

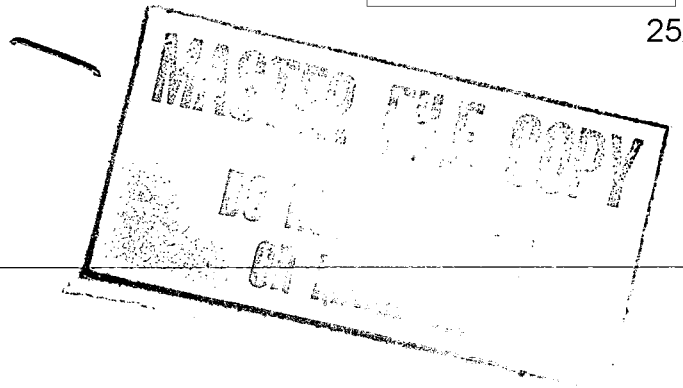


Directorate of Intelligence

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# Vietnam: Integrating the South



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An Intelligence Assessment

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EA 83-10101  
June 1983

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# Vietnam: Integrating the South

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**An Intelligence Assessment**

This paper was prepared by [Redacted]  
[Redacted] Office of East Asian Analysis. It was  
coordinated with the Directorate of Operations and  
the National Intelligence Council. (U)

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Comments and queries are welcome and may be  
directed to the Chief, Southeast Asia Division, OEA,

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*EA 83-10101  
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**Vietnam:  
Integrating the South**

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**Summary**

*Information available  
as of 30 May 1983  
was used in this report.*

Vietnam's success in controlling Indochina and projecting its influence throughout Southeast Asia rests essentially on two factors: the willingness of the USSR to provide military and economic aid, and Hanoi's ability to maintain domestic political and economic stability. The first appears secure. To achieve the second, Hanoi has since 1975 concentrated on creating a unified, stable Vietnam capable of becoming a regional power.

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The task has been formidable. When Saigon fell in April 1975, the south was in chaos, buffeted by the dislocation of over 8 million rural Vietnamese, the creation of dozens of anti-Communist guerrilla groups, the breakdown of the export-oriented economy, and the disruption of agriculture in the fertile Mekong Delta.

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In its drive to bring the south under control, Hanoi focused on establishing political and military security; creating a reliable political cadre and population; and socializing the southern economy. The first two programs have proceeded smoothly:

- Armed resistance within Vietnam has been reduced to a nuisance level.
- The once influential religious sects have been neutralized.
- Southern chauvinists in the party ranks have been replaced.
- The media and schools are under state control.
- Thousands of northerners have been relocated to the south.

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Socialization of the southern economy has not been as successful. Hanoi's attempts between 1975 and 1979 to force rapid socialization of the south by heavyhanded fiscal controls and collectivization led to a serious decline in industrial and agricultural production. Hanoi has since pursued a more gradual approach based on the employment of production incentives. This program, in turn, has stimulated the growth of a large private sector that the leadership is now trying to bring under control.

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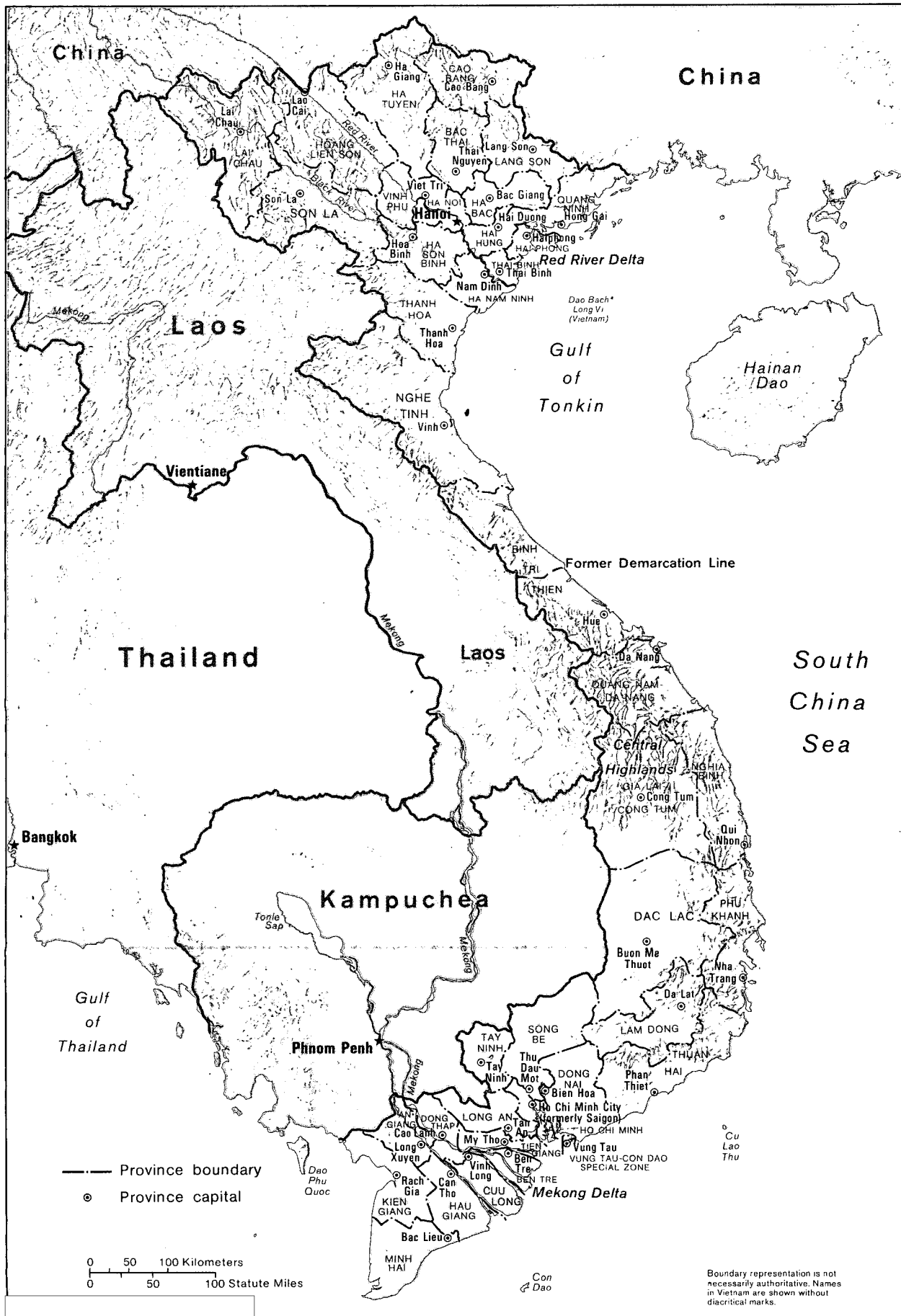
We see no prospects, however, that these economic problems will force the leadership to divert its attention and resources from its drive to control Indochina. Hanoi appears to have learned from the mistakes of its earlier collectivization program and is unlikely to push socialization hard enough to seriously threaten production. Recent improvements in economic performance, moreover, appear to have convinced the leadership that it can afford to continue socialization without disrupting either its foreign or domestic policy goals.

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**Vietnam:  
Integrating the South** [Redacted]

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**Establishing Security**<sup>1</sup>

Hanoi was forced in 1975 to contend with both immediate and potential opponents to its rule. The first task was to eliminate the armed groups that arose in the Mekong Delta following the collapse of the Saigon government. But Hanoi also had to deal with thousands of demobilized South Vietnamese soldiers and former Saigon officials, as well as the politically active religious sects. [Redacted]

The Delta's ethnic Vietnamese armed resistance groups, which numbered 5,000 to 6,000 personnel in the summer of 1976, were divided into dozens of separate groups with virtually no outside channels of support. Some of the Communist troops who had participated in the final offensive against South Vietnam moved into the Delta to combat them. By 1978, military operations, installation of document controls and registration to impede free movement, and the penetration of the resistance by counterintelligence operatives had eliminated the most dangerous elements. The 20 Vietnamese divisions located south of Da Nang in late 1975 were reduced to 12 one year later and to one at the end of 1982. [Redacted]

[Redacted] the Ministry of the Interior's Ho Chi Minh City office now has only about 200 public security personnel working specifically against "counterreactionaries" in the south—a category that also includes dissidents, intellectuals, and black-marketeers. The reduction in Hanoi's military commitment and the transfer of responsibility to public security officials suggest that the resistance groups have been almost destroyed, their few surviving members now constituting a police problem [Redacted]

The only remaining active resistance group in southern Vietnam consists of nonethnic Vietnamese. Fulro—the Unified Front for the Liberation of Oppressed Races—is a 20-year-old hilltribe separatist movement in the Central Highlands that stages road

[Redacted]

ambushes and conducts small raids on isolated government posts. The government's constant patrol-ling—the only remaining infantry division in the south is located in the Central Highlands—has caused Fulro to lose 2,000 men since 1981, according to admissions by the movement's leaders. Fulro now claims an armed strength of 9,000, [Redacted]

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Unlike the ethnic Vietnamese opposition groups, Fulro's exclusively tribal nature has made it difficult to infiltrate. Hanoi therefore is trying to change the ethnic composition of the Central Highlands in an attempt to reduce Fulro's operational range and its ability to avoid detection by Vietnamese troops. The sparsely populated, hilltribe-dominated mountain provinces have been flooded by thousands of Vietnamese settlers since 1976. Vietnamese press accounts, for example, state that in one district in Gia Lai-Cong Tum Province alone, 25,000 Vietnamese were resettled between 1976 and 1982. Another media report stated that Quang Nam-Da Nang Province sent 80,000 persons to the Central Highlands from 1976 to 1981 [Redacted]

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**Neutralizing Potential Opposition**

Hanoi has also neutralized the religious sects once prominent in South Vietnamese politics. The virulently anti-Communist Hoa Hao sect was a major target of Communist military operations between 1976 and 1978. [Redacted] Hanoi isolated Hoa Hao areas, constricting the flow of food and supplies and closing the sect's schools, libraries, and pagodas. Many leaders were arrested or killed. Others, such as Hoa Hao Central Church head Le Quang Liem, were released from prison in return for espousing Hanoi's position, [Redacted]

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Vietnam's 2 million Cao Dai—a syncretist sect in Tay Ninh Province and the Mekong Delta—suffered a similar fate. Although the sect offered little resistance, its property was confiscated and its top 30 leaders were sent to reeducation camps. New, pro government priests have taken their place.

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These sects, as well as the Buddhists—active and powerful opponents of several Saigon governments—and the Catholics—who dominated these same governments—remain under tight control.

The massive refugee exodus that began in 1975 also eliminated a potential source of resistance. Originally composed of anti-Communist South Vietnamese fearful of retribution, by 1978-79 the exodus was joined by as many as 250,000 ethnic Chinese going overland to China. The economic downturn following unification and the attempts to socialize the southern economy added thousands more.

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proselytizing is limited by the government, most seminaries and monasteries are closed, and few new acolytes are admitted to train for the priesthood. The four groups are represented by official organizations, such as the Vietnam Buddhist Church, and are headed by persons willing to support government policies.

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the groups are laced with informers, and their most intransigent—and often most capable—leaders are either dead or in prison.

### The Exiles

Some antiregime activities are conducted by exile groups, but we believe the three leading organizations have had little success in establishing a presence inside Vietnam. Two of these groups—former South Vietnamese Air Force officer Le Quoc Tuy's Bangkok-based Movement for the Liberation of South Vietnam, and former Saigon Admiral Hoang Co Minh's United Front for the Liberation of South Vietnam—have infiltrated some men and supplies into southern Vietnam, but we have no information indicating they have been able to mount any operations.

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Thich Tri Quang, one of the most formidable Buddhist activists during the 1960s, was in detention from 1975 to 1980. Since his release in late 1980, his movements have been closely watched by public security officials.

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In addition to neutralizing the religious sects, Hanoi has sent thousands of former Saigon government officials and soldiers to “reeducation” camps, thus reducing the resistance pool of potential recruits and leaders. According to the US Embassy in Bangkok, Hanoi still uses imprisonment to isolate what it considers to be the most dangerous elements from society. Refugees report that as many as 100,000 persons remain in 40 to 50 camps.

[Redacted]

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Those who are released are kept under surveillance by the public security police, who have established an extensive network throughout the south. According to a late 1982 Vietnamese magazine article, the “enemy list” includes former Saigon soldiers and officials, former non-Communist politicians, and Catholics, Buddhists, and ethnic Chinese. All persons must register with the local authorities, and former camp inmates must obtain permission to stay away from

they have been unable to operate effectively inside the country because of the success of the regime's counterintelligence apparatus, which identifies local “reactionaries,” maintains files on suspected troublemakers, and monitors their movements. Last July, for example, the public security office publicized the capture of Vo Dai Ton, a former Saigon Army lieutenant colonel who was trying to infiltrate into Vietnam.

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The third group is the Chinese-supported National Salvation Front, whose titular head is former Vietnamese Politburo member Hoang Van Hoan. It also

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includes several southerners involved in the old Provisional Revolutionary Government that ruled South Vietnam in 1975-76. [redacted]

[redacted] the group does little more than disseminate propaganda. The exact role China plays in financing or arming anti-Hanoi exiles is unclear, [redacted]

[redacted]

**Taming the Southern Party**

While using military force to end armed resistance, Hanoi began to transform southern society and the Communist Party in the south. Hanoi merged the two Vietnams in 1976 over the objections of southern party cadre who had hoped to solidify their positions before unification. Those southerners who opposed the merger were overridden and often removed. [redacted]

[redacted] Tran Bach Dang, head of the Viet Cong Culture and Information Section in 1975. Dang resented northern control over southern artistic, cultural, and information affairs and openly opposed the merger. By early 1976 the party had stripped Dang of his position and transferred him to Hanoi, where he was ordered to attend a political indoctrination course. Eventually Dang was given a powerless party position that he still holds. [redacted]

Other officials suffered similar fates. General Tran Van Tra, one of the most prominent southern military officers during the war as well as Central Committee member and commander of the Seventh Military Region, lost his Central Committee membership and his regional command in 1977 for opposing the merger and the accompanying economic policies. [redacted]

[redacted] many former Viet Cong officers brought into the People's Army of Vietnam were removed at about the same time. [redacted]

Hanoi at an early stage showed its intent to remove potential opposition among the southern party cadre by issuing two documents facilitating the introduction of northerners into the south. The first was Resolution 24, issued in March 1976, which stated that party positions would be assigned on the basis of merit and sound moral standing rather than geographic origins. The second—Directive 232, issued in June 1978—

called for the investigation and possible removal of party cadres with relatives who worked for the Saigon government or cadres who had been detained or imprisoned by the Saigon authorities. Both occurrences were common among southerners. [redacted]

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The introduction of northerners into the party was clearly intended to break down southern particularism, but it was also necessary to staff the local party structure. Because of the underground nature forced upon the southern party during the war, South Vietnamese party membership vastly underrepresented the area's population. This situation continues today. In 1982 out of 1.6 million Communist Party members, only 200,00 to 300,000 are from the south. Ho Chi Minh City, according to the Vietnamese press, has only 40,000 party members compared with Hanoi's 150,000. [redacted]

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**Remaking the South**

Hanoi has moved beyond party purification to develop a loyal southern population by resettling thousands of northerners in the south. One media account last November, for example, stated that 95,000 people were sent to four southern provinces during the first nine months of 1982. Another account stated that 2 million people would be sent to new economic zones—underdeveloped, remote areas—by 1985. One and a half million had been resettled in these zones by 1981, although not all of those resettled were northerners sent to the south. [redacted]

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[redacted] the Central Committee expected resettlement to create loyal population centers in the south as well as to relieve the tremendous population pressure in northern Vietnam's Red River Valley. [redacted]

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The party is employing what we consider to be other effective approaches to encourage loyalty among the southerners over the long term. First is control of education. All students are subjected to intensive teaching in "revolutionary ethics." [redacted] beginning in the fifth grade, students are given two hours of indoctrination per week. Professors are controlled by the Patriotic Intellectuals Association

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formed in 1975. Students are also watched, with university students categorized as either "normal" or "special"—the latter belonging to the revolutionary class. In the next five to 10 years, children who have been exposed solely to the Communist educational system will reach the age for military service or for activism in the Youth Union—primary recruiting grounds for the party. [redacted]

Secondly, to ensure that unauthorized views are not widely available, Hanoi is waging a cultural war. During its last major campaign in 1981, the party finally closed *Tin Sang*, the docile but independently owned newspaper in Ho Chi Minh City. The city's book market, which did a brisk trade in pre-1975 used books, was cleansed of "degenerate culture." According to the Vietnamese press, hundreds of millions of books (over 340,000 titles) and nearly 1,000 journals were eliminated. Cassette tapes were confiscated as well. These measures have not ended the underground traffic in Western and unauthorized Vietnamese books and music, but the restricted flow of such items helps isolate the southerners from views outside the party-approved norm. [redacted]

Writers and other artists have also been commanded to offer approved literature. A major article in the September 1982 issue of *Tap Chi Cong San*, the party journal, highlighted the important role "progressive, patriotic, revolutionary, and socialist literature" plays for the regime in creating the "new socialist man" in the south. The party journal admitted, however, that the quality of socialist literature was not always high and that writers and artists had to become better organized if they were to be effective. [redacted]

### **Economic Integration Delayed**

Hanoi has had the most difficulty integrating the economy of the south. From the moment of victory in 1975, Hanoi began to install its own people in top economic posts. The Westernized technical and professional elite who remained after Saigon's fall were rusticated or sent to reeducation camps. The ruling structure imposed in their place, however, had been conducting war for 30 years and was totally unprepared to manage, let alone transform, the complex capitalist economy that existed in the south. Hanoi

ordered caution and patience in socializing the south, particularly in expanding the share of goods, distribution, and income under state control. [redacted]

Vietnamese press accounts indicate that from 1975 through late 1979, the regime emphasized controls to suppress capitalist activity. Bank accounts were frozen, private businesses were closed, and trade was severely restricted. There were no compensating measures, however, to promote socialist economic activity. [redacted]

In much of the countryside, collectivization was pushed hard. According to official statistics, the coastal and Central Highland provinces were about 80 percent collectivized, measured by households incorporated. But in the Mekong Delta, which produces 40 percent of Vietnam's rice, this effort met with peasant resistance. Only 10 percent of the Delta's households and 7 percent of its land were incorporated, leaving nearly 11 million peasants operating independently. Forced sales of grain to the government at dictated low prices and the use of roadblocks to prevent peasants from transporting grain to sell in cities reduced incentives to grow more than enough to meet family needs. While data are not available, [redacted] press accounts indicate that the urban and rural programs led to a rapid decline in the south's total industrial and agricultural production. [redacted]

### **Hanoi's Liberal Economic Reforms**

Faced with widespread malnutrition and the outbreak of war with China and Kampuchea, Hanoi in 1979 adopted emergency correctives to stop two years of declining production. The collectivization drive and resettlement program were suspended; physical barriers such as roadblocks to transport and trade were removed; agricultural taxes were frozen for five years at about 10 percent of previously established levels of output; increases in agricultural output were exempted from taxes through 1984; and permission was granted for a wide range of private enterprises, in many cases based on withdrawals from formerly frozen bank accounts. [redacted]

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Finally, in 1981, the "end-product contract system" was introduced. Although media accounts indicate that this system varies with the locale, in most areas it involves turning over plots of collectivized lands to individual peasant families who contract to supply grain in stipulated quantities to the state; any excess belongs to the peasant. The collectives themselves undertake only infrastructural development, such as construction of irrigation facilities and establishment of seed nurseries. The official media report major improvements in effective use of land and fertilizers and in work attendance and intensity since the system began to be widely applied about mid-1981. [redacted]

### The Growth of the Private Sector

These policies, along with favorable weather, arrested the decline of the economy. In 1981, according to Vietnamese statistics for the entire country released to the IMF:

- Gross domestic product rose 2.7 percent after declining 3.7 percent in 1980.
- The grain harvest increased by 1 million tons to about 15 million tons.
- Industrial production grew by 1.9 percent after declining 10.4 percent the previous year. [redacted]

But the incentive measures also fostered a private sector that now produces and markets the majority of the south's crops and consumer goods. [redacted] private traders buy hidden grain from Mekong peasants for sale in Ho Chi Minh City and other urban centers. The profits are used for financing small-scale private industry, for hoarding and speculation, and for the illegal diversion of goods from state channels. The Vietnamese media report that the profits of the private sector have also been used to corrupt officials and divert state raw materials, fuels, and manufactured products into illegal domestic and export channels. Private traders now flaunt Western consumer goods and build large houses. [redacted] the city's Chinese district, Cholon, has flourishing markets specializing in a wide variety of items ranging from dried fish to television sets and other Western goods supplied by Cholon's counterparts in Singapore and Hong Kong,

all protected by local officials. The private sector, a recent Vietnamese account admits, controls at least 60 percent of all retail trade in the south. [redacted]

The Vietnamese press in April disclosed that state enterprises also are involved in the private sector. They are reported keeping part of their output for unauthorized exchanges or sale outside the state plan. They then seek outlets in the private sector in order to make profits and to obtain raw materials the state cannot supply. [redacted]

When the first postwar, five-year plan (1976-80) ended, the Soviet press indicated that the socialist part of Vietnam's economy as a whole was producing less than 60 percent of the gross social product, the Communist measure of industrial and agricultural production. [redacted]

Steps taken by Hanoi to compete with the private sector have worsened the plight of officials, who are dependent on government subsidies for food and essential goods. Increases of 600 to 700 percent in 1982 government farm procurement prices—passed on through the economy—were accompanied by salary increases to government personnel of only 100 to 200 percent. The money the government printed to pay the procurement prices drove inflation to well over 100 percent, according to IMF estimates. The effect was to force considerable participation in the private sector by the very officials charged with suppressing it. [redacted]

### Contradictory Policies Considered

The problem of pushing socialization without forcing down production presents the leadership with a real dilemma. Although we do not believe Hanoi will employ the drastic—and destructive—measures it used unsuccessfully to socialize the south in 1975-79, we also doubt the leadership has substantially improved its ability to manage the economy. This is reflected in the Vietnamese media, which carry conflicting views on how to proceed. Ideological journals

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note that private trading stimulates production of food and light industrial goods that would not be available otherwise. They concede that the traders also perform distribution and credit services for which state organs have yet to develop the resources or capabilities. [redacted]

On the issue of collectivization of the Mekong Delta, the leading party journal early this year analyzed the problem as a complex class struggle, quoted Lenin on the need to use coercive and dictatorial measures on the enemy, and cited help from the USSR and better management as the keys to success. In contrast, the same journal in a later issue warned cadres against "imposing new production relations mechanically when the productive forces do not require them yet." This time the journal urged that peasants in collectives still be paid for their contribution in land, that private plots be continued, and that the end-product contract system be employed. [redacted]

**Policy Shifting Back**

During preparatory meetings for the Fifth Party Congress in March 1982, Vietnamese officials argued bitterly over the timing and pace for restricting the 1979 concessions and for renewing the socialization drive. The hardliners gained ground after a second year of good weather and improved economic performance in 1982. The leadership now appears united in advocating tighter controls over the private sector and the resumption of collectivization in the south. [redacted]

With a goal of having all southern peasants in collectives by 1985, Hanoi cautiously resumed collectivization. Some 5,800 new collectives were formed to bring the total for the south to about 9,800. For the south as a whole, however, the percentage of peasant households and of cultivated land in collectives remains only 21.3 percent and 15.6 percent, respectively, according to the press. [redacted]

Hanoi has also resumed restrictions on money and goods sent to Vietnam from friends and relatives overseas; recipients are now restricted to three packages a year. [redacted] controls on other areas are tightening as well. Earlier this year, for example, the party closed 51 privately owned restaurants in Ho Chi Minh City. [redacted]

**The Next Step**

Vietnam appears to have finished laying the basic foundations for political and cultural integration. Hanoi no longer faces a serious internal challenge to its rule over the south, southern particularism within the party has been stifled, and the generation-long task of changing the attitudes of southern Vietnamese through control of education and culture is under way. [redacted]

We believe Hanoi now intends to soften the image of northern domination. With the departure of what Hanoi considered southern chauvinists, young southerners with little memory of an autonomous southern party wing will be recruited to strengthen party ranks. In fact, press and refugee reporting suggests that especially strong recruiting efforts are being made in the south. [redacted]

In addition, we expect the present ruling circles of the Communist Party to take account of southern interests. Of the 15 full and alternate members of the Politburo, five—including General Secretary Le Duan—were born in southern Vietnam, and two more spent a considerable part of their careers there. Minister of the Interior Pham Hung, born in the Mekong Delta and belonging to the inner circle of the Politburo, is known as the leading spokesman for the south. Another southern Politburo member, Vo Van Kiet, is instrumental in economic planning; he is rumored to have opposed extensive collectivization in the south. [redacted]

Hanoi's ultimate goal—to collectivize the south and destroy the private sector—cannot be achieved quickly. Despite the fact that most Mekong peasants remain outside the collectives, the state has been able to increase its share of crops grown in the Delta from 17 to 25 percent by increasing procurement prices. The 1 million tons collected from the Delta in each of the last two years has been critical to maintaining support for government and industrial workers, cadres, and soldiers. We believe, however, that resistance to a collectivization program pushed too fast could result in the same declines in production experienced in 1975-79. [redacted]

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In addition, to establish the tens of thousands of new collectives on a strong footing, Hanoi would have to divert scarce trained manpower, tools, motorized equipment, and construction equipment from other uses. Hanoi also suffers from shortages of improved seeds, fertilizer, and irrigation pumps. Finally, Hanoi, according to official press reports, has no food reserve to cushion against declines in output. [redacted]

Control of overseas remittances also presents a problem. They are an important resource for Vietnam, but they also lead to increased participation in the free market. Remittances and packages provide the Vietnamese with an estimated \$100-200 million a year in hard currency, as well as a range and quality of goods Vietnam cannot hope to produce for many years. [redacted]

Judging from repeated media statements that an acute class struggle in trade and distribution will last for a protracted period, the regime does not see an early triumph over the private sector in the south. Hanoi envisages a gradual process whereby more and more of society's goods and services are provided by the state until the private sector disappears. Progress is dependent on the ability of the state sector to produce or to purchase an increasing share of goods and on whether the state managers can become more competitive in energy and skills with their free market counterparts. Neither development seems likely soon. [redacted]

### What Can Go Wrong?

Except for the problems in the economic sector, Hanoi's move toward integration appears on track. Nevertheless, there are several factors that could increase the cost and slow the pace of the program:

- *A sharp drop in agricultural production.* Caused by bad weather, resistance to collectivization, or a combination of the two, a food shortage would force Hanoi again to back off from socialization. This shortage could also affect Hanoi's gains in political and cultural integration by provoking interregional squabbling over allocation of resources. The seriousness of the shortage, the weather, and Soviet willingness to increase food aid would be the factors

determining how soon socialization could be resumed. The drop in Soviet food aid—from 1.5 million tons in 1979, a disastrous crop year in Vietnam, to 300,000 tons per year in 1981 and 1982—suggests the Soviets would increase aid to avoid famine but not to facilitate the collectivization program.

- *The spread of the private sector to the north.* [redacted] southern goods are already being sold in small but growing black markets in Hanoi, Haiphong, and other northern urban centers. Cadre and government workers themselves are beginning to depend on these markets for goods not available from the government. Harsh controls could create a backlash from the northern population, the party's main source of support.
- *A large increase in outside aid to the resistance.* An increase in resistance activity would force Hanoi to divert more resources to internal security. But even with a substantial increase in foreign aid—which we believe is unlikely—the resistance is not likely to become an unmanageable problem. Aid would have to be channeled through Laos or Kampuchea, both under Vietnamese control, and past Vietnam's pervasive internal security system. Travel through Kampuchea would also involve cooperation with both Communist and non-Communist Kampuchean resistance groups. Moreover, there appears to be no leader who could organize an effective resistance.

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