

AGRARIAN REFORM IN FREE VIETNAM

An Address by

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In one way or another, agrarian reform is probably as old as farming itself. Under different names, in different countries and variously interpreted, it has meant easing the burden of the man working the land, particularly of the man working somebody else's land for a pittance. Speaking of Asia alone, an interested observer can count the "pittance" farmers by the million. But times have changed: an overworked and over-exploited peasantry that for centuries was inertly miserable has now awakened and demands basic alterations in its condition and in many instances successfully.

The peasant awakening is part-and-parcel of the post-war revolutionary ferment in which Asia has been engulfed. It is also part of the realization that in predominantly agrarian Asia the new order of things, economic or political or both depends primarily on the solution of the land question, namely, land to the landless. In a different setting, the Russian Communists exploited this fact forty-two years ago. For the Russian peasants liberty meant the ownership of the lord's land. The Communist promise in 1917, which was ultimately broken, that the land would belong to them proved to be an issue of the greatest political importance. The Communists would never have obtained power in Russia had they not successfully exploited the peasants' longing for the landlords' acres.

The ~~triumph of~~ the Communists in China is another case in point. Many are the reasons which explain their seizure of power. But one cause is beyond dispute: Nationalist China was pressed and pushed over not so much by force of arms as by the Communist tactic of promising land to the poverty-stricken, landless, hopeless peasantry.

It would be a mistake, however, to assume that because the Communists placed the land question in the center of Asian politics, they enjoy a monopoly on Agrarian reform. Aside from the fact that neither the Russian nor the Chinese Communists kept their promise to the peasants, efforts to give the Asian peasants a greater stake in the land antedate the Communists. The issue has been dealt with by Asian countries since the war. Japan, for example, did not wait upon the Chinese Communists to point the way to reform. The movement to deal with the problem has been completed in a number of countries and is under way in others. Free Vietnam is among them.

Agrarian reform there is not merely a slogan designed to serve entirely different ends. Large groups of tenants are becoming owners of the land they cultivate. Farmer-tenants cultivate the land under vastly improved terms of tenure. While the movement to create stable individual, private proprietorship in land is not yet complete, the direction and achievements to date are unmistakable. The Japanese say that a peasant without land is like a man without

a soul. It holds true for all the landless wherever they may be. And in Vietnam, as in other parts of Asia, there are now vastly greater numbers of peasants in possession of their own "souls". How this came about, its significance and consequences is the subject of this paper.

II

No two Asian countries are alike, but they all have certain features in common, and the land tenure system is one of them. Whether in the Far East or Southeast Asia, the age-old wretchedness of the peasant has the same roots. More often than not it is too many people pressing on too little land; sometimes, as was the case till recently in the southern part of Free Vietnam, peasant poverty prevails in conditions of a relatively small farm population and abundance of land. For the greater part, inadequate tools, primitive methods of cultivation, and institutional arrangements over which the peasant has no control are common features of the life and work of the tenant. Without moralizing about the tenant-landlord relations as they have developed over the years, the fact is that a good deal of peasant misery must be attributed to this relationship, which customs, courts, and governments have given official sanction through the centuries. Multitudes of peasants were obliged to work somebody else's land under extremely onerous conditions.

Vietnam was no exception to this rule. This was particularly true of what was formerly known as Cochin China. This is a huge rice plain of some 64,000 sq. km. criss-crossed by canals, lying in the southwestern part of present-day Vietnam. Prior to the extension of French rule into this entire area (1874), the cultivated area was less than a million acres; seventy years later the cultivated area had risen to more than five million acres. The region had become the authentic bread-basket of the country, with an exportable surplus of rice of around 1-1.2 million tons. It is in this area that the land redistribution program now under way in Vietnam is concentrated, because it was here, more than in any other part of the country, that Asian landlordism with some of its worst features had taken root.

By 1955 Free Vietnam had a very roughly estimated total of about a million tenants, of which about 600,000 were in South Vietnam and 400,000 in Central Vietnam. The two parts of the country differ sharply from the point of view of the extent of tenancy. Individual owners possessing many thousands of hectares of land are not rare in South Vietnam -- and widespread tenancy is its hallmark. In Central Vietnam peasant proprietorship accounts for approximately three - fourths of the cultivated land. Land holdings are on a small scale. Of the estimated 650,000 landowners no more than about 50 own more than 50 hectares each, and barely a dozen own more than 100 hectares. The great mass of the landlords fall into the category of 5 to 10 hectares, closely resembling the petty landlordism once prevalent in Japan, Korea and Formosa and in a number of South-east Asian countries. This explains why the current land redistribution program does not apply to Central Vietnam.

The South presents a entirely different picture. In a total cultivated rice area of 2.3 million hectares, the concentration of land ownership is one of the highest in the Far East or Southeast Asia. Approximately 2.5 percent of the owners, with more than 50 hectares each, possessed roughly one-half of the cultivated land. On the opposite side of the scale, more than 70 percent of the proprietors owned less than 5 hectares each, possessing an estimated total of 12.5 percent of the cultivated land. In the province of Bac Lieu - 9 percent of the landowners had 70 percent of the land and 72 percent of the farmers had no

land at all or a hectare or two. In the province of Cantho 4 percent of the landlords possessed more than 50 percent of the land, and roughly the same pattern repeated itself in province after province of former Cochin-China.

Two principal developments explain this concentration. The French colonial administration sold huge tracts of virgin land at nominal prices or gave them away to selected individuals -- French and Vietnamese. The few truly big rice holdings were in the hands of the French companies, of which the single largest, "Domaine Agricole de l'Ouest," accumulated a total of 20,000 hectares. The other important reason for the land concentration was the loss of the land by small proprietors due to their inability to meet the burden of indebtedness other than through foreclosure and eviction from the land.

III

With so much land in few hands and the loss of land by the small proprietors, tenancy was inevitable. Whereas in the older, settled part of Vietnam, individual proprietorship was predominant on the eve of the Second World War, in the region under discussion, two out of three families had no land at all; they worked somebody else's land either as tenants or as agricultural laborers. In the sections of the greatest land concentration, at least 80 percent was cultivated by peasants who owned virtually no land whatever. A reply of a tenant to a question asked by this writer concerning the farmer-categories with which he was familiar put the situation very simply: "We are all mostly tenants and some of us are farm hands." He did not exaggerate by leaving out the exceptions.

Landlessness in the midst of abundance of land did not prevent the development of tenure conditions which prevailed mainly in those Asian countries where population pressure on the land was extremely acute. Rentals were as heavy as any to be found in Asia, namely, 50 percent of the crop. The tenant had to provide his own house, tools, livestock, and hire supplementary labor at the height of the season. Often short of rice for food or seed, he borrowed from the landlord, repaying double the amount at the end of the crop season. By the time the tenant discharged all his obligations, his share of the crop was roughly a third of the total.

For the typical 5 hectare tenant, conditions were worse. A case study cited in the work of a well-known French agricultural economist* sheds much light on this problem. He writes as follows:

"In the fifth month, at the beginning of the heavy field-work period, he has obtained from his landlord a loan of 35 gia ** of rice and 5 piasters. His crop yields 300 gia. From this quantity he must deduct 30 gia for the extra rice consumed during the harvest time, 70 gia for the repayment of the rice loan of 35 gia (100 percent interest rate), 12.5 gia for the repayment of the 5 piaster loan, 150 gia as land-rent, or a total of 262.5 gia. There remains only 37.5 gia of his crop, which is little more than 10 percent of what he has harvested. It is not sufficient to live on, and, like the coolie, the small tenant must look for a job, but still he has the advantage of being able to borrow."

** a gia = 44 pounds

* Pierre Gourou, L'utilisation Du Sol En Indochine Francaise, page 408.

Even the middle tenant with 5 to 10 hectares of rented land was not much better off. The study concluded that, "On the whole, the living standard of those we call middle tenants is not very high and is only slightly different from the living standards of the lower categories."

Those who had some rice for sale were not always free to dispose of it at will; some tenancy agreements stipulated that the landlord had the right of purchase, and usually at his price. The role of the landlord in relation to his price. The role of the landlord in relation to his land and tenant was essentially that of a rent collector, and often this role was performed by an agent who made part of his profit out of the tenant. On top of this was the basic handicap of insecurity of tenure, with no bargaining between landlord and tenant worth mentioning.

The entire landlord tenant relationship was shot through with exactions, and this in turn bred the heavy burden of indebtedness and usury. Almost everybody in the village was in debt to the landlord or to the moneylender. Interest rates of 5-10 and more percent a month were common. Landlords sometimes made more profit lending money than renting out land. In general, lenders were less interested in the return of a loan than in maintaining the tenant in a constant state of indebtedness. The net result of this type of tenure system based upon rack-renting, lack of security of tenure and widespread usury, was a large class of landless, impoverished and discontented peasants.

IV

Little wonder that the Vietnamese Communists found fertile ground in the village for their own political ends. When, immediately following the end of the Second World War, they began, among other things, the attack on the old order in the village, the response was not long in coming: They gained control of the countryside and the support of the peasants not only by appealing to a deeply rooted desire to get rid of the French, but by addressing themselves to the land question as well.

The Communists lived off the land and the tax burdens they imposed were often no less burdensome than the rental formerly collected by the landlords. Nevertheless, they passed themselves off successfully as fighters for the national cause and as defenders of the peasantry against the rich gentry. They convinced the peasants that their sacrifices in the form of heavy tax grain collections were patriotic expressions of the "People's War for Liberation." The Communists had no land distribution program, but they left no doubt in the minds of the landless that eventually the landlord's acres would belong to them, and encouraged the occupation of abandoned land by the landless. The payment of rent virtually ceased. The wealthy landlords disappeared from the countryside fearing for their lives, and much of the pattern of the Russian and Chinese countryside created by Communist agitation repeated itself in Vietnam. Here, too, the appeal went to the heart of the matter -- land of one's own and an end of the landlord-tenant relationship.

The support the Communists gained in the countryside was not lost on Bao Dai's government. The emphasis placed by the Communists upon the land question and the favorable response this had evoked among the peasants were at least partially responsible for some sort of recognition on the part of the Government of the existence of a land problem and the need to do something about it.

In his New Year's message of February 2, 1951, Bao Dai stated that the land would not be taken away from those peasants who had occupied landlords' property during the "troubles" and continued to cultivate it. This was to be done "without harming the former large proprietors who have a claim to just compensation." Land concessions were to be limited by law, as were the terms of credit traditional between the proprietor and tenant in order to protect the peasant against perpetual indebtedness. "A National Committee for Agrarian Reform" was organized in mid-1952; in early 1953 President Nguyen van Tam announced that henceforth rents were in no case to exceed 15 percent of those existing before the war, and this was followed up (June 4, 1953) by a number of Ordinances.

Briefly, they called for cancellation of certain land concessions which had remained uncultivated or unleased and for the redistribution of such land among squatters and other specially deserving groups; a drastic rent reduction to a level not exceeding 15 percent, and additional rent agreed upon between landlord and tenant for buildings, tools, and draft animals; land leases for a minimum of five years, and what appeared to be limitations on the size of holdings. However, the provisions of this Ordinance (No. 21) were so watered down as to make it meaningless. In effect, the landlords did not have to sell or otherwise dispose of the land held in excess of these limits: the sole limitation was upon the acquisition of additional land either by purchase or lease.

These provisions were singularly poorly conceived and drawn-up. They went either too far or not far enough. The so-called limitation on the size of holdings was instance of the latter, while 15 percent rent was an instance of the former. When President Nguyen van Tam went about the countryside promising this low rental, it was more an act of desperation than an enforceable provision. It was neither equitable nor realistic. Even the Communists fixed a maximum rental of 25 percent, and no peasant with the memory of a traditional rental of 50 percent could view the 15 percent rent seriously. It was an ineffective propaganda device.

The real difficulty, however, did not reside in these hastily drafted half-measures which were never applied. The most carefully prepared provisions would have met with the same fate had the Government been bent on enforcing them. The over-riding fact was that the Government did not hold sway over the countryside. Its power was nominal even in the so-called "controlled areas." Only after the Geneva agreement, which divided the country into two, and the evacuation of the visible Communist presence from South Vietnam, were the conditions created to reach the countryside through agrarian reform measures. And this is precisely what the Ngo Dinh Diem Government has been doing since its assumption of office.

The efforts to ease the lot of tenants undertaken by the Government of Free Vietnam fall into two closely related parts. The first deals with the reduction of rents and security of tenure; the second with the distribution of land among the landless.

When the Ngo Dinh Diem Government assumed power, the countryside was in a shambles. Abandoned and weedovergrown land studded it; irrigation and drainage facilities fell into disuse; canals, the indispensable water-ways of the South, needed re-dredging; the greater part of the work-animals had been killed off, and all of this was summed up in a sharp decline in production and in the disappearance of the all-important surplus of rice for export. And not only a shambles in a material sense, After years of Communist penetration of the village in the guise of attractive nationalistic slogans, the peasants emerged into the new era a very much bewildered lot. Their main worry was lest the old landlord-tenant arrangements prevail again. This fear was real, for in many sections of the

country they had not paid rent for a decade or more and, in the process, had come to feel that occupancy of the land was tantamount to ownership. But, having acquired some land without due process of law, they were not certain if in the post-Communist period they would be able to hold on to it.

The first official answer to those fears came shortly after Ngo Dinh Diem's assumption of power. It was unquestionably the darkest period in the five year old history of Free Vietnam. Much had to be done in a hurry; and the material and psychological conditions in rural Vietnam did not permit procrastination. With that in mind, the Government promulgated two basic measures embodied in Ordinances 2 (January 8, 1955) and 7 (February 5, 1955). They dealt with items directly affecting the welfare of the tenants - rent reduction, security of tenure, and putting abandoned land back into cultivation.

The main provisions of these Ordinances were as follows. Rentals ranged from 15 to 25 percent of the principal crop; a loan of seed or fertilizer was repayable at cost price plus interest rate not exceeding 12 percent per year; all contracts had to be in writing; the life of a lease was a minimum five years, and the traditional right of a landlord to cancel a lease agreement was circumscribed; village, district and provincial committees were to be created to settle landlord tenant disputes; finally, penalties were provided in case of failure to comply with the provisions of the ordinance.

In the years of war and civil war an estimated 1.3 million hectares of cultivated land were abandoned. It was the purpose of the Government to put this land back into cultivation as soon as possible, through the application of Ordinance 7. The significant provisions were these. Having determined the amount of the abandoned or uncultivated acreage, each owner was obliged to declare his intentions with respect to his land. If he refused to cultivate the land himself, he had to lease the land to tenants of his own choosing. In that event, a three year lease was to be executed, under which the tenant paid no rent during the first year, half of the prescribed rent of 15 or 25 percent during the second year and three fourths of the rent during the third year. The landlord, in turn, was exempted from the land tax, and the same applied to the tenant. On the expiration of the special three - year contract, the normal contract for five years became compulsory. In the case of absentee landlords, the village council had the right to allocate the land to people willing to cultivate the land. The rent, after deduction of taxes, was to be held by the provincial treasury for future payment to the owner. Model contracts were drawn up, printed and distributed by the hundreds of thousands as an aid to implementation.

These early measures were undertaken not as a means of solving all of the land problems of Vietnam, but in order to alleviate or eliminate some of the worst anomalies of landlord-tenant relations in Vietnam. Some of the provisions could have been better conceived, particularly the 15 to 25 percent rental range since it was bound to give rise to disputes. But it is well to keep in mind that the effort was being made at a time when the new Government was struggling for its life, that the odds against its survival were most formidable, and that the administrative machine barely existed in the capital, in the provincial centers and in the villages. The implementation of the program in these circumstances proved to be a difficult task.

It is not surprising that the application of these measures got off to a very slow start. For nearly a year after their promulgation the attention of the Government was centered on the Binh Xuyen gangsters, the neutralization of the Cao Dai Sect, the war against the Hao-Hoa Sect, and the pressing refugee

problem. After years of Communist indoctrination in the villages, the position of the Government was far from strong. The lack of an administrative machine to implement the newly proclaimed government land policies was in itself a tremendous handicap. And so it was that during the greater part of 1955 few tenants called the local officials to task for not keeping them informed about the program, and fewer still were the officials who called tenants to task for not pursuing their rights under the Ordinances.

There were other reasons why the application proceeded at first at a snail's pace. For different reasons both tenants and landlords were reluctant to sign contracts binding them to conditions spelled out in the Ordinances.

Many a tenant had not paid rent in years, and even the admittedly low rent of 15 to 25 percent appeared to him an imposition. Others in the occupation of land sanctioned by the Communists believed that their ownership had already been confirmed. Signing a contract now would have invalidated their claim to ownership. There were also the fence sitters, those who believed the Communist propaganda that come July, 1956, the country would be reunited on Communist terms, with all the landlord land falling into their hands. In short, the heritage of Communist village activities did not favor an enthusiastic reception for the rent-reduction program.

The attitude of the landlords was no less negative. They felt abused by a radical rent reduction after the years of great losses sustained under the Communists. A Chief of a province, a landlord himself, spoke to this observer for most other landlords when he stated: "We have been robbed by the Viet Minh over the years, and we resent similar treatment from the National Government." Some went so far as to insist on retroactive rent-payment as a condition for leasing their land; others wished to take back the land occupied by the tenant during the Viet Minh days, while most of them dreamt of regaining the kind of control over their land similar to that of the pre-civil war days. It appeared as if tenant, landlord and lack of administrative effort and perseverance were conspiring to thwart the beginning of real shift in the old land-tenure system of Vietnam.

VII

In reality, the difficulties proved transitory. As the position of the Ngo Dinh Diem Government grew in strength and political stability improved throughout the country, so did the acceptance of the measures. With the financial assistance of the U.S. Aid program, the administrative part of the program also improved markedly. Although small in number, the 200 land reform agents carried the gospel with a measure of success. In time, the basic provisions came to be known among the farmers; and the early indifference - if not hostility - of the provincial and district authorities gave way to a recognition that the Ordinances must be enforced. The landlords were told that the struggle of the Government for security and political stability was not a means for restoring old landlord tenure arrangements. Helpful, too, particularly in the South, was the work of the Tenants' Union as spokesman for the tenants. The Joint Committees made up of five elected tenants and an equal number of landlords under the chairmanship of the Chief of the Province of his appointee, gradually, if very slowly, came to function as conciliator of landlord tenant disputes. They never lived up to the achievements of the land commission in Japan, for example, but in dealing with the ten thousand disputes recorded they have helped to lessen the tension generated by seemingly

irreconcilable positions.

As a result of these developments, the implementation of the program quickened in mid-1956. The number of contracts under Ordinance 2 and 7, as of the end of June, 1959, was 800,000 or 80 percent of all theoretically possible contracts. It is questionable that in every instance a tenant pays no more than the specified rent; this is particularly true in Central Vietnam where the competition for the small landlord holdings is intense. Nevertheless, there is reason to believe that the majority of the tenants pay the legal rent, while hardly any pay the traditional rent. The benefits to the tenants are obvious. Equally important is security of tenure--duration of lease, freedom from eviction at owners' will, etc., guaranteed by the written contract. The complete dependence of tenant upon landlord has undergone a change. Even in mid-1955, when the program was in the air but hardly off the ground, this observer heard a tenant speak before a landlord tenant assembly thus: "In the old days, what the landlord said the land produced was law, and I paid accordingly. Now I know what it produces and I won't accept his estimate any longer." His was not an isolated case; he voiced a break with a common practice which formerly demonstrated that the landlord had undisputed control over the land.

Perhaps the real significance of these measures lies in the first breach in the traditional view of landlordism as the basis of wealth, political power and social prestige. In this respect Vietnam has begun to repeat the experience of other Asian nations which came to grips with the land problem. Its significance extends beyond the immediate aim of improving the lot of the tenants; newly emerging countries such as Vietnam must cut loose from their feudal moorings as a condition of their economic independence and political stability. Another consequence of great importance remains to be noted. In retrospect, the measures noted here and the land rehabilitation program touched upon in the subsequent paragraphs in fact did fore-shadow the land redistribution program.

The policy of the Government to bring the abandoned land back into cultivation was successful. Ordinance 7 relating directly to this problem stimulated many owners into action; those who were in no hurry or incapable of reclaiming the land saw their properties taken over by the Government for refugee settlement. In view of administrative handicaps and the need to do so much with so little, this was not an easy chore. Yet to date more than 60 percent of the abandoned land is back in production. The reclaiming of much of the remaining land presents serious technical problems, but there is ample evidence that the priority the Government gives to the rehabilitation of the country's agricultural economy will bring most of the cultivable land into production.

The settlement of the refugees unquestionably played a great role in helping make Ordinance 7 a reality, and the Cai San Resettlement Project is its most dramatic expression.

Cai San is a great rectangle of some 110,000 hectares of land. Bounded by canals to the east and west, the Bassac River (the southernmost branch of the Mekong) defines the northern boundary, while to the South lies the Gulf of Siam. Not even four years ago the greater part of this land was abandoned land, a weed-growing wilderness, a hideaway for bandits. It is now a thriving metropolis, and a living example of nature bending to the will of man. The refugee-settlers of Cai San, with the simplest of tools, dug the seventeen canals totalling 125 miles in length, and built their huts atop the embankments. The American aid tractors were there with ex-taxi drivers to run them.

The results speak well for the remarkable performance of the settlers, of the Vietnamese administrators who have truly risen to the occasion, and of American aid which boldly and intelligently provided the financial means for the venture. What was a promise barely four years ago, is now a reality. The settlers received their 3-hectare holdings under the reform virtually as a gift. They are harvesting good crops, paying their own way, and they are refugee no longer. Ordinance 7 succeeded better than had been anticipated; not only is the land being rehabilitated, but along with it the refugee-farmers have become farmers only and full fledged members of the body-politic of the country.

But it is not only Cai San and the other Cai Sans which are being built on the southern plains of Vietnam. Entirely upon the initiative of the President, new settlements are being carved out of the highland wilderness north of Saigon, where until two years ago virtually none but nomad tribesmen lived. While not directly a part of the agrarian reform effort, it is, nevertheless, an extension of the country's agrarian policies discussed here.

Into this almost unknown forested mountain area known as the High Plateau, until recently little more than Bao Dia's hunting preserve, nearly 50,000 people have moved from the over crowded coastal strips of Central Vietnam. They have exchanged their tenanted half-hectare holdings for three-hectare holdings as a gift. With the technical and financial assistance of the Government they cleared much of their land, built their homes, put in their crops and are on the way to becoming economically independent. It has proved to be a pioneering venture of more than purely economic significance. Equally significant are the political and military consequences of populating empty spaces with settlers notoriously anti-Communist. For these sparsely populated areas of the highlands have long provided the Communists with a safe route for infiltration southward. The violent reaction of the North Vietnam Communists, to the opening of these lands provides its own commentary.

VIII

Rent-reduction, better leases, and land rehabilitation were all important ends in themselves. Nevertheless, to one who can remember the mood of the peasantry in 1955, it was clear even then that the Government land policies were not going to end with Ordinances 2 and 7. The Vietnamese landless, like landless the world over, were after the real article - land of their own. This was particularly true of the South where the vast acres of the landlords loomed even larger in the eyes of the tenants. One recalls a spokesman of a village group telling the minister of Agrarian Reform that "the village needs peace and the landlord tenant conflicts will never cease unless the tenants own the land." In province after province and village after village, farmers played on this theme, often to the discomfiture of local and central officials not prepared to discuss this issue.

Strange as it may seem at first glance, the tenants found an ally, a reluctant ally to be sure, in the big landlords. It was true that the landlords opposed the low rentals, but it was equally true that their experience of the past decade had not been without its sobering effects. They were interested in selling their land. Their bold front, as if little or nothing had changed, was more form than substance. There were few big landlords in Vietnam during the period under consideration who would not concede that landownership of the traditional sort had fallen on evil days. They knew that sooner or later

they would have to part with much, if not all, of their land, their problem being how to make the best of a difficult situation.

This explains why, even with the Communists out and security gaining way, one encountered serious debates among landlords about the best ways and means of disposing their land. The price itself was not the main stumbling-block. The method of payment was. Tenants also assumed that the land would have to be paid for, but just as the rent-reduction program divided the two groups, so did the method of payment for purchase of land, although the issue for the moment appeared academic. The consensus among the landlords was 50 percent cash and the remainder in five annual installments. Some tenants spoke of ten annual payments with no cash down, while others spoke of 10 to 20 percent cash and the remainder on an installment basis. The difficulty was that the tenants had no cash whatever, and nobody contested that fact.

The land-distribution discussions were not confined only to landlord-tenant circles. The idea of land to the landless in Vietnam, was not only of the Communists' making. In June of 1953, President Nguyen Van Tam, with the support of the Chief of State Bao Dai, proclaimed a land-distribution program of his own. This, in addition to his 15 percent rent reduction, he described as a "master-piece of our agrarian reform." Aside from the fact that it could not be enforced for reasons already stated, it was less than a "masterpiece" as a summary of its main contents reveals. Under the enabling Ordinance 21, a landlord could retain a maximum of 45 hectares in Central Vietnam and 100 hectares in South Vietnam if he owned land in both sections of the country. The joker in the piece was that a landlord had the right to a 25 percent increase for the fourth and each succeeding child; since landlords with wives and concubines had large families, the retention limit could be watered down beyond recognition. An equally important misnomer was the lack of any purchase provision to make land transfer possible. ~~It was left to the tenant to buy land transfer possible.~~ It was left to the tenant to buy land at the prevailing market price, and, in theory, with the assistance of government credit. Basically, the credit was not available, the tenants had no cash, and with the prevailing market price of land they could not have bought it even had they had some cash.

IX

It remained for Ngo Dinh Diem's Government to deal with the land distribution question in earnest. Mr. Diem repeatedly expressed the view that widespread, individual ownership of land is the condition of economic and political stability in the countryside. He found a staunch ally in his brother, Bishop Thuc, a man with intimate knowledge of the work and the life of the peasantry and an uncompromising supporter of peasant welfare. On the political side, it was clear to the President that the threat of the Communists in the villages was real and that their political capital could be undermined only by narrowing the gap between the landlords and the landless if not bridging it altogether. A more equitable redistribution of land was the answer. From the point of view of economic welfare, the same answer applied, even if qualified by such additional needs as better farm-techniques, development of experimental stations and the dissemination of the results of their work and the indispensable farm credit. If the notoriously low Vietnamese rice-yields were to be augmented, the incentive of owner-cultivated land was an important factor in making the best use of the factors just mentioned.

These propositions, understood and accepted by the then Prime-Minister Diem, were not spoken of openly in 1955. This was partly because of numerous other pressing tasks and partly because Ordinances 2 and 7 had not yet gone far enough to prepare the ground for the reform phase he had in mind. But the subject was under active consideration in official circles throughout the summer of 1956. On October 22, Ordinance 57 was promulgated and land redistribution became the official policy of the Government of Free Vietnam.

X

The preamble of the Ordinance states the objectives in terms of equitable distribution among the landless, development of agricultural production and the orientation of the big landlords towards industrial activities. The Ordinance contains a number of provisions to promote them.

No landlord can own more than 100 hectares, but he may keep an additional 15 hectares of inherited land for the continuation of ancestor worship and the expenses it entails; the remainder must be sold to groups specified in the Ordinance in the order of priority. A landlord may cultivate by himself only 30 hectares of permissible retention; the other 70 hectares he must lease or sell. The land affected by the Ordinance is rice-land only. The excess holdings will be sold first of all to tenants and agricultural workers who have cultivated the land for two years; next in line are war-veterans, refugees and the unemployed, but, in effect, the land to be divided up was meant for the tenants already on the land. Tenants acquiring land under the reform cannot lease or mortgage it within ten years of the date of acquisition.

The Government was to buy the land from the landlords and, in turn resell it to the tenants. Since the tenants have no cash, Article 14 provides that the tenant can pay for the land in six annual installments. He receives a certificate of ownership prior to his payment and clear title of ownership after he completes his payments. The land price to the tenant is determined by the price the Government pays to the owner for the land. The price is fixed by regional committees, approved by the National Council of Land Reform. The landlords are compensated in two ways; 10 percent of the value of the purchased land is paid in cash; the remainder in non-transferable government bonds, bearing a 3 percent interest rate and amortized in 12 years. However, the bonds can be used as legal tender for paying off debts contracted with the Agricultural Credit Agency, as well as for land and inheritance taxes. More important, and this is one of the basic aims of Ordinance 57, the lands can be used for subscription to securities of any enterprises created by the State in the framework of a program of national economic development." More recent amendments have not changed the tenor of this provision.

The idea of using land bonds of this type to help the landlords take part in a country's industrialization has been practiced very successfully in Taiwan. There, the Government controlled a number of fully operating undertakings, and the exchange of the lands for Government-owned shares was a simple affair. In Vietnam, industrialization is only beginning, and the change-over may not be so immediately rewarding. Nevertheless, the Government is willing to offer what it has already in operation, industries about to be built and those contemplated. The enterprises in which the land bonds can be exchanged for Government-owned shares are listed below.

<u>A. National enterprises</u>	<u>Government participation in millions of piastres</u>
Nong-Son coal mines	50
Long-tho cement factory	50
Wood Industries	100
 <u>B. Existing Joint enterprises</u>	
Sugar company	200
Vinh-Hao mineral water	20
Societe Cottonniers	150
 <u>C. Joint enterprises in course of formation</u>	
Paper mill	200
Glass factory	60
Pan American Airways Hotel	Amount not determined
 <hr/>	
Total	830

With a view to administering the program, the Ordinances provided for the establishment of a Council on Agrarian Reform, with powers broad enough to deal with all outstanding issues involved in the implementation of the reform. There were also, in addition, provincial and local committees to determine the acreage available for distribution, the fixing of land prices, the issuance of titles to new owners, and related subjects. Agrarian tribunals and stiff penalties for evading the provisions of the reform law are part of the administrative arrangement.

XI

The Ordinance laid down the general principles of the program, and a comment on some of them is in order.

The retention limit determines the scope of the reform, or the amount of land available for distribution and the number of tenants benefiting from it. With land-holdings in Central Vietnam seldom exceeding 10-15 hectares, the reform, clearly and correctly, was meant for South Vietnam alone. Applied there, the retention means that approximately 30 percent of the tenants will fall within the scope of the program. The Government did not feel that it would begin with a retention limit which would eliminate Vietnam's rural middle class overnight. There was also the reasonable assumption that, since landlordism had lost a good deal of its attraction, landlords would be inclined to dispose of a good deal of the remainder of their land.

The Government was on sound ground in assuming the responsibility as a buyer and seller of the land. In doing that, it took upon itself the all

important task of fixing the price of the land, a task it fulfilled with a decided bias in favor of the tenants. There is little doubt that if land transactions had been left to bargaining between the landlords and tenants, little, if any, land would have changed hands. There is enough historical precedent to show that Ordinance 57 would have remained a paper ordinance.

Payment for the land on the installment basis was a realistic approach to the tenants' lack of ready means to pay for it. The issue was whether the six year period was not too short. To this observer, a ten year period was a more sober appraisal of the tenants' financial position. It should be noted, however, that the debate of 6 versus 10 years lacked one crucial element: neither side knew what the price of the land was going to be. In the final analysis, the price of the land determined the feasibility of one period of payment as against another. As events proved, the price finally set does not exceed three to four times the annual production of the land acquired by the tenant. In a very few instances it will be slightly more, but there are many more instances when, for the price of two annual crops, a tenant will have paid for his land. In any event, even in the extreme case payment could not exceed one-third of the output.

In determining the tenants' capacity to pay for the land, consideration was also given to the price he received for his rice. It was assumed that the tenants could discharge their obligations in six annual installments if the price now closer to 50 than 40, there is no doubt that they will meet the first payment with no difficulty. Rice prices, like other commodities, have a way of fluctuating. However, as far as the Vietnamese farmers are concerned, the threat of a drop in price large enough to make payments difficult is questionable. The whole purpose of the agrarian reform and of much else that falls into the category of "agricultural policy" of Vietnam is to strengthen the farmer on the land, whether as owner or tenant. Economic and political considerations dictate that, and there is nothing to point to a shift in attitude, even if this should mean a price support for rice. The immediate problem was to create an administrative machine to go on with the task once the acreage for distribution had been determined and the land prices fixed. Because of lack of a trained staff, insufficient funds despite USOM's sizeable contribution to meet administrative expenses, and the ever-present necessity to make little do much, an agrarian reform organization comparable to that of Japan or Taiwan could not be created. Of considerable moment was the protracted absence of the capable new Minister of Agrarian Reform, recuperating from an assassin's bullet. The inevitable obstacles and the consequent delays came to an end in late 1957, and the program got off the ground in 1958. Nevertheless, much useful work was accomplished in 1957.

XII

The very first task was to determine the acreage subject to distribution. This was a difficult task because modern Vietnam never had an agricultural census, and many of the village records disappeared during the years of trouble. The landlords were required to declare the land in their possession, and this was then checked against whatever information the village registers contained or village officials recalled. The final estimate thus obtained, and very likely on the low side, revealed that in South Vietnam a total of 2,033 landlords possessed more than 100 hectares each, yielding a surplus of 425,000 hectares. In addition, there were 430 landlords of French citizenship of which 280 were

"pure" French. The land of these two groups subject to the reform program is approximately 260,000 hectares, or a grand total of 685,000, or roughly a third of all the tenanted land of South Vietnam.

The setting of land prices was virtually completed by the end of 1957. This proved to be the most crucial task, for much of the success or failure of the transfer program depended upon the price and the ability of the tenants to make good the payments. Productivity of the land was a basic factor, but important also was the consideration that the reform was designed for the benefit of the tenants. In all, prices were fixed for the nineteen provinces of South Vietnam ranging from 12,000 piasters or \$170 per hectare in the province of Bin-Duong to 4,000 piasters or \$57 per hectare in the province of An-Xuyen. Within the provinces themselves, the respective prices could be as low as 5000 and 1000 piasters, and less. On the whole, the price for the greater part of the land in the two mentioned principal price-categories ranged from 5000 to 1800 piasters.

The price for the land generally known as French-owned presents a different problem. This land is also subject to Ordinance 57, but the owners have another alternative. According to an agreement concluded between the Government of France and the Government of Vietnam (October 9, 1958) the former allocated 1 billion 490 million franc (\$2,900,000) for the purchase of all the French rice lands. This land, when finally acquired, will be turned over to the Vietnamese Government as a gift. At this writing, the French owners have been given the right (until October 20) to make up their minds whether they accept the provisions of Ordinance 57 or the offer of their Government. They like neither the one nor the other. They find the Vietnamese price much more palatable, but the method of payment not at all. Under the French Government terms they will receive payment in francs, deposited in France, but at an extremely low price. With the funds firmly fixed by the French for this purpose, the average price will be only \$11 per hectare. Compared with an average price of approximately \$60 - 65 (at the rate of 70 piasters to out dollar) received by a Vietnamese landlord in cash and bonds, the \$11 price is rather small. But, whatever, their final choice, the 260,000 hectares of French rice-land are safely in the hands of the Vietnamese Government for redistribution among the tenants.

Because of this unresolved program, to date the Ministry of Agrarian Reform has concentrated its rather limited means upon the Vietnamese land. How much has been achieved? As of early September 1959, or a year and a half after the implementation program really commenced, 380,000 hectares, or 90 per cent of the total, has been surveyed for ultimate distribution. The remainder will be completed before the end of the year. Nearly half of this land (177,000) has been earmarked for redistribution to specific tenants, and of this total 75,000 hectares has actually been turned over to the tenants; the 730 landlords from whom the government purchased this land received in cash 35 million piasters and 275 million in bonds.

There is a lag between the land surveyed and earmarked for distribution and actual transfer. It is easier to survey the land than to make certain that the titles are clear of any encumbrances. The drawing up of the title itself is not difficult; nor is the procedure determining the amount a landlord is to receive for his land, or making out the checks for the cash portion of the payment and the bonds. All of this takes time, and the verification of the titles is particularly time consuming.

However, the various activities involved in the land distribution program should not by themselves cause serious delay but for the lack of reasonably good village records, insufficient and, in many instances, inexperienced staff. The remarkable improvisation displayed by the Vietnamese in other instances did not find its counterpart here. Improvisation has been much more difficult where precision must be the rule, beginning with the land surveys and ending with a clear title of the newly acquired ownership.

Despite the late start and the delays since then, much has been done and much has been learned in the process. In the past few months the lag between completed titles and land to be turned over to particular groups of tenants has narrowed down. According to present plans half of the land should be in the hands of the tenants in 1960, and 1961 should see the distribution of all of the 425,000 hectares. The survey of the French land is nearly finished; the bulk of the land is held in relatively few hands, and the title problem is simple. The problem of opting for the French Government offer or the Vietnamese terms will be resolved soon, and the distribution of this land should not lag behind that of the Vietnamese land. The prospect is, therefore, that the next two years should bring to an end the first phase of the land transfer in Vietnam.

XIII

It was expected that the land-transfer, like the rent-reduction, would meet with considerable landlord opposition despite their seeming willingness to sell the land. This "seeming willingness" was predicated on the assumption that they would be paid in a manner more in consonance with their self-interest. This is not the case at all. And yet, looking back at the behavior of the landlords in the past two years, one is struck by the mildness, not to say total lack, of opposition.

Little has been left of the militancy of late 1955 when the landlords had spoken as if Ngo Dinh Diem's Government were there to restore their former privileged position. This idea was short-lived. When the landlords submitted to the rent-reduction program they had, in effect, acknowledged that their position had undergone a radical change. President Diem's well-known statement that the land-transfer was a necessary social revolution for the benefit of the tenants served to disarm the landlords still further. The price they received for the land and the method of payment was far less than they expected, but it was still not confiscation, and sizeable holdings still remained in their hands. Finally, the total number of Vietnamese landlords subject to the reform is only just over 2,000. While small numbers of privileged individuals often exercise great political and economic influence, this is not quite the case in Vietnam. After years of civil war they had become economically weak, while politically they cut a small figure in the councils of Ngo Dinh Diem's Government. The combination of these circumstances goes a long way to explain the landlords' acquiescence in a reform which is not in their best interests.

The real opposition to the reform was provided by Radio-Hanoi and the Communist agents in the countryside. The latter have exerted no end of pressure, including physical threats and violence, to dissuade the tenants from buying land. They have not succeeded. The failure of the Communists' own so-called agrarian reform in North Vietnam, culminating in an open peasant rebellion against it, is well-known to the Vietnamese tenants. This knowledge

and the obvious advantages the land-transfer offered them were a stumbling block to the Communist anti-reform propaganda. Lacking the power of terror, the tenants were and are willing to buy land under the terms of Ordinance 57. There is no question, therefore, as to where the tenants stand on the land-transfer question. In this respect they are as one with all the landless of Asia. The inborn desire for land-ownership, coupled with economic security and a heightened social status, serve to make the land distribution program as event of great importance.

The complete abolition of tenancy is neither feasible nor desirable if low rentals and real security of tenure prevail. Some tenants may prefer this arrangement, but not the majority. With the completion of the current program, two-thirds of the tenants will remain tenants even though under vastly improved circumstances. Those who have acquired land will undoubtedly stimulate the desire for ownership among some of the tenants on the land retained by the landlords. This observer believes that the latter will dispose of some of their land voluntarily; the economics of a maximum rental of 25 percent, plus the absence of the other numerous and profitable services formerly exacted from the tenants, leave much to be desired from the landlord's point of view. This will be particularly true of the absentee landlords with connections in the city in commerce or public service. If this assumption is correct, the Government may very well consider legislation to speed up the process of disposal of absentee-owned land. Moreover, in building the new State, President Diem has repeatedly laid down the proposition that small-scale property-ownership in general, and small-scale land-ownership in particular, constitute the very basis of an orderly, stable, democratic society.

XIV

The agrarian reform measures are part-and-parcel of creating a better agricultural economy. No agrarian reform, however successful and complete, can by itself provide the answer to a sound agricultural economy, be it in Vietnam or Japan. Less so in Vietnam where for a variety of historical reasons the productivity level of peasant agriculture has remained very low. The destruction caused by a decade of civil war has aggravated the problem. That Vietnamese agriculture has demonstrated real signs of recovery more recently is a tribute to the peasants and to the President's wise policy of giving the highest priority to the rehabilitation and expansion of agricultural production. It is important to note in this connection, that, unlike other leaders of primarily agrarian and under-developed countries, the President has not been swayed by the glittering promises of industrialization as the sole panacea of Free Vietnam's problems. In placing his emphasis on agriculture, the country's real source of wealth, he has indeed advocated a policy of "first things first."

For the village to develop its full potentialities it will take agrarian reform, and an extensive farm credit system, widespread utilization of chemical fertilizers, restoration of the live-stock population, the creation of agricultural experiment stations and an extension service to disseminate the results of their work, a cooperative system to strengthen the farmer's selling and buying position, and, surely not the least, a price policy in consonance with the legitimate interests of the country's biggest industry.

The Government recognizes these needs and it has acted decisively upon some of them, such as farm credit and utilization of fertilizer. It has

made a beginning in other directions. It will take time, money and hard work to translate all these into a productive and prosperous agricultural economy. Given peace, there is no reason to doubt the outcome, not if past performance is any indication of the Vietnamese ability to meet their problems in the future. When that comes to pass, as it surely will, the agrarian reform measures of Free Vietnam, the first on the mainland of Southeast Asia, will come to full fruition.

To note this, to note the slow but sure development of the land distribution program, and to raise the question of the future, in no way minimizes the significance of the agrarian reform and of all the other efforts of Ngo Dinh Diem's Government in the countryside. This is the more noteworthy when one considers that the Government inherited little more than rural chaos. It is easy to find fault with this or that provision, the less than perfect administrative arrangements and the enforcement of the reforms, or to find fault with the cautious approach to the program of land redistribution. Within the context of a new nation struggling for survival, inadequacies are inevitable and not surprising. Vastly more important is that in such conditions some of the principal reform provisions have been implemented and others are being implemented.

Security of tenure and rent-reduction have broken the traditional, exploitative character of Vietnam's landlordism. Here and there, mainly in Central Vietnam where land is scarce and density of farm population very high, landlord-tenant relations are guided not only by the provisions of Ordinances 2 and 7. But, even there, and certainly in the South, the new elements predominate. The tenants know the difference between 25 and 50 percent rent, and that they cannot be moved from the land at the landlord's pleasure. They know equally well that important changes have been effected by their Government, and therein lies, among other things, an important source of political capital.

The land redistribution program is a logical development for those areas where conditions are most suitable. They are not in Central Vietnam, where landlord holdings are minute and tenancy relatively small. But where redistribution of land is feasible, as in southern Vietnam, measures to give land to the landless are being carried out. As already noted, more land will have to be distributed to satisfy the majority of the tenants. In the opinion of this observer, the success of the current phase will insure the expansion of the program after 1961. But whatever future reform measures have in store for the farmers of Vietnam, it is fair to say that five years after the country's independence the farmers are measurably better off. And not only materially. Between the new and old conditions of farming lie not only so many more bushels of rice, but also the invaluable meaning of proprietorship for some, and a sense of security on the land for all. With it goes the feeling of civic pride, independence and a spirit of equality in the community. These shifts in attitude do not blossom out overnight, but even in the present formative stage they tend to make for economic progress and political stability. The Vietnamese village in 1959 bears testimony to the soundness of this approach.

Very significant for Vietnam and the rest of Southeast Asia are the methods used in effecting these changes. In his efforts to deal with rural problems President Diem and his Government have not resorted to force, setting up class against class, or to any of the methods used by the Communists to impose their brand of agrarianism. Social peace has been maintained throughout. This is in striking contrast to the somber realities across the 17th parallel,

where for nearly three years now the Communists have been rectifying the "mistakes" of subduing the peasantry through murder and bloodshed. The Viet Minh's violent opposition to Free Vietnam's reforms is precisely because they are successful.

Their chagrin is the greater because non-Communist Asians cannot help but make comparisons with the enfranchisement of the peasantry in Free Vietnam and their enslavement in Communist Vietnam. It would be idle to expect that the attainments in South Vietnam will cause the Communist to deviate from the line they have taken. For the rest of free Southeast Asia, however, the reforms and the methods of their implementation carry the conviction that lasting social improvements cannot be found at the end of a Communist gun barrel. In the company of some other non-Communist Asian nations, Free Vietnam is demonstrating anew that where there is the will to redress the injustices of an agrarian system, a way can be found, and without paying the price of the tragic upheaval of Communist agrarianism.