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ADDRESS OF  
HIS EXCELLENCY NGO DINH DIEM  
PRESIDENT OF THE REPUBLIC OF VIET NAM

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Before a luncheon in his honor by

The Far-East-America Council of Commerce and Industry

Waldorf-Astoria Hotel      May 14, 1957

*Glen*  
*See p. 3*  
*RHS*

Ladies and Gentlemen:

During the last few days I have had many occasions to talk about the political problems that have plagued Vietnam in the recent past, and of the progress we have made in solving them. I am happy to be able to speak today of our economic problems which are of such great importance for our future. I am particularly pleased that I can talk about these problems to you, who, by virtue of your position in the world of business, are best able to understand why we must solve these problems if we are to survive.

In the Asia of today, no major question of politics can be solved unless the inherited economic and social conditions are overcome. We must raise the living standard of the masses. To enable the masses to buy more and live better is for us not only an end in itself; it is also a means to spark the industrialization of our country, and thus to enable Vietnam to remain both independent and free.

During my stay in your country as a political exile a few years ago, I was constantly reminded by friends and well-wishers that Americans -- and particularly you American businessmen -- are practical people. I was told that if I wanted to be of use to my people, I should talk to Americans from a common-sense, practical point of view.

Now I have come back to do just that. And I believe that it comes easily to me as a Vietnamese. My Vietnamese ancestors were practical and constructive people. They were never under the compulsion of their rulers to build the wasteful, gigantic monuments that have so often been the economic ruin of great peoples. Historically,

there was never an excessive centralization of power in our country to enable concentration of labor-power for such monuments. Thus, my people remain what they have been since the dawn of recorded history - hard-working, productive, always tilling their rice fields and harnessing the rivers.

I wanted to make this point because it explains why I shall not present you today with any grandiose program for rapid economic progress based on dogmatic and theoretical views. Our people have had, in the short time since the Geneva Agreements surrendered half of our country to the communists, a revealing display of what Communist dogmatism can mean. Vietnam above the Seventeenth Parallel has witnessed starvation, exploitation, and misery. The communists have created such suffering and chaos that our fellow-countrymen in the North have openly rebelled.

But exploitation and economic misery were known to Vietnam long and before the Indochina War. The ten years of war between the French colonial government and the Communist-led Viet Minh further impoverished the country. In the North, the Communist leadership adopted a "scorched earth" policy. Between their destruction and the havoc wrought by the actual fighting, industrial plants were demolished, the handicrafts deteriorated, communications were wrecked, rice-mills were dismantled, our livestock reduced, and even the irrigation systems were allowed to fall into disuse. Only twenty percent of the pre-war river transport, so important to marketing our rice crop, remained, when the fighting finally ended.

Another great economic problem, one that resulted from the insecurity in the countryside was the movement of masses of rice-farmers into the cities. There they ceased to be producers in the economy, becoming instead part of the swollen layer of middlemen which lived off the artificial economy that grew up during the war and around the French Expeditionary Force.

For the South, partition brought innumerable extra difficulties. Vietnam's coal is located North of the Seventeenth Parallel, as are most of its mineral resources, such as iron, copper, tin, zinc, and manganese. What was left of our

little-developed industry -- cement, glass, paper and textiles -- also remained mostly in Communist hands. Our problems were intensified when fear of Communist tyranny forced almost one million refugees to flee their ancestral homes in the North and seek the protection of our Government in the South.

During the first year after the Geneva Conference, the economic picture was dark, but the political crisis was even worse. We had to fight the defeatism engendered by the fact that we were threatened by the powerful army of the North, ready to engulf us. In the South itself we were threatened by the petty local tyrannies that had grown up during the ten years of war, the so-called sects. The suppression of these states-within-the-state was as necessary for economic progress as for political stability.

It took over two years to overcome these initial political difficulties. We are aware of the fact that our political consolidation would not have been possible without the generous and timely aid of the United States, which carried us through our great crisis after Geneva. Since Geneva, United States aid to Vietnam has averaged some \$250-million a year. We in Vietnam believe that no American taxpayer need regret these expenditures, and that this investment has been wisely made. Let me strike a balance-sheet and show you what your aid has produced.

It has saved us from the disaster of an inflation that would have wrecked our crippled economy. And it has enabled us to build up an army of ten divisions, one of the best in Asia according to competent professional observers. As a consequence we successfully held two free elections, proclaimed our country a Republic, and promulgated a constitution that gave us our first National Assembly. Vietnam is now one of the most stable countries in all of Asia.

With the phase of political consolidation completed, we were at last in a position to turn our attention to our economies and social problems.

In the field of agriculture we have already made long strides. Our program of land reform is being judiciously carried out. We have already transferred a good

deal of land to landless farmers. It is the conviction of my Government that the individual farmer must own the land he cultivates. With this program we meet the false claims of land reform by the Communists. We give the farmers land, and we do it without the inhuman techniques of compulsion and confiscation.

We are steadily increasing the surface of our cultivable land, by regaining rice-fields that had been abandoned, by opening up the Plains des Jongs for cultivation, and by winning for agriculture the vast undeveloped territories of our richer regions. This work, which is being done largely by the refugees from the North, will bring Vietnam back on the world rice market: and mounting exports will reduce our present national deficit. We are also beginning to tap the wealth of our forests, to increase our livestock, and to revive our old handicrafts and village industries. Our money is stabilized, and our policy in regard to prices has proven to be sound.

In increasing our rice crop and developing other products of the land such as rubber, coffee, and tea, we pursue a twofold aim. Our growing agricultural wealth will also stimulate the growth of the industries which we believe to be suitable for our country, necessary for our economy, and indispensable for the preservation of our independence.

Our own means, however, are quite insufficient to give us a good start. We can make little progress in industrialization without the development of our hydraulic resources, the improvement of our roads and railroads, the creation of a modern system of communications, and the training of business executives, technicians, and qualified workers. For this we again need help, both international and American. Some we have already received, as for instance from the group of United Nations experts headed by Professor Goodrich, and in particular from the Michigan State University team under Professor Fishel, who have been working with our own experts for several years. I want here to pay tribute to the outstanding work of the experts and technicians sent us by your Government under the ICA program. The USOM in

Vietnam under the direction of Mr. Leland Barrows has been a persistently constructive force working closely with us in the achievement of mutually beneficial economic objectives. We hope soon to set up a group of long-term advisors for our Government, perhaps with the help of one of your foundations interested in the problems of economic development of Asia. And we also hope that we can get the advice of some of your management consulting firms.

Our country needs industries. It is a result of colonialism, that we are merely a producer of raw materials, and forced to import all finished goods. Economic survival requires that we break this colonial pattern. We do not aim at self-sufficiency, nor do we plan to build major capital goods industries in the near future. For the present, we plan on a gradual industrialization program consistent with our needs and capacities. Our present major industrial undertaking will be the development of our unused but excellent hydroelectric potential and we hope to do this as a joint undertaking between government capital, foreign private advisers, and private companies on the basis of open bidding. Otherwise our program of industrialization is a modest one, adapted to our resources and needs. We aim at producing some textiles, sugar, cement, paper, glass, and plastics. Together with some other plants producing goods for daily use, this would, for the time being, be the core of our industrialization plan.

If you ask me whether our aim is a directed economy or a completely laissez-faire doctrine, whether it is capitalist or socialist, I have but one answer: such preoccupations are to us purely theoretical. The policy of our Government is based on present, practical needs, and not guided by theoretical speculations. Our principal guide is that we seek to solve our economic problems with the best means on hand.

We are convinced that an important method to enable us to meet our problems can come from overseas investors who seek opportunities in Vietnam. That is why in March of this year my Government issued a policy directive under which all foreign

firms can justly operate. The Vietnamese Government guarantees foreign investors against nationalization or against expropriation without due compensation. We grant any new foreign investor three years' exemption from real estate taxation, as well as free registration of incorporation. New agricultural investments are exempted from land tax until the enterprise shall have harvested its first crop. Industrial, commercial, and agricultural enterprises will receive 100% remission of income taxes for their first year of operation, 25% for the second and third years, and 25% on reinvested income. Imported capital goods is exempted from income duties. Or if foreign exchange is requested from the Government, import duties will be reduced by 50%. Foreign personnel will be afforded opportunities to repatriate family savings, bonuses, and other payments. Repatriation of capital will be permitted within five years of the initiation of the enterprise at an annual rate of 20%. Additional advantages beyond those presently allowed for repatriation of profits will be granted according to the importance of the enterprise for our economy, and the currency involved. But in no case do any of these regulations remain rigid but can be changed whenever attractive opportunities arise for the economy of Vietnam and the potential investor.

Let me say here and now that my government and the Vietnamese people do not share the hostility toward the West which is so much the vogue in Asia today. We regard the United States, in particular, as our friend. Perhaps the most tangible test of this is our attitude toward private business, especially American business. We recognize the crucial role which private enterprise has historically played in raising the living standards of all people. Further, and possibly in contrast to other Asian nations, we do not regard American private investment as a threat to our national integrity. On the contrary, we welcome it as a necessary and cooperative factor, in the development of Free Vietnam--and we will do everything within our means to create a hospitable climate for American investors who wish to cooperate in strengthening the economy of Vietnam.

Far from attempting to build a rigid frame for our economy, the system at which we aim will be an open one, capable of adaptation to changing needs.

It was the discipline, the determination, and the working capacity of our people which carried our Republic through its first few difficult years. These same qualities, we hope, will also enable us to solve our economic problems. We must show to the other Asian peoples that the economic progress they desire can be brought about by democratic means. To succeed in this will be as important for the whole free world as it is for ourselves.