

# **SOUTH VIETNAM TRIAL AND EXPERIENCE**

**A Challenge for Development**

Nguyen Anh Tuan

Preface by Douglas Pike



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SOUTH VIETNAM  
TRIAL AND EXPERIENCE  
A CHALLENGE FOR DEVELOPMENT

by  
Nguyen Anh Tuan

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## ABOUT THE AUTHOR

Dr. Nguyen Anh Tuan graduated from the prestigious Ecole Nationale d'Administration and the elite Institut d'Etudes Politiques in Paris, and received his Ph.D. in Economics from the Kansas State University.

Dr. Nguyen Anh Tuan held a wide range of positions in teaching, government, and international organizations from 1965 to 1975. He was Professor of Economics and Public Finance at the University of Saigon. He served as General Director of Planning, Financial Adviser to the Prime Minister, and Minister of Finance of South Vietnam. He was head of the Vietnamese Delegation to many international conferences of ECAFE, the Colombo Plan, and the IMF, to name a few, and a member of the Governing Council of the United Nations Asian Institute for Economic Development and Planning.

Dr. Nguyen Anh Tuan fled Vietnam for the United States in 1983 and is currently a visiting lecturer at the University of Kansas and a political economist consultant.

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Human beings are free to make choices within the limitations of their human capacity. . . .

Historians, like all human observers, have to make reality comprehensible and this involves them in continuous judgments about what is true and what is significant. . . .

History shows us how men may learn to make choices that are not only free but effective by learning to achieve harmony. . . .

ARNOLD TOYNBEE

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## PREFACE

Dr. Nguyen Anh Tuan is a highly respected Vietnamese economist and economic thinker. He has an impressive educational and professional background and considerable experience in his field. Even more important perhaps, for our purposes here, he is a man of great breadth of view, a philosopher in the true meaning of the word. His education in France, his work in Saigon in the planning sector of the Government of Vietnam (GVN), his postwar education work in the United States, all combine uniquely to qualify him for the task he has set for himself: to produce a history of the economic development process in South Vietnam during the existence of the GVN, that is, from the Geneva Conference in 1954 to the fall of Saigon to the armies of North Vietnam in 1975. Equally commendable is his motive, which is to offer the world a basis for greater understanding and appreciation of what happened in South Vietnam during those years and what exactly was the nature of the southern socio-economic system.

In Trial and Experience Dr. Tuan addresses himself to a central issue involving the world's perception of Vietnam and the Vietnam War, that is, the much maligned character of South Vietnam's society, government, and economic system. There were two perceptions of South Vietnam held by outsiders during the war. The first, which tended to dominate thinking among much of the American public, was to regard South Vietnam as a non-society. According to this perception, South Vietnam was a fragmented, anarchical, totally disorganized society. Its government was corrupt, repressive, unrepresentative, did not deserve to succeed and in the end failed because of its own internal weaknesses and shortcomings. The society itself never was viable. Most of the South Vietnamese people hated the Saigon regime, were indifferent to communism and cared little who won the war. Most of the best people in the South were on the other side. The South Vietnamese Army was incompetent and unmotivated which is why it was outfought by barefoot guerrillas with homemade shotguns.

Such was the perception. It was not reality. South Vietnam, as Dr. Tuan's study demonstrates, was a country obviously beset by problems, but certainly no more inherently divisive than other Asian nations.

It was simply subjected to greater strain. As governments go in Asia, the South Vietnamese government was middle-range in representativeness/repressiveness, that is, better than some and worse than others. In the circumstances--an armed enemy within--it could hardly avoid some authoritarianism, but in fact, was much less totalitarian than most outsiders believed. Few wanted outright communist victory which is why hundreds of thousands of North Vietnamese remain on garrison duty in the South today and why there is an extensive resistance movement. The notion that the people didn't care who won is contemptible as well as erroneous.

Dr. Tuan began work on this study after the fall of Saigon. His basic purpose here is to describe the economic development of South Vietnam in full and accurate terms. In part, this is to serve as case history which presumably will have applicability elsewhere. Implicit in his effort, however, is a second purpose, to set the record straight as to what the South Vietnam condition was and what kind of social system it had during the war years.

It was fashionable during the Vietnam war, particularly by its critics, to assert the "wave of the future" notion with regard to the ultimate outcome of the war and the future of the GVN. It was asserted that the communists would win sooner or later, that this was foreordained and inevitable. The Marxists argued this was so because their doctrine held for the inexorable development of history along certain lines. Others held it on the grounds that the GVN was simply not viable. The truth is that the only immutable law of history is the law of change, and only simple-minded determinists believe in inevitable outcomes. South Vietnam in the last decade of its life developed considerable governmental cohesion and internal social strength. It was well on its way to becoming a viable society. This is the point so determinedly made in Dr. Tuan's work through his massive use of data and statistics. And it is well taken, for of all the ignorance of outsiders about true conditions in Vietnam during the war, none was more complete than belief that South Vietnam was and always would be economically and politically inviable. This study devastates such a contention.

This is a practical work as well as the argument of a thesis. It is packed with valuable statistics, some of them virtually unobtainable now that records of the GVN have been largely destroyed. Undoubtedly it can serve in years to come as a source

book for researchers and scholars.

While Trial and Experience is a didactic economic analysis, there runs through this book an emotional counterpoint, best conveyed in the well known poetic remorse that of all sad words of tongue and pen, the saddest are these: it might have been. Every foreigner who lived in South Vietnam during the war years piled up bittersweet memories, and those who best understood the scene are forever scarred by the pain of the tragic denouement, knowing it need not have been the final ending.

Here was a society which had weathered the worst years of sacrifice and suffering, which despite the debilitating effects of warfare had managed (with a great deal of American assistance) to lift itself by its economic bootstraps to the point of economic take-off. The Paris Agreements brought the hope that the worst was now behind--that given a shaky peace, a little luck, and a few more years, South Vietnam would join the ranks of the other Asian nations enjoying economic booms, Taiwan, South Korea, and now the ASEAN states. But the peace was false. There came one final test of willpower and determination, and the South and all of its defenders were found wanting. The South Vietnam of great promise was not to be.

Trial and Experience, it is to be noted, is part of an ambitious study which Dr. Tuan has in manuscript, one which seeks to put the Vietnam experience into the broader context of American and world history. It is to be hoped that it too eventually will find its way into print.

Douglas Pike  
University of California, Berkeley  
February 1986



## FOREWORD

There is a South Vietnam ravaged by protracted and bloody war, of devastated villages and defoliated landscapes, of endless streams of destitute refugees. This South Vietnam has little industry, much of its farm land has been ruined, and despite a considerable amount of foreign aid progress has always lagged far behind expectation. The population, drained by the war, has been living almost permanently in the thralldom of misery.

There is another South Vietnam with impressive natural resources, a rich agricultural potential, large livestock production, vast stands of timber, and an abundance of as yet only marginally used seafood resources. Industrialization, though in its infancy, is viewed as having significant prospects for development. The petroleum reserve, on the basis of preliminary surveys, may be one of the largest in Southeast Asia. This South Vietnam has the will and the organization, as well as the policies, to take advantage of these potentials and, in spite of wartime, has provided the average Vietnamese a standard of living that most less-developed countries cannot come near to duplicating.

Reality can be viewed from different positions, and each position will result in a different kind of evaluation. But history will smile at all attempts either to ignore the irrefutable historical facts or to distort the multitudinous complexity of events. The process of development in South Vietnam is not simple, for the variables are many and the causal factors are broad. My primary aim is to contribute to a fuller understanding and interpretation of the South Vietnam realities. For my part, I share the conviction that policy must operate within a context of circumstances that allows a choice of alternatives, and sound evaluation must be formulated from a thorough knowledge of this context. Only on this basis can past experiences illuminate present affairs and provide guidance for future actions. Thus it seems to me that an attempt should be made to present not only basic information but also interpretative comments and analytical prospects. In many respects, development is a process of trial and experience.

The volume is divided into two parts. After an introduction focusing on historical preconditions,



Part I attempts to explore in depth the years of trial (1954-1975) by retracing the evolution of South Vietnamese development policies. The analysis consists of four chapters structured chronologically and corresponding to what can be considered as the four major phases of South Vietnam's development dynamics: the first chapter examines the problems ahead, 1954-1963; the second chapter focuses on the mounting pressures, 1963-1968; the third chapter describes the chances of survival, 1968-1973; and the fourth chapter deals with the final outcomes, 1973-1975. Each major theme is examined systematically as it arose or as it was confronted by the South Vietnamese government itself.

Part II attempts to assess the lessons of experience by moving from the analysis of particular policies to the formulation of generalizations about the problems of development. The assessment breaks down the lessons into four main categories which are discussed in four corresponding chapters: chapter five deals with the facts of underdevelopment; chapter six examines the burden of the war; chapter seven addresses the impact of foreign aid; and chapter eight focuses on the dynamics of change. The assessment of the experience strives to integrate concept with reality and to show how a political economy approach can help evaluate important issues of development at the interface of politics and economics with far-reaching national and worldwide implications. In the conclusion, the study relates the multiple dimensions of the challenge for development to the unfinished tasks that confront the world now and will confront the world tomorrow and in the years to come.

A good and realistic perception of the interests at stake will enable us to understand the South Vietnam case not in terms of moral self-righteousness or political guilt for past actions of leadership or harsh denunciation of the policy of great powers toward small nations, but more essentially, to realize the very challenging nature of the quest for development and the search for a better world.

Nguyen Anh Tuan  
Manhattan, Kansas  
April 1985