not mean at all the strangling of private commerce and industry. In keeping with the growth of economy as a whole in the Resistance zones, the private sector and the state sector developed abreast. The Constitution voted in

1946 guaranteed freedom of business undertaking for traders and industrialists, and in its appeal of March 17, 1952 to their address, the Presidium of the National Assembly and the Central Committee of the Vietnam National Front recalled:

"We call on industrialists and traders to contribute their efforts and abilities to the building of the national economy, in order to safeguard our independence, to invest their capital in co-operation with the people's organs, on the basis of mutual interests of both parties, capital and labour, as defined by the government policy and that of the National Front, and to establish many trading companies in order to develop exchanges."

The founding of the National Bank to manage all movements of capital, the circulation of currency, the establishment of many state enterprises to produce armaments and various materials and articles and the setting up of state trade, considerably reinforced the state sector in the national economy, and gave it a new face.

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This new face of the national economy, this reshaping of old structures, was all the more visible with the carrying out of land reform. In a country having no modern industry, the task of supplying for the front, contributing to state expenditures, and producing raw materials for handicrafts and small industry, falls on agriculture, that is to say on the toiling peasants. As has been said above, the land-poor peasants

accounted for the majority of the population and for the bulk of the soldiers of the people's army as well as of those who carried food and munitions to the front. In the very hard conditions of war and with the accelerated rhythm and scale of military operations, and destructions wrought by the enemy, only an unprecedented mobilization of the entire population, especially the large masses of land-poor peasants, could help cope with the situation.

It was clear that one could not continue endlessly to send land-poor peasants to the front while at their villages, their wives had to give the bigger part of the harvest to landlords, present them with gifts on festive days, pay them exorbitant interests for the debts incurred due to sickness, floods or drought, and while their children worked for landlords as unpaid servants and endured all kinds of ill-treatments and brutalities. One could not ask them to till and harvest in the night time, to repair dikes and sluices destroyed by the enemy, to carry their own rice to the soldiers at the front, to hunt spies, organize guerilla warfare everywhere without lightening them of the burden and removing for them the fetters of a millenary feudal past.

In January 1953, the Workers' Party started a campaign mobilizing the masses to carry out land reform, and the Party Central Committee formulated theses on this question. Land reform was thus in one way or the other a blow dealt by the Vietnamese at the intensified war efforts of the French and Americans. It could be said that the mobilization of the peasant masses offset the very important financial and material

aid given by the U. S. A. to the French colonialists. The first measures taken in 1945 were confirmed by a new document (July 14, 1949) insisting on the necessity of reducing land rent by 25 per cent, a reduction which was decreed in 1945, but could not be applied everywhere due to the landlords' ill-will. All the additional obligations imposed on the peasants (gifts, corvees...) were cancelled; the debts contracted before August 1945, those for which the interests paid represented more than double the original capital, and those whose creditors were condemned for their anti-national activities, were abolished.

However, these measures, which curbed feudal exploitation, did not deal a radical blow to the former regime. In the whole of Vietnam, if we considered that the communal land was also practically in the hands of influential notables of the communes, we could see that the landlords who accounted for less than 5 per cent of the population, held nearly 70 per cent of cropland, whereas the toiling peasants (90 per cent of the population) owned only about 30 per cent of the land.

On December 4, 1953, the National Assembly at a solemn plenary session, passed the Land Reform Law the objective and purpose of which were defined by Article I as follows :

"To abolish the regime of land appropriation by the French colonialists, and wipe out the feudal regime of land ownership by the landlord class in order to set up a regime of land ownership by the peasants, release the productive forces in the countryside, give

a strong impetus to agricultural production and pave the way for industrial and commercial development, improve the peasants' living conditions, increase the strength of the people and of the Resistance, complete the task of national liberation, and consolidate the regime of people's democracy."

The lands belonging to the colonialists, traitors, and to the landlords and notables having committed crimes, were confiscated; the lands of ordinary landlords were requisitioned without judgement, and the lands, farm implements and cattle of the landlords having participated in the Resistance were redeemed by special bonds. These lands and property were distributed to farmhands and land-poor peasants and to a number of middle peasants. The persons responsible for religious cults were allowed to retain a part of the rice-fields for religious expenses. The soldiers pressganged by the enemy had also their shares in the distribution, whereas a part of land was left to former landlords sentenced to less than five years' imprisonment. The big mechanized exploitations or plantations grown to industrial crops were not distributed and became state farms. The policy with regard to rich peasants was that of "entente with the rich peasants" and of "maintenance of the economy of rich peasants"; that was why their land remained intact, except for the land of the traitorous and reactionary peasants. The land directly utilized by the capitalists for their industrial and commercial exploitations also remained intact.

Land reform, a revolutionary movement of the peasants, was carried out by the peasants themselves

conscious of their own class interest, and took on a character of peasant masses' uprising under the leadership of the Vietnam Workers' Party and within the framework of the Land Reform Law passed by the National Assembly. Land reform committees were set up at national, regional and provincial levels whereas in each commune, the executive committee of the Peasants' Union was entrusted with the execution of the law.

If in the military field, the last year of the war was that of struggle against the Navarre plan, which ended by the Dien Bien Phu victory and the armistice signed on July 20, 1954, in the internal field, it was essentially the year of great mobilization of the peasant masses for the carrying out of land reform. As this reform itself had to be conducted stage by stage, after an intensified ideological and political preparation, the economic results obtained in that year — that is to say the distribution of land and property — were much less important than the political and ideological mobilization among the peasantry, the army and the cadres (That is why we will deal with the results of the distribution of land only in the following chapter when the reform is completed).

This unprecedented mobilization roused a powerful enthusiasm among the armymen and peasant masses and helped overcome the difficulties of that period. General Vo Nguyen Giap, Commander-in-Chief of the People's Army noticed:

"A new factor has appeared: the policy of systematic land rent reduction and of implementation of

land reform decided by the Party and Government. After the political course on the mobilization of the peasant masses for land reform, our cadres and army men see more clearly that the objective of our struggle is national independence, and also land to the tillers. Therefore their combativeness has increased greatly. More than ever our army transported with enthusiasm, is ready to go to the front to annihilate the enemy." \*

Thus the war ended with the setting up of a National Bank, a state trade service, a rational tax system ensuring the budget equilibrium in war time, and first of all, with the launching of a reform which shook even the foundation of the former economic and social system: land reform. After the armistice, Vietnam became not only an independent country, but also a new democratic country.

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\* Vo Nguyen Giap. *Dien Bien Phu*, Foreign Languages Publishing House, Hanoi, page 56.

## CHAPTER II

### POST-WAR RECONSTRUCTION AND CHOICE OF SOCIALISM

#### I. Problems and prospects

In October 1954, the Government of the Democratic Republic of Vietnam came back to Hanoi to take in hand the administration of the northern zone; in May 1955, the last units of the French expeditionary corps left the Haiphong-Hongai coastal region. The political independence of the northern zone was thus definitely and integrally reconquered, but the problem of economic independence was not consequently solved.

The French colonialists — and together with them all the gang of imperialists, Vietnamese feudalists and compradors who had fled to the South — thought firmly that North Vietnam, partitioned from South Vietnam, and having its relations cut off from the former metropolis, would not be able to live independently on its own economy and that the regime which had brilliantly won the war would meet its

doom, stumbling over many economic difficulties which it would soon encounter. This thesis is not utterly groundless.

In fact, cut from the South, North Vietnam had to deal first of all with a problem which for centuries no social system had been able to solve: famine. In 1963 the country had about two million hectares of arable land to feed over 17 million inhabitants; even a country like India, where famine is current, has a per capita landholding three times bigger. Natural calamities are frequent; from June to October, monsoon brings to the country considerable quantities of water, risking at any moment to immerse rice-plants or flood whole regions. During this season typhoons frequently cause great devastations. In other months of the year it often happens that not a drop of rain falls for whole months and rice-plants wither. In many ricefields "rice-plants either turn brown or rot", they are either scorched by a protracted drought in the dry season or immersed in the water for many days on end in the rainy season. All the year round, on North Vietnam fields, millions of persons are seen toiling and moiling at bringing water to the ricefields or draining it by means of rudimentary scoops worked by hand.

We can read in the annals of former imperial dynasties or in the newspapers during the colonial period, stories of the following kind:

"The inhabitants have given up all cultivation, all their stocks of rice being completely exhausted. With their children in their arms, and in long files, they go away to seek for food. The price of rice has soared

up: with a hundred sapekes, one cannot get even a meal. Most of the people feed on grass. The roads are strewn with the corpses of those died of starvation."

(*Cuong Muc Annals*, 1741)

"Around the villages and markets, the roads are crowded with destitutes and beggars who have nothing to eat. Driven by famine, the people in great numbers leave their huts after having sold everything and wander about begging until exhausted they die in the corner of a wall."

(*Avenir du Tonkin*, April 22, 1896)

In 1944-1945, famine carried off two million people.

Many a Western economist such as the French geographer Gourou, after many studies on the life of the peasants in North Vietnam, came to the conclusion that there was but a solution: to resign to that fatality of permanent food shortage and periodical famines.

After 1955, a new circumstance came to complicate the problem: the post-war conjuncture, and the rapid progress of hygiene have favoured a record of demographic increase: more than 3.5 per cent a year, that is to say a yearly increase of more than half a million people to feed.

With nearly one-tenth of a hectare of arable land per capita, is it possible to feed the population and prevent the recurrence of periodical famines which decimated the people of the country? Such was the first question put to the new regime after the end of the war.

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The interruption of all economic and cultural relations with the southern half of the country, is for the nation a profound mutilation which strongly impedes its progress. The North, rich in mineral products, and having an important industrial potentiality should complete the economy of the South rich in agricultural products. It is necessary to consider the problem not only from the simple viewpoint of natural resources; but also from the viewpoint of human resources: the efforts of a whole nation of 30 million people, due to the protracted partition of the country, cannot be pooled and concentrated in a single creative endeavour. On the contrary, the brutal American intervention has forced the southern population to carry on the liberation war and the North to expend great amounts on national defence.

To put it in a picturesque way, we would say that the Vietnamese people, as a whole, can be compared with a man building a new house, with his two legs in water; while his arms build the new house, his immersed legs are forced to fight against an octopus with strong and venomous tentacles. To cope with American power when one is a small nation without great material means, is a trial certainly comparable to that of the protracted war of resistance which has just come to an end.

On top of this are ruins of a nine-year long war which followed the Second World War and ravaged every village and every corner of the land; of the communication lines, there remained only 112 km. of railways (a narrow single track), some trunk roads

around Hanoi not longer than some hundreds of kilometres. From 1939 to 1954, while other countries made great technical progresses, the small industry existing in Vietnam had not renewed its equipment and operated often with machines dating as back as 1900. In leaving the country the French expeditionary corps dismantled and carried away the essential parts of workshops and the main technical documents, thus completely paralyzing many enterprises. All the essential parts, equipment and materials necessary for their good running were formerly supplied by French firms; in the country no workshops could make them. Its umbilical cord being cut off from the "mother country", the small modern economy which had existed should have been doomed rapidly.

Thus, the French firms refused all offers made by the Government of the D.R.V. to continue to work and to co-operate with the new regime. They preferred — acting also under American pressure — to cut all relations with the D.R.V., carry out a drastic blockade, thinking that they could bring to its knees the new state which had no experience in the field of modern economy.

The havoc wrought to agriculture was no less considerable. All the major hydraulic works were destroyed by bombing, endangering the plantation of rice on more than 320,000 hectares; more than 140,000 hectares of ricefields were laid fallow during the years of war, covered with a network of strongholds, barbed wire and mine-fields, and should be reclaimed at the cost of great efforts and not without danger.

The regions newly liberated after the armistice lost more than 100,000 buffaloes and oxen, and in many regions, men had to draw ploughs to till their land. Hundreds of thousands of persons, especially the Catholic peasants, were coerced to go to the South, which gave rise to a disorganization in the economic and social life in many regions where the majority of the population are Catholics.

From the economic and social viewpoints, two zones with radically opposing structures should be integrated into the same entity: the regions liberated for a long time where economy was already organized on a national, independent and democratic basis, and the regions so far occupied by the enemy. The latter had depended entirely on French economy; besides, the expenditures of a large French expeditionary corps had created an artificial situation in which services prevailed over production. Hanoi, for example, when liberated, had only 5,000 workers and handicraftsmen out of a population of 400,000; the remainder lived either on trading which consisted essentially in reselling foreign goods, or on catering services for the well-being and comfort of the invaders — restaurants, cafés, places of amusement, entertainment, and other luxuries. The situation created by a protracted war, the interruption of relations with France, the evacuation of the French expeditionary corps (the principal consumer owing to the war) made the economy of these regions slack and as a result hundreds of thousands of persons remained unemployed.

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In the European countries ravaged by war, reconstruction was relatively easy because these countries have already a modern industrial basis. In Vietnam the legacy of the past, particularly after 15 years of war (1939-1954), was next to nil. Throughout the period of colonial regime, there was not any technical higher education; in the whole of Indo-China, there were only three vocational schools to train skilled workers. The production of electricity in the first post-war year was only 52 million kwh. The share of modern industry in the gross value of national production in 1954-1955 was only 1.5 per cent. It could be said that to build a modern industry, we had to start from scratch.

In agriculture, technique remained as it had been in the former feudal regime; for example on looking at the drawings of the farm implements of the former centuries, we realize that the farming technique used in 1955 in North Vietnam had not undergone the slightest improvement.

Such a rudimentary agricultural economy could not even regularly ensure food to all; how to envisage an enlarged reproduction, and great investments for a rapid industrialization and build a national industry, the foundation of all economic independence?

It was evident that once political independence is won, to ensure economic independence and progress, economic structures should be changed radically while ways and means be found to meet first the immediate requirements and heal the war scars.

For a short period of time, within a decade starting from 1955, the people and the Government of the D.R.V. buckled to these problems: to restore an economy ruined by a long all-out war, build an independent national economy, and carry out a radical transformation of the economic structures, to turn a former colony, a semi-feudal country, into an independent and socialist country. Three different stages can be noted in this evolution:

— From 1955 to 1957, the post-war period of economic reconstruction, the war scars were healed and towards the end of this period the general economic level could be considered as reaching that of 1939; the post-war reconstruction was carried out on the basis of completion of land reform.

— From 1958 to 1960, the period particularly important for the economic and social transformation of the D.R.V., profound changes took place in the economic structures. Co-operativization made rapid progress, involving by the end of 1960 the majority of the peasant households; industry and commerce were for the absolute part in the hands of the state while capitalist industry and commerce were transformed into joint state-capitalist enterprises. At the beginning of 1961 it could be said that the transformation of economic structures, the establishment of socialist production relations, were completed in the main.

— However, the material and technical basis of economy remained extremely weak; in 1961, Vietnam had the essential characteristic that its socialist

production relations were based on a too weak industry and a backward agricultural technique. The new production relations can be consolidated only if an advanced material and technical basis can be rapidly created, hence the necessity to give a vigorous impulse to agriculture, and first of all to lay the foundations of a socialist industrialization whose backbone will be a relatively comprehensive heavy industry. The first five-year plan (1961-1965) is to build the first bases of that socialist industrialization.

If the starting bases of our modern economy are the weakest, potentialities are on the contrary important, first of all in the mining and power branches; in agriculture, the tropical climate, once harnessed, is an excellent asset for agricultural development. In spite of the partition of the country the area and population of the D.R.V., without being large, allow it however to stand as an independent economic unit. Besides these important economic reserves, we must indeed emphasize the political and moral factor. Under the leadership of the Workers' Party and the Government of the D.R.V. headed by President Ho Chi Minh, the industrious Vietnamese people, tempered by the long years of the War of Resistance against imperialist aggression, are ready to devote the necessary efforts, and the other socialist countries also grant it a very valuable aid. Thus the favourable conditions for the building of an independent national economy are not wanting. The undertaking, though difficult, is workable.

## II. Completion of land reform and post-war reconstruction (1955-1957)

In a country devastated by war and disorganized after the collapse of the colonial regime, the complete interruption of long-standing exchanges, the difficult integration of two zones with opposing economic structures, the threat of famine due to a series of natural calamities towards the end of 1954 and the beginning of 1955, the shortage of goods which had been so far imported from abroad, as well as the massive unemployment rampant in urban centres, constituted particularly acute problems for the Government of the D.R.V. However it would be wrong to consider that the economic measures taken during this period were only emergency ones, aimed at meeting the immediate requirements. In fact, if they were prompted by circumstances, they were, however, within the framework of a long-term economic policy of which we have previously drawn the great lines.

### *Completion of land reform and rehabilitation of agriculture*

So the armistice did not interrupt the carrying out of land reform. Quite the contrary. Due to the restoration of peace, a new impulse was given to the mobilization of the peasant masses for the completion of that fundamental reform. At the restoration of peace, three million peasants had already participated in the campaign of mobilization obliging the landlords to reduce land rent and pay back the surplus rent they had pocketed illegally during the previous years; in 269 communes, half a million peasants were

allotted the land and property taken from the landlords, and, with the profound changes in the communal administration, they became real masters of their villages.

However, land reform was not yet carried out in some important regions such as the zones formerly occupied by the enemy or the guerilla regions inhabited by a very dense peasant population, some regions of plains and mountains of the free zones. As early as September 1954, the Political Bureau of the Worker's Party drew the attention of the activists to the fact that they should not neglect land reform while busying themselves with the taking over of urban centres, and in the fourth session of the National Assembly held in March 1955, the report made by the Government specified as follows:

"From the economic viewpoint, land reform creates the fundamental conditions to restore economy, develop agriculture, restore and develop urban economy. It will improve the living conditions of the population, especially the peasants."

The fundamental provisions of the land reform law remain the same; however, with the restoration of peace, certain supplementary measures were worked out to speed up the reform and broaden the anti-feudal and anti-imperialist front. The campaign to mobilize the masses continued with no less vigour and was carried on till the end of 1956.

The mobilization of the masses for rent reduction and the distribution of land were carried on for three years and ten months, involving in various provinces

of the delta and of the midland more than 2,400,000 peasant households embracing nearly 11 million persons. These regions covered one million and a half hectares of land, that is to say the major part of the arable area in North Vietnam. Of these one million and a half hectares, 810,000 hectares were confiscated, requisitioned or redeemed, together with 100,000 buffaloes and oxen, 1,8 million farm implements, many houses to be distributed to 2,2 million peasant households, involving 9,5 million persons. 72.8 per cent of peasant households received their shares of land.

The feudal production relations were thus completely eliminated, and the political power and social prestige of landlords definitely liquidated. The slogan of the agrarian programme of the Party, "Land to the tillers" and the centuries-old dream of the peasants to own a plot of land, were thus realized. It must be noted that due to the extreme scantiness of arable land and the very high demographic density each peasant household received only a limited share. Even prior to the reform, those who were classified as landlords, that is to say those who live on the exploitation of others' labour under the form of land rent, had only small holdings in comparison with their counterparts in other countries. After the reform, the per capita landholding was established as follows:

Class appartenance	Before reform	After reform
Landlord . . . .	6,499 sq.m.	1,010 sq.m.
Rich peasant . . .	2,141	2,185
Middle peasant. .	1,151	1,665
Land-poor peasant	455	1,431
Farmhand . . . .	199	1,528

It is worth noting that the land reform law defined the class origin on the basis not simply of the extent of landholding but also of the method of exploitation:

— is a landlord he who does not work on his land, but lives on land rent and usury;

— a rich peasant tills his land himself and disposes of a surplus on which he exploits the farmhands' labour;

— a middle peasant lives solely by tilling his land without exploiting others;

— a land-poor peasant owns too little land to meet his needs and has to rent land from others or hire himself as farmhand;

— a landless peasant is most often a farmhand.

Thus, after the completion of land reform, the average landholding of the peasants was established around (or close to) that of the middle peasants, the latter however possessed in addition cattle, farm implements, money, more comfortable houses, and therefore the formerly landless and land-poor peasants would not be able after the distribution of land, immediately overtake the living standards of the middle peasants.

Another remark: there was in Vietnam no parceling of the estates after the reform, for rarely the landlords owned single estates of land. They grabbed it one plot after the other from the peasants. The reform was carried out on the principle that he who tills a land keeps it for his own account. Now that the peasant has become the owner of the plot of land, he works on it much better; it is thus understandable

why the reform is followed by a rapid increase of agricultural production.

Agricultural production in that period was as follows:

1955	1956	1957
3,600,000 tons of rice	4,132,000	4,000,000 (unfavourable climatic conditions)

Besides, there was a production of 700,000 tons (average) of subsidiary crops.

Pre-war production was 3,500,000 tons of rice.

During that period 128,000 hectares (or 85 per cent of land laid fallow during the hostilities) were reclaimed, and eight big hydraulic systems irrigating 320,000 hectares, restored.

These remarkable results were achieved on the basis of the successes scored in land reform and in a correct economic policy which mobilized all the efforts to restore first of all agriculture and particularly food production.

In securing for each household a plot of land which is no doubt very small, land reform has put an end to the permanent insecurity which formerly threatened the peasants: they can now eat their fill, dispose of a small surplus of products for sale and thus begin to buy manufactured goods. They buy still very little, but as millions of peasants so far without purchasing power and practically excluded from the market, begin to buy, it is a very important stimulus for national commerce and industry. The national economy can from now on develop steadily.

### *Industrial and handicraft reconstruction*

During that relatively short period of post-war economic rehabilitation, light industry and handicrafts were provisionally given pride of place as these sectors require little capital and give quick returns. The urgent task was to produce the most indispensable commodities for food and raiment articles for exportation and building materials. Following the restoration of peace, these were the most needed products to stabilize immediately the economic life of the nation.

However we did not neglect to prepare the conditions for a future development of heavy industry. We set agoing again some existing enterprises which had ceased to operate due to war and to destructions and dismantling carried out by the enemy: the cement plant, mines, power stations. In that same period, while emphasizing the central task of the restoration of agriculture, and especially the growing of food crops, the Government of the D.R.V. also laid stress on the importance of the restoration and building of a certain number of enterprises of heavy industry for the sake of the industrialization to come. This is a trend required by a genuinely independent national economy.

*Private industry and commerce* were encouraged but re-organized so as progressively to come under the direct control of the state. If due to economic restoration, private industry and commerce developed rapidly in absolute value, on the contrary their importance in the national economy dwindled to the benefit of the state sector.

Besides, a policy had to be defined with regard to *French enterprises*. The enterprises belonging to the former colonial or Baoist administration were placed under state management whereas the private enterprises were neither confiscated nor boycotted, nor placed under state management. The private enterprises which cater for public services (electricity, water...) must continue to run within the framework of the new laws, and are not allowed to stop their activities. In certain cases (the Haiphong cement plant, Nam Dinh weaving mill, Hanoi brewery), the French owners intent on sabotaging the economy of the new state to reduce it to their mercy by economic ruin, did not want to restore their enterprises. The Government of the D.R.V. undertook the restoration of these enterprises. For those which needed supplementary investments, the Vietnamese state also made contribution in the form of capital; it also redeemed certain enterprises which their owners wanted to sell, as especially the case of the Hongay colliery.

As early as September 2, 1954, President Ho Chi Minh declared:

"We are resolved to respect and implement the Armistice Agreement signed with France. We shall protect French economic and cultural interests in Vietnam. We are ready to resume negotiations with the French government and to re-establish good relations with France on the basis of equality and mutual benefit."

The Vietnamese policy with regard to France was defined very clearly; on the contrary the same cannot be said of the French policy, strongly influenced by

American pressure. Indeed, in respecting the agreements it had signed the Vietnamese government did not have to tune its economic policy in accordance with the French good-will or ill-will. The D.R.V. has always dealt and will always deal with France on the basis of equality and mutual benefit; the epoch of economic dependence is definitely gone, even in the extremely difficult conditions after the armistice.

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At the end of 1957, it could be said that the restoration of economy to its pre-war level was completed. Agricultural production clearly surpassed that of 1939, while industrial and handicrafts production reached about 76 per cent of its pre-war value. Compared with the first post-war year the growth was rapid: from 1955 to 1957, the annual average increase was 65.3 per cent in industry and handicrafts, 100 per cent for industry and 48 per cent for handicrafts. The value of the industrial production of the state sector in 1957 was five times that of 1955 (The growth was tremendous due to the small value of the production ruined by the war).

Many enterprises were restored, some of them were endowed with new equipment (Hongay colliery, power stations in big towns, Haiphong cement plant, Nam Dinh weaving mill, Haiphong phosphate works, Co Dinh chromium mine...). Some fifty new enterprises, turning out mostly consumer goods were built, some of them were re-equipped with most up-to-date

machines thanks to the aid granted by other socialist countries (engineering plant, Phu Tho tea-curing mill, fish cannery, rice-husking mills, match-factory, plywood factory, tobacco factory...).

Private enterprises were also restored and enlarged (3,811 enterprises with a total of 38,000 workers in 1957). There were over 400,000 handicraftsmen in 1957 as against 160,000 in 1939. Compared with 1955, in 1957 private industry and handicrafts increased by more than twice the value of their production.

However, it is always the state industrial sector which has the highest rate of increase, and its share in the gross production value does not cease to grow. In the whole of the industrial and handicraft production in 1955 the state sector accounted for 12 per cent, the private industrial sector 16.8 per cent and handicrafts 71.2 per cent. In 1957 the percentages were respectively 28.4 per cent, 14.2 per cent, and 57.4 per cent. As the state sector occupies the key positions, its determining role in the economy as a whole stands out more and more clearly.

As for French enterprises, the more important ones were sold by their owners to the Vietnamese government; for others, like certain mines, they had been destroyed by war in such a way that their former owners had to abandon them.

..

The *re-establishment of communication lines and the rehabilitation and regularization of home trade* are of capital importance for the restoration of the national economy and the raising of the people's living standards.

Since 1957 most roads were repaired and 573 kilometres of railways restored. The re-establishment of *communication lines* is of capital importance for the restoration of market activities and the regularization of *home trade*. In home trade many difficulties cropped up: the heterogeneity of prices which differed from one zone to another, the shortage of goods, the speculations by the trading bourgeoisie, and the state trade embracing only about 20 per cent of the volume of goods. The problem was then whether to regulate the prices according to those existing in the free zones, or to those in the zones formerly occupied by the enemy. A principle was worked out which was to regulate *prices* on the basis of those existing in the free zones, for these prices were the expression of an independent national economy and were based on the cost of production in the country, and not on the basis of prices of imported goods.

The trade formerly in the hands of foreign monopoly capitalists and Vietnamese compradors, and catering for the expansionist war, was soon turned into a trade to serve production and the people's welfare. The state trade and the network of purchasing and marketing co-operatives received a strong impetus, systematically to struggle against the speculative schemes of the bourgeoisie: The struggle was hard, but the prices were stabilized gradually despite the sudden break of the importation of French and American goods.

..

In *finance* the shifting from the state of war to the state of peace determined a radical change in the

budget which was so far essentially devoted to war expenses; now the budget mainly serves the economic building. The aid granted by the socialist countries was valuable to these first post-war years and helped keep the balance between receipts and expenses. However the percentage of foreign aid in the budget was decreasing year by year, while the national income was increasing rapidly. In receipts, the part of taxes (agricultural tax, tax on industry and trade) also diminished, whereas the receipts from state enterprises grew rapidly\*.

The expenses for economic building represent a major part in the budget (53.1 per cent in 1957), while the expenses for culture amounted to 11.6 per cent and those for national defence and administration to 29.8 per cent (to compare with the budget of South Vietnam in which military expenses averaged 80 per cent).

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In 1957, all those who speculated on the economic collapse of the D.R.V. were obliged to give up their illusion. Certainly the new state could not immediately liquidate the heritage of extreme under-development bequeathed by the former regime; nevertheless it could stabilize its economy on new bases. An independent national economy was born, having already abolished feudalism for ever by a radical land

\* Percentage of taxes in the budget: 49.3 per cent in 1955, 34 per cent in 1957 — percentage of income derived from state enterprises: 6.5 per cent in 1955, 25 per cent in 1957.

reform while in industry and trade, the state sector began to play a leading role. It was the result of three years of strenuous efforts. Thanks to this national endeavour, the aid from socialist countries could be fruitful.

*The general level of production of 1939 was reached;* but it was clear that we could not stop at that. The problem was not only to restore an economy ravaged by many years of war; we must go ahead in the path chosen by the Vietnamese people in order to perfect its independence and build a social life different from that based on the exploitation of man by man.

### III. Choice of socialism

The D.R.V. had freed itself from feudalism and reconquered its political and economic independence, however its economy still remained an essentially agricultural and under-developed one.

In agriculture, techniques and particularly farm implements had not been improved since centuries; the crops were always at the mercy of natural calamities. The part of industrial crops was only 3.2 per cent in agricultural production, the shortage of arable lands remained very acute.

Industrial production was still weak, its value amounting to about 10 per cent of the gross industrial and agricultural output value. Some figures betray the low level of modern industry: the per capita production was 8.3 kwh and 4.7 metres of fabrics. In these conditions it is necessary to work out

a clear-cut programme for long-term development, rapidly to develop production and create necessary conditions in order to give a swing to productive forces.

The choice of appropriate economic structures became the fundamental problem.

The Vietnamese economy remained heterogeneous, comprising several sectors :

- a *state sector* which embraced 28 per cent of the industrial and handicraft production, and only 0.4 per cent of agricultural production; in wholesale and retail trade the respective percentages were 52 per cent and 26 per cent ;

- a *capitalist sector* which still controlled 15 per cent of industrial and handicraft production, 47 per cent of wholesale trade and 60 per cent of retail trade ;

- an *agricultural and handicraft sector* in which individual exploitation prevailed.

To let the capitalist sector develop “freely” and give up the small-size agricultural and handicraft individual exploitations to anarchic competition on a “free” market, were to choose the capitalist path. At the very outset the D.R.V. rejected this capitalist road and decided to follow the socialist path. Socialist building requires a double process :

- a radical change of production relations, resulting in the transformation of capitalist and individual exploitations into socialist exploitations, that is to say the passing from private ownership of means of production to socialist ownership (state and co-operative ownership) ;

- a rapid growth of productive forces, that is to say the modernization of the whole economy. The socialist relations of production can be consolidated only on the basis of an advanced technique and a large-scale production. While the change of former structures and the setting up of new ones were relatively rapid (we shall give the reasons in the next chapter), the modernization of the means of production necessitates a longer time and it will need many five-year plans to establish the material and technical basis of socialism.

It is on this double process that the D.R.V. has tackled in the period from 1958 to 1960 and on the first five-year plan (1961-1965).

## CHAPTER III

### FIRST STEPS OF SOCIALIST BUILDING

We will successively study the double process of transformation of structures and the modernization of the means of production in view of the socialist building in the key economic branches (agriculture, industry, finances, trade), then the problem of international economic relations of the D.R.V. (particularly between the D.R.V. and the other socialist countries). These transformations have just started, but from now on the D.R.V. is on the path of socialism. In spite of the great difficulties still facing it, the D.R.V. will advance along this path.

#### **I. New structures: sine qua non condition for technical progress and rapid development of economy**

Immediately after the restoration of economy to its pre-war level, the problem to be solved is the choice of an adequate economic form. The D.R.V. has resolutely followed the socialist path, as the Vietnamese

people had during the eighty years of colonial regime a bitter experience with the capitalist economic system of the "Mother country" and with the local capitalism in formation. These capitalist forms of exploitation allied to the old feudal forms of exploitation had, on the one hand, exhausted the forces of our people to the benefit of foreign capitalists and a minority of local exploiters and, on the other, ruined our economy. The laws of capitalist development were responsible for the former state of our national economy and the former living standards of our people.

That is why after the re-establishment of peace, the trend to socialism was outlined when the rehabilitation was in full swing. The national enterprises in the key branches of economy (industry, trade, communication, bank...) developed rapidly or were at least further strengthened, whereas the slogan "to utilize, to limit and to transform" was put forth regarding the private capitalist sector.

However it was during the three-year plan (1958-1960) that the socialist transformation of private economic sectors and thereby the setting up of new socialist economic structures were carried out decisively. For this the three essential elements were:

1. intense development of the state sector to ensure its control over the whole national economy\*;

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\* During the 1958-1960 period the state sector developed rapidly. In industry and handicrafts it rose from 28.4 per cent in 1957 to 53.3 per cent in 1960 (if we take into account only industrial production, this percentage was 66 in 1957 and 89.9 in 1960). In agriculture, there were only 16 state enterprises in 1957, in 1960 we had 59. In transport the share of the state sector in the total freight rose from 50.2 per cent

2. agricultural and handicraft co-operativization: agricultural co-operativization is the key point of structural reforms as Vietnam is still essentially an agricultural country;

3. transformation of the private capitalist sector into state capitalism.

#### *Agricultural co-operativization*

Land reform gave agricultural production a strong impetus whose effects would not be durable however. Due to the scantiness of lands and the demographic density each individual exploitation averagely got half an hectare, often less. Either the death of a buffalo, if there was any, a period of drought, a flood, or a serious sickness of a member of the family was enough to make the precarious balance on which lay so small an exploitation disappear. The unlucky peasant ran into debt and was obliged to sell his property, plot by plot. The investigation made in some communes showed that a very short time after the distribution of land, despite the material help given by the state there were peasants who already sold part of their land, while a small number of others began to enlarge their domain. The frequency and scope of natural calamities quickened this process of differentiation, and in a short time, one would come again to the former state of things.

in ton-km. in 1957 to 79.7 per cent in 1960. In home trade, in 1957 the state enterprises accounted for 25.8 per cent of the retail trade (or 40.1 per cent if we take into account also the co-operative and state capitalist trade) and 50.7 per cent in 1960 (or 91.6 per cent if we include also the co-operative and state capitalist trade). In wholesale trade, the state sector occupied 52.6 per cent in 1957 and 93.6 per cent in 1960.

Land reform liberated the peasant manpower from feudal economic relations and saved the peasant from starvation, but did not ensure either his durable security, or the conditions for a radical change of the precarious situation of the peasants and for an intense development of productive forces, the application of new techniques proving itself to be impossible in the framework of so small exploitations. To march forward, we ought to reform this small agricultural production based on individual exploitation and intensely develop the agricultural productive forces. Agricultural co-operativization thus became a necessity, the sine qua non condition for technical and cultural progress in the countryside. Either we succeeded in it, or we would be compelled to make a step backward in agriculture or at best to stagnate. Furthermore agricultural co-operativization became the essential task of the whole period of transformation of production relations (1958-1960), in consideration of the number of the peasants who constitute more than 90 per cent of the population, and of the share of agriculture in national production\*.

During the years of war, various traditional forms of mutual aid were developed: while exploiting their plot of land individually the peasants joined mutual-aid teams, helped one another when agricultural work was pressing. Agricultural co-operatives began to be set up; the errors committed during land reform temporarily stopped the movement, but once the

\* In 1957 the value of agricultural production accounted 68.6 per cent of the total production of industry and agriculture.

redress of mistakes was done, from 1956, the campaign for co-operativization could again develop rapidly. Two-thirds of peasant households joined mutual-aid teams, including 21 per cent in permanent teams. The permanent teams paid their members according to a system of work-days and work-points, which was already connected with the principle of socialist repartition of incomes according to the work done.

From the permanent mutual-aid team, one could pass to semi-socialist co-operation or elementary type co-operative. The land was pooled for a unified collective exploitation, but during the transitional period, each member retained the right of property on the land which he brought to the co-operative and received a rent proportional to his contribution.\*

After some crops, when production had increased, the managerial abilities had progressed, and the spirit of co-operativization of its members had been enhanced about one-third of co-operatives could pass to high level. Land ownership now belonged to the co-operative, and each member was paid according to his work.

In industrialized countries, agricultural co-operativization rests essentially on the mechanization of agriculture. In the D.R.V. it was carried out before industry could supply machines to peasants: that was a major difficulty. However, even when the work-tools and methods of working did not undergo

\* According to the rules of agricultural co-operatives and in fact, this rent does not exceed 25 per cent of the land income.

notable changes, a new productive force which is the collective force, was brought into being through co-operativization. Favourable conditions were thus created for the struggle against natural calamities and the building of hydraulic works, very important for rice-plantation, a new social division of labour resulting in the increase of side-occupations which have brought additional incomes to the peasants. To build a small reservoir, dig a small irrigation canal, build a lime or brick-kiln, set up a small workshop to make and repair tools, and breed fish, all that was beyond the means of individual farming. The same holds true in respect of the purchase of a mechanical pump or a tractor. It was also in the framework of co-operatives that the peasants could experiment new techniques. Henceforward the question is to consolidate the co-operative system to intensify production and develop agriculture on the socialist basis.

But all that was possible only with three prime conditions:

- creation of a modern material and technical basis,
- good management,
- a spirit of socialist solidarity between the co-op members who are determined to overcome all difficulties and firmly convinced of the supremacy of the mode of socialist exploitation over the former individual mode of exploitation. It means that a double work of technical and managerial education on the one hand, and ideological and political education on the other, was very necessary. A good

management and a close unity between members enable to build the required modern material and technical basis.

It was in the framework of newly formed co-operatives that technical renovation took place progressively. The old-type ploughs disappeared, one learnt to select seeds, make new ploughs, harrows, rakes..., use various fertilizers (organic fertilizers, green composts, chemical fertilizers) and carry out fish-breeding in ponds and ricefields. Many hydraulic works have improved the possibilities of drainage and irrigation. Groups — chiefly formed of youths — were also set up in many co-operatives to study and experiment new techniques. The movement for technical renovation was only at its outset, but it bid fair to be generalized, after a dogged and protracted effort of diffusion. Thus a slogan was put forth "Directly to adopt the form of agricultural co-operative, gradually to reform the production relations and at the same time to renovate technique step by step, and raise labour productivity".

If the founding of co-operatives was rather rapid — 80 per cent of peasant households had joined the co-operatives by the beginning of 1961 — on the other hand the apprenticeship to the management, and the building of a modern material and technical basis require a much longer time. The passing from the extremely small individual exploitation to the large-scale collective exploitation was for the peasants a radical change. However due to the scantiness of land — a co-operative of 100 households including 400 to 500 persons to be fed exploited only about 50

hectares on an average — and due to frequent natural calamities it was difficult to accumulate important funds for a rapid enlarged reproduction.

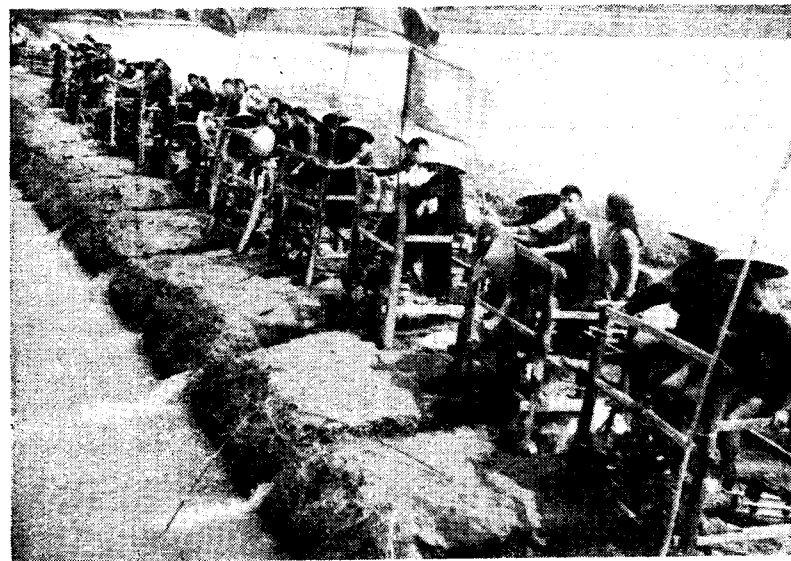
When industry cannot yet supply enough machines, chemical fertilizers, insecticides, the strengthening and development of the co-operatives rest essentially on the peasants' own efforts to carry out intensive cultivation and on the cadres' ability to stimulate the ardour and creative spirit of the large masses. It is already noteworthy that such rapid an upsetting of production relations, shifting our agriculture from the feudal mode of exploitation to socialist co-operativization in a few years, after a radical land reform, did not give rise to a decline of production. On the other hand, in the difficult years of the setting up of new structures, and in full period of apprenticeship of new methods of management, the increase of production without being spectacular, was constant. On an average, the annual increase from 1958 to 1962 was about 5 per cent. This result confirmed the correctness of the socialist path chosen by the agriculture of the D.R.V.

It cannot be said that all the problems set by agricultural co-operativization have been solved, if the great majority of peasants have joined co-operatives, a constant inner-co-operative struggle was carried on between two tendencies: that which induced the working peasants to act in common to consolidate the co-operative and develop collective economy in order to make their work more efficient, and improve the living conditions of the collective, and the tendency

of each peasant to go on with his own interests. Unlike the worker, inside each peasant, the ideology of a small owner remained deeply rooted for a long time. However, in Vietnam many objective and subjective conditions explained the relatively rapid stride of agricultural co-operativization. First of all, it is an obvious fact that misery weighing on peasants through feudal and colonial exploitation as well as the precariousness of the small individual exploitation have aroused a natural tendency to socialist co-operativization among the peasants. The scantiness of land, the necessity of building in common many hydraulic works... and the scope of natural plagues accounted for the current practice of collective work; besides, rice-plantation in flooded fields has at all times obliged the dwellings to be regrouped in dense villages. Due to all these objective conditions agricultural co-operativization could be done before mechanization was introduced.

Then, other subjective conditions contributed to it in a decisive way. For long the peasants had struggled against feudal and colonial exploitation. A protracted national-liberation war chiefly based on the countryside, and a radical land reform put almost all the peasants under the leadership of the Workers' Party for years; it follows that ideologically, the peasants were already prepared for a radical change of styles of work and life, many routines and centuries-old habits having been turned upside down. All the above-mentioned conditions account for a relatively rapid growth of the movement of agricultural co-operativization. But the decisive factor of this growth is the

## DEVELOPMENT OF AGRICULTURE



Irrigation work

Spreading of fertilizer



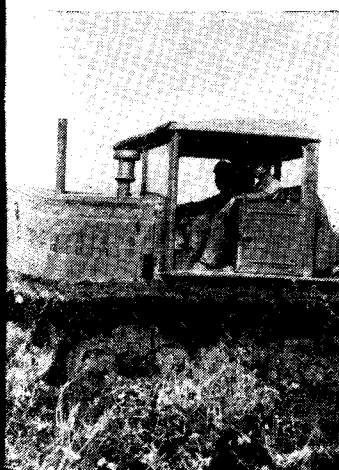


Development of  
the mountain  
regions



Development of food crops...

Consolidation and extension of state farms



... and stock-breeding



Harvest of cotton...

## DEVELOPMENT OF INDUSTRIAL CROPS



...and sugar cane

correctness of the policy of agricultural co-operativization advocated by the Vietnam Workers' Party, a policy carefully worked out from the concrete conditions of Vietnam to have almost all the peasants and the entire people on the side of co-operativization and aimed at the double objective: transformation of social structures and development of production.

It remains now to strengthen the newly set up co-operatives, progressively supply them with necessary modern material, train cadres for their management, and intensify the education of the whole peasantry along the line of collectivism and socialist building. This is a huge work, which will ask for time, but which is an objective necessity and a quite realistic work in the concrete conditions of the D.R.V.

We do not want to study in detail, either the evolution of agricultural production, or the methods of leading and managing the co-operatives; in our booklet, we only intend to analyse the path followed by agriculture in North Vietnam to get out of the ruts of the past, and be able to march resolutely forward. The evolution of the last years enables us to assert that, without catastrophic natural calamities — as they happened in 1960 and in 1963 — production though not leaping forward will make a still modest but tangible rise. Many difficulties remain, but the fundamental question, that of famine has been solved; this spectre will be a bygone thing.

If the main effort in co-operative agriculture has henceforward consisted in improving the management and impelling the technical progress in the agricultural co-operatives, the state, on its side, has

progressively developed its network of state farms, particularly in the midlands and highlands, in order to make them the vanguard centres where new techniques and crops, chiefly industrial crops and animal husbandry, have been experimented, and supply raw materials and necessary products to light industry and exportation.

Concerning agricultural crops, while laying stress on the problem of food crops, especially rice, we have endeavoured to shift from monoculture of rice to cultivation of varied crops. Industrial crops must cover, at the end of the first five-year plan, 10 per cent of the cultivated area, and subsidiary food crops (maize, sweet potato, cassava-root, etc.) 24 per cent, the latter must supply 30 per cent of the production of foodstuffs. For that, we must not only give an impulse to farming but also bring about a change in the ways of feeding so far based on exclusive consumption of rice. Emphasis has been also laid on cattle-breeding and particularly on pisciculture (in ponds and chiefly in rice-fields).

While insisting on the problem of land productivity, we have also paid attention to that of enlargement of cultivated areas, the per capita average cropland being relatively low compared with other countries. The reclamation of virgin land in thinly populated mountain regions has been now one of the main points in our programme for economic exploitation of vast mountain regions. We have planned for the first five-year plan (1961-1965) to put into cultivation about half a million hectares of which the state is responsible for two-fifths and the co-operatives for the remainder; the

first results have enabled us to forecast the success of the plan in this domain. For the first time in the history of our country, one witnesses so an important and rapid transfer of population from the plains to the mountain regions. This transfer has been mainly carried out on the basis of an active co-operation between the co-operatives on overcrowded delta regions and those of thinly populated mountain regions.

### *Transformation of the private capitalist sector into state capitalism*

Simultaneously with the development of the state industrial sector and the movement for agricultural co-operativization from 1958 to 1960, the private capitalist enterprises for industry and commerce underwent a profound change. It is to be noted that the great majority of comprador capitalists, linked with foreign imperialism, had fled to the South, while the majority of capitalists remaining in the North was part of the national bourgeoisie. Other particularity: this bourgeoisie stifled in its development by colonialist companies, was an economic force of minor importance, none of its enterprises having the size of those newly built by the state. In the period of economic restoration, from 1955 to 1957, the state let the bourgeoisie continue to run its own business; the question was to utilize its capitals and competence, encourage it to contribute to the restoration of the national economy, while restricting its development and exploitation, and controlling its speculative activities.

In 1956, when the state economy entered a phase of important development, and agricultural co-operativization developed, it is of capital importance to solve as soon as possible the fundamental contradiction between two tendencies: the tendency to capitalism and the tendency to socialism. As the bourgeoisie was weak, and many of its members had more or less participated in the National Front in the years of Resistance, the transformation of capitalist enterprises did not require draconian forms of nationalization and seizure. One "redeemed" from capitalists their enterprises, by ensuring them a payment by instalments under the form of interest (from 4 to 6 per cent), and a fairly paid work which suited their ability in the reconverted enterprises. The state participated in the new investments, sent representatives to the enterprise to participate in the management, beside the former employer and the workers' delegates. The enterprise became a mixed enterprise, ensuring a close co-operation between the state and private capitalism: it is the most current form of state capitalism. The small enterprises were turned into co-operative enterprises.

At the end of 1960, almost all the capitalist industrial and commercial firms were reconverted, as well as 90 per cent of mechanized transport enterprises.

#### *Handicraft co-operativization*

Handicrafts which ensures an important part of the production of consumer goods also experienced a profound structural transformation: individual exploitation gave place to co-operatives. The co-operative form enabled the handicraftsmen to build a plan of

production, in relation with the industrial enterprises and the state trade services, and to proceed to the renovation of their equipment on the basis of a more advanced technique. In this case the state could also help handicraftsmen whose trades were overstepped by economic evolution, to reconvert their activities, when in other regimes, they would be entirely ruined and thrown in the street. By the end of 1960, more than 80 per cent of handicraftsmen had joined co-operatives.

Co-operative groups which embraced the majority of *small traders* were also created; the state helped a certain number of them to engage in productive activities.

The socialist transformation of capitalist agriculture, industry and trade, and handicrafts was relatively more easily done than that of *home trade* in which there was a crowd of small traders who could not be rapidly either grouped into marketing and purchasing co-operatives, or turned into industrial, handicraft and agricultural producers. However thanks to the efforts to build up a state trade during the War of Resistance and the rapid development of different forms of socialist trade in the post-war years, particularly from 1958 to 1960, the trade carried out by the state and by the marketing and purchasing co-operatives gained preponderance over the individual private trade. The small trade still kept a free market beside the regulated and socialist one. Unceasing efforts were made to strengthen the organization of small traders into co-operatives or to direct an increasing number of them to productive activities.

It remains however much to do before these handicraftsmen and chiefly these small traders grouped into co-operatives, acquire the habits of working and get the spirit of a socialist regime.

## II. Industrialization

At the very outset, in spite of all the difficulties including the threatening famine and the extreme shortage of goods, the Government of the D.R.V. emphasized the necessity and possibility of building a national industry.

"With our extremely rich natural resources in the North, with the immense forces of our people and working class, with the disinterested aid of the brother countries, we have the necessary conditions to fulfil our plan of economic restoration and industrial development, and from this basis, to impel our industry, with a view to laying the foundations for the industrialization of our country"\*.

In consequence, investments in industry progressed rapidly. During the 1955-1957 period, investments in the domain of production made up 85.8 per cent of the total, including 36.2 per cent for communications, 29.8 per cent for industry and 13.3 per cent for agriculture. The part of industry in investments increased rapidly year by year:

6.9 per cent in 1955, 30.6 per cent in 1956, and 39.2 per cent in 1957.

\* Government Report to the National Assembly (September 1955).

From this period during which the essential effort was given to reconstruction, new factories were built. In North Vietnam in 1939 there were only 35 industrial factories; in the 1955-1957 period 78 industrial factories were built including 50 entirely new. As it is known, in these three post-war years, light industry was encouraged, while conditions were prepared for a future development of heavy industry. With the three-year plan (1958-1960), stress was laid on the development of industry supplying means of production, while attention was paid to the production of consumer goods. We entered a period of transition which had to lay the first bases for the following period of socialist industrialization, during which priority must be given to heavy industry.

During the three-year plan, in the whole of capital construction, the investments in production made up 81.3 per cent of the total, being distributed to the main sectors of production as follows:

Industry	: 36.4 per cent
Agriculture	: 11.9 per cent
Communications	: 20.3 per cent.

Industrial investments in this period increased by 298 per cent as compared with the three years 1955-1957; the respective parts were 66.2 per cent for heavy industry, and 33.8 per cent for light industry. 130 large-size industrial factories were built including 84 for heavy industry and 46 for light industry.

From this period the first outlines of a balanced industrial substructure already took shape, comprising various branches: heavy industry and light

industry, mining, engineering, electricity, metallurgy of iron (building of an iron and steel complex with an annual capacity of production of 200,000 tons), fuel industry (coal extraction mainly), chemical industry (including many plants of chemical fertilizers), wood industry and industry of building materials, textile industry, paper-making, glass-making, food industry...

Thus, a few years after the war, and from the outset of industrialization, the D.R.V. had the objective not to set up an industry centred on one or two products, as it was the case of the pre-war colonial state, but to build a relatively comprehensive national industry, capable of providing in a more or less distant future for the essential needs of the country.

The Third National Congress of the Workers' Party, held in September 1960, thus defined the prospects of the national economy:

"To build a balanced and modern socialist economic structure, to develop both industry and agriculture and take heavy industry as the basis, to give priority to the rational development of heavy industry and at the same time to strive to develop agriculture and light industry, to turn our backward agricultural country into a country endowed with a modern industry and modern agriculture."

The great problem then consisted in *raising labour productivity*, while building up a material and modern technical basis, promoting a technical revolution in all domains, now that the transformation of economic structures was already done. The resolution of the Seventh Session of the Central Committee of the Workers' Party pointed out:

"In the first period which lasts about ten years (beginning 1961) we must strive to bring about a basic change in our national economy, broadly apply mechanization and semi-mechanization in all branches, do away with the backward indigenous method and the present serious imbalance in economy, ensure a balanced, harmonious and vigorous development of industry, agriculture and other economic branches with a view fundamentally to satisfying the everyday requirements of the people in food, clothing, housing, education and health protection, at the same time we will make preparations in all fields—materials, technique, cadres, workers, etc., to continue developing economy all-sidedly, vigorously and steadily".

In the first five-year plan (1961-1965) the investments in production amount to 86 per cent of the whole of capital construction, allotted as follows: industry 48 per cent, agriculture 21 per cent, communications 12 per cent. The industrial investments in this period have increased by 120 per cent as compared with the six consecutive years (1955-1960); the respective parts are 80 per cent for heavy industry and 20 per cent for light industry.

Only a developed heavy industry enables to equip agriculture and light industry with an advanced technique and ensure a continuous enlarged reproduction and a constant increase of productivity, and accordingly a regular raising of living standard. To reach these aims it is absolutely necessary to develop the basic industrial branches: electricity, fuel, engineering, metallurgy of iron, chemicals, mining, building materials... However, there is no need to develop

them to the utmost. We can rely on the co-operation between the various socialist states to get the machines and equipment for the making of which we have not the required conditions. That is worth noticing when we speak of priority but rational development of heavy industry. In the different branches, a judicious choice must be made. Engineering is the key branch, whereas the development of electric power must precede that of other branches; we also strive to build up a metallurgic industry. Heavy industry must also equip agriculture and light industry at best, and supply the greater part of small and medium-size equipment to the national economy: in 1963 nearly one-third of equipment and spare parts for national industry were manufactured in the country. That is precisely this general trend of our policy of industrialization which explains the rapid development of means of production in industry and the constant increase of investments in heavy industry.

Another essential content of the priority but rational development of heavy industry bears on the *relation of development between heavy industry on the one hand and agriculture and light industry on the other*. While industry plays a leading role in the national economy, agriculture, however, is the basis of industrial development. Industry must serve agriculture, for in a country which starts developing its industry, the latter essentially rests on agriculture which must supply it with raw materials, capitals, and an ever enlarged home market. Industry will develop so as to impel the big agriculture hydraulic works, the production of modern farm implements, fertilizers,

insecticides... Thus industry will create the new material and technical basis for our backward agriculture which, itself, will serve as basis for industrial development. To give priority to heavy industry does not mean to neglect light industry, the latter having to supply a great part of consumer goods needed by the population, and ensure a genuine economic independence to the country which formerly was an outlet for foreign industrial produce. The efforts made in light industry and handicrafts have enabled us to reduce since 1961, that is to say only six years after the restoration of peace, by 10 per cent the proportion of imported consumer goods\*. That is a radical change compared with the pre-war period when we imported all the manufactured products we needed.

In order to tap all the potentialities of our country, we simultaneously develop the big national enterprises directly managed by the state and the enterprises under the direction of regional and local administrations, the big, medium and small-size enterprises, the modern enterprises and the handicraft and semi-handicraft enterprises. In most cases the regional and local enterprises started with semi-handicraft means, and gradually proceeded to their mechanization, mostly to supply building materials, farm implement, everyday consumer goods required by the local market, while the national enterprises, built by the state with technical aid from the other socialist

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\* At the same time the people's living standard rises ceaselessly thanks to home-made consumer goods.

countries, received modern equipment and were the backbone of the national economy.

The first five-year plan (1961-1965) was worked out on these bases to "lay the first material and technical foundations of socialism, thus making a first step in socialist industrialization, and completing the setting on foot of socialist structures". (Resolution of the Third National Congress of the Workers' Party).\*

### III. Foreign trade, a state monopoly

In the old regime, foreign trade was nearly entirely in the hands of French firms. From 1945 onwards, the D.R.V. government put an end to this monopoly and set up a strict state control over trade exchanges with abroad in order to secure economic independence for the country. During the Resistance War, the state carried out this control rigorously for economic and military purposes.

Since the re-establishment of peace, the building of a modern and independent national economy has made it more necessary to put foreign trade under the strict control of the state which makes it an exclusive monopoly. This state monopoly closes the door to the imperialists who seek through trade channels to interfere in the national affairs and once again to lay hands on the important economic mechanisms of a country which still labours under great difficulties. It also

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\* The main objectives of the five-year plan are grouped into a note, at the end of the chapter.

forbids the bourgeoisie in the country to go in for speculative activities in foreign trade, to engage in the importation of articles of luxury for big profits to the detriment of the national economy. The experience gained by many under-developed countries shows that when foreign trade is partly or totally in the hands of the bourgeoisie, the race for profit turns commerce into a path most harmful to the national economy as a whole.

In the hands of the state, foreign trade becomes a powerful means to promote economic development and step up the industrialization of the country; in fact from 1955 to 1957 transactions with abroad contributed rapidly to heal the war wounds and in the following years to speed up the building of a modern economy.

Foreign trade, a state monopoly, is part and parcel of the foreign policy of the D.R.V.; it must first of all constantly strengthen the ties between the various socialist countries in order to enhance the unity and might of the socialist camp; then it must see to the development of economic relations on the basis of equality and mutual benefit; when, from the economic and political points of view, conditions are favourable, commercial relations are also established with such and such capitalist countries.

Immediately after the war, the importation of consumer goods in big quantities was a necessity but soon the purchase of equipment and raw materials for economic development prevailed. The percentages of producer goods and consumer goods in the total value of imports are as follows:

ITEMS	1955	1957	1960	1962
	%	%	%	%
Producer goods	45.1	67	89	89.8
Consumer goods	54.9	33	11	10.2

From 1955 to 1962, the total value of imports and exports increased 2.9 times. This evolution was the result of an unflagging effort to produce consumer goods as much as possible at home; in the meantime there was a regular increase\* in the percentage of manufactured, industrial and handicraft products for exports to the detriment of agricultural and forest products.

ITEMS	1955	1957	1960	1962
	%	%	%	%
Manufactured products	22.7	39.7	67.8	87.3
Farm and forest products	77.3	60.3	32.2	12.7

Industrial products include coal, apatite, chromite, cement and also machine-tools and various consumer goods. However the small ratio of farm products betrays also the difficulty to find land for industrial crops or those destined for export, owing to the lack

\* We think that this increase is rather too rapid. This is due partly to the diminution of the percentage of exported agricultural products since 1960.

of land. A great effort is now made to develop exportation, above all agricultural and forest products.

Transactions are essentially done with the socialist countries for a closer and closer co-operation within the socialist camp. The existence of the socialist camp, a market for over one billion people, with a considerable industrial agricultural potentiality, constitutes for the foreign trade of the D.R.V. a basis for a regular development and render ineffective the blockade run by the imperialist powers, and their attempt at economic sabotage. By directing our foreign trade toward the socialist camp, we have been able to avoid the fluctuations of prices and those of the market so frequent in the capitalist countries and whose influence is disastrous for the economy of the under-developed countries which do business mainly with the capitalist countries.

Besides the socialist camp, the D.R.V. pays attention to developing its commercial relations with Asian, African and Latin American countries; the economic co-operation thus established makes it possible to pool all efforts in the common struggle against imperialism and neo colonialism.

#### IV. Aid granted by the brother countries and co-operation within the socialist camp

The passage from a colonial and dependent economy to an independent national economy on the one hand, and from a backward agricultural economy to socialism on the other, without going through the

stage of capitalist development lays ahead the D.R.V. a series of extremely ticklish technical and financial problems. While relying essentially on their own strength and seeking to derive the biggest profit from their natural and human resources, the Vietnamese people *have always considered that the aid granted by the other socialist countries and the co-operation with them are a factor of paramount importance to the development of the country.*

These aid and co-operation are fruitful only when the Vietnamese people display all their efforts to build up an independent national economy; no aid from without can replace the effort in the country and to reckon on the labour of others to solve one's own problems is contrary to our conception and to the Marxist-Leninist spirit. The Soviet Union, China and other socialist countries have granted us aids to enable us to build among others a developed industry on the basis of a heavy industry capable of satisfying the requirements of the country. Thus the aid and co operation granted by the other socialist countries have been conceived with the *double purpose of contributing to consolidate the economic independence of Vietnam and tighten the bonds between it and these countries.* The resolution of the Third National Congress of the Workers' Party held in 1960 clearly laid down the following principles:

"As ours is a backward agricultural country advancing towards socialism, by-passing the stage of capitalist development, the aid of the socialist camp is indispensable and is a very important factor. We must make good use of the assistance of fraternal

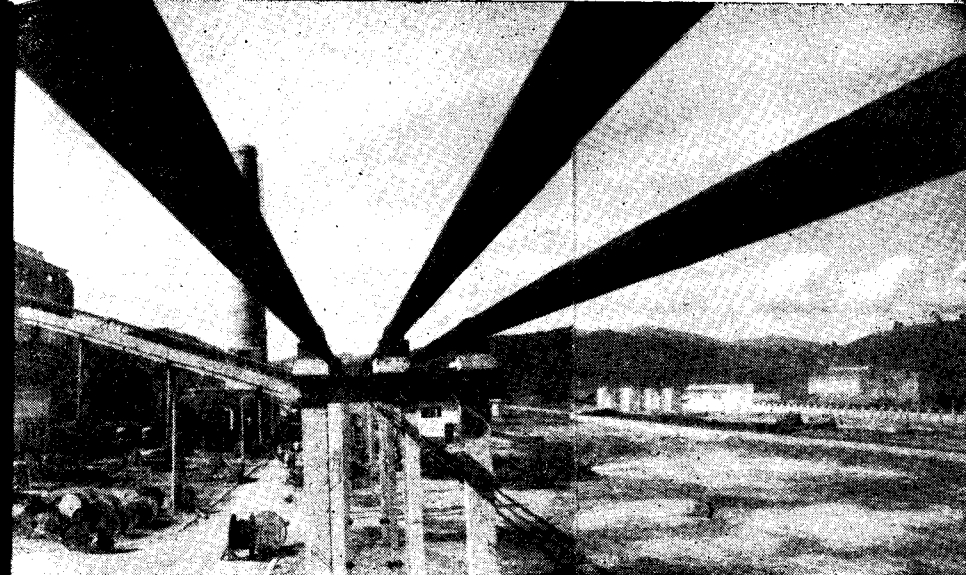
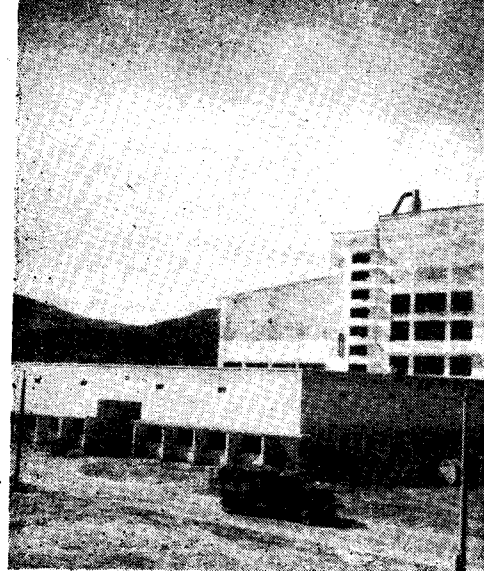


The Lam Thao superphosphate plant

## SOCIALIST INDUSTRIALIZATION

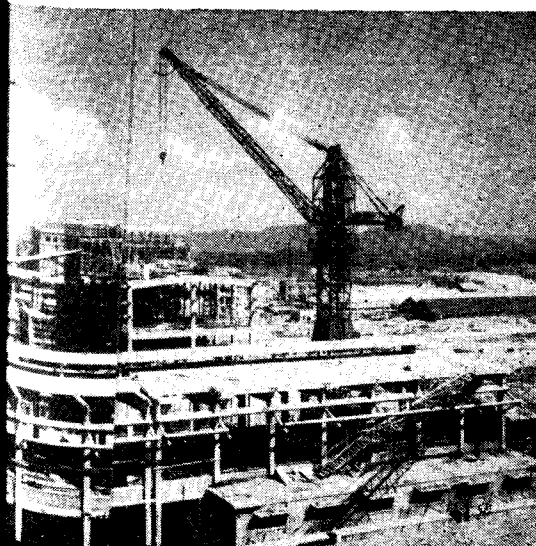
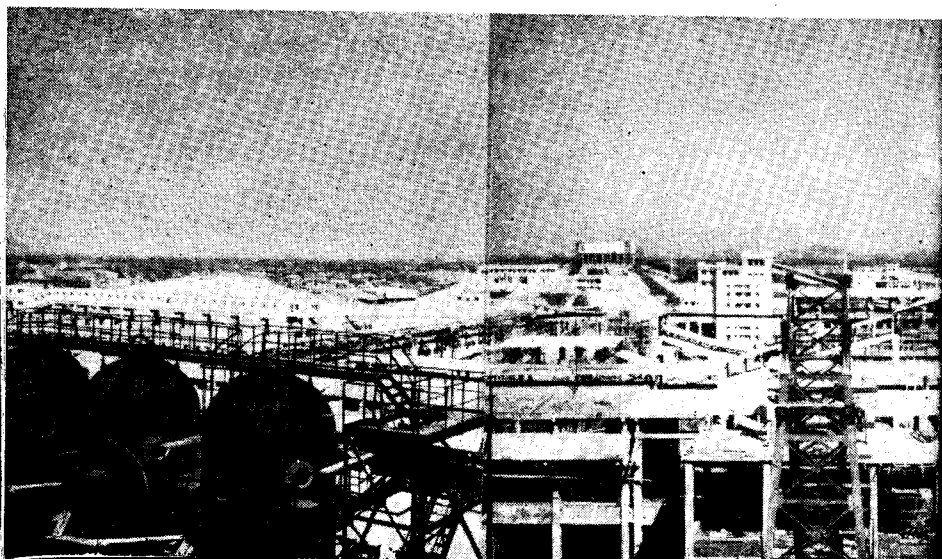


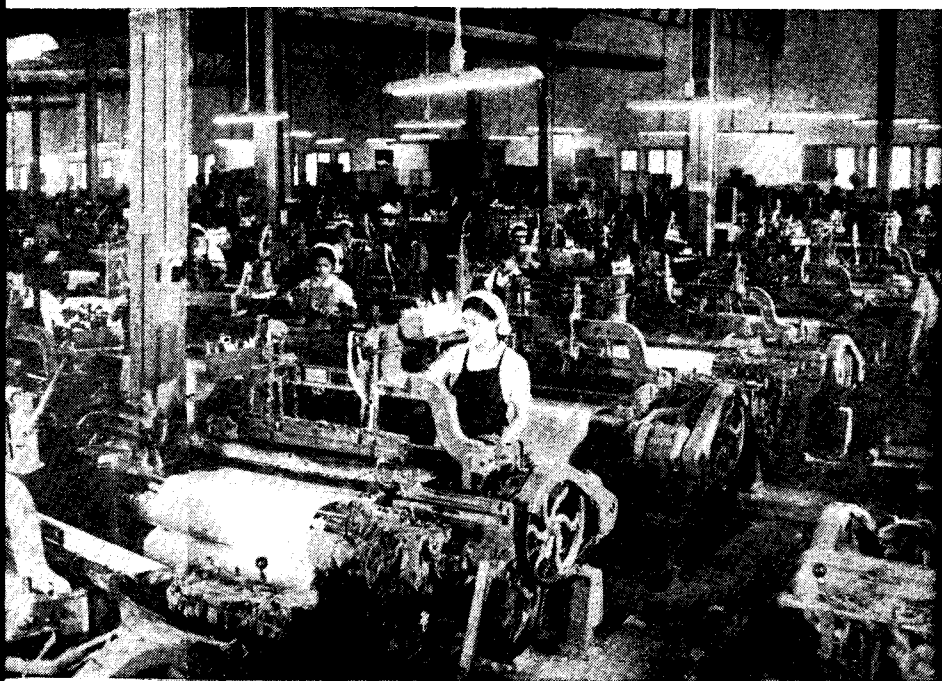
A workshop for improved farm implements



The Uong Bi power station

The Thai Nguyen iron and steel complex





The Nam Dinh weaving mill

countries and at the same time develop to a high degree the spirit of self-reliance in order to build up an independent national economy, and contribute actively to the co-operation with those countries”.

Immediately after the end of the war the brother socialist countries gave us an important aid in goods, equipment and technicians to help us rapidly rehabilitate our economy ruined by many war years. In 1955, thanks to Soviet and Chinese aid, famine was avoided. This aid given just after the restoration of peace is a straight-out gift. In 1955, in a public address, President Ho Chi Minh informed the Vietnamese people of the following figures:

“The Soviet Union has decided to grant us aid amounting to 306 billion dongs\* to be supplied during two years. The People's Republic of China will give us aid amounting to 1,224 billion dongs\*\* spread over five years.

“The other brother countries such as Poland, Czechoslovakia, the German Democratic Republic, Rumania, Bulgaria, Hungary, Albania, Mongolia, the Korean People's Democratic Republic, will also give us aid.

“On behalf of our Government and people, I wish to express our wholehearted thanks to the brother countries.

“The brother countries have helped us in goods and finance, they also send technicians to assist us in our economic and cultural construction, and to train our

\* Now 306 million dongs

\*\* Now 1,224 million dongs

cadres. Their aid is generous and disinterested; we do not have to pay them back what they give us. That is an unconditional aid. They help us and at the same time they fully respect our sovereignty. This is quite different from the 'aid' by the imperialist countries which give you one to rob ten and enslave your people"\*.

It is obvious that this period of gratuitous aid could not last long. After healing its war scars the D.R.V. ought to bring a positive contribution to the whole socialist camp. The problem crops up in terms of co-operation, that is of mutual efforts. The other more advanced socialist countries help the D.R.V. in long-term loans at low interest rate, send technicians, admit Vietnamese students and researchers to their universities and enterprises and supply patents and equipment. For its part the D.R.V. provides the other socialist countries with the products they need, does its best to contribute to the common progress and resorts to the aid by the brother countries only when the solution of certain problems, the manufacture of certain equipment or products overrun its national capacities. *Thus the question is to harmonize independent national economies for the whole socialist camp, and for the D.R.V. to build a balanced national economy.* As the D.R.V. develops, its contribution to the whole socialist camp will be greater with each passing day and the harmonization of economies easier.

\* Ho Chi Minh : Report on the visit of the Delegation of the Government of the D.R.V. to the Soviet Union and the People's Republic of China (July 23, 1955).

The importance of foreign aid\* is not to be gauged after the amount granted as certain sum brings about completely different results when it is granted in different ways or when it is used for different purposes by the recipient country. "American aid" for example, which mainly consists of military equipment or surplus consumer goods does exert a depressing or even destructive influence on the South Vietnam economy\*\*. A sad experience South Vietnam has been through.

On the other hand, if we analyse the efficiency of the aid given by the socialist countries to the D.R.V. we realize that it has helped restore and develop the Vietnamese economy.

In agriculture, foreign aid has enabled us rapidly to reconstruct the major hydraulic works destroyed during the war and build new ones; several state farms which constitute true experimental stations have been set up; a considerable aid in fertilizers and agricultural machines has been granted.

In industry, the Hongay coal-mines, the Nam Dinh weaving-mill, the Tinh Tuc tin-mine, the Co Dinh chromite-mine, etc., wholly or partly damaged by the war and the dismantlement by the enemy, have been again commissioned in a relatively short time, thanks to the technical aid granted by the brother countries,

\*Straight-out gifts in 1955: U.S.S.R.: 400 million roubles (old currency), China: 800 million yuan, and other socialist countries: about 500 million roubles (new currency).

\*\* Nearly 3,000 million dollars from 1955 to 1963, of which 75 cent was in the form of consumer goods to be sold to the people. 80 per cent of the total aid had to be spent on military objectives.

whereas the imperialists expected them to be completely and irremediably paralysed. Many factories have been built which give the D.R.V. an entirely new industrial substructure, creating branches so far non-existent, the first foundation of an independent national industry: engineering plant able to make modern machine-tools, iron and steel complex, shipyard, chemical works, phosphate and nitro-fertilizer plants, apatite mine, plywood factory, high tension lines, power station... Light industry has not been forgotten: fish and fruit canneries, chinaware, office requisites, leather articles, plastic ware, spinning and weaving...

In the communications, the restoration of railways, the equipment of air lines, telephone networks and ports have been the results of this disinterested aid by the brother countries. A certain number of hospitals and faculties, printing houses, cinema studios, radio stations have been also equipped.

Close ties unite the Vietnamese research bodies with the institutes and academies of the brother countries and enable exchanges of documents, research missions, or common researches in certain fields.

Thus, doing their best to build an independent national economy, backed by the whole socialist camp, the Vietnamese people have been able step by step to overcome the enormous difficulties they have met in their development.

### **V. Preliminary results (1958 - 1962)**

Thus within five years, after the post-war re-habilitation and the completion of land reform, the

economy of the D.R.V. has achieved two important results:

— the socialist production relations under the double form of state property and co-operative property, could be established and are in course of consolidation;

— the productive forces have begun to develop and the material and technical bases of a modern production have made a step forward, especially in industry.

On this double basis, other successes recorded in the national economy are aimed at gradually transforming a backward and dependent agricultural economy into an independent modern economy endowed with an industry and an agriculture on the way of development.

#### **1. Development of industrial and agricultural production**

In the conditions of a former colony with a backward economy, economic independence lies essentially on a relatively swift development of the national production. The economic policy of the D.R.V. is to devote its efforts mainly to industry with the greatest importance being attached to agriculture, thus making industrialization develop at a quick tempo.

##### *a) Industrial development*

Over five years, industrial production has expanded quite rapidly and supplied more and more varied manufactured goods, an ever greater number of producer goods, part of partial equipment and the major part of consumer goods.

From 1958 to 1962, the value of industrial and handicraft output increased by 150 per cent, or a yearly average of 19.8 per cent. The industrial structure was modified in its forward march. Group A (producer goods) increased four times and Group B (consumer goods) increased twice, which raised the share of group A in industrial output from 23.5 per cent (in 1957) to 37 per cent (end 1962). The state industry developed at a quicker rate (5 or 6 times over), with an ever bigger share in the total industrial output:

1955	1957	1962
12%	28.4%	59.4%

State industry becomes the mover of all the national economy, and modern industry plays an ever greater role; the ratio of modern industry in the total value of industrial and handicraft output reached gradually 3.4 per cent in 1955, 10.5 per cent in 1957 and 20 per cent in 1962.

In heavy industry, such important branch as engineering has rapidly occupied a privileged position, representing 13 per cent of the value of industrial output in 1962 as against 2.9 per cent in 1957. Engineering, of recent date, has brought influence to bear on the re-equipment of all the national economy; and especially of agriculture: in 1962 it supplied agriculture with thousands of mechanized pumps, thousands of tons of agricultural machines and many improved or semi-mechanized farm implements.

Particular attention has thus been paid to this branch considered as the key sector of industry; though still very weak compared with highly industrialized

countries, it is a worthy progress compared with what was done in the colonial regime in which, frankly speaking, there existed repair workshops only.

The development of this branch has enabled industry to serve agriculture and to establish the relations between industry and agriculture firmly on the basis of progress.

Furthermore, the production of manufactured goods involving light industry run by the central authorities and the local authorities and handicrafts, has developed rapidly, increasing several times as compared with the colonial regime and the post-war re-habilitation period. By supplying 90 per cent of consumer goods, it is in a position to satisfy the requirements of the population, reduce importation to the minimum, and reserve the major part of foreign exchanges for the purchase of equipment and raw materials. All the consumer goods turned out in the country are not yet of good quality and fashionable, but the D.R.V. can pride itself on having set up a national industry as the firm foundation for a constant improvement of the standard of living.

#### *b) Agricultural production*

From 1958 to 1962, effort was made essentially to solve the food problem by waging a stubborn and persevering struggle against natural calamities in the conditions of a still rudimentary technique. Agricultural production increased by 5.3 per cent per year on the average. Thus *during and after the period of co-operativization* agricultural production has kept rising. In the conditions of a backward farming technique,

and of great natural calamities, this tempo of growth could be only obtained at the price of a hard struggle. Food crops increased by 4.5 per cent per year, if rice is not taken into account the rise of other food crops was 13 per cent.

Experience has strikingly shown the importance of the food problem in the process of industrialization and the building of an independent national economy. Over these last few years, the yearly food production (paddy and other crops valued in term of paddy) has been 5.8 million tons, with an average yield of 1.9 tons of paddy per hectare per harvest (most ricefields give two crops a year). This yield can reach 2.2 tons per crop when climatic conditions are favourable.

Yield of rice-crop in South - East Asian countries : Unit : Ton/ha.

COUNTRIES	1955	1956	1957	1958	1959	Observations
D. R. Vietnam	1.62	1.82	1.80	2.04	2.28	in 1939 : 1.3 tons
Burma	1.48	1.60	1.52	1.44		
Cambodia	1.14	1.19	0.98	0.91		
Malaya	1.95	2.18	2.19	2.26		
The Philippines	1.19	1.21	1.19	1.26		
Thailand	1.37	1.44	1.22	1.33		
Indonesia	1.71	1.70	1.70			
South Vietnam	1.27	1.35	1.20	1.20	1.24	
India			1.18			

At present North Vietnam's agriculture still labours under great difficulties and the D.R.V. is resolved to

make great efforts to solve the food problem and free itself from the fluctuations in the foreign markets. Animal husbandry and industrial crops have made headway, in particular the value of industrial crops (jute, hemp, sugar cane, tobacco, castor oil seed...) increased by 7.3 per cent per year.

With regard to animal husbandry, the cattle has increased by 3.6 per cent per year and pigs 7.5 per cent. Pisciculture has made a step forward; the area covered by fish ponds increased 7.6 times and fish production in 1962 was 3.8 times over that of 1957. Food crop, industrial crop and animal husbandry are the tripod on which lies a developed agriculture. The D.R.V. is now waging a persevering struggle to put agricultural development on this basis, passing from a monoculture bequeathed by many centuries to a many-sided cultivation combined with animal husbandry while keeping a fair ratio between these three fundamental lines.

In the economic progress, the percentage of industrial and handicraft production increases rapidly compared with the whole of the national production, while that of agriculture drops.

I T E M S	1955	1957	1960	1961	1962
	%	%	%	%	%
Industry and handicrafts	16.9	31.4	41.7	42.6	46.7
Agriculture	83.1	68.6	58.3	57.4	53.3

## 2. Expansion of the home market

After it had recovered its political independence, abolished the monopoly of the imperialists and completed the post-war re-habilitation, the D.R.V. buckled down to developing a socialist home trade, setting up a *unified socialist home market*, expanding the exchange of goods between industry and agriculture, between town and country, between the lowland and the highland and between the state sector and the co-operative sector.

In five years, the home trade has developed a great deal, the volume of goods retailed in 1962 was 37 per cent greater than in 1957. In 1962 the quantity of farm products sold to the state increased 4 times over 1957 as well as the quantity of manufactured goods sold by the state. The state sector and the co-operative sector stepped up rapidly and in the end gained superiority\*. The transformation of production relations have given rise to important structural modifications in the market and in the mode of goods exchange. The socialist sector has greatly curbed the expansion of the free market and the

\* Value of various sectors in retail trade (percentage)

I T E M S	1955	1957	1960	1961	1962
State trade	19.8	25.8	51	59.9	64.1
Co-operative sector	0.3	5.5	23.3	21.4	18.9
Mixed sector	0.2	8.8	16.9	10.9	8.5
Private sector	79.7	59.9	8.8	7.8	8.5

possibilities of speculations which are likely to disturb the market. Owing to the dispersion of production units and the persistence of small enterprises, a free market is authorized to exist on a limited scale in order to allow a better circulation of goods and to facilitate the living conditions of the population.

On the path to economic independence, the socialist home trade contributes more and more efficiently to the increase in production, the improvement of the living conditions of the people, the transactions between town and country, the strengthening of the worker-peasant alliance and the unity between the various nationalities in the country.

## 3. Healthy and thriving national finance

Socialist construction requires that the state accumulates capitals, constantly increases the income for its budget and builds up healthy finances. These finances can only essentially rely on the national production, on the possibilities of intrinsic accumulation of the national economy. During the post-war re-habilitation period, owing to the utter poverty bequeathed by the old regime and the havoc wrought by fifteen years of war, the D.R.V. has managed to balance its finance at the cost of great difficulties. The other socialist countries have afforded it a generous and disinterested assistance.

However the D.R.V. has constantly made efforts not to ask for "help" from the imperialist powers and gradually to do without the brother countries' financial

assistance. On the basis of a rapid development of the national production and of an increase in the flow of goods, the income showed a marked rise. Following the changes of production relations the national finances have become socialist finances having more and more possibilities for internal accumulation. The 1962 budget was 3.67 times greater than that of 1955 and 2.1 times that of 1957; every year the budget is balanced, with a slight excess of income. The sources of internal accumulation have made rapid progress, thus reducing the aid granted by the brother countries from 39.5 per cent in 1955 to 20 per cent during these last years; now this aid consists mainly in long-term loans. The income derived from the state economy predominates covering four-fifths of the budget (the remainder made up of long-term loans granted by the brother countries in the form of industrial equipment) while those collected from taxes on individual incomes and the co-operative economy drop. The state takes charge of economic development, that is why the part of the budget earmarked for economic construction rises day by day. Economic and cultural construction engrossed 45.9 per cent of the budget expenditure in 1955 and 73.5 per cent in 1962, the part reserved for administration and national defence dropped from 46.2 per cent to 19 per cent. The accumulation of fund accounts for 58 to 60 per cent of the budget, 80 per cent of which are reserved for capital construction. These figures testify to the fact that the budget is intended for peaceful construction on the basis of an independent national economy advancing to socialism.

#### 4. Improvement of the living standard

Article 9 of the Constitution stipulates:

“The fundamental goal of the economic policy of the D.R.V. is to develop production unceasingly in order to raise the material and cultural standards of the people.”

The improvement of the living conditions—the main goal of economic construction—must be put forth in the concrete conditions of a country which embarks on the socialist path with a most backward economy, bypassing the stage of capitalist development while it must accumulate capitals in order to establish the material and technical basis for economic development. This problem should be studied within the framework of an acute revolutionary struggle characterized by the diversity of the tasks confronting the Vietnamese people: setting up of new structures in the North together with the struggle waged against the saboteurs sent to the North by the American aggressors and their stooges in the South; arduous struggle for national liberation in the South and for the peaceful reunification of the country. The Vietnamese people should restore an economy shattered by 15 years of war from 1939 to 1954 before being able to go in for the building of a new economy.

After five years of establishment of new production relations and of socialist construction, the *peasants' life has been improved notably*: 30 per cent of poor peasants have reached the living standard of the middle peasants and in some cases, that of the upper middle

peasants. The formerly poor peasants have their cash incomes increased, which enables them to buy commodities, many of these peasants can build brick houses with tiled roofs, dwellings that only rich peasants and landlords could afford.

*Factory workers, office workers and officials* have also seen their living conditions improved. Unemployment bequeathed by the colonial regime and the long period of war has disappeared and the workers are no more the sole supports of their families, all the other members having found a job. Salaries and indices have risen, bonuses have been paid in addition to social welfare facilities such as canteens, hospitals, kindergartens, social insurances, allocations for large families...; furthermore the state sells them food and manufactured products at fixed prices.

The raising of the living standard has been very notable if one takes into account the problem of supply in conditions of a peak demographic growth which has brought the population from 14.5 million in 1955 to 17.3 million in 1963, as against about 12 million in 1939. Though agricultural technique remains rudimentary, and natural calamities are frequent the food supply has been secured, while formerly, a rice complement from the South was indispensable but still insufficient to prevent permanent dearth or periodic famine. Experience has shown that these dearth and famine are not "beyond remedy" as claimed the colonialists, geographers and economists of that period. Today in North Vietnam, the peasants do not die of starvation any more and do not resign themselves to this fatality.

Parallel with this material improvement, the *cultural life* of the population has made notable headway: to read a newspaper, a book, to see a film were things the peasants dared not think of formerly. Today, each commune has a small library and is regularly visited by film projecting teams and artistic ensembles. Rural infirmaries and maternity homes have been built.

All this progress made in the field of improvement of the people's welfare is the necessary outcome of the politico-economic regime in the North. It is a convincing proof of the superiority of the new mode of production and of distribution which begins to manifest itself and to prevail in our country.

While the living standard depends on the volume of production the mode of distribution of income also plays an important part. Production is still very low, but the new regime ensures the strict minimum for all: job, food and raiment, housing, schooling for the children, complementary education for adults, while trying to apply little by little the principle of distribution according to the work done, equitable payment for each category of work, maintenance of a fair ratio between farming and industrial work, between manual labour and intellectual work, thus avoiding flagrant inequalities.

### 5. Revolutionary changes

The D.R.V. has undergone deep-going changes which consist mainly in:

"Shifting from a dependent and backward economy to an independent economy advancing gradually

to socialism". (Resolution of the 8th Session of the Central Committee of the Workers' Party).

In making steady steps, relying mainly on its own strength and doing its utmost, and with the help of other socialist countries, the D.R.V. has succeeded in creating a new economic order in which the exploitation of man by man has been abolished. The worker-peasant alliance has been strengthened as well as the bloc of national unity between various social strata; the political and moral unity of the nation has been consolidated and the people's democratic state has become more stable.

All these achievements are a steady basis for the struggle for peaceful reunification of the country and echo as far as the South, thus giving a strong fillip to the patriotic struggle waged by the southern people against the U.S. interventionists and the traitors.

The road covered has substantiated the correctness of the Leninist view according to which an underdeveloped country, freed from the imperialist yoke and aided by the other socialist countries can bypass the stage of capitalist development, transform the bourgeois democratic revolution into socialist revolution. In a creative spirit, the Vietnam Workers' Party has known how to apply this Marxist-Leninist thesis to the particular conditions of the country.

While the success obtained is decisive, it should be known that the *difficulties encountered are very great*. In the first place, the material and technical basis of socialism remains very weak; manual labour and



Children of the working people at the seaside



The harvest has been good

## GRADUAL IMPROVEMENT OF THE PEOPLE'S LIVING STANDARD



A rural medical team



New schools everywhere from the delta  
to the mountains

Agricultural co-op members in a rural shop



handicrafts still predominate and productivity is very low; the new production relations need to be strengthened and completed. The embryonic industry cannot as yet satisfy all the requirements of agriculture and other branches of the national economy; agriculture is not yet sufficiently developed to serve as a stable basis for industrial expansion. Despite a persevering rectification work, important distortions weigh on the national economy. The various material and cultural needs increase rapidly but cannot be satisfied even with the development of production.

This is nevertheless the difficulties of growth of a backward country which develops rapidly in its leaps; had not the country embarked on this path, it would have encountered other difficulties beyond remedy.

The present difficulties faced by the D.R.V. can however be overcome owing to the conjunction of *many favourable factors* :

— The country is led by a tempered Marxist - Leninist party headed by President Ho Chi Minh, and is a people's democratic state springing from the people, enjoying the people's complete confidence. The Party and the government follow a right revolutionary path.

— The present social regime defends the interests of all the labouring people, thus strengthening the unity among them. The Vietnamese people who are by tradition painstaking and now building their own happiness, can give full swing to their creative initiative.

— The new socialist production relations give a

strong impulse to the development of productive forces. On the basis of these production relations we have established these first modern material and technical bases which begin efficiently to influence the national economy.

— The revolutionary struggle of the people in South Vietnam for their liberation efficaciously protects the peaceful construction work in the North and vigorously stimulates the industriousness of the northern people.

— Socialist construction profits from the experience and help of the countries in the socialist camp.

— The building of an independent national economy also profits from the co-operation of countries in Africa, Asia and Latin America which have just become independent and are now struggling against imperialism, especially U.S. imperialism.

Premier Pham Van Dong in his report to the National Assembly in April 1963 said:

“Our country teems with natural resources. Our people have a great patriotism and revolutionary mettle; they are painstaking and keen on making progress. Our economy has great possibilities to develop vigorously on the basis of the new socialist production relations. Let us exploit all these riches and develop them in order to overcome our shortage in capital, equipment and technique. Basing ourselves on our riches, we will certainly and gradually repulse poverty and backwardness; we take our country to the path of socialist industrialization, the path which leads us to welfare and happiness. The first five-year plan is just the first step on this path.

It is in these favourable conditions that North Vietnam's economy has embarked and will advance on the road of a *planned socialist economy*. After successfully fulfilling the 1956 and 1957 plans of reconstruction and a three-year plan of socialist transformation of economic structures and of economic and cultural development (1958-1960), since 1961 we have carried out the five-year plan (1961-1965) the main objective of which is to build up the first material and technical basis of socialism\*.

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\* *Main targets of the first five-year plan (1961-1965):*

— Target of agricultural production: 7 million tons of foodstuffs of which rice accounts for 70 per cent and subsidiary food crops 30 per cent.

— Engineering: increase by 169 per cent compared with 1960, in the state sector: increase by 270 per cent.

— Building of a Diesel engine workshop, a shipyard, a workshop to produce metal-cutting machines, spare parts for motor-cars, etc.

— Electricity: 660 million kw-hours in 1965, or 158 per cent over 1960.

— Completion of the Thai Nguyen steel and iron complex capable of turning out 200,000 tons of steel in 1966. The first melting, scheduled for 1964, took place early in November 1963.

— Coal: 5 million tons or double the 1960 figure.

— Apatite: 1.4 million tons as against 490,000 tons in 1960.

— A superphosphate plant having a yearly capacity of 100,000 tons, was completed in 1963; a nitrogen fertilizer mill will be completed by the end of 1965.

— Cement: 710,000 tons in 1965 as against 408,000 tons in 1960.

— Textiles: 125 million metres of cotton fabric as against 76 million in 1960; 8 million metres of cloth of other fibres, 1.5 million metres of silk; mosquito-netting: 32 million metres.

— Wood: 1.31 million cubic metres as against 753,000 in 1960.

## CHAPTER IV

### THE ROAD OF ECONOMIC INDEPENDENCE AND THE EXPERIENCES OF VIETNAM

For nearly twenty years since its founding, the D.R.V. has against wind and tide maintained its political independence. In spite of combined assaults by two powerful imperialisms, France and the United States of America, it succeeded in setting up an independent national economy. In the preceding chapters, we have outlined the stages followed by its economic development; it is now useful to retrace in broad lines the road which has been followed, that of building an independent national economy and to draw the main experiences.

The Vietnamese revolution takes place in a period when the socialist system has become the determining factor of the evolution of human society, the international revolutionary movement develops powerfully, in the direction of socialism and liberation of peoples. Imperialism is on the verge of collapse; many Asian, African and Latin American peoples are freeing

themselves from the imperialist yoke and building a new life.

Lenin had since long foreseen the awakening and the uprising of Eastern peoples, subjugated and kept in a state of extreme backwardness, peoples who so far suffered from the international policy of imperialism, and merely constituted a kind of manure for capitalist culture and civilization. He had predicted this "epoch of great maelstroms" which the most powerful imperialist states do not succeed in checking.

Lenin said, "The revolutionary movement in the advanced countries would be a sheer fraud if, in their struggle against capital, the workers of Europe and America were not closely and completely united with the hundreds upon hundreds of millions of "colonial" slaves who are oppressed by capital."\*

Nevertheless, at the present time almost a hundred million people still live under the imperialist and colonialist yoke, and hundreds of millions of others have just won back their national independence, but are already oppressed and threatened by neo-colonialism.

That is why the problem of reconquest and consolidation of a genuine national independence remains always a vital problem for nearly a billion of people in Asia, Africa and Latin America. The building of

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\* Lenin, Second congress of the Communist International, 1920.

an independent national economy freed from the imperialist grip and having to choose between the capitalist or socialist path to build a new life, remains an urgent problem for these peoples.

The experience in Vietnam substantiates that only the national-liberation revolution with a national democratic content can give us total independence and that there is no other road than socialism.

It is only on this sole condition that one can complete the conquest of the national independence, build and develop a genuinely independent national economy, and really win back freedom and happiness for the people. This is the most fundamental problem, which is the centre of the path we have chosen to build our independent national economy.

Vietnam's independent national economy is built in quite a complex situation.

The economic policy of the D.R.V. can be understood only on the basis of the fundamental characteristics of the revolutionary struggle led by the Vietnamese people during these twenty years and in consideration of the prime data of Vietnam's economy. In its development, the Vietnamese revolution went through two essential stages, different in contents as well as in methods of action:

1. a stage of *national and people's democratic revolution* marked by the national-liberation war during which the country was entirely encircled by the enemy forces for a long time, economic construction had

to be carried out in the framework of an armed struggle waged by the entire people and in conditions of a nearly complete international isolation.

2. a stage of *socialist revolution in the northern half of the country*, but with a partitioned country, and a rough U.S. armed intervention in the southern half where the national democratic revolution must be carried on; economic construction is carried out in North Vietnam when peace is restored and the country is part of the socialist camp.

During these two stages, the struggle in the economic field has taken on many forms and aspects; however at every moment the same objective is found again, which is to build an independent national economy. Whatever the difficulties might be, imperialist aggression and intervention or natural calamities, this will for independence would never shrink, and the country resolutely advances on the road of socialism and modernization of its economy; since the restoration of peace, within the space of eight years, that is to say in a very short lapse of time, especially if it is compared with that spent by the Western countries since the 18th century for industrialization the D.R.V. has succeeded in establishing the first bases for socialist construction and the modernization of its national economy.

In these two stages, quite different in contents, the same essential factor remains: the revolutionary leadership of the Party of the working class, on the basis of a close worker-peasant alliance. This hegemony of the working class explains the uninterrupted

character of the Vietnamese revolution, passing without discontinuity from one phase to another, covering all the political, economic and cultural fields, and aiming at building a peaceful, unified, independent, democratic and prosperous Vietnam.

We shall now analyse the main lessons drawn from this experience of construction of our independent national economy from a colonial and backward economy.

### **1. Building of an independent national economy during the national-liberation war and the stage of national and people's democratic revolution**

#### *1. An unshakable will for independence*

In the declaration of independence of September 2, 1945, it is stated that:

"The entire Vietnamese people are determined to mobilize all their physical and mental strength, to sacrifice their lives and property in order to safeguard their independence and liberty".

This affirmation of national independence is the declaration of the Vietnamese people's political opinions in their struggle against imperialism, oppression and misery. It is also the corner stone of the whole economic policy of the D.R.V. since 1945. It was not a mere piece of rhetoric but started from the objective analysis of the situation which was characterized by two fundamental facts:

— On the one hand, French imperialism, as well as the whole imperialist camp, the Chiang Kai-shek

government and the Vietnamese reactionaries decided to quell the Vietnamese revolution, the movement for independence, and break up the country as they liked for their own interests. The question for the Vietnamese people was to have a clear view of the aggressive nature of imperialism, and to be ready to defend their newly won independence.

— On the other hand, if apparently the relation of forces seemed to be most unfavourable for Vietnam, the possibility to defend its national independence rested on the fact that the recently set up power was a revolutionary government, born of long years of struggle, supported by the overwhelming majority of the people who are themselves animated by an eager and resolute patriotism. The D.R.V. in 1945 was not a short-lived creation, springing up at haphazard from events, but the outcome of a long struggle which had mobilized broad masses of people for long years.

Under the leadership of the Party, of the working class, the struggle for economic independence was thus carried on from these fundamental facts.

#### *2. Abolition of the economic domination of imperialism*

The first task of the Vietnamese young state was to abolish the economic privileges of imperialism, liquidate its economic domination as soon as possible and substitute new national structures for the colonial structures in the essential economic branches: currency, bank, trade, transport, industry, etc. It was a

fundamental but most intricate problem to be solved in an extremely complex conjuncture, which was worsened by a most serious famine and the presence of many hundred thousands of Chiang Kai-shek's occupation soldiers in the north and the British troops south of the 16<sup>th</sup> parallel. The newly established revolutionary power which could not yet organize its forces, was not able to cope at the same time with the French colonialists, the British troops of occupation and those of Chiang Kai-shek. On its side, French imperialism, facing this complex situation in Indo-China, and being at grips with a powerful democratic movement in France itself, could not think of an immediate mass intervention. We ought to play for time in order to strengthen the newly conquered revolutionary positions and reorganize the revolutionary forces. The compromise established by the Agreements of March 6, 1946 and the Modus Vivendi of September 14, 1946, between the Governments of France and of the D.R.V. has enabled the revolutionary forces better to deal with the forthcoming decisive clash, for on its side French imperialism had negotiated only to have free hands and the required time for a large-scale military action.

What had saved the essential was that the revolutionary leadership had no illusion about the "good will" of French colonialism, U.S. imperialism, or Chiang Kai-shek. The American general Gallagher

"suggested to Ho Chi Minh that he would find capitals, materials and technicians for him to restore

railway lines and ports, and reorganize the economy of the country"\*.

For a country ravaged by famine, and for a newly set up government, the proposal was tempting but the Government of the D.R.V. turned it down (let's recall that at that time it had only a little more than one million piastres in cash). It did not want to introduce a new wolf into the sheep-fold, and relied first of all on its own efforts.

The proof to the contrary has been since supplied in Vietnam by the economic state in South Vietnam. After nine years of "U.S. aid" nearly three billions were poured into this territory by the U.S.A. to end at a complete economic depression. This region of Vietnam which annually exported one million and a half tons of rice and had a favourable trade balance — two exceptional facts for an under-developed country — would have been able without "U.S. aid" easily to industrialize itself, renovate its agriculture, make it more productive, and rapidly raise the living standards of the population. Today, it has to import rice, and continue to be entirely dependent on foreign countries for the supply of many consumer goods, all spare parts and industrial equipment. Not any important industry, metallurgy, engineering, basic chemical industry, building materials could be set up. More than half of its urban population have been jobless, and the sight of misery in the streets is a striking contrast with the richness of a privileged minority. Furthermore South Vietnam has become a seat of hot

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\* P. Devillers, *Histoire du Vietnam*, page 202.

war, which is dangerously threatening the security of the whole Southeast Asia. As early as 1945, the revolutionary leadership of the D.R.V. laid bare the real aims of "U.S. economic aid" and refused to lead the Vietnamese people on this wrong path.

### *3. Intensification of agricultural production and application of the thrift policy*

In relying essentially on its own efforts to meet the needs of the country and the war expenses, the D.R.V. has applied a systematic policy for intensification of production and strict thrift. Efforts were made first and foremost in agriculture: the essential needs of the population as well as the army were ensured by agriculture, and the peasants' support was capital. The fundamental basis of the policy was to endeavour to intensify agricultural production, while securing for the rural workers the progressive enlargement of their political, economic, social and cultural rights. As the country had to cater for itself, when the main communication lines were destroyed, each zone had to build up an autonomous economy, based on agriculture and handicrafts. To meet the needs of national defence, a small industry was set up, with small-size enterprises scattered throughout the country. This decentralized regional organization was dictated by the guerilla tactics and tallied with an agriculture and a handicrafts whose techniques were still rudimentary. But its success first and foremost depended on the patriotic effort of the producers, especially the peasants who answered en masse to the

government appeals. In a well-known message, President Ho Chi Minh compared the fight of soldiers on the front with the peasants' productive activity:

*"Our ricefields are battle-fields,  
Spades and ploughs are arms,  
Our peasants are soldiers:  
That those in the rear-line compete with those  
on the battle-front."*

The enemy did his utmost to ruin the economy of the free zones by repeated bombardments and military raids, but his efforts were in vain due to the patriotic will of the Vietnamese people and the scattering of the economic organization of the D.R.V. at that time.

The fiercer the Resistance War, the more increasing the effort to intensify production. In March 17, 1952, President Ho Chi Minh renewed his appeal:

*"To implement the plan of production and economy means to keep up and accumulate our strength in order to wage a long-term Resistance, consistently prepare for a general counter-offensive, and win final victory. Therefore, in the liberated regions, that is the essential task of the people, government and people's organizations. In the guerilla regions and bases, that is an important task".*

In conditions of a poor and economically backward country, pitted against a powerful enemy and cut up into many regions, that was the only just policy which has thwarted the colonialist plan aimed at starving the population and ruining the country, and given a decisive contribution to victory.

#### *4. Independent finances and currency at the service of the Resistance*

While impelling the development of production, the state had to ensure independent finances, whose incomes derived from national production and could cover the expenses of the war. With the increasing needs of the Resistance, the financial task became a main task for economic development and military success. Currency had also to be independent, the elimination of the enemy currency was imperative. Since 1949, the piastre issued by the Banque de l'Indochine was ousted from the liberated regions for ever. A hot struggle was waged to safeguard the rate of exchange between the national currency and that of the enemy during the exchanges of goods. Towards 1953, the national currency gained a stable value, in spite of the backward state of an essentially agricultural economy, having to stand the heavy expenditures of a protracted Resistance War. This stabilization was due essentially to the balance of budget which was maintained even with a light surplus, thanks to a system of rational levying with a marked class character. The national currency going beyond the liberated zones entered little by little the guerilla zones and bases while the agricultural and industrial production was on the increase and the state trade extended its activity.

#### *5. Land reform and liberation of agricultural productive forces*

Our economic struggle proceeded in a national framework, but assumed at the same time a democratic

character as the anti-imperialist struggle could not be dissociated from the anti-feudal struggle. Ever since its founding in 1930, the Indo-Chinese Communist Party defined the organic character of this relation between the anti-imperialist and anti-feudal tasks of the Vietnamese revolution which thus had a dual character, national and democratic. The claim for "Land to the tillers" was put forth simultaneously with that for national independence, which radically distinguished the Communist Party from other parties at that time. Both tasks were fundamental, but

"the anti-imperialist task is the most essential. At present the enemy N° I of the Vietnamese revolution is aggressive imperialism."\*

The national question is, in its essence, a peasant question. The peasantry is the biggest force of the revolution. The Vietnamese national liberation war is, in its essence, a revolutionary war waged by the peasants allied with the workers under the leadership of the working class. Therefore, to win back national independence, we must liberate the peasants from feudal production relation, that is to liberate in the main the productive forces of society; to this end we must have a program of agrarian reform and carry it through; we must effectively give land to the peasants. Resolutely to rely on the peasants to mobilize and develop their strength, and to satisfy their centuries-old claims and aspirations, are the required conditions for victory.

\* Truong Chinh: *Report to the Second National Congress of the Workers' Party* (February 1951)

Since the first years, immediately after the Revolution of August 1945 the Government of the D.R.V. had taken agrarian measures, which were at the same time anti-imperialist and anti-feudal measures, thus making the first steps of the agrarian program, then in 1953, when the national liberation war required doubled efforts and a drastic mobilization of material and human resources, land reform was started, satisfying the objective requirements of the situation. Due to land reform, an unprecedented mobilization of the peasantry could be launched, decisively impelling the Resistance in its most difficult phase, the phase of preparation for a general counter-offensive. Therefore, to promote the anti-feudal struggle was to serve the anti-imperialist struggle and thoroughly mobilize the main force of the country, the peasantry which together with the working class was the prime mover of the national Resistance. Henceforth we had to pass from partial and progressive measures to a radical reform, liquidate landlords as a class, abolish the feudal regime for ever, and entirely liberate the peasants.

At the session of the National Assembly held in December 1953 to pass the law on land reform, President Ho Chi Minh declared:

"Our revolution is a people's national democratic revolution against aggressive imperialism and its mainstay, feudalism. Our slogan during the Resistance War is "All for the front, all for victory!" The more the Resistance War develops, the more manpower and wealth it requires. It is the peasants who have contributed the main force of the Resistance.

We must liberate them from the feudal yoke, ensure necessary conditions for them to develop their potentiality in order to be able to mobilize this huge force in the service of the Resistance until final victory. The key to the victory of the Resistance lies in consolidating and enlarging the National United Front, consolidating the worker-peasant alliance and the people's power, strengthening and developing the Army, consolidating the Party and strengthening its leadership in all aspects. Only by mobilizing the masses to carry out land reform can we fulfil all these tasks satisfactorily. The implementation of land reform in the free zones will stimulate the combativeness of our peasant compatriots in the occupied zones who will struggle more energetically against the enemy to liberate themselves and support the people's democratic power; at the same time it exerts an influence on and contributes to disintegrate the puppet army because the absolute majority of the puppet soldiers are peasants."

Land reform was thus a strategic task of the national-democratic revolution and of the Resistance. This armed Resistance has to rely on an independent national economy based on the huge peasant force, which we must liberate from all shackles. The liberation war is a revolutionary war requiring firm and stable rear-lines, that is why land reform became a prime condition for victory. As the class struggle was closely linked with the national struggle, land reform at a given time had to serve as a lever to the liberation war. However if on the strategic plane this dual struggle had to be put up simultaneously, on the

tactical plane, the anti-feudal struggle should be waged step by step and subordinated to the leit-motiv of the anti-imperialist struggle throughout the period of national war.

Land reform must be conceived not as the application of a law by well-trained civil servants, but as a fierce class struggle of the peasant masses, especially the land-poor peasants, conscious of their class interests, against the landlords who relied on imperialism to defend their privileges to the end. This class struggle was waged under the leadership of the Party of the working class, relying on the people's democratic power, on the state of workers and peasants. This mobilization of the peasant masses, under the sign of class struggle had decisively impelled the national liberation war; without it, Dien Bien Phu would have been impossible and the national independence would not be reconquered.

#### *6. Building of a people's democratic economy and the premises of socialism*

In Vietnam, neither the economic struggle to satisfy the needs of war, nor land reform were conducted within the framework of an old-type bourgeois democratic revolution; here it was the question of setting up a new type democracy, and a road of non-capitalist development, laying at the very outset the premises for the building of a future socialist economy. The theses of the Workers' Party are explicit:

"While waging the armed struggle, we apply a series of democratic reforms in all domains: economic,

political, cultural and social; Vietnam thus enters the path of people's democracy.

Our present economic policy consists in intensifying production for the needs of the Resistance and the improvement of the people's living standards, the mutual benefits of public and private services, of employees. We must set up the bases of the state sector, develop the cooperative economy, encourage, help and direct the activities of the national bourgeoisie.\*\*

In spite of the conditions of war, the national democratic revolution kept on its course after the August 1945 Revolution; in the economic field

"every economic activity had to be directed to serving the front, supplying the people in view of a long term war, and on the other hand to securing a harmonious development of the state, co-operative and private sectors. We should skilfully use the co-operative sector as a link connecting the state economy with the private sector in order to raise the living standard of the people, to engage all strata of the population in the work of economic development\*\*.

While encouraging private industry and trade to bring their contribution to the national effort, the D. R.V. endeavoured to impel the forms of co-operative work among the peasants, and make the state take in hand the essential mechanisms of the economic life. The formation of mutual aid teams among the peasants kept on a centuries-old rural tradition, but under new

\* Resolution of the Second Congress of the Workers' Party (1951).

\*\* Truong Chinh, *The Resistance Will Win*, Foreign Languages Publishing house, Hanoi 1960.

forms and in a new spirit. The peasants were thus prepared, since the period of national-democratic revolution, for the future socialist stage.

The founding of the National Bank which issued currency and centralized all the transactions of capitals, the control and then the monopoly of the state on foreign trade and the setting up of state trade, industrial enterprises and state farms, gradually give the state the leading role in national economy.

Because of its character of new democracy Vietnam's economy succeeded in overcoming all war difficulties through mobilizing all strata of the people; indeed it had not the necessary conditions for a great development, but could safeguard its national and independent character, face to imperialist pressure and manoeuvres.

#### *7. Economic war*

The long war of resistance was waged not only in the political and military fields, but also in the economic sphere. The struggle between the economy of the free zones and that of the enemy-occupied zones had to end to the advantage of the R.D.V., though at the outset, the superiority of the enemy seemed to be overwhelming. France, highly industrialized and supported by U.S. aid, could supply the occupied zone with all kinds of goods, and back its currency; the French forces occupied all the big towns and important industrial centres, while the D.R.V. controlled only the agriculturally backward countryside deprived of all industrial equipment and all modern means of communication.

However this relation of forces in economic field could not last long, for the essential fact was that the aggressive war unleashed by the French colonialists was an unjust war, held in contempt by the French people themselves, whereas the liberation war was regarded by the peoples of colonies and dependent countries a just war, for which they were determined to make the greatest efforts and sacrifices. French imperialism had to support at arm's length, against its people's will, the economy of the zones that it occupied in Vietnam, while trying to drain them of the maximum of human and material resources to continue the war.

With the development of war, the Resistance passing from the stage of strategic defensive to that of equilibrium of forces, the liberated and temporarily occupied zones got entangled like "the hair and the teeth of a comb" and the economy of both kinds of zones formed a confused network throughout the country. From 1948, the enemy's policy of economic blockade continued to be applied, but combined with a controlled exchange of goods between the two zones. An insuperable barrier could not be set up between these two zones, but exchanges could not be allowed to develop freely and spontaneously likely to harm the economy of the liberated zones. These exchanges between the two zones constituted a form of economic struggle which had to be led methodically and rigorously to ensure the independent character of the economy of the liberated zones. If the fundamental policy of the D.R.V. in home trade was freedom of exchanges, that in the trade and exchanges with the enemy-occupied zones could be summed up as

*follows: control of exchanges and economic struggle against the enemy according to the principle of independence and exchanges to our advantage.*

The essential principles guiding the application of this policy were:

1. to protect the production of the liberated zones which had to rely on their own resources and not to depend on the goods from the occupied zones;

2. to ensure the supply to the armed forces and people;

3. to do our best to have a positive balance-sheet of exchanges: to buy from the occupied zones only the indispensable minimum, and sell them surplus goods as many as possible;

4. to safeguard the general interest and at the same time to ensure a legitimate rate of profit to private traders, in order to be able to mobilize the whole population for this economic struggle.

Despite the marked economic superiority of the enemy, and the complexity of the situation, this economic struggle had efficaciously helped the economic independence of the liberated zones, consolidated the stability of the national currency, and contributed to victory.

## **II. Building of an independent national economy in the stage of socialist construction**

### *1. Fundamental problems of the shift of the Vietnamese Revolution to a new stage*

The heroic and victorious struggle of the Vietnamese, Laotian and Cambodian peoples led to the

restoration of peace in Indo-China in July 1954 on the basis of the recognition by the participating powers to the Geneva Conference on Indo-China, of the independence, sovereignty, unity and territorial integrity of these three countries. A new situation was created on the one hand by the 1954 armistice, and on the other, by the rough U. S. intervention in South Vietnam. The Vietnamese revolution was thus given two different strategic tasks: in the northern zone to shift to the socialist revolution, in the southern zone to continue the national democratic revolution. The resolution passed by the Third National Congress of the Workers' Party (September 1960) has thus defined these tasks:

“To enhance the solidarity of the entire people, to struggle resolutely for the maintenance of peace, to promote the socialist revolution in the North and at the same time the national people's democratic revolution in the South, to achieve national reunification on the basis of independence and democracy, to build a peaceful, unified, independent, democratic, prosperous and strong Vietnam, and to contribute effectively to the strengthening of the socialist camp and to the defence of peace in Southeast Asia and in the world”.

North Vietnam directly enters the socialist path without going through the stage of capitalist development, in the following peculiar situation:

— on the domestic plane, North Vietnam has a backward agricultural economy which relies essentially on a scattered individual production, and a very small capitalist sector; meanwhile the state power

relying on the worker-peasant alliance led by the working class, is a people's democratic power, assuming the role of proletarian dictatorship ;

— on the international plane, there exists a socialist camp become a powerful world system facing the imperialist camp. The co-operation and division of labour between the socialist countries and the assistance of the socialist countries endowed with a modern industry are an important factor helping us to bypass the stage of capitalist development directly to advance to socialism ;

— on the national plane, as the country is being partitioned in two zones under different social regimes, the revolutionary struggle has different tasks which are however closely linked with one another : the North entering the socialist path becomes a strong basis for the entire Vietnamese people in their struggle for the peaceful reunification of the country.

Thus, the Vietnamese revolution, one in its historical development, has since the end of 1955 two component parts, socialist in the North, and national democratic in the South, both converging to the reunification of the country. While socialism in construction in the North is an essential basis for the development of the revolution, playing a determining role on the historical plane, the heroic struggle of the Vietnamese people in the South against the U.S. aggressors and their stooges secures for the North an efficacious protection enabling it to go in for the peaceful building of an economy and a new society.

## *2. Completion of national and people's democratic revolution and shift to socialism*

As is known, before laying the bases of socialism in 1955-1957 the D.R.V. had to achieve the democratic revolution and restore a war-torn economy. More especially it had to

— restore the agricultural economy in order to check famine which was frequent under former regimes ;

— liquidate all the vestiges of colonial economic domination in the newly liberated zones ;

— and above all complete the agrarian reform started in 1953.

*The completion of the land reform* which was not interrupted by the armistice, was the essential work in this period. It is to be noted that if land reform had decisively impelled the national-liberation war, and liberated the country from the feudal fetters for ever to pave the way for a subsequent economic development, it was marked in its course by grave mistakes which temporarily impeded the propulsion of the country toward socialism. As a result, a certain number of mutual-aid teams and peasant co-operatives broke up. However the Workers' Party and the government of the D.R.V. had the magnificent courage to bring all these mistakes out, and launch a nation-wide campaign to redress them. Once the redress of mistakes was done, the revolutionary movement, temporarily hampered, has known a new impetus, and the question of socialism could be clearly put to the entire people. A section of the bourgeoisie tried to lift up their heads and contend with the

working class for the leadership of the state to deviate the development of the national economy toward the capitalist path; but these attempts were nipped in the bud due to the intrinsic weakness of the bourgeoisie, the people's boundless confidence in the Party of the working class during long years of struggle, the frankness with which the Party entered upon the redress of mistakes, and the high level of political consciousness of the population.

After the economic restoration and land reform, the essential problem of socialist revolution was put as follows: we had an economy comprising many heterogenous sectors; the state sector only occupied a limited place in the national economy, the individual exploitation remained predominant in agriculture and handicrafts; the private capitalist sector was almost intact. We had a backward and unbalanced economy mainly based on a scattered agriculture with a very low productivity; industry was still in its first stage of development. In these conditions the problem of building an independent national economy is nothing but that of socialist revolution to pass from a backward economy, with many sectors, to a modern and balanced socialist economy, without going through the stage of capitalist development. To this end two following fundamental problems must be solved:

1. To transform the non-socialist sectors into a socialist sector, the non-socialist production relation into socialist production relation, which consists essentially in turning the regime of individual and capitalist ownership into a regime of socialist ownership

under different forms (state ownership and co-operative ownership);

2 — To build socialism, with a view to developing the liberated productive forces, laying the material and technical basis of socialism and transforming the small scale backward production into a large-scale socialist production.

Socialist transformation and socialist construction are two closely related aspects of the socialist revolution in North Vietnam. Owing to the characteristics of North Vietnam, in the first phase of the socialist revolution, we directed our work on socialist transformation, while beginning to lay the material basis of socialism. When socialist transformation had won a decisive success we buckled to the work of socialist building, especially promoting industrialization, while completing socialist transformation.\*

### *3. Socialist transformation of economic structures, preliminary problem of the shift to socialism*

In the stage of socialist transformation of economic structures, the essential link was agricultural co-operativization which turns small individual agriculture into big co-operative one. The Vietnamese peasants have been the comrades-in-arms of the working class for years on end. They continue to have confidence in the Workers' Party. They have

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\* Resolution of the Third National Congress of the Vietnam Workers' Party (1960), Foreign Languages Publishing House, Hanoi, 1961.

joined co-operatives en masse. As regards the capitalist bourgeoisie, we have applied the policy of peaceful transformation of private capitalism into socialism through state capitalism. To this end we have used educative and persuasive methods, and, when need be, economic and administrative measures. The setting up of socialist structures is a hard and complex class struggle, led in conditions of a state power already in the working class' hands and relying on a solid worker-peasant alliance. This class struggle is led not only to fight the spontaneous tendency toward capitalism which animates any regime of small-size individual exploitation, but also to restrict, oust and finally liquidate capitalist exploitation; moreover it is still directed against all the forces opposed to socialism, the counter-revolutionaries who, at the service of U.S. imperialism and their lackeys in the South, work secretly in the North, against the capitalists, landlords and reactionary rich peasants who refuse socialist transformation.

Simultaneously with this transformation of economic structures, we have developed to the utmost the state sector while securing for it a leading role in the national economy. The socialist transformation of agriculture, handicrafts and private capitalist sector has been a victory of historic importance. The fundamental contradiction during the whole period of transition to socialism remains that opposing the path of capitalist development to the socialist path, but once the socialist transformation of economic structures achieved in the main the path of socialist development has won a decisive victory. For the first

time in their history, the Vietnamese people have in the main abolished the exploitation of man by man, the basis of which is the capitalist ownership of means of production. This victory has opened the road to a rapid development of productive forces. If in the stage of national-democratic revolution, land reform was part and parcel of the building of an independent national economy, in the stage of socialist revolution the socialist transformation of economic structures has become part and parcel of the setting up of an independent and socialist national economy.

#### 4. *Socialist industrialization*

The Third Congress of our Party has defined the problem of socialist industrialization as follows:

"The central task of the whole period of transition to socialism is socialist industrialization in which the key work is priority development of heavy industry."

The chief goal of industrialization is to endow the country with a relatively comprehensive heavy industry as the basis of the national economy. The historical circumstances particular to our country as well as the valuable aid of other socialist countries have determined the trend and growth rate of our socialist industrialization.

As early as September 1955, Premier Pham Van Dong made it clear before the National Assembly that:

"We must correctly and clearly realize the essential role of industry in our country under our regime at present and in the future. We will endeavour to

develop industry step by step, steadily and in co-ordination with agriculture. Industrialization is the essential basis for our independent national economy and for its future development, securing welfare for our people and prosperity for our country. With the natural resources of the northern zone of our country, the huge forces of our people and working class, and the disinterested assistance of the brother countries, we have the necessary conditions to carry out our plan for economic rehabilitation and industrial development, and on this basis we will push our industry forward in order to establish foundations for national industrialization."

Once the war scars healed and the socialist structures set up, a problem which prevails over the others in the building of an independent national economy is industrialization. For a former colonial and semi-feudal country which wants to advance directly to socialism and modernize the whole of its economy, the build up of a national industry constitutes a fundamental problem without such an industry political independence will be but a mere illusion. Within the national framework and along with the intensification of international relations, that country must succeed in modernizing its equipment, creating conditions for a genuine national market, securing a decent living standard for the people and carrying out profound social and ideological transformations. Only with a widespread industrial work can conditions be created for the formation of a modern nation, a modern society and a modern man. Without pretending to possess on its territory all the branches of

industry, such a country as Vietnam must have at least a relatively comprehensive industrial basis for a relatively rapid modernization of the whole of its national equipment: metallurgy, electricity, mining, building materials, chemistry and many branches of light industry. The natural resources of the D.R.V., the size of its population and the extent of its territory are favourable factors, not to mention that the ineluctable reunification of the two zones North and South will create a much richer and more balanced national entity; in this respect perhaps many highly industrialized countries do not enjoy any manifest superiority over Vietnam.

Can the D.R.V. go without building a heavy industry of its own, as some people pretend, and rely on the industrialized countries as suppliers of all its needs, while confining itself exclusively within agriculture and some much more "profitable" branches of light industry? Certainly not. In the passage from a backward agricultural economy to a socialist economy, the main problem is the increase in productivity. Lenin said:

"In the last analysis, productivity of labour is the most important, the principal thing for the victory of the new social system."

The increase in productivity requires a technical revolution, a new division of labour. For a backward agricultural country it requires socialist industrialization, and socialist industrialization must be based on the priority development of heavy industry. In this connection, the First Secretary of the Central Committee of the Workers' Party, Le Duan, wrote:

*"The fact of advocating priority development of heavy industry has, as a starting point, the objective requirement of building an independent national economy. We are building socialism at a time when there exists already a system of socialist nations which grant us aids and with them we co-operate closely, and this co-operation is intensifying with every passing day. However, in the socialist system, our country like others, is an economic entity which develops according to the universal laws applied in all countries and to laws of its own: we must base ourselves on the knowledge of these general and particular laws to utilize labour power and the natural resources of our country rationally and with the greatest economic and political efficiency. Only by so doing can we create conditions rationally to reinforce the co-operation with other socialist countries. That is precisely the content of the building of an independent economy."* \*

The major argument of those who oppose the building of an independent national economy based on a relatively comprehensive industrial development and with heavy industry as a basis in the last analysis dwells on the great difficulty of the work to be done. Where to find the necessary capitals, the technicians, skilled workers and able managers? In the case of the D.R.V. the acuteness of the food problem seems to be an almost insurmountable obstacle: how to draw out of an agriculture which finds difficulties in feeding

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\* Le Duan, *Some fundamental questions on socialist industrialization.*

the population, the necessary resources to finance industrialization at its beginning? Even in the case of light industry, to release land for the growing of industrial crops (cotton, jute, sugar cane, groundnuts, etc.) is sometimes a seemingly insoluble problem.

Prior to the October Revolution, the Soviet Union had already a relatively developed industrial basis; China had also some nuclei of big industry before the instauration of socialism. In Vietnam, the starting basis is next to nil: when the colonialists were driven out of the country, they dismantled or destroyed the little equipment which was left. Even when a brother country supplies the whole industrial equipment to set up a modern factory, the laying of the substructure necessary for the building and functioning of that factory alone needs great efforts and important investments. In conditions of a country newly freed from feudalism, to build a modern enterprise, it is not enough to have necessary machines, the introduction of these machines of large-scale production presupposes the solution of numberless problems.

It is precisely to do away with this backward state in the shortest period of time that we must concentrate all our efforts to industrialize our country, to carry out socialist industrialization, a central task of the whole period of transition to socialism.

The essential goal of industrialization is to create the material and technical basis of socialism whose core is engineering industry capable of renovating agriculture and national economy as a whole. The creation of this material and technical basis helps

increase industrial and agricultural production, and accordingly impels the exchanges between town and country, mountain regions and delta, the development of the home market calling for a development of production; at the same time, foreign trade is extended. With the increase of production and trade attention must be paid to consolidating and developing independent national finance, mobilizing national incomes in a fair measure to supply to the state budget the expenditures for economic build up and national defence.

The socialist industrialization of a country, especially the creation of a heavy industry, requires first of all, *a correct solution of the problem of the relation between industry and agriculture*. Within the framework of a national economy, this is the basis of the rapid harmonious development of economy as a whole. For a good understanding of this ticklish problem we must first of all have a correct conception about socialist industrialization. Socialist industrialization is not simply and solely the building of factories, workshops, industrial enterprises... It is a complex work, covering the wholenational economy and consisting in transforming a backward dependent economy essentially based on small production and handicrafts, into an independent modern socialist economy based essentially on large-scale production and on mechanized labour. The process of socialist industrialization is the outcome of various complex of socialization, modernization and concentration of production, and can be carried out only by means of an all-sided revolution in production relations, in technique, in the social

division of labour, in culture, and by means of an adequate socialist accumulation.

Socialist industrialization requires the creation of a big heavy industry. As said Lenin, the material basis of socialism can be only a big mechanized industry capable of reorganizing agriculture. But the establishment of a heavy industry which is the key to industrialization, does not mean at all that we may neglect agriculture even to the smallest extent and thereby cause an imbalance with regard to industry in general and to heavy industry in particular.

The correct relation between industry and agriculture defined by our Party in the Resolution of its Third Congress was more concretely expounded in other resolutions of the Plenum of its Central Committee.

Over these last years we have learned from the experiences drawn from the building of socialism that we must "*advance with two legs*", and that in any case we are not allowed to neglect agriculture, the second leg of our economy, especially in the practical conditions of our country which builds socialism from an essentially agricultural economy if we do not want to walk limpingly to socialism.

Land reform constituted the first step, freeing the peasants from an untold misery and ideological fetters inherited from the past centuries. But it is really impossible to draw out of some million individual exploitations, each covering hardly half an hectare, a notable volume of marketable agricultural products to supply to towns and industrial centres in full development, and to export in exchange of equipment.

Industrialization requires a rapid agricultural development and vice-versa agriculture can make progress only with improved implements, mechanized means, fertilizers and insecticides. However, if this reciprocity is evident, the priority development must be given to industry because while agricultural development creates the necessary conditions for industrialization, it is industry which plays the leading role in the national economy and defines its fundamental trend, it is its priority development which commands the rapid development of agriculture and of the national economy. Agriculture must be a powerful mainstay for industry while industry must supply to agriculture its means for progress.

The renovation of agriculture can be carried out only on the basis of collective farming which has a larger productive force and can apply an advanced technique. We have seen how the Vietnamese peasants respond to the appeal made by the Workers' Party for agricultural co-operativization and for the solution of the remaining problems in this field.

To serve as a basis for industrial development, agriculture, once collectivized, must be an agriculture producing goods based on a new technique which favours a mechanized labour with high yield, and on a new division of labour which helps exploit more rationally and harmoniously the three main sectors of agriculture: growing of food crops and industrial crops, and animal husbandry. Such an agriculture can be born and develop only with an important aid from the state, a close co-operation between it and

state industry, and an ever closer alliance between the working class and the peasantry.

The state buys agricultural products to supply the towns and to export, and sells to the peasants the industrial products (means of production and consumer goods) they need, it builds large hydraulic works, machine and tractor stations, the works to turn out fertilizers and insecticides, defines the goals of the plan of agricultural development, and grants co-operatives the necessary loans for their development.

The organic relations between industry and agriculture manifest themselves concretely in the *relations between the state and the peasants and the relations between the workers and the peasants*. Consequently the state must define a correct policy with regard to the peasants concerning taxes, prices of agricultural and manufactured products, investment in agriculture, supply and sale at low prices of the necessary means of production to agricultural co-operatives... The policy concerning agricultural products is one of the most difficult, because we must pay fair prices to stimulate agricultural production and improve the living standard of the peasants without however burdening the state budget and preventing it from making important investments for the industrialization of the country.

A problem of paramount importance related to the problem of socialist industrialization of the country is *foreign trade and state monopoly* in this field.

Foreign trade which had been restricted during the war, could develop after the restoration of peace on clearly defined bases: principle of independence and state monopoly. It plays an extremely important role in the process of industrialization. In its very nature, the foreign trade of the D.R.V. entirely differs from capitalist foreign trade which in its race for profits develops in an anarchic way on the basis of insoluble contradictions between production and the people's consumption power. Foreign trade in the hands of the monopoly capitalists and of their state requires an ever enlarged foreign market. It carries in itself the very essence of the capitalist mode of production, shameless exploitation and plunder, monopoly of external markets and the subjugation of peoples, annexation and aggressive wars.

For the D.R.V. foreign trade is on the one hand an objective necessity as for any national economy in the present world, and on the other an economic activity indispensable for the industrialization of the country. The state monopoly in foreign trade protects the economic independence of the country, national production and the home market, and preserves the country from the harmful influences of the inevitable economic crises in capitalist countries. Since long, Lenin already wrote that the foreign trade monopoly of a socialist state on foreign trade is a necessity and the best weapon to safeguard its economic independence, the best protection for an industry in the making much more efficient than whatever customs barrier.

Thus, the foreign trade of the D.R.V. is part and parcel of its foreign policy. That is why in many resolutions passed by the Vietnam Workers' Party our policy on foreign trade has been outlined as follows: the development of foreign trade must aim at intensifying the co-operation and mutual assistance among the socialist countries to reinforce the socialist camp; at the same time, we must develop and tighten the trade exchanges with the newly independent countries, on the basis of equality, mutual benefit, and reciprocal solicitude; with regard to the capitalist countries, we advocate trade exchanges if the concrete conditions are advantageous to us from the economic and political points of view, and on the basis of the principle of peaceful co-existence, between countries with different political and social systems. Our foreign trade must essentially serve the central task, industrialization of the country. Therefore it must supply the necessary equipment and raw materials to industry and other branches of national economy while reducing to the strict necessity the importation of consumer goods which we endeavour to turn out at home to meet our requirements. For this, we must rely on our natural resources and our abundant manpower to supply the greatest quantity of goods for exports, especially farm products.

"It is evident that the intensification of exports is more or less detrimental to the home consumption either for production or for raising our people's living standard. How to solve this problem? We must endeavour to satisfy the essential needs of our country, while resolutely intensifying exports, and spare goods

for exports, for the sake of the important and abiding interest of our national economy and for our people's welfare \*."

This policy requires from the entire people an effort not only to intensify production, but also to practise saving to restrict to the maximum the expenses which are not indispensable. This effort is part and parcel of the general policy consisting in doing our best to build a modern, national and independent economy.

Socialist industrialization puts forth a general problem which concerns the whole of the national economy and the people, that of the *relation between accumulation and consumption*.

This relation was defined in the resolution of the 3rd Congress of our Party as follows:

"In the development of economy and culture, we must satisfactorily solve the relation between accumulation and consumption, in full accord with the economic and political requirements in different stages, ensuring on the one hand the development of socialist economy in the North at a high tempo, and on the other, the constant improvement of the people's livelihood on the basis of the development of production. In production as well as in ordinary life, everybody must strive to promote the spirit of diligence and thrift in the building of the Fatherland."

For a country which only begins its industrialization, the accumulation to build a modern material

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\*Excerpt from a speech by Prime Minister Pham Van Dong at the National Assembly, 2nd legislature, 6th session.

and technical basis is a very heavy burden. Either we use up all our production, stagnate and even regress (for the population is increasing), or we accept necessary privations during the period of transition to build a sufficient modern material and technical basis. Foreign aid can lighten our burden to some extent, but whatever it may be, the accumulation for an enlarged reproduction must be for the greater part the result of a national effort. It is illusory to rely only on others to accumulate in our stead. To encourage initiatives in all fields of activity, to redouble our efforts, to increase the efficiency and productivity of labour, and to apply a drastic economy regime constitute the main sources of accumulation for a poor country which wants to develop along the socialist line.\*

We should not at all infer that any concern of improving the living conditions of the people is to be discarded for a long period. On the contrary, it is the object of constant attention. On the basis of our possibilities we have at each stage set the goals for a gradual rise in the living standards of the population as a whole and at the same time we have determined the social categories which have priority (children, sick people, labourers, technicians, researchers, etc.).

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\*Let us recall that primitive capitalist accumulation took place in history by means of barbarous expropriation and pauperization of thousands of small producers and labourers. Karl Marx said on this score: "The history of primitive accumulation is written in the annals of mankind in letters of blood and fire." In general, primitive capitalist accumulation was carried out through intensive exploitation of workers and peasants.

Socialist industrialization and the building of an independent, modern national economy involve the training of an army of *technicians*, *skilled workers*, and able *managers*; these cadres must not only have the necessary technical capacities, but be also animated with ardent patriotism, combined with a high internationalist spirit, and have a sharp political consciousness, that is to say all the qualities which help them endure the necessary sacrifices, display their initiative, and exert sustained efforts to advance rapidly on the road of technical progress.

From the outset, while asking for a large aid from the brother socialist countries in technicians, professors, specialists, the D.R.V. has endeavoured to train its *own cadres*. Even during the years of war, the struggle against illiteracy, and the teaching in the national language in all schools were conducted unflinchingly. Immediately after the restoration of peace, many colleges and institutes were set up rapidly with the aid from other socialist countries. Let us note in particular the Polytechnical College, the Institute of Agriculture and Sylviculture, the Teachers' College, the Medical and Pharmaceutical College, the Institute of Economy and Finances, and many faculties of sciences, etc.

The Hanoi University had in 1939, 500 students for the whole of Indo-China; now it receives a total number of 26,000 students for North Vietnam alone. Many thousands of Vietnamese students and post-graduate students study in the Soviet Union, China and other socialist countries. Every year there are

nearly 3,500 graduates from various colleges and institutes. In 1963 the vocational schools accounted for 40,000 students attending regular courses and 27,000 students who took refresher courses or correspondence course. The technical aid of the socialist countries remains important, but the D. R. V. can already elaborate many projects and build a certain number of industrial enterprises by its own means. A State Committee for Science and Technology was set up at the end of 1958 to speed up scientific research and technical development in many branches. In general education there were 2,600,000 pupils and 68,000 teachers in 1963. Over one million grown-ups attended evening classes to perfect their general education.

Thus, thank to a relatively comprehensive system of general, vocational and higher education, the D.R.V. has succeeded in training an army of cadres to meet the requirements of its national economy. The shortage of cadres, especially highly qualified cadres, still remains as requirements are growing with the progress made in the economic build-up. However we have already at our disposal a valuable technical personnel and are resolute to make all-out efforts to train as many cadres as possible. The imperialist powers always hope that the colonized countries which have won independence and which are devoid of all material and technical means, and qualified personnel, must sooner or later ask them for capital, equipment, technicians, and in this way they can continue to rule over them as formerly. The successes scored in some years by the D.R.V. have blasted these hopes as its economic independence has become a well-established

strong and living reality; we do not refuse at all the technical, cultural, and economic exchanges and the exchanges in technicians with the highly industrialized capitalist countries, but we do this only on the basis of equality and mutual respect for the national sovereignty of each party.

##### 5. *Economic independence and international co-operation*

During the liberation war, the economy of the D.R.V. which relied on a backward agriculture, could maintain its independence in the conditions of an almost complete international isolation; it is evident that since the restoration of peace, with the building of a modern economy, this autarchy imposed by war is no longer possible. The building of an independent national economy does not only imply the liquidation of all dependence on imperialism; it neither means a recoil on itself with the interruption of economic relations with the rest of the world, nor a unilateral reliance on the brother countries of the socialist camp without returning them anything. It neither consists in establishing relations with the capitalist countries, while remaining agriculturally backward so as indefinitely to be an appendage of highly industrialized capitalist countries.

After the August 1945 Revolution, the D.R.V. had to take up arms to safeguard its political independence; this armed struggle also safeguards its economic independence though the latter essentially relied on a backward agriculture. At present, the D.R.V. is

building its new economy in peace time (though American aggression in the South has somewhat impeded its development) economic independence must be ensured by the intrinsic strength of economy itself (naturally without neglecting the efforts made in national defence to be always ready to cope with any aggression). This notion of economic independence must be understood differently according to the relations with the imperialist countries or with the brother countries. With regard to the imperialist camp headed by the U.S.A., economic independence needs the immediate liquidation of all economic privileges and relations based on inequality; the new relations must be set up on the basis of complete equality and mutual benefits. Foreign trade being a state monopoly, it becomes impossible for the imperialist countries to carry out aggression or sabotage through the channel of economic relations.

With regard to the brother socialist countries, the problem is different. Each country must not only define an independent national position within the framework of international relations, but also contribute to mutual assistance, fraternal co-operation and division of labour within the socialist camp.

We also seek to develop relations of co-operation and friendship with the independent Afro-Asian countries.

The national economy of each country must satisfy the ever growing requirements of its own people on the basis of its natural resources in the conditions of its historical development. In the D.R.V. freed from the imperialist yoke to embark on the socialist path,

this historical development takes place according to the universal laws of socialist revolution, in particular conditions and under particular national forms ; there are particular concrete conditions and a historic continuity which we should take into consideration. The D.R.V. has inherited from the colonial system a completely irrational and primitive social division of labour, a backward agriculture, a serious imbalance between agriculture and industry and a striking antagonism between town and country, between the lowland and the high land, between manual labour and intellectual work and between productive activities and non-productive activities. These are characteristics of a colonial and semi-feudal regime dependent on a highly industrialized imperialist power. It is our duty to liquidate these vestiges as rapidly as possible.

At present the building of an independent national economy must rely on a more rational new social division of labour aiming at efficaciously utilizing the natural resources and national labour force, harmoniously developing agriculture and industry, various branches of economy and various regions, and bringing about an increasing harmony between manual labour and intellectual work.

A social division of labour is also necessary on the international scale. In the imperialist system, this division is spontaneous and practised after a long historical process, resulting in the formation of two kinds of nations : the highly industrialized capitalist nations occupying a dominating position and exploiting other countries on the one hand, and the agricultural dependent, backward and exploited colonized

countries on the other. In the socialist camp, a new social division of labour has taken place, based on proletarian internationalism, on the universal laws of socialism and on principles absolutely new in the history of humanity. It is a division of labour in a community composed of independent and sovereign nations which co-operate with and help each other on the same footing.

“ The socialist camp is a social, economic and political community of free and sovereign peoples united by the close bonds of international socialist solidarity, by common interests and objectives, and following the path of socialism and communism. It is an inviolable law of the mutual relations between socialist countries strictly to adhere to the principle of Marxism-Leninism and socialist internationalism. Every country in the socialist camp is ensured genuinely equal rights and independence. Guided by the principles of complete equality, mutual advantage and comradely mutual assistance, the socialist states improve their all-round economic, political and cultural co-operation, which meets both the interests of each socialist country and those of the socialist camp as a whole.”

(Statement of the Meeting of Representatives of the Communist and Workers' Parties, Moscow, November 1960)

Without standing apart from the rest of the world, the D.R.V. constitutes an independent economic unit, which does not let itself involve spontaneously in the meshes of the division of labour of the imperialist

system; neither does it dissolve itself in the community of socialist countries and become merely a specialized region within a single multi-national socialist state. In its own interests and the interests of the whole camp it participates rationally and efficiently in the international division of labour in the socialist camp only on condition of having built a national economy based on a rational social division of labour within the framework of its national territory. On the other hand, in the present conditions, within the mutual assistance and international co-operation established within the socialist camp, a backward country like Vietnam relying mainly on its own efforts can carry out within its national framework a new social division of labour, rid itself as rapidly as possible of the former bonds of economic dependence on the capitalist world, and build an independent modern economy.

Despite the most valuable and disinterested aid granted by the socialist camp the under-developed countries still have to follow the hard road of building a relatively comprehensive national industry and an independent national economy. Indeed this aid constitutes a new important fact in the world history, and creates favourable conditions for the development of backward countries. However we cannot infer that the strenuous effort of these nations will be no more necessary, and that the hasty specialization of a country like the D.R.V. in certain agricultural activities or in mining, is the best solution.

The D. R. V. has received from other socialist countries, especially the Soviet Union and China, an

important generous and disinterested aid; its people and its leaders have never ceased to show their gratitude to the brother countries which have always supported it in its hard work of building a modern economy.

However, neither the brother countries nor Vietnam have ever conceived this aid as allowing Vietnam to do without the arduous and sustained efforts it has to make, and to press for a hasty "integration" of the D.R.V. in the world socialist economic system or in a no less uncertain "specialization". Quite the contrary. A survey on the aid given by the socialist countries to the D.R.V. shows that this aid is to help our country build up a relatively comprehensive national industry. If the Soviet Union helped the D.R.V. to build a modern engineering plant in Hanoi and China the Thai Nguyen Iron and Steel Complex... it is precisely to enable the D.R.V. set up for itself a relatively comprehensive industry and an independent national economy.

In the technical field, the aid given by the brother countries helps the D.R.V. avoid long and fruitless groping and enables it to make immediate use of the most advanced techniques. In the financial field, in the first post-war years thanks to their gifts, and at present to their long-term loans at low interest rates the other socialist countries have relieved to some extent and especially in the first period, the efforts that the Vietnamese people have to make for accumulation and investment. This fruitful co-operation does not cease to develop and cement further the ties

of friendship between the D.R.V. and the whole socialist camp. For a certain time, this co-operation seemed to be at first sight a one-way co-operation for the D.R.V. received but did not give; such a view was in fact superficial. Even in the economic and scientific or technical field, when admitting in a new member, how small or insufficiently developed it may be, the socialist camp sees its field of action broaden and its possibilities increase with the addition of the whole potential of this country. Homogeneous in its basic structures, the socialist camp gains to be varied as possible in its component parts. It must be conceived not as an artificially uniform entity in which the member nations lose their originality in a pre-conceived "system", but as a concert to which each nation adds its original note and its specific weight to contribute to the might and harmony of the whole camp.

Consequently it matters for the D.R.V. to rely on the socialist camp and its fraternal aid, in order to advance more rapidly, and vice-versa to make contribution to the common effort and not to rely entirely on the brother countries for each and every industrial product. The question is to overtake as rapidly as possible the advanced countries in order to co-operate more fruitfully with the other socialist countries, and to this end, there is no other way than to build up an independent and modern national economy based on a developed industry with heavy industry as a requisite foundation.

There is no contradiction between independent national development and international co-operation; national independence does not mean autarchy and

international co-operation does not spare us the effort to build a national economy with a relatively comprehensive heavy industry as its basis. Some people think that our country can devote itself to tropical agriculture and to some most lucrative industrial branches in order to produce goods to be exchanged for machines and other equipment from the brother countries or other industrial powers. To conceive economic independence as autarchy is to show a bigoted jingoism, and will lead national economy to a deadlock, whereas a hasty "specialization" will result in creating an unbalanced economy, preventing us from making all-out efforts, thus reducing the capacities of our country and slackening its rhythm of development.

After the August Revolution, by relying first on their own efforts the Vietnamese people succeeded in conducting the war for national liberation to victory; at present, with the same spirit, and striving to make the best use of the aid and co-operation within the socialist camp, they are building a modern socialist economy. This is the most valuable lesson drawn by the D.R.V. from its history and on this path it will continue to march forward.

## CHAPTER V

### POLITICAL LEVERS

When one concretely examines the questions confronting a colonial and semi-feudal country which wants to build an independent and modern national economy, one is dismayed by the scope of difficulties and the complexity of problems. The best policies and the best conceived plans would remain dead letter if one could not mobilize sufficient forces to uproot the old and construct the new. However these obstacles are not insurmountable: "Give me a good lever," said Archimedes, "and I will lift the world."

The levers of economic building are nothing but the political forces one can or cannot mobilize, and the success or failure of economic programmes depends less upon the experts' calculations than upon the political cadres' efforts to convince and mobilize the population. Here is an example taken from the Resistance War: it is good for a government which comes into office to issue a national currency, but how to inspire confidence and persuade those who keep a

currency they are accustomed to, a currency guaranteed by the economic power and the gold reserves of a great imperialist country, into getting rid of it to accept the notes issued by a newly set up government which has neither gold nor weapons, likely to be smashed by its enemies.

Another example in the stage of industrialization: how to fix a fair price for agricultural goods? A fair price is that which takes into account both the interest of the peasants, the producers, and that of the workers and the customers and affords the state the possibility of investing in industry as well as in agriculture. A fair price must be based on rational relations between consumption and accumulation, between agriculture and industry, between the workers and the peasants, between the state and the people. The question is thus transposed into the political field: is the peasant producer to see only his immediate material interests, mocking at every prospect, whatever capitalist or socialist, impervious to every idea, or can we trust him, and start with the idea that we can, by an appropriate political and ideological education and mobilization, make him accept prices below those of the "free" market, "unfair" prices in the speculators' eyes but "fair" prices if we replace them into the framework of the socialist building and of the policy of industrialization, taking into consideration both the present time and the future?

We have taken these two examples which seemingly belong to "pure" economics, but in truth regarding every economic policy or measure, the solution depends essentially upon the political levers we

have — or reckon to have — in hand. The sharpest critics have not hindered the Vietnamese national economy to make progress, their authors having not taken any account of the forces that a genuinely democratic regime can mobilize. The fundamental question which comes up first is: to what extent does a state which issues the currency, holds the important mechanisms of the economy, fixes the prices and wages, finances the major works and calls on the people to make efforts and sacrifices, enjoy the people's confidence? To what extent can it co-ordinate all the forces of the nation for the common cause?

The characteristic of the government of the D.R.V. born of the August 1945 Revolution, is to originate from the popular movement itself, to be able to rely directly upon the popular masses and so be animated with the firm will to work in the interest of the population. Therefore, in the most difficult circumstances while the relation of forces seemed quite to the advantage of the enemy who succeeded in blockading it quite completely this state was able to maintain its independence and work out a long-term policy aimed at completely liquidating imperialist economic domination. A falsely popular state, deprived of material means, is always likely to be lured by the imperialists' fallacious promises; and at grips with the countless difficulties which assail it a newly independent country often indulges in compromises with the imperialists and neo-colonialists.

What with producing under the enemy's repeated shellings, what with healing the war scars or what with carrying out socialist industrialization in order

to build the material and technical basis of socialism, in all circumstances the government of the D. R. V. has always enjoyed the confidence of the people as a whole.

The more modernized the national economy, the more decisive the role of the state: the latter must protect the new economy against all attempts at sabotage of reactionary elements backed by imperialism and at the same time put into operation more and more complex mechanisms. The vigilance, honesty, spirit of sacrifice, technical abilities and creative spirit of the officials become essential factors without which no country could advance in the path of building an independent national economy.

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Thus from the start the question arises of the *nature of the state*: national and popular, or anti-national and anti-popular? The movement which brought the government of the D.R.V. to power was the outcome of the protracted struggle waged by the Vietnamese people throughout 80 years of colonial regime. The Vietnamese people had time and again risen up to fight colonialism, but it was only in 1945 that it succeeded in founding a national and people's democratic government.

After the August Revolution and during the War of Resistance this state assumed the role of a worker-peasant dictatorship, in the present period of socialist construction *it assumes the historical role of a proletarian dictatorship*, creating the socialist regime in North

Vietnam as a solid basis for the struggle to reunify the country. It is a genuinely democratic regime, incomparably more democratic than any bourgeois regime because it is a state practising a broadest democracy towards the workers and the peasants, the labouring people as a whole, but a state carrying out an implacable dictatorship against the enemies of the people, the counter-revolutionaries who sabotage socialist construction and the struggle for national reunification.

This people's democratic state which has such a class nature has become the best lever for the building of an independent national economy. One can rightly say that the relation between the political regime and the economic building is the relation between the problem of political independence and that of economic independence. An independent economy cannot be built spontaneously, if economic independence constitutes the basis for political independence, the latter is the necessary prerequisite of any economic independence. The decisive factor for the building of an independent national economy is a genuinely revolutionary political regime. The D.R.V. is a revolutionary state, resolutely anti-imperialist, thoroughly national and people's democratic, a state devoted to socialist construction and national reunification, a state which unswervingly upholds a policy of unshakable solidarity between the socialist countries according to the principles of proletarian internationalism and which firmly supports the national-liberation struggle of all Asian, African and Latin American countries. With regard to the Afro-Asian countries

struggling for political or economic independence, this state practises a policy of friendship, co-operation and peace while unceasingly smashing all the aggressive schemes of U.S. imperialism which has become an "international gendarme". Such a state is the firmest guarantee and at the same time the primary condition for the building of an independent national economy.

One of the essential factors of the might of the state is the *national union of the entire people* who give their all-out support to the government's policy. The Workers' Party and President Ho Chi Minh have persistently educated the Vietnamese people in this spirit of national union and followed a policy of united national front. At present the Fatherland Front rallies in the northern zone of the country all social classes: workers, peasants, intellectuals, petty bourgeois, national bourgeois, progressive personalities, religious communities, national minorities and relies upon the worker-peasant alliance. The cement of this union is the political and moral unity of the nation, which has been strengthened since the socialist transformation of economic structures was satisfactorily carried out; the exploitation of man by man being abolished, the labouring people, now the actual masters of the country, are building new social relations, relations of co-operation in production, fraternity in political struggle and daily life.

The nature of the regime and of the state has enabled the development of a *broad emulation movement*, patriotic in the first stage, then patriotic and

socialist. During the Resistance President Ho Chi Minh had called on the entire population to emulate to win victory, which had got an enthusiastic answer. In the period of socialist building, this patriotic and socialist emulation gets a rich content: improvement of technique, rationalization of labour, raise of productivity. Patriotism and socialist enthusiasm, spirit of self-sacrifice and initiative are the moral bases which enable the Vietnamese people to endure hardships and overcome all obstacles. During the Resistance War, by countless initiatives, the workers, peasants, small handicraftsmen and intellectuals succeeded in coping with the shortage of raw materials, machines and technical knowledge to supply the people's army and meet the requirements of the population. At the risk of their lives the state economic and financial cadres collected taxes, did battle against the enemy's currency or controlled commerce. The top-ranking state leaders set examples by observing a strictest economy, growing food-crops and vegetables partly to satisfy their needs in foodstuffs. This general mobilization in the economic field enabled us to hold on and eventually to win. This broad patriotic emulation movement and this tradition of effort and self-sacrifice of the entire people have continued under other forms since the restoration of peace and manifest themselves at present by a new blossoming in all branches of the national economy on the basis of a new socialist consciousness.

But national union and patriotic emulation do not serve as smoke-screen to eschew class antagonisms

and *class struggle*. Led by the working class the National Front relies upon the worker-peasant alliance and the D.R.V. since its founding has immediately taken measures in favour of the workers and peasants. It is not only a national state but also clearly a people's democratic one. We have seen how by a series of gradual measures the Vietnamese state has first restricted the privileges of landlords actually to start a radical agrarian reform; we have also seen how since the period of democratic revolution the Vietnamese state has not engaged in the capitalist road but has laid the foundations of future socialism. The building of an independent national economy has been stimulated both by a resolute national will and a not less resolute will of people's democracy.

From the start this road has been also one of sharp and complex class struggle. National struggle is closely related to class struggle, to national liberation, to the liberation of the labouring masses. With the socialist revolution the problem is "who will win?", capitalism or socialism? The question is to smash the anti-revolutionary schemes of the U.S. imperialists and their agents, and the resistance of a small section of the urban bourgeoisie and the rich peasantry opposed to socialism; the question is to restrict, to oust, and in the end, to suppress the bourgeois economy and the capitalist exploitation by a peaceful socialist transformation of bourgeois and rich peasants; the question is to lead the peasants on the road of co-operative economy, to eliminate the spontaneous tendency of the small individual production to capitalism. This class struggle is waged in all

fields, political, economic and ideological, and has proved hard and complex.

Since 1961 when the socialist transformation of the bourgeoisie and the peasantry had won a decisive victory, this class struggle has gone on but under new forms, and it will surely continue during the whole period of transition to socialism during which the society develops and advances within the framework of the fundamental contradiction between the two roads of development, socialism and capitalism.

Throughout the colonial regime, the Vietnamese people had struggled not only to win national independence but also to create conditions for a modernization of their economy, social structures and culture. One cannot dissociate their national will from their will of renovation.

When peace was restored and the war scars healed, the whole country was faced with the question of the way to choose to build a modern national economy and culture. Capitalism or socialism, the question is no longer theoretical and abstract but becomes a practical and concrete option. The choice of socialism clashes with the interests of a small bourgeois stratum so far rallied to the Resistance, but for the workers and peasants and the progressive intellectuals, to define a clear and scientific socialist prospect is to give a new content to the patriotic mettle. The capital of confidence and enthusiasm raised by the war for national liberation must have new sources, once independence won back and peace restored. One can ask the people to display all-out energy and

endure hardships only when the prospects, ways and means to build the future are clearly defined.

Thus as *ideological struggle* is waged every day, a struggle between on the one hand the capitalist and petty bourgeois ideology born of the small individual production and the survivals of the bourgeoisie inside the country, and of the influence of the international bourgeoisie and imperialism which seek by all means to sabotage and hinder the revolution, and on the other hand the socialist ideology which expresses the aspirations of the working class and labouring people to build a just and rational society freed from the exploitation of man by man. On the national scale as in each factory, agricultural co-operative, the ideological struggle goes on, the more so hard and complex as the material and technical basis inherited from the old regime is insignificant and small non mechanized production prevails in most economic sectors.

One can say that due to a persistent struggle and a persevering effort of education the choice of socialism has become an idea of the masses in the D.R.V. Patriotic emulation and national spirit continue to inspire the workers but with a new content: the consciousness of building socialism, of participating in a work which not only concerns the future of the country but also deeply engages the whole mankind. To bring into play the motive of class struggle within the framework of the struggle for national liberation, to start from democratic and anti-feudal claims to come to socialism, such is the red thread which runs through the Vietnamese revolution. While the

people's democratic state, born of the August 1945 Revolution, is its tool, one cannot however consider this state as the prime mover of the revolutionary movement. The state constitutes the essential mechanism to carry out revolutionary tasks and organize the people in the struggle to attain its objectives and overcome all the difficulties which crop up.

During the war years, it was necessary at every moment, in every group, in every individual to fight defeatism, rouse the spirit of fierce struggle, inspire confidence, clearly show the prospects and dispel the fear of imperialist forces equipped with ultra-modern weapons. Since the restoration of peace, the imperialists and feudalists have had no more chance of wresting back power and the popular masses have adopted socialism as their future goal. There still however remains the long-term work of mobilization and education, at all levels, to work out in detail the new structures of society, to rid the organizations and individuals finally of the habits bequeathed by millenniums of individual work and the survivals of the old society.

To build socialism, it is necessary first of all to mould the men of socialism with socialist ideology and ethics. We must instil into the entire people a new spirit based on genuine patriotism allied to proletarian internationalism. We must ceaselessly develop and strengthen the spirit of national pride, the determination to rely on one's own efforts and oppose any imperialist attempt at domination, the consciousness of being the master of the nation, love for labour, hatred of exploitation. A new ethics comes into

existence and flourishes on the basis of the concept "everyone for all, all for everyone" on the national plane as well as on the international one, personal interest falls in line with and submits to collective interest; patriotism blends with proletarian internationalism, clear of any chauvinism.

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The state has been able to play its role in the D.R.V. precisely because it is *led by the party of the working class, the Vietnam Workers' Party which is the political core of the people's democratic dictatorship*. A genuine workers' party armed with Marxism-Leninism, having half a million resolute and faithful members, with President Ho Chi Minh, a deeply beloved and venerated leader at its head, and having a glorious past of over 30 years of heroic struggle, the Workers' Party has won the confidence of the entire people which gives it an invincible force. Since its founding (February 1930), it has raised aloft the banner of national independence and socialism; it has become the only driving force of the whole nation and led the people from victory to victory. It is a party resolutely faithful to the interests of the working class and of the Vietnamese nation, struggling firmly for socialism, national reunification, peace and fraternity among the peoples of the world.

The Workers' Party has won this role of leader and sole organizer of the Vietnamese revolution, because it is a genuinely Marxist-Leninist party, because it has firmly maintained and strengthened its unity, because

it is closely connected with the popular masses and has known how, on the basis of Marxism-Leninism, to ally the rigour of principles to dialectical flexibility, which is the fruit of a profound study of national particularities and the particularities of each revolutionary stage.

It has known how correctly to ally class struggle with the struggle for national independence (political and economic), thus ensuring an organic liaison between the national struggle and the class struggle, between the work of national liberation and that of liberation of the labouring people and productive forces.

It has known how to carry out both its anti-imperialist and anti-feudal tasks, and once the national and people's democratic stage achieved in the northern half of the country, it has been able to lead this part directly into the socialist road, while the national-democratic revolution is carried on in the southern half, thus correctly associating the two strategic tasks of the Vietnamese revolution.

It has known how satisfactorily to solve the peasant problem and clearly to realize that the peasantry constitutes the greatest force of the revolution in an essentially agricultural country, in the national democratic stage as in the socialist one, and it has known how ceaselessly to cement the worker-peasant alliance, basis of the national front and of the people's democratic dictatorship.

It has known how to rally all patriotic and progressive forces in a united national front, on the basis of

the worker-peasant alliance, and build a people's democratic state, an essential instrument of the revolution, assuming the role of worker-peasant dictatorship during the national and people's democratic stage and that of proletarian dictatorship during the socialist stage.

It has known how clearly to discern the enemies of the revolution, concentrating its efforts against the main enemy at each stage and considering U.S. imperialism the present enemy number one. Moreover, at each stage, the Vietnam Workers' Party has known when necessary how to make use of the internal contradictions of the imperialist camp to the advantage of the Revolution.

From the outset it has known how to organize the armed forces born of the labouring masses, a tool of the armed struggle and of the armed insurrection for the conquest of power.

During the Resistance, it has known how to combine the forms of armed, political and economic struggle to safeguard national independence. In the course of socialist building it has known how to co-ordinate the work of transformation of economic structures with that of construction, the economic work with the work in other fields. It has known how to carry out the socialist building in the North while taking into consideration the struggle for national reunification. It has always regarded as of utmost importance the solidarity between the socialist countries, between the different Marxist-Leninist parties, on the basis of Marxist principles and proletarian internationalism;

the solidarity between the socialist camp, the movement for national liberation and the workers' movement in the capitalist countries; it is this international solidarity which vouches for the victory of the Vietnamese revolution as well as of the world revolution.

In order that the leadership of the Party may be continuously strengthened we consider as fundamental tasks the building and strengthening of the Party, the education of its members in proletarian ideology, the inner-Party struggle against all influence of bourgeois and petty-bourgeois ideology and the struggle to uproot the survivals of feudal and all other non-proletarian ideologies.

To inculcate and strengthen the conception of building an independent national economy needs persevering ideological work within the Party and among the working masses, preventing all erroneous and one-way understanding of this notion of economic independence, thus safeguarding the purity of Marxism-Leninism by firmly struggling against all influence of revisionism, main danger of the international communist movement, and at the same time against dogmatism and sectarianism. All these deviations are contrary to the Marxist concept of economic independence and equally detrimental to our building an independent national economy and a socialist economy that can most efficiently contribute to international co-operation, to the might of the whole socialist camp and to the consolidation of world peace.

The existence of a genuinely Marxist-Leninist party built on these principles constitutes the best guarantee for the building of a national and independent economy advancing toward socialism.

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Long and arduous is the road which leads a colonial and semi-feudal country with a backward agriculture to economic independence and socialism. However this task is not only indispensable but also quite workable.

The experience of Vietnam has shown that a small people relying mainly on its own efforts has been able, in a long and hard war, to check the onslaught of two powerful imperialisms. In the present circumstances, still relying on its own efforts, but also backed by the other socialist countries and enjoying the sympathy of all Asian, African and Latin American countries and of all peace-loving people, the Vietnamese people has been able to embark directly on the socialist road without passing through the stage of capitalist development.

This road is undoubtedly difficult but it is the only just, the most rapid and the least onerous. In the present conjuncture favourable data are not lacking and the D.R.V. can look forward to the future with confidence.

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