Dreaming of Money

- Allison Truitt about Ho Chi Minh City in the early 2000s
  - Ho Chi Minh City already integrated into the world economy
    - N.B. “Saigon” evokes cosmopolitanism and commerce of the past, while Ho Chi Minh City evokes national liberation and national integration
  - People preoccupied with “looking for money” (kiem tien) was newly apparent
    - “dreaming of Ho Chi Minh” means “dreaming of money” (because Ho Chi Minh’s picture is on Vietnamese money)
Democratic Republic of Vietnam
Before the Geneva Accords

- Việt Minh had been a united front party with many nationalist members with bourgeois background
- After 1951 the Vietnamese Workers Party was reorganized
  - Rectification campaign 1951-53
- 1953-55 Land Reform
  - Land reform directed against all landlords (not just those supporting the French)
  - Implemented by work teams sent from the center and involved Peasant Committees and People’s Tribunals
  - 1954-5 passed to council dominated by poor peasants
  - Violence and political reprisals (Catholic/non-Catholic, Viet Minh, ex-French troops, etc.)
  - Long term antagonisms and damage to party, but did solidify poor peasant support for the push toward independence
DRVN after Geneva Accords

- Land reform continued
- 1957 co-operativization of handicraft and attempts at Stalinist industrialization
- Collectivization of Agriculture (1959-1968)
  - Production Solidarity Groups
  - Production Collectives (tập đoàn sản xuất) [集团生产]
    - Like Chinese “higher level cooperatives”
  - Advanced Collectives (hợp tác xã) [合作社]
    - Remuneration only for labor
  - Most people in collectives by 1968, but never 100%, and never as thorough and complex as China or North Korea
After Collectivization

Collective Farms
- Increased cropping intensity and labor productivity until about 1965
  - Most improvements due to infrastructure improvement (irrigation) and increased labor input
- Stagnation after 1965—falling value of work points meant more work for the same standard of living

1965 Operation Rolling Thunder
- In response industry became primitive and decentralized
- De facto return to family agriculture in many collectives
- Bombing obscured to the regime the inherent ineffeciancy of collectivism

By seventies difficulties of quality control and discontent from surpluses extracted by the state
South before Unification in 1975

- South had been extensively damaged by the war
  - Bombing in rural areas
  - Use of Agent Orange (defoliant)
- Extensive wartime urbanization
  - Saigon—3-4 million, a quarter in squatter settlements
  - Economy geared to servicing the military (legit, but also prostitution)
  - US aid had led to a consumption bonanza (beverages, tobacco, food processing, textile industries)
Marxist Attitude toward South

- Employment in services and commerce essentially “unproductive”
  - Marxism privileges production over consumption
- Urban lifestyles considered decadent
- Urban populations need to be “made productive” by moving them into producing commodities
Difference from the North

- Large uncooperative population who were unable to flee
- Entrenched capital (much Chinese-owned)
- Population were used to consumer consumption and pop music (rather than proper socialist music)
- One nation/one currency ideal not reached
Land Tenure Changes in the South

- 1946-54—local Viet Minh land reforms
- 1956 Diem land reform got rid of the largest French and absentee landlords (100 ha limit)
- 1965 on—Viet Cong land reforms in liberated areas
  - In Mekong Delta ¾ of the peasants were middle or rich peasants producing surpluses for market
Changes after 1976

- Saigon a symbol of capitalist excess and renamed Ho Chi Minh City (Thành phố Hồ Chí Minh)
- Saigon lifestyle denigrated by northerners
- New Economic Zones for “idle” urban residents
  - In foothills and highlands to produce commercial crops for industry
  - Life hard with low income and few amenities, and many fled back to the cities
  - Later with more investment they became somewhat more successful with 2 million residents (half from north)
Collectivization of Southern Agriculture abortive

- Grain allocation problems
  - Market price higher than gov’t price so peasants hoarded grain
  - Rice merchants predominantly ethnic Chinese

- Currency “reform”
  - New currency issued with limited conversion of old currency
  - Many people invested in gold as a result
Continuing Problems

- 1978 invasion of Cambodia led to influx of Vietnamese refugees from Cambodia
- State policy failures were blamed on Chinese rice merchants—exodus of Boat People
- Levels of grain procurement kept falling
- Urban food shortages and development of black markets
Failure of Southern Collectivization

- Peasants resisted joining cooperatives because it meant a fall in their standard of living
  - State procurement prices low
  - Consumer goods shortages meant these had to be bought on market anyway
  - Gains from irrigation offset by inefficiency of work allocation and crops
- Cochin China—10% failure of cooperatives with peasants withdrawing (especially Mekong Delta)
- Annam—cooperatives more successful, but production low
Effect of Unification on North

- Now that war of liberation was won, people wanted to concentrate on improving their standard of living
  - Cooperatives had helped keep farming going when men were absent, but now the men were back
- North Vietnamese soldiers had been stunned to find rich consumer goods in the south
  - Many bought goods and sent them north creating desire for these goods in the north
  - Economic failure could no longer be blamed on the war
- Southerners resented northerners taking over
Post 1975 System Discredited

- Hardships of NEZs
- Post-1975 wars
- Shortages of goods
- Inflation
- Circulation of plural currencies undermined “one country/one currency”
Beginning of Reform 1979

- “off plan” production allowed for craft persons
- Side markets allowed for surplus sales
- Highway checkpoints removed to encourage trade
- Vietnamese companies allowed to directly contract foreign sales
1981 Contract System Introduced

- Khoán sản phẩm [包产]
  - Households sign individual contracts to manage various lands with the collective undertaking those tasks with high input
  - Redistribution of contracts after three years
  - Immediate success because of more efficient allocation of labor (with contracts goldbricking not an issue)
1981 Price Reforms

- Prices set closer to market prices
- Ho Chi Minh, Hanoi, Haiphong allowed to set up independent trade entities
- Enterprise autonomy with piece rate standards
- Redirect investment to agriculture, transport, communications, exports, and consumer goods
Dominant Narratives of VCP

- Prosperity through Renovation (Đổi Mới)
  - Introduced in 1986
- Ho Chi Minh is revered
- “Rich people strong country” (dân giàu nước mạnh)
  - 富国強兵 (originally taken from Meiji Japan), but above would be “民富国强” in a word-for-word translation
1986 Renovation (Đổi mới)

- “Socialist oriented market economy”
  - Private enterprise in commodity production allowed
  - Collectivization push abandoned
  - Diplomatic relations with all countries

- Results
  - Agricultural deficits turned to export surpluses
  - Firm autonomy helped SOE’s prosper
  - Foreign trade grew
  - Average 9% annual growth
1996 Eighth Party Congress

- Late 90s growth slowed
  - SOEs still ruled the economy
  - Private firms hampered by regulation

- Policies
  - Bilateral Trade Agreement with US 2001 (reduced import substitution)
  - SOE reform? (state still 40% of economy 2000) p83 table, FDI 36%, private 22%
  - No retreat of the state
  - Joined WTO in 2006
Current Vietnam Economy

- **Export platform based on foreign direct investment (FDI)**
  - FDI by 2017 South Korea ($50.9 billion), Japan ($42.4), Singapore ($39.4), Taiwan ($32.4), Hong Kong ($17.1), Malaysia ($11.9), China ($11.1) US ($10.1)

- **Export targets**
  - US (21%), EU (21%), China (18%), Japan (8.2%), South Korea 7.3%

- **Import sources**
  - China (35%), South Korea (23%), Japan (6.4%), Singapore (5.8%), Hong Kong (4.0%), India (3.0%)
Vietnamese Product Mix

- Electronics
  - Samsung makes half its phones in Vietnam
- Footwear
- Clothing
- Furniture
- Fish products
- Plastics
- Rice
Urban Growth

- Ho Chi Minh City 8.4 million
  - Largest stock exchange and center of finance
  - C. 400,000 Hoa (Chinese) centered on Cholon
  - Also Khmer and Cham
  - About 50,000 Taiwanese, and 40,000 South Koreans
  - 62.1% of industry FDI (state sector 1/3)

- Hanoi 7.7 million
  - Jobs largely in the state sector