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An Economic Study of Agrarian Problems in Indochina.

Randall Stelly
Louisiana State University and Agricultural & Mechanical College

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AN ECONOMIC STUDY OF AGRARIAN PROBLEMS IN INDOCHINA

A Dissertation

Submitted to the Graduate Faculty of the
Louisiana State University and
Agricultural and Mechanical College
in partial fulfillment of the
requirements for the degree of
Doctor of Philosophy

in

The Department of Agricultural Economics

by

Randall Stelly
B. S., Southwestern Louisiana Institute, 1940
M. S., Agricultural and Mechanical College of Texas, 1947
May, 1956
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ABSTRACT

This study analyzes economic conditions of Indochina as related to agrarian problems and indicates the nature of reforms necessary to improve the economic and social well-being of rural people. The study is based on available official and unofficial reports and on data developed by the author during four years as an agricultural economist in Indochina.

Indochina comprises the states of Cambodia, Laos and Vietnam, which in 1952, emerged as free nations after 75 years of French colonial administration. Indochina is largely agricultural and is faced with the serious agrarian problems characteristic of the Far East. About 90 percent of the 23 million inhabitants are engaged in farming, rice being the major crop. While agricultural products constitute nine tenths of the country's total production, less than one tenth of the land area is cultivated. Most farming is carried on in the deltas of the Mekong and Red rivers which support extremely large populations per square mile. In general, farms are small, living standards near the subsistence level, and most families heavily and continuously in debt. Nearly all agriculture is conducted by natives, although rubber, coffee, and some tea and rice plantations are French owned. Farming methods are primitive, yields relatively poor, and production per worker low. There is very little mechanical equipment and the use of draft animals is restricted because they compete with man for the limited food supply. Problems of land ownership and tenure relations include the large number of farmers on the available land, the parcelization of land holdings in North and Central Vietnam, and the share-cropper system, absentee landlords,
insecurity of tenure and low percentage of farmer-owners in the south.

The need for agrarian reforms arises from the very unequal distribution of landholdings with a large percentage of the farm land in possession of a small percentage of the people, exorbitantly high land rental rates, usurious interest rates charged by moneylenders and merchants for loans, and the disorganized and unsystematic manner in which agricultural commodities are marketed. Ineffective government action in relieving these conditions results in social and political unrest.

Programs designed to improve the economic well-being of Indochinese peasants and, consequently, the national economy should emphasize increasing land productivity and farmer efficiency, and be accompanied by measures to assure equitable distribution of production. To fulfill these aims a reform program should:

1. Provide credit to farmers at reasonable interest rates to decrease farmers reliance on merchants and moneylenders.

2. Immediately effectuate reduction of land rent, establish greater security of tenure and formalize rights of squatters and displaced farmers on abandoned lands, and eventually redistribute lands more equitably.

3. Improve the agricultural marketing system by encouraging village farmer credit, marketing, and purchase cooperatives, reestablishing storage and basic processing facilities in rural areas, providing adequate market information, and revising taxation and credit policies.
4. Strengthen the government Agricultural Service to include a farmer education, information or agricultural extension section to acquaint farmers with possible benefits through improved crop production and harvesting.

5. Give greater emphasis to government rural education and health improvement programs.

6. Provide opportunities for more employment outside agriculture and reduce excess farm population.

7. Foster improvements in transportation, especially repairing war damage to facilities and building more farm-to-market roads.

8. Place greater emphasis on improving irrigation methods and water-control devices.

To implement such a program of agrarian reform will require the active participation of governmental organizations at national, provincial, and local levels. Government action to be effective must provide a greater opportunity for participation and self expression by the rural people for whom the program is designed to benefit.
CHAPTER I

INTRODUCTION

France established itself in Indochina during the second half of the last century. The first contacts with the natives were made by French missionaries during the early part of the seventeenth century. French traders became interested in the area during the middle of the eighteenth century when the French East India Company sent specialists to Indochina to survey the country's resources and to draw up plans for their development. The first French territorial acquisition occurred in 1787 when, by special treaty providing for French support of the Emperor of Annam, France was permitted to acquire the city of Tourane and the island of Paulo Condore, off the Cochinchina coast. 1

Persecution of the French missionaries by the Annamites during the early part of the nineteenth century opened the way for energetic action by France. After a series of military engagements a special French military force captured the city of Saigon in 1859, and by 1867 the whole area known as Cochinchina became established under French rule. The Kingdom of Cambodia accepted French protection in 1863, and by 1884 the French became firmly entrenched in the Mekong River delta when by a special agreement the broad outlines of French political and administrative controls were formulated.

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France at first became interested in Tonkin primarily from a desire to open a road into China. Following a series of military activities, beginning in 1873 and ending in the treaties of 1884 and 1885, a French Protectorate was definitely and firmly established over Tonkin and Annam.

Laos was the last state to become part of French Indochina. Through its influence exerted from Cambodia to the south and Annam and Tonkin to the east, France made peaceful expansions into Laos. The Franco-Siamese treaty of 1893 established a French Protectorate over Laos whose king had turned voluntarily toward France for protection against Siam and Vietnam. French Indochina thus became five states and three peoples plus several ethnic minority groups.

France immediately declared Indochina an "assimilated" colony. While Cochinchina was governed directly as a colony, native rulers remained in nominal control over most of the country. However, French colonial power was always dominant and indirect rule was used for administrative expediency.

The French administration lost little time in consolidating its administrative powers for French economic gains. Indochina soon became a protected market for French industries and, in addition, through special customs systems and tariff duties, contributed substantially to furnishing France the raw materials for its growing

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2 "Assimilated" is a term used by the French to define the relations between France and other members of the French Union.

industries. It was in fact advocated by high public officials in France that "colonial production be limited to supplying the mother country with raw materials or other non-competitive products". A very healthy atmosphere was thus created for profits to French capital.

With time, however, the political and economic situation changed to the detriment of the French. Political leaders began agitating for more freedom and greater independence. After World War II France was forced to give Cambodia and Laos and the newly-named state of Vietnam greater autonomy. The French Governor General was reduced to the rank of High Commissioner, the Indochinese government officials were given greater control over the internal and external affairs of the area, a greater degree of independence was granted by France in 1950 and finally complete independence in 1952.

In Vietnam, especially, the fever of independence ran high. Under the Communist leader Ho Chi Minh, dissident groups began battling French forces openly soon after the war and, with Communist support, succeeded in gaining control of that part of Vietnam north of the 17th parallel. Nationalists in the South, under the leadership of President Ngo Diem, moved further away from French rule and influence by taking control of a larger portion of the economic, political, financial and social affairs of the country.

Thus, after seventy-five years of French rule the three states of Indochina were granted independence within the French Union with the freedom to choose their own form of government. Cambodia and

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4 Meline (Director of the French Industry and Agriculture Association) as quoted by Robequain, op. cit., p. 129.
Laos are presently under a constitutional monarchy form of government and South Vietnam, through popular referendum, recently chose a democratic republic government and rejected the former French-imposed Monarchy of Emperor Bao Dai.

Compared to other countries in Southeast Asia, Indochina has not developed to any great extent economically and industrially under French rule and administration. As a result, the economy of the area is still based almost entirely on agriculture which is conducted under primitive methods of cultivation for the most part. In the agricultural economy of Indochina rice production predominates to such a degree that it can be referred to as an example of monoculture. About ninety percent of the inhabitants are engaged in agriculture, and about ninety percent of the total production of the area comes from agriculture and forestry. Most peasant farms are small and the farmers and their families have a very low standard of living and are usually heavily in debt.

Nearly all farming is carried on by native farmers, although rubber and coffee plantations and a number of tea and a few rice plantations are in French hands. Except on the European rubber plantations, yields per acre are low due primarily to the primitive production practices followed.

As in most Asiatic countries, the diet of the Indochinese consists mostly of plant foods, primarily rice. Fish is by far the most important of the animal products. Since production statistics are unreliable and many fairly important crops are excluded from official production statistics, it is impossible to prepare a satisfactory food balance for Indochina. However, the per capita food consumption of the
average rural peasant is very low.

Besides the French, the Chinese and Indians play a leading role in the internal economy of Indochina. The Indians have become well established in the retail trade while the Chinese can be said to practically dominate the internal rice marketing and milling and the forest industries, and also play a leading role in the fields of agricultural credit and transportation.

The Purpose and Scope of Study

World War II brought to light a recognition and appreciation by the Western world of the strategic and economic importance of that geographic area of the world often referred to as Southeast Asia. Japanese occupation and control of the area for a brief period during the war gave that country control of over 95 percent (over one billion bushels) of the world rice production and a six million ton annual rice surplus. In addition, the 150 million people living in that area produce over 75 percent of the world's natural rubber. Geographically, the area forms the "cross-roads" into Asia. From a location standpoint the area is strategic because most communication between the Orient and the western part of the world pass through Southeast Asia.

Indochina forms part of this general area; in fact, it is located in the approximate center of Southeast Asia. As is the case of other countries of the area. Indochina's economy is basically agricultural, and it is upon the prosperity and stability of the agriculture that the economic well-being of all the people depends. Agrarian unrest has been rampant in all of Southeast Asia for the past ten years or so, and especially so in Indochina.
Very little information has been published in the English language about agricultural and agrarian conditions in Indochina. The few published works on the subject are in the French language for the most part.

The purpose of this study is to analyze the economic conditions of Indochina as related to agricultural and agrarian reform in order that intelligent and positive lines of action may be recommended to improve the social and economic position of the country's agricultural population and thereby insure future stability and prosperity in that important area of the world. In general this analysis is divided into three steps: (1) a general survey and summary of conditions as they exist at the present time; (2) a critical appraisal and analysis of the situation; and (3) recommendations and suggestions for practical actions and policies deemed necessary to bring about desired improvements in the levels of living, productivity and stability of the rural population.

The ideas contained and conclusions reached in this study are not intended as final and only answers to the problems facing the rural population of Indochina. They should, however, serve as a basis or "guide-lines" for action programs and policies designed to contribute towards a political, economic and social atmosphere which will be in the interest of individual freedom and happiness.

Sources of Data and Methods of Study

The data used in this study were obtained from official and non-official sources. Official sources include Vietnamese and Cambodian government reports and bulletins, census data, government agricultural
statistics, and official reports of various government agencies. From the United States, official sources include selected State Department dispatches, reports to the United States Congress, and special Activity Reports of the United States Operations Mission to Indochina. Unofficial sources include published works of French economists on the agricultural economy of Indochina, theses, unpublished pamphlets and articles, and trade and industry reports, magazines and bulletins. The author has also drawn widely upon his experiences and observations while serving in the capacity of Agricultural Economist with the United States Operations Mission to Indochina.

Extensive use was made of material published in French and contained in the libraries of the Vietnamese and Cambodian Ministries of Agriculture, and of the French High Commissioner for Indochina. The Office of Foreign Agricultural Relations of the United States Department of Agriculture, the United States International Cooperation Administration, and the library of the United States Embassy to Vietnam also provided valuable material.

In this study, considerable use has been made of comparative, deductive and inductive methods of reasoning. The comparative method of reasoning makes it possible to analyze programs and policies in neighboring areas and offer suggestions for their application to the country under study under similar conditions. By considering the applications to similar conditions it is possible to offer suggestions and tentative theories leading toward remedial action, definite ends and positive results.

The deductive method proves useful in formulating some basis for policy programs through analysis of existing conditions in Indochina.
Unreliability and incompleteness of a large part of the data available makes it necessary to resort to apriori reasoning, thereby making it possible to put some reliance on logical reasoning. However, failure of the course of events or the actions of people to follow what logic indicates should normally happen may put definite limits to the validity of arriving at conclusions by apriori reasoning alone. It is because of this that deductions made at a particular time may later need to be modified in the light of time and circumstances then prevailing.

The inductive method of reasoning may well be the most useful in analyzing the actual conditions and also in making positive recommendations. The number of published books, pamphlets, theses and other works of an economic nature dealing with the problems of agriculture in Indochina serve to give a fairly accurate picture of the actual conditions and to indicate past activities and occurrences. These are very useful in formulating ideas as to the cause of historical events and conditions, and serve as a basis from which to arrive at conclusions and to offer recommendations for improvements.
CHAPTER II

GEOGRAPHIC POSITION, PHYSICAL FEATURES AND RESOURCES OF INDOCHINA

This study is concerned primarily with the economic situation of the Associated States of Indochina. Particular emphasis is placed on the agricultural economy as related to agrarian reform, agricultural credit and farmers cooperative organizations. It is proper, therefore, that an analysis be made of the geographic position of the area. The physical features and the geographic location are related to the distribution and occupation of the people, and the natural resources indicate the state of the economy and possibilities for future economic expansion and progress.

Location and Size

Indochina comprises the three States of Cambodia, Laos and Vietnam and forms the eastern portion of the Indochinese peninsula. It lies between 8° 30′ and 23° 25′ north latitude and 100° and 109° 20′ east longitude, and stretches approximately 1,000 miles from north to south. It is bounded on the north by China; on the east and southeast by the Gulf of Tonkin and the China Sea; on the west by the Gulf of Thailand and Thailand; and on the northwest by Burma. Figure I shows the geographic location of Indochina.

The total area of Indochina is approximately 285,000 square miles or about 182 million acres. Vietnam, with 126,000 square miles is the largest of the three states. About 44,000 square miles is included in Tonkin, 57,000 square miles in Annam and 25,000 square miles in Cochinchina. The size of the area ceded to the Communists under the
FIGURE I. GEOGRAPHIC LOCATION OF INDOCHINA
terms of the 1954 Geneva Convention is about 60,000 square miles and includes all of Vietnam north of the seventeenth parallel. Cambodia comprises an area of about 70,000 square miles and Laos about 39,000 square miles.

**Natural Regions and Topography**

Indochina is made up of several very distinct regions. By far the most important of these from an economic standpoint are the Tonkin Delta in the north and the Mekong Delta in the south (which form part of Cochinchina, now known as South Vietnam, and Cambodia). These two delta areas lie at both ends of the Annamese chain of mountains and for this reason the country is sometimes referred to as "two baskets of rice balanced on both ends of a pole". The northern and northwestern parts of the country are occupied by the mountains of upper Tonkin, now known as North Vietnam, and upper Laos. Much of this part of the country consists of sandstone hills and limestone plateaux. Parallel to the east coast from the Gulf of Tonkin to the North to the delta of the Mekong River in the South runs the Annamese chain of mountains, which at some point reaches the coast to form numerous enclosed bays. This chain of mountains has steep slopes on the eastern side, but descends in gentle steps on the western side to the plateaux of Laos and to the Mekong River. The Cardamon Mountains in Southeastern Cambodia stretch along the Thailand frontier and the Elephant Chain, also in southwestern Cambodia, reach the Gulf of Thailand not far from the Mekong delta. The mountain region of Cambodia is the rainest and most unhealthful district in Indochina and is almost completely devoid of human habitation. Other mountain areas are only very thinly populated.
The plains of Indochina occupy almost one-half of the country's total area. The plains along the east, although they are small in area and fragmentary in distribution, contain a majority of the population. Intensive cultivation and recent alluvial deposits of high fertility permit the existence of a dense population. In these small, numerous plains and valleys along the east coast over ninety percent of the land area is utilized by man for crop and livestock production; no other area in the country approaches this figure. The two broader plains of Indochina are located on the Gulf of Tonkin and on the South China Sea. The northern plain, known as the Red River Delta, comprise an area of 5,400 square miles. In this area live more than seven million inhabitants and is considered as one of the most densely populated regions of the world.

The other great plain to the east is the Mekong Delta with an area of 15,400 square miles. This plain is usually referred to as the breadbasket of Indochina because in normal years the bulk of the country's surplus rice is produced there.

Other important plains are the floodplains and tablelands of the middle and upper Mekong River and the Toule Sap basin in central and western Cambodia. Unlike the plains of the east, the western lowlands occupy a vast, contiguous area and are drained by a single great river, the Mekong. Unfortunately, however, not all of this extensive lowland region is overlain with recent sedimentary deposits as is the case with the Red and Mekong River delta plains.

The broad tableland of the upper Mekong basin extend from the Western slopes of the Annam Mountains westward to the Mekong. Undulating gently this tableland attains moderately high altitudes in the east
but along the Mekong River the upland surface is seldom above 500 feet. Sandstone beds cover much of the area, with the exception of the Vientiane plain where rather recent sediments of high fertility predominate. It is in this area where the greatest concentration of population is found in all of Laos and the upper Mekong river.

The Toule Sap, or Great Lake, in Cambodia is a shallow body of water surrounded by alluvial material of rather high fertility. The flow of water into and out of the lake is almost entirely dependent upon the rise and fall of the water level in the Mekong River. During periods of low river level (December to June) the lake drains into the lower Mekong. During this period the lake is approximately 1,000 square miles in area. During the period of high water (June to November) the Mekong River drains partly into the lake, reversing the flow of the connecting water channel between the Mekong and the lake. During this period of the year water pours into the lake, enlarging its area to over 3,800 square miles and enriching the periodically inundated border land which is planted to rice when the water begins to recede.

Two other areas in Indochina deserve special mention because of their importance from an agricultural standpoint. One of these is the Plateau des Bolevens in Southern Laos which comprises an area of about 1,500 square miles of tableland of high fertility. This plateau has received special attention by French agricultural interests who have established coffee plantations in the area. The other area of considerable importance is the tableland area of northeastern Cambodia and northern Cochinchina. This area is overlain with recent sediments and alluvial materials. Much of this deposit consists of basaltic material carried down from erosion on mountain slopes to the North and East.
This area is commonly referred to as the "red soils" and the "grey soils", and, because of its relative fertility, constitutes the most useful agricultural portion of all the Indochinese highlands. In this area are found the large rubber plantations and tea plantings developed by the French.

**Climate and Rainfall**

Indochina is a warm country. At sea level there is no cold month. All of Indochina lies south of the Tropic of Cancer and the coldest month - January - at Hanoi, in the north, has a mean temperature of 63 degrees. Only a few tropical crops, such as rubber, cocoa and oil palm are excluded from the extreme northern part of the country, but in all the plains and lower valleys of Indochina harvests can ripen during any month of the year. The annual mean temperature is 74 degrees at Hanoi in the north, 77 degrees at Hue in the center, and 80 degrees in Saigon, all of which are close to sea level.

The longitudinal Annam chain of mountains as well as the mountains of southwestern Cambodia constitute important barriers to winds, and thus influence considerably the temperature and precipitation of a large part of Indochina. For example, west of the Annam chain the temperature variation between the hottest and the coldest months is only five to six degrees Fahrenheit; while east of the mountains, in Tonkin and northern Annam, the temperature differences between the hottest and coldest months are more than twenty degrees. In the winter the temperature sometime falls to as low as 42 degrees Fahrenheit. Along the east coast of Indochina there are variations of as much as
18 degrees in 24 hours, as well as large variations from year to year in the northeasternmost part.

From an agricultural standpoint variation in temperature is less significant than the distribution and amount of rainfall, which is determined primarily by the monsoons. The monsoons are of two types, depending upon their direction and period of the year. The southwest monsoons blow from April to November and, since they travel over large bodies of water, hit the south Indochina coast laden with moisture and bring heavy rainfall and storms over much of the country. The northeast monsoons blow from November to April and bring dry weather. The exception to this general rule is eastern Annam where the northeastern winds, having crossed a large expanse of water before reaching the coast and adjacent mountain slopes, contain large amounts of moisture which is precipitated on the land. For this reason central Annam receives most of its rainfall during the winter months.

There is considerable variation in total annual rainfall from year to year as well as from station to station within the country. This is readily seen in Table 1 which shows the temperature variations as well as the precipitation at several locations in Indochina. A study of the distribution of precipitation indicates further that there are four regions of relatively high rainfall (more than 120 inches) and three relatively low (less than 60 inches). The rainy areas are: (1) the mountains of southwest Cambodia, (2) the Bolevens Plateau of southern Laos, (3) the Djiring Plateau of south Annam, and (4) the higher portions of the central and northern Annam chain of mountains. The lower-than-average rainfall areas are: (1) the plains of Cambodia
Table 1. Climatic Data for Selected Stations in Indochina; Average, 1928-48

<table>
<thead>
<tr>
<th>Station</th>
<th>Temperature (degrees Fahr.)</th>
<th>Precipitation (inches)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dalat: Hanoi: Hue: Pnom: Saigon: Val d'Emeraude</td>
<td>Mean of warmest month: 70 84 34 36 86 86 82</td>
<td>Mean of coldest month: 63 63 70 78 79 69</td>
</tr>
<tr>
<td></td>
<td>Annual average: 66 7h 77 81 82 77</td>
<td>Year: 68.5 70.4 118.3 53.9 77.2 66.9 207.2</td>
</tr>
</tbody>
</table>

and the Mekong delta, (2) the coastal lowland of south Annam, and (3) the upper Mekong valley of western Laos.

High rates of evaporation throughout the country have rendered areas of only moderate rainfall unsuitable for cultivation and large areas of southern Indochina average less than 55 inches a year. Still vaster areas have extremely dry winter and spring months which make crop and livestock production difficult. With the evaporation ratio for the area varying between 12.5 inches and 27.5 inches, years of below-average rainfall often leave parched fields behind them in the drier areas.

**River System and Waterways**

The rivers of Indochina, along with the man-made waterways and canals, play a dominant role in the economy of the country. In fact, it can be said that rivers and canals are the life-blood of the country from the standpoint of both agricultural production (irrigation and drainage) and transportation and communication. In some areas of Indochina, particularly in the Mekong and Red River deltas, river and canal traffic account for probably more than eighty percent of the total local traffic, with roads and highways and water-buffalo trails carrying the remaining twenty percent.

There are two principal rivers in Indochina, each branching out into several tributaries close to the sea. The Mekong River is one of the great rivers of the world from the standpoint of volume of water it carries out to the sea, the size of the territory it drains, its length, and the volume of water traffic. It has its source in Tibet and descends in steps for 1,900 miles toward its delta through the plateaux
and plains of southwestern China, western Loas, and Cambodia to Cochinchina and the South China Sea. Its principal tributaries are the Cisbassac, the Transbassac and the Vaico rivers. The Red River descends from the mountains of Yunnan in China, cutting through deep and inaccessible gorges before it reaches its delta in Tonkin. Its two chief tributaries are the Black River, which flows from the plateaux on the northwest, and the Clear River whose tributaries flow from the Ba-be Lakes in China.

Other important rivers are the Toule Sap in Cambodia which connects the Great Lake to the Mekong River and the Saigon River which has its source in the mountains to the northeast of Saigon, flows past the city of Saigon and empties into the China Sea sixty miles south of the city at Cap St. Jacques. The Saigon River carries all the maritime traffic of the port of Saigon which is one of the great ports of the Orient.

The general climatic, soil, and relief features of the regions give to the rivers of Indochina certain common characteristics. As a result of the monsoons which bring heavy rains for six months of the year, and a period of dry weather for the following six months, the rivers are swollen to overflowing in the fall and early winter and extremely low in the spring and early summer. Many rapids and cascades in the areas above the deltas prohibit through navigation on the rivers beyond the plains. In addition, there is an enormous amount of erosion caused by the rivers in the mountains and highlands with the result that when the rivers overflow in the deltas during the high waters fertile alluvial material is deposited over much of the two main deltas. It is this periodic deposit of earth material that has made it possible to produce a rice crop without much fertilization year after year for
centuries in the Tonkin or Red River delta, and it is the deposits of the
Mekong River which is responsible for the forming of the Cochinchina
delta lands.

Numerous other smaller, less important rivers are found along the
entire length of the Annam, or central Vietnam, coast. These all
originate short distances inland in the Annam mountains and flow into
the China Sea. These smaller rivers also overflow their banks during
the rainy season and are the cause of the many small deltas in that
area. Throughout the length of the Annam coast population centers and
farming are found at the mouths and along most of those rivers for short
distances from the sea.

The Red and Mekong River deltas represent a very complicated
pattern of canals crossing and cris-crossing one another and the smaller
rivers at irregular intervals. In the Tonkin delta irrigation and
control of the water in the Red River were the main reasons for building
canals. The first projects were undertaken by the natives centuries
ago and under French Administration the canal and dike systems were
improved and enlarged. However, the means of communication afforded
by the canals and dikes is today probably as important as their function
of water control. The dikes provide footpaths for man and water buffalo
while the canals and ditches alongside the dikes furnish a means of
transportation by canoes or sampans and small sailboats.

It is estimated that approximately 2,000 kilometers (1,200 miles)
of man-made canals presently exist in the Mekong delta. 5 Most of these

5Robequain, op. cit., p. 111.
canals were dug under French administration. The original purpose of digging the main canals in Cochinchina was to afford a means of communication to the swampy rice lands of the interior. Secondary cuts branching off the main canals have made permanent rice cultivation possible over almost the entire delta. Settlement of the interior followed the dredging of canals, with new colonists building their huts on the earth piled up by the dredges—the plains away from the canal banks being flooded with from two to four feet of water for a period of five to six months each year. For that reason a typical Cochinchina rural community represents a row of straw huts strung on both sides of the canal banks.

With the exception of two primary roads and a few secondary ones, the only means of surface transportation in the interior of Cochinchina is by means of sampans on the canals, ditches and rivers. It is estimated that just prior to World War II the total tonnage traveling over the most frequented Cochinchina waterways was in excess of eight million tons annually. More recently, during the period of military activity those canals afforded about the only means of army transportation and movement in the interior, and both the French and Nationalist forces made extensive use of troop landing crafts and other shallow-draft boats in their military operations.

**Agricultural Regions**

Broadly speaking, the cultivation of crops in Indochina is carried

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6 Robequain, *op. cit.*, p. 112.
on in seven principal agricultural regions or areas. These are: the Red River delta in Tonkin; the numerous small valleys and deltas along the Annam coast, the Mekong River delta, the Great Lake region in Cambodia, the plateau des Bolevens in Southern Laos, the red and grey tablelands north and northeast of Saigon, and the Dalat-Djiring-Ban MeThout triangle. Rice is by far the most important crop grown in both the Red River and Mekong River deltas. Corn, cotton, sweetpotatoes, and vegetables are crops of lesser importance in the Red River or Tonkin delta. Secondary crops include sugar cane, peanuts, tropical fruits, coffee, manioc, and tea. The Dalat area is the source of most of the fresh vegetables consumed in the Saigon-Cholon metropolitan area, while tea cultivation predominates in the Djiring area. The plateau des Bolevens produces most the coffee of Indochina. On the red and grey soils area of Cochinchina and north-eastern Cambodia are found most of the rubber plantations. Figure II indicates the major types of farming areas in Indochina.

Irrigation, Drainage and Flood Control

Chiefly because of the wide variation in rainfall from year to year and the uncertain seasonal distribution, irrigation is necessary to insure stable production of rice and other crops, in spite of the generally heavy rainfall in Indochina. However, in the past, protection of the crops against the disastrous floods has taken precedence over irrigation in Annam and the Tonkin deltas. As noted previously, the construction of canals for transportation of paddy to the Saigon-Cholon area, to encourage settlement of the area and to drain large expanses of marshy land has been given greatest emphasis in the Mekong delta, but these canals also serve as a basis for an irrigation system.
Only about nine percent of the total land area in Indochina is planted to crops.
In the Tonkin delta the work of protecting the rice fields against the ravages of the floods has been going on for centuries. With the exception of the highest alluvial lands and the lowlands in the region between Hanoi and Haiphong, where the floods are not to be feared and irrigation functions automatically by the action of the tides, cultivation of rice in the delta is possible only through irrigation and control of the water through a system of dikes. Thus, construction of dikes and efforts at water control in most of the delta have been going on as long as agriculture has been practiced. However, with the use of only simple hand tools the natives in this area never were able to build dikes of sufficient strength to sustain the high waters, with the result that breakages occurred frequently flooding large areas.

In 1926 the French began an extensive program of dike improvement throughout the delta. The outlines of the old dikes were straightened, the earthen embankments were made wider, higher and more solid by means of an admixture of rocks and by reinforcing the foundation with tempered clay. The big dikes, which also serve as roads, and behind which huddle the villages, are an inseparable part of the landscape of much of the delta.7

At the turn of the century the French became interested in building a modern irrigation system in the Tonkin delta. But this could be done only within the framework of the existing flood control dikes. Between 1905 and 1938 several canal systems were built, each of which consisted of a witholding dam, a primary canal, and secondary and tertiary canals,

all of which brought water to the rice fields by gravity alone. In 1928 a mechanized pumping station was constructed on the Red River above Hanoi which, when completed, raised the irrigation water a total of sixteen feet and distributed it by canals to some 25,000 acres of rice land.

Beginning in 1931 work was begun on a network of canals to carry off excess water from the Red River and to bring in water for irrigation. At the same time improvements were made in the pattern of dikes parallel­ ing the river. Irrigation systems have been completed in the delta covering an area of over 600,000 acres, and plans for similar projects were made before the war which would cover an area of about 1.3 million acres. In Annam, irrigation projects already completed cover an area of about 275,000 acres and similar systems are now under construction or planned which would ultimately irrigate an addition 440,000 acres.

In Cochinchina it is estimated that over five million acres of farm land have been created by means of drainage. Acreage under rice cultivation increased four times from 1880 to the beginning of the war, and rice exports from Saigon were five times as great before the war as in 1880. Irrigation has taken a less important place in Cochinchina than in Tonkin or Annam because the pressure of population on the land is not as great and farm families have not been forced to cultivate the lower grade lands.

There are over 800 miles of main canals with an upper width of 70 feet and a depth of more than 6 feet below the level of the lowest dry­ season tides in Cochinchina—the remaining mileage of canals is composed of secondary and tertiary canals serving as branches and connection links between the main canals. However, the building of these secondary connecting canals has lagged behind the building of the main canals and with relatively little effort native farmers could extend the beneficial effects
of the changes in water levels resulting from the tides flowing up and
down the main canals into their own rice plots. These changes in the
water level due to changing tides act as a natural regulator and make it possible, merely by operating floodgates, either to remove excess water during low tides or apply irrigation water during high tides. Up to the present time, however, only a small number of rice fields benefit fully from the changing tide levels.

It is estimated that there are about two million acres of swamp land in Cochinchina which is unfit for crop production. Of this, about 1.6 million could be improved sufficiently for rice cultivation through proper drainage. The French administration developed engineering plans to drain these lands and actual work was begun, but with the outbreak of World War II all activity ceased.

French modernization plans before the war also called for the construction of several irrigation systems in Cambodia which would benefit about 320,000 acres. Very little effort has been made in water control and irrigation in Laos.

With the exception of the irrigation plant on the Red River mentioned above, a smaller plant in Annam capable of irrigation about 1,200 acres of rice land and thirteen small motorized pumps suitable for irrigation about 75 to 100 acres each, all lifting of irrigating water in Indochina is performed by primitive hand methods. The equipment newly installed in the large plant on the Red River and the plants and pumps mentioned above were all furnished under American aid programs. The two most common methods of lifting irrigation water by hand consist of one person balancing a bamboo bucket on a tri-pod and dipping the bucket in the water at the lower level and dumping it into the field being irrigated;
or two persons balancing a bamboo bucket between two ropes and dipping the bucket into a low level field or ditch, then dumping the water into the field being irrigated. These primitive methods of lifting irrigation water place great restriction on both the surface area one is able to irrigate and the height (3 to 4 feet) to which the water can be lifted. In some areas in Tonkin and Annam water must be elevated three times before the level of the field being irrigated is reached.

In irrigating upland crops, such as peanuts and tobacco, during the dry season in areas removed from a stream, farmers make use of the practice of digging holes in the ground by hand to the level of the water at depths of from 20 to 30 feet. These holes are usually from four to six feet in diameter. The water is lifted from the hole into the fields in bamboo buckets attached to the end of a long bamboo pole.

The economic possibilities of greatly expanding the cropland through these primitive irrigation methods are very limited. The solution rather appears to be in making greater use of small and medium mechanical water-lifting pumps on a cooperative basis. Through American aid a start in this direction has been made. But the surface so far has only been scratched, and it is probable that an additional four to five million acres of cropland could be made suitable for double cropping by increasing and improving the water-lifting devices and wells. This appears especially feasible when it is considered that the temperature in Indochina is ideal for growing most tropical and semi-tropical crops twelve months of the year.

Some progress is being made with the help of American aid to construct water-retention works in Cambodia and South and Central Vietnam that will impound rain water in the higher elevated areas during the
rainy season for distribution into rice fields below during the dry season. Such water control works would make it possible to grow a crop of rice during the dry season as well as during the rainy season. It is estimated that it is feasible, within economic limits, to dam up water sufficient for irrigating from 2.0 to 2.5 million acres.

The emphasis by the United States Government in helping Indochina to improve and expand its irrigation facilities and water-control works is reflected in the fact that for the fiscal year ending June 30, 1956, American aid funds earmarked for irrigation amounted to $1,525,000 for South Vietnam alone. Of this amount, $125,000 is destined to procure earth-moving equipment and water pumps from the United States, and $1,400,000 constitute local counterpart currency to pay the internal costs of operating this equipment and of constructing dams and distributing canals.

Soil Types and Groups

There are no sufficiently complete soils studies to enable a detailed description of the various soil types. But the few general surveys that have been made indicate that in general the soils of Indochina are relatively poor from an agricultural point of view.  

The soils of Indochina are acid for the most part, poor in assimilable phosphorus, lime, potassium, magnesium, and in humus. This is generally true of most tropical soils. Climate is the principal factor influencing

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soil formation over the greater part of the country. Abundant precipitation, almost everywhere exceeding the rate of evaporation, hastens the process of leaching out the soluble substances from the soil surface. Laterization is rapid in most areas. But the process of laterization is definitely retarded by forest cover, and when forest land is cleared for farming minerals are soon leached out of the soil. In a year or two these soils become relatively infertile. Under these circumstances, a system of shifting or "ray" cultivation is practiced over a large part of the mountain and hilly regions of Indochina. The ill effects of shifting cultivation is not limited to laterization, but soil erosion becomes a serious problem when the forest cover is constantly being destroyed. Upland soils are exposed to the violent actions of the rains and denudation advances at a very rapid pace causing the waters of the swollen rivers to contain large amounts of silt and sediment. Robequain estimates that one cubic meter of Red River water contains 500 grams of silt during the dry season and as much as three and one-half kilograms during the floods.

Generally speaking, only the recent soils of the low alluvial plains of Indochina are able to support a crop year after year in the form of

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9 Laterization is the process of forming iron oxides in insoluble rock form by water and rain dissolving the silica in soils containing little humus more rapidly than the alumina.

10 "Ray" cultivation is a primitive method of shifting cultivation in which the forest cover in mountainous and hilly areas is burned to clear the land for raising crops for a year or two, the soil being fertilized by the ashes, then allowed to return to its natural state over a period of 18 to 20 years of idleness after which the cover is again burned to clear the land for cultivation.

wet-field rice. The grey soils of old allumium and the residual soils resulting from the decomposition of rocks in mountain regions do not lend themselves to the cultivation of dry-field annual food crops on a large scale. Once deprived of tree cover, they are threatened with rapid exhaustion, laterization and erosion. Irrigated rice fields can sometimes be established there, but the physical conditions allow this only for small areas. Even poorer soils are found in the alluminized zone of the centrally located Plaine des Joncques to the west of Saigon and adjacent areas to the north and west. These "grey" soils are products of the alluvial residue of a former delta and are elevated several feet above the level plain below. Dry native crops and, more recently, rubber plantings have made use of these older alluvial soils, but future exploitation, it appears, will have to be confined to a few tree and bush crops.

The soils of the Tonkin delta are composed of fine particles, or silts, which when dried are so hard it is difficult to break them up with a plow. These delta soils as a whole are of only medium fertility except along the river banks. The upper delta soils deteriorate through leaching and decomposition; therefore, the oldest soils are usually the least fertile. Despite the fact that the soils of the Tonkin delta are relatively poor, they have the great virtue of lending themselves to the cultivation of wet-field rice because of their slight depth and impervious sub-soil. The differences in the fertility of the soils are reflected in the density of the population, which usually reaches its maximum on the richest soils and not necessarily on the longest-settled regions.
Notwithstanding the fact that the grey soils of old alluvium and the residual upland soils are unable to sustain continuous paddy cultivation, and that rapid erosion, leaching and laterization preclude their utilization for upland crops except under favorable local conditions, there are some soils in the hilly areas which have a special fertility. These are the "Terre rouges" or red soils formed from the decomposition of basalt. The vast extent of these soils, coupled with their relative fertility make them of prime interest to those seeking efficient utilization of Indochina's soil resources. Altogether they cover an area about 13,500 square miles (8.6 million acres) of which 70 percent may be classified as agriculturally usable, equivalent to roughly half of the existing rice area of Indochina. Despite their well-known aversion to hilly lands, the Annamese have long cultivated many of the fertile red soils of Annam and northern Cochinchina. In recent years the crescent of the basaltic soils extending from the southern edge of the Annam chain has been the site of important plantings of Hevea rubber trees. Cleared of their dense vegetation, these lands are supplying the major part of the rubber production of Indochina. Coffee and tea plantations are also found on these lands. Diversified dry crops are grown on some basaltic patches of ground; in some such areas gardens of palms, bananas, pineapples, tea bushes, etc., are grown. Large areas of this land are still unpopulated and uncultivated. Lack of means of communication to the interior appears to be the main drawback to colonization and fuller exploitation of this vast land resource. These red soils could carry fruitful plantations of tropical and sub-tropical crops and represent one of the most important potentially rich agricultural areas of Indochina.
The general poverty of most of Indochina's upland and mountain soils needs to be reemphasized. The relatively fertile red lands represent only six percent of the total hill and mountain area; the remainder is composed of relatively infertile grey soils, all lateritic in character. Except for a few areas in the redlands, there is little or no permanent crop cultivation. Recent alluvium and, to a lesser extent, the grey soils of older alluvium appear destined to continue to support the vast majority of the Indochinese population.

**Fisheries and Marine Resources**

The fishing industry holds a leading place in the economy of Indochina, since fish with its various by-products forms an indispensable item in the diet of the people. There are no accurate statistics available on the production of fish for the country as a whole. Trade statistics serve only limited usefulness in indicating the volume of the total catch, because such a large proportion of the catch is consumed locally and never enters the market channels. However, all authorities agree that fisheries are second only to rice in importance to the native economy. Fishing is a part-time occupation for almost the entire rural population and is carried on in the spare time between rice planting and harvesting when all the fresh waterways, lakes and rice fields are fished energetically. Although there are no available statistics to verify this conclusion, it appears that fresh-water fishing is by far more important than salt-water fishing because stocks of fish in the surrounding seas are meager and Indochinese do not have a sea-faring tradition.
Before the war estimates of Indochinese fish catches varied between 300,000 and 410,000 metric tons annually and exports of fish and fish products averaged about 35,000 metric tons. This would represent an annual per capita consumption of over 16 kilograms, although it is difficult to determine accurately the utilization of the catch. Some is consumed in the fresh state, a part of the catch is dried and a large proportion is consumed in the form of nuoc mam, a fish paste or sauce used to give added flavor to the daily rice diet. The following represents the most reliable estimates as to utilization:

<table>
<thead>
<tr>
<th>Product</th>
<th>Metric tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nuoc mam</td>
<td>50,000</td>
</tr>
<tr>
<td>Salted, dried and smoked fish</td>
<td>125,000</td>
</tr>
<tr>
<td>Fish oil and meal</td>
<td>20,000</td>
</tr>
<tr>
<td>Fresh fish</td>
<td>150,000</td>
</tr>
</tbody>
</table>

Fishery products take an important place in Indochinese exports. In 1937, fish ranked fifth in the value of the principal goods exported from the country. The main part of these exports consists of salted and smoked fish caught mainly in the Tonle Sap area of Cambodia. Singapore usually provides the principal market for these export shipments. Dried shrimp, fish and shrimp paste and fish oil make up most of the remainder of these exports. As a result of the war the exports of fish and fish products dwindled almost to the vanishing point. Very little export activity has been forthcoming in the last few years. In 1951, less than 3,000 metric tons of fish and fish products were exported, about twenty-five percent of it in the form of salted, dried or smoked fish, and the remainder in the form of fish oil and grease.¹²

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The most intensive commercial fishing in Indochina is carried on in the Great Lake of Cambodia where some 30,000 persons are engaged in commercial fishing a body of water only 3,800 square miles during high-water stage and only 1,000 square miles during the low-water stage. Production is estimated at about 120,000 metric tons in a normal year, with a large percentage of this being caught by the trawling method. Of this production less than one-half enters the market in the fresh state, the remainder is either dried or smoked before it is marketed. About 1,500 metric tons of fish oil is prepared annually from fish wastes. Fish and its various by-products constitute one of Cambodia’s most important sources of income.

A large program is presently underway in South Vietnam to expand the raising of fish in the flooded rice fields. Special efforts are being made by the Vietnamese government to expand the breeding of the 'thelipia' fish (a rapid-breeding and rapid-growing type of fish which thrives exceedingly well in shallow water and flooded rice fields). On its most ambitious side this program envisions having every rice farm family dig a home fish-pond of sufficient size to supply its own fish needs. The United States Economic Mission to Indochina has been most interested in this program for increasing the production of this all-important food item. A total of $355,000 has been set aside by American officials for the purpose of helping local farmers defray the expenses of constructing home fish ponds, and for the importation of additional breeding stock from Thailand and other Asian countries.

Besides fish and fish by-products another important marine industry in Indochina is salt. Before World War II Indochina was one of the major producers of salt in East Asia. Slightly less than 200,000
metric tons of salt was produced annually on about 4,100 hectares (9,000 acres) of marine salt beds. Table 2 indicates the annual production of salt by regions and annual exports.

Table 2. Salt Production and Export, 1936-51 (in thousands of metric tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>Tonkin</th>
<th>Monopoly</th>
<th>Private</th>
<th>Cochinchina</th>
<th>Total production</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1936</td>
<td>29.1</td>
<td>65.1</td>
<td>43.3</td>
<td>51.2</td>
<td>188.7</td>
<td>93.0</td>
</tr>
<tr>
<td>1937</td>
<td>27.9</td>
<td>66.4</td>
<td>55.5</td>
<td>43.8</td>
<td>193.6</td>
<td>93.3</td>
</tr>
<tr>
<td>1938</td>
<td>35.6</td>
<td>67.1</td>
<td>40.4</td>
<td>35.9</td>
<td>180.0</td>
<td>68.5</td>
</tr>
<tr>
<td>1939</td>
<td>25.3</td>
<td>86.1</td>
<td>44.2</td>
<td>57.8</td>
<td>213.5</td>
<td>44.2</td>
</tr>
<tr>
<td>1940</td>
<td>28.0</td>
<td>83.8</td>
<td>83.5</td>
<td>54.0</td>
<td>189.4</td>
<td>20.0</td>
</tr>
<tr>
<td>1941</td>
<td>316.6</td>
<td>28.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1942</td>
<td></td>
<td>275.9</td>
<td></td>
<td></td>
<td></td>
<td>7.0</td>
</tr>
<tr>
<td>1943</td>
<td>39.0</td>
<td>67.5</td>
<td>51.2</td>
<td>47.5</td>
<td>205.1</td>
<td></td>
</tr>
<tr>
<td>1944</td>
<td>29.7</td>
<td>50.1</td>
<td>17.7</td>
<td>60.6</td>
<td>158.1</td>
<td>3.3</td>
</tr>
<tr>
<td>1945</td>
<td>39.0</td>
<td>14.4</td>
<td>18.0</td>
<td>29.7</td>
<td>101.0</td>
<td></td>
</tr>
<tr>
<td>1946</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1947</td>
<td>.2</td>
<td>10.2</td>
<td>13.5</td>
<td>17.9</td>
<td>41.8</td>
<td>20.0</td>
</tr>
<tr>
<td>1948</td>
<td>1.2</td>
<td>40.5</td>
<td>19.5</td>
<td>4.1</td>
<td>65.4</td>
<td>23.1</td>
</tr>
<tr>
<td>1949</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>113.6</td>
<td>40.3</td>
</tr>
<tr>
<td>1950</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>81.5</td>
<td></td>
</tr>
<tr>
<td>1951</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>103.8</td>
<td></td>
</tr>
</tbody>
</table>


1/ Monopoly salt only.

2/ Production data by state are unavailable for 1941 and 1942 and for the years since 1948.

The greater part of this salt was produced by Indochinese using a variety of relatively inefficient methods. The remainder was produced by one large French salt-producing corporation or 'monopoly' producing primarily for export. Success of the operation of this large corporation with salt beds in southern Annam offers an example of modern technology
successfully applied to a native industry resulting in more efficient production and better quality of the product.

Salt production from sea water is carried on in three areas. One of these areas is in North Annam, but because of the excessive humidity and precipitation and the pollution effect of numerous streams and rivers the operations are confined to small plots and the production is all consumed locally. In Cochinchina there are two salt fields which produce over one-half all the salt in Indochina. However, in this area humidity, precipitation, and pollution of the coastal water also hamper efficient operations. The most productive operations are carried in in the southern coast of Annam. It is in this area that the large French corporation mentioned above is located on a 360-hectare tract (300 acres) and produces the highest quality salt in Indochina by employing the pure "solar" process. With the exception of the salt produced by this French corporation, all salt in Indochina is subject to government monopoly in its sales.

There is no salt refining industry in Indochina. The natives use raw salt for human consumption and in salting fish. The small amount of refined salt used in the country is all imported from France. As Table 2 indicates, a large percentage of the raw salt produced in Indochina is exported, with almost the entire exports going to Japan before World War II. Due to insecurity and abandonment of many salt beds during the recent internal hostilities production has decreased considerably. With the reestablishment of peaceful conditions production will probably return to pre-war level in the near future.
Forest Resources

Of the total land area in Indochina, about 74 percent is classified as forest land. However, only about half of this may be considered true forest; the remainder is largely savanna and brushland. Rich forests (those supporting a volume of timber of more than 300 cubic meters per hectare, one-third of which is composed of highest-grade timber) cover only about 17 percent of the true forest lands; another 20 percent may be termed definitely inferior (supporting a volume of only 100 to 150 cubic meters per hectare, a very small proportion of which is high-grade timber). The bulk of the forests are intermediate in character from the standpoint of volume of timber and grade.

Although the trees of the savanna forest lands are generally small, a high proportion are suitable for certain industrial and manufacturing needs. These rich savannas support a volume density of 100 to 150 cubic meters per hectare. Inferior types contain less than 100 cubic meters of firewood per hectare. Other forests and savanna lands contain only brush and bamboo. Differences in the definition of the term 'forest' probably account for differences in the estimates of the total forested area of the country, which vary from 74 million acres (about 40 percent of the total area of the country), to over 104 million acres (about 57 percent). In general, however, it can be said that the rich and average forests plus the better savannas comprise about 57 percent of the total land area while the poor forests and savannas account for about 17 percent.

13 One cubic meter of timber contains 424 board feet.
Table 3 indicates the forested area by state in 1940 (no later figures are available), as well as the amount included in the forest reserves, and the output of the principal forest products. It will be noted that almost half of the forested area is in Laos, the least populated state, but that the total amount of forest that has been placed in reserves is negligible. Only a small part of the forests of Indochina, chiefly the inaccessible areas, is genuine virgin forest.

A government forestry service was established in 1901 for the purpose of supervising timber cutting and preventing the further depletion of the forests through wasteful cutting methods. In 1942, the conservation and improvement of Indochina's forest resources was placed under the supervision and responsibility of the Director General of the Forests and Waters Service within the Ministry of Agriculture. Apparently this agency has not been too successful in its task. It has been criticized as being little more than another fiscal agent concerned primarily with taxing the lumber coming into the consumption centers from the interior.

The most pressing problem facing forestry officials has been the constant depletion and deterioration of the many useful forests and wood species. Uncontrolled timber cutting has denuded large stands in the upland borders of the delta plains. In addition, the destructive method of shifting cultivation, or "ray", also has devastated large portions of fine tropical forests, giving rise to dense woodlands over large areas but all without any valuable species remaining. Today, many of Indochina's forests are virtually exhausted and soil erosion has become a serious matter in some areas. It is in an effort to control the wasteful exploitation methods that the Forest Service has
Table 3. Forested Area, Forest Reserves, as of December 31, 1940, and Output of Forest Products in Indochina, during 1940

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>Tonkin</th>
<th>Annam</th>
<th>Cochinchina</th>
<th>Cambodia</th>
<th>Laos</th>
<th>Total French Indochina</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total area</td>
<td>1,000 acres</td>
<td>28,589</td>
<td>36,472</td>
<td>15,987</td>
<td>44,725</td>
<td>57,179</td>
<td>182,952</td>
</tr>
<tr>
<td>Forested area (rough estimate)</td>
<td>1,000 acres</td>
<td>17,050</td>
<td>16,061</td>
<td>1,977</td>
<td>19,274</td>
<td>50,408</td>
<td>104,770</td>
</tr>
<tr>
<td>Forested area</td>
<td>% of total</td>
<td>60</td>
<td>44</td>
<td>12</td>
<td>43</td>
<td>88</td>
<td>57</td>
</tr>
</tbody>
</table>

Forest reserves, Dec. 31, 1940

<table>
<thead>
<tr>
<th>Number</th>
<th>122</th>
<th>154</th>
<th>177</th>
<th>145</th>
<th>4</th>
<th>602</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number supervised</td>
<td>1,023</td>
<td>2,276</td>
<td>1,843</td>
<td>6,222</td>
<td>10</td>
<td>11,374</td>
</tr>
<tr>
<td>Area supervised</td>
<td>158</td>
<td>235</td>
<td>788</td>
<td>203</td>
<td>10</td>
<td>1,394</td>
</tr>
</tbody>
</table>

Output of forest products in 1940

<table>
<thead>
<tr>
<th></th>
<th>1 million bd. ft.</th>
<th>106.4</th>
<th>65.7</th>
<th>66.6</th>
<th>33.9</th>
<th>8.4</th>
<th>821.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction wood from</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>85.6</td>
</tr>
<tr>
<td>forest reserves</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>from other forests</td>
<td></td>
<td>3.4</td>
<td>5.9</td>
<td>28.8</td>
<td>47.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>109.8</td>
<td>71.6</td>
<td>95.4</td>
<td>81.4</td>
<td>8.4</td>
<td>366.6</td>
</tr>
<tr>
<td>Firewood</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>from forest reserves</td>
<td>1,000 stere(^{\dagger})</td>
<td>100</td>
<td>201</td>
<td>349</td>
<td>137</td>
<td>23</td>
<td>810</td>
</tr>
<tr>
<td>from other forests</td>
<td>1,000 stere(^{\dagger})</td>
<td>26</td>
<td>36</td>
<td>820</td>
<td>252</td>
<td>0</td>
<td>1,136</td>
</tr>
<tr>
<td>Total</td>
<td>1,000 stere(^{\dagger})</td>
<td>126</td>
<td>237</td>
<td>1,169</td>
<td>389</td>
<td>23</td>
<td>1,946</td>
</tr>
<tr>
<td>Charcoal</td>
<td>1,000 m.t.(^{\dagger})</td>
<td>2.7 n.a.(^{\ddagger})</td>
<td>92.0</td>
<td>5.5 n.a.(^{\ddagger})</td>
<td>102.2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^{\dagger}\) 1 stere = 35.31658 cu. ft.

\(^{\ddagger}\) 1 metric ton = 2,204.6 pounds.

\(^{\dagger}\) The total production of Annam and Laos was 2,000 metric tons.

Source: *Annuaire Statistique de l'Indochine, 1939-40*, p. 87.
recently established large, protected forest reserves throughout the country. However, wasteful cutting practices continue and shifting cultivation in the mountain areas has not diminished to any great extent.

All of the 13.5 million hectares of forest in Vietnam are owned by the government and administered by the Forest Service. Two concessions of about 30,000 hectares each were granted about 30 years ago. These two concessions furnish the logs for the largest sawmill in Indochina. Of the 14.6 million hectares of forests on Laos, 14 million hectares are owned by the government and 600,000 hectares constitute the Royal Domain. The concession to exploit the Royal Domain has been granted to a French firm which has the exclusive right to cut timber in that area.

As a consumption item, bamboo is utilized to a much greater extent than dimensional lumber by the Indochinese. The reason for this is that bamboo poles suffice for the construction of straw huts, are more easily transported and cut to desired lengths, and cost less than lumber. It has been estimated that the per capita consumption of lumber in France is 19 times more than in Indochina. The high cost of lumber compared with bamboo in the population centers of Indochina is due primarily to the fact that facilities for transporting timber from the forest areas to the milling and consuming centers are for the most part undeveloped. Another factor is that only a very small portion of the sawmilling industry is mechanized. It has been estimated by

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Brown that close to 80 percent of the logs cut into dimensional lumber in Indochina is sawed by hand. This results in a low capacity of the sawmilling industry and in high-cost lumber even in localities on the edge of large forest areas. This is the reason why the output of wood for commercial and constructional purposes has always lagged behind that of firewood, as is indicated by Table 4. With the exception of

Table 4. Forest Production in Indochina, 1936-52

<table>
<thead>
<tr>
<th></th>
<th>Constructional timber</th>
<th>Firewood</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1,000 cubic meters)^1/</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1936</td>
<td></td>
<td>661</td>
<td>1538</td>
</tr>
<tr>
<td>1938</td>
<td></td>
<td>872</td>
<td>1884</td>
</tr>
<tr>
<td>1940</td>
<td></td>
<td>865</td>
<td>1946</td>
</tr>
<tr>
<td>1941</td>
<td></td>
<td>1076</td>
<td>1520</td>
</tr>
<tr>
<td>1943</td>
<td></td>
<td>1214</td>
<td>3276</td>
</tr>
<tr>
<td>1944</td>
<td></td>
<td>1013</td>
<td>3143</td>
</tr>
<tr>
<td>1946</td>
<td></td>
<td>229</td>
<td>1023</td>
</tr>
<tr>
<td>1947</td>
<td></td>
<td>203</td>
<td>951</td>
</tr>
<tr>
<td>1948</td>
<td></td>
<td>276</td>
<td>1047</td>
</tr>
<tr>
<td>1949</td>
<td></td>
<td>253</td>
<td>917</td>
</tr>
<tr>
<td>1950</td>
<td></td>
<td>265</td>
<td>1003</td>
</tr>
<tr>
<td>1952</td>
<td></td>
<td>685</td>
<td>416</td>
</tr>
</tbody>
</table>

^1/ 1 cubic meter = 35.34 cubic feet or 424 board feet of lumber.


one rather large sawmill located near the city of Saigon and the teak wood exploitation in Laos (both operated by French), most mechanical sawmills in Indochina are owned and operated by Chinese. For the most part, sawmills owned and operated by Indochinese are not mechanized, and generally consist simply of a few blocks and lift jacks (either under a grass shed or in the open) and several workers with hand saws.
working on the same log. Output per man under these primitive con-
ditions is extremely low. Actually these native wood sawing operations
are not sawmills in the true concept of the term but are given the
classification of "saw-pits" in lumbering terminology.

Mineral Resources and the Mining Industry

Indochina has a great variety of mineral resources, among which
coh, tin, zinc, tungsten, gold, and precious stones are the most
important. Most of these minerals were prospected by the Annamese and
Chinese before French occupation, but production has been of a con-
siderable amount only during the past half-century. Except the coal
deposits, most of these minerals are located in the mountainous areas,
and the impenetrable nature of the interior, unhealthy climatic con-
ditions, and poor communication facilities have hampered extensive
development of these resources.

For a number of years prior to World War II exploitation of mineral
resources, except for coal, was largely confined to small-scale operations
carried on for the benefit of France rather than as an adjunct to the
Indochinese economy. Until 1940, mining concessions were entirely in
French hands, foreigners being prohibited from owning or controlling
any mining enterprise.

Total production from mines in 1940 was valued at about 30 million
piasters ($8,000,000 at 1940 exchange rates). Tonkin accounted for
about five-sixths of that amount; most of the remainder was produced
in Cambodia and Laos. Coal is by far the most important mineral pro-
duced in Indochina and prior to World War II accounted for about 60
percent of the total value of all minerals mined in the country.
Table 5 indicates the value of mine production in Indochina, and Table 6 shows the coal production and exports. Pre-war production of coal amounted to about 2.4 million metric tons annually, of which 98 percent

Table 5. Value of Mine Production, Indochina, 1913-48

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (millions of piasters)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913</td>
<td>4.0</td>
</tr>
<tr>
<td>1923</td>
<td>9.6</td>
</tr>
<tr>
<td>1930</td>
<td>16.8</td>
</tr>
<tr>
<td>1935</td>
<td>11.2</td>
</tr>
<tr>
<td>1936</td>
<td>13.0</td>
</tr>
<tr>
<td>1937</td>
<td>19.3</td>
</tr>
<tr>
<td>1938</td>
<td>26.5</td>
</tr>
<tr>
<td>1939</td>
<td>29.5</td>
</tr>
<tr>
<td>1940</td>
<td>30.2</td>
</tr>
<tr>
<td>1941</td>
<td>30.0</td>
</tr>
<tr>
<td>1942</td>
<td>23.0</td>
</tr>
<tr>
<td>1943</td>
<td>20.0</td>
</tr>
<tr>
<td>1944</td>
<td>15.6</td>
</tr>
<tr>
<td>1945</td>
<td>6.0</td>
</tr>
<tr>
<td>1946</td>
<td>18.0</td>
</tr>
<tr>
<td>1947</td>
<td>15.5</td>
</tr>
<tr>
<td>1948</td>
<td>80.7*</td>
</tr>
</tbody>
</table>

* The very large increase in piaster value of output during 1948 is due more to devaluation of the currency than to increased output of mineral products.


was anthracite. Practically all the coal deposits of the country are located in the Hon Gay area north of the city of Haiphong in eastern Tonkin. A large portion of these are open-pit deposits and coal reserves are estimated at over one billion tons. At the time this area was turned over to the communists in 1954 the French had just completed installing large quantities of mechanical mining equipment to facilitate
Table 6. Coal Production and Export, from Indochina, 1936-50

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (1,000 metric tons)</th>
<th>Exports (1,000 metric tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Anthracite</td>
<td>Bituminous and</td>
</tr>
<tr>
<td></td>
<td>Quang Yen</td>
<td>Other</td>
</tr>
<tr>
<td>1936</td>
<td></td>
<td>2186</td>
</tr>
<tr>
<td>1937</td>
<td>2264</td>
<td>2308</td>
</tr>
<tr>
<td>1938</td>
<td>2280</td>
<td>2276</td>
</tr>
<tr>
<td>1939</td>
<td>2524</td>
<td>2534</td>
</tr>
<tr>
<td>1940</td>
<td></td>
<td>2414</td>
</tr>
<tr>
<td>1941</td>
<td></td>
<td>2248</td>
</tr>
<tr>
<td>1942</td>
<td></td>
<td>1163</td>
</tr>
<tr>
<td>1943</td>
<td></td>
<td>954</td>
</tr>
<tr>
<td>1944</td>
<td></td>
<td>499</td>
</tr>
<tr>
<td>1945</td>
<td></td>
<td>218</td>
</tr>
<tr>
<td>1946</td>
<td></td>
<td>262</td>
</tr>
<tr>
<td>1947</td>
<td></td>
<td>249</td>
</tr>
<tr>
<td>1948</td>
<td></td>
<td>359</td>
</tr>
<tr>
<td>1949</td>
<td></td>
<td>330</td>
</tr>
<tr>
<td>1950</td>
<td></td>
<td>495</td>
</tr>
</tbody>
</table>

In 1948 local consumption amounted to 262,700 tons divided as follows: water and electricity-42%, manufacturing industries-30%, Marine navigation-13%, railroads-6%.

their mining operations. Since most of Indochina's thermal energy is derived from coal, the generating of electricity has always been dependent upon production from the coal mines. With the coal mines in Communist hands the rest of Indochina is now dependent upon foreign sources for its coal supplies.
The economy of Indochina is largely agrarian and industrial development is consequently in a relatively infant stage. Next to open-strip coal mining in Tonkin mentioned in the previous Chapter, cement manufacturing is the most important single industry in the country. Production of cement in 1948 amounted to 97,300 metric tons as against 266,400 metric tons in 1938, but rose successively to 202,200 tons in 1951, 235,200 tons in 1952 and over 300,000 tons in 1954. Other industries include two medium-size cotton mills in Tonkin, small industrial plants in North and South Vietnam, such as ship yards for small crafts, rubber processing and rubber products manufacturing (except tires), tire recapping, paint manufacturing, shoe making, match manufacturing, and food processing. In addition to the above-mentioned industrial enterprises, cigarette, smoking tobacco and cigar manufacturing is a relatively important industry in the city of Saigon.

Also relatively important enterprises include a number of small breweries making beer and alcohol, sugar refining, native basket work, soap making, salt mining, and oxygen and acetylene works. Outside of the few industrial enterprises, almost all locally-produced supplies and equipment are manufactured in cottage-type industries employing less than 10 persons, or in centers where artisans of various trades gather to produce their goods and market their products. An important industry is represented by local rice mills, which, before the war,
were scattered throughout the rice-producing areas of the Tonkin and Mekong deltas. Most of the small country rice mills have been destroyed by war activities and at present the rice milling enterprises are practically all centralized in the cities of Saigon and Pnom Penh. A more detailed analysis of the rice milling industry is made in Chapter VIII.

Principal Industrial and Population Centers

The largest population center of Indochina is Saigon-Cholon with an estimated two million persons. Hanoi is second in population with about 300,000 persons. Haiphong, the main seaport in Tonkin, and located 50 miles from Hanoi, has a population estimated at 200,000 persons, while Pnom Penh, the capital city of Cambodia, numbers about 150,000. Other relatively important centers of population include Nam Dinh and Haidoung in Tonkin, Hue, Tourane and Nhatrang in Annam, and Mytho, Cantho and Longxuyen in Cochinchina. In Cambodia, Kompong Cham and Battambang are also relatively important centers of population. The most important centers of population in Laos are Vientiane, the capital city, Savannakhet and Luang-Prabang.15

Manufacturing and Extent of Economic Development

Although the profit motive and French economic gain were probably behind most French efforts at industrialization and development of Indochina, the fact remains that fifty years ago there were a very

small number of industries in the real sense of the word. Most of
the non-agricultural production was carried on by artisanal workers
under small sheds using rudimentary production methods and primitive
hand tools. It has been estimated that the seasonal and permanent
labor force engaged outside agriculture in all Indochina amounted
to about one million during that period.¹⁶ A large number of workers
included in this figure consisted of farm people who worked at different
trades during the slack period of labor requirement in the rice fields.
It has already been noted that the mining industry was developed under
French control and supervision at the turn of the century. The rubber
production and processing industry was also developed by the French
during the past 30 years. The French are also responsible for
establishing the first mechanical sawmill in Indochina, as well as the
first mechanical rice mill. The textile mills in Tonkin, as well as
the bottling works and breweries and alcohol plants in Saigon, Hanoi,
Haiphong, Tourane, Pnom Penh and other cities, were all established
by the French.

Among the rural industries, those connected with the preparation
of food, such as rice husking, the manufacture of rice paste and cakes,
starch, oils and molasses, the distillation of alcohol, etc., undoubtedly
employ the greatest number of workers, but it is difficult to distinguish
between rural industries working solely for home consumption and those
producing for sale.

¹⁶ First Report of the French Modernization Commission. Saigon,
November, 1948, p. 23.
The textile industries probably come next in the number of people employed, although there are no reliable statistics available to verify this statement. Throughout the country there are many primitive looms on which women and children weave cloth, which, though coarse, is strong and valued highly by Indochinese peasants. A considerable amount of silk is still woven by hand on primitive looms. With the textile industry may be included embroidery, lace making, the manufacture of fishing nets, hammocks, and rope and twine from jute or ramie. Basket weaving is likewise a widespread home industry.

Masons, stone cutters, and brick makers are all members of the building industry. There are a few village blacksmiths and artisans who make copper and brass articles, and cart wheels and plow shares, but the average Indochinese peasant uses little metal. Pottery is also a special craft in a few localities. These are the traditional industries and are found mainly in the Tonkin delta area. In many localities these rural and family industries are primarily handicraft industries that supplement agriculture and make use of that portion of the peasant's time left after his primary occupation in the fields.

The extractive and mining industries were considered in the previous chapter under "Natural Resources". The importance and position of coal mining cannot be too greatly emphasized. Aside from furnishing Indochina with almost all its thermal energy and accounting for a large percentage of all industries, it also accounted for the employment of close to 50,000 natives and about 300 Frenchmen at the outbreak of World War II.17 After the war the number of workers in the coal mines

decreased due to decreased volume of production and the fact that the mines were more fully mechanized with American mining equipment furnished by American Aid. 18

Next in importance as a French production and industrial venture in Indochina is the rubber industry. The economic situation of the rubber industry is treated under a separate heading in Chapter V. Using primarily labor imported from the Tonkin delta the French are responsible for having established this industry second in importance only to rice as a source of foreign revenue. The first extensive rubber plantings were established during the late 1920's and early 1930's, and immediately prior to World War II the plantations of Indochina were employing a total of 70,000 Indochinese. In 1945 the number of natives on rubber plantations stood at 60,000 but by 1953 had decreased to 35,000. The primary reasons for this decrease are: (1) the production rate decreased during that period and many laborers left the plantations to join the rebel army; (2) new plantings were not being undertaken by plantation owners; and (3) many other plantations greatly mechanized their operations, thus reducing the amount of hand labor required for sustained production.

Undoubtedly, regulations imposed by France and tariff legislation favoring special French interests have contributed many of the features of Indochina's present economy, and particularly explain the slow development of industries as compared with agriculture. In the words

18. See United States Special Technical and Economic Mission, Activity Report through June, 1953, in which it is stated that almost two million dollars of U. S. equipment were made available to one large coal mining company during the first two years of American Aid to Indochina.
of one Frenchman of authority "the free development of industry has never been allowed............even the possibility of such development was long considered paradoxical, almost inconceivable". It is quite evident that if foreign capital and ingenuity had been allowed to freely seek employment in the country, the resources of Indochina would have by now attained a greater degree of development and industrialization would have at least kept pace with other segments of the economy.

Cotton spinning is another rather important industry carried on a reasonably large scale by the French in Indochina. The two spinning mills, both located in the Tonkin delta, employed a total of more than 10,000 native men and women and produced an annual output of about 15,000 tons of cotton cloth and yarn until it was taken over by Communist forces during the early part of 1954.

Cigarette and cigar manufacturing is completely in French hands. All four cigarette manufacturing plants are located in the city of Saigon-Cholon and process an average of 7,000 tons of leaf tobacco into cigarettes and cigars annually and employ approximately 1,800 men and women.

The French have also secured a monopoly in sugar refining. The four plants in South Vietnam, all French-owned, process all the refined sugar produced in Indochina. There are numerous small, open-kettle syrup and sugar mills scattered through the southern part of Indochina, however. All of these are owned either by Indochinese (Vietnamese or Cambodians) and Chinese. These small sugar mills are of course unable to produce refined sugar but are limited to the production of syrup.

\[19\] Robequain, op. cit., p. 269.
and very coarse brown sugar most of which is consumed in that state
by natives, but part of their production is sold to the French
refineries.

Rice milling is about the only large-scale mechanical industry
in Indochina not dominated by or under the exclusive control of French
nationals. In the field of rice marketing and processing Frenchmen
prefer to concentrate on the wholesale and export phase (since they
have a virtual monopoly on shipping) and appear to have left the field
open for dominance by Chinese. For example, out of 191 rice mills in
operation in the interior provinces of South Vietnam in the fall of
1952, only two were French-owned, the remainder were in the hands of
Vietnamese and Chinese. In the city of Saigon-Cholon during this same
period there were a total of 41 rice mills in operation. Of this
number 31 were Chinese-owned, seven were owned by Vietnamese and only
three were in French hands. In Cambodia, another center of rice
milling, during the spring of 1953 there was a total of 108 rice
mills in operation. However, most of these were small, huller-type
rice mills with a capacity of less than 1,000 pounds of paddy per
hour. Of the six rice mills with a capacity of 20 tons per hour or
more, four were owned by one French firm and the other two by Chinese.

Interlocking Directorship. A very particular feature of French
firms engaged in business and commercial and industrial activities in
Indochina is that of interlocking directorships. It is very seldom
that one large commercial establishment is engaged only in one or two

20 Bulletin Economique du Vietnam No. 10, Saigon: October,
1952, p. 511-514.
fields of activities, or that one fairly large industrial and/or manufacturing plant is owned by one single firm. Though it is not generally known by the public, the management of one of the largest commercial establishments in Indochina once admitted to the writer that his firm was holding both financial and management interests in rice mills, sugar mills, vegetable oil refining, bottling works and a glass factory, ice plants and breweries, in addition to being one of the largest import and export establishments in the French Empire, and also the owner of a large part of the shipping sailing under the French flag. Another example could be cited of a group of large rubber plantations having as members of the board of directors the managers of an import-export firm, a cigarette manufacturing plant, a salt mine, a rice milling company, and a petroleum company. Probably the only exception to this sort of arrangement among the larger French enterprises in Indochina is the cotton spinning and weaving industry, which, as far as can be ascertained, is under independent ownership and directorship.

Commercial Development

The basic unit of currency of Indochina is the piaster of 100 centimes. The parity of the piaster is tied to the French Franc. Since 1953 the parity between the two currencies has been fixed by mutual agreement by the governments of France and the Indochinese at the ratio of 10 French francs to one Indochinese piaster. Exchange rates between the piaster and other currencies are based on the Paris official market franc rate, presently fixed at 34.8 francs to the United States dollar. Calculated at this rate one United States dollar equals 34.8 piasters. However, like most currencies in the world, there is
usually a large difference between this official rate and the free, or open-market rate of exchange for the United States dollar; recent free, or open-market rates for the Indochinese piaster have varied between 70 and 80 for one United States dollar. Foreign trade of Indochina is conducted at the official rate instead of the averages between the official and the free rates. Exchange transactions are closely controlled and U. S. dollar exchange is granted only for the purchase of items deemed essential by the Indochinese government for the economic requirements and rehabilitation of the country.

**Capital Accumulation and the Banking System**

French expansion in Indochina was made possible only by the entrance and circulation of capital. According to Robequain, the major portion of these funds was raised within the country in the form of taxes and duties, or as loans almost entirely subscribed in France. All the budgets, both national and local, are financed this way. Private business, on the other hand, had to find new capital, occasionally within the country but more generally in France. It appears that foreign capital (non-French), with the exception of Chinese capital, has formed a very small percentage of the capital investment in Indochina.

The period immediately following World War I is the one in which French investments in Indochina were at their highest level. In the seven years, from 1924 to 1930 French companies operating in Indochina floated loans totaling slightly more than 3.8 billion francs. This is the period during which French business men became actively engaged in

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carving our rubber plantations out of the jungle, and the tempo of activities is reflected in the fact that about one-third of the loans made during that period were in the field of agriculture. This was also a period of great development of the Hongay coal mines and of the building and allied industries.22

In 1938 an equivalent of 464 million dollars were invested in Indochina, of which 382 millions were in business enterprises. Western capital (95 percent French) amounted to 302 million dollars, and Chinese capital 80 millions. More than one-third of the French capital was invested in agriculture, the remainder in processing industries, mining, trade and banking. Most of French agricultural investment represents investments in rubber plantation which, before the war was estimated at 45 million dollars.23

Private capital, therefore, whether obtained through loans, or capital subscription by private investors, can be said to have played a leading role in the commercial and economic development of Indochina to its present level. Both the size and the form which investment will take in the future will probably be closely linked up with monetary, economic and political problems which cannot be solved by private initiative alone. Having passed through periods characterized first by agricultural endeavors and then by the capitalists, Indochina's development in the future may well be marked by ever-increasing government intervention, especially in the field of credit, monetary controls

22Robequain, op. cit., p. 162.
and trade restrictions.24

There are eight banking corporations operating in Indochina, with offices in the principal cities. French, Chinese, Indian, and British interests predominate in the banking business of the country. The central bank for all the three states is the Institute d'Emmission, which, as the name indicates, is the Bank of Issue for all of Indochina. This bank of issue was created in 1952 for the purpose of taking over the functions of (1) issuing bank and Treasury notes, (2) supervise foreign exchange control, (3) acting as a depository for the National Treasury and the various public and governmental offices, and (4) making loans and advances to the National Treasury against its short-term bond issues which are guaranteed by the Institute and sold to the banks locally.

The amount of money in circulation in Indochina has increased at a tremendous rate since 1940 when 280 million piasters were in circulation. (During that year the official rate of exchange was 3.5 piasters to one U.S. dollar). In 1948 the amount of money in circulation amounted to 3.2 billion piasters, and by the spring of 1954 this had increased to 8.5 billion piasters.25

It appears that the general level of prices kept pace with the presses printing the currency. The government Bureau of Statistics publishes monthly and annual indices of wholesale and retail prices of both industrial and consumption goods, as well as price indices of

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24 The role of credit and the credit system as related to agricultural enterprises is treated more extensively in Chapter X.

25 Annuaire Bleu, op. cit., p. 3.
imported and local goods. The Bureau also publishes monthly and annual
indices on the cost-of-living for both Europeans and natives. Based
upon prices in 1939 as 100, the index of wholesale prices in 1951 was
2,450; the index of food items consumed by natives was 4,280, and
the index of food items consumed by Europeans was 4,350.26 It appears
that the level of prices in metropolitan France just about kept pace
with inflation in Indochina. The same source indicates the general
level of wholesale prices in France stood at 2,525 at the end of 1951.
Table 7 shows the general movement of prices in Indochina for selected
years since 1939.

Foreign Trade: Imports and Exports27

Indochina is primarily an exporter of raw materials and an importer
of manufacturer goods. The foreign trade of the country has been
characterized by a substantial excess of imports over exports, by an
increasing tendency for imports to rise appreciably and for exports to
remain stable or fall slightly in recent years.

The value of Indochina's exports in 1952 amounted to over 4 billion
piasters (117 million dollars). Three agricultural commodities accounted
for 71 percent of the total, distributed as follows: rubber, 36 percent;
rice, 33 percent; and corn, 2 percent. Other exports in order of

26. Tableau de l'Evolution des Prix en Indochine, Bureau de la
Statistique, 1952.

27. Data used in this section were obtained mostly from the
following documents: (1) Etudes et Documents. Institut d'Emission,
No. 4, December, 1953, (2) Summary of Basic Economic Information,
Table 7. Prices and Indices of Prices in Cochinchina for Selected Years. (1939 = 100)

<table>
<thead>
<tr>
<th></th>
<th>1929</th>
<th>1939</th>
<th>1949</th>
<th>1950</th>
<th>1951</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wholesale Prices in Saigon</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General index</td>
<td>94</td>
<td>100</td>
<td>2,100</td>
<td>2,070</td>
<td>2,450</td>
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<tr>
<td>Local products</td>
<td>74</td>
<td>100</td>
<td>2,100</td>
<td>1,960</td>
<td>2,390</td>
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<tr>
<td>Imported products</td>
<td>116</td>
<td>100</td>
<td>2,090</td>
<td>2,100</td>
<td>2,480</td>
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<tr>
<td><strong>Family Consumption Items</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>European</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General index</td>
<td>104</td>
<td>100</td>
<td>2,880</td>
<td>3,110</td>
<td>3,590</td>
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<tr>
<td>Index of food items</td>
<td>87</td>
<td>100</td>
<td>3,910</td>
<td>3,780</td>
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<td><strong>Vietnamese (working class)</strong></td>
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<tr>
<td>General index</td>
<td>103</td>
<td>100</td>
<td>4,130</td>
<td>4,230</td>
<td>4,770</td>
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<tr>
<td>Index of food items</td>
<td>103</td>
<td>100</td>
<td>4,130</td>
<td>3,940</td>
<td>4,280</td>
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<td><strong>Prices of Selected Products in Saigon (Piasters pr 100 kg)</strong></td>
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<tr>
<td><strong>Paddy</strong></td>
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<td>Milled rice (No. 1, 25% broken)</td>
<td>11.1</td>
<td>8.6</td>
<td>237</td>
<td>203</td>
<td>220</td>
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<td>Milled rice (No. 2, 40% broken)</td>
<td>11.6</td>
<td>9.3</td>
<td>262</td>
<td>220</td>
<td>232</td>
</tr>
<tr>
<td>Corn</td>
<td>6.9</td>
<td>7.8</td>
<td>117</td>
<td>126</td>
<td>147</td>
</tr>
<tr>
<td><strong>Index of Wholesale Prices in France</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General index</td>
<td>89</td>
<td>100</td>
<td>1,826</td>
<td>2,063</td>
<td>2,525</td>
</tr>
<tr>
<td>Food products</td>
<td>88</td>
<td>100</td>
<td>1,702</td>
<td>1,823</td>
<td>2,037</td>
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<tr>
<td>Industrial products</td>
<td>89</td>
<td>100</td>
<td>1,922</td>
<td>2,265</td>
<td>3,050</td>
</tr>
</tbody>
</table>

importance were feathers, coal, hides, and skins, pepper, kapok, and
dried vegetables. Metric tonnage of some of the leading commodities
exported in 1952 are as follows; with annual pre-war averages shown
in parentheses: rice, 245,000 (1.5 million; rubber, 63,000 (60,000);
corn, 28,000 (500,000); pepper, 550 (5,000); coal, 213,000 (1.6 million).
The chief countries of destination with percentages of the total value
of exports taken by each, in 1952, were as follows: France, 30.3;
Hong Kong, 12.7; United States, 10.6; Singapore, 9.4; and Indonesia,
8.5.

Total imports during 1952 were valued at 15.7 billion piasters
(449 million dollars) resulting in an unfavorable balance of trade
amounting to 11.6 billion piasters (333 million dollars), or a little
less than twice the deficit of 1951 of 170 million dollars, compared
with 40 million dollars in 1937. The chief items imported in 1952,
in order of importance, were: cotton and other textiles, metal goods,
machinery, iron and steel, automobiles and motor accessories,
pharmaceuticals, wines and liquors, sugar, silk products, electrical
equipment and appliances, and paper and rubber products. France is by
far the leading supplier of goods imported in Indochina, with 78 percent
of total imports during 1952 origination in that country; the United
States supplied only 5 percent of Indochina's imports that year.

In 1939 and 1940, an export excess of 100 and 190 million piasters
(28 and 54 million dollars) respectively, was achieved, while the average
during the 1930's was only about 60 million piasters (17 million dollars).
Even this considerable export excess, however, was normally not sufficient
to cover the annual transfers of commercial profits into French francs
(averaging about 700 million francs, or 70 million piasters). For
several years this resulted in a deficit in the balance of payments and not until an excess of exports of about one billion francs was reached in 1937 did a surplus in the balance of payments appear for the first time. Payments were balanced by new capital imports, since the heavy transfers of profit prohibited the accumulation of capital in Indochina. Callis concludes that the development of Indochina has been characterized by increasing indebtedness, with little organic growth of capital equipment.\textsuperscript{28}

The Labor Market: Employment and Working Conditions

In a country such as Indochina, the position of the laboring class is conditioned mainly by the general low level of living of that part of the population engaged in agriculture. Improvements through labor legislation can be obtained only when social conditions in general are improved at the same time. In Indochina, the problem of labor is not alone the uneven distribution of the population; the demand for labor on the rubber plantations in the South create yet another special problem.

In the previous chapter mention was made of the approximate number of workers employed in the various industries of Indochina. With the exception of workers on the rubber plantations, the Indochinese laborers live in the cities and towns where their employment is located. They work regular hours and receive a definite rate of pay for their work. In most industries the usual number of hours of work is 10 hours per

\textsuperscript{28}Callis, \textit{op. cit.}, p. 84.
day, six days per week. Although there is a minimum wage law and standard work week, social legislation is not enforced. The general level of wages for both unskilled and skilled laborers is low compared with western standards. During 1948, the last year for which reliable statistics are available, the average rate of pay for unskilled men workers was 16 piasters per day, and for women, 11 piasters. The average rate of pay for skilled laborers was 18.4 piasters per day during the same year. The official exchange rate of the Indochinese piaster during 1948 was 17 piasters for one United States dollar, which would indicate that unskilled men workers received about ninety cents per 10-hour day, women 68 cents, and skilled workers about $1.09. However, it must be remembered that the free rate of the piaster vis-a-vis the U. S. dollar during that year was about 40 piasters to the dollar, which means that the purchasing power of the piasters received for ten hours of work amounted to about 40 cents for unskilled men workers, 30 cents for women workers, and 46 cents for skilled workers.

There is in Indochina a Labor Inspection Service whose main function is to arbitrate in labor disputes, but siding more often with the employer than with the employees. During 1948 there were a total of 696 individual work stoppages, of which 573 cases were settled by the Labor Inspection Service and 123 settled by a special Conciliation Commission. During the same year there were also a total of 57 work stoppages by groups of workers. Forty-two of these were settled by the Labor Inspection Service and the remaining 15 were settled by the

Conciliation Commission. The unionization of labor has not made much progress in Indochina.

The use of 'contract labor' is still the rule on most large rubber plantations. Most of the workers hired on contracts on the plantations were recruited in the Tonkin delta where an excess supply of labor has existed for centuries. At first the government administration did not enter into the labor recruiting business, with the result that plantation owners used special hiring agents who were paid so much per laborer recruited. Thompson reports that the majority of these hiring agents were unscrupulous, made gross misrepresentation of the hiring contracts and, in many cases, used drugs in getting the coolies to submit to conditions which were virtually three years of forced slavery. Special legislation passed in the late 1930's resulted in improvements in the methods used in hiring and also in the conditions under which plantation laborers worked and lived. Supervision of hirings was placed in the hands of civil administrative authorities, and contracts had to guarantee a minimum of well-being to the laborer; such as three years employment, ten hours daily work, rest periods, stipulated wage rates, provisions for dependents, suitable housing, food rations, and a compulsory deferred pay system (5 percent wage deduction) designed to encourage savings.

Camus estimates that at the peak of activities, in 1939, rubber plantations afforded the livelihood for a total of 140,000 men, women and children, and that the value of salaries paid and food furnished

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represented probably 25 percent of the total wages paid labor in Indochina.\textsuperscript{31} Working and living conditions have materially improved during the past decade. Sanitary conditions have been improved, free medical care and hospitalization is provided on most plantations, adequate housing for the laborer and his family is furnished and the free food ration now include meat and fish, fresh vegetables, salt, tea, and 'nuoc mam' (fish paste). Free schooling for dependents and churches or pagodas are also provided on most plantations. In addition, recreation facilities and village markets with controlled retail prices are also provided. Contracts also stipulate that free transportation for the worker and dependents to their original village will be provided at termination of the contract. As result of these improvements turnover of contract labor on rubber plantations has greatly decreased during the past few years. Notwithstanding the number of laborers who left the plantations to join the guerillas during the early part of rebel activities, it is estimated that about 70 percent of the workers renewed their contracts at the end of the first three years period, and some workers have remained voluntarily on the same plantation for twenty or more years.\textsuperscript{32} More recently, it appears that one of the greatest drawback to keeping contract laborers (most of which are Tonkinese) on the plantations for a long period of time is the changed environments in which the laborer finds himself on the plantations. Robequain concludes that miserable as his life in the

\begin{flushright}
\textsuperscript{32}Camus, \textit{op. cit.}, p. 6.
\end{flushright}
north was, the Tonkinese on the rubber plantation is still home-sick for his native village. The discipline of the plantation depresses him. He cannot get used to the forests and hills which hem him in from all sides.\(^{33}\) In many cases the Tonkinese laborer seems to be the victim of his own shiftlessness.

**Transportation and Communication**

Probably the greatest mark that will be left by the French in the development of Indochina will be the progress made in the field of transportation and communication during the past few decades. As noted in Chapter II, through French initiative and under French supervision great progress has been made in digging canals to drain rice lands and irrigate other areas, with the result that the present rather extensive system of canals in the delta areas of Indochina affords a means of communication and transportation in the interior provinces which was not available before the canals were dug.

However, results of French efforts go far beyond the existing canals. On the eve of World War II there was a total of over 33,000 kilometers of hard-surfaced (asphalt) roads; although there is not a single mile of concrete road in all of Indochina. Close to 15,000 kilometers consisted of gravel roads, and the remainder, or approximately 13,000 kilometers, were dirt roads. It should be kept in mind that at the turn of the century Indochina was without any improved roads in the true sense of the word. Although the road surfaces and the road beds are not up to United States standards, carving out the right-of-ways

\(^{33}\) Robequain, *op. cit.*, p. 218.
and the road beds out of jungle forests, mountainous areas and low, swampy land usually called for a large amount of effort.

Ten years of war resulted in the destruction of a large percentage of the road mileage in Indochina. Lack of security prevented proper maintenance and repairs in many areas, especially in North and Central Vietnam and in Laos. In addition, demolition of bridges by the Communist rebels was so extensive that very few of the numerous bridges remained intact. It has been estimated that a total of 13,000 of the 33,000 kilometers of roads in existence at the beginning of the war were unfit for automobile travel in 1950. A great road rebuilding and bridge repair program is now underway in Indochina, with most of the asphalt, steel and concrete being furnished by the United States under the foreign aid program.

Under the French control and administration a total of over 3,000 kilometers (1,800 miles) of railroad was built in Indochina; about 400 kilometers of which consists of a rail line from the city of Pnom Penh to the border of Thailand to the west. In Vietnam the French extended a railroad from the banks of the Mekong river in the south to the border of China in the north, thus linking the two most important deltas and regions of Indochina. It has been stated that "there was a wholly understandable ambition on the part of the French to use rail transportation to attract as much as possible of the trade of South China." There is little doubt that the interest of France and of French enterprises were given first consideration in the construction of the single railroad the whole length of the eastern seaboard.

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34 Robequain, op. cit., p. 89.
However, the fact remains that the railroad was constructed through exceedingly rough terrain, necessitating many excavations, tunnels, and numerous bridges. The first railroad was constructed in 1890 and the linking of the southern line and the one from the north was not accomplished until 1936, or 40 years later. Most of the work of building the railroad, as is still the case in building roads and highways, was done by hand. Robequain cites a case of 60,000 laborers working at one time on a single section of the rail line in the north close to the Chinese border.\(^\text{35}\)

The operation of the railroads in Indochina is under government control and direction. Guerrilla activities during the past few years resulted in the destruction of about one-third of the total railroad mileage. At the end of 1948 only 1,300 kilometers of railroad remained in operation. Throughout the period of 1950 to 1954 railroad traffic was possible only with armored cars, and every train was preceded by a pilot locomotive to test the bridges ahead for mines. Throughout the area controlled by the guerrillas in the north and central part of Vietnam most of the rails were removed and the metal used by them for ammunition. The same use was made of the steel ties in those areas (the French have an aversion to utilizing wood ties on railroad beds). This gives some indication of the tremendous rebuilding job to be done in Indochina to bring the roads and railroads to the same condition that existed before the war.

\(^{35}\text{Robequain, op. cit., p. 91.}\)
Inland Waterways

With the numerous rivers and smaller streams in the country, and the network of canals dug throughout both the Mekong and Red River deltas, Indochina had a very efficient system of inland waterways in prewar days. Mention has already been made of the importance of this inland waterway system in the development of the interior section of Cochinchina. During the war activities, however, the rebels, in their effort to block military and civilian traffic on the canals and smaller streams, erected numerous barriers across those waterways. In addition, the fast military craft operating up and down the canals caused a large percentage of the canal banks to wash away. This, and the fact that the barriers built by the rebels prevented the usual flow of current in many canals, resulted in heavy silting. Thus, many of the inland waterways are badly in need of dredging and repair before the larger sampans and river boats can safely navigate them.

Ocean and Coastwise Transportation

There are no free zones or ports in Indochina. The two principal ports are Saigon in the south and Haiphong in the north. Other important coastal ports in Vietnam are Hongay, Bangoi, Tourane and Nhatrang. In Cambodia the most important port is Pnom Penh on the Mekong River. Another port in Cambodia, but of secondary importance, is Kampot which is located on the Gulf of Thailand in the southern part of Cambodia. Saigon is by far the most important port, handling 1,116 steamship cargoes in 1952 totaling approximately 1.5 million tons. In the same year Haiphong handled 500,000 metric tons. Whereas the Chinese
predominate the inland or river shipping, the coastal shipping is almost exclusively a French monopoly. Normally about one third of the ocean-going ships calling at Indochinese ports are of French registry. During 1950, for example, out of 731 ships entering the port of Saigon a total of 474 were French. 36

**Air Transportation**

Both external and internal aviation activities have increased considerably during the past few years; the latter primarily because of lack of security on highways, railways and internal waterways. As a result, regular air service is provided between all of the principal cities and population centers by one or more of the five air transport companies operating in Indochina. A large number of airports and runways built by the French for Army Air Force use are also opened to civilian air traffic.

The extent of internal air traffic is indicated by citing statistics for the year 1950—considered an average year since 1948. In that year there were a total of 31,710 internal commercial civilian flights in Vietnam alone. These flights carried a total of 276,800 passengers and 30,140 metric tons of freight. Total passenger or freight mileage is not available. During that same year there were a total of 1,623 international flights in and out of Vietnam, carrying 30,000 passengers and 2,300 metric tons of freight. 37

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37 *Annuaire Bleu, op. cit.*, p. 10.
Tele-Communication Facilities

While there are telephone exchanges and inter-urban communications in the larger cities of Indochina and their immediate surroundings, all inter-city and foreign communication is by radio. A government organization in each of the three states operates the telephonic, radio, and telegraphic networks of Indochina. Outside of the larger population centers, tele-communication is not very extensively developed. There are about 8,500 telephone subscribers in Indochina today, compared with 5,000 in 1948 and 10,000 in 1939.
CHAPTER IV

POPULATION AND LIVING CONDITIONS

There has never been a really satisfactory census taken of the population in Indochina. Best estimates place the present total population at about 28 million people with 22.6 million people in Vietnam, 1.6 million in Laos and 3.5 million in Cambodia. There are approximately 9.8 million people in North Vietnam (commonly referred to as Tonkin), 7.2 million in Central Vietnam (the former Annamite Empire) and approximately 5.6 million in South Vietnam (formerly known as Cochinchina).

Distribution Patterns and Population Density

It is estimated that over 80 percent of the population live on slightly less than 13 percent of the total land area. Population data available are sufficient to show the extremely uneven distribution of the population. The most heavily populated areas are the alluvial plains close to the sea. These areas are:

(1) The Red River delta, 5,790 square miles, with 7.5 million people or 1,295 per square mile; (2) the coastal plains of Central Vietnam, 5,790 square miles, with 4.6 million people or 795 per square mile; (3) Central Cochinchina, 6,180 square miles, with 3.2 million people or 520 per square mile; (4) Western Cochinchina, 7,720 square miles, with one million people or 130 per square mile; (5) Southern Cambodia, 12,350 square miles, 2.4 million people or 195 per square mile. The towns and cities are included in these figures.
As is indicated by Table 8 the rest of the country also shows significant differences in population densities. Large areas of Laos, Northern Cambodia, and the hilly and mountainous areas of Central Vietnam are virtually unpopulated. On the other hand, parts of the Red River delta are among the most densely populated agricultural areas of the world, having a population density of over 3,000 people per square mile.

**Population Movements; Internal Migration**

The growing population of Indochina includes a great number of ethnic groups which are also very unevenly distributed. Of the total population, the Annamites are by far the largest number, representing about 72 percent of the population. 38 About one-half of the Annamites live in the Tonkin delta, the rest of them in Annam and Cochinchina and a few in Cambodia and Laos. In Vietnam they amount to about 88 percent of the population, whereas in Cambodia and Laos they represent only six and three percent of the population respectively. The Cambodians are the second most numerous ethnic group in Indochina, representing 12 percent of the total population.

Of the remaining 14 percent of the population, about 2 percent are foreigners and 12 percent other natives of a great many ethnic groups. Most numerous among them are the Thai who represent about 6 percent of the population and are divided about equally between Laos

38 Data on population movement and migration are obtained for the most part from the Annuaire Statistique de l'Indochine, 1947-1948, pp. 19-30, and from Pierre Gourou, Land Utilization in Indochina, pp. 47-73.
Table 3. Area, population and population density in Indochina by state, 1946

<table>
<thead>
<tr>
<th>State</th>
<th>Area (1,000 sq. mi.)</th>
<th>Population (Thousands)</th>
<th>Population density per square mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tonkin (North Vietnam) 1/</td>
<td>44.7</td>
<td>9,851</td>
<td>220</td>
</tr>
<tr>
<td>Annam (Central Vietnam) 1/</td>
<td>57.8</td>
<td>7,184</td>
<td>124</td>
</tr>
<tr>
<td>Cochinchina (South Vietnam)</td>
<td>24.7</td>
<td>5,579</td>
<td>226</td>
</tr>
<tr>
<td>Total Vietnam</td>
<td>127.2</td>
<td>22,614</td>
<td>178</td>
</tr>
<tr>
<td>Cambodia</td>
<td>53.7 2/</td>
<td>3,227</td>
<td>60</td>
</tr>
<tr>
<td>Laos</td>
<td>91.4 3/</td>
<td>1,189 4/</td>
<td>13</td>
</tr>
<tr>
<td>Total Indochina</td>
<td>272.3 2/</td>
<td>27,030 4/</td>
<td>99</td>
</tr>
</tbody>
</table>

1/ 1943 figures for Tonkin and Annam.
2/ Does not include cities.
3/ Not including the territory ceded to Siam in 1943 and returned after the war.
4/ Not including the population of the territory ceded to Siam in 1943 and returned after the war.

and Tonkin. This ethnic group make up about 56 percent of the total population of Laos. Another important ethnic group is the Moi who live mostly in the plateau areas of South Annam and Laos; they represent about 4.5 percent of the population.

The largest group among the foreigners is the Chinese who number about 610,000. The majority of these reside in the city of Saigon-Cholon which has about 320,000. The Chinese population in Cambodia numbers about 144,000. The importance of the Chinese in the economy of Indochina far exceeds their numerical strength. In fact they have a firm hold on a large segment of the country's economy, and form somewhat of a link between the native population and the French. The typical Chinese in Indochina is the merchant, primarily rice merchant, although upon first entering the country he may engage as a laborer or enter in some special type of agricultural enterprise, such as pepper-growing in Cambodia. In his profession as a rice merchant he is able to exploit the native's perennial need for credit and lack of capital.

Through his connections as a merchant, the typical Chinese in Indochina probably makes as much or greater profits through lending money at usurious rates of interest as he does in his rice merchandizing business. Although his tactics are resented by most natives, the Chinese is rather admired by them for his success; furthermore, he is usually able and willing to grant a loan to a peasant when no one else will.

Another important group of foreigners in Indochina is the Hindu, or British Indians, as they are sometimes referred to. They number about 6,000, of which about 300 are in Cambodia, 200 in Tonkin and the remainder, or 2,500, reside in South Vietnam. A large percentage of
them are engaged in the retail trade, usually specializing in dry goods retailing. However, they also engage in short-term money lending, and in certain areas give the Chinese stiff competition in this field. These Indian money lenders are called 'Chettyar' by the natives. The majority of them concentrate their money-lending activities in the rural areas and they usually lend money on harsher terms than the Chinese. For this reason they are probably disliked more by the farming population than are the Chinese.

Migration of Asians into Indochina is still quite heavy. In the year 1943 a total of 45,000 Chinese entered the country. The number of Indians coming in that same year was slightly over 400. Migration into South Vietnam has been heavier than into other parts of Indochina in recent years. However, there has no doubt been quite heavy migration of Chinese into the Tonkin area during the past few months since the Communists took control of that part of Vietnam.

At the beginning of 1949 there was a total of 71,000 French nationals in Indochina, of which about 6,000 were 'assimilés' or Eurasians who enjoyed full French citizenship privileges. About 22,000 resided in the immediate vicinity of Saigon, 10,000 were in Tonkin, and about 5,000 in Cambodia. These figures do not include members of the armed forces. French nationals have been leaving Indochina for metropolitan France in great numbers during the past year or two, and, although no reliable statistics are available for verification, the present number is probably only 60 percent of what it was in 1949. Very few Frenchmen remained in North Vietnam following the partitioning of the country in 1954.
The people of Indochina, the vast majority of whom are peasants, maintain a high population density in some rural areas only by intensive use of the land. Therefore, climate, soil, and agricultural practices play a great part in the pattern of distribution of the population. It is commonly agreed that a further important factor determining population distribution is the prevalence of malaria in most of the hilly and mountainous regions.

For the country as a whole, population density, being slightly under 100 per square mile, does not appear to be a problem of great significance until one makes an analysis of the pattern of distribution. The fact that 80 percent of the total population lives on less than 13 percent of the total land area, and that between 80 and 90 percent of the people are farmers greatly intensifies the pressure of the population upon the land in varying degrees in certain areas.

In the Tonkin delta the population problem is very serious. In the rural areas, population densities of more than 1,900 persons per square mile are not uncommon, and even higher densities than that are encountered in some provinces, such as Hadong with 2,900, Yenbay with 3,000, and in Quang Yen with a total of 6,000 inhabitants per square mile. These figures take on a more meaningful aspect when it is considered that in the rural provinces of Tonkin about 95 percent of the people are engaged in direct agricultural pursuits. Pierre Gourou hesitates to apply the term 'excess population' to the rural areas in Tonkin but states instead that the agricultural techniques applied on
the land in Tonkin require a large farming population.\(^{39}\) However, the fact remains that the normal rice ration in Tonkin is only about 136 kilograms per capita per year compared with an average of about 250 kilograms in the rest of Indochina. Problems arising from an excess of people on the land also are common in other parts of Indochina, especially in the coastal farming areas of central and northern Annam, where land holdings are small and the population density is very high. The pressure of population on the available land is much less in South Vietnam, and decreases yet more in Cambodia and Laos. Indochina can be cited as a good example of maldistribution of population. While the Tonkin delta region passed the saturation point many decades ago, other agricultural regions present quite different circumstances.

According to careful abstracts of vital statistics, the annual birth rate in the principal cities in Indochina is about 40 per thousand, while the death rate averages approximately 30 per thousand, indicating a rate of population increase of one percent per year.\(^{40}\) No statistical information is available which would give an indication of the average population increase in the interior, rural areas of the country, but in South Vietnam and Cambodia the birth rate is probably higher than in the cities and the death rate not higher resulting in a rate of population increase probably higher than one percent in those areas. Infant mortality is still high but the great number of children spilling out of every rural village is an amazement to most foreigners.\(^{41}\) Contrary,


\(^{40}\) *Rapports au Conseil des Interets Economiques et Financieres*, Hanoi, 1938, p. 288.

\(^{41}\) See Robequain, *op. cit.*, p. 47, in which he states that half the deaths are of children under 15 and that the mortality rate for infants in their first year averages 20 to 30 percent of the number of births.
the rate of population increase is probably less than average in the Tonkin delta area. The birth rate in that region is probably as high or higher than in other areas of the country but conditions of famine and disease are definite and almost constant checks to further increases in population.

Malthus, from his two basic concepts — "food is necessary for the existence of man" and "the power and inclination of man to reproduce his kind greatly exceeds his power to produce food" deduced that the interaction of the two would create disturbing population pressure. His gloomy predictions have found criticisms in the western world where man's capacity to produce food has often more than kept pace with population increases. However, in certain parts of Asia Malthus' postulates can be said to be very much in existence. Probably in no other place on the globe is the pressure of population upon the land supply greater than in the Tonkin delta. The recent evacuation of about one million people from Communist North Vietnam to the south has no doubt eased the problem somewhat but it would be exaggerating to think that this has resulted in materially solving it.

**Education and Extent of Literacy**

Until 1945, formal classroom education in Indochina was restricted to the larger towns and major cities, and to the children of the privileged. It is only during the past few years that government-operated schools have been established in the smaller, rural villages and communities; even these were established only in "secure" areas of the controlled zones. There are no official statistics indicating the degree of literacy in all Indochina. However, the percentage of
illiteracy among the rural population is without doubt extremely large, running probably as high as 75 percent of the adult population.

Although formal education, even at the lower levels, is confined to the larger cities primarily, the extent of schooling in both public and private schools is indicated in analyzing the percent of the total population attending school. According to official statistics only 28 persons per 1,000 inhabitants attending school at the outbreak of World War II; in 1947 the figure dropped in 8.6 per 1,000 persons; and in 1948 a total of 10.3 persons per 1,000 inhabitants were attended school. These official statistics indicate that as recently as 1948 only about one percent of the total population received formal schooling of any kind.\footnote{Annuaire Statistique de l'Indochine, 1947-48, pp. 55-73.}

In Indochina the rate of death at birth and early childhood is very high while the longevity of life is short. The result is that the children of school age (between the 6 and 18 age group) are estimated to represent approximately 40 percent of the total population of 28 million. These statistics indicate that only one out of 40 children of school age attended school in 1948. The other 39 either worked in the rice paddies, roamed the streets and countryside, begged for food, helped the guerillas in sabotage activities, or went fishing.

The University of Hanoi is the only institution in Indochina offering courses at the college level. However, compared to western size and standards its activities are limited. In 1948 there were only 32 professors on the faculty with 769 students in attendance.
A large number of the sons and daughters of the wealthy and influential Indochinese attend universities and high schools in France. Also, in 1947 a total of 71 scholarships were granted by the French Government for higher education in France.

Private and religious (Catholic) schools play a prominent role in education at the lower and intermediate levels. In 1948, the extent of private schooling, most of which was located in cities, was as follows:

<table>
<thead>
<tr>
<th></th>
<th>French: Number of schools</th>
<th>Number of students</th>
</tr>
</thead>
<tbody>
<tr>
<td>High schools</td>
<td>11</td>
<td>3,293</td>
</tr>
<tr>
<td>Grade schools</td>
<td>13</td>
<td>2,872</td>
</tr>
<tr>
<td>Vietnamese:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High schools</td>
<td>22</td>
<td>4,098</td>
</tr>
<tr>
<td>Private schools</td>
<td>209</td>
<td>14,054</td>
</tr>
</tbody>
</table>

In addition, 42,000 Chinese children received schooling in 309 private Chinese schools.

In the public school system in 1947-48 there were 17 high schools and 900 grade schools employing 292 French teachers and 4,133 Vietnamese teachers (of which 2,400 were serving in the capacity of "auxillary instructors"). At that time there was a total of 5,159 high school students enrolled in public high schools—but only 2,350 were Indochinese, the others were either French, Chinese, Indian, or other nationalities. There were some 174,000 students enrolled in public grade schools and 79,000 in kindergarten.

With the exception of the larger grade and high schools in the larger cities, public schools as a rule are very poorly equipped from
the standpoint of both supplies and material facilities and instructors. In the rural areas a grass shack without walls nor floor, one small board for the instructor, bamboo benches and half-naked students is the rule. Books and other supplies are very scarce or non-existent.

Some improvements have been made in recent years in the field of education. More schools have been built especially in the rural areas, more and better teaching equipment and supplies has been furnished, and there has been special efforts made on the part of the governments to encourage more young people to qualify themselves and enter the teaching profession. However, greater progress has been witnessed in the field of adult or "mass" education. Under a program sponsored by American aid it is estimated that approximately 2 million adult Indo-chinese have been made "literate"; i.e., taught to read and write during the course of the past four years. This program of activity is still going on.

In the field of agricultural education there was a total of 59 students enrolled in agriculture, veterinary science, and forestry in 1941-42. In addition, an average of 10 students received scholarships each year from the government for study in agriculture and related fields in French universities. Courses offered at the University of Hanoi were primarily in the basic sciences, such as, agronomy, plant pathology, etc. and very little, if any, courses were offered in such fields as Agricultural Education, Agricultural Economics, etc. Inevitably only a very small percentage of the agriculture graduates remained actively engaged in their profession, either in government, teaching or private enterprise after completing the college courses.
The University of Hanoi is now closed to all Indochinese students except those residing in Communist North Vietnam. Plans are now under way to establish a general university in Saigon. In addition, American aid is being furnished to establish an agricultural college in South Vietnam wherein it is anticipated that agricultural education and extension will comprise the larger portion of the curriculum. At the same time efforts are being made to establish an agricultural extension system modeled after the U. S. system. The extent of American aid in this field of agricultural education and extension is expressed in the amount of $228,000 for supplies and equipment (primarily vehicles for the extension service personnel) and one million dollars of local counterpart currency with which to erect the buildings, furnish local supplies, pay the personnel, etc. It is anticipated that the new extension service will supplement the old French system of having a provincial nursery in every province supervised by a government agricultural agent operated on government funds, but serving the sole purpose of furnishing fresh fruit and vegetables, and flowers for the Chief of Province and other high government officials.
CHAPTER V

FARMING METHODS AND AGRICULTURAL PRODUCTION

Best estimates place the total amount of land under permanent cultivation in Indochina at between 15 and 16 million acres.\(^4^3\) This comprises only about nine percent of the total land area. Dense forest land comprises about 115 million acres, or 60 percent of the total area. Approximately 53 million acres, or about 30 percent of the land, constitute what is commonly referred to as "open land", that is, land on which there is very thin forest vegetation, and/or open grass land. The remaining two million acres comprise swamp land which is unfit for crop production at the present time.

It is estimated by Gourou that 20 million acres of the land classified as "open land" could be brought into cultivation without unduly large land clearing efforts. Most of this land is of a slightly rolling topography, has a high natural fertility and would be very well suited to the growing of cotton, corn, and other "high-land" crops.\(^4^4\) In addition, approximately 80 percent of the two million acres, or 1.6 million acres, of the presently uncultivated swamp land could be drained sufficiently for rice cultivation.

\(^{4^3}\) No complete and reliable estimate of land use was ever made for Indochina. The best studies available in this field are those of Pierre Gourou entitled Land Utilization in Indochina, Institute of Pacific Relations, New York, 1945, and Yves Henry, Economie Agricole de l'Indochine, Ideo Presse, Hanoi, 1932. Land use data are obtained from these two studies for the most part.

\(^{4^4}\) According to Indochinese and French terminology, high-land crops, or "cultures de haute terre", designate those crops grown without irrigation water which in Indochina means practically all crops except rice.
A major part of the cultivated land, about 11 million acres, is in Vietnam. In Laos only about 1.5 million acres are under cultivation; in Cambodia about 3.3 million acres. In addition, roughly 4 million acres in the hilly and mountainous region of Vietnam are used for shifting (ray) cultivation. The amount of grass land used for pastures is very small.

Rice is by far the most important crop grown in Indochina and takes first place in economic importance. Irrigated rice fields cover approximately 12.5 million acres of a total cultivated area of about 15.5 million acres. Only about 1.0 of the 15.5 million acres under permanent cultivation are in the hilly and mountainous regions. Roughly, only about 2 million acres of the valleys and coastal plains are planted to crops besides rice, namely corn, cotton, peanuts, sugar cane, and vegetables.

Agricultural production is largely confined to the broad level valleys of the Mekong River in Cambodia and South Vietnam and the Red River in North Vietnam, the Western province of Battambang and the area surrounding the great lake of Tonle Sap in Cambodia, and the small, isolated river valleys along the east coast of Vietnam.

Approximately 8 million acres, or roughly 53 percent of the total cultivated area of Indochina, is located in the Mekong River delta.

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About 1.9 million acres of rice land in Indochina bear two crops of rice per year. Available water during the dry seasons being the limiting factor such two crop lands are located along low river banks and are flooded during the dry season by the rise of the water level in the rivers caused by rising tides. Therefore, while the total area under permanent cultivation is in the neighborhood of 15 to 16 million acres, the total crop area is probably between 17 and 18 million acres.
About 3.5 million acres are cultivated in the Red River delta. The Tonle Sap and Battambang region of Cambodia comprises about 1.0 million acres, and approximately 2.3 million acres of cultivated land is located along the east coast of Vietnam.

**Crop Production and Agricultural Practices**

For the most part crop production in Indochina is conducted under very primitive farming practices. The most intensive use of human labor is still the predominant way of land cultivation; therefore, labor requirements in crop production are extremely large. Mechanical agricultural equipment is relatively unknown and the use of draft animals is very limited in certain densely populated areas, especially in the Tonkin delta and the Annam Coastal areas, because they compete with man for the meager food supply. In the Tonkin delta it is reported that an hour's work by a water buffalo is worth two hours of man labor. The intensive use of labor in agriculture has somewhat of a concealing effect of excess population and partly explains why in certain rural areas with high population densities there may actually be a shortage of labor during periods of peak labor requirements, such as rice transplanting and harvesting.

Crop cultivation is typically small-scale with the farm family furnishing most of the labor required. This is the case even on large estates (except rubber), because most large landowners still prefer to make use of primitive methods of cultivation and divide their holdings

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into small plots for hand cultivation by the large supply of farm laborers available.

Although the average Indochinese farmer can be classified as a skillful cultivator by Asiatic standards, his productivity is very low. Furthermore, he has from experience become resigned to the relative uselessness of his labor and makes very little attempt to increase labor productivity. This rather fatalistic attitude on the part of farmers in general is not conducive to improvements in agriculture, and serves to demonstrate that improvements are difficult to achieve in an agricultural economy based on a depressed farming population.

Due primarily to lack of improved seed stock, hand cultivation and the absence of proper equipment, and very restricted use of fertilizer, the average crop yield in Indochina is low by any standard of comparison. Lack of standardization and, in general, low quality of produce are reflected in the relatively low prices usually paid for Indochina farm products (particularly rice) in foreign markets.47

There have been very few efforts made in the past by the government to bring about improvements in crop production methods. Under French administration experimental stations or gardens were established in almost every province but these served primarily the purpose of furnishing fruit, vegetables and flowers for the chiefs of provinces. A number of seed rice improvement stations also were established in various parts of Indochina. However, not much progress was made in

47This subject is dealt with more extensively in Chapter VIII Agricultural Marketing and Processing.
improving rice varieties. The small amounts of proven varieties that were brought out were either sold to the large plantation owners or bottled up on laboratory shelves. The average Vietnam peasant rice farmer has seldom had the opportunity to plant selected rice seed because improved seed was not distributed to farmers by the "Office Indochinoise de Riz".

However, improvements through technical advice on proper production methods, practical education, seed selection, and other procedures can meet with only limited success even if well carried out so long as agricultural education work is not conducted in coordination with positive measures for the solution of other urgent agricultural problems — mainly agricultural credit.\(^4\) Robequain points out for example that it is useless to explain proper fertilization practices to farmers so long as the price of fertilizer is beyond the economic capacity of the peasant and so long as credit with which to purchase fertilizer is unobtainable at reasonable rates.\(^5\)

**Rice:**

Rice is by far the most important product of Indochina. The inhabitants of the area give first place in their thoughts and actions to the cultivation of rice and rice fields cover over 80 percent of the cultivated area of the country. Rice takes first place as food and also is the most important export item. Almost all agricultural enterprises undertaken in the country are adjusted according to the requirements

\(^4\) Agricultural credit problems are treated in some detail in Chapter X, *Agricultural Credit*.

\(^5\) Robequain, *op. cit.*, p. 228.
of rice culture, and all other crop cultivation is subordinate to it. Aside from its importance as a food item in the diet of the people the main reasons for the predominance of rice cultivation are: (1) there is no other crop produced in the area that can give as large per acre yields under the same conditions of climate, soil fertility, and cultivation; (2) on a large percentage of the area now under cultivation rice is about the only crop that can be grown at all; (3) flooded rice is the only food plant in Indochina the cultivation of which can be continuously pursued year after year without the yields decreasing to unprofitable levels. Rice, therefore, is the single great factor in Indochinese civilization and rice cultivation has made possible the high population densities existing in the Tonkin delta and certain parts of Annam.

These advantages and the importance of the rice crop have led the peasants of Indochina to adapt themselves to natural conditions as regards its cultivation. Each agricultural region in the country, with its individual soil characteristics and peculiar irrigation situation, grows special varieties of rice and at the most opportune period of the year. As a result of this multiplicity of adaptations there is no month of the year during which some rice is not being harvested in some rice-growing district. Figure 11 indicates the more important rice-producing regions of Indochina, and Table 9 gives estimates of the acreage, yield and production of rice from 1936–37 to 1954. These estimates serve the purpose of giving some indication

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50It must be kept in mind that the statistics available on rice and all other agricultural production in Indochina are grossly inadequate and have several shortcomings, and that whatever the source of those given, one must remember that they represent rough estimates based on insufficient information in many cases.
Table 9. Rice Acreage, Yield and Production, in Indochina, 1936-52

<table>
<thead>
<tr>
<th>Year</th>
<th>Acreage(^1|) (1,000) acres</th>
<th>Yield per acre () (pounds)</th>
<th>Production(^2) (1,000) metric tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Averages</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1936-1940</td>
<td>14,306</td>
<td>1,006</td>
<td>6,530</td>
</tr>
<tr>
<td>1941-1945</td>
<td>13,000</td>
<td>987</td>
<td>5,817</td>
</tr>
<tr>
<td>Annual</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1946</td>
<td>8,970</td>
<td>1,060</td>
<td>4,286</td>
</tr>
<tr>
<td>1947</td>
<td>9,890</td>
<td>970</td>
<td>4,797</td>
</tr>
<tr>
<td>1948</td>
<td>12,900</td>
<td>1,012</td>
<td>5,919</td>
</tr>
<tr>
<td>1949</td>
<td>13,500</td>
<td>950</td>
<td>5,817</td>
</tr>
<tr>
<td>1950</td>
<td>12,000</td>
<td>1,012</td>
<td>5,411</td>
</tr>
<tr>
<td>1951</td>
<td>9,680</td>
<td>1,000</td>
<td>4,441</td>
</tr>
<tr>
<td>1952</td>
<td>10,500</td>
<td>970</td>
<td>4,800</td>
</tr>
</tbody>
</table>

\(^1\) In Tonkin and Annam where two crops of rice are grown annually on the same land such acreage is counted twice.

\(^2\) In terms of rough rice.

Annuaire Statistique de l'Indochine, 1948-49, Saigon, 1950;
Bulletin Economique du Vietnam, No. 10, Saigon, October, 1952;
Rice Office of Indochina, Yearly Rice Acreage and Production Statistics.

of production trends, the relative importance of the various products, and their importance from the standpoint of the national economy as a whole.

The acreage in rice declined considerably during the war period, and decreased yet further during the post-war years of internal rebel activities. Although production was still sufficient to meet domestic requirements, post-war exports have been small compared with the pre-war
period (Table 10). This decline in production and exports was the result of many rural regions being under the control of rebel forces which prevented free movement of paddy from the interior to the Saigon-Cholon rice mills. In addition, many farmers fled their local villages for the safety of the larger cities resulting in a large acreage being left uncultivated, and, many other farm families restricted rice production to the amount needed for home consumption and local demand.

Now that internal security has been established it can be expected

### Table 10. Rice Exports from Indochina, 1935-54

<table>
<thead>
<tr>
<th>Year</th>
<th>Paddy</th>
<th>Milled rice and rice products</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,000 metric tons</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1935</td>
<td>318</td>
<td>1,430</td>
<td>1,748</td>
</tr>
<tr>
<td>1936</td>
<td>224</td>
<td>1,539</td>
<td>1,763</td>
</tr>
<tr>
<td>1937</td>
<td>140</td>
<td>1,389</td>
<td>1,529</td>
</tr>
<tr>
<td>1938</td>
<td>38</td>
<td>1,016</td>
<td>1,054</td>
</tr>
<tr>
<td>1939</td>
<td>322</td>
<td>1,350</td>
<td>1,672</td>
</tr>
<tr>
<td>1940</td>
<td>60</td>
<td>1,526</td>
<td>1,586</td>
</tr>
<tr>
<td>1941</td>
<td></td>
<td>944</td>
<td>944</td>
</tr>
<tr>
<td>1942</td>
<td></td>
<td>974</td>
<td>974</td>
</tr>
<tr>
<td>1943</td>
<td></td>
<td>1,017</td>
<td>1,023</td>
</tr>
<tr>
<td>1944</td>
<td></td>
<td>498</td>
<td>498</td>
</tr>
<tr>
<td>1945</td>
<td>1</td>
<td>44</td>
<td>45</td>
</tr>
<tr>
<td>1946</td>
<td></td>
<td>109</td>
<td>109</td>
</tr>
<tr>
<td>1947</td>
<td></td>
<td>90</td>
<td>91</td>
</tr>
<tr>
<td>1948</td>
<td></td>
<td>233</td>
<td>233</td>
</tr>
<tr>
<td>1949</td>
<td></td>
<td>140</td>
<td>140</td>
</tr>
<tr>
<td>1950</td>
<td></td>
<td>125</td>
<td>125</td>
</tr>
<tr>
<td>1951</td>
<td></td>
<td>361</td>
<td>361</td>
</tr>
<tr>
<td>1952</td>
<td></td>
<td>240</td>
<td>240</td>
</tr>
<tr>
<td>1953</td>
<td></td>
<td>207</td>
<td>207</td>
</tr>
<tr>
<td>1954</td>
<td></td>
<td>387</td>
<td>387</td>
</tr>
</tbody>
</table>

Sources: Syndicat des Exportateurs Francais d'Indochine, Annual Reports; Customs Statistics for Indochina.
that rice production will soon return to pre-war levels. However, unless there are significant increases in per acre yields over pre-war averages it is doubtful that pre-war volume of rice exports from Indochina will be forthcoming. It must be kept in mind that with an average annual increase in population of one percent domestic requirements have increased about 15 percent since the pre-war period, and assuming no change in the pre-war per capita rate of consumption, over one million metric tons more would be required for domestic consumption than before the war.

Cochinchina is by far the most important rice-producing area in Indochina. This region has the largest acreage in rice fields, the highest yield per acre, the highest total production, and the highest production per capita than any other area. Cochinchina and Cambodia are the only regions of Indochina which normally produce an exportable supply of rice. Table 11 shows the distribution of rice production among the various regions or states.

Relative low soil fertility, lack of proper fertilization, primitive production methods, inefficient water control, and high losses before harvesting all combine to give Indochina very low per-acre yields of rice and one of the lowest per-capita productions of those engaged in its culture of all rice-producing countries (Table 12). In the pre-war period yields in Japan were almost three and a half times as high as those in Indochina.

**Types of Rice Culture:**

By far the greater part of the rice grown

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51Most of the factual information contained in this section was obtained from material prepared for the Economic Cooperation Administration by the Office of Foreign Agricultural Relations of the United States Department of Agriculture and reported in *The Agriculture of French Indochina.*
Table 11. Rice Acreage, Yield, Production, and Production per Capita, in Indochina, by State, 1942-43/

<table>
<thead>
<tr>
<th>State</th>
<th>Acreage</th>
<th>Yield per acre</th>
<th>Production</th>
<th>Production per capital</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,000 acres</td>
<td>Pounds</td>
<td>1,000 m.t.</td>
<td>Pounds</td>
</tr>
<tr>
<td>Tonkin</td>
<td>3,674</td>
<td>1,129</td>
<td>1,882</td>
<td>418</td>
</tr>
<tr>
<td>Annam</td>
<td>2,337</td>
<td>928</td>
<td>984</td>
<td>354</td>
</tr>
<tr>
<td>Cochinchina</td>
<td>5,690</td>
<td>1,232</td>
<td>3,179</td>
<td>1,298</td>
</tr>
<tr>
<td>Cambodia 2/</td>
<td>2,439</td>
<td>757</td>
<td>838</td>
<td>606</td>
</tr>
<tr>
<td>Laos 2/</td>
<td>1,102</td>
<td>774</td>
<td>387</td>
<td>853</td>
</tr>
<tr>
<td><strong>Total French Indochina 2/</strong></td>
<td><strong>15,244</strong></td>
<td><strong>1,051</strong></td>
<td><strong>7,270</strong></td>
<td><strong>628</strong></td>
</tr>
</tbody>
</table>

1/ In terms of rough rice.
2/ Not including the area ceded to Siam in 1941, and returned to Indochina after the war.


Table 12. Comparisons of Rice Acreage, Yields, Production, and Production per Capita of Indochina with Other Asiatic Rice-Producing Countries, Average 1935-36 to 1939-40

<table>
<thead>
<tr>
<th>Country</th>
<th>Acreage</th>
<th>Yield per acre</th>
<th>Production</th>
<th>Production per capital</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,000 acres</td>
<td>Pounds</td>
<td>1,000 m.t.</td>
<td>Pounds</td>
</tr>
<tr>
<td>French Indochina</td>
<td>14,306</td>
<td>1,006</td>
<td>6,530</td>
<td>620</td>
</tr>
<tr>
<td>Burma</td>
<td>12,671</td>
<td>1,238</td>
<td>7,114</td>
<td>1,006</td>
</tr>
<tr>
<td>China 2/</td>
<td>48,853</td>
<td>2,259</td>
<td>50,064</td>
<td>270</td>
</tr>
<tr>
<td>Japan</td>
<td>7,862</td>
<td>3,408</td>
<td>12,153</td>
<td>384</td>
</tr>
<tr>
<td>Korea</td>
<td>3,838</td>
<td>2,295</td>
<td>3,996</td>
<td>376</td>
</tr>
<tr>
<td>Pakistan 2/</td>
<td>18,706</td>
<td>1,301</td>
<td>11,040</td>
<td>360</td>
</tr>
<tr>
<td>Siam</td>
<td>7,088</td>
<td>1,353</td>
<td>4,349</td>
<td>662</td>
</tr>
</tbody>
</table>

2/ Average 1931-37.
3/ Average 1936-37 to 1939-40.

Source: Office of Foreign Agricultural Relations, *Foreign Crops and Markets*, Washington: May 29, 1950, except for last column which was computed as indicated in 1/.
in Indochina is wet-rice, although in the mountain regions dry or upland rice is grown, chiefly under the ray system of cultivation.

The cultivation of wet-rice presents each geographical region with its own particular set of problems. The major difference between the problems of rice cultivation in the Tonkin and Mekong Deltas is the fact that the Red River rises rapidly and endangers the rice fields by widespread and destructive floods, whereas the annual floods of the Mekong River come very slowly and are never as high as those of the Red River. Furthermore, the Mekong River rises only once each year, after which the water recedes, whereas the Red River may have three or four high floods during the course of the rainy season. Thus, in the Tonkin delta the chief water problem is protection of the land against floods, whereas in the Mekong Delta the chief problem is drainage.

In Tonkin and Annam there are two distinct rice crops grown, one known as the fifth-month crop (grown in the dry season and harvested in June, the fifth month of the Annamese calendar) and the other the tenth-month crop (grown in the wet season and harvested in November). Low-lying land usually bear only the first crop; rice land with medium elevation usually bear both crops; and the uplands of the northern and central parts of the delta usually bear only the wet-season crop. It is estimated that about 45 percent of the rice land in Tonkin bear both the fifth-month crop and the tenth-month crops of rice, and in Annam about one-third of the rice land area is double cropped.

Through generations of practice the farmers of Tonkin and Annam have developed a great facility for selecting varieties of rice best adapted to particular conditions of soil and water, and for extracting every possible advantage from transplanting rice seedlings. As in most
of Asia, the rice seed is first planted in seed-beds which are very carefully cultivated. In some of the higher areas transplanting is absolutely essential to the cultivation of wet-rice because the fields cannot be kept flooded for the entire period of growth from seed to seed.

In Cochinchina three types of rice cultivation is carried on: Rice that is transplanted only once, rice that requires two transplantings, and rice that is seeded directly into the field. These three types of adaptations to environmental conditions differ in labor requirements, length of growing season and yield. Almost 75 percent of the total rice area in Cochinchina is planted to rice which is transplanted only once. There are considerable variations in types, their harvests varying from late October to early January, but the largest part consists of the so-called "half-season" rice, which is seeded in June, transplanted in August, and harvested in December.

Rice fields with two transplantings are found close to the rivers and are subject to floods. They are not provided with dikes so that the flood waters can flow evenly over the area. The depth of the water (reaching up to 18 inches in October) require the transplanting of strong rice seedlings. Two transplantings are necessary to provide strong plants of the necessary height to stand above the water level and to withstand being smothered by the weeds. Twice-transplanted rice has a longer growing season; it is seeded in June and harvested in February.

Floating rice is found along the banks of the Bassac River in Cochinchina and around the Great Lake in Cambodia and the borders of the Mekong River. Rice follows corn in the rotation which is sown to reach maturity just before the flood, and the rice is planted between
the rows. The only requirement is that the rise in water level be sufficiently gradual so that the rice will not be submerged. The stems, which attain lengths of 12 feet or more, settle on the mud when the water recedes, and new roots start at the upper nodes. One seedling thus can produce a number of heads. The crop is harvested during December-January.

The larger part of the rice fields in Cambodia are rainy season fields, flooded solely by rain water held in by small dikes. Characteristic of the Cambodian landscape are these rice fields which become very dry during the winter and which are dominated at intervals by clusters of sugar palms.

In addition to this rainy-season rice and floating rice, the Cambodians also cultivate a dry-season rice sometimes called "falling-water" rice by the natives. When the river floods recede from the land, the farmer plants rice which he is often obliged to irrigate by primitive hand methods. In some areas the rice is planted out in stages with the first planted plots being the first harvested.

The Tribal population of Laos, Tonkin, and Annam, practice ray cultivation of dry or upland rice. After the forest has been burned and cleared rice and corn are planted by merely dropping the seeds into holes made with a stick. There is no land tilling, no cultivation, no fertilization, and no farm implement of any kind is used. In this type of culture the most important task between seed planting and harvesting consists of guarding the fields against wild animals.

Corn:

Indochina's only other cereal of importance is corn. While it had been cultivated by the natives for many years it was a secondary
food crop fifty years ago and was a negligible item in Indochina's foreign trade. Plantings were encouraged by the French to provide animal feed for export mainly to France, and by the 1930's it had become one of Indochina's most important exports; from 1932 to 1936 it was the second most important export product in terms of value, although far behind rice. This was largely due to the French policy of protecting colonial products by increased tariffs on foreign grain. Corn has not, however, become an important product for domestic consumption, as the natives prefer rice, and during the period preceding World War II about 85 percent of the corn produced was exported.

Table 13 shows the official figures for area yield, production and exports of corn. For the most part the data are incomplete, especially for the period since 1944 when they appear to cover only Cambodia. As

Table 13. Acreage, Yield, Production and Exports of Corn in Indochina, for Selected Years, 1936-51

<table>
<thead>
<tr>
<th>Year</th>
<th>Acreage</th>
<th>Yield per acre</th>
<th>Production</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,000 acres</td>
<td>Pounds</td>
<td>1,000 metric tons</td>
<td>1,000 metric tons</td>
<td></td>
</tr>
<tr>
<td>1936</td>
<td>1,235</td>
<td>1,071</td>
<td>600</td>
<td>467</td>
</tr>
<tr>
<td>1937</td>
<td>1,235</td>
<td>1,071</td>
<td>600</td>
<td>563</td>
</tr>
<tr>
<td>1938</td>
<td>1,235</td>
<td>1,160</td>
<td>650</td>
<td>548</td>
</tr>
<tr>
<td>1940</td>
<td>1,036</td>
<td>767</td>
<td>370</td>
<td>276</td>
</tr>
<tr>
<td>1942</td>
<td>741</td>
<td>812</td>
<td>273</td>
<td>125</td>
</tr>
<tr>
<td>1943</td>
<td>694</td>
<td>689</td>
<td>217</td>
<td>99</td>
</tr>
<tr>
<td>1944</td>
<td>613</td>
<td>741</td>
<td>206</td>
<td>18</td>
</tr>
<tr>
<td>1948</td>
<td>300</td>
<td>810</td>
<td>110</td>
<td>47</td>
</tr>
<tr>
<td>1949</td>
<td>458</td>
<td>850</td>
<td>177</td>
<td>29</td>
</tr>
<tr>
<td>1950</td>
<td>461</td>
<td>845</td>
<td>175</td>
<td>40</td>
</tr>
<tr>
<td>1951</td>
<td>452</td>
<td>900</td>
<td>185</td>
<td>64</td>
</tr>
</tbody>
</table>

the data indicate, corn has become a much less important product for Indochina than it was before the war. In Cambodia, for example, which was relatively free from internal rebel activities, it is obvious that the decline in production is due to other causes. In 1949 the low world price for corn in relation to high production costs in Indochina was undoubtedly an important factor contributing to reduced acreage. It is reported that in 1949 France paid approximately 20 francs per kilogram more than the then current world price for corn imported from Indochina. As is indicated by Table 13, corn exports from Indochina since the war have been small compared with pre-war exports. France and the French Union continue to be the most important market for Indochina's corn exports. In general, corn for export is not given the proper care that it should receive. Very often it is not carefully sorted and graded, and is packed and shipped before being dried to the moisture content necessary for safe storage, with the result that there frequently is excessive molding and weevil damage.

In Cambodia corn is grown along the river banks and in the flood beds of the Mekong. The seed sown at the beginning of the rainy season in May or June is harvested just before the high floods. In some areas corn is grown as a dry-season crop also, and it is possible to grow two crops of corn a year, but this practice is not very widespread.

Unlike rice and pepper, the Chinese merchant is almost completely absent from the corn marketing picture—leaving this activity to the French, and now more recently, the Cambodians themselves. It has been stated that the increase in corn production in Cambodia which occurred during the late thirties was partly attributable to the interest taken
by the Cambodian farmers in a crop whose sale was not as thoroughly controlled by the Chinese middlemen as certain other crops, such as rice and pepper.

**Other Food Crops:**

Among the more important food crops, in addition to rice and corn, are sweet potatoes, sugar cane, manioc, taro and various other root crops, beans, and a rather large variety of fruits and vegetables.\(^{52}\)

Reliable statistics relating to the acreage and production of these minor crops are more difficult to obtain than those for rice and corn because they are grown on even more scattered plots and are often interplanted with one another. Furthermore, the acreage planted from year to year varies greatly depending upon the supply of water and climatic conditions. Since these crops are essentially dry-season crops the availability of water is the critical factor. In most areas dry-season crops are planted immediately after the rice harvest on rice land, and since irrigation is usually necessary toward the maturity stage the amount of land a farm family can cultivate is very small because practically all water lifting is done by primitive hand methods. However, improvements

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\(^{52}\) The most reliable statistics available concerning the production, acreage, and exports of the minor crops are contained in the following tables (1) Table 14 Area in Minor Crops; (2) Table 15 Area in Minor Crops, by State, Compared with the Area in Rice, Rubber, and Corn; (3) Table 16 Production of Minor Crops.

No data with any degree of reliability are available for minor crops for the years of intensive rebel activities (since the end of World War II). Only gross estimates by people not too well informed have been made of acreage and production of those crops for those years. The fact that such a large proportion of the producing areas was located in those parts of the country occupied by Communist rebels probably resulted in large reductions in both acreage and production since large numbers of farmers left the countryside for the safety of the cities and thus quit farming.
Table 14. Acreage in Minor Crops, in Indochina, Annual 1936-38, 1940, 1942-44

<table>
<thead>
<tr>
<th>Crop</th>
<th>1936</th>
<th>1937</th>
<th>1938</th>
<th>1940</th>
<th>1942</th>
<th>1943</th>
<th>1944</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton</td>
<td>37</td>
<td>37</td>
<td>37</td>
<td>37</td>
<td>47</td>
<td>83</td>
<td>128</td>
</tr>
<tr>
<td>Jute</td>
<td>0.3</td>
<td>0.5</td>
<td>0.5</td>
<td>2</td>
<td>9</td>
<td>38</td>
<td>43</td>
</tr>
<tr>
<td>Ramie</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>3</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Peanuts</td>
<td>37</td>
<td>37</td>
<td>57</td>
<td>57</td>
<td>123</td>
<td>119</td>
<td>116</td>
</tr>
<tr>
<td>Castor seed</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>15</td>
<td>24</td>
<td>49</td>
<td>74</td>
</tr>
<tr>
<td>Sesame</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>12</td>
<td>15</td>
<td>17</td>
</tr>
<tr>
<td>Coconut</td>
<td>62</td>
<td>74</td>
<td>74</td>
<td>74</td>
<td>62</td>
<td>72</td>
<td>69</td>
</tr>
<tr>
<td>Tung</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Sugar cane</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>87</td>
<td>86</td>
<td>89</td>
</tr>
<tr>
<td>Tobacco</td>
<td>49</td>
<td>54</td>
<td>49</td>
<td>37</td>
<td>38</td>
<td>54</td>
<td>41</td>
</tr>
<tr>
<td>Tea</td>
<td>49</td>
<td>49</td>
<td>49</td>
<td>62</td>
<td>43</td>
<td>43</td>
<td>n.a.</td>
</tr>
<tr>
<td>Pepper</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>7</td>
<td>9</td>
<td>5</td>
<td>n.a.</td>
</tr>
<tr>
<td>Kapok</td>
<td>9</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>14</td>
<td>14</td>
<td>13</td>
</tr>
<tr>
<td>Mulberry</td>
<td>n.a.</td>
<td>7</td>
<td>7</td>
<td>12</td>
<td>17</td>
<td>27</td>
<td>35</td>
</tr>
<tr>
<td>Lac</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
</tbody>
</table>

Total area in minor crops 408 434 449 467 538 661 652

Source: *Annuaire Statistique de l'Indochine*, Vols. VI to XI, 1934-36 to 1943-46.
Table 15. Acreage in Minor Crops, in Indochina, by State, Compared with Area in Rice, Rubber and Corn, 1942

<table>
<thead>
<tr>
<th>Crop</th>
<th>Tonkin</th>
<th>Annam</th>
<th>Cochin-China</th>
<th>Cambodia</th>
<th>Laos</th>
<th>Total French Indochina</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton</td>
<td>2</td>
<td>11</td>
<td>3</td>
<td>30</td>
<td>1</td>
<td>47</td>
</tr>
<tr>
<td>Jute</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td>Ramie</td>
<td>1</td>
<td>2</td>
<td>negl.</td>
<td>0</td>
<td>negl.</td>
<td>3</td>
</tr>
<tr>
<td>Peanuts</td>
<td>12</td>
<td>59</td>
<td>37</td>
<td>15</td>
<td>0</td>
<td>123</td>
</tr>
<tr>
<td>Castor seed</td>
<td>21</td>
<td>2</td>
<td>negl.</td>
<td>1</td>
<td>0</td>
<td>24</td>
</tr>
<tr>
<td>Sesame</td>
<td>3</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>12</td>
</tr>
<tr>
<td>Coconut</td>
<td>0</td>
<td>10</td>
<td>52</td>
<td>0</td>
<td>0</td>
<td>62</td>
</tr>
<tr>
<td>Tung</td>
<td>2</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>Sugar cane</td>
<td>15</td>
<td>35</td>
<td>37</td>
<td>0</td>
<td>0</td>
<td>87</td>
</tr>
<tr>
<td>Tobacco</td>
<td>7</td>
<td>15</td>
<td>8</td>
<td>7</td>
<td>1</td>
<td>38</td>
</tr>
<tr>
<td>Coffee</td>
<td>5</td>
<td>16</td>
<td>3</td>
<td>0</td>
<td>2</td>
<td>26</td>
</tr>
<tr>
<td>Tea</td>
<td>27</td>
<td>14</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>43</td>
</tr>
<tr>
<td>Pepper</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>7</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td>Kapok</td>
<td>0</td>
<td>1</td>
<td>3</td>
<td>10</td>
<td>0</td>
<td>14</td>
</tr>
<tr>
<td>Mulberry</td>
<td>7</td>
<td>8</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>17</td>
</tr>
<tr>
<td>Lac</td>
<td>15</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total minor crops</strong></td>
<td><strong>124</strong></td>
<td><strong>187</strong></td>
<td><strong>149</strong></td>
<td><strong>72</strong></td>
<td><strong>6</strong></td>
<td><strong>538</strong></td>
</tr>
<tr>
<td><strong>Rice</strong></td>
<td>3,674</td>
<td>2,338</td>
<td>5,690</td>
<td>2,439</td>
<td>1,102</td>
<td>15,243</td>
</tr>
<tr>
<td><strong>Corn</strong></td>
<td>213</td>
<td>64</td>
<td>44</td>
<td>371</td>
<td>49</td>
<td>741</td>
</tr>
<tr>
<td><strong>Rubber</strong></td>
<td>0</td>
<td>4</td>
<td>255</td>
<td>71</td>
<td>negl.</td>
<td>330</td>
</tr>
<tr>
<td><strong>Total crop acreage reported</strong></td>
<td><strong>4,011</strong></td>
<td><strong>2,593</strong></td>
<td><strong>6,138</strong></td>
<td><strong>2,953</strong></td>
<td><strong>1,157</strong></td>
<td><strong>16,852</strong></td>
</tr>
</tbody>
</table>

1/ Crop year 1942-43.

2/ In Tonkin and Annam, where two crops are obtained from much of the area, such acreage is counted twice.

3/ In addition to these crops, a number of others are cultivated in small plots for home use in most sections of Indochina. Before World War II the area planted to those other crops amounted to about 485,000 acres of which 250,000 acres were devoted to sweet potatoes, 170,000 acres to beans and 65,000 acres were planted to manioc.

Source: *Annuaire Statistique de l'Indochine, 1941-42.*
<table>
<thead>
<tr>
<th>Product</th>
<th>1936</th>
<th>1937</th>
<th>1938</th>
<th>1940</th>
<th>1942</th>
<th>1943</th>
<th>1944</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton</td>
<td>1.12</td>
<td>1.21</td>
<td>1.21</td>
<td>1.31</td>
<td>5.62</td>
<td>6.52</td>
<td>6.22</td>
</tr>
<tr>
<td>Jute</td>
<td>0.013</td>
<td>0.12</td>
<td>0.253</td>
<td>0.83</td>
<td>2.74</td>
<td>7.54</td>
<td>6.14</td>
</tr>
<tr>
<td>Ramie</td>
<td>n.a.</td>
<td>n.a.</td>
<td>0.4</td>
<td>0.5</td>
<td>0.6</td>
<td>0.6</td>
<td>0.3</td>
</tr>
<tr>
<td>Peanuts</td>
<td>125/</td>
<td>125/</td>
<td>205/</td>
<td>223/</td>
<td>336/</td>
<td>276/</td>
<td>256/</td>
</tr>
<tr>
<td>Castor seed</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>4.2</td>
<td>2.9</td>
<td>4.7</td>
<td>12.8</td>
</tr>
<tr>
<td>Sesame</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>1.6</td>
<td>1.7</td>
<td>1.5</td>
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<td>Copra</td>
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<td>30</td>
<td>30</td>
<td>29</td>
<td>30</td>
<td>29</td>
</tr>
<tr>
<td>Soybeans</td>
<td>n.a.</td>
<td>n.a.</td>
<td>15</td>
<td>15</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sugar cane</td>
<td>607/</td>
<td>607/</td>
<td>757/</td>
<td>807/</td>
<td>927/</td>
<td>7237/</td>
<td>8227/</td>
</tr>
<tr>
<td>Tobacco</td>
<td>14</td>
<td>15</td>
<td>15</td>
<td>14</td>
<td>13.2</td>
<td>17.6</td>
<td>14.3</td>
</tr>
<tr>
<td>Coffee</td>
<td>2.5</td>
<td>2.5</td>
<td>3.5</td>
<td>3.5</td>
<td>4</td>
<td>4.3</td>
<td>n.a.</td>
</tr>
<tr>
<td>Tea</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>17</td>
<td>10.5</td>
<td>10.4</td>
<td>n.a.</td>
</tr>
<tr>
<td>Pepper</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>4</td>
<td>4</td>
<td>2.5</td>
<td>n.a.</td>
</tr>
<tr>
<td>Kapok</td>
<td>2.51/</td>
<td>3.1/</td>
<td>3.51/</td>
<td>3.1/</td>
<td>9.42/</td>
<td>10.02/</td>
<td>7.72/</td>
</tr>
<tr>
<td>Silk, raw</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.1</td>
<td>0.2</td>
<td>0.2</td>
</tr>
</tbody>
</table>

1/ Ginned
2/ Unginned
3/ Combed
4/ Fibre
5/ Shelled
6/ Unshelled
7/ Brown and white sugar combined. Does not include amount consumed as cane, which is form in which sugar is consumed in Tonkin.

Source: Annuaire Statistique de l'Indochine, 1934-36 to 1943-46.
Report No. 60, American Consulate, Saigon, February 14, 1950.
in methods of irrigation which could make it possible to extend the area under cultivation of high-land or dry-season crops would probably result in greater plantings of rice, since, the Indochinese farmer normally prefers rice cultivation to any other crop whenever there is water available.

**Sweet Potatoes:** This crop is produced in most sections of Indochina but it is only in the Tonkin delta that it is considered an important crop. In this region, where the winter precipitation is reasonably dependable, sweet potatoes are extensively grown as the second crop following the rice crop. Before the war the area devoted to the cultivation of sweet potatoes amounted to about 250,000 acres annually.

**Beans:** This crop is grown everywhere in the country. Annual acreage normally amounts to about 170,000 acres and production is usually sufficient to meet domestic demands, with slight exportable surpluses during good years. Pre-war exports averaged approximately 2,000 metric tons per year. In 1948, an exceptionally heavy crop year, exports of dry edible beans amounted to more than 8,000 metric tons.

**Manioc:** This root crop forms a relatively important item in the diet of part of the population, especially the Tonkinese in the north. Normally about 65,000 acres are planted to this crop annually.

**Vegetables:** With the exception of beans, manioc and potatoes, vegetables do not play a very important part in the diet of the natives of Indochina. However, the production of vegetables is carried on in almost all the villages. Production of vegetables by native farm families is almost exclusively for sale in the nearby towns and cities where the output is consumed by the European and Chinese population.
The only concentrated area of production is located at Dalat, located in the hilly region about 100 miles east of Saigon, where both European and Chinese varieties of cabbages, cucumbers, tomatoes, lettuce, shallots, onions, garlic, etc., are grown for the Saigon-Cholon metropolitan market. Soy beans are also an important crop grown in this area.

**Fruits:** Fruits are grown on a small scale throughout the country wherever soil and climatic conditions permit, but only a few small areas can be classified as centers of fruit production. Bananas are grown rather extensively in the Hue area in Annam. Other areas along the Annam coast are also noted for the production of oranges, tangerines, grapefruit, pineapples, and other tropical fruits. Statistics on the acreage and production of fruits and vegetables are very meager and those available are grossly unreliable for the most part.

**Oil-Bearing Crops:**

Of the oil-bearing crops, coconuts and peanuts, are by far the most important and are about the only two grown on a commercial scale in Indochina.

**Coconuts:** According to official statistics, the total acreage in coconut trees before the war amounted to 74,000 acres and the total annual production averaged 30,000 metric tons of copra. During that period about 8,000 metric tons of copra and 500 metric tons of coconut oil were exported annually. Cochinchina has by far the largest acreage in coconut trees, most of which is located in the provinces of Bentre and MyTho along the Mekong River. Coconut trees are also grown in Annam along the coast and in Cambodia where some 7,000 acres are found.

**Peanuts:** Peanuts are probably the second most important oilseed crop grown in Indochina. Total acreage in peanuts before the war was
estimated at 75,000 acres and the total production of shelled peanuts amounted to about 22,000 metric tons annually, of which an average of 2,700 metric tons was exported.

Peanuts are grown in every section of Indochina except Laos, with the most important producing areas in Cochinchina and Annam. Peanuts are consumed locally by the natives either roasted or in the form of oil. Most of the peanut oil is pressed by the farmers themselves, but there are a few scattered small commercial peanut oil presses in most of the larger producing areas.

Fiber Crops:

The fiber crops produced in Indochina are cotton, jute, ramie and kapok. Of the four, cotton is the most important. The chief cotton producing area is Cambodia which has approximately 60 percent of the total acreage. It is grown mostly by native farmers in small garden-size plots. Most families who grow a few cotton plants spin and weave cotton for their own family use.

According to official statistics, the acreage in cotton in Indochina before the war was about 37,000 acres, with an annual production of approximately 1,200 metric tons of lint. Under Japanese occupation acreage increased to 123,000 acres and production to 6,200 metric tons in 1944 (Tables 14 and 16). This average yield of about 100 pounds per acre is much lower than that of other commercial cotton-producing countries of the world. For this reason French efforts to fill part of their domestic needs for cotton in Indochina was a complete failure, with production costs per pound of lint cotton produced being much too high to bring any financial returns to growers. The basic causes of low yields are (1) cotton can be grown only during the dry season and
then the plants suffer from lack of moisture, and (2) when cotton reaches maturity during the beginning of the rainy season the boles and fiber are frequently damaged by the daily rains. Also, the fact that the sale of lint cotton is done almost exclusively through Chinese middlemen who take a large share of the profits is another important factor deterring the natives from cultivating cotton on a commercial scale. This also partly explains the fact that Indochina normally imports approximately 20,000 bales of lint cotton each year to be spun by French-owned textile mills located in the northern part of the country.

Of the other fiber crops grown in Indochina, jute is cultivated principally in Tonkin; kapok in Cambodia; and ramie in Annam. Most reliable statistics indicate pre-war production of 800 metric tons of jute, 3,000 tons of kapok, and about 500 metric tons of ramie (Table 16).

Coffee:

Coffee plantations have been established on the red lands of South Annam, on the Plateau des Bolevans in Laos, and in a few small areas in Northern Cochinchina. Although the natives cultivated coffee plants before the advent of the French in the country, most plantations have been developed by the French and the coffee produced at the present time comes almost exclusively from these plantations. According to official statistics, the total pre-war acreage in coffee trees amounted to approximately 25,000 acres with annual production between 2,500 and 3,500 metric tons. Annual pre-war exports, almost all to France, averaged about 700 metric tons. Most of the crop is sold for domestic consumption, although some part of the Loatian production is exported across the Mekong River into Thailand.
Tobacco:

Tobacco is cultivated to some extent in almost all sections of Indochina, but production is not sufficient to meet domestic needs, resulting in net imports into the country of about 2,300 metric tons of leaf tobacco and tobacco products annually. Tobacco growing is almost exclusively a native enterprise, and about 90 percent of the production consists of strong varieties used for domestic consumption by Indochinese. The remaining 10 percent is light tobacco produced for consumption by Europeans. Most of the tobacco grown is planted in small plots right after the rice harvest. The plants are very carefully tended as a rule and irrigation is mostly by the 'bucket-method'.

The total area in tobacco during the period 1936-40 averaged 37,000 acres annually and total annual production approximately 14,000 metric tons. The French have made recent efforts at establishing tobacco plantations in the Vientienne area in Laos, but results have not been very satisfactory from the standpoint of yield and quality.

Sugar Cane:

Over 80 percent of the sugar cane produced in Indochina is grown by native farmers under primitive, inefficient hand methods on scattered small plots of ground. The remaining 20 percent of production is provided by rather large French-owned plantations. As a result, per acre yields of sugar cane are exceptionally low. For example, the average yields in Java are approximately three times those of Indochina. Sugar cane is planted in all of the major agricultural regions of Indochina, but Cochinchina and southern Annam account for most of the output of sugar. The per capita consumption of sugar in Indochina is low, and most of it is in the form of molasses or syrup. Therefore, while
producing almost solely for the domestic native market very little effort is made by native growers to improve the quality. With the exception of two rather large French-owned sugar refineries, most of the sugar and syrup produced in the country is grinded and processed by small country syrup mills located in the centers of sugar cane producing areas and utilizing antequated production methods.

The total area in sugar cane before the war averaged about 100,000 acres and production averaged almost 70,000 tons of brown and white sugar, and syrup and molasses converted in terms of brown sugar. This does not include the amount consumed as cane, in which form most of the sugar produced in the Tonkin delta is consumed locally.

As a result of French efforts in producing and processing white, granulated sugar, Indochina was a net exporter of sugar for a short period before the war. However, in recent years Indochina has depended upon imports for a very large percentage of its sugar requirements because domestic consumption has increased and domestic production has declined. Present import needs of the country is estimated by the director of the largest French sugar refinery in Indochina at about 45,000 metric tons per year. In contrast, imports of sugar amounted to 10,000 tons in 1947, 11,000 tons in 1948, and 19,000 tons in 1949.

Sugar Palm:

In Cambodia, the sugar palm is grown rather than sugar cane. In addition to its fruit, its sap is collected in bamboo pots to be consumed either in the fresh state, fermented (as wine), distilled, or, more often, it is boiled down for the production of palm sugar. This sugar has a strong molasses flavor, and, although considered inferior to cane sugar, is cheaper and is consumed in large quantities by the Cambodians.
Before the war there were probably about 500,000 sugar palm trees in Cambodia producing close to 6,000 metric tons of sugar annually. It does not appear that this quantity has diminished during the recent years of rebel activities.

**Pepper:**

Unlike the various crops discussed above, pepper is not a product of native Indochinese agriculture; its cultivation, carried on in the southern part of Cambodia, is almost exclusively in the hands of Chinese. Although it constitutes only a small portion of the total value of all agricultural commodities produced, it is considered an important crop because it ranks high on the list of foreign exchange earners for the country. Indochina ranks high in the world as a pepper producer, and almost the entire output is exported to France. Approximately 7,000 acres were devoted to the production of pepper before the war, and production averaged approximately 4,000 metric tons per year. The chief problem of pepper growers has been that of producing more than the available market required. Protective tariffs have been established within the French Union to alleviate the hardships, but on occasions production quotas have had to be enforced. Year-to-year variations in market conditions have made for unstability in prices, with the result that production is decreasing.

**Tea:**

Although there are a few large European tea plantations in Indochina, native tea production is still much more important than that of the plantations. According to official statistics, approximately 62,000 acres were planted to tea before the war; European plantations accounted to about 7,500 acres of this area. Production was approximately 17,000
metric tons. The largest acreage is located in Tonkin, but the Moi Plateau in southern Annam is also an important area of production.

The French have made efforts to establish tea plantations in the hilly areas of the red soils of southern Annam. However, these ventures proved a failure as cost of production on those plantations turned out to be much higher than in the lowland areas where the natives are engaged in tea cultivation.

**Plantation Agriculture**

**History and Development:** As has been the case in other tropical countries, an important feature of Indochina's colonization by Europeans has been the establishment of agricultural enterprises financed mostly by foreign capital and employing native labor. At first, French agricultural endeavors were primarily concerned with rice in Cochinchina, and coffee and tea in Annam and Tonkin. During the early years of colonization efforts it was the opinion of most French agriculturalists that rice production would be the most profitable venture. It is primarily for this reason that the French undertook large drainage works in the Mekong delta of Cochinchina. Many French concessionaires moved into Cochinchina and established rice plantations. At the turn of the century almost 250,000 hectares (600,000 acres) of rice land in Cochinchina was under French control. This was about 83 percent of all rice concessions in that state. However, a large percentage of that land was never put into cultivation by the concessionaires, since much of it was never drained sufficiently.

Strictly speaking, in the real concept of the word, rice concessions never were, and are not now, true plantations, since they are almost
all cultivated by native share-croppers. Whatever the nationality of
the landlord, it has very little bearing on the method of cultivation
and the equipment employed by the peasants cultivating rice land in
Cochinchina. There are still some landlords who own rice concessions
and pay their labor daily wages and employ many overseers in the fields,
but this system of operation is very seldom found.

Coffee was among the earliest of the plantation crops to be grown
in Indochina, with plantings having started in Tonkin before 1900.
Coffee cultivation has since spread south and at the present time the
center of production is in the red lands of southern Annam and northern
Cochinchina where plantings are of rather medium size—the majority
of plantations being under 250 acres.

Only during the past thirty years have large tea plantations
been established under French management. These are also located on
the red soils of southern Annam, but production on French-owned
plantations represent only a small portion of the total tea output
of the country.

Rubber:

It is in the field of rubber production that French colonization
has made its greatest imprint. There is little doubt that rubber is
the most successful plantation crop in Indochina. Table 17 indicates
the number of concessions existing in Indochina at the beginning of
World War II, and Table 18 shows the area in each state included in
those concessions. The majority of the concessions are located in
Cochinchina where the largest increases in cultivated acreage have
occurred during the French administration. This is because large
areas were made tillable through the clearing of forest land and the
Table 17. Number of Domain Concessions in Indochina, by State, December 31, 1942

<table>
<thead>
<tr>
<th>State</th>
<th>Europeans and companies</th>
<th>Indochinese</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Provisional : Established : Total</td>
<td>Provisional : Established : Total</td>
</tr>
<tr>
<td></td>
<td>concessions</td>
<td>concessions</td>
</tr>
<tr>
<td>Tonkin</td>
<td>56</td>
<td>248</td>
</tr>
<tr>
<td>Annam</td>
<td>191</td>
<td>387</td>
</tr>
<tr>
<td>Cochinchina</td>
<td>753</td>
<td>2,411</td>
</tr>
<tr>
<td>Cambodia²</td>
<td>73</td>
<td>46</td>
</tr>
<tr>
<td>Laos</td>
<td>52</td>
<td>28</td>
</tr>
<tr>
<td>Total French Indochina</td>
<td>1,125</td>
<td>3,120</td>
</tr>
</tbody>
</table>

¹/ Land concessions were originally granted on a provisional basis for a period of 10 years. Conditions provided that land not brought under cultivation at the end of 10 years would revert to the public domain. However, there has been no enforcement of this provision because, to date, no such land has reverted to public domain.

²/ Concessions less than 5,000 acres.

Source: *Annuaire Statistique de l'Indochine, 1941-42*, p. 92.
Table 18. Area of Domain Concessions in Indochina, by State, January 1, 1940

<table>
<thead>
<tr>
<th>State</th>
<th>Europeans and companies</th>
<th>Indochinese</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Provisional: Established: Total</td>
<td>Cultivated: Provisional: Established: Total</td>
</tr>
<tr>
<td></td>
<td>concessions: concessions: concessions: area</td>
<td>concessions: concessions: concessions: area</td>
</tr>
<tr>
<td>Tonkin</td>
<td>30 251 281</td>
<td>111 107 108 215</td>
</tr>
<tr>
<td>Annam</td>
<td>185 200 385</td>
<td>96 48 98 146</td>
</tr>
<tr>
<td>Cochinchina</td>
<td>385 1,003 1,332</td>
<td>1,112 326 2,713 3,039</td>
</tr>
<tr>
<td>Cambodia</td>
<td>163 77 240</td>
<td>78 12 29 41</td>
</tr>
<tr>
<td>Laos</td>
<td>7 2 9</td>
<td>3 2 10 12</td>
</tr>
<tr>
<td>Total French Indochina</td>
<td>714 1,533 2,247</td>
<td>1,400 495 2,958 3,453</td>
</tr>
</tbody>
</table>

Source: Annuaire Statistique de l'Indochine, 1941-42, p. 92.
drainage of swamps. It is primarily as a result of these efforts that the area of tillable rice land increased by over 4 million acres from 1880 to 1940. The 175,000 acres presently in producing rubber trees is also a result of French effort in clearing forest land for cultivation.

Almost all of the rubber plantings in Indochina are restricted to an area consisting of grey and red soils in the provinces of Baria, Bien Hoa, Thu Dau Mot, and Tayninh in South Vietnam, and in the provinces of Kompong Thom, Kompong Cham and Kratie in Cambodia. Exceptions to this general area of production are about 2,500 acres in the Ban Me Thout area and three small plantations occupying about 1,500 acres in the vicinity of Nhatrang along the southeast coast (Figure III). No rubber trees are found further north of latitude 12°45' nor at altitudes higher than 1,600 feet. The hevea rubber tree (the variety in commercial production in Indochina) grows best on well-drained soils and no producing rubber trees are found on lands suitable for rice.

The rubber industry of Indochina is of recent origin. Most lands now in production were cleared and planted to rubber trees between 1920 and 1939. Almost without exception the large plantations were established on government concessions, or on land grants to private individuals who undertook the task of clearing the area of jungle growth and planting young hevea saplings (Figure IV). Most of the work of jungle clearing and planting was done by hand with the use of coolie laborers imported from North Vietnam under three-year contracts.

Once started, rubber plantings increased rapidly to about 281,500 acres by 1938 and to 342,800 acres by 1945. However, with the Japanese occupation in March, 1945, followed by years of Vietmin activities, the area in rubber trees decreased by about one-third and in 1952 only about 247,000 acres remained planted.
Figure III. Location of Principal Rubber Plantations in Indochina.

Almost all of the rubber plantings in Indochina are restricted to the areas of gray and red soils, one area located north of Saigon on the Cambodia-Cochinchina border and the other east of Saigon.
Figure IV. Rubber Plantation (lower picture) Established on Land That Was Jungle (upper picture) Ten Years Previously.

The establishment of rubber plantations is probably the greatest contribution of the French to the agricultural economy of Indochina.
Table 19 shows the area planted to rubber, the area exploited or tapped and in actual production, and the total yearly production. The differences between the area planted and the area exploitable reflect primarily the area planted to young trees not yet of producing age. The differences between the exploitable and the exploited area gives an indication of the acreage planted to trees of producing age but which was not in actual production in each respective year because of security conditions.

Table 19. Area Planted to Rubber, Area Exploited and Total Production of Rubber in Indochina, 1938-54

<table>
<thead>
<tr>
<th>Year</th>
<th>Planted (hectares)</th>
<th>Exploitable</th>
<th>Exploited</th>
<th>Smoked sheets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1938</td>
<td>118,000</td>
<td>114,500</td>
<td></td>
<td></td>
<td>72,000</td>
</tr>
<tr>
<td>1939</td>
<td>54,140</td>
<td>72,000</td>
<td></td>
<td></td>
<td>66,557</td>
</tr>
<tr>
<td>1940</td>
<td>59,025</td>
<td>72,245</td>
<td></td>
<td></td>
<td>72,245</td>
</tr>
<tr>
<td>1941</td>
<td>62,959</td>
<td>76,069</td>
<td></td>
<td></td>
<td>76,069</td>
</tr>
<tr>
<td>1942</td>
<td>61,899</td>
<td>75,178</td>
<td></td>
<td></td>
<td>75,178</td>
</tr>
<tr>
<td>1943</td>
<td>60,890</td>
<td>74,734</td>
<td></td>
<td></td>
<td>74,734</td>
</tr>
<tr>
<td>1944</td>
<td>139,000</td>
<td>105,200</td>
<td>105,200</td>
<td>48,853</td>
<td>61,362</td>
</tr>
<tr>
<td>1945</td>
<td>140,000</td>
<td>106,000</td>
<td></td>
<td></td>
<td>12,000</td>
</tr>
<tr>
<td>1946</td>
<td>58,614</td>
<td>16,055</td>
<td>--</td>
<td></td>
<td>20,296</td>
</tr>
<tr>
<td>1947</td>
<td>46,317</td>
<td>29,061</td>
<td></td>
<td></td>
<td>38,560</td>
</tr>
<tr>
<td>1948</td>
<td>47,338</td>
<td>28,000</td>
<td></td>
<td></td>
<td>43,700</td>
</tr>
<tr>
<td>1949</td>
<td>51,136</td>
<td>28,456</td>
<td></td>
<td></td>
<td>43,026</td>
</tr>
<tr>
<td>1950</td>
<td>50,500</td>
<td>31,008</td>
<td></td>
<td></td>
<td>48,984</td>
</tr>
<tr>
<td>1951</td>
<td>53,200</td>
<td>35,280</td>
<td></td>
<td></td>
<td>52,956</td>
</tr>
<tr>
<td>1952</td>
<td>87,157</td>
<td>33,935</td>
<td></td>
<td></td>
<td>62,000</td>
</tr>
<tr>
<td>1953</td>
<td>60,000</td>
<td>42,000</td>
<td></td>
<td></td>
<td>74,000</td>
</tr>
<tr>
<td>1954</td>
<td>64,000</td>
<td>42,500</td>
<td></td>
<td></td>
<td>75,000</td>
</tr>
</tbody>
</table>

1/ One hectare = 2.47 acres.

2/ From 1945, statistics include only those plantations 500 ha., which plantations before the war produced about 85% of the total, and presently produce about 98% of the total rubber.

2/ Acreage data for 1953 and 1954 includes Vietnam only.

Source: Syndicat of Rubber Planters of Indochina, Yearly Reports on Rubber Situation, Saigon.
Total production of rubber in any one year is closely related to the acreage exploited, and years during which a larger area was exploited resulted in increased total production. Since most of the acreage left unexploited for security reasons during war activities consisted of trees of producing age, these were put back into production in a very short time following improvements in security. This has resulted in a rapid increase in total production from 1953 to the end of 1954 when production reached the 1940-44 average of slightly over 70,000 metric tons.

Most of the present producing plantations are owned by French and other foreign interests. A large percentage of the trees now producing were planted between 1930 and 1939. Therefore, many trees are now nearing the end of their period of maximum production. In order to assure future and continued production at the present rate those trees should be replaced with young saplings. This is being done on a few larger and older plantations. However, analyzing the available statistics on area planted, area exploitable, and area actually exploited gives an indication that plantings of young trees have not kept pace with the destruction of old trees. Such a situation, if continued, will without doubt result in a reduced area exploitable as well as exploited in a few years.

Marketing: Approximately 98 percent of the rubber produced in Indochina is exported; only two percent is processed locally into consumer items by one small rubber manufacturing plant in Saigon (Figure V).

Until 1950 France was the primary market for Indochina rubber, with the United States a close second. However, the United States
Figure V. Rubber Exports from Indochina, Average 1935-39, Yearly 1950-54.

Almost all rubber produced in Indochina is exported. Shipments are made soon after the rubber is processed on the plantations.
has recently become the major market. During 1954 exports to the United States were three times the exports to France and accounted for approximately 70 percent of total exports from Vietnam (Table 20). Smoked sheets and crepe make up most of the production and exports.

Rubber is the best (and about the only) source of dollar earnings for Indochina. During 1950 the total tonnage of all exports to the United States from Indochina amounted to 24,200 tons; rubber alone accounted for 23,900 tons, or about 99 percent of the total. In that year, the best post-World War II year up to that time, dollar earnings through rubber exports to the United States were more than $16.5 million. It is estimated that for the 12 months of 1954 rubber exports from Vietnam alone to the United States amounted to slightly over $21.5 million.

One interesting aspect of the dollars earned through rubber exports to the United States is that the exporters are allowed to retain 15 percent of those dollars for their own account in the United States with the remaining 85 percent being reserved by the governments of Vietnam and Cambodia for governmental balance of payment purposes.

No large stocks of smoked sheets or crepe rubber are stored and accumulated within Indochina at any one time. Shipments out of Saigon normally follow processing at the plantations, after about a 60-day period. Monthly exports from Indochina are usually heaviest from July to January followed by a lower level of movements during the spring and summer months (Table 21). Exports from Indochina into the world market comprise such a small percentage of the total rubber trade that it has very little or no effect on world prices of raw rubber.
Table 20. Rubber Exports from Indochina by Country of Destination and by Quality, 1954

<table>
<thead>
<tr>
<th>Country</th>
<th>Smoked sheets (metric tons)</th>
<th>Crepe (metric tons)</th>
<th>Sernamby (metric tons)</th>
<th>Latex (dry wt., metric tons)</th>
<th>Total (metric tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>4,308</td>
<td>6,609</td>
<td>1,539</td>
<td>22</td>
<td>12,498</td>
</tr>
<tr>
<td>U. S. A.</td>
<td>29,192</td>
<td>6,808</td>
<td>122</td>
<td>1</td>
<td>36,123</td>
</tr>
<tr>
<td>England</td>
<td>2,056</td>
<td>10</td>
<td></td>
<td></td>
<td>2,066</td>
</tr>
<tr>
<td>Singapore</td>
<td>300</td>
<td>387</td>
<td>1,204</td>
<td></td>
<td>1,891</td>
</tr>
<tr>
<td>Low Countries</td>
<td>195</td>
<td></td>
<td></td>
<td></td>
<td>195</td>
</tr>
<tr>
<td>Belgium</td>
<td>302</td>
<td></td>
<td></td>
<td></td>
<td>302</td>
</tr>
<tr>
<td>Italy</td>
<td>1,112</td>
<td></td>
<td></td>
<td></td>
<td>1,112</td>
</tr>
<tr>
<td>India</td>
<td>132</td>
<td></td>
<td></td>
<td></td>
<td>132</td>
</tr>
<tr>
<td>Madagascar</td>
<td></td>
<td>14</td>
<td></td>
<td></td>
<td>14</td>
</tr>
<tr>
<td>Mexico</td>
<td>608</td>
<td>28</td>
<td></td>
<td>6</td>
<td>642</td>
</tr>
<tr>
<td>Algeria</td>
<td></td>
<td>5</td>
<td></td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Canada</td>
<td></td>
<td>85</td>
<td></td>
<td></td>
<td>85</td>
</tr>
<tr>
<td>Venezuela</td>
<td>15</td>
<td></td>
<td></td>
<td></td>
<td>15</td>
</tr>
<tr>
<td>Egypt</td>
<td></td>
<td>2</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>38,220</strong></td>
<td><strong>13,968</strong></td>
<td><strong>2,865</strong></td>
<td><strong>29</strong></td>
<td><strong>55,082</strong></td>
</tr>
</tbody>
</table>

1/ For Vietnam only. Total exports of rubber from all Indochina in 1954 amounted to 72,600 metric tons.

Sources: Rubber Statistical Bulletin, Saigon: 1954; Trade data supplied by the syndicat of Rubber Planters of Indochina.

Furthermore, with the exception of the production from the Michelan Rubber Company's plantations, Indochina rubber apparently enjoys very little favoratism in the French trade. Thus, Indochinese rubber must sell on a strictly competitive basis, pricewise, with other natural rubber export countries.

A disturbing element amongst rubber interests of Indochina during recent years has been the instability of prices received for rubber. During 1952, for example, prices dropped from about 15 piasters per kilogram during February to 10.50 piasters during October. Prices
Table 21. Monthly Exports of Rubber from Vietnam, 1954

<table>
<thead>
<tr>
<th>Month</th>
<th>Smoked sheet</th>
<th>Crepe Sale</th>
<th>Ordinary Sernamby</th>
<th>Latex (dry wt.)</th>
<th>Total (metric tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>5,269</td>
<td>362</td>
<td>722</td>
<td>162</td>
<td>6,515</td>
</tr>
<tr>
<td>February</td>
<td>2,405</td>
<td>182</td>
<td>749</td>
<td>65</td>
<td>3,401</td>
</tr>
<tr>
<td>March</td>
<td>1,404</td>
<td>94</td>
<td>924</td>
<td>67</td>
<td>2,489</td>
</tr>
<tr>
<td>April</td>
<td>1,923</td>
<td>171</td>
<td>797</td>
<td>180</td>
<td>3,091</td>
</tr>
<tr>
<td>May</td>
<td>2,564</td>
<td>251</td>
<td>770</td>
<td>271</td>
<td>3,358</td>
</tr>
<tr>
<td>June</td>
<td>2,335</td>
<td>394</td>
<td>593</td>
<td>193</td>
<td>3,519</td>
</tr>
<tr>
<td>July</td>
<td>4,007</td>
<td>368</td>
<td>1,132</td>
<td>280</td>
<td>5,788</td>
</tr>
<tr>
<td>August</td>
<td>3,043</td>
<td>322</td>
<td>754</td>
<td>319</td>
<td>4,442</td>
</tr>
<tr>
<td>September</td>
<td>3,630</td>
<td>329</td>
<td>1,029</td>
<td>166</td>
<td>5,216</td>
</tr>
<tr>
<td>October</td>
<td>3,651</td>
<td>405</td>
<td>801</td>
<td>419</td>
<td>5,277</td>
</tr>
<tr>
<td>November</td>
<td>2,735</td>
<td>295</td>
<td>761</td>
<td>138</td>
<td>3,930</td>
</tr>
<tr>
<td>December</td>
<td>5,252</td>
<td>442</td>
<td>1,270</td>
<td>603</td>
<td>7,575</td>
</tr>
</tbody>
</table>

Total 38,219 3,667 10,301 2,865 29.5 55,082

\(^1\) Data obtained from Indochina Rubber Planters Syndicat.

went up to 15 piasters again during late January 1953 but dropped to 11.50 piasters during the summer of that year. With high original development and installation costs, increased production costs (security, mobile guards, inflation, etc.) rubber producers complain about this price fluctuation and instability. In view of increased production of synthetic rubber and the internal political situation, there is very little incentive to expand output or to plant new seedlings. Furthermore, plantation owners are hesitant to embark upon a program of large-scale replacement of old trees with young seedlings (a very costly transformation) in view of the present political situation in South Vietnam. Native Vietnamese activities in rubber tree plantings have never played a very important part from the standpoint of total production. A few small and scattered plantations were established by
Vietnamese interests before World War II, but production from these never exceeded five percent of the Total. For the most part small owners were unable financially to afford armed guards to the extent that the larger plantation owners did during Vietminh activities with the result that most of the smaller plantations remain in complete ruin today. In fact, since 1945 production statistics include the production of only those plantations above 1,300 acres in size, it being estimated that the output of all plantations below 1,300 acres does not exceed two percent of the total. This serves to point up the size of individual holdings by foreigners—with one syndicated group owning over 54,000 acres.

Thus, contrary to Malaya and other Southeast Asia rubber areas, large-scale plantations, developed by foreigners, with large capital investment in equipment, processing plants, buildings, transportation equipment, etc., is the rule. It is without doubt that such large-scale operations contribute to both efficiency in production and control of quality of the product. It has been suggested by responsible Indochinese authorities that the large rubber estates be broken up into small plots and allocated to the laborers presently working on those plantations. However desirable such a move might appear to be from a sociological and political viewpoint, it would be a tragic and costly mistake financially for several reasons. In the first place, the large plantations practice what is termed "controlled bleeding" of the trees, thus effectuate both uniformity and controlled quality of the latex and preservation of the trees for a longer period of profitable production. Secondly, only by having full control of the liquid latex
at its source can the larger processing plants be operated efficiently and profitably with the resulting uniformity of the finished smoked sheet rubber. In the third instance, plantation owners have invested heavily in land clearing and cultivation equipment since the war in an effort to overcome the labor shortage caused by the war; it is doubtful if this equipment could be profitably operated on small, sub-divided, individual holdings. Finally, removal of foreign owners can be expected to result in a managerial vacuum in most instances which would be most detrimental to continued production and marketing efficiency and would result in high production costs and poor quality rubber.

**Labor**: As previously noted, contract coolie labor (mostly Tonkinese) played a very important role in the early days of rubber development in Indochina. Though animal power (mostly elephants) and fire were used in the original land clearing, human labor was used almost exclusively in planting and cultivating the trees. Before World War II "immigrant" laborers on rubber plantations amounted to about 70,000, but this number was considered by rubber plantation managers insufficient to fully exploit the acreage then exploitable and rubber plantations have always had a demand for laborers larger than the supply available. During 1945, the number of laborers on rubber plantation stood at 60,000, but following eruption of the Vietminh rebel activities this labor force decreased rapidly and by November, 1952 only 35,000 remained. Undoubtedly, many plantation laborers joined the rebel ranks.

Several reports have been written about plantation laborers—some by plantation owners themselves and others by disinterested parties—all endeavoring to point up the position of the laborers, their standard
of living, health and housing conditions, etc. Labor recruiting has always been a big problem facing plantations. Since no recruiting is permissible without governmental authorization, the government of Vietnam has always been in a position to greatly influence the labor force on the plantations. The most recent authorization to recruit labor was granted by the government on June 1, 1951. However, because of war conditions this authorization did not result in any large-scale recruiting. With government authorization, the greatest handicaps to labor recruiting have been the hesitancy to move, or the immobility of the Tonkinese, and the difference in wages and cost of living between north and south Vietnam. A laborer would not move from the north unless he was guaranteed as high or higher wages as he received when working in Tonkin, notwithstanding the many benefits he received when working on the plantations and the lower cost of living.

Present conditions may not always have existed, but the extra benefits (in addition to wages) furnished laborers and their families by the larger plantations in Indochina could well serve as a standard for Southeast Asia. A visit to the area should convince even the most skeptical that the housing, school, medical care, recreational opportunities, basic food items, and other benefits furnished by plantation owners, either free or at a nominal charge, affords plantation workers with a living standard far superior to that of the average Vietnamese family.

Though the labor force has decreased greatly during recent years and plantation owners complain of a perpetual shortage of labor, it is obvious that the actual need for laborers on plantations has decreased. This is because the former method of hand clearing of land and the
hand method of cultivation and care have to a large extent been replaced by mechanical equipment in which most plantation have invested heavily. On many plantations about the only operation still done wholly by hand is "bleeding" the rubber trees. In addition, modernization of the processing plants on the plantations also has contributed to reducing the number of laborers required and increasing the efficiency of production.

There have been serious discussions in various circles about moving a substantial number of Tonkinese war refugees onto rubber plantations and thus help relieve the refugee resettlement problem. However, it is doubtful if, under the circumstances noted above, any large number of refugee families could be profitably and effectively employed on the rubber plantations.

Livestock and Animal Husbandry

The scarcity of draft animals is one of the main problems that farmers in Indochina are faced with today. This is especially the case in Vietnam. Cambodian farmers are established husbandrymen for the most part, and under normal conditions Cambodia is a source of both meat and draft animals for Vietnam. At the end of World War II Cambodia had approximately 600,000 head of water buffaloes and 1.2 million cattle. The movement of draft animals from Cambodia into Vietnam in 1949 amounted to 37,000 cattle and about 10,000 water buffaloes. It is estimated that the animal population in Cambodia has remained

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about the same since 1947. All official statistics concerning animals in Indochina are rough estimates at best and they are so labeled in the official publications in which they are published.

In all of Vietnam the total number of both cattle and water buffaloes was about 2.4 millions in 1947; out of that number, 1.4 millions consisted of water buffaloes. Thus, in 1947 there was one head of cattle or water buffalo for every two farm families. It is estimated that 75 percent of those animals were actually draft animals. However, guerilla warfare in most of the country resulted in a large decrease in the animal population and in 1951 it was estimated that not over 373,000 cattle and water buffaloes remained in Vietnam. Of this number about 91,000 were in the Tonkin delta, 103,000 in Annam, and about 179,000 in Cochinchina. This would indicate a ratio of one head of cattle or water buffalo for every 12 farm families for all of Vietnam, and a ratio of one for every 15 farm families in the Tonkin delta. If 75 percent of the animals were being used for draft purposes, this would indicate a ratio of one draft animal for every 15 farm families in Vietnam and one for every 20 farm families in Tonkin.


55 Annuaire Bleu, op. cit., p. 102.

56 Government authorities estimate five persons as being the average number of people per rural household. This is the estimate most frequently given for all of Indochina and no distinction is made between various regions—north, central, or south. However, from numerous personal observations of the large number of children spilling out of almost every straw hut (pailotte) in all rural areas of Indochina, this figure appears to be a gross under-estimate.
The need for draft animals is so acute and the part that they could play in the rehabilitation of abandoned rice lands is so great, especially in Cochinchina, that a total of $350,000 of American aid funds were allocated to Vietnam for the purchase of draft animals in Thailand for importation into the country during the fiscal year 1955-56. In addition, a total of $225,000 of American aid funds is earmarked for the importation of breeding animal stock. In addition, about $500,000 of local counterpart currency is being provided to expand the Vietnamese animal breeding program during that same period. This amounts to about $1.1 million of American aid funds destined to contribute to an increased livestock population.

Producing a crop of rice without the use of either animal or mechanical power is not a new or recent experience to Tonkinese farmers. Even during the pre-war years when the animal population was at its highest level there was only one draft animal for every three farm families in that region. The traditional method of plowing and land cultivation there has always been and still remains, human power on the end of a hoe handle. The reason for this situation is quite simple to determine. Rural population density in that area is so great, the average size of land holding is so small and fields are so subdivided that there is literally no place for cattle or water buffaloes. There is no grass or pasturage available for animals. A small amount of grass may occasionally grow on the small dikes and levees bordering the fields but these dikes are so narrow and so trespassed upon by man (in many areas they are the only dry paths available for communication) that grass growth is greatly restricted.
The situation with respect to pasturage for draft animals improves somewhat in Annam and Cochinchina where sufficient grass is usually available during the rainy season to keep draft animals alive. But during the long dry season, finding forage for animals becomes quite an important problem even for farmers with relatively large holdings, because during this period of drought very little green grass is to be found anywhere in Indochina.

There is an animal husbandry service (Service d'Elevage) established under French Administration in each of the three states within the Department of Agriculture, and under the supervision of a Chief of Service, who is a veterinarian. The organization also comprises chiefs of districts and a provincial agent in each province. This service agency has accomplished very little toward improving the livestock situation in Indochina. Its functions call for little more than enumeration and vaccination, but it has done very little of either of these functions except livestock vaccination during epidemics. This agency has under its control and supervision one livestock "experimental" station and two poultry stations. Pure breeds of animal and poultry were imported from Australia, Thailand and other neighboring countries for the expressed purpose of breeding and distribution of offspring to farms. However, up to the present very little breeding or distribution has been forthcoming. These stations are little more than show places designed to impress dignitaries who

57 See the 1952 report by J. W. Patton, Veterinary Officer with the United States Special Technical and Economic Mission to Indochina, on the Functions and Accomplishments of the Veterinary Service in Indochina.
are brought periodically to visit and "inspect". The poultry stations' main contribution has probably been furnishing fresh eggs for chiefs of provinces and other high governmental officials — with very little distribution of hatching eggs or baby chicks to farmers except on rare occasions of visits by government officials to those stations.

Although the extent of range land in the plateaux and hilly areas comprise a very large portion of the total land area of Indochina, it is unlikely that animal production on a large commercial scale will ever be established. The main reason for this is that for an average period of about five months every year drought conditions prevent grass growth over most of the country and, except for rice, very little feed grain is grown. Even with increased production of corn in Cambodia sufficient for livestock feeding, the cost of transporting it to the upper plateaux and hilly range areas would make it uneconomical and prohibitive for use as livestock feed. There have been some attempts by French interests to establish commercial livestock production in these hilly areas but most of these have met with financial failure. During 1955 the owner of the only remaining French livestock ranch in Indochina offered all of his meat and draft cattle for sale to the American Aid Mission because expenses of keeping cattle during the dry period were too high to make commercial cattle raising a profitable venture in that area.

The diet of the average Indochinese family contains very little animal products. The per capita meat consumption is estimated at 11 kilograms (24.2 pounds) per year of which duck and pork make up probably 75 percent. The duck population in the rice areas outnumbers chickens by as much as ten to one. There are no official or unofficial
estimates of the swine population, however, it probably ranks second to the number of ducks. Usually every rural household has at least one pig. The best available indication of the relative importance of hogs and cattle is the official statistics concerning controlled slaughtering of animals in government-supervised slaughter houses. Latest official data available are for the year 1943 when 117,000 cattle and water buffaloes were slaughtered compared with 553,000 hogs. However, while these figures are probably fairly accurate for cattle and water buffaloes, since very few of those are slaughtered without government control, they probably grossly understate the total number of hogs slaughtered in the country. A large number of hogs are slaughtered on the farms by farmers themselves without government control or supervision and are not represented in government statistics.

**Machines Versus Hand Tools**

The Indochinese peasant has no machinery and very little metal at his disposal. Simple and rudimentary agricultural hand tools are relatively inexpensive, and the peasant farmer often makes most of them himself. Over much of the older, over-populated regions of the country, the only pieces of metal to be found are crude plow shares, spades and hoes, and small scythes used for cutting the rice heads at harvest time (Figure VI).

**Mechanization:**

Mechanization is unknown except on the large rice and rubber

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58 Annuaire Statistique de l'Indochine, 1947-48, p. 103.
A large proportion of the land cultivation work in Indochina is performed by hand, utilizing primitive tools.
plantations. A large portion of the land in the newly-settled flooded plains of the Mekong River delta in Cochinchina is never plowed. Preparation of the land for rice consists simply of cutting the grass just below the water level with a long knife, winnowing the grass in the center of the field and transplanting rice seedlings directly into the mud among the stubble (Figure VII). Over much of the remaining rice land the hoe and spade are the only implements utilized in land preparation. Lack of proper land preparation and cultivation accounts partly for the relatively low rice yields obtained in Indochina. The fact that proper land preparation through the use of more and better equipment and machinery would result in increased rice yields is obvious.

In Cochinchina, there is the possibility for utilizing mechanical equipment on a cooperative ownership and use, or on a rental basis. In that section of the country some of the larger farms and plantations are already relatively highly mechanized. However, because of the extremely high degree of land parcelization in many areas of Tonkin and Annam, it is doubtful if mechanical cultivation of the land will ever be feasible. In those areas, hand cultivation and/or plowing in very close quarters with one water buffalo and a small plow appear to be there to stay.

Over 95 percent of the rice produced in Indochina is cut by hand, threshed by hand, spread out on mats to dry and cleaned on the farms by hand. Also, about the same amount is transported to the "delivery point", usually by the side of a local road or barge landing along a canal or stream, on human backs.

**Rice Threshing:** There are three methods most commonly employed in threshing rice by hand in Indochina. One of these consists of simply
In some areas rice land is never plowed prior to planting the crop. Land preparation consists of cutting the previous year's rice stubbles and weeds just below the water level. Rice seedlings are then transplanted directly into the mud.
beating the heads of rice against a piece of wood or stone and letting the heads of rice fall either on the ground or on mats spread out for that purpose. Another method consists of beating the heads against wooden slats at the bottom of a large bamboo basket and letting the grain fall into the basket. The third method is practiced widely by farmers who have draft animals available and consists of piling the heads of rice in a circular row and walking the animals over the grain until they separate from the straw. Cleaning of rice is all done by winnowing. Figure VIII shows one of the various methods used by Indochinese rice farmers for rice threshing and cleaning. No estimates have been made of the percentage of losses occurring in these primitive threshing and cleaning methods but undoubtedly losses are quite high.

Minimizing these losses occasioned by the hand methods of threshing rice would contribute materially to the net yields and total quantity of rice produced. There is very little place in Indochina for large rice combines, (except on a few large plantations where they are already introduced) because: (1) a large portion of the total rice land is cut up into very small fields bordered by narrow, hand-made dikes, which would make it very uneconomical to utilize combines, and (2) over a large portion of the area where large plots of rice land are found, water normally stands two to three feet in depth on rice land at harvest time, and about the only method feasible for cutting the rice is the one presently used—i.e., standing in water up to the waist and cutting the rice with a hand scythe.

However, there is a place in Indochina for small, hand-operated or motor-driven mechanized rice threshers of the types manufactured in Japan. This type of equipment is being introduced and used in some
Methods employed in rice harvesting and threshing are primitive. In addition to the practice of letting oxen pull bamboo rollers over the rice as shown here, other methods of separating the paddy from the straw consist of beating the grain against slats in a large bamboo basket or against rocks or other objects. Paddy cleaning on the farm is done by the winnowing method and most on-the-farm storage consists of bamboo bins pictured above.
areas. It has so far proven to be an economic asset especially when utilized on a cooperative basis by several neighboring farmers (Figure IX). Both private individuals and government agencies plan the importation from Japan of this equipment in greater quantities but the main drawback to quantity imports lies in the absence of foreign currency exchange.

Irrigation: Improvements and progress that can be and are being made in the irrigation system and water-lifting devices have been mentioned previously. Need for such improvements is real and urgent (Figure X). However, lacking private capital and initiative, the governments of Indochina must of necessity step in and help in this needed function. Present plans call for government ownership, control, supervision and maintenance of the water reservoir and distributing systems and the larger pumping stations being established. Under this plan, benefitting farmers will pay to the government one-fifth of the rice crop for the use of water from these government irrigation systems. It is anticipated that a number of smaller water pumps will be furnished at cost by the government to small groups of farmers who will utilize those pumps on a cooperative basis. Reimbursement to the government of the price of the pumps will be made over a period of years out of a water-use tax assessed against the benefitting farmers on a per-acre basis.

Increasing Agricultural Production

A very comprehensive study of the possibilities for increasing per acre yields as well as total agricultural production in Indochina was made for the French High Commissioner General by a group of agricultural
Small, portable rice threshing machines manufactured in Japan are a great improvement over the method of beating the grains against slats in a bamboo basket now prevalent in Indochina. More Japanese-type threshers are needed and their use by farmers on a cooperative basis should be encouraged.
Human power is utilized almost exclusively in lifting irrigation water in Indochina. Primitive methods are inefficient, time-consuming and a great waste of human energy. Improving the methods of irrigation and water-lifting would contribute materially to increased total rice output.
technicians during 1947 and 1948. This group of technicians made its evaluations of crop production and agricultural expansion possibilities on the basis of two consecutive five-year programs beginning in 1948 and ending in 1958. In regard to rice production, emphasis was placed on further development of irrigation and water control facilities including the completion of the system of larger canals begun by the French in both the Mekong and Red River deltas and in Cambodia with government funds and resources. The program also would get property owners to complete the system of secondary canals on their land at their own expense and with their own means. According to this plan the area of tillable rice land in Indochina would be increased from 5.7 to 6.0 million hectares (16 million acres) by the end of the second five-year period in 1958.

As an additional means of increasing the total production of rice the greater use of commercial fertilizers, rat control and wider use of improved seed rice is recommended. As a result of these measures an increase in total rice production from 6.5 million tons before the war to 7.9 million tons at the end of the 10-year period (1958) is considered by the study to be feasible (Figure XI). However, the report points out that it is very unlikely that total rice exports will exceed pre-war levels because of greater domestic consumption as a result of increased population and greater purchasing power of the laboring class, particularly if some further industrialization occurs.

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Most of the cultivated soils in Indochina are deficient in the basic plant nutrients, especially nitrogen. Relatively low farm prices received for paddy makes it almost impossible for farmers to utilize commercial fertilizers profitably. Wider use needs to be made of green manure crops, compost and rich alluvial mud from the canals and shallow rivers.
The effects that improvements in irrigation and water control facilities would have on rice acreage expansion and increased rice production have been dealt with in the previous section. Undoubtedly, the one area in which the greatest, most rapid, and most profitable improvements could be achieved in Indochina is that of increasing output per acre of land now under cultivation. Increases in the yield per acre of rice land offer the greatest possibilities because about 85 percent of the total land area under permanent cultivation is used for rice production, and rice yields in Indochina compare unfavorably with the yields obtained in other rice producing countries in Southeast Asia. By comparison, in Japan rough rice yields average about 3,400 pounds per acre; in Thailand 1,400 pounds; whereas during the best pre-war years the average in Indochina was only about 1,000 pounds. Japanese rice yields are about three and one-half times as high as those of Indochina.

Proper fertilization of rice lands, better farming practices including proper land preparation, use of improved and higher-yielding seed stock and an adequate supply of irrigation water would all contribute to increasing per acre yields of rice. In addition, better conservation and utilization of rice produced could be obtained through better methods of harvesting, especially rice threshing, and proper storage after harvest. Each year large amounts of rice are lost from rain and rodents damage of paddy stored in the primitive and very inadequate bamboo bins. Gourou estimated before World War II that as much as 10 percent of the rice harvest was destroyed each year by rats
in Indochina. Since very little effort toward controlling rodents has been made since the war and interior storage facilities have deteriorated, it is probable that the losses have increased considerably.

**Fertilizer:** It is estimated that about 50 percent of the cultivated land in Indochina is deficient in both nitrogen and phosphorus, and about 30 percent deficient in potassium for satisfactory crop production. However, in normal years only about five percent of the cultivated land receives any chemical fertilizers. In the reports of Gourou and the Subcommission on the Modernization of Indochina it is pointed out that the high cost of fertilizers in relation to rice prices limits its use. But the availability of chemical fertilizer at relatively low cost will still not make it possible in most cases for peasant farmers to utilize it to any great extent as long as funds needed for its purchase can be obtained only at usurous rates of interest.

During the years immediately preceding World War II an average of 11,000 metric tons of chemical fertilizers were imported into Indochina each year, of which about 6,000 tons consisted of nitrogen fertilizer, 3,000 tons of phosphates, and about 2,000 metric tons of potash fertilizers. Imports of fertilizer are almost exclusively under French control, and most of the chemical fertilizers are utilized on the larger plantations, especially those owned by Frenchmen.

The average peasant farmer usually makes an effort to obtain all of the fertilizer he can without any cash outlay. Wide uses are made of human excrements and animal manure, ashes from the rice straw burned

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60Gourou, op. cit., p. 390.

61Premier Rapport de la Sous-Commission de Modernization de l'Indochine, op. cit., p. 130.
for fuel, and mud from ponds and ditches. Other forms of fertilizers produced locally are oilcake and fish paste.

There are rather important deposits of phosphate rock in North Vietnam but very little effort has been made to fully exploit these resources and manufacture ground phosphate fertilizer. Realizing the importance of the part chemical fertilizers could play in contributing to increased rice yields in Indochina, the French Modernization Commission included a few projects for the production of nitrogenous and phosphatic fertilizers within the country. However, it appears that the most feasible way in which the fertility of the land owned and cultivated by Indochinese peasants could be increased is not through the wider use of chemical fertilizers but through increased cultivation of green manure crops, making more extensive use of compost, greater utilization of mud from the canals and ponds, using rice straw for the production of compost rather than burning it as fuel, and providing ground limestone obtained from the hilly areas at a low price to the peasant farmers.

Social Problems: Improving yields and increasing the productivity of the average farm family will not in itself offer the full remedy for miserable farm life in Indochina. Even during good crop years the average farm family usually is unable to retain a sufficient part of what it produces to avoid some degree of malnutrition.

A way must be found, through improvements in the credit, land tenure, landlord-tenant relationships, and marketing systems, to make it possible for the average farm family to be able to retain a larger portion of the harvest for its own consumption and benefit. The problem of equitable distribution of the produce of the land is as grave
as is the problem of low productivity. To be sure, improving productivity per farm worker through more efficient production methods and greater yields will lessen the acuteness of the problem but this alone will never solve the agrarian problems of Indochina.
CHAPTER VI

LAND OWNERSHIP AND TENURE RELATIONS

The intensity of the problems of land ownership and tenure relations varies in the different regions and states of Indochina. In the Tonkin delta farming area the problem relates primarily to the large number of farm families upon the available land supply, the intensive subdivision and parcelization of land holdings and the extremely small amount of land available to the average farm family. This situation improves only slightly in Central Vietnam. The problem of absentee ownership is not as acute in the north and central parts of Vietnam and Cambodia as it is in South Vietnam. In South Vietnam the problem revolves around the share-cropper system of crop production, absentee landlords, insecurity of tenure, and the fact that only a relatively small percentage of the farmers own the land they cultivate.

Size of Farms and Extent of Farm Land Ownership

The degree of subdivision of agricultural land and the pressure of population in the various parts of the country are best illustrated by Table 22 which classifies the landowners of North, Central, and South Vietnam and Cambodia according to the size of their holdings.

In the deltas of North and Central Vietnam, the Annamese custom of dividing property equally among all of the children has resulted in very small-sized land holdings, which in the majority of instances, are divided up into many tiny parcels (Figure XII). In North Vietnam 62 percent of land-owning farm families have less than 0.9 acre of land from which they attempt to make their living, and an additional 30
The practice of subdividing the land equally among each member of the family has resulted in very small landholdings and excessive parcelization of the land in North Vietnam. In South Vietnam large landholdings usually are divided into small plots and rented out to sharecroppers.
Table 22. Land Owners in Indochina Classified According to Size of Their Holdings

<table>
<thead>
<tr>
<th>Size of holding</th>
<th>Number of land owners</th>
<th>Percent of total</th>
<th>Number of land owners</th>
<th>Percent of total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>North Vietnam</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 1 acre</td>
<td>594,000</td>
<td>61.6</td>
<td>450,000</td>
<td>68.7</td>
</tr>
<tr>
<td>1-5 acres</td>
<td>288,000</td>
<td>29.9</td>
<td>165,000</td>
<td>25.2</td>
</tr>
<tr>
<td>5-10 acres</td>
<td>60,000</td>
<td>6.2</td>
<td>31,000</td>
<td>4.7</td>
</tr>
<tr>
<td>10-50 acres</td>
<td>21,000</td>
<td>2.2</td>
<td>8,500</td>
<td>1.3</td>
</tr>
<tr>
<td>50-100 acres</td>
<td>800</td>
<td>0.1</td>
<td>300</td>
<td>0.1</td>
</tr>
<tr>
<td>Over 100 acres</td>
<td>200</td>
<td>negl.</td>
<td>50</td>
<td>negl.</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>964,000</td>
<td>100.0</td>
<td>654,850</td>
<td>100.0</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Size of holding</th>
<th>Number of land owners</th>
<th>Percent of total</th>
<th>Number of land owners</th>
<th>Percent of total</th>
</tr>
</thead>
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<tr>
<td><strong>Central Vietnam</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 1 acre</td>
<td>594,000</td>
<td>61.6</td>
<td>450,000</td>
<td>68.7</td>
</tr>
<tr>
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<td>288,000</td>
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<td>1.3</td>
</tr>
<tr>
<td>50-100 acres</td>
<td>800</td>
<td>0.1</td>
<td>300</td>
<td>0.1</td>
</tr>
<tr>
<td>Over 100 acres</td>
<td>200</td>
<td>negl.</td>
<td>50</td>
<td>negl.</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>964,000</td>
<td>100.0</td>
<td>654,850</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
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<th>Number of land owners</th>
<th>Percent of total</th>
<th>Number of land owners</th>
<th>Percent of total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>South Vietnam</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 2.5 acres</td>
<td>86,000</td>
<td>33.7</td>
<td>25,000</td>
<td>20.9</td>
</tr>
<tr>
<td>2.5-12.5 acres</td>
<td>97,000</td>
<td>38.0</td>
<td>72,000</td>
<td>60.2</td>
</tr>
<tr>
<td>12.5-25 acres</td>
<td>38,000</td>
<td>14.9</td>
<td>18,000</td>
<td>15.0</td>
</tr>
<tr>
<td>25-125 acres</td>
<td>28,000</td>
<td>11.0</td>
<td>4,400</td>
<td>3.7</td>
</tr>
<tr>
<td>125-250 acres</td>
<td>3,600</td>
<td>1.4</td>
<td>100</td>
<td>0.1</td>
</tr>
<tr>
<td>250-1250 acres</td>
<td>2,400</td>
<td>0.9</td>
<td>40</td>
<td>negl.</td>
</tr>
<tr>
<td>Over 1250 acres</td>
<td>200</td>
<td>0.1</td>
<td>10</td>
<td>negl.</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>255,200</td>
<td>100.0</td>
<td>119,550</td>
<td>100.0</td>
</tr>
</tbody>
</table>

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1/ This classification is obtained from Henry Yves' study of 1932 which is still considered by the governments of Indochina as the official one.

2/ The original size class was in terms of mau which in North Vietnam equals 0.89 acre and in Central Vietnam equals 1.24 acre. In this table mau have been converted to acres on a one-to-one basis.

3/ Includes only the three rice provinces of Battambang, Preiveng, and Soairieng.

percent have less than 4.0 acres. In Central Vietnam the situation is almost as bad; 69 percent of the peasant farm families own less than 1.2 acres and an additional 25 percent have from 1.2 to 6.2 acres. Naturally, all of these small parcels of land are cultivated by members of the farm family and no outside help is needed. On such small acreage it is impossible to keep and feed work animals and virtually all land preparation is performed by hand with the use of a simple hand tool commonly called a hoe-spade. In some cases, work animals are hired from the larger landowners for plowing rice land. The most common rate of repayment for the use of work animals is two man days of work at either rice transplanting or harvesting time for each day a work animal is hired during plowing time. This reflects very vividly the fact that, from the standpoint of economic valuation, the four legs of a water buffalo are worth four strong arms and two human backs in the over-populated Red River delta of Indochina.

An example of the extent of the subdivision of land in the Tonkin delta is cited by Yves who relates that the Forestry Service, wishing to lease two and a half hectares of high rice land (5 3/4 acres) for use as plant nurseries, had to deal with 76 owners who shared this land and to sign 76 separate rental contracts. Yves is of the opinion that the decrease in the size of holdings in the Tonkin delta has not affected all land owners evenly, and is somewhat critical of the French administration for having made it possible for some owners to increase the size of their holdings while the size of the holdings of the vast majority of farmers was decreasing. The new trade potentials opened up by

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improvements in transportation and the abundance of credit to those who could furnish necessary credentials have encouraged the creating of rather large estates amidst a sea of garden-sized holdings. The revenue from these estates made it possible for ambitious and clever growers to supply demands for credit, food and other items needed in production what were practically unknown in the old system of closed economy, but which had developed with the economic evolution brought about through the activities and under the leadership of the Europeans. As a result of this many large estates have come into existence since French occupation of the area and many farmers who formerly were owners of small plots have now become tenant farmers. 63

In previous studies of land ownership and tenancy in the Tonkin delta the proportion of farm families who owned no land at all or of those very small landowners who had to rent part of the land which they cultivated was not determined. According to Gourou, in one province about one-half of the rural people registered on the tax rolls owned no land. 64 He estimates that in certain areas the number of taxpayers either without any land at all or with less than .18 hectares (.41 acres) is about 63 percent of the total rural population.

The larger estates have been accumulated usually through the purchase of land which had been forfeited or on which loans at exhorbitant rates of interest had been made. For the most part, the cultivation of those lands remained in the hands of small cultivators


(farmers or sharecroppers) whose burden and low standard of living was usually increased by their debts. Robequain remarks on this subject that speculation in land, inadvertently encouraged by the French administration, on occasion has also involved communal lands, through the complicity of the mandarins and village head-men.  

In some parts of Indochina, the village community owns part of the land comprising its territory. The largest part of this consists of land originally granted by the state to the village with the right of usufruct. Historically, people deprived of rice fields could turn to the communal lands for support. The cultivation of communal land was shared periodically by the landless peasants of the village. It is estimated that prior to World War II such communal lands represented approximately 20 percent of the total cultivated land area in North Vietnam, 25 percent in Central Vietnam, but only about 3 percent in South Vietnam the most recently populated region of Vietnam. In the past, these communal lands played an important role in counterbalancing the inequalities in private land ownership. However, under French administration such importance has diminished. Community-owned lands have diminished in area, and speculations in renting communal lands by village authorities have caused discontent on the part of the peasants. Communal lands are still being purchased by larger land-owners in the Tonkin delta. Therefore, it is to the interest of the peasant landless class to maintain, and if possible, to increase the area of communal lands.

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Robequain, op. cit., p. 83.
In Cambodia most of the peasant farmers cultivate less than 11.0 acres if the land is river bottom land, or from 11.0 to 30.0 acres if they own land at a distance from a river, or hilly land. Large private estates and absentee ownership of land is not a problem in Cambodia. Most of the land holdings are owner-cultivated and all of the land not cultivated for a period of five years reverts to the Cambodian government.

In South Vietnam, or Cochinchina, 72 percent of the rice land holdings are less than 12.5 acres in size; 15 percent are from 12.5 to 25 acres; 11 percent from 25 to 125 acres; and less than 3 percent of rice land owners have more than 125 acres. (Rubber land holdings are purposefully excluded from these figures.)

In North Vietnam only 17 percent of the total cultivated area is owned by persons holding more than 8.9 acres, which there is considered to represent the lower limit of a large holding. By contrast, in South Vietnam holdings larger than 125 acres (considered to be the lower limit of a large holding in that region) take up 45 percent of the total cultivated land area. If the medium-sized holdings from 12.5 to 125 acres are added to the large holdings, one finds that 87 percent of the cultivated area in South Vietnam is owned by persons holding more than 12.9 acres compared with only 17 percent of land owners holdings more than 8.9 acres in North Vietnam.

There is a very much variation in the size of land holdings among the various regions of South Vietnam. Robequain is somewhat critical of the French policies in the settlement of the new lands in the Mekong delta, which, to him, are responsible for the very uneven distribution of land holdings in that area.
In essence, the following is his explanation for the present landownership situation in the Mekong delta:

"The economic evolution set in motion by the French occupation has operated here for a longer time, but the main factor has been the rapid expansion of rice growing in the vast regions which had previously been waste lands and had been made immediately cultivable by canal construction. Western techniques naturally produced quicker and more impressive results from virgin soil than on land that had already been cultivated by the Indochinese. This explains why in the 'old provinces' of eastern and central Cochinchina, the estates are still relatively small in size, although they are larger than those in the northern deltas. As a rule the owner himself cultivates at least some of his fields and supervises the work on the remainder—which is entrusted to tenant farmers who are easily recruited in the vicinity, as in Tonkin, from among those having no property at all or very little.

"In the western provinces, on the other hand, new lands were not brought into production by small-scale native colonists. To be sure this is regrettable, but the French administration has some justification; the construction of canals was very expensive and it seemed logical to sell the land cheaply to the buyer best able to develop it quickly. Only rich natives and those able to borrow applied. (Mostly Frenchmen.) This was the origin of large estates held by a single proprietor. While the percentage of landowners with from one to five hectares is 80.2 percent in the central province of My tho and 71.7 percent in Cochinchina as a whole, it is much lower in the Transbassac provinces; 49.9 percent in Rach gia and 38.3 percent in Baclieu. (In these provinces it is not unusual for one owner to have 500 or even 1000 hectares.) Cultivation by the direct family method is no longer possible; on this land recently almost uninhabited, it is done by tenant farmers, or ta dien, who pay a specified amount of paddy as rent each year. Often unstable and restless, these farmers, lacking funds, borrow both money and rice from the landlord .... Usually the landlords do not live on their land but in the main town of the province and sometimes even outside the province; often their contacts with the sharecroppers are made only through their managers; landownership here is mainly speculative.

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66 According to Henry Yves, in Baclieu province farms up to 10 hectares comprise a total land area of 87,642 hectares; those from 10 to 50, 98, 547 hectares; and those over 50, 144, 864 hectares. Henry Yves, *Economic Agricole de l’Indochine*, p. 152.

What Gourou, Robequain, or Yves did not mention is that in South Vietnam the five largest landowners hold a total of 250,000 acres of rice land—and all five are French citizens.
Unwittingly and contrary to its own interest, French colonization has led to the increase of a so-called 'proletariat' class in Indochina (although it should be pointed out that it is impossible to compare this proletariat with the class designated by the term in the Western World). In this essentially rural society, it might be defined as including all those people who either own no land or have too little for their livelihood. And to this criterion of insufficient real property should be added that of uprootedness or 'detribalization', as it might be termed the Annamites have not long since outgrown the tribe.  

Systems and Types of Tenure and Tenure Relationships

In general it may be said that South Vietnam is a region of large land holdings, absentee landlords, sharecroppers and landless agricultural workers, whereas North and Central Vietnam and Cambodia are regions of small peasant farmers who cultivate their own lands. According to most reliable estimates, 98.7 percent of the agricultural holdings in North Vietnam, 90 percent of those in Central Vietnam, and 95.4 percent in Cambodia, but only 64 percent of the holdings in South Vietnam are operated by their owners.  

It is estimated that in Vietnam there are approximately 4.5 million farm families — but only 2.0 million farm landowners. Thus, close to 56 percent of all farm families in Vietnam do not own all the land they cultivate. The concluding statement frequently encountered that "North and Central Vietnam are areas of exceedingly small individual

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67 Robequain, op. cit., pp. 84-85.

68 Note that this is a classification according to property owners, not farming units. Thus, a single large property owner may rent out his land to many tenants or sharecroppers who farm them as separate units, is still considered in these data as a single holding operated by tenants. The figures for the number of farms worked by their owners are therefore deceptively large.
land owners and South Vietnam one of large land estates" is verified by the following: In North Vietnam, 62 percent of the holdings are less than one acre in size and 92 percent are less than 5 acres, compared to Central Vietnam where 69 percent are less than 1.2 acres and 94 percent are under 6 acres in size, while in South Vietnam holdings above 125 acres in size comprise about 50 percent of the total cultivated area. (Rubber plantings located mostly in South Vietnam are excluded from these statistics. Since they are all over 125 acres in size, including them would materially increase the 50 percent figure.)

Legal ownership of land is frequently one of name only. The owner is often practically a tenant, being obliged to make annual payments to the money-lender who has allowed him to remain on the land holdings. In addition, a large proportion of the larger landowners are frequently anxious to conceal the actual size of their holdings or actual property relations for purposes of tax evasion, concealment of actual wealth, etc. In some areas, inaccuracy in land registration and concealed transfer of ownership by special agreement often make it impossible to establish the actual dimensions of the large estates. An official inquiry into the very thickly populated province of Thai Binh in North Vietnam disclosed that 122,000 small owners with less than 0.9 acres shared 54,000 acres, whereas 253 large owners held 25,000 acres directly and, in addition, controlled 38,000 acres; the legal, registered owners were in fact sharecroppers of the big estate owners. The situation in Central Vietnam is similar to that in North Vietnam.

In Cambodia tenancy is not frequent, although there also tenancy figures reflect legal more than economic relationship due to the strong
influence of moneylenders. From the standpoint of legal definition of ownership of cultivated land, the Cambodian enjoys a certain prestige over his Vietnamese counterpart. In Cambodia all land not cultivated for five consecutive years reverts to the kingdom; whereas the government grants legal title to a person who cultivates government-owned land for five successive years. However, such ownership by virtue of direct cultivation over a period of time is limited to five acres to any one farm family.

In South Vietnam, holdings above 25 acres are usually divided into parcels of from 2.5 to 25 acres and worked by tenants known as "ta dien" (Figure XII). The "ta dien" who rents less than 5 acres usually not only cultivates with members of his family this land but also works as a farm hand for other farmers in the area. Approximately 70 percent of the total cultivated area in South Vietnam is said to be cultivated by tenants. Under the most common landlord-tenant arrangement the "ta dien" has to clear the land of tall grass and brush growth and level the land; dig any drainage or irrigation ditches; cultivate the land; plant, irrigate, harvest, dry and transport the rice to the landlord's farmstead. Rent to the land owner is usually paid in kind, ranging from 40 to 50 percent of the harvest. With very few exceptions, tenants have to borrow crop production capital from the landlord. Interest on this type of loan averages about 10 percent per month. Loans are usually repaid at rice harvest time, and lenders invariably request repayment of the principal and interest in paddy. Therefore, in most instances, between 60 and 70 percent of the crop remains in the hands of the landowner. Furthermore, it is not uncommon for the landlord
to impose upon the tenant the condition that he must obtain the landlord's permission to dispose of his own remaining portion of the crop to a third party.

The fact that the landowner is usually also a moneylender to the tenant has had a very bad influence on general agricultural development in Indochina. According to one source the landlords in many cases depend more on the interest they get from the loans they make to their tenants than on the production from their rice fields. That explains why many large landowners prefer to divide their holdings into small plots and rent them to tenants for primitive, traditional hand cultivation.

A system of land utilization based on money interest and not on agricultural production must finally reduce the productivity of the entire economy. This would appear to be especially the case in a country basically agricultural, where 90 percent of the population is directly engaged in agricultural pursuits. According to other sources, French colonists also shared in the money-lending practices of the native landlords.

Uncertainly of ownership characterizes the land property system of North and Central Vietnam. Historically, the land ownership system in that part of Indochina derives from the fact that the Emperor owned all the land in the Tonkinese and Annamese empires and distributed it to those who cultivated it and paid the land tax, and also distributed that portion of the crop assessed to the Emperor for his "ever-normal

Thus, the right to use and own land has been based on entries made in the local village register used for land tax and rice collection purposes. However, the negligence of the local authorities (mandarins) in keeping accurate registers, the absence of accurate land surveys, and also the fact that boundary lines, consisting most frequently of small levees, were often washed away by floods and changing water courses have all contributed to disputes over ownership. In Vietnam, ownership by virtue of possession over a long period of time is not recognized.

In South Vietnam and in the more important provinces of Central and North Vietnam, and Laos, a system of land register established by the French in 1925 provides the basis for legal ownership. In almost all of Laos and in other mountainous areas, land falls into three general categories in terms of ownership; namely areas where ownership is confirmed by custom, those belonging to the community, and those used temporarily in ray cultivation.

The lands granted by the French administration to both French citizens and friendly Indochinese were obtained by virtue of an old Annamese custom that land remaining uncultivated for a period of three years or more reverted to the public domain. Long periods of internal wars resulted in a large portion of the land remaining in this category when the French administration began in 1875. In addition to such public domain property, those areas of land which had been used only for ray cultivation were also allotted as land grants.

On the average, the land concessions granted to French colonists and land development companies were larger than those granted to the
Indochinese. Nevertheless, the concessions granted to Indochinese were sufficiently large to have the effect of creating a special class of plutocracy among recipients, most of whom have become the worst exploiters of the poor peasant farmers not only through high land rental rates but also through the exorbitant rates of interest they charged on short-term loans.

Farm Land Values

There are wide variations in the value of cultivated land in Indochina between different regions and within areas in any one region. Such variations range from as low as $30 per acre in some areas in South Vietnam to as high as $400 to $500 per acre in some areas in North Vietnam. Relative fertility or yield per acre is seldom considered a criteria in price determination. Land in some areas in North Vietnam is often sold for 10 times the money value of land of comparable fertility located in South Vietnam. By order of importance, the following factors appear to determine the money value of a plot of land in any area: (1) population density in the area and the extent of the owner's family ties to the land—particularly ancestors' graves that may be situated on the land; (2) location of the land, related primarily to transportation avenues and facilities, either land or water, available; (3) in the case of rice land, irrigation water supply; and (4) fertility or yield (rendement).

The Indochinese farm family attaches the greatest importance to the presence of ancestors' graves on a certain piece of land. This factor is often the reason that farm peasants refuse to move off the land, even when in state of starvation and economic opportunities are
far greater in another area. The pressure of population on the land in many areas of North and Central Vietnam, especially close to the larger cities, also explains the great importance attached to land by the peasants and is reflected in the value of land.

In areas where transportation facilities are not well developed (which is the case in many agricultural regions of Indochina), the principle that land better situated commands greater value becomes apparent. This is particularly true in those areas where there is usually an excess of production over what is needed for family consumption resulting in a salable surplus. This largely explains why some rice land located in the interior areas far removed from a rice storage and milling center, but along a canal or small stream will often be priced three or four times more than land in the same neighborhood and of comparable fertility and productivity but having the all-important disadvantage of being located three or four miles away from the water course.

For rice production, the availability of irrigation water naturally has an influential affect on land values, and in some cases this factor may be responsible for a 200 percent increase in value.70

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70 Yves, *Agricultural Economy of Indochina*, pp. 278-280, cites the following examples of the effects of the various factors on the price of land used for farming purposes in the Tonkin delta: (1) Flooding of rice fields by the Mekong River overflowing with rich alluvial deposits resulted in increasing the value of the land affected by 700 percent. (2) Completion of an irrigation canal resulted in rice land price increases up to 200 percent. (3) Land in the province of Hadong located near a road or navigable stream is priced at from 3 to 5 times more than land of equal fertility located some distance away. (4) Farm land in the very heavily populated area of Donglien is valued at 16 times more than farm land of comparable fertility in a neighboring area 10 miles away due to the intensive competition for the available land. (5) As great a factor was water supply, location and relative population density in determing land prices is, the existence or absence of ancestors' graves on the land.
Improvements in buildings, fences, etc., play a very small role in land value determination primarily because such improvements normally are meagre. A permanent building or a fence on an Indochina farm is a rare sight indeed. The average value of such improvements is probably not over $10 per farm and consists primarily of bamboo sticks and straw thatching. On the contrary, greater value is attached to any dikes, levees or other water-retention earthen works; all of which are built by hand, and constitute by far the most important improvement on the land.

For the above reasons, the relative fertility of the land plays a minor role in determining its value. The importance attached to the fertility of land is certainly not as large in Indochina as it is in Europe or in the United States.

Wherever irrigation water is available, rice takes precedence over all other crops for land use. However, everything else being equal, there appears to be very little difference between the value of rice and other agricultural land. No money value is attached to forest, swamp, and grass or range land since such land belongs to the state and normally can be obtained without cost through concessions. There is no recorded sale of such land in Indochina.

Farm Income and Level of Living

In general, the productivity, level of living, and farm income of the average farm family in Indochina are very low regardless of the yardstick used or the comparison made. In the majority of cases, low per capita productivity, low per acre yields, uneconomical subdivided parcels of land available to cultivate, and sharing a large portion of
the total output with the landlord and money-lender all combine to result in the farm family being able to retain amounts of rice and other farm products barely sufficient for human existence.

It is estimated roughly that about 25 million people in Indochina are engaged in agriculture and of that number between 82 and 85 percent, or approximately 22 million persons, produce rice as the only crop. Total rice production of the area during good years amounts to only slightly more than six million tons. This amounts to about 500 pounds per capita of the farm population and 600 pounds per person engaged in the production of rice.

Since normally no rice is imported into Indochina, total yearly production minus total yearly exports represent domestic disappearance. Only an infinitesimal quantity of grain, including rice, is fed to livestock and poultry. Therefore, the quantity of rice that disappears domestically is almost wholly for human consumption and amounts to about 350 pounds per capita annually.

The average farm family probably consumes the same quantity of rice as non-farm people which indicates that the yearly surplus, or quantity of rice available for sale or exchange is about 250 pounds per person engaged in agriculture. This quantity of rice, if sold at the average farm price equivalent for 1954 of four cents per pound would bring a return of $10. For a family of five persons, considered in official statistics as the average size of rural families, this would amount to $50 income per year above family rice needs for food. The above figures are based on 1954 data for all Indochina. But if the heavily populated deltas of North and Central Vietnam are considered as a separate case the situation presented is quite different. For example, it is estimated
that the seven million rural people in the Tonkin delta produce normally about 1.9 million tons of rice annually, or about 370 pounds per person. It is estimated that the amount of rice left for sale or barter each year after home food use amounts to only 20 pounds per person, or 100 pounds worth four dollars per average farm family of five persons. From this quantity of rice must be deducted the share of the crop going to the landlord as rent which probably amounts to all of the surplus. Thus, in the case of sharecroppers this indicates that no rice is left for sale or barter after allowing for family consumption and probably the only way to obtain cash is to hire members of the family as laborers on neighboring farms.

Rice Consumption in Relation to Production

The above calculations are made with the use of data for the year 1952 and are based upon rice production and population figures with no allowances made for the quantity of rice consumed internally by distilleries, the amount lost through damage by weather and rodents, and the quantity of paddy used for seed.

Yves conducted a very intensive study of the internal consumption of rice in Indochina in 1932. It is realized that results of this study are outdated; however, it is the only intensive study of this problem ever made and is still quoted in official documents and presentations. The economic conditions of the average Indochinese farm family have not changed greatly since that time. Production of rice

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and other crops is still done under primitive methods of cultivation and harvesting. Yields have not increased. Total crop production has increased but only in direct proportion with the increase in the number of farm families engaged in agriculture. The results are that the average farmer is not more productive today than he was a quarter of a century ago, his tenure conditions have not improved and he still has to share as large a part of his harvest with his landlord and money-lenders as he did then. The conclusion is that the conditions reported by Yves are still applicable today.

For purposes of analysis, Yves divided Indochina into four regions; namely, North Vietnam, Central Vietnam, Cochinchina, and Cambodia. The per capita production of paddy was as follows: North Vietnam, 473 pounds; Central Vietnam, 513 pounds; Cambodia, 761 pounds; and Cochinchina, 1,433 pounds. (The above and following data are pre-war yearly averages.)

**Tonkin and North Annam Combined:**

Total production ................. 1.86 million metric tons of paddy
Exports (to large population centers) 250,000 " " " "
Consumed by distilleries .......... 60,000 " " " "
Seed (at rate of 40 kg. per Ha.) ... 60,000 " " " "
Animal feed and loss ............. 60,000 " " " "
Human consumption ............... 1.43 mil. " " " "

In addition, about 37,000 metric tons of rice flour from rice mills are available for human consumption. It is further estimated that the 1.43 million tons of paddy results in about 900,000 metric tons of milled rice at a milling yield of 63 percent. This indicates rice availabilities for human consumption in the rural areas of those regions
of about 209 pounds per person per year, or a little over one-half pound per capita per day, plus a small amount of rice flour used mostly for thickening vegetable soups.

The paddy movements to population centers and the quantity used by the distilleries indicate that about 310,000 tons of paddy leave the farms of that region in an average year. This amounts to about 68 pounds per farm person per year that is available for either barter or sale. However, these 310,000 tons that move off the farms come from the larger farms for the most part—the farmers with smaller holdings seldom, if ever, have any paddy available after harvest for sale or barter. Yves reports that in Tonkin only the rich and the relatively well-to-do people are able to afford consumption of good quality rice throughout the year. More generally, the small peasant farm families can afford rice only during the 3 or 4 months immediately following the rice harvest. After this period they have normally consumed what was left to them after dividing the year's harvest with other interested parties in production and have to resort to mixtures of yams, other root crops and corn meal—rice by then being too expensive an item to utilize in their diet. Therefore, even amongst the rice-producing peasants, rice is considered a luxury food item during part of the year.

The Annamese peasant produce and consume mostly a low-quality red rice. This type of rice is preferred by the peasants of that region primarily because of the fact that it gains very much weight and volume during cooking—thus affording a fuller rice bowl and human stomach from a smaller quantity of milled rice. Yves reports that they cannot afford higher quality rice even during the best years.
Cochinchina: The average yearly pre-war production of paddy in Cochinchina is estimated at 2.7 million metric tons. Estimated distribution of this quantity is as follows:

- Exports .................. 1.38 (million metric tons of paddy)
- Consumed by distilleries: .06 " " " "
- Seed ..................... .09 " " " "
- Loss and animal feed . . . . .05 " " " "
- Human consumption ........ 1.12 " " " "

To the above availabilities for human consumption should be added about 80,000 metric tons of rice flour produced by local rice mills. This indicates human consumption amounting to about 550 pounds of paddy, or 308 pounds of clean rice plus a little rice flour per capita per year. The data indicate that the amount of paddy available for sale or barter is about 3,000 pounds per farm family or 500 pounds per person. Yves considers the consumption figure of 300 pounds per person per year "normal" for the rural population of Cochinchina and remarks that rice prices are generally lower at the point of production in Cochinchina than in North and Central Vietnam due to supply factors, differences in transportation costs, and number and tactics of middlemen engaged in marketing. It should also be pointed out that while the average peasant in Cochinchina consumes about two and one-half times the quantity of rice that the North and Central Vietnam peasant consumes, the use of yams and other root crops and corn in the diet is much less extensive in Cochinchina than in other regions of Indochina.

Cambodia: Before World War II the 400,000 Cambodian farm families produced an average of about 815,000 metric tons of paddy per year. Distribution of this production was estimated by Yves to be as follows:
Exports ............... 120,000 (metric tons of paddy)
Consumed by distilleries .... 30,000 " " " "
Seed .................. 35,000 " " " "
Animal feed and loss ....... 30,000 " " " "
Human consumption ........... 600,000 " " " "

These figures indicate a per capita consumption of 480 pounds of paddy per year or 300 pounds of clean rice. Pre-war per capita consumption of rice by Cambodians, therefore, was only slightly less than the indicated consumption of peasants in Cochinchina. However, the average Cambodian peasant family is probably better fed than the Cochinchina residence since corn, sweet potatoes and other root crops supplement the Cambodian rice ration to a larger extent. Average yearly movements of paddy into the export and distilleries markets indicate that the quantity available for sale or barter amounts to approximately 820 pounds per farm family or 160 pounds per person. However, this should not lend one to conclude that the average Cambodian farmer has only one-third as much paddy available for sale as his counterpart farmer in Cochinchina. Rather, it must be remembered that since a very large percentage of Cambodian farmers own the land they cultivate, they do not have to share their output with landlords and probably are able to retain a larger portion of their rice production. To this extent, the amount of surplus or salable paddy remaining in the hands of the average Cambodian farmer after harvest is probably equal to the amount left to the average farmer in Cochinchina after the latter has divided his output with the landlord in payment for rent of the land.

It should also be remembered that the data used in the analysis above relate to total production, disappearance, consumption and exports.
No attempt is made to isolate the farmers' share of the total produce. The portion of the rice crop remaining to the peasant for his own use and benefit varies considerably between different regions according to the different circumstances relative to individual tenure arrangements, landlord relations, credit position and market situation. However, in all probability the average peasant rice farmer seldom is able to enjoy full use and benefit from more than 50 percent of his rice production in any one year. The 50 percent figure is the one most commonly used in official documents.

**Land Taxation and Land Revenue Systems**

Before 1953 land tax laws and the land taxation system of Indochina consisted of a wide variety of governmental ordinances and decrees, each one applicable to certain regions or areas, to certain categories of property owners, and all varying in rates and tax schedules for land in a certain productivity or use categories. For example, in Vietnam the governors of each region (North, Central and South Vietnam) had the authority to decree the tax laws applicable within their own territorial jurisdiction with the result that different rates existed for the different regions and there were often wide variations in tax schedules even between provinces, depending upon the budgetary requirements and political expediency. In many cases French property owners were completely exempt from Vietnamese-decreed laws but were subject only to tax laws instituted by the French Governor General. The multiplicity of land tax laws in existence in Vietnam in 1953 is evident from the statement of the special commission appointed by the president of the
country to study possible remedial action. The commission reported that it had examined a total of 157 different kinds of taxes before making its recommendations for a new law applicable uniformly throughout the country. The commission made special note of the fact that many of the taxes in existence prior to 1953 fell heavily upon the laboring classes and peasants least able to pay them. In some cases no distinction was made of the fertility or productivity of different lands; instead, all land was subject to a flat and uniform tax rate. In other cases tax rates were not based upon the size or area of holding nor productivity, but upon the number of families cultivating a given unit of land, thus the smaller the holding the higher the rate.

The new tax law enacted in 1953 divides agricultural land into two general categories; rice lands, and high lands on which crops other than rice are grown. The amount of the yearly tax to be assessed against the land depends upon the fertility, or category of productivity. Rice lands are divided into six categories and taxed as follows:

1. High-class land which has an average yield of over 2,000 kilograms of paddy per hectare; 200 piasters.
2. First-class land which has an average yield of from 1,200 to 2,000 kilograms of paddy per hectare; 160 piasters.
3. Second-class land which has an average yield of from 700 to 1,200 kilograms of paddy per hectare; 130 piasters.
4. Third-class land which has an average yield of from 500 to 700 kilograms of paddy per hectare; 100 piasters.
5. Fourth-class land which has an average yield of from 300 to 500 kilograms of paddy per hectare; 70 piasters.
6. Fifth-class land which has an average yield of less than 300 kilograms of paddy per hectare; 40 piasters.

The majority of rice lands in Vietnam would fall in categories of first and second-class land. During 1953 rough rice prices at the
farm averaged about two piasters per kilogram which indicates that the
gross value of the output from one hectare of rice land of average
productivity amounted to between 2,400 and 3,000 piasters. The land
tax rates under the new law therefore amount to between six and seven
percent of the gross value of the produce. The land tax is assessed
against the legal owners of the land as registered in the local village
land register. In the case of landowners renting their rice land and
receiving 40 percent of the crop as rent, the tax schedule indicates
that about 17 percent of the landowners' share would be paid to the
government in the form of land taxes.

The law calls for the appointment of special land-classification
committees detailed to conduct land classification procedures during
the rice-growing period or at harvest time, and makes provision for
landowners to request and receive a hearing for a reclassification in
cases where they believe their lands have been put in a category above
their actual productivity. Provisions are also made in the law for
reclassification downward during periods of severe floods, droughts,
or other catastrophes resulting in reduced yields in an area as well
as reclassification upwards when public improvements are made in water
control, irrigation, etc., resulting in increased rice yields.

A different tax rate schedule is established for land on which
other crops besides rice are grown. Seven different categories of land
are established, depending upon the types of crops produced. Tax rates
vary from 300 piasters per hectare for the highest category of land to
15 piasters for land in the lowest category. With the exception of the
differences in the applicable rates, the same general provisions apply
to both rice land and high land on which other crops besides rice are grown.

Undoubtedly, revision of the land tax laws was an attempt on the part of the government to pacify the smaller landowner-operators in the face of increasing Communist activities in the field of land taxation in those areas where they were in control. As was the case with a large number of governmental decrees during that period, the law was met with very limited enthusiasm by most landowners. Very few land classification committees were appointed and a smaller number actually engaged in land classification work, with the result that the law remained on the statute books but very little actual implementation and enforcement was forthcoming.

A tax on land based on the productivity of the land amounts in fact to taxing the produce itself in the final instance. There is little doubt that such a tax system, if applied widely in Indochina, would result in landowners shifting the burden of the tax back to the renters of the land in the form of higher rents, or a larger portion of the crop, with the final incidence falling upon the renters and sharecroppers least able to bear the burden. In theory, there can be no shifting of a tax levied against land or other immovable property, and, from a theoretical concept, the owner of the property carries the burden of the tax in the form of reduced capitalized value of the property because of lower net, or economic rent. However, in a situation such as exists in the overly-populated farming areas of Vietnam where the supply of land available is very limited and the demand for a parcel of land on which to make a living far exceeds the supply, the competitive
bidding by landless peasants for the available rice land gives the landowner considerable advantage. In most cases where verbal agreements stipulate rent payments in the form of a certain portion of the produce, land of higher fertility and productivity usually rents for a higher percentage of the total output with the result that farmers cultivating this type of land are not able to retain a much larger quantity of produce than if they were cultivating inferior land.

However, there is still very intensive competition for the better land and owners of this type of land are able to obtain a larger portion of the crop in their rental agreements. A tax on the landlord's share would immediately result in landowners requiring and being able to obtain increases in their portion up to the point where the share remaining to the cultivator is sufficient only to afford his family the bare means of subsistence. The final result will be greater equality of sharecroppers cultivating lands of different fertility, but an equality at the lower end of the subsistence level. The conclusion is, therefore, that such a system of land taxation, though imposed on the landowners in the first instance, would result in shifting the burden on the sharecroppers in the final instance. The only possible remedy to this situation is the enactment and rigid enforcement of a rental ceiling law designed to protect sharecroppers against exhorbitant land rental rates on the part of landowners. The Vietnamese government failed in this respect and the new land tax system likewise failed to accomplish the desired ends.

**Viet Minh Land Tax:** The Communist Viet Minh instituted a land tax law of their own, and from all indications rigidly enforce it in those rural areas that have come under their control. The tax is
imposed upon the tenant farmers, land owner-cultivators, and landowners alike. The yield of the land, or its productivity, and the size of the family unit form the basic criterion in establishing the amount of tax to be paid. Therefore, yearly production per person in the family actually determines the amount of tax a farm family pays, with different rates applying for families classified as renters, owner-cultivators, or landowners.

Taxes to the Viet Minh authorities are paid in paddy at harvest time and range from 17 percent to a maximum of 75 percent of the production above a certain amount. The tax schedule treats tenant farmers more leniently than it does owner-cultivators and the large landowners. As indicated by Table 23, the tax schedule is a rather ingenious device for extracting heavier taxes on the landowner class. The owner-cultivator farm family was selected as the basic unit to which the schedule or rate for the other two classes of farmers was related. For owner-cultivators the tax rate ranges from 17 percent of the produce at a level of paddy production of up to 400 kilograms per person in the family. The rates for this class of farm family increases by six percent for each 100 kilograms of paddy produced per person up to the 75 percent level. After this level of production is reached, the amount of the tax increases by 75 kilograms for each increment of production of 100 kilograms per person in the family.

The tax rate assessed against tenant farmers amounts to 75 percent of that assessed against the owner-cultivators up to the point where the rate reaches 75 percent of the paddy produced after which tenant farmers likewise pay 75 kilograms of paddy for each increment of production of 100 kilograms per each person in the family.
Table 23. Schedule of Taxes Imposed Upon Farmers by Communist Viet Minh Authorities

<table>
<thead>
<tr>
<th>Paddy production</th>
<th>Tenant farmers</th>
<th>Owner-Cultivator</th>
<th>Landowners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kilograms per person</td>
<td>Tax rate for each additional 100 Kg. per person</td>
<td>Percent</td>
<td>(Kg)</td>
</tr>
<tr>
<td>Under 400</td>
<td>12.75</td>
<td>17</td>
<td>29.75</td>
</tr>
<tr>
<td>400</td>
<td>12.75</td>
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The rate assessed against the portion of the rice crop received by landowner families as rent amounts to 75 percent more than the rate assessed against owner-cultivator families up to the point where the rate reaches 75 percent for each increment in amount of paddy received.

As the schedule of tax rates indicates, the amount of paddy turned over to the Communists constitutes a rather large percentage of the crop even at low levels of per capita output. However, it is quite evident that the intent was to tax much more heavily the portion received by landlords as rent. In very few cases do tenant families receive more than 400 kilograms per person in the family as their share of the paddy. Therefore, it is very seldom that rice farmers in this category pay more than about 13 percent of their share as taxes. The same situation is true with respect to farm families classified as owner-cultivators, and probably only in very few and isolated cases do they pay more than about 17 percent of the paddy produced as taxes. However, this is usually not the situation in so far as the landowner class is concerned, and especially so with the large landowners. Very seldom do they receive as little as 400 kilograms of paddy per person in the family. As the tax schedule indicates, tax imposed on the landowners class reaches the 75 percent of increment figure when about 360 kilograms of paddy is obtained per capita. Probably most landowner families receive rent equivalent to more than this amount each year with the result that the share of the rice crop received by landowners is taxed very heavily. Furthermore, there is very little likelihood that landowners are able to improve their position very much by imposing higher rent payments upon their tenants. There are two reasons for this conclusion: first,
most landowners would be obliged to deliver 75 percent of this increment to the authorities in the form of increased taxes; second, the Viet Minh, as early as 1949, passed a land rent reduction law stipulating that rents, in money or in kind, would be reduced to the point where the maximum rental paid by tenants would in no case exceed one-third of the average yearly production. Both Communist civil and military authorities were very energetic in enforcing paddy collections to the full amount of the tax and in implementing the rent reduction law in those areas where they were in control.

This tax on the produce of the land referred to above is known as the "general tax" and goes into the national budget of the Communist authorities. In addition there is a local tax, also collected in kind, which goes to the local authorities to create revenue for local administration expenses. This local tax is also levied on a graduated scale against the three classes of families and amounts to an additional 15 percent of the "general tax".

72 The Communist rent reduction program is treated in greater detail in Chapter VII, Land and Agrarian Reform.
CHAPTER VII

LAND AND AGRARIAN REFORM

Land and agrarian reform has been foremost on the minds of peasant farmers in most of the Asiatic countries for the past decade. In no other country of that part of the world has the need been greater, nor the cry louder, than in Vietnam. Agrarian reform programs undertaken by a government may be of various types and degrees depending upon the need, the willingness of the government to put forth the efforts required, and the financial, personnel and other resources available to carry out the program. It may take the form of outright expropriation of large landholdings, sub-division and sale of the land, consolidation of small land holdings, and/or reduction of rent. Land reform programs may be accompanied by the provision of short- medium- and long-term agricultural credit on favorable terms and public or cooperative ownership of primary marketing facilities, such as storage, as was undertaken in Japan under the recent military occupation authorities. Reform programs may also take the milder and simpler form of government purchase and redistribution of large land holdings, supplemented by a rent-reduction program, as recently carried out on the Chinese island of Taiwan. Whatever the degree of reform anticipated, there must be careful study and detailed planning as well as strong determination on the part of the governmental authorities for any such program to be successful and accomplish the desired results.
Need for Agrarian Reform

The urgent need for reforms in agriculture in Vietnam arises from the following: (1) the very unequal distribution of landholdings resulting in a large percentage of the total cultivated area being owned by a very small percentage of the people; (2) the relatively large number of landless farm families; (3) the very extensive degree of parcelization of land holdings in Central and North Vietnam; (4) exhorbitantly high land rental rates prevailing in most areas; (5) the usurous rates of interest charged by moneylenders and merchants on short-term money and food loans to farmers; and (6) the disorganized and unsystematic conditions under which agricultural commodities (primarily rice) are marketed at the farm level.

These conditions of the rural economy all combine to lead to gross inefficiency in agricultural production in general, grossly unequal distribution in incomes, perpetual indebtedness and a miserable standard of living for a large sector of the rural people at the bare subsistence level. The result is social and political unrest on the part of the masses.

Conditions of luxurious living and absentee landlordism on the part of a few individuals, and wide stratification of economic and social levels can have little effect in promoting stability and general economic improvements when surrounded by a sea of misery and poverty. These have been the conditions in Vietnam in the past, and it is toward remedying them that efforts at agrarian reform should be directed.

Past Efforts at Reform

The first efforts made in the field of land reform in Vietnam
were initiated in the 17th century by Emperors of Annam and Tonkin who made use of the available communal, or public lands, to plan their yearly distribution to landless farm families on an equitable basis. They also confiscated all the private lands in certain heavily populated provinces and transformed them into collective farms to be cultivated by army veterans and their families as a reward for military service. According to Vu-Van-Hien, communal or public lands were to be re-distributed every four years to avoid disparity among those already allotted parcels of land and also to afford an opportunity to those families without any land to farm communal land. During the first half of the 19th century the Emperors were instrumental in greatly increasing the amount of cultivable land coming under public or communal ownership. In addition to outright confiscation of large land holdings, special ordinances by the Emperors declared as communal property all agricultural land in the following categories: (1) New alluvial land formed by the changing courses of the rivers and sea shore; (2) all land that had been cleared and brought under cultivation through the use of military labor (prisoners of war); (3) lands abandoned by their owners during the war; and (4) lands that belonged to persons who died.

73Vu-Van-Hien. *La Propriété Communale au Tonkin*, (Law Thesis) University of Paris, 1939. Most of the information concerning the historical aspects of communal lands and early land reform was obtained from Vu-Van-Hien's study.

74According to Hien, public lands were distributed to heads of farm families. The size of the allotted plot of land depended upon the total amount of such land available and the number of landless farm families in the village, and also the relative fertility of the land. Use of public land can be withdrawn from a farm family for failure to pay the taxes attached to the land, and for letting the land remain uncultivated for one season.
without leaving direct descendants. The application and enforcement of these ordinances resulted in 25 percent of all cultivated land in Central Vietnam and 21 percent in North Vietnam being under public ownership at the beginning of French administration in 1873.

It was state policy to allocate public lands to villages, but the ownership of such lands remained to the state which made redistribution among the villages when deemed necessary. The law prohibited the creation of large estates and established protective measures in favor of maintaining the extent of public lands by prescribing severe sanctions against those who "usurp or sell properties belonging to the state". However, with serious political troubles during the latter part of the last century the central governments relinquished control of the public lands to the local village authorities. Greater autonomy was ceded to the villages and state law gave way to local customs. Increasing difficulties were, therefore, encountered in the realization of a general policy for the whole country. Taxes attached to the land by local village notables were increased to such an extent that peasant families were forced to abandon the land and become vagrants. As a result, a large portion of the public land was left uncultivated. In addition, local cliques of village notables tended to ignore all legal prescriptions regarding the public land which were contrary to their personal interests. Reference already has been made of the fact that in many cases the local village notables and their French Administration counterparts made profitable personal gains through the sale and/or rent of communal lands (see page 148).

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\textsuperscript{75}Vu-Van-Hien, \textit{op. cit.}, p. 12.
As a result of the war culminating in the French occupation of Tonkin in 1884, large masses of population had been forced to migrate and a large amount of land was left uncultivated. Numerous French colonists hurriedly asked for and obtained from the Colonial Administration large land concessions in those areas where peasants, scattered by the war, had not yet returned. Vien makes reference to one such concession amounting to 11,700 hectares of land made in 1896.\(^{76}\) Five years later when the peasants returned to their lands, serious trouble broke out and the Colonial Administration was compelled to recover the concession by paying an indemnity to the French concessionee out of the public funds. Similar cases occurred in numerous areas and a great number of peasants never recovered their lands. Such was also the fate of many villages which lost their public or communal lands.

The serious problem of overpopulation of the deltas in North Vietnam was never solved by the French Colonial Administration. In 1933, an official survey revealed the existence of 968,000 landless peasant farm families, their living depending upon the periodic allocation of communal lands. This problem, together with the fact that agricultural production techniques were no more improved under the French than under previous local rulers, induced the Colonial Administration, after a period of uncertainty, to continue after 1929 the traditional policies regarding the communal lands. Since 1935 various attempts have been made to subject the villages to the tighter and tighter control of the Central Administration.

\(^{76}\)Ibid, p. 21
Social and Economic Importance of Communal Lands: From a theoretical point of view, the part played by the communal lands in Vietnamese social and economic life would seem undeniable. They form a major obstacle to the concentration of land-ownership in the hands of an economic oligarchy and to the formation of a rural proletariat. In an essentially agrarian economy such as Vietnam, such an order would lead to political despotism by the land-owning class, and would result in fierce social conflicts. Hien makes reference to an area comprising a number of villages in North Vietnam where, except for about 700 acres of communal land, the total amount of tillable land belong to a small number of money-lenders. The existence of communal land means that, periodically, a certain portion of the available rice land can be distributed among a large number of the population.

However, in practice the system of allocating communal lands presents many drawbacks; the most important is that the average share of communal land allocated to a farm family does not amount to more than one-half an acre, whereas at least twice this surface area of rice land would still be insufficient to feed an average peasant family or to provide work for all members of the family. It is true that a certain number of families comprise two or three "inscribed members" (father and sons) who can pool their shares of communal lands and thus have a more economical and efficient operating unit. But even under such conditions, another set of requirements often make it impossible for father and sons to take advantage of pooling their allotted shares

77Vu-Van-Hien, op. cit., p. 35.
of communal land. The pool, or its leader, must have certain indispensable agricultural equipment, mainly a water buffalo, and a certain amount of capital available to purchase seed and food rice, and to pay taxes to the village during the pre-harvest period. Therefore, what usually happens in practice is that only those farm families who already possess a certain amount of private land, or who own at least part of a water buffalo (i.e., own it in common with someone else) are able to cultivate their shares of communal land with the maximum advantage to the cultivator's family. The majority of peasant beneficiaries have to "rent" their shares — usually at a very low price — to the large landowners and money lenders who, in the last analysis, are the real beneficiaries of the system.

Another drawback to the system is that redistributing the land every four years prevents many beneficiaries from investing the required amount of capital that they have available on long-time improvements in the land, because they cannot be sure that at the end of the four-year period they will be allotted the same parcel of land. This situation makes for inefficient utilization of available resources for maximum net returns.

A pre-war study revealed that 12 percent of the communal lands in Vietnam were not cultivated. In the delta areas of North and Central Vietnam all the tillable land always has been cultivated during periods of security. Most of the uncultivated communal land reported in the study was located in the hilly areas beyond the deltas, where

78 Henry Yves, op. cit., p. 67.
the soil is less fertile and manpower not quite as abundant. Part of
the communal lands remain fallow, although the local villages are
obliged to pay taxes assessed against those lands to the central govern­
ment. In some cases enterprising immigrants from the overcrowded, deltas
rent these lands and, through hard work, succeed in increasing their
productivity. However, the usual result is that local village notables
will reap the greatest benefits from such efforts by increasing the
rental rates to abnormal levels or through cancellation or refusal to
renew the peasant's lease.

Vu-Van-Hien proposes two ways in which reforms can be made in the
use and allocation of communal lands:79 First, the communal land may
serve as a basis for collective cultivation and the village become an
economic as well as a political and social unit. All the village
inhabitants would cooperate in the cultivation of the land lumped
together and would receive equitable shares of the produce. Writing
in 1939 he said, "This collectivism presents undeniable economic and
social advantages, but its realization requires the presence of
political and psychological factors, as well as a revolutionary change
in the administrative structure and the mores of the peasants. One
cannot think of the occurrence of such changes at the present time."80
One may wonder whether, with the recent changes in the political structure
of the country, such a proposal should not be given more serious con­
sideration.

The second reform proposal by the same writer was less radical,

80Vu-Van-Hien, op. cit., p. 186.
namely, to divide the communal lands into equal lots of two acres each, a plot considered of sufficient size to furnish food for an average peasant family. Because the area granted at each distribution to an individual family would be increased four times, a much smaller number of people would receive their shares of land at each distribution. And, of course, if the land were relatively infertile, the individual share would still be larger. Moreover, the rule of four-year periodic distribution is not favorable to the cultivation of certain crops and does not encourage long-time improvements on the land. The period during which the beneficiaries would enjoy their shares of communal land must be increased to ten or twelve years. The result would be that each individual would find himself less often on the partition roll, perhaps not more than once or twice during his lifetime but, on the other hand, each time he would have an area of adequate size to cultivate during a longer period and thus have a better chance to save some capital with which to start life as an independent farmer, instead of living miserably on relatively frequent but entirely inadequate relief. With the 700,000 acres of communal land in North Vietnam, 350,000 such parcels of land can be provided for an equal number of peasant families during ten to twelve years and, with an improved agricultural credit system, thus give them a chance to become independent farmers. However, at the present time there are probably one million landless rural families in North Vietnam, and the population is increasing at the rate of 100,000 per year. The reforms along this line would provide help for one third of them, but at the next distribution of communal land which would take place ten or twelve years from now, only one fifth of the landless farm population could have a share in the public land.
The Viet Minh agrarian policy in the years immediately following their seizure of power in 1945 was often obscure, but generally speaking land reform in the early years of the Viet Minh revolution was less a clearly formulated program than a propaganda campaign designed to win support of the peasants. In some areas where Viet Minh control was undisputed, there was a redistribution to poor peasants of land that belonged to "traitors" and "colonialists" and for a time an intense campaign to win "voluntary gifts" of land from property owners. Early in 1947 the Viet Minh authorities undertook a propaganda campaign for the reduction of land rents and the suspension of usury. The program no doubt won the Viet Minh considerable popularity since high rents and usury, together with inequitable land distribution, are among the worst evils of the Vietnamese agrarian economy. After 1947 the Viet Minh undertook the provisional redistribution of abandoned lands to former tenants. This redistribution, much of which was said to be the former property of "traitors" and "colonialists", was probably nothing more than the legal recognition of the actual state of affairs in the countryside, for the peasants had already occupied the best parts of abandoned lands.

Rent Reduction: In July, 1949 the Viet Minh government passed the land rent reduction law. Apparently this was the first time that the requirement that land rents be reduced was put on a legal basis.

81 Most of the material on Viet Minh land reform was obtained from United States Embassy Dispatch No. 133 dated October 2, 1954. The writer participated in writing that dispatch.
The decree fixed a minimum 25 percent rent reduction, and in the case of excessively high rents a 35 percent reduction. The immediate goal at this time was to fix a maximum rent that would not exceed one third of the average crop. In August, 1949 a Viet Minh decree gave priority to veterans and their families in the redistribution of confiscated property. A decree in February, 1952 ordered classification of all abandoned land in accordance with the owner's political beliefs. Lands belonging to those who had collaborated with the enemy were to be seized. The state reserved the right to decide later the disposition of lands belonging to persons living in enemy zones who did not collaborate with the enemy. In the case of owners whose political status was unknown the land was to be returned in whole or in part after expenses for management had been deducted. This appears to have been the first law that attempted to blackmail landowners living in the controlled zone who refused to collaborate with the Central Government. A decree in May, 1950 attempted to resolve the agrarian credit program by cancelling all debts contracted before 1947, those for which unpaid interest had already doubled the capital borrowed, those contracted with leaders convicted of a crime against the independence movement, and those contracted by debtors killed in the line of duty. Another decree of the same date declared that all lands that had been fallow for five consecutive years or which were not cultivated by the end of 1950 would be considered state lands. They were to be distributed afterwards on a provisional basis to poor peasants who would acquire the right to cultivate them for ten years.

Scope of the Program: During the early years the objectives of the program were limited in scope (the chief of which were the reduction of
land rent and the redistribution of abandoned or confiscated lands on a provisional basis) and outwardly at least the program was relatively free of communist doctrines. To be sure there was some emphasis on increased production programs and land gift programs, but before 1950, and in some respects long afterwards, the Viet Minh land reform program was hardly more radical than many such programs that have been carried out in other countries under conservative governments. Significantly, it was a landowner's political views and actions, not the extent of his wealth, that determined Viet Minh policy with respect to his property. Furthermore, the Viet Minh were interested primarily in production and taxes to support their war program, and agrarian policy was largely directed towards putting abandoned land back into cultivation, encouraging production, and the collecting of taxes under the agricultural tax law of 1951 (a graduated tax that penalized unearned incomes from land as explained in some detail in the previous chapter). It is probable that the Viet Minh land reform program brought little improvement in the peasant's economic status for any gains were probably offset by increased taxes, forced labor and conscription. There is abundant evidence that rents, at least on good lands, were not greatly reduced, that such ancient abuses as usury persisted in clandestine forms, that evasion of the provisions of the land reform laws was relatively simple and that the disappointing results of the program often expressed by Viet Minh leaders did not give an entirely false picture of the situation.

The Broader Program: The Secretary General of the Communist Party in Vietnam outlined in detail an ambitious program of land reform in 1950 that went far beyond the cautious, emperical one that had prevailed
until then. It was a program that the Viet Minh applied with vigor, and with an ever-increasing tempo, particularly since 1953, with only minor revisions and deviations. Basically, the program as set out was to be accomplished in three stages:

1. Confiscation of lands belonging to the French "colonialists" and Vietnamese "traitors" for redistribution to needy peasants; the reduction of land rents; the redistribution of communal lands; the abolition of feudal exploitation; propaganda for the cession of land to the state.

2. Partial realization of the slogan, "Land to the Cultivator".

3. Complete realization of the slogan and preparation for the socialization of agriculture.

This program, which was to be led by the workers, would, according to Viet Minh authorities, increase food production, strengthen the resistance movement, and provide excellent propaganda. However, land reform had much more important objectives. Not only would land reform transform the traditional village social pattern and bring about a redistribution of land, but in working towards its achievement the peasants would receive training in mass action under proper direction. And from land reform to utopian socialism there was only a short stop. Thus, while an important goal in the land reform program in the foreseeable future was to provide the peasants enough land through despoliation of the landlords to make them economically independent, a long-term goal was the collectivization of the land. Through affiliation with cooperatives the peasant farmers were expected to learn the advantages of cooperation and eventually to abandon their individualistic ways in order to participate in a collective farm.

The mobilization of the masses for the reduction of land rents and the application of the agrarian reform program was launched early
in 1953 and was perhaps the first concerted effort to change the rural economy and bring about the long-term goals as expressed by the Viet Minh authorities. By comparison, earlier programs had a haphazard character, although there had been ambitious attempts since 1951 to organize the peasants for the collection of the agricultural land tax. The objectives of the mobilization of the masses, as defined in official statements, were the destruction of the reactionary forces, the weakening of the feudal economic power, the weakening of the feudal political power and the seizure of power by the proletariat. These objectives were to be achieved by enforcing the reduction of land rents, by seizing all land belonging to the French and Vietnamese traitors, by more rational use of the land expropriated from those who had evaded their duties as citizens by fleeing to the controlled zone, by abolishing forest and land concessions, by making a new survey of tillable land and by making a more equitable distribution of communal-lands. With some allowances for a confusion between means and ends and changing in wording and stress, this represented substantially stage one of the program outlined by the authorities three years earlier.

The Viet Minh authorities lent great stress to the mobilization of the masses under government supervision. This mobilization was "class struggle at the hamlet level", and the authorities attached great importance to class distinction. According to Viet Minh leaders there were eight classes in the Vietnamese rural community:

1. The large landowners—they own much land, do not participate in the work in the fields, and live principally from rents. Managers of large estates are in the same class.

2. Rich land owners—they do some work in the fields, but live principally from the exploitation of labor. If they do not own land themselves, they are sub-lesors.
3. The middle class property holders—this group may have enough land and equipment to support itself, but just as often it may be obliged to rent part of the land it cultivates. The prosperous middle class property owners may sometimes exploit others by hiring children to watch the cattle, by hiring day laborers, or they may obtain additional income from renting land or lending money. However, if income from exploitation from land or labor exceeds 25 percent of their family's income, they are considered rich peasants.

4. The small land holders—they have little land and in order to make a living they must rent lands from others or engage themselves as laborers. Peddlers and artisans belong to this class, since their livelihood is dependent upon the poor peasants.

5. The small tradesmen and non-agricultural property owners—they do not live from the fruit of the land; they specialize in commerce or have some trade. They do the work themselves or may hire one or two apprentices.

6. Professional people—this group includes teachers, doctors, and lawyers. They may be large land owners but they are not considered members of the landholding class.

7. Clergymen—a separate class.

8. Vagabonds—this class includes all who have no gainful occupation—thieves, beggars, fortunetellers.

The Viet Minh document entitled "Classification of Peasant Social Groups" gives no explanation for the omission of the landless peasant or the agricultural worker. This group, however, which represents a large percentage of the total population, is probably the communists' most reliable ally in the rural areas, since from an economic point of view it has everything to gain by cooperating with the authorities in the program.

The objectives of the mobilization of the masses were to be achieved in four stages, the definitions of which were never clear from the material available. However, under the usual procedure government officials encouraged the peasants, particularly the poorest people in
the village, to join and assume leadership of the local agricultural associations (apparently a peasant union under government direction), to complain of past injustices they had suffered under the landlords, and to demand a reduction in land rents and the return of all rent payments in excess of the legal maximum. The landlords who were accused of violating the law were brought before the people's court for trial and punishment.

Results: The results of the movement for the rent reduction was made public during August, 1954. According to the Viet Minh statement, the rent reduction movement, which in January, 1953 was applied to only nine villages under their control, had by August, 1954 reached a total of 826 villages in the Tonkin delta and the northern part of Central Vietnam with a population of 3.5 million people. In nine provinces the peasants had confiscated 14,200 hectares of rice land and 2,650 water buffaloes from the reactionaries and notables and had obliged landlords to repay 12,300 tons of paddy representing excess rent to 137,000 peasant families. In view of the large area involved, these data do not indicate a great redistribution of wealth. But there are grimmer statistics; in 600 villages the villagers exposed the "crimes" of 10,150 landlords who were brought before the people's courts. Of this number about 135 were condemned to death and about 1,200 were imprisoned for re-education. The Viet Minh went rapidly to stage two of its reform program—"partial realization of land to the cultivator", with the promulgation of a special law in December, 1953. Under the provisions of articles 2 and 3 of this law the lands and property of French "colonialists" and other imperialist agressors
are to be confiscated. There is to be total or partial confiscation, according to the seriousness of the offense, of the lands, draft animals, and agricultural implements that belong to the landlords. What is not confiscated will be requisitioned. Article 4 states that the lands, livestock, and agricultural equipment of landlords who are not reactionaries and who are members of the resistance will be expropriated. They will receive compensation in ten years in the form of bonds bearing one and one-half percent annual interest. The confiscated, requisitioned, and expropriated lands are to be distributed to: (1) Landless peasants, impoverished peasants, peasants who do not have enough land to support themselves, and needy middle class peasants; (2) other members of the poor rural classes, such as artisans and small retailers; (3) families of fallen soldiers and veterans; (4) workers in government factories and officials. Other minor groups may also receive land under certain conditions. The principal innovations in the new law are the provisions for the expropriation of the lands of "loyal" landlords on terms very unfavorable to the owner, and the grant of permanent title to the beneficiaries of the land redistributed. The measures pertaining to the confiscation of lands belonging to French colonialists and Vietnamese traitors had been in force for a few years and according to Viet Minh reports at least 225,000 acres of land had already been confiscated by the state and redistributed. Moreover, redistribution in the past had always been on a provisional basis. Following the promulgation of the new law there was a strong propaganda campaign around the slogan "land to the tiller", and the small independent peasant became the Viet Minh ideal.
However, the law of December, 1953 has been applied only on an experimental basis. Early in 1954 it was applied in six villages, and by May of that year in an additional 59 villages. Evidently the Viet Minh were very careful to apply the new law only in those selected villages where there had been a successful movement for the reduction of land rent.

In August, 1954 it was reported by Viet Minh authorities that in the six experimental villages where the law was first applied, the peasants had confiscated, requisitioned, or expropriated and redistributed 26,000 hectares of land, 352 water buffaloes and 1,062 agricultural implements. Another report in September of that year related that in the 47 villages where the program had been applied between the months of May and September the peasants had confiscated about 9,000 hectares of land, 2,400 water buffaloes and a large number of farm tools. The seized property had been redistributed to some 13,000 families, representing a total of 50,000 people or 60 percent of the total population. There is a large discrepancy between the reports of the total amount of land seized in the six villages (26,000 hectares) and that of the 47 villages—in which the first six were included—(9,000 hectares). One explanation is irresponsible reporting and gross carelessness with the data; but probably a better and more accurate explanation is that the smaller figure represents rice land only while the larger figure represents all land.

Appraisal: With the Viet Minh having undisputed control of all of Vietnam north of the 17th parallel they are probably giving yet greater attention to agrarian reform. Although no current reliable information is available, the program of confiscation and redistribution
of the land no doubt has been accelerated and applied over most of the
area under their control. The reduction of land rent and the redistrib-
ution of land will bring some temporary improvement in the poor peasants' 
economic situation. However, the gain will most certainly be short-
lived, for undoubtedly the Viet Minh tax collectors will be just as 
exacting as the former landlords. In North Vietnam the land reform 
program faces two serious problems—the shortage of agricultural land 
available in one of the most thickly populated regions of the world, 
and the state's great need for capital which it will be able to obtain 
only by exploiting the peasants who are far more numerous than all the 
other classes combined.

According to official statistics landed property in both North and 
Central Vietnam is divided into extremely small parcels. For example, 
in North Vietnam the average farm is less than one hectare (2.5 acres) 
in size. Farmers possessing more than 7 acres (3 hectares) are very 
rare and holdings above 40 acres cover less than 2.5 percent of the 
cultivable area. It is estimated that 98 percent of the small owner-
cultivators have no more than only one-half hectare of land, and that 
over 300,000 farm families (24 percent of the rural population) own 
no land at all. A large percentage of the latter are only entitled to 
cultivate one-tenth hectare of communal land. The situation is not 
much better in Central Vietnam. The Viet Minh reports indicate that 
where the land confiscation and expropriation law had been applied 
only 9,000 hectares of tillable land had been confiscated in 47 villages 
having a population of about 85,000. The distribution of this amount of 
land among 13,000 families can not result in each family becoming self-
sufficient. In Tonkin and the northern part of Central Vietnam now under Viet Minh control there is simply not enough farm land for all the farm families.

It is nothing new to Communist governments to extract heavy taxes from the peasants to get capital necessary for industrialization and war material. But the peasant farmers of North and Central Vietnam have been accustomed too long to the agricultural tax to have many illusions about the taxes they will have to pay after they are allotted an additional parcel of land. The heavily taxed peasant inevitably goes into debt to the usurer who, in the absence of a state or cooperative creditor, is the only one prepared to lend him money. The Viet Minh have spoken loudly of village cooperative funds but it is doubtful if their resources are sufficient to meet even the minimum credit needs. However, Viet Minh theorists probably argue that it makes little difference whether the peasants go into debt again after acquiring new land under the redistribution program, since the goal is collectivism. When that goal is reached, all debts will probably be cancelled again.

Post-War Efforts at Land Reform

While the Viet Minh leaders were busy formulating their own policies regarding land reform and effectuating limited application of those policies in the areas under their control, the French and Vietnamese governing authorities made only very feeble attempts during the early period of internal hostilities. In 1947 an attempt was made by the president of Vietnam to draw up an ordinance designed to improve owner-tenant relations and reduce the overall rent paid for the use of farm
land. Basically this ordinance called for written rental and lease contracts in all cases, and proposed the organization of tenure committees in each province to determine the maximum amount of rent that should be paid for the use of land for each region, village and type of soil. The proposal stipulated that under no condition could the rent paid in kind exceed 40 percent of the average annual yield of the land as determined by the appointed committees. Rental payments in cash for any one crop year could not exceed the average farm price during the preceding year of 40 percent of the yield. In case of overpayment of rent the courts were to order the land owner to return such overpayment to the renter plus interest at 8 percent per year for money accounts and one percent per month for paddy. In case of crop failure reducing the yield by as much as one-third of normal, the committee was to order a reduction in rent payment to an "equitable" amount below the 40 percent maximum. The ordinance also provided for maximum rates of interest to be paid by tenants who borrowed either rice or money from their landlords during the course of the crop year at 12 percent per year for money advances and two percent per month for paddy advances. It was also stipulated in the ordinance that provincial committees would determine the maximum rental rates for draft animals, agricultural equipment and other commodities. Special conciliation committees appointed by the Minister of Agriculture for each province were to act as conciliatory bodies except in cases involving foreigners (Frenchmen) which were to be brought directly to the higher civil courts. Upon being signed by the French High Commissioner for Indochina the ordinance became law, however its application and enforcement was never realized. No provincial committee was ever organized,
no productivity assessed to any farm land, nor rental contracts entered into under the terms of the law. The relationships between landowners and tenants continued as previously with no material change or improvement resulting.

About the only serious study of the situation at that time was by a Frenchman, H. A. C. Moreau, acting in the capacity of advisor to the Minister of Agriculture. Primary concern in this study was given to redistribution of rice lands in South Vietnam leading toward more efficient family-size units. Moreau took into consideration the fact that the distribution of rice land ownership in South Vietnam is such that there is an average of 8.7 hectares for each land-owning family, excluding communal lands. About 6,300 owners with holdings of 50 hectares or more in 1947 had a total of slightly more than one million hectares; 65,750 owners with 5 to 50 hectares had an aggregate of 850,000 hectares; and 183,000 owners with less than 5 hectares had 315,000 hectares. His proposition was to establish 50 hectares as the maximum limit of landownership. Therefore, the 6,300 large landowners would retain 50 hectares each or 315,000 hectares, leaving 720,000 hectares of their total holdings available for redistribution. These 720,000 hectares would be distributed to landless farm families and those having less than 5 hectares. According to the recommendation, 480,000 hectares would be distributed to 96,000 landless farm families on the basis of 5 hectares each (no distinction to be made to differences in land fertility) and the remaining 240,000 hectares would be divided

among 80,000 of the 183,000 small farmer-owners having less than 5 hectares (land ownership in this category averaged 1.9 hectares and 3.1 hectares additional would be allotted). How those fortunate 80,000 farmers were to be selected was not stated. Thus, the redistribution would allow 96,000 landless farmers to obtain land and an additional 80,000 small landowners to increase the size of their holdings to more economical units. After redistribution of the land on the above basis, the comparative picture of landownership in South Vietnam would be as follows:

<table>
<thead>
<tr>
<th>Size of holding</th>
<th>Number of landowners (Before)</th>
<th>Number of landowners (After)</th>
<th>Area (hectares) (Before)</th>
<th>Area (hectares) (After)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 ha.</td>
<td>183,000</td>
<td>279,000</td>
<td>345,000</td>
<td>1,065,000</td>
</tr>
<tr>
<td>5 to 49 ha.</td>
<td>65,750</td>
<td>65,750</td>
<td>850,000</td>
<td>850,000</td>
</tr>
<tr>
<td>50 ha. and more</td>
<td>6,300</td>
<td>6,300</td>
<td>1,035,000</td>
<td>315,000</td>
</tr>
<tr>
<td>Communal land</td>
<td>70,000</td>
<td>70,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>255,050</strong></td>
<td><strong>351,050</strong></td>
<td><strong>2,300,000</strong></td>
<td><strong>2,300,000</strong></td>
</tr>
</tbody>
</table>

The plan proposed an average price of 4,500 piasters per hectare for the land to be redistributed. (The exchange value of the Indochinese piaster in 1948 was 20 piasters to the United States dollar.) New owners would pay for the land over a ten-year period, using about 15 percent of the rice crop for this purpose. Owners whose lands were to be distributed would be paid a cash indemnity equal to 20 percent of the declared value of the land and would be issued state bonds maturing serially in ten years and bearing interest at three percent annually. It was proposed
that the World Bank or some other international credit institution be approached to grant the Vietnamese government the credits needed to support this original 20 percent cash payment, since the Vietnamese treasury was almost empty. It was also suggested that some government action (the specific nature of the action was not mentioned) be initiated to encourage the former landowners to reinvest the yearly proceeds received from the maturing land bonds into "fruitful purposes" such as industrial plants.

Since the former large landowners would no longer play the role of country banker, rice collector and trader, a vacuum would be created which the proposal suggested be filled with farmers cooperatives organized at the same time as the land redistribution took place. The plan envisioned government control and supervision of these organizations, which would be primarily credit and marketing societies. Short-term crop production loans amounting to 20 percent of the crop and medium-term equipment and draft animals loans amounting to about 15 percent of the value of the yearly harvest would be made. Short-term loans would be for the duration of one year and medium-term loans would be repaid in four yearly installments. Loans to the cooperatives for rice storage warehouses and small rice mills would be for a 10-year period. This was indeed a grandiose scheme calling for a cash outlay of capital amounting to over 2.1 billion piasters, or more than 106 million dollars at the official rate of 20 piasters to the dollar. However, like most plans drawn up by French technicians for Indochina, this plan was submitted to the governmental authorities for consideration but no mention was made of means of financing.
The proposal left a great many additional questions and problems without answers, including: (1) What method would be used to get landowners to agree to the established price of 4,500 piasters per hectare and to the rate of interest of three percent annually on the bonds? (2) By what means would the government make it attractive to those farmer landowners to reinvest their money into industry? (3) How would the loan from the World Bank be repaid and in what manner would the benefitting farmers repay the original 20 percent to the government? (4) From where would the money come to finance the cooperatives and what were to be the procedures under which the cooperatives would repay the loans? As could have been expected, the plan was submitted to the Minister of Agriculture but it was never given serious consideration by either the French-sponsored Vietnamese government nor by the French governmental authorities themselves. The many shortcomings and defects of the proposed program were probably too obvious.

Recent Efforts at Agrarian Reform

In Vietnam the type of reform that the peasant farmers feel the greatest need for, and personally attach the greatest importance to, is rent reduction and land ownership and redistribution, especially in the large land holdings sector of South Vietnam. In 1952–53 a limited attempt was made by the Vietnamese government then in power to utilize American aid funds to finance the resettlement of farm families displaced by war activities on abandoned and idle rice lands in South Vietnam. The aim of that program was actually two or three fold:
a. Political: 1. To accelerate the pacification of the area.
   2. To afford an opportunity to the government to help that part of the rural population which had suffered under the Viet Minh and thus shield them from further Communistic influence.

b. Social and economic: 1. To give work to refugee farmers.
   2. To improve their living condition by affording them the basic materials needed for the construction of shelters and cultivation of crops.
   3. To bring back into cultivation those lands abandoned and left idle since 1946, and thus increase total rice production.

The program was administered by the South Vietnam Agricultural Service and supervised by the regional agricultural agent and the respective province chiefs. Farm families were granted loans of rice for food and seed at the rate of from 300 to 400 kilograms per hectare cultivated. Out of 3,500 tons of rice so loaned during 1951-53, over 83 percent was collected at the first harvest. The rice recovered was used to extend the program to new locations and help new refugees. During the first two years of the program a total of 5,600 families were resettled on 10,050 hectares of rice land and during the 1953-54 crop year 3,100 additional families were resettled on 11,180 hectares of land (Figure XIII).

The program was carried out in four provinces in South Vietnam. The abandoned rice land put back into cultivation belonged either to absentee landowners or to the provincial administration (public lands). The land was divided into plots of from 2 to 5 hectares and allocated to families on an equitable basis depending upon size of family. Each case took the form of a contract of three years duration between the
Figure XIII. Allocating Parcels of Land to Farm Families Displaced by the War in Indochina.

Farm families displaced by the war greatly aggravate the agrarian reform problems in Indochina. In an attempt to find a solution the government of Free Vietnam allocates on a provisional basis abandoned lands in the Mekong River delta to war refugee farm families.
refugee farmer and the provincial administration who acted on behalf of the absentee landowners. Among other things the contracts stipulated the size and location of the alloted plot of ground, the amount of paddy advanced, the number of houses or the sum of money advanced for housing material, etc. Contracts also stipulated that rent for the use of this land would be paid to the provincial administration according to the following schedule:

1. At the end of the first year - 50 kilograms of paddy per hectare
2. At the end of the second year - 100 kilograms of paddy per hectare
3. At the end of the third and subsequent years - 200 kilograms of paddy per hectare.

(The average annual yield of paddy on this type of land amounts to about 1,000 kilograms or one metric ton. Therefore, the rent stipulated for the third and subsequent years amounts to about 20 percent of the total rice production.)

The rent received by the province was to be set aside as a special assistance fund to be used to extend the program in subsequent years.

In the case of private land, if the owner returned to the area by the time of the second harvest he could receive the quantity of paddy collected from the farmer resettled on his land but he had to adhere to the terms of the contract and also resume paying land taxes. At the end of three years occupancy and cultivation the resettled farmer is to have priority of tenure on the acreage he has brought back into cultivation. Any conflicts arising in rental rates are to be arbitrated by the provincial administration.
It is estimated that this program, carried on from 1951 to 1954, cost about one million dollars of counterpart aid funds. This amounts to about $100 per farm family resettled and about $20 per acre of land brought back into cultivation.

The French-sponsored government in power during 1953 drew up a series of governmental decrees and ordinances designed to (1) set a definite limit to rental payments of 15 percent of the harvest on rice land in all Vietnam, (2) return all undeveloped agricultural concessions to the public domain, (3) provide for the sale to the government all privately-owned land holdings above a certain acreage (size limits varying between North Central and South Vietnam) and (4) government confiscation of all abandoned lands not put back into cultivation by a certain date. According to the provisions of those decrees, lands so acquired by the government would be allocated to landless farmers who would pay the government for the land over a period of years. However, not a single phase of this program ever got started. No actual planning was ever done to implement the program, no personnel were recruited nor agency created to carry it out, and no enforcement provisions were ever established. Therefore, those decrees became laws in writing only and general knowledge of them never went very far beyond Saigon. Furthermore, the interior of the country was insecure for travel because of increased rebel activities and the program had no chance of becoming operative.

Present Land Reform Program and Laws

When the present U. S. backed government of Ngo Dinh Diem came into power in 1954, it proclaimed itself highly in favor of a broad
program of land and agrarian reform. At first a few revisions were made to the former land reform statutes, among the more important of these were: (1) stipulation of a sliding scale of rent (from 15 to 25 percent of the crop on rice land, depending upon the fertility of the land); (2) leasing by the government of all uncultivated agricultural land to landless peasants for a period of four years; (3) written landlord-tenant contracts; (4) a comprehensive census of land holdings, abandoned lands, absentee ownership, etc. A new Ministry of Agrarian Reform was created in the Presidential Cabinet to administer and implement the program.

A four-year government lease or tenancy contract at reduced rental rates falls far short of solving the problems of landless peasants and destitute displaced or refugee farm families unless some means are provided them to obtain the needed basic essentials of food and shelter until the first harvest, and the basic items (hand tools, seed, etc.) required to become productive. To meet this need, a total of 6.4 million dollars of American aid counterpart funds was set aside for the purpose of granting short and medium-term loans to these farmers. Therefore, the providing of government credit to resettled farmers is tied to the government's land reform program.

Present Statutes:

The body of laws presently in existence relative to land reform is contained in a set of four statutes which individually are designed to: (1) establish the procedures for returning to the public domain and the redistribution of all uncultivated portions of agricultural concessions; (2) establish the regulations governing the relationships between landowners and tenants; (3) stipulate and set the limitations
to the extent of maximum rice-field and agricultural-land holdings; and (4) establish the procedures for the enjoyment of the usufruct of rice-fields and other agricultural land. The essential characteristics of these statutes are summarized briefly below.

The first ordinance provides for the return to governmental control of agricultural lands previously granted as concessions which have, without good reason, been uncultivated for at least the past two years, and their subsequent reallocation to selected applicants from specified priority categories or classes. The ordinance further provides that a land occupant, who is not the bona fide owner, and who has been cultivating the land for the past three years, may be officially confirmed as the legal occupier with use privileges the same as a successful non-resident applicant. Various articles specify the amount of land that may be allocated to an applicant and/or stipulate the conditions of occupancy, including the provision that cultivation must be commenced immediately.

The second statute defines tenants and sharecroppers and differentiates their relationship to owner-proprietors; provides that tenure relations will be governed by a written and recorded lease and stipulates the conditions and terms of such lease; establishes the basic duration of the lease at five years; fixes the rental rates at a maximum of 25 percent of the main annual crop, while allowing for negotiation on improvements, fixtures, production items, etc.; provides for improvement compensation and deterioration indemnities; establishes appointive membership review-conciliation-enforcement committees with representatives of the interests of tenants, landlords and the government at the provincial and village levels and stipulates their operation, functions,
and authority, and specifies uniform measurement units applicable to the statute. Appended to the basic statute is a specimen of the prescribed Farm Lease Contract.

The third statute specifies the maximum allowable agricultural land holdings or retentions by geographic regions (12 to 30 hectares for North, 15 to 40 hectares for Central, and 30 to 100 hectares for South Vietnam, depending upon the nature of the land); provides exemptions for industrial uses and certain legal entities and classes of persons, and prohibits the acquisition or retention of amounts in excess of allowances while authorizing maximum retentions in each of the three regions by the same owner. This statute also provides for penalties or indemnities to be levied against the person or persons concerned. No schedule of penalties or indemnities is specified, but rather it is recommended that the President order the Minister of Justice to establish such a schedule.

The fourth statute provides that lands in controlled areas that have neither been cultivated by the owner nor rented out by him, and which an occupier has cultivated for at least the three previous years, may be provisionally allocated to the occupier at his request, and establishes his priority for the purchase of the land in the event it is put up for sale by the owner. The statute further proposes that a schedule of rental payments for all occupiers be established as follows:

1st year - no rent but payment of land taxes
2nd year - no taxes but 12 percent of the gross annual product
3rd year - no taxes but 19 percent of the gross annual product
4th year - no taxes but 25 percent of the gross annual product

It is stipulated further that the owner or proprietor, unless he chooses to take back his land after the third year for his own or his adult
children's cultivation, would be required to continue to adhere to the 25 percent rental arrangement commencing with the fourth year of occupancy. (There is included in APPENDIX "A" an English translation of both the first and second statutes referred to above as well as translations of each of the three types of Farm Lease Contracts.)

Adequacy: Despite the fact that the new statutes represent a definite improvement over those passed by the previous government, they are not believed to be administratively feasible or popularly acceptable. Not only do the statutes fail to clarify ambiguous and undefined terms and phrases, but rather they do in many instances add to the already large areas of confusion and uncontrolled administrative discretion. Instead of simplifying the task of administrative interpretation, they contain additional qualifications and sources of potential inequities. There is the additional lack of enforcement requirements except such enforcement that could be obtained through the various committees appointed to implement the program. It is not believed that these committees would prove adequate or appropriate for the large task of control, enforcement and policing.

The conclusion is that there is little likelihood of achieving any degree of success in the field of landlord-tenant relationships without substantial revisions of the basic law designed to make it applicable to a wider range of cases that are certain to present themselves at the beginning of the program. Such revisions would require the elimination of some of the desirable theoretical features, concentrating more on the basic essentials. It would mean the adoption of definite, clearly defined and understandable provisions in the interest of popular acceptance,
effective administration and rapid implementation. Experience in other
countries in Asia where agrarian reforms have been adopted has demon­
strated that such sound and practical measures are an absolute necessity.
Usually it is only after social and economic systems have become so
crystallized as to make it very difficult for any government to effectuate
changes that the need for drastic agrarian reform becomes evident.

Four requisites are usually deemed necessary for effective imple­
mentation of land reform. These are: (1) official acceptance with
the determination to carry it through; (2) technical knowledge and
administrative ability; (3) sufficient funds for at least administrative
expenditures; and (4) sufficient time. It is doubtful if any one of
these essentials are in existence in Vietnam to a sufficient extent.

Land reform experts usually consider certain principles as basic
for a successful program among which are:

1. Close contact with rural people to insure that the reforms will
meet "felt needs" and fit actual conditions

2. Within the scope of objectives there should be maximum practical
equity as among landlords, tenants and government

3. Close observance of the self-help rule that government should
do only those things that are clearly beyond the ability of
the individual to do for himself

4. Limited practical objectives with special emphasis on the
step-by-step progress rather than sweeping generalities

5. Simplicity, clarity and exactness in order to promote wide
understanding and facilitate effective administration

6. Use, wherever possible, of existing organizations rather than
the establishment of new agencies

7. Straight-line administration based upon clearly assigned and
defined responsibilities and commensurate authority

8. Close supervision, frequent inspection and firm enforcement
9. landlord-tenant-owner and farmer-government participation through local, intermediate and top level education-implementation-arbitration-enforcement committees.83

To present "land reform", a term which relates to improvements in the conditions of land tenure and patterns of land ownership, as a positive cure for all the ills of the rural peasants of Indochina is indeed over-simplifying the problems to be overcome. Especially in Central and North Vietnam the small size of holdings and the relatively low yields of the land should lead one to caution against the idea that all benefits can be derived from land ownership and rent reduction alone. Such measures cannot result in materially increasing the amount of land available nor in improving the productivity of the soil--two conditions that are fundamental to improved living conditions of farmers. What is needed to overcome these primary obstacles is for "land reform" to be substituted with "agrarian reform", a term which is used to designate improvements of all economic and social institutions connected with the living of farm families.

Examples of land reform programs giving way to agrarian reform may be found in both Japan and Formosa, where land redistribution programs have been quite successful not merely because the tenant peasants have become owners of the land, but more important, because such ownership has been accompanied by strong farm cooperative movements, sound credit systems, and highly-developed agricultural policies designed to protect the agricultural economy. The incentive for increased efforts on the land offered by ownership, accompanied by the means of increasing and

83The above are basically the principles outlined by W. L. Fippin, U. S. Commissioner with the Joint Commission for Rural Reconstruction on the Island of Taiwan, while acting as temporary consultant to the United States Operations Missions to Indochina on agrarian reform problems.
maintaining the productivity of the land at high levels, have resulted in making the land reform more meaningful economically, socially, and politically.

Under the present conditions in Central and North Vietnam the average farmer is unable to increase materially the economic size of his holding through increased agricultural production alone. In those areas, even if land reform is implemented, there needs to be initiated along with it the means for bringing about more efficient utilization of the land and human resources. The demands of the marginal farmers for more liberal credit, and marketing and irrigation facilities are further proof that independent, self-reliant farm producers are not created simply by shifting the pattern of ownership of the land. Unless such improvements in land ownership and the land rent situation are supplemented by all the other necessary improvements, the peasant farm families may not be much better off than they were before the implementation of land reform.

Possibilities for Success and Recommendations

Positive reforms leading to improved living conditions for the masses of rural people in Indochina is an urgent matter. Farmers are demanding a larger share of the produce of the land and a better standard of living. Programs of improvement may be instituted under peaceful conditions or through a general revolution. It is imperative that firm action by the government be taken soon lest armed rebellion again involve the country in another destructive civil revolution. However, under the democratic form of government presently governing Free Vietnam it appears
inappropriate to suggest that a broad, all-inclusive agrarian reform program be embarked upon immediately. The present government does not have the stature, experience, financial resources, stability, or the human resources available to launch and administer such an overall program at the very beginning. Possibilities for success would appear rather to be more certain if the authorities proceeded with a program embodying different steps or stages. For these reasons it is suggested that the problem be approached in the manner described below.

For Relatively Immediate Implementation:

The first step in land reform should be a practical and effective program of rent reduction and firm regulation of landlord-tenant relations. This would call for some revisions of the ordinances with closer adherence to the basic principles. A more realistic and enforceable rental payment ceiling should be specified and made to cover not only bare land and local improvements but all accessories and establishments furnished.

From a technical standpoint, an adequate staff should be well trained to carry out the program at all the levels of government and be given complete orientation before being called upon to function actively. In addition, detailed regulations should be prepared. Furthermore, very wide publicity in simple, readily understandable form should be a continuing activity. This first phase of rent reduction and landlord-tenant relations could and should be started immediately after suitable regulations are drafted, implementation committees are formed and sufficient personnel are trained.

For Adoption Following Limited Preparation:

To provide the greatest possible opportunity for displaced farmers to re-establish themselves on the land with reasonable expectations of
becoming owners, all unutilized portions of arable lands owned by the government, and all unrented portions of arable lands owned by persons absent from Vietnam should be taken over by the government and sold to occupiers or selected applicants under suitable long-term payment arrangements. Only those families who have a farming background and wish to continue in agriculture should be selected. The size of the operating unit should be fixed on the basis of type of land, location, condition, etc., and should not exceed an amount which can be cultivated by the farm family's own labor plus very limited amounts of temporary hired labor. The deliberate intent should be to establish a pattern of family-size farms, owned or to be owned by the operators.

To encourage the incentive for self-interest, families should be placed or confirmed on the land under arrangements that will lead to ownership within a definite period of time. Full ownership as soon as possible should be the aim. In establishing fair purchase prices for the land special appraisers should be appointed to actually appraise each tract of land with the appraisal subject to review and adjustment by the local land reform committees. In addition to the price of the land, the final price should cover all necessary improvements, accessories, etc., that may be attached to or a part of the land.

Provision should be made for deferring the first payment for a stated period of time—perhaps one year—on land which is in need of reclamation and other improvement before cultivation can be undertaken. Payments in specified commodities that can be readily stored or sold or the current cash market value equivalent of basic production items should be provided for. All payments should be made to designated government offices on the one hand, and by government to absentee owners on the other.
The original owners should be given the option of receiving installments either in the specified commodities or in their current market cash equivalent. Purchase payments should be scheduled with the generally anticipated ability to pay in keeping with quickest possible attainment of full ownership. Provisions for suspension of any installment should be made in order to safeguard against disasters or incidents which would produce crop failures.

It is realized that a certain amount of preparatory work is needed before such a program can be put underway, but since there is a great urgency in this reform measure every effort should be made to start this program as soon as possible following the initiation of the rent reduction and the landlord-tenant relation program.

For Adoption Following More Extensive Preparations:

As a measure to extend the popularly desired security of ownership of family-size farms, reduce the area of possible landlord-tenant conflict and bring the land reform program closer to realization, it is recommended that all lands in excess of prescribed maximum holdings be used to establish tenants, sharecroppers, and farm laborers on the land under conditions that will definitely lead to full and unencumbered ownership within a specified period. Exceptions should be made for specified categories of land uses which do not lend themselves to family operations (such as rubber plantings).

The basic features of the program would closely resemble those already contained in the existing ordinance. However, three additional problems would need solution. Careful distinction should be made between excepted and all other uses. Present ownership should not be a determining factor, but only the economics and practicalities of family
farm versus large-scale or industrial operations. The matter of establishing maximum land retention limits and the various sizes of family farm owner-operator units would require careful consideration. The processes for accurately locating and calculating individual owners' holdings and the determining of which portion should be retained and which would be purchased by the government for resale would be expensive, complex and time consuming. However, that such a program can be accomplished is clearly demonstrated by similar reforms firmly established in the neighboring Far East countries of Japan and Formosa.

Complimentary Measures:

In addition to land ownership and tenure reform, effective agrarian reform would call for possibly four supporting measures. These are: (1) a system of rural credit designed to meet the needs of those rural families who are working toward the ownership of their land. Such credit should be in the form of subsistence, short-term production and long-term investment funds at reasonable rates of interest and extended through government agencies or cooperative service organizations on the basis of government guarantee against loss. Formalities in granting loans and in making repayments should be kept to a minimum and include the elements of relatively simple use supervision. (2) A system of federated or multi-service farmers cooperatives should be developed to include wide-spread farmer membership on a democratic basis and essential farmer service features. Sale to members of basic farm supplies such as fertilizer, improved seed and pesticides; sale of daily living necessities such as piece goods, and salt and rice; rice storage and milling; savings deposits and small loans; and some agricultural advisory service
are some of the features that would be helpful. (3) Some simple form of agricultural production advisory services should be developed to provide help and guidance to farmers. Guidance in production matters should be given greater emphasis. (4) In order to meet the requirements brought about by war, political readjustments and land reform, a more realistic and equitable system of land taxation and schedule of land tax rates is desired. The present system of rural taxation is in need of careful review and adjustment in order to better meet current conditions.

The Refugee Farm Families

Under the terms of the Geneva Convention civilians were given the choice of unrestricted movement into the area north or south of the 17th parallel—the dividing line between the Communist dominated and the free sections of Vietnam. Up until the time that this frontier was closed to unrestricted population movement in 1955, a total of about one million people crossed over from the Communist area in the North into Central and South Vietnam. It is estimated that approximately 85 percent of these people are farmers, and the refugee farm families evacuated from the North present an additional and grave problem in South and Central Vietnam. The government of Free Vietnam finds itself in a peculiar situation with reference to those people. At the time they were evacuated the government was then not in control over a large part of South and Central Vietnam, and immediate resettlement in the interior on abandoned lands was impossible. Instead, temporary shelter was provided to them in groups and by villages—each one in charge of a village priest—along
the main roads leading from Saigon to the north, east and southeast. The areas surrounding these refugee camps are mostly wooded with no open land available for cultivation except a few yards along both sides of the roads previously cleared by the French Army to improve security conditions.

Lacking possibilities to earn a living in those wooded areas which soon became overcrowded, the refugees became destitute and the government had no alternative but to provide relief food and clothing obtained mostly with American aid funds. In fact, compared with the average rural peasants, some groups of refugees were so well cared for that they soon lost any inclination they might previously have had to move away from the concentration areas into the interior rice lands and go to work producing a rice crop. Also, since most of the relief supplies and gifts of money passed through the hands of the local priests, they were reluctant to persuade refugees to move farther out where farm land is available for cultivation.

Some movement of refugee farm families out of the crowded reception and concentration areas into vacant rice land has occurred. But the majority still remain where they were originally placed, are making no great effort to become self-sufficient, and the government, possibly for fear of antagonizing them, does not seem in a hurry to force them to begin farming. That was the situation as of late July, 1955. Those who do move off to farm land and begin farming are eligible for all the benefits promised under the agrarian reform laws—should the time ever come when these laws are applied and the program implemented.
Present United States Interest

Realizing the social, economic and propaganda benefits to be obtained through affording refugee farm families a chance to earn a livelihood, the Vietnamese government, at the suggestion of United States authorities, embarked in January, 1956 upon a very grandiose resettlement program designed to place people on abandoned rice lands in South Vietnam. In addition to funds already allocated, the two governments agreed to utilize a total of over $2.5 million of American aid funds to provide the following: (1) one million dollars for agricultural hand tools; (2) one million dollars for mechanical land preparation equipment (primarily wheel-type tractors with attachments); (3) 450,000 dollars for commercial fertilizer; (4) 80,000 dollars for vegetable seeds; and (5) 50,000 dollars for insecticides and fungicides. It is anticipated that about 77,000 hectares (over 177,000 acres) of abandoned rice land will be prepared for rice cultivation and allocated to 100,000 refugees on a provisional basis.

Extent of Implementation and Difficulties Encountered

A National Commission, composed of the various interested ministers, was appointed to administer a reform program and special legislation was enacted directing this government body to take all measures necessary to implement the agrarian reform and the "emergency" credit programs. According to the law, this National Commission is to exercise its functions through special provincial and village commissions and the regularly appointed province and village chiefs. However, implementation of this program has been slow in materializing. Up to July 1, 1955,
the National Commission existed in name only. Very few communal commissions (in which both peasants and landowners are supposed to be represented) were organized, and the majority of province and district chiefs were paying but lip-service to the program. Very little publicity and information was forwarded from the main cities to the rural areas and a large percentage of the rural population remained ignorant of existing legislation. As of August 1, 1955, no census had been taken of idle land and landless peasants, no landlord-tenant or government—peasant leases or contracts had been signed and the whole program in general was operating only within a few office buildings in the City of Saigon.

As was to be expected in those few cases where landlords and peasants were brought together to agree on tenant contracts under the new law the landlords invariably requested the highest (25 percent) rent allowed, whereas the tenant would agree only to the lowest (15 percent) rent payment. Government authorities are supposed to arbitrate on the rate of rent but in too many cases government agents themselves cannot agree on what rate should apply on a given plot of land—since they have little conception of its productivity. Also, over much of the rural area—especially those regions formerly occupied by the Communists and recently evacuated—the Saigon government has not been able to establish firm governmental authority and control. In some areas the Communist military authorities had divided up large estates and parceled the land among peasant farmers in return for 40 percent of the harvest to feed and support the guerrilla army. When the Communists left for North Vietnam they left orders to the population under their control to continue farming those plots of land, not to pay any rent to anyone, and promised that upon the Communists' return to
the area, clarification of legal ownership and repayment for the land would be established. In addition, Communist Cadres were left behind to make sure the local population would not comply with any new, contradicting decrees origination from the Saigon Government. To make matters more complicated and the law more difficult to enforce, many of the provincial and district chiefs are themselves among the larger landowners in those very areas where they are supposed to enforce this rent reduction and contractual tenure agreements. In fact, the newly appointed Minister of Agrarian Reform is himself one of the largest Vietnamese landowners in South Vietnam. Under those conditions one can hardly expect progress in the field of needed land and agrarian reform in Vietnam. The statutes are on the books and supposedly the law of the land, but unless they are applied and enforced they will serve only the very limited purpose of face-saving and propaganda for the present government but restricted to the city of Saigon and its suburbs.
Traditionally, the major agricultural products of Indochina are marketed chiefly through Chinese middlemen who normally take substantial margins for their services. These traders and middlemen are often usurers as well, who usually take in a large portion of the crop as payment for their advances, thus cutting off the producer from most free markets in agricultural products.

Generally speaking, there is no organized system of internal marketing for any of the agricultural commodities produced in Indochina. Rice is the only farm product the marketing of which can be said to follow established patterns. With the exception of the efforts of farmers' organizations in introducing some system of marketing coffee, tea, tobacco, and other minor crops, very little has been done by either the government or private individuals or institutions towards effectuating some systematic marketing arrangement for farm commodities. As a consequence, the majority of the less-important agricultural products are traded by producers on a barter basis in local village market places.

An exception, of course, is the marketing of rubber. Since both the production and marketing of this product are controlled by relatively few individuals or syndicates there is a well-established system of marketing. Unfortunately, however, the economies and efficiencies resulting from the systematic marketing of rubber benefit only relatively few individuals, most of whom are foreigners, and the native population, therefore, does not share in the advantages afforded by the efficient marketing organization.
The Present Marketing System

Since rice is by far the most important agricultural commodity produced, major emphasis is placed on the marketing of rice because much greater benefits to more people are possible through improvements in the marketing of that product. Rice also is the only farm product that is marketed in large volume in consuming centers at long distances from the areas of production, as well as being the product which attracts the largest number of outside trader-merchant-moneylenders who engage in rice trading as a basis for practicing usury.

Paddy Assembly and Local Processing:

In general a large portion of the paddy produced in the surplus rice-producing areas of Cochinchina and Cambodia move in relatively well-established trade channels from threshing floors to the mills and to consumers or rice exporting organizations. The main harvest in the rice surplus areas begins during late October, with the heaviest harvesting occurring during the first week of January. Since the average rice farmer usually is forced to dispose of most of his crop immediately after harvest, the movement of paddy from the interior areas of production is at its peak during the months of December, January and February. During this period the rice merchants and rice millers' agents, usually working on a commission basis, are quite active throughout the area traveling from farm to farm, and meeting groups of rice farmers whenever possible, in order to collect the rice owed them by farmers for credit advances and to acquire as large a portion of the available paddy as possible.
Rice for local consumption within a producing district (Circumscriptorion or Delegation) usually is transported by the producer's family from the farm to the local huller-type mill. Custom rice milling is usually done on a toll basis, the charge amounting to about one-fifth of the quantity of paddy processed, with the mill owner retaining the rice bran, flour, very small broken kernels and the hulls in addition. Rice hulls are utilized for fuel for the mill power plant, while the rice bran is fed to hogs, and the rice flour and small shattered kernels sold locally for human consumption. In certain cases where millers have a backlog of rice milling orders and the farmer is in a hurry to get his rice for family consumption, some sort of bartering process takes place. In such instances the miller will inspect the farmer's paddy, determine its milling qualities and agree to return to the farmer a specified quantity of the milled rice of a certain grade and quality for each unit of paddy brought to be milled. Under this system the farmer is assured of a certain return in milled rice for his paddy and the local miller usually is able to secure a fair return for his services, if he is a good rough rice grader. Usually only the larger of the country millers enter actively into the clean rice markets of Saigon-Cholon and other large rice-consuming centers. The majority of the small huller mills dispose of their rice in the larger towns, cities and market places within the province where they are located. Thus their output of clean rice (usually undermilled and of inferior quality) seldom enters the large, commercial domestic or export markets for milled rice.

In addition to custom milling of paddy, a very large quantity of the rice for home consumption is either hulled by hand in simple
homemade rice hullers or pounded by hand (Figure XIV). This is the method most prevalent in North and Central Vietnam. Moreover, since rebel activities resulted in the destruction of a very large percentage of the small country huller mills, a large proportion of rice farmers have been forced in recent years to resort to the hand pounding process of hulling their paddy for family consumption.

Practically all the paddy going into commercial channels for milling and consumption within the country and for export is purchased by paddy merchants or millers' agents. Only a very insignificant quantity of paddy is delivered by producers directly to the larger commercial rice mills and warehouses located in Saigon-Cholon, Pnom Penh, and other large cities.

The local paddy merchant also may be the owner of a local rice mill and may deal in production items which he advances to his paddy-supplying farmers in lieu of cash loans during the crop production season. However, the majority are simply rice merchants operating simultaneously as moneylenders at usurious rates of interest, and making large profits on both deals.

An exception to the system described above is the paddy produced on the larger rice plantations located mostly in South Vietnam. Plantation owners usually supplant the paddy merchants and millers' agents with their own managers and native supervisors. Normally most plantation owners are able financially (with borrowed capital) to grant loans to their tenants against pledged paddy deliveries, thus usually are able to control the whole output from their land holdings and sell directly to the large commercial mills. In some cases plantation owners have financial interest and hold positions through interlocking directorships.
Figure XIV. Rural Rice Mills in Vietnam.

Rebel activities resulted in almost complete destruction of country rice mills in South Vietnam. Before the war, a rather large part of the rice produced in Vietnam was milled in the interior provinces by small country mills. At the present time many farm families resort to hand-pounding or home-made rice mills for hulling their daily rice ration.
in large rice mills and rice export concerns in Saigon-Cholon. In other instances, small and medium rice mills are located at the plantation headquarters to mill the plantations own paddy as well as paddy produced by local farmers. However, recent rebel activities have resulted in almost complete destruction of facilities on most plantations in South Vietnam.

A substantial quantity of paddy usually is purchased by owners of country mills. In most cases these country millers have financial ties with the owners of larger commercial mills in Saigon-Cholon and Pnom Penh. Therefore, many of these small rice mill owners also act as millers' agents for the larger mills. In addition, the miller representative may be a middleman engaged almost exclusively in purchasing paddy, or a local village commodity retailer and business man, who, in addition to his regular business enterprise, buys paddy for the large mills on a commission basis. The miller representative may lend his own funds to the local farmers or receive monetary advances from the large millers which he in turn advances to rice farmers during the growing season.

Whatever may be the business connection of the paddy buyers, it is the common practice of most to make advances to rice farmers. Usually the credit advance to the farmer is made at the beginning of the rice-growing season, either in cash or merchandise, in return for which the farmer agrees to repay the loan at harvest time by delivering a certain quantity of paddy of a designated grade and quality, and for a certain price. Under such a system of credit advances, rates of interest are unduly high and also are partially concealed.
Under such a system of paddy assembly it is obvious that the paddy speculators and the commission buyers are rather essential elements in the system, and that the larger commercial millers would be unable to obtain their rough rice supplies without them. This is the reason that all the larger mills make use of them almost exclusively. Until some improvements are forthcoming in paddy assembly, tied as it is with production credit, disorganized rice marketing at the farm level will continue to encourage usurious interest rates on loans by paddy merchants to farmers. In fact, when one considers the amount of risks involved in granting loans to insolvent farmers and the risks involved in buying, moving, storing, and holding rough rice, the middlemen's profits may not be so large as they appear to be. In addition to the large risk involved in the borrowing farmer failing to deliver his crop at harvest time, the merchant must assume the following risks: (1) loss of weight of the paddy due to drying after delivery; (2) loss in storage which may be as high as 10 percent due to rodents and insects; and (3) loss in transit from the interior to the terminal mill warehouse. Some effort need be made in reducing the possibility of those losses.

Weights and Measures: Paddy usually is purchased by the large Saigon-Cholon mills on a weight basis, utilizing the metric system. However, throughout the farming areas paddy is purchased from the farmers in measures of volume. The standard measure used is known as the "gia" which may be either a metal bucket or a bamboo basket containing 40 liters or from 20 to 22 kilograms of paddy. The weight of paddy contained in a "gia" varies with the quality and condition (moisture content, weeds, rice straw, etc.) of the grain being measured.
In the retail trade, milled rice is sold by weight using the metric system. In the wholesale trade rice is sold in burlap bags containing approximately 67 kilograms. Burlap bags used in the milled rice trade are supposed to contain a standard measure known as the "picul". In the export trade the metric system of weight is used exclusively and rice is exported mostly in burlap bags containing 100 kilograms. All rice sold in the retail markets of the larger cities is contained in metal buckets or baskets, with the purchaser furnishing his own container, consisting of either a paper bag, basket, bucket, or banana leaves. There is no pre-packaging of rice in Indochina as in American markets.

Transportation:

The importance of water in the rivers, smaller streams and canals as a means of transporting commodities to and from the interior parts of the country cannot be overemphasized. Normally, about 90 percent of the paddy and milled rice from the producing areas of South Vietnam is transported to the Saigon-Cholon mills in small boats and junks through the inland waterways that crisscross the area. The remainder of the paddy is transported to the mills in trucks and only an insignificant quantity is transported by the one railroad line from Saigon to the city of Mytho on the northern side of the Mekong River. During recent years, however, transportation of all commodities by road has increased in importance while the proportion of produce moving by water has decreased. Rebel activities have made inland waterways insecure for commodity transportation except when accompanied by armed naval escorts. Although some of the main highways in the area were also
insecure, security conditions for land travel were better than for river traffic.

Most of the paddy and other farm products move from the point of production to the primary assembly point along either the roads or canals on human backs or in small canoes. Sometimes a small quantity is carried in water buffalo carts.

River junks are of various capacities — ranging from a few hundred pounds to 30 or more tons of paddy. In South Vietnam, almost every small village located along a stream or canal is a rice concentration point with river junks and small boats lining the banks during harvest time (Figure XV). A large percentage of the junks were destroyed during the war, but several thousands are still in use. These junks usually are owned by individuals or small companies engaged only in the inland transportation business. However, many of the paddy merchants and Chinese rice speculators own and operate river crafts and derive a portion of their income from the transportation of paddy and other products from the interior assembly points to the central warehouses in Cholon.

The trucks in use for transporting farm products from the interior to the cities and supplies from the cities to the farming areas are owned mostly by Chinese rice dealers, some of whom own fleets of trucks, mostly of United States manufacture.

It is impossible to ascertain the transportation charges for either truck or junk carriers, and, therefore, no comparison of the relative costs can be made. On the average, however, transportation charges from the country assembly points to the terminal warehouses
Waterways transportation is very important in Indochina. A very large percentage of all interior traffic is carried on junks and barges, which are the life-line of many country villages and cities.
amounts to from 12 to 25 percent of the assembly point price, depending upon the distance traveled. Transportation charges for other commodities varies with the bulkiness of the product as well as with the distance. In recent years of war activities transportation charges are reported to have more than doubled, figured on a percentage value of the commodities transported. This increase is due to two factors: (1) in many cases owners of river junks had to furnish their own armed convoys or employ armed personnel to accompany the cargo to the terminal point, or were requested to reimburse the army and navy personnel performing that service; and (2) both the national army (French Foreign Legionnaires and Vietnamese), the religious sects, and the Viet Minh Communists all imposed what was termed "protection taxes" on practically all vehicles transporting produce in or out of the interior. During the years 1950-54, almost every army guard post along the inland waterways and every bridge along the highways was considered a "check point" by whichever side was in control. Since a large part of the food needs of the armed forces was obtained from the immediate vicinity, the most simple way to procure this was to extract a "tax" in kind from transporters of farm commodities.\textsuperscript{85} Naturally, this system had the effect of greatly increasing the "costs" of transporting the farm products to markets.

\textbf{Storage Facilities:}

Most of the rice crop is stored in the form of paddy; stocks of

\textsuperscript{85}While following a truck load of bananas, coconuts and vegetables in 1952 from Mytho to Cholon, a distance of 40 miles, the writer noticed that after the sixth "check-point stop" the truck operator had paid about one-half of his truck load of bananas and coconuts and about one-fourth of the vegetables in "protection taxes".
milled rice are relatively small at any given time, usually only about 15 percent of the stocks of paddy in the Saigon-Cholon area.

Before the war a considerable amount of paddy storage facilities existed in the heavy rice-producing areas. Most of these were owned by rice merchants and small rice millers. However, most of those facilities have been destroyed and there is now a serious shortage of country storage facilities and an urgent need to rebuild local storage warehouses. Storage facilities in the Saigon-Cholon area before the war were considered sufficient for the volume of activities, and have suffered only about 10 percent war destruction. In Phnom Penh, on the contrary, both rice storage and rice milling facilities have about doubled since 1950 as a result of special efforts by the Cambodian Government.

It probably is fortunate that the harvest extends over a relatively long season, the movement of the paddy from the farm to the local assembly point and to the central mills in the larger cities is slow and dry weather invariably prevails during harvesting and the three or four months period following. The combined result of these conditions reduces the seriousness of the paddy storage problem in Indochina. Hand harvesting methods are used exclusively by Indochinese farmers, and the rice harvest is spread over a long period of time. The average farmer plants his crop by small patches at a time, starts planting as early as the supply of water will permit, and continues his planting

86 Best estimates indicate that before the war adequate paddy storage facilities existed in the interior provinces in South Vietnam sufficient for about 90,000 metric tons, while the 75 warehouses in Saigon-Cholon had a capacity of 300,000 tons. Storage facilities utilized in conjunction with rice mills are not included in these data.
to the latest practical date. In addition, both late and early maturing varieties are planted, and variations in climatic conditions and water supply by localities also tend to lengthen the harvesting season for the country as a whole.

The pattern of paddy movement from the farm to the assembly point, to the junks and into the mills is about as follows: the farmer requires considerable time to harvest and dry his paddy and at all stages the paddy is moved in small lots to the assembly point. Heavy deliveries of paddy in payment of loans to the merchants are usually stored in local warehouses or in junks owned by the rice merchants and millers' agents. Deliveries of paddy in payment of loans are anticipated in advance and storage space usually is provided accordingly. Very often during dry seasons paddy is stored in the open until loaded into junks or trucks for transporting to the mills. During periods of heavy deliveries there is usually a large quantity of paddy aboard junks, and when consideration is given to the large number of such junks in use, it is apparent that paddy in transit at any given time represents a sizeable portion of the crop.

On-the-farm storage facilities are of the crudest type. Although most farm families have some paddy storage space, this consists mostly of large bamboo bins placed either inside the family grass house or outside in the open. This type of storage is grossly inadequate even during periods of dry weather. Losses due to rodents and insects while paddy is stored in this type of facilities sometime reach as high as 20 percent. The Governments of both Vietnam and Cambodia are extending some efforts toward remedying this situation and are taking definite
steps to furnish the credits and materials needed to erect small country rice storage facilities for the benefit of rice farmers utilizing them on a cooperative basis.

Financial Arrangements and Prices at Various Points in the Rice Trade:

As previously stated, the farmer receives money (most of it in form of credit advances) for his salable paddy from local rice merchants or millers' agents. The latter are frequently local retailers who collect paddy stocks for large rice millers on a commission basis. These country rice merchants and commission agents receive payment for the paddy upon delivery to the miller. Generally the two classes of paddy buyers bear the cost of transportation from the assembly point to the mill. Millers recover their capital outlay through the sale of milled rice to the rice wholesalers and rice peddlers, or through bulk sales in rather large volumes to exporting firms. Since rice can be exported only after obtaining an export permit issued by the government, it is not unusual for financial arrangements to be of the following order: the government banks furnish the credit to the exporting firm, the exporter grants credit advances to the miller who supplies the exporter with rice, the miller in turn utilizes the funds to grant loans to the rice merchant who make use of the borrowed capital to conduct his operations and pay the farmer for the paddy purchased from him. In the case of seasonal capital, the miller often will grant loans to his agents in the interior who will utilize these credits to lend to rice farmers against pledged delivery of the rice crop at harvest time.

The large banks operating in Indochina enter actively in the commercial credit activities required in the rice marketing system.
They furnish a large portion of the credit utilized by warehouse owners in financing the storage of paddy in the large rice concentration centers. They also are very active in furnishing credit to rice millers who need loans to finance the rice-milling operation, and to the rice exporters. Stocks of paddy in storage usually serve as security for storage loans which usually amount to about 75 percent of the current value of the commodity. Although warehouse receipts are not in common use, unless the banks are dealing with an old customer of good repute, they usually keep a first lien on the paddy and order the storage warehouse locked.

Prices: Theoretically at least, there are two sets of prices prevailing in the milled rice market - the free (black) market price and the controlled or official price. Both of these prices reportedly approach equality with the free (black) market price only slightly higher than the official price. However, in practice, there has been very little of any degree of stability in rice prices at all levels of marketing during recent years. It is impossible to delineate all the various movements in rice price levels in any one market — and much less for the whole country. About the best examples of instability in rice prices that can be offered is the price situation and price movements that occurred at the time the French government devalued the Indochinese Piaster during May, 1953 as compared with the situation as of July 1st of that year.

Immediately following the devaluing action in Paris, the Vietnamese government introduced simultaneously four governmental decrees in an attempt to put brakes on the anticipated increase in prices of consumer goods. These four decrees were: (1) an order suspending provisionally
exports of all commodities, but designed primarily to block exports of rice and rubber; (2) an order blocking provisionally all salaries and renumeration at the level of May 9, 1953; (3) an order blocking the price of all products, food stuff, and services at the May 9 level; and (4) an order obliging all establishments at all levels of marketing and trade to declare the exact quantity of rice and paddy stocks on hand. This fourth order also called for the declaration of the nature, quality, and quantity of merchandise, as well as the place where the stocks were located and the purchase and resale price in effect as of May 9. The third order also called for public exhibition in front of every establishment of business of the actual resale price of all commodities, and stipulated that the government would forcefully close and seize all stocks in all cases where there were infractions of this order.

Rice prices stood at 390 piasters per hundred kilograms wholesale and 500 piasters per hundred kilograms at retail on May 11, but increased to 450 piasters wholesale and 600 piasters per hundred kilograms retail within 24 hours after the government orders became law. Paddy and milled rice marketing at the wholesale level almost came to a standstill within a week. The official controlled price of rice (No. 1, 25 percent broken) in the Saigon-Cholon market was fixed at 3.7 piasters per kilogram at the wholesale level and at 4.4 piasters retail. However, actual retail prices in the "grey-market" stood at 4.6 piasters per kilogram for No. 1, 25 percent broken and 4.4 piasters for No. 2, with no rice of No. 1 quality available in the market at the official price of 4.4 piasters per kilogram. Movements of paddy from the interior to the central markets came to an end within two weeks. Furthermore, the retail
prices of imported commodities increased by 60 to 80 percent during this same period.

On July 1, 1953 the government of Vietnam set a new official ceiling price for rice at 390 piasters per hundred kilograms at the wholesale level (EX-magazine) and 475 piasters at the retail level for No. 1, 25 percent broken. While rice prices on the free market behaved in a fairly stable manner in the Saigon-Cholon market area following this action, they acted quite differently in other parts of the country, especially in North and Central Vietnam. Vietnamese government officials give two reasons for this: (1) Viet Minh activities in restricting normal flow of available supplies; and (2) the almost complete breakdown of the government's rice rationing system. An additional reason of course is the "traffic" that takes place in rice marketing channels in those areas, where rice prices at the wholesale and retail levels vary considerably from week-to-week, day-to-day, and even from hour-to-hour each day. One example of the relationship between rebel activities and rice prices in any given area during that period is given by the situation at Hue, the capital of Central Vietnam, when rice stocks were plentiful both there and at Tourane, the port city. However, the rebels demolished a railroad bridge between the two cities and within 12 hours rice prices at Hue more than doubled.

In North and Central Vietnam the government attempted to stabilize rice prices through a rationing system and by granting rice purchase permits to the local population. However, it is apparent that such permits had the direct effect of themselves finding their way into the hands of black-market operators and of causing increases in rice prices, because it is now well-known that anyone willing to pay 100
to 150 piasters to a government "functionnaire" could obtain a permit
to purchase up to one metric ton from government-controlled "security"
stocks of rice.

On July 1, 1953 the c.i.f. prices for No. 1, 25 percent broken
were 513 piasters per 100 kilograms at Haiphong and 543 piasters at
Tourane (higher prices at Tourane reflect the higher port costs).
This same rice was advertised for 650 to 700 piasters per 100 kilograms
at retail. However, after all the under-counter manipulations, permit
deals, transportation charges, extra taxes, etc., that this rice was
subject to before it reached the hands of consumers in centers like
Hue and Hanoi, the actual retail price was anywhere from 40 to 60
percent above this figure, and no one in official governmental circles
could actually determine the exact price of rice to consumers on any
particular day.

Functions of Supplies and the Wholesale Price of Rice:

Legitimate rice dealers and millers normally are forced, through
competition, to operate on a more or less restricted profit margin and,
in a free market, their prices depend primarily upon the purchase price
of paddy and their costs of milling and/or conducting business. However,
when a rice merchant is primarily a speculator in either paddy or milled
rice his demand or sales price may reflect only to a very small extent
his purchase price and actual costs. Thus, it is mostly in restraining
the activities of pure speculators in paddy and milled rice that stocks
on hand and available for consumption can be expected to have direct
effects upon prices — i.e., the supplies on hand can control inflation
of rice prices only if the movement of those supplies can be effectively
moved and channeled in the distribution system in an orderly manner. Evidently, this is not done in those areas of wide and sudden price fluctuations and the consumer pays dearly for the breakdown in the system mentioned above.

With respect to the cost of paddy delivered to the Saigon-Cholon warehouses and the milled rice delivered to the retail trade there is also the taxation system that plays a predominant role in addition to the high speculative profits of traders. There are far too many taxes (hidden and otherwise) levied on paddy and milled rice in the movement from the provinces to the mills, and from the mills to the consumers and the point of export, to allow retail rice prices to bear a direct relationship to the farm price of paddy and costs of transportation, storage and milling. The problem of keeping rice prices to consumers relatively low is complex and many-sided and calls for positive government control measures in certain sections of the country. However, legitimate rice dealers feel that in fiscal policy matters the simple act of lowering the surtax on low-quality broken rice, which is exported mainly to Dakar, would afford exporters the possibility of obtaining a higher price (i.e., greater profits) for this low-quality rice and thus contribute to lower internal prices for the better quality rice consumed within Indochina. This of course assumes that raw materials and processing costs remain uniform over long periods of time, which has not been the case in recent years.

Among other possibilities of affording more freedom of movement of paddy and milled rice would be a government banking policy of restricting credit to speculators for the purpose of stocking and
holding rice supplies in expectation of higher prices. Such action may have the effect of forcing them to release some of the supplies to the trade, thus easing up on the tendency of prices to rise.

Except for the temporary and "provisional" measures mentioned above, there are no government-controlled export prices for rice in Indochina. There are, however, government controls on the quality of milled rice that is allowed to move into the export market. No export license is granted for rice containing less than 25 percent broken grains. The reason for this rule, as explained by high officials in the Vietnamese and Cambodian Ministries of Agriculture, is that an influential rice milling syndicate operating in both states owns very old milling machinery of Japanese manufacture and is unable to produce rice with a smaller percentage of broken grains. It appears, therefore, that this restriction is designed primarily to make it possible for that syndicate to compete in the export market for milled rice.

All foreign exchange earned through the export of rice is retained by the government. The exporter receives Indochinese piasters at the official rate of exchange. Although there are no official controls in the true meaning of the term, the price in foreign currency negotiated between the buyer and seller must be approved by government authorities for each transaction. This action does not, however, constitute price controls or setting of prices per se by the government, but is more of a check to insure that the government actually gets the entire amount of foreign currency involved in the transaction.

Prices are published by trade journals periodically, and the newspapers usually publish daily price quotations. The Government Customs Office also publishes a price list weekly which is made available
to the trade as a guide to the prices that will be approved by the
government. During periods of rising prices exporters usually are
able to sell at prices considerably above the minimum price acceptable
to the government. However, according to government regulations all
foreign currency earned must be turned in regardless of whether the
amount received exceeds the current world market price or the price
of comparable grade and standard in the published list of minimum
prices.

There is no organized commodity exchange in Indochina and, there­
fore, no organized trading in futures in rice or other commodities.
However, there is a large amount of trading by individuals and syndicates
utilizing the practice of making current commitments for delivery on
a certain future date. The wholesale price of rice normally is con­
trolled to a large extent by Chinese millers and wholesale rice dealers,
who also are very influential in controlling the price of paddy. The
exceedingly strong position of the Chinese in rice marketing is
explained by the very close adherence and unity among members of the
Chinese "syndicate" to which practically all belong. The Chinese rice
men traditionally help one another in time of need. It is permissible
for a member of the group to be dishonest with an outsider, but if he
is dishonest with another Chinese he usually is squeezed out of business
by the other members. It is customary for all Chinese merchants to pay
the same price for paddy and also to agree on a uniform price for milled
rice offered for sale. In their paddy purchasing activities in the
rice-producing areas it is common practice for Chinese merchants to
divide the territory among themselves and to refrain from engaging in
paddy buying in an area in which another Chinese is operating. Thus,
mutual support and cooperation is carried to such an extent that the "syndicate" often is able to obtain a virtual monopoly at both ends of the marketing system – the paddy buying at the country assembly points and in the wholesale market for milled rice.

**Taxes in Rice Marketing Operations:**

In addition to the special wartime taxes referred to above and the other taxes such as property taxes on rice mills, storage facilities, trucks and junkers, business taxes, sales taxes, etc., there are three different taxes levied on the export of rice from Indochina. A special duty tax was first introduced in 1933 and modified by the Governor General in 1937 and 1939, and again in 1941 and 1946. This special tax is a simple revenue earning tax and benefits received therefrom accrue to the Federal budget. These export taxes are as follows:

1. **The export duty tax rates are:**

   - Paddy and cargo rice containing over 35% paddy 12% ad valorem
   - Cargo rice not over 35% paddy 10% ad valorem
   - White rice 10% ad valorem
   - Broken rice 8% ad valorem
   - Low grade rice flour 6% ad valorem
   - Corn 5% ad valorem

   The values to which the rates apply are not the invoiced values but a valuation determined by the Director of Customs who takes an average of the f.a.s. prices for the preceding three months; thus the values are subject to change every month.

2. **The exceptional tax** (Taxe exceptionnelle a la sortie des paddys et derives) was established by the Governor General in January, 1941 and modified in 1946. The purpose of this tax is to gain for the Federal budget half the profits which the government considers to be above those reasonably to be expected by the exporter. The amount of this
tax is established as follows: a base price is established from time to time for each category of rice by order of the government. This tax amounts to one half the difference between this base price and the actual f.o.b. price received in units of 100 kilograms gross weight by the exporter.

(3) The handling tax (tax d'antillage) is a simple tax levied to pay charges involved in handling rice and accrues to the benefit of the budget of the Saigon-Cholon Port of Commerce. It is determined by a formula which averages the ex-mill prices for the preceding three months and which weighs this average so that it does not respond to minor price changes. New charges are levied each month.

Milling and Processing:

The rice milling industry of Indochina is concentrated in the Saigon-Cholon area and in the city of Phnom Penh. Before World War II the total rice milling capacity of the 75 commercial rice mills in Saigon-Cholon amounted to 8,400 metric tons of paddy per 24-hour day. The daily capacity per mill ranged from 540 metric tons of paddy to 16 tons. In the interior provinces of South Vietnam there were a total of 321 rice mills with a combined capacity of 6,000 metric tons of paddy per day. Most of the mills in the country-side had a very small milling capacity compared with those located in Saigon-Cholon. The milling capacity of the country mills ranged from 230 to 5 metric tons per 24-hour day. The majority of the rice mills in the city of Saigon-Cholon had a capacity of over 100 metric tons per day while most of the mills located in the country had a capacity of less than 12 tons.
Before the war the total milling capacity in Cambodia amounted to about 600 metric tons of paddy per day. Most of the rice mills are located in the cities of Phnom Penh and Battambang. The effort made by the Cambodians in recent years to expand the rice-milling industry in that State is evidenced by the fact that in 1951 there were a total of 47 rice mills with a combined capacity of 700 metric tons per day, but by the end of 1953 the industry had increased to 108 mills and a capacity of nearly 1,400 tons.

The rice milling industry never did develop to any large extent in North and Central Vietnam. Before the war there were not more than 100 mills in these two areas. Most of the plants were small huller-mills with a capacity under 20 tons per day per mill.

It has previously been mentioned that a large number of the country mills were destroyed during rebel activities while most of those in the larger cities escaped war damage. In South Vietnam only 96 of the 321 rice mills in existence before the war were in operating condition during the fall of 1952. The daily rice-milling capacity of the country mills decreased to 2,000 metric tons of paddy, while the capacity of the mills located in Saigon-Cholon decreased to 5,000 tons.\textsuperscript{87}

The consumption of rice in the Saigon-Cholon cosmopolitan area is between 20,000 and 25,000 metric tons per month. This indicates that the capacity of the mills in the twin cities was about five times the amount consumed by the local population even during the period of

\textsuperscript{87}Data concerning the number of rice mills and milling capacities were obtained from the following sources: (1) Bulletin Economique du Vietnam, October, 1952, p. 512; (2) Syndicat des Exportateurs Francais d'Indochine.
lowest milling capacity. On the contrary, the daily rice consumption in the rural areas of South Vietnam amounts to about twice the capacity of country mills as reported during the fall of 1952. Rural people, therefore, had to resort to home grinding or pounding of their daily rice requirements.

The larger mills generally are operated by steam power utilizing rice hulls as fuel. The quantity of hulls obtained from the milling operations usually is insufficient to furnish all the steam required and wood is used as a supplement. Most of the smaller huller-mills are powered by internal combustion engines.

The destruction of a large number of small rice mills resulted in an increased demand for mills of this type immediately following the end of hostilities to replace those destroyed. Commercial import establishments in Indochina responded immediately to this demand, and since 1954 a considerable number of small rice mills have been imported from Japan, England, Germany and other countries. Indications are that the milling capacity in the interior rice-producing provinces of South Vietnam will soon return to pre-war level.

Grade and Quality: No one knows all the many different varieties and strains of rice grown in the various rice-producing regions of Indochina. After centuries of rice cultivation under different conditions of soil, climate and water supply in the various localities, rice growers have become fairly well adept at selecting rice varieties best suited to the area. In many cases those selected may not necessarily be the highest-yielding variety (see page 91). In some areas many different varieties may be grown by one farm family—such as 5th month
rice, 6th month, 7th month, etc., all maturing at different times and having different milling qualities. The obvious result is that a very large portion of the paddy stock is composed of a mixture of several varieties of rice before it reaches the primary assembly point. Lack of adequate storage facilities and indifference on the part of paddy handlers result in additional mixing before the rice reaches the mill. It is not surprising, therefore, that a large proportion of the milled rice in Indochina contains a mixture of several varieties of rice. Since most rice mills are not equipped with the proper grain separating and selecting machinery (Carter disc-separator, or other brands) to sort the grains according to length, a large amount of grain breakage occurs during the milling process. Furthermore, lacking proper equipment, rice farmers are not able to properly clean their paddy and the product usually contains a large quantity of weed seeds, straw, dirt, animal manure and other foreign matter. Most of the smaller rice mills do not contain the equipment necessary to remove all the foreign matter in paddy before it enters the hullers and thus the quality of the milled product is decreased yet further. Improper storage and damage to the grain due to excessive moisture and rodents and insects also combine to lower the quality of rice in Indochina.

Under such conditions it is difficult to produce a high-quality, homogeneous product. The economic consequences are relatively low milling yields, poor quality rice, and a decrease in the value of the total crop. Table 24 shows a comparison of the proportion of the various products outturned from rough rice in the milling process between rice mills in the United States and the large mills in Indochina.
Table 24. Comparison of the Proportion of the Various Products Outturned from Rough Rice between Rice Mills in the United States and in Indochina

<table>
<thead>
<tr>
<th>Item</th>
<th>U. S. Mills</th>
<th>Indochina Mills</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percent of total weight</td>
<td>Percent of total weight</td>
</tr>
<tr>
<td><strong>Rice product</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Whole head</td>
<td>59.5</td>
<td>57.0¹/</td>
</tr>
<tr>
<td>Second head</td>
<td>3.5</td>
<td></td>
</tr>
<tr>
<td>Screenings</td>
<td>5.5</td>
<td>8.0</td>
</tr>
<tr>
<td>Brewers</td>
<td>2.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Total rice products</td>
<td>70.5</td>
<td>68.0</td>
</tr>
<tr>
<td><strong>Rice by-products</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Polish</td>
<td>1.5</td>
<td>6.0²/</td>
</tr>
<tr>
<td>Bran</td>
<td>8.0</td>
<td>3.5</td>
</tr>
<tr>
<td>Hulls and debris</td>
<td>20.0</td>
<td>22.5</td>
</tr>
<tr>
<td>Total by-products</td>
<td>29.5</td>
<td>32.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

¹/ Whole head rice is not turned out by mills in Indochina but is mixed with the second head to form No. 1, 25 percent broken quality rice.

²/ A substantial proportion of the rice polish produced by mills in Indochina also contains a large amount of rice bran.


Syndicate of Rice Millers of Indochina.
Most of the rice milled for export in Indochina is subject to grading under supervision of the Syndicate of French Exporters of Indochina. This is an association of exporting firms, most of whom are also rice millers. Contrary to the implication in the name of the association, membership is not limited to French-owned firms. The members of the association account for about 95 percent of all rice exports from Indochina. The association was formed in 1939 to control the quality of rice, corn and other products from Indochina in order to obtain uniformity of products desired by foreign importers and to establish and maintain grades and standards. Member firms cannot export rice or other commodities that have not been inspected and approved by representatives of the association.

Rice millers and merchants interested in exporting rice or other commodities usually arrange to have a representative of the association call at their mill or warehouse to inspect the product and advise if it meets requirements of the association. The association maintains representatives in each port of exit. The expenses of the association are supported by a small fee charged on the commodity being exported. The association has rather strict inspection rules and supervises its members closely, so that products exported by the members generally are of the quality and standard they are represented to be.

All clean rice sales for export are bought on sample. A very large portion of the rice milled in Indochina is 40 percent broken, but the bulk of rice exports is No. 1, 25 percent broken—the lowest percentage broken that the government allows to be exported.
The grades and qualities of rice and rice products, as established by the Syndicate of French Exporters of Indochina (Syndicat des Exportateurs Francais d'Indochine), include a total of 40 classifications.

To ascertain the percentage of broken grains contained in a sample of rice the following procedure is employed: A certain quantity of rice from a sample submitted for analysis is weighed, for instance 100 grams, and the whole grains are carefully separated from the broken. A whole grain must be over half the size of the original grain. If doubt exists as to whether half grains should be classified as whole grains or broken, the half grains must be divided into two equal portions, one half being included in the lot of grains and the other half in the broken. In order to determine the percentage, the whole grains and the broken are weighed separately. Example: A quantity of 100 grams of rice is found to contain 17 grams of broken, 75 grams of whole grains, and 8 grams of doubtful half grains. This indicates that the sample of rice comprises 21 percent of broken and 79 percent of whole grains.

Defects in the Marketing System:

At the Farm Level: The primary defect in the marketing system at the farm level arises from the fact that the average farmer in Indochina is financially unable to retain control of his products after harvest time. Invariably, he is forced to sell immediately in order to repay financial obligations contracted during the growing season. Too often

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Syndicat des Exportateurs Francais d'Indochine, Le Riz d'Indochine des Rizieres a la Consommation, Saigon, Undated.

The more important definitions of qualities of rice are contained in Appendix "B".
he is at the mercy of the produce dealer, primary the rice merchant, who seldom shows any leniency. The result is very poor bargaining power on the part of the farmer and he suffers the consequences in the low prices he is paid for his crops.

There is also the lack of effective competition among buyers at the farm level. The practice of rice merchants of dividing up the territory with tacit agreement and understanding of no interference greatly reduces the degree of competition among rice buyers that might prevail otherwise, and further reduces the average farmer's bargaining power in the sale of his products. Inadequate storage space on the farms and at the primary assembly points is another major defect. Even though a rice farmer may be able financially to retain his paddy for a certain period following harvest, lack of adequate storage space imposes additional handicaps upon the farm family wishing to hold onto their products in anticipation of higher prices at a later date.

Transportation Problems: Even during normal years the transportation vehicles available were inadequate to move all the paddy from the interior to the rice milling and storage centers during the peak of the harvesting season. Unless more storage space is provided in the interior which would tend to remove the urgency of shipping paddy out to the central warehouses and mills, better transportation facilities are needed, both in water transportation and highways. The problem of transportation from the interior to the central milling centers is aggravated by the fact that at least 26 percent of the weight of the product consists of hulls and bran. This adds to the cost of transporting the rice but adds very little value. The excessive taxation
on the movement of paddy from the interior to the milling and consumption centers, begun during wartime, has been continued. These additional transportation costs all go into the final price of the milled rice to the consumer and serve to widen the gap between the farm price and the price paid by the consumer for his daily ration of milled rice.

**Rice Mills:** It is quite evident from Table 24 that the rice mills operating in Indochina are relatively inefficient. For the most part they are old mills using out-dated milling equipment. With such equipment they are not able to do a proper paddy-cleaning and separating job and the result is a very high percentage of breakage of the kernels. This reduces further the value of the milled rice obtained from the paddy and has a depressing effect on the price paid farmers for paddy.

**Storage:** Storage facilities at both ends of the marketing system are inadequate both in capacity and efficiency. The excessive losses that occur in all types of storage due to humidity, rodent and insect damage is another factor reflecting in relatively low prices paid farmers by buyers and millers' agents who inevitably pass such losses backward to the raw material suppliers.

**Pricing Mechanism on the Domestic Market:** There is little opportunity for rice prices to be set under competitive conditions in the domestic wholesale market in Indochina. With rice marketing at the wholesale level almost completely in the hands of Chinese rice millers and traders, there usually is a uniform price at which rice sales are made. Dealers form one great selling combine, and there usually is tacit agreement that no one will undercut the selling price arrived at or overbid the purchase price agreed to.
Too Many Middlemen: There are far too many middlemen between the farmer and the consumer consistent with the amount of services performed on rice, the major product of the country. There are very few functions and very little processing in the rice marketing system in Indochina. There is no packaging, no store display, no advertising, nor is paddy or milled rice transported great distances between the farmer and the final consumer. Yet the farmer is at least eight middlemen removed from the consumer. Invariably the following are engaged in the rice marketing system: (1) the millers' agents and paddy dealers; (2) the primary assembler and local store keeper; (3) the transporter, truck owner or junk contractor or owner; (4) the warehouseman; (5) the miller; (6) the milled rice broker; (7) the wholesaler (or exporter in export sales); (8) the retailer (storekeeper or rice peddler); and finally (9) the consumer. The financing agents or moneylenders are excluded from this list. All but the consumer make relatively handsome profits, each probably as much as what the farmer could theoretically term net profits.

Need for Improvements to Increase Efficiency:

There are possibilities for improvements in many sectors of the marketing system. Left to itself, however, it is very doubtful if such improvements can be expected in the system. Since the farmers, if they have to rely upon their own resources, are powerless to bring about material remedies it will be necessary for the government to intercede in the interest of the farmers and the general economy. Among the activities that the government could and should engage in are the following: (1) make greater efforts toward organizing farmers on a cooperative basis and furnish those organizations with basic paddy
storage facilities and short-term credit at reasonable rates of interest, and, through an improved agricultural extension service, furnish information to farmers and farmer groups designed to improve the quality of the products, and improve the handling and cleaning of paddy at the farm level; (2) encourage private initiative in the installation of more and better country storage and milling facilities through a system of extending equipment and facilities credit, special taxation and fiscal policies regarding private capital improvements in the interior provinces; (3) promote improvements in private and public warehouses and storage facilities in the main cities through some government certification system whereby minimum standards would be required before paddy and rice storage operations can be undertaken and thus lead to reducing waste and spoilage of the commodity while in storage; (4) extend the quality and grade classification system as established by the French Exporters Syndicate to include rice destined for local, domestic consumption and thus reduce the practices of mixing varieties, adding water, etc., by internal wholesalers and retailers so that consumers can buy more according to grade standards and thus have consumer prices reflect back, through the trade channel, to the farmers; and (5) bring the farmer closer to the consumer by encouraging farmers to perform more of the basic marketing services such as assembly, local storage, transportation, etc., on a cooperative basis if necessary, and thus reduce the number of middlemen engaged in marketing the commodities.
CHAPTER IX

AGRICULTURAL COOPERATIVES

In the past farmer cooperatives in Indochina have been very closely associated with the agricultural credit movement and most of them were financed by the government-sponsored rural credit organizations. Membership contributions never comprised a significant part of the capital. For the most part, funds for long-term loans for equipment, medium-term operating loans and short-term crop financing were obtained from the government which, at the same time, practiced close supervision of both the lending operations and the use of the capital furnished. Short-term credit to members has been one of the primary purposes of a large percentage of the cooperatives formed in Indochina during the relatively short history of farmer cooperatives. In fact, the first Mutual Loans Association organized in 1913 had as its primary purpose the provision of credit to its membership, and this organization is usually referred to as the first "modern" agricultural cooperative in Indochina.

History of Cooperatives

The development of agricultural cooperatives, exclusive of credit associations, in Indochina is of very recent origin. The first agricultural producers' cooperative was organized in 1936 in the Province of Bac Giang in North Vietnam for the purpose of processing, common storage, and sale of members' paddy, abrasin, and castor oil.
Prior to this first attempt, the agricultural cooperative movement in Indochina consisted only of the ancient programs of "The Rice Granaries" of the Annam emperors which were designed to (1) build a reserve of rice for use in combating starvation of the population during bad crop years, and (2) to facilitate the collection of the "agricultural tax"—to the extent that this tax was collected in kind and, in fact, it was these collections that contributed to filling the imperial granaries.

During the five-year period of 1937–41 the French Administration undertook a very active program of organizing and financing farmer cooperatives in almost every major agricultural region of the country. During this time a number of agricultural producers' cooperatives were formed with the financial assistance and under the direction of the former Office de Credit Populaire. These cooperatives were organized among producers of a wide variety of "specialized" agricultural commodities. In addition to the Bac Giang abrasin and castor oil producers' cooperative mentioned above, the following are some of the more important cooperatives organized during that period:

(1) The two tea producers' cooperatives of Phuto in North Vietnam and Tourane in Central Vietnam whose activities consisted primarily of processing and packaging member-produced green tea for export to metropolitan France and French colonial possessions.

(2) The Agricultural Cooperative Society of Than Hoa (North Vietnam) which processed paddy, corn, ramie and abrasin and sold processed commodities for the account of its members.

(3) The Agricultural Cooperative of Quang Ngai (Central Vietnam) whose main purposes were to process members' sugar cane into sugar by the traditional, or local method (open-pan process), furnish short-term crop production loans to members and common sale of the processed sugar.
(4) A group of five tobacco cooperatives located at Qui Nhon, Pleiku-Kontum, Tuy Hoa, Khanh Hoa and Tourcham. The main functions of these cooperatives were to grade and select, condition (dry and ferment), pack and sell their members' black leaf tobacco to the Saigon-Cholon cigarette factories.

(5) The Agricultural Cooperative of the Bolovens (in Laos). This cooperative engaged in the handling, storage, and packaging of members' green Arabaca coffee beans and in the common sale of this product.

(6) The Anhoa Cooperative in South Vietnam, an organization of cocoa producers, which hulled and extracted the fiber from coconuts produced locally and manufactured the fiber into mats and rope.

(7) The Palm Sugar Producers' Cooperative in Kandal (Cambodia) established to sell on a cooperative basis the sugar produced by local Cambodian farmers. (The marketing of palm sugar in Cambodia has traditionally been a monopoly of Chinese commercial interests.)

(8) The Farmers Cooperative of Kompong-Cham in Cambodia which was originally organized for the cooperative sale of corn produced by local farmers but after World War II engaged primarily in drying and conditioning locally-produced black tobacco for sale on a cooperative basis to the cigarette manufacturers in Saigon-Cholon.

In addition, mention must be made of the Syndicate of Irrigation Associations of Central Vietnam. This was an association of fourteen small irrigation and water control (sea dike construction and maintenance) cooperatives under the technical control of the Public Works Service. In this association, membership was obligatory for all landowners benefitting from the water control and irrigation improvements.

The initiative in organizing those cooperatives was taken by the Office de Credit Populaire. The primary objectives of this credit institution in organizing farmers into cooperatives were to be able to better supervise the loans made to farmers in the area, make the collection of those loans easier by establishing centralized delivery points for the products and to effectuate some degree of control in the
storage, primary processing and marketing of the farm commodities produced by farmer-debtors.

The management of the government agricultural credit institution took notice of the fact that every year small and medium-size farmers, being always short of money, are obliged to sell their produce as soon as possible after harvest and very often before maturity, while the crop is still standing. Prices are at their lowest level at that time. It was realized by the directors of the credit agency that usually it is impossible for small farmers to perform any storage and primary processing themselves, and by leaving these functions to traders, do not benefit from the higher prices at later sales. Therefore, establishing small purchase, sale and primary storage and processing cooperatives appeared to be a feasible solution to the situation. At the same time these organizations would make it possible to ascertain that the funds loaned to farmers would be utilized for productive purposes, in addition to increasing the market value of the products harvested through proper storage, preparation and packaging.

It was realized also that agricultural cooperatives could serve as a medium through which the agricultural technical services, such as the Rice Office of Indochina and the Institute of Agronomic Research, could transmit information on better production practices to farmers.

Cambodia:

There is very little to be stated about the history of cooperatives in Cambodia. In fact, the only farmer cooperatives that ever existed in the history of agriculture in that state were a pepper-growers' cooperative at Kampot, a palm sugar cooperative at Kandal, and a tobacco-growers' cooperative in Kompong Cham. These two cooperatives were
organized by the French a few years prior to World War II and were under the direct supervision and management of the General Director of the Office de Credit Populaire. This credit agency took an active part in organizing these two groups of farmers, primarily as an attempt to consolidate and safeguard its lending operations among tobacco and pepper growers. These two organizations obtained most of their capital from the Office de Credit Populaire and their basic functions consisted of granting short-term loans to member-growers, common storage, basic processing and sale of members' products. These organizations were just getting started when World War II disrupted activities. With the decrease in production of pepper and tobacco during the war period, conditions of insecurity in the areas where they were located, reduced trade, and war damage to their facilities, their operations had virtually ceased by 1950. The tobacco growers' cooperative resumed operations in 1951, however on a greatly reduced scale.

A forest products cooperative (SOCOFOR) and a fisheries cooperative also existed in Cambodia before the war. However, most members were Europeans and most of the capital was obtained from the Office de Credit Populaire in the form of short-term operating and long-term facility loans. These two cooperatives are now defunct and remain as heavy debtors to the former government lending agency. The fisheries cooperative was re-organized in 1953 by Cambodian interests but is not yet of importance.

**Reasons for Failure**

All the cooperatives mentioned above were short-lived as originally established. The reason for their failure, as explained by high officials
of the former Office of Popular Credit, was that their facilities were destroyed and records and capital lost during World War II and the accompanying Japanese occupation. However, it is common knowledge that the record of agricultural cooperatives and, in fact, all types of cooperatives in Indochina, has been discouraging. Not one of the agricultural cooperatives proved successful according to usual standards of performance. The members were invariably suspicious and uncooperative with the management. Farmers were seldom disposed to bring their produce to the cooperative warehouses or mills, except against full payment in cash at current market price. More often the cooperatives soon became ordinary storage, milling or processing, and merchandising centers, without close relationship to their members or raw product suppliers. What undoubtedly tended to further impede success was the fact that a certain portion of the well-to-do members made use of the cooperatives to exploit other members. It was the common practice of these persons to unload their surplus rice or other commodities during period of high prices (at the peak of the seasonal price cycle) to the cooperative against money loans, then re-lend the proceeds at usurious rates of interest during the periods of low prices to other members and specify repayment in produce at harvest time. These repayments in kind were then sold to the cooperative during high price periods.

In addition, the administration of the cooperatives was expensive, operational and other costs were very high and all too often total costs exceeded total income. All of the organizations became heavily indebted to the Office de Credit Populaires and most were disbanded, thus fully justifying the misgivings of the members. By 1944 only
two agricultural cooperatives were functioning in North Vietnam and only three in Central Vietnam. The scale of operation of these remaining were, of course, greatly reduced.

When a family in Indochina is able to obtain funds in excess of the amount necessary to meet the basic household requirements for daily living it is common practice to make loans to less fortunate families at high rates of interest rather than to expand production capacity. This custom increases the difficulties to be overcome in establishing farmers cooperative institutions on an effective and permanent basis.

The efforts of the French Administration in establishing an institution of farmers cooperatives met with two main types of obstacles. One of these was the moral obstacle constituted mainly by the skepticism and abstentionism of the Indochinese "milieux" who go under the fatalistic assumption that usury practices are too well fixed in the habits of the rural economy to be discarded; some people attempt to justify usury by citing the importance of the risks encountered by creditors. They maintain that it is a question of loans granted to farmers of very doubtful solvency who are most often unable to offer the least amount of real security and guarantee and who are, moreover, usually unaware of a loan maturity date. Under such conditions it is obvious that no well-informed banker would negotiate a loan with such debtors because he would soon be driven into bankruptcy due to the absolute impossibility of relying on regular repayments. It appears, therefore, that the usury practices are actually "insurance premiums" paid for covering the very abnormal risks involved. However, arguments presented by former officials of the national agency for
continued efforts in this field are: (1) the importance of the real risks assumed in Indochina by the usurer-creditors is generalized and greatly overly emphasized, (2) had world conditions not disrupted internal activities, French efforts in organizing farmers cooperatives would have been successful in both the lending and storage, and sales types, and (3) the practice of usury is not an Indochinese monopoly or specialty but one that has ruled for centuries throughout Southeast Asia. In fact, usury was common in central and western Europe until the middle of the nineteenth century and was largely abolished through the farmers cooperative movement.

The other major set of obstacles encountered in Indochina were the ignorance and disinterest of the mass of the rural population in the problems and activities of the management of the organizations, and the insufficiency of qualified personnel to fill positions of management. These continue to be the fundamental obstructions to wide acceptance of the democratic principles of cooperation. Therefore, both the agricultural credit agency and the agricultural cooperative organizations affiliated with it have always been considered by the rural population as state institutions administered by civil servants with the conception prevailing that the cooperatives were simply other trade organizations in which membership was obtained for the primary purpose of reaping the greatest profits possible. Very little consideration was given to allegiance to the associations or the concept of mutuality on the part of the membership. Lack of proper education can be cited as one reason for this. The results were that most cooperative boards of directors were composed of big landowners working in harmony with government-appointed French directors or
managers, most of whom were graduates of agricultural colleges in France. Very little efforts were made by the French to train native personnel in business management to a degree sufficient to enable them to assume positions of directors of farmers cooperatives.

**Extent and Adequacy Under the French**

The farmers' cooperatives established under the French were inadequate to meet the needs of Indochina's agricultural economy. In general, the radius of action was very limited and existed only in a few localized centers of concentrated agricultural production of "special crops" (coffee, tea, tobacco, etc.). Undoubtedly some of the cooperatives were responsible for some improvement in the quality of the products they handled. However, the quantity marketed through cooperatives amounted to only a very small percentage of the total output, and the number of farmers marketing their produce through these organizations represented an insignificant portion of all farmer-producers.

It should be remembered that short-term production loans to members constituted a very important and necessary phase of the cooperative program. However, the amount of capital available for this operation was grossly inadequate to meet the needs. According to the records of the Office de Credit Populaire, the financing agency, the amount of capital out on short-term loans to members of cooperatives as of December 31, 1944 was only slightly more than 3.0 million piasters. This explains why the amount of money advanced to members against "pledged" crop deliveries never exceeded 25 percent of the estimated value of the produce.
Recent Activities and Government Interest

The governments of Vietnam and Cambodia decided to renew their efforts at organizing farmers cooperatives, and in 1950 great emphasis was placed on the part farmers organizations could and should play in bringing material improvements and well-being to the rural sector of the economy. It is on the basis of experience gained from past errors noted above that it was decided to embark upon a new and different method of approach in organizing farmers into cooperatives.

More specifically, this decision was based upon the difficulties encountered by the French Administration, and especially the fact that: (1) the agricultural credit system was insufficient and the funds loaned to farmers were often misused and misdirected, resulting in credit being a "two-edged sword", which, is used unproductively, inevitably led to perpetual indebtedness; (2) individual loans, calling for real property as security, were beyond the reach of the great majority of farmers; and (3) individual loans in themselves did not protect the recipients from the disastrous results of speculation in crop trading by middlemen. Complementing the activities of the agricultural credit agency with farmers cooperative organizations performing the additional functions of crop purchase, grading, storage and sale would result in farmers being helped in both the essential fields of loans and storage and sale. On the one hand, farmers could borrow production capital from their cooperatives at reasonable rates of interest and, on the other hand, they could enjoy the benefits of marketing their produce through their cooperatives under advantageous conditions for maximum returns. However, in practice, coordinated action between the agricultural credit agency and the
cooperatives proved difficult to establish and confusion was the result. Moreover, the existing cooperatives were too few in number to adequately complement the functions necessary of a central agricultural credit agency.

The experience gained from these difficulties, and those previously noted, led to the recommendation of creating a new, decentralized agricultural cooperative institution called the "Centre Rural" which was to act simultaneously as a credit organism by granting short-term crop production loans to members, and as an instrument for the purchase, grading, storage, and cooperative sale of members' produce.

The New Program

In scope, a "Centre Rural" would not encompass more than a large village or a group of small neighboring villages. This would promote better application of the fundamental principle of collective responsibility, which is, in Indochina, much superior to individual responsibility for financial guarantees. Under the new program the typical "Centre Rural" would include: (1) as a basic element, a commodity storage warehouse, and a primary processing plant or simple rice milling facilities; (2) for complimentary functions, facilities for sale of basic essentials needed for crop production and home use, such as seeds, fertilizers, various kinds of hand agricultural tools, cloth goods, salt, etc.; and (3) a credit section designed to grant short-term production loans to members.

The new program, which was started in 1952, brought to light many problems to be solved. In the first place, while it is possible in a practical sense to conceive of groups of farmers delivering their crops
for common storage, processing and sale as well as common use of production equipment which they individually possess, it is practically impossible to foresee grouping these same individuals to combine their personal capital for redistribution among the members because most farmers are seldom in possession of liquid assets. In order to obtain capital, farmer groups must, therefore, obtain most of the capital needed from an outside source. This outside source of capital can only come from the state either directly in the form of loans from the state budget or indirectly in the form of guarantees given to loans granted by public credit institutions.

It follows, therefore, that while storage and sales organizations could possibly resort to private initiative and benefit from private legal control, organizations receiving state funds must be subject to more rigid control by the state which furnishes the capital needed. It is for this reason that the new program of farmers cooperatives, calling for almost 100 percent government financing, made it necessary to revise substantially the basic cooperative statutes requiring closer government control and supervision of those receiving government credits. Furthermore, in view of the important part cooperative organizations could and should play in the rural economy of the country, and the special privileges, such as certain exemptions from taxation, etc., it was deemed necessary to protect the rural population against possible abuses resulting from the new organizations reverting to simple trading firms or "false cooperatives". It was necessary, therefore, to be very explicit in incorporating definite and precise regulations concerning cooperative membership requirements, administrative procedures and controls, dividend payments, etc.
A substantial amount of time and effort was expended in official circles, first revising the old agricultural cooperative statutes, then redrafting new ones in attempts to incorporate in the basic legislation and interior regulations as many of the democratic principles of cooperation as possible. Additional time was needed in which to locate farming areas meeting the basic conditions (local production and market conditions, tenure relations, communication and transportation, security, farmer receptiveness, etc.) deemed desirable and necessary for success.

Present Cooperative Statutes:

In addition to defining the composition, objectives, radius of action, duration, powers and activities permitted, etc., of the organization, the statutes contain the following basic provisions:

Admission: Membership in the associations is opened to all agriculturalists who are actively engaged in cultivating the land themselves, but acceptance is effective only upon favorable decision of the Council of Administration. Thus, this section of the law renders all absentee landowners ineligible for membership.

Capital Stock and Shares: To be admitted as a member of the organizations each person must subscribe to at least one share of capital stock of 100 piasters. A minimum of 200 shares are required to organize. No dividend is paid on capital stock, but provisions are made for payment of interest up to a maximum of six percent annually, as determined by the General Assembly. Sale of stock certificates to

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89 Translations of the standard cooperative statutes and interior regulations pertaining to rice farmers organizations are presented in APPENDIX "C".
a third party are to be approved by the Council of Administration which also approves the new purchaser as a member of the association. The Council of Administration reserves the right to refuse admission of a new member resulting from the sale of shares, in which case the new owner is to be reimbursed the face value of his share.

**Administration:** The associations are administered by Councils of Administration each composed of five members elected by and among the membership assembled in a General Assembly. Members are elected for two years and each must subscribe to at least ten shares of stock—to serve as a guarantee for their actions. Rule is by majority vote of the members present at meetings with the president's vote used to break a tie. Members of the Council of Administration do not receive a salary but only per diem for their services while on duty.

**General Director and Board of Controllers:** The General Director of the organization is named by the General Director of the Agricultural Service but only upon the proposal and with the consent of the Council of Administration. The association is subject to the permanent control of the Director of Agriculture. However, a Board of Controllers is appointed, presided over by the Chief of Province and assisted by two commissioners, which may or may not be members of the association. This Board acts in an advisory capacity, and as a checking body.

**General Assembly and Voting:** One fourth of the membership duly assembled constitutes a quorum. Decisions are made by the majority of those present and by proxy votes. Each member is entitled to only one vote regardless of the number of shares he owns or the amount of business conducted with the organizations. The amount of partonage dividends
to be paid is determined by the General Assembly upon the recommenda-
tions of the Council of the Administration.

**Division of Annual Surpluses:** If in the annual inventory, after
deductions have been made for general operational expenses, amortization
of all material and equipment, provision for equipment and material
replacement, there exists a surplus, this surplus shall be divided as
follows: (1) the first three percent of this surplus is retained to
constitute a reserve fund; (2) a sum sufficient to pay owners of shares
of capital stock interest on their stock in amounts not to exceed six
percent of the face value; and (3) the division of the remainder shall
be fixed by the General Assembly which, upon the proposition of the
Council of Administration, can decide to divide it among the members.
This return to members shall be made only under the title of dividends
and shall be proportional to the amount of business done with the
association by each member.

**Adequacy:** The statutes were recommended for adoption as the law
governing farmers organizations with full realization of their short-
comings. However, two factors mainly were responsible for failure to
insist upon a more complete set of regulations. In the first place,
the governing statutes and interior regulations had to be kept as simple
as possible in order to be easily explainable to and readily understood
by illiterate farmers. Secondly, the element of time was very pressing
and only a limited amount was available in which to begin organizing
farmers under the new program.

Specifically, it would have been desirable to give the organiza-
tions greater autonomy and more opportunity for internal and external
control by their own membership, such as excluding outsiders from the Boards of Controllers and giving the membership greater powers in selecting and appointing the General Directors. However, Indochinese governmental officials argued that: (1) this way of doing business and type of organization was new to most farmers, (2) prospective members would be totally ignorant of the basic provisions of the law and would require much time to understand them sufficiently, (3) at this stage it was not possible to find many candidates qualified for the position of General Director from among the farming population, and (4) since the government was to provide most of the capital, the control and supervision of the organization would have to be entrusted to government functionaires. The validity of these arguments was not contested very vigorously.

It would also have been desirable to be more specific in the enforcement provisions relative to marketing contracts between members and the associations. The question of product ownership following delivery is another possible source of conflict. As the law is written there is no provision forbidding farmers from withdrawing their paddy from the cooperative storage for private sale to a third person.

As a means of safeguarding the organizations from the destructive activities of rice merchants, millers' agents and moneylenders, efforts were made to include in the law special provisions forbidding any person to induce any member of an association to breach his marketing contract with the association, or who spread false reports about the finances or management of the association.\footnote{The Non-Profit Corporation Law of Louisiana contains such a provision in Section 145, Title 3, Chapter 2, Part II.} However, government authorities
would not agree to include these provisions. The reason for their reluctance was never quite clear.

**Accomplishments:**

When attempts are made to organize cooperatives among illiterate farmers with very little conception of the basic principles of a democratic organization, a large amount of preparation needs to be done before satisfactory results can be expected. The limited number of competent local government personnel and the destitute condition of the farming population are additional impediments to rapid progress.

In this new program much time and effort was spent in group meetings between government personnel and groups of farmers in both Vietnam and Cambodia to explain the purposes and principles of cooperatives, the conditions necessary for their success, and the responsibilities of members and obligations of the government.

The first organization formed under the new program was a rice growers cooperative organized in August, 1952, in the province of Kompong Cham in Cambodia. By April 1, 1954, this cooperative had a membership of more than 9,000 farmers who cultivated over 73,000 acres of rice. A second rice farmers cooperative was organized in May, 1953, in the province of Prey Veng with a membership of more than 7,000. These two cooperatives were each granted a loan amounting to 5.3 million piasters by the Cambodian Office de Credit Populaire. About 3.2 million piasters of these credits are used to advance crop-production capital to members, 1.5 million to erect rice storage and milling facilities, and the remaining 600,000 piasters utilized to defray operational expenses of the associations. In addition to the above loans obtained from American Aid counterpart funds granted to
the Office de Credit Populaire, a further grant of aid in rice mill machinery, trucks, and quonset storage buildings and burlap bags amounting to about $133,000 was approved for each of these cooperatives. They engage in furnishing crop-production capital to members, common storage of paddy, commodity transportation service and loan of rice sacks, and in cooperative milling and sale of members’ paddy.

In addition to these two rice farmers’ cooperatives, the Tobacco Growers’ Cooperative at Kompong Cham, having 1,500 members, also was reorganized in 1954 under the principles contained in the new cooperative law and provided with two small tractors and land cultivating equipment on reimbursable basis. A piaster loan was also granted to this organization with which to make improvements to the cooperative leaf tobacco drying and curing sheds (Figure XVI).

The fourth group of farmers organized in Cambodia under the new program consists of corn producers along the Mekong River in the Province of Kandal. A small corn drying plant and small tractors and row cultivating equipment for use by members on a cooperative basis also was furnished to this organization of over 2,300 members.

A total of about 20,000 farm families were benefitting from the new farmers’ cooperative program in Cambodia at the end of its second year. These four cooperatives all received piaster and equipment loans from American Aid funds and are all under the general supervision of the Cambodian Office de Credit Populaire, through which the funds and equipment are made available. They are all organized under the democratic principle of one-member-one-vote, dividends according to patronage, etc. Members of the boards of directors are elected from
Figure XVI. Two Methods Utilized in Drying Leaf Tobacco in Cambodia.

There are great possibilities of improving the quality of tobacco produced along the Mekong River in Cambodia through cooperative utilization of government-furnished facilities for drying and curing leaf tobacco.
among the membership at large which is restricted to land cultivators. The General managers are appointed by the Director of the Office de Credit Populaire but these appointments must be approved by the majority of the members in each case.

Money and equipment loans furnished by the Office de Credit Populaire to the cooperatives carry interest at six percent per year. Operating and crop-production loans from the central lending agency mature in 12 months while equipment and facilities loans are for 15 to 20 years. Crop-production loans granted by the cooperatives to their members are secured by title mortgage to the land and by pledged delivery of the crop at harvest time. Loans are granted in amounts up to 70 percent of the estimated value of the crop. The maximum amount loaned to any one member is 6,000 piasters during one growing season. A rate of interest of 12 percent per year is charged by the cooperatives for these short-term seasonal loans to their members.

The future of farmers cooperatives in Cambodia appears bright. However, there is a great need for good leadership exercising extreme caution in moulding and maintaining good membership relations in all cooperatives. There must be conducted the proper educational and cooperative promotion campaigns. There must also be active government support and a fuller realization of the masses of farmers of the possible benefits to them in becoming members of cooperatives. If carried forward in the proper manner the small amount of efforts made so far can well prove to be the initial step needed toward solving the Cambodian farmers' financial, storage, transportation, and general commodity marketing problems.
Vietnam: The background and history of farmers cooperatives in Vietnam has been discussed in preceding sections where notice was made of the primary reasons for the failure of those organizations formed with the financial assistance and under the direction of the former Office de Credit Populaire.

Activities in organizing farmers into cooperative associations under the new program in Vietnam were started simultaneously with those in Cambodia. The same motives prompt action in this field in both states and the same basic difficulties were encountered in both areas—with one major difference. In Vietnam there was no established governmental credit agency during the initial phase of the program. In Cambodia, on the contrary, an agricultural credit agency did exist, and the fact that the Director General of the Office de Credit Populaire was also the Director of the Agriculture Service greatly simplified the task. Thus, in Cambodia there was coordination and cooperation among government officials and a single, straight line of authority with which to work. Such a condition, deemed necessary for immediate action and progress, was not found in Vietnam where every related service in the national as well as the regional governments attempted to retain all technical and financial control possible over activities in their respective fields.

The first efforts were made during the fall of 1952 among a group of tobacco producers in Central Vietnam, the majority of whom are small landowner-cultivators. Traditionally, tobacco farmers in that area sell their produce to local merchants and moneylenders who are called "manufacturer's representatives". As is the case with the
rice merchants, those tobacco buyers usually lend production capital to tobacco growers for a few months each season against a lien on the growing crop. Tobacco leaves are dried and bundled at the farmstead and brought by the grower to the merchant's storehouse in repayment for previous advances. The merchant usually sells directly to a cigarette manufacturer's representative. As a rule there is only one leaf tobacco merchant in each village since all manufacturers belong to a single syndicate.

The main objectives in organizing tobacco farmers into a cooperative were: (1) to improve the quality of the product presented for sale through proper cooperative drying, curing, storage, and uniform packaging and presentation; (2) to furnish production credit to member growers at reasonable rates of interest; (3) to improve the quality of the tobacco leaves by producing in the cooperative nursery and distributing to members improved tobacco seedlings; (4) to sell the produce of the members on a cooperative basis; and (5) to furnish transportation facilities to members in the movement of their tobacco from the farm to the central sheds and warehouses.

The cooperative was organized under democratic principles similar to those of Cambodia with the management entrusted to a General Manager appointed by the Governor of Central Vietnam but approved by the Board of Directors, of which the Chief of Province was designated as an "honorary", non-voting member, and the Board of Controllers. Considerable effort was made to explain the basic principles under which the organization was to function and to enlist the support of local, provincial and regional government authorities. However, these efforts were not
sufficient to prevent the organization to meet with difficulties at
the very beginning.

In the first place, the administrative machinery required to
get the funds released and into the hands of farmers was so compli­
cated that most members had contracted loans with local merchants by
the time the funds were available to the cooperative management.
Secondly, the person elected as president of the Board of Directors
was an unscrupulous individual who had been a tobacco merchant and
usurer, and a former Viet Minh sympathizer who used his influence as
a creditor to a number of tobacco growers in the area to get sufficient
votes to be elected to the position. He immediately used his official
position to consolidate his hold on local tobacco producers. Further­
more, the Governor-appointed manager, who was also Chief of the
Agriculture Service for Central Vietnam, completely disregarded the
established regulations and embarked upon a program of lavish spending
of cooperative funds for personal travel and per diem. In addition,
the Chief of Province was indifferent to the success of the organization
and did not take an active interest in its affairs. Dissention between
the management and the membership soon became a major problem and
membership relations were poor. Operating with complete lack of
direction from the manager and no active support and interest from
the Chief of Province, members of the Council of Administration lost
little time in disregarding regulations, with confusion and corruption
as the inevitable result. Among the discrepancies in the operation of
this governing board were: (1) each member procured for himself a
rubber stamp (which in Indochina is used very widely in signing official
documents) which he used in the name of the cooperative. These were
utilized to verify each other's expense vouchers, loan applications, receipts for expenditures, etc; (2) members requesting and approving for each other advances in money for what they expected to receive as per diem in the future; (3) prices paid for tobacco deliveries to the cooperative warehouses that were much higher than the prices local merchants were paying for the same quality; (4) the wife of the President of the board, though not a tobacco producer, was admitted as a member of the association and purchased tobacco in the local market for resale to the cooperative at a profit; and (5) members delivered their poorest quality tobacco to the cooperative for storage and drying while selling the better grades to the tobacco merchant. Under such conditions it is not surprising that the first year of operation was a failure from the standpoint of finances and goodwill among members toward the organization.

Early in the spring of 1954 the government of Vietnam ordered a complete reorganization of the association. A new cooperative manager and a new Chief of Province were appointed, and a new Council of Administration was elected. Following this action the cooperative progressed satisfactorily; membership increased, administrative costs were reduced, and volume of business was increased. The result was that during 1954 over 500,000 piasters above costs were realized, compared to a net loss of nearly 200,000 piasters during 1953. In the 1955 marketing year the association had a volume of business amounting to about 800 tons of leaf tobacco, affording a net profit of nearly 1.0 million piasters, and permitted the payment of patronage dividends to members for the first time.
Another area in which efforts were made to organize farmers into cooperatives in Vietnam includes rice storage, milling, sales and production credit. Two groups of rice farmers were organized in the spring of 1953 in the provinces of Cantho and Dentre in South Vietnam. Local counterpart currency and dollar equipment from American aid funds were allocated to these cooperatives in order to make it possible for the Ministry of Agriculture and local authorities to install rice storage facilities and milling equipment at the two agreed sites, and to afford a source of short-term production credit to members of the cooperatives. Rice milling machinery, power units, storage facilities, burlap bags and transportation equipment were furnished as a direct grant of aid which was capitalized in local currency so as to constitute a reimbursable advance to the cooperatives. These "pilot" cooperatives were intended to fulfill the several purposes of furnishing badly needed short-term credit to members, providing them with facilities necessary to store and mill their rice so as to sell at a more favorable seasonal price, and to give them the advantage of cooperative marketing through association with other farmer members. In this manner it was hoped that farmers could escape the demands of the moneylenders and the resulting monopoly of the merchants, and thus be able to experience a higher income and a better living.

Loans are granted to members in prescribed limitations at a rate of interest of one percent per month reimbursable to the cooperative at the end of the crop year, and with the growing crop pledged as security. Reimbursements of loans made to the cooperative are to serve as a revolving fund from which similar advances in subsequent years will
be made. These loan funds are reimbursable in equal yearly installments over a 10-year period. The rice milling and other equipment and supplies furnished as direct dollar aid will be repaid with interest in 15 years. Principal and interest payments are to be made to the National Agricultural Credit and Cooperative Service (SNCAAC) and are to be utilized in extending loans to other farmer cooperatives in other areas.

Crop production loans are granted to members up to 70 percent of the estimated value of the growing crop. Upon delivery of the member's paddy to the cooperative storage warehouse the loans are converted to storage loans. Two safeguards in particular are taken to guarantee loans repayment. First, the Council of Administration takes proper steps to verify the acreage of rice under cultivation as declared by the borrower. Secondly, loan applications are co-signed by two other members who are, along with the borrower, responsible for repayment. In order to prevent unwise utilization of the borrowed funds, loans are made in three installments, at the beginning of the cultivation season, during the middle of the rice growing season, and at harvest time.

Notwithstanding all precautions taken during the initial phases of organizing, special efforts made to enlist favorable membership response and cooperation, and the large amount of work done to insure proper management-member relations, the first year of operation was not successful. During the summer and fall of 1953 the countryside in the vicinities of the two cooperative installations was considered by government authorities as peaceful and secure from the standpoint of rebel activities. This was a primary consideration in selecting
those two "pilot" areas. Local farmers were very enthusiastic in their response and by early fall of 1953 the two cooperatives had a combined membership of about 3,000 farmers. However, the Communist rebels soon realized that the Vietnamese government was utilizing those two farmers organizations as a means of rallying the rural population and they immediately set out to concentrate their activities in these two areas. They harrassed the local population and the Council of Notables of both areas had to flee the villages for the safety of the cities. The treasurer of one cooperative was kidnapped and leaflets were distributed in the area threatening the farmers with death if they delivered their paddy to the cooperative warehouses. Consequently, only about 700 tons of paddy was delivered by cooperators and stored in the organizations' warehouses after harvest the first year. Delays in delivery of supplies and equipment further handicapped immediate progress. Following the cessation of hostilities in 1954, activities were resumed and a total of 1,500 tons of paddy belonging to cooperative members was stored during the 1954-55 crop season.

A third rice farmers' cooperative was organized during 1954 along approximately the same pattern as the first two, with the exception that rice milling facilities were not provided. Results of the first year of operation of this organization were very satisfactory (Figure XVII). There were over 650 members who stored a total of 1,300 metric tons of paddy in the cooperative warehouse at the end of the first year's harvest. The market value of stored rice was approximately twice the piaster loans granted to members during the crop production season.
There is a great need for more and better paddy storage facilities in Indochina at the village level. Organizing farmers for cooperative use of government-furnished facilities for storing both bulk and sacked rice appear the soundest solution to this problem.
The Current Program of Activities: The difficulties encountered with the first attempts at organizing farmers under the new concept and the revised cooperative laws enabled governmental authorities to realize that the organizations were too large and actually too impersonal for the average Vietnamese farmer to feel a close attachment to them. Furthermore, they were endowed with too much capital and equipment, and therefore were too complex for local and provincial managerial talent to manage properly without extensive training in cooperative management. The Vietnamese rice farmer was not able to understand the organization and operations sufficiently well.

For these reasons the current program, begun during the spring of 1955, calls for providing additional funds to organize small, simple village farmers' storage and credit cooperatives in 20 rural localities in South and Central Vietnam. By the end of 1955 a total of 19 groups of farmers were organized under this program. These cooperatives are organized at the village level and are provided with simple paddy storage buildings, burlap bags, platform scales, and other necessary items on a loan basis reimbursable over a period of years. Loans in amounts up to 70 percent of their estimated marketable crop are granted to members during the crop production season. The loans are converted into warehouse loans on paddy placed in storage in the cooperative warehouse. Warehouse loans amount to 85 percent of the value of the paddy placed in storage. Both types of loans carry interest rates of one percent per month.

These cooperatives are "demonstrational" in character in the sense that it is hoped they will serve the added purpose of demonstrating to
other farmers in neighboring villages the benefits of group action on a cooperative basis for mutual and community benefit. The amount advanced in money and facilities will be reimbursed to the Service Nationale de Credit Agricole et Artisanal Cooperatif (SNCAAC) or its successor agency who will carry out the fiscal management for further development of agricultural cooperatives and credit in Vietnam. It is anticipated that the loans to these demonstrational cooperatives will be repaid in full in 20 years.

**Basic Requirements for Success and Recommended Action**

Mention already has been made of the fact that apart from the conditions of security in the rural areas, one of the greatest handicaps in the administration and operation of these government-sponsored and financed cooperatives has been the frequent and extended delays in disbursement of funds from the counterpart deposits and in the handling of funds through the echelon of civil administration on down to the hands of the farmer borrowers. In the administrative regulations and financing procedures established and agreed upon during the organizational stage it was stipulated that the "banking" functions and controls would be handled by and become the sole responsibility of SNCAAC. The role of assuming leadership, furnishing guidance and counsel in organizing, propaganda and information, as well as responsibility for efficient management was left to Agricultural Service and the Ministry of Agriculture. However, SNCAAC has never been able to assume fully the functions reserved for it. With either the Minister of Agriculture or the Director of the Agricultural Service designated as "project
administrator" in each case, they have been very reluctant to release the banking functions to SNCAAC, but instead have preferred to assume that role also and thus be in a position to control both operational and financing activities.

Disbursement of funds has proven to be a difficult task. However, reimbursements of both the short-term and operational loans, and the long-term equipment and facilities loans probably will meet with greater difficulties. It is imperative, therefore, that the whole banking functions be entrusted to SNCAAC, or some other superceeding agency as soon as possible, and that the interested agricultural services restrict their activities to the organizational, informational, management, and those other phases of the program in which they are more likely to have some competence.

A broader program of training local village personnel in management activities should be started as soon as possible. The objective should be to allow local personnel to assume cooperative management functions rather than having government functionaires from Saigon and other cities perform them. This would bring about better response and a sense of belonging to the associations on the part of farmers, because it is more likely that they would cease to look upon the managers as strangers and upon the organizations as being foreign to their interests.

Greater efforts by the Agriculture Service should be made in educating rural people in the principles of cooperation, and the promotion of cooperatives should be given greater emphasis.

Definite and concerted action should be taken to effectuate close and continued supervision and control of farmer associations organized
and financed with government funds and facilities. Great caution must be exercised to prevent repetition of the situation that almost destroyed the Tobacco Farmers Cooperative in Central Vietnam during 1953.

Government authorities concerned should put all emphasis possible toward creating and maintaining strong and amicable relationships among cooperative members, and between members and the management and the Agricultural Service.
CHAPTER X

AGRICULTURAL CREDIT

The continuous need for agricultural credit of all types and the frequent lack of it have been the major factors responsible for the slow progress in agricultural development in Indochina. Inadequate credit facilities and capital is not restricted to agricultural enterprises, however, and there is a large place in Indochina's economy for all forms of credit. Robequain, for example, is of the opinion that healthy credit distribution may be called essential to the country's life and a condition of its growth.91

Lacking both foresight and capital the average farmer in Indochina often borrows both the seeds and the draft animals necessary to produce his crops. During bad crop years the farmer must also find the funds with which to pay his taxes and fulfill his religious and family duties. A moneylender will readily advance a loan, but on very harsh terms. The debt will be repaid with difficulty, most often at the cost of mortgaging the harvest and even the land.

The rates of interest are usually very high, and credit at usurious rates of interest for commodities which are used by the majority of the native population is clear indication of an impoverished population living on the edge of its means and often a little beyond. It is not unusual, for example, for interest rates to run as high as 40 percent

91Robequain, op. cit., p. 168.
per annum; and in the case of small loans, rates may even reach 10 or 12 percent per month or up to 140 percent per year. Domestic savings are insufficient for credit needs, and the Chinese and Indian money lenders provide the funds for a very large part of the loans.

Every year the rice millers and Chinese exporters in the Saigon-Cholon market make loans in order to finance the rice harvest which is the cornerstone of their business. Furthermore, professional bankers from China and India have long specialized in this type of business. In every case, the loans agreed upon are personal credits whose repayment involves a good deal of risk. This explains in part the high rates of interest which seem exhorbitant at first sight.

One cannot escape the conclusion that one of the major elements of agrarian reforms needed in Indochina is the provision of cheap credit for the peasant. Whether or not he owns the land he cultivates, the Indochinese peasant is generally in debt and, because of usurious rates of interest charged, he invariably finds it very difficult to extricate himself from this position.

Traditional Sources

In the case of landless farm families the landlord is the main source of credit. He furnishes the needed capital and rice to the tenant cultivator—who is almost always devoid of cash—at a rate which frequently reaches 100 percent per year, and rates of 120 percent are not unheard of.

In Indochina the landlord-moneylender is the worst influence on the general agricultural development. The landlords, in many cases,
depend more on the interest they receive from the loans they grant to their tenants than on the output from their rice lands. This explains why owners of large estates often prefer to divide their land into small farms and lease them to landless peasants for traditional, primitive cultivation. Gourou emphasizes that usury is the surest and most economical means of rounding out a domain, that the debtors with a status similar to servitude often seek escape in flight, and that indebtedness on this scale destroys stability and reduces the intensity of land use. 92 Certainly a system of land utilization based on money interest and not on agricultural production must finally reduce the productivity of the entire economy.

In normal times it appears that in the rural areas of Indochina everyone borrows and almost everyone is at the same time a lender of funds. Enrich Jacoby cites a report from a former French colonial administrator in South Vietnam in which the situation was stated as follows:

"There is no one who is neither borrower nor lender. The tenant (tadien) borrows from his landlord, the latter, if need arises, from the large capitalist; the coolie will establish credit with his foreman; the latter with his employer; the fisherman with the fisheries contractors; the small trader with the large merchant. Those with an independent calling, artisans and officials, contract with the Chinese merchant or with the usurer." 93

To relate the conditions in Cambodia, Jacoby refers to a statement by Gourou94 who states that even in that state where conditions are

92Pierre Gourou, Land Utilization in Indochina, pp. 345-347.
93Jacoby, op. cit., p. 148.
generally more favorable, the absence of equitable credit institutions has rendered a tempting opportunity for exploitation of the native farmers. The Chinese trader generally takes a rate of interest of 100 percent for a six to eight-months loan. If the peasant does not repay on time, the Chinese creditor takes the whole (surplus) of the harvest himself, pays the taxes, and reduces the peasant to a form of peonage.

Jacoby is of the opinion that though the French authorities recognized very well the oppressed position of the heavily indebted peasants, they still fought usury mainly by legal measures and, therefore, without success. Where they tried to combat it indirectly by providing credit at moderate rates, they also failed because they did not reach the level of the most urgent need for money.95

French Efforts96

As soon as trade relations were established between France and the Indochinese colonies at the end of the nineteenth century, the National Bank of France established a branch office in the country, and soon afterward other large French banks helped organize the Bank of Indochina which was endowed with the right to issue currency

95Gourou, op. cit., p. 149.

96Most of the information pertaining to the history and development of agricultural credit in Indochina was obtained from the archives and records of the former Office de Credit Populaire. Those records are on file in the Vietnamese and Cambodian Ministries of Agriculture and National Economy. A very concise presentation is contained in an unpublished report by H. A. C. Moreau, formerly General Director of the Office de Credit Populaire, entitled Agricultural Credit and Cooperation in Indochina. This report is on file in the Economic Section of the Haut Commissariat de France en Indochine in Saigon.
throughout the three states. By the beginning of the twentieth century a portion of the funds created by the issuance of bank notes was earmarked for agricultural loans. However, not much progress was made by the issuing bank in this field. Agricultural loans never did conform to the issuing banks' need for liquid funds. Moreover, they operated counter to tradition and aroused the natives' distrust. As a result, the distribution of credits from this central bank to the native farmers has never reached large proportions and credit to peasant farmers continued to be obtained from traditional sources. In fact, Robequain reports that it should not be assumed that the introduction of European credit methods, based on taking real guarantees, such as pledges, securities and mortgages, and the relative abundance of money resulting from French capital imports, caused the rapid disappearance of usury in Indochina. 97

For a long time there have been two types of credit in Indochina, one adopted to the natives' mentality and customs, and the other to European business firms in their relations with each other and with the home country. One is extended by traditional usurers and the other by specialized European organizations, both operating in distinct spheres.

**Mutual Loan Associations:**

In 1913 mutual loan associations were organized in South Vietnam which landholders could join by subscribing a ten piaster share. Their purpose was to facilitate the granting of loans on as easy terms as

97Robequain, op. cit., p. 168.
possible by increasing the borrower's credit. In practice, these mutual loan associations were merely a convenient way to extend the issuing bank's cheap credit policy to European agricultural interests. Beginning in 1923, private capital flowing in from France began to turn toward rice cultivation. Banks already established in Indochina were paralleled by land banks. However, while the mutual loan associations had specialized in small loans to medium landholders, the new companies granted much larger sums. In theory their loans were guaranteed by first mortgages often endorsed by well-known large and solvent landowners. The amount of money loaned by these land banks rose rapidly and their operations were considered a success from the standpoint of amount of business transacted until 1930. But the activities of these organizations never did extend much beyond South Vietnam primarily because of the fact that this system of credit required the existence of rice cultivators owning a few assets, and therefore it was inapplicable in North and Central Vietnam where the people were almost without resources and the estates unorganized.

**Credit Populaire Agricole:**

In 1927 the French authorities in Indochina ordered the creation of the **Credit Populaire Agricole** in those regions of the country where the land banks were not functioning. The Bank of Indochina was required, under government guarantee, to respond to requests for loans made by the **Credit Populaire**. Native rice farmers were eligible for loans from the local banks or offices of the **Credit Populaire** but first mortgages on real estate served as the primary guarantee.

With the general depression that followed in 1932 the loans made by the newly-organized **Credit Populaire** were repaid under rather
unfavorable conditions for, in most cases, the rice cultivators had to settle their debts first with their most exacting creditors. In most instances, therefore, the Chinese and Indian bankers and moneylenders were repaid before the government lending institution. In 1932, 70 percent of the loans were still outstanding, and it became necessary for the government to settle the frozen liabilities of the Agricultural Banks by creating a Central Mutual Credit Bank (Caisse Centrale de Credit Mutuel) which was further endowed with capital by the government and which received a portion of the annual dues of the Bank of Indochina.

Even after absorbing some of the disastrous immediate effects of the depression, there still remained the serious problem of the heavy debt load of rice farmers. Agricultural indebtedness is widespread in most countries during depressions. Since agricultural prices are always more affected by depressions than are the prices of manufactured goods, it is usually difficult for farmers to meet payment of debts contracted during prosperous years. There are two remedies for this situation. The first one adopted in the United States consists in inflating the prices of agricultural commodities by devaluing the currency; the other, preferred by the government of Indochina during the last depression, consists in attacking the problem more directly by obtaining a reduction or adjustment in the debt of the agricultural sector of the population. Undoubtedly this solution, though probably more equitable and direct, is harder to put into practice because of the fact that creditors, feeling dispossessed of their capital and assets, will oppose it vehemently.

In order to avoid the brutal dispossession of the indebted landowners which could only result in further disruption in the rice
economy, the government of Indochina in 1932 created an office for long-term land loans. Its purpose was to build a framework of friendly adjustments between creditor and debtor, and the main job was to induce creditors to give up their claim to that portion of the loan that had been wiped out by the devaluation of the security through falling prices; in return the government would then repay the balance to the creditors. The debtors then owed the full amount of their debts to the government under the new arrangement. Robequain is of the opinion that Chinese bankers were not greatly affected by the depression insofar as recovering their loans was concerned since those specializing in short-term loans were successful in most instances in recovering their entire loans without resorting to the land loan office. However, the fact still remains that most of the loans outstanding on the books of the various government-financed lending organizations were adjusted in the manner prescribed by the land loan office. According to Robequain, as a result devaluation of capital averaged 47 percent, and interest rates were reduced by 75 percent on the average.

Parallel with the activities of the land loan office were the reorganizations initiated by the various Indochinese agricultural credit groups. From 1933 on the land banks largely gave up long-term credit operations, limiting themselves to the management of their securities and real estate and entrusting the handling of their old loans to the Mortgage Credit Company of Indochina. As for agricultural credit, the Central Bank, created in 1932 in order to liquidate the

98Robequain, op. cit., p. 175.

99Ibid.
liabilities of the Mutual Agricultural Credit Associations, became responsible for all the bills which the Bank of Indochina had discounted to these institutions.

Credit Agricole Mutuel:

In 1933 a central supervising body, the Mutual Agricultural Credit Office (Office Indochinois du Credit Agricole Mutuel), was organized to coordinate the activities of the credit organizations. The system comprised a communal bank, provincial banks, and a central fund. This government lending agency received the "right and privilege" of granting short-term production loans to farmers, and was the first attempt by the government of Indochina to enter directly into the field of agricultural credit. This government agricultural credit organization was financed by the government with funds provided through the Tresorerie Generale de L'Indochine, and was under the close supervision and control of the French High Commissioner General for Indochina.

Subsequent decrees established in 1940, 1944, and again in 1950 revised substantially the regulations governing the organization and gave it more financial autonomy. The lending activities were administered through provincial offices (Caisses Provinciales) which were formed throughout Indochina. In January, 1944 there were a total of 46 provincial lending offices in Vietnam alone (16 in Tonkin, 11 in Annam and 19 in Cochinchina) and 8 in Cambodia.

Internal war activities disrupted both the agricultural economy of the country and the operations of the provincial loan offices and as a result the lending operations came to an end. By the end of 1944 only one provincial office, or bank, remained open in Vietnam (in
Hadong) but this office had ceased lending operations. In Camboida the organization survived in name, and when Cambodia received its share of the liquidated assets in 1951, lending operations were resumed in that state through eight provincial banks.

**Inadequacy of the System — Reasons for Failure**

The French attempted to improve the debtor position of the Indo-chinese peasant in two ways: (1) by establishing a reasonable legal rate of interest for private loans and otherwise restricting the flagrant practices of the native moneylenders; and (2) by promoting semi-official credit organizations to provide loans at moderate rates of interest. A decree of 1926 limited imprisonment for debt to cases where the debtor had obviously acted in bad faith. Another decree passed in 1934 restricted the annual legal interest rate to five percent and the maximum rate, by agreement, to eight percent. To close the loopholes in this law, another decree in 1936 stipulated that private loan contracts and transactions required official supervision and approval. Subsequent legislation provided for the recovery of interest charged at an illegal rate and set penalties for lenders who violated the loan laws.

Notwithstanding the laws passed by the government setting forth certain legal limitations on lending practices and the activities of the European lending groups, the Chinese and Indian lending and banking business never was greatly hampered, nor their activities materially diminished. Legal restrictions on lending operations remained on the statute books but were never enforced by the authorities nor adhered
to by the moneylenders. Far from interfering, the different types of credit in fact dovetailed with each other. Frequently, the Chinese and Indian moneylenders continued to grant loans without any security whatsoever or only on the margin left between the value of the security and the amount advanced against it by the European banks. According to Robequain, sometimes an Indochinese landowner could turn to the Agricultural Credit Funds for money which he would subsequently reloan to his fellow citizens on much more stringent terms. 100

The various credit institutions in the different parts of Indochina were all initiated by the government and have all been based more on government guarantee rather than on their own resources. The frequent losses that occurred were generally supported by the bank of issue. It is true that in those areas of the country where property rights were cleared by a more efficient surveying system, a sounder agricultural credit system was in operation for some years, but even there loans could be granted only on the condition that land be put up as security. Under such conditions, the credit activities of those institutions could hardly reach the level of the tenants most in need of credit. Jacoby is of the opinion that certainly those institutions were instrumental in financing the extension of rice cultivation on the new rice lands of South Vietnam, but, at the same time, they also fostered the process of land concentration. 101 In addition, these institutions gave the landlords the opportunity to lend to distressed tenants and small farmers, at exhorbitant rates of interest, the money they had

100 Robequain, op. cit., p. 171.
101 Jacoby, op. cit., p. 149.
borrowed at cheap rates. Generally speaking, the credit system in Indochina did not ease the situation, but actually aggravated it by increasing the tenant farmer's need for credit.

The excessive dependence on the government of the various institutions, the large discrepancy between the capital available and the loans made, and especially the inability of the system to reach the small tenant farmers were the major weaknesses of the French credit system. This system, though often called a mutual agricultural credit system, was actually based not on mutual aid but exclusively on government funds and guarantees. It was not a cooperative enterprise as no joint risk was involved, and consequently no cooperative spirit could be developed. Since small farmers were not in a position to refund a loan because they could not save enough money to do so, the government had to come to the rescue, and therefore government control, instead of mutual supervision, dominated the credit system. Jacoby quotes a former French Governor-General of Indochina as having illustrated the defect of the credit system in the following manner.102

"If only the loans had been granted directly to the needy nahque (small owner-cultivators) or the poverty-stricken tadien (sharecroppers). The depressing fact is that the credit facilities so far granted have had no psychological or economic effects. It has indeed proved almost impossible to bring these advances within the reach of the small farmer, the tadien or the nahque, except through the large or medium-scale landowners ........ All the efforts made by my administrative officers to improve the situation of these poor people are therefore brought to naught; any attempt to lower the cost of production of rice by reducing the interest of loans is doomed to failure in advance. The large and medium-scale landowners charge a tremendous commission, equal to the difference between the interest

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102 Jacoby, op. cit., pp. 150-151.
charged on loans by the rural funds and the rates at which they lend money directly or which they charge for standing security. Their malfeasant influence prevents any direct contact between the authorities and the rural masses."

Thus has been the helpless state of dependency of the rural peasants of Indochina for agricultural loans of any kind. For years they have been forced to approach the landlord or moneylender for advances, and always they have had to be at the disposal of their masters for laboring services of any kind; always indebted, they have had little chance ever to repay the loans, and the accumulated interest did not take very long to multiply the capital debt.

**Inadequacy of the System:**

An idea of the inadequacy of the agricultural credit system in Indochina in meeting the needs of farmers is obtained by analyzing the operations of the provincial offices of the Office de Credit Populaire during the peak of activities at the beginning of 1944. These local or provincial loan offices were organized for the most part by private individuals and companies or loan societies who made some token contribution to the working capital. However, the greatest part of the capital consisted of government loans to those organizations and private contributions of capital was very small compared with the total amount of money loaned. The total amount of subscribed capital in all of the 54 provincial offices in operation in Indochina at the beginning of 1944 was only 652,325 piasters—contributed by 237,382 shareholders. However, the total capital in short, medium and long-term loans outstanding amounted to 7,220,184 piasters—a capital-to-loan ratio of ten to one. Also, at the beginning of 1944 there were 94,941 individual borrowers, of which 94,134 had contracted short-term loans averaging 63
piasters. In addition, a total of 789 individuals had contracted medium-term loans averaging 1,300 piasters each, and four borrowers had received long-term loans totalling 253,000 piasters, or an average of 63,222 piasters per loan. (The official rate of the Indochinese piaster in 1944 was 20 piasters to the United States dollar.)

When considering the total amount of money in loans outstanding and the total number of individual loans granted, it is quite evident that the lending activities of the Office de Credit Populaire, even at the peak of activities, was woefully small in comparison to the agricultural credit needs of a country where there are more than three million farm families, the great majority of which are in perpetual need of credit.

The original Agricultural Credit Office was established for the purpose of granting loans only to Europeans. However, a revision in the regulations in June, 1940 gave the organization the authority to grant loans to Indochinese farmers also. According to the Interior Regulations, the Office de Credit Populaire was free to grant short-term loans to individual farmers with only the growing crop and the borrower's integrity as security. This was in principle, but in practice all loans—short, medium and long-term—were made on the basis of mortgage security, i.e., the pledging of land. In the case of loans to cooperatives, syndicates or villages, the pledging of physical assets was required as security.

More than 99 percent of the short-term loans were made in North and Central Vietnam and in Cambodia, whereas about 85 percent of the medium-term and all of the long-term loans were made in South Vietnam.
The reason for this, as explained to the writer by a former French general manager of the national office, was that in South Vietnam, an area of large landowners, the borrowers for the most part were owners of large tracts of land who employed large numbers of tenants to cultivate their lands. The inference was that these borrowers utilized this borrowed capital in sub-lending it to their tenants at higher rates of interest. The reason that the amount of the average loan granted by the organization in South Vietnam was very much larger than the average loan granted in other parts of the country was because agricultural holdings in South Vietnam were very much more extensive. It was common knowledge that, especially in South Vietnam, a very large portion of the medium-term loans were used by landowner borrowers to grant seasonal loans to their tenant farmers who were ineligible themselves to obtain loans from the Provincial loan offices. It is known also that there usually was a tremendous difference between the six percent per year interest paid by the landowner for the credit obtained at the loan office and the rate of interest paid by his tenants for the use of this same money.

Large landowners in Vietnam entrusted their farming operations to managers, supervisors and "farmer-generals", and, having no trust in their tenants, they lent money to these managers who in turn sub-lent it to the tenants on short-term rates reaching as high as twenty percent per month. This was the same money originally obtained by the landowner at the loan office at rates of one percent per month for short-term loans and an average of six percent per year for medium-term loans. The only conclusions to be reached from this sort of financing operation
is that this practice was as bad or worse than the usurious practices of the moneylenders and merchants that have been going on in Indochina for centuries.

Therefore, notwithstanding the efforts of the French Administration in the field of agricultural credit, the debtor position of the poor peasant farmer has not improved appreciably, and most of the agricultural loans are still made by the traditional Chinese and Indian moneylenders and merchants and large landowners under very unfavorable terms to borrowers. Perhaps the major fault with agricultural credit as it has been organized in Indochina is that it has not been really a mutual undertaking based on traditional forms of cooperatives. The banks or societies administering loans always have been almost exclusively dependent on the government which guaranteed the loans, with the result that the amount of credit extended greatly exceeded the capital on hand. Furthermore, the loans have seldom, if ever, reached the peasant directly, but passed through one or more intermediaries, increasing in interest rates at every stage, before reaching those greatest in need of the money.

History of the Organization and Activities of Agricultural Credit Agencies

In order to understand more fully the reasons for the complex state of affairs of agricultural credit in Indochina, it appears appropriate to give a rather detailed examination of the operation of the various governmental and quasi-governmental organizations since the inception of organized credit agencies. It should be kept in mind that, along with extending agricultural credit of various types to individuals, most lending institutions established under French
administration were also set up to grant loans to associations or groups of individuals, or cooperatives. For this reason, it is often difficult to make the clear distinction between the individual agricultural credit sector and the cooperative credit operations.

The first semblence of an organized credit association was established in Cochinchina in 1915 when a French Chief of Province helped organize a few persons into the Societe Indigene de Credit Agricole Mutuel (Native Society of Mutual Agricultural Credit), most commonly referred to under its initials of SICAM. It was not until 1927, however, that the Banques Provinciales de Credit Agricole Populaire (Provincial Agricultural Credit Banks) were created in the other sections of the country. The SICAM in Cochinchina on the other hand continued to operate until 1939 at which time it was absorbed by the federated credit organization known as the Office de Credit Populaire.

Agricultural Credit to Individuals in Cochinchina:

1. SICAM: Following the organization of the first native society of mutual agricultural credit in 1915, other organizations affiliated with it followed suit and by 1930 there was an organization in each of the 20 provinces in Cochinchina. However, the amount of capital subscribed by the membership of these organizations was very small (266,000 piasters by some 14,000 members in 1930) and it was never sufficient to support the amount of money in loans with the result that the Bank of Indochina was called upon to guarantee the loans through a system of discounting the indebtedness of the provincial associations.

Loans granted to the members carried interest at a rate of ten percent per year; the provincial offices paid eight percent to the Bank of Indochina and the remaining two percent was utilized to pay
administration costs and to create a reserve fund (which amounted to slightly more than one million piasters in 1930). The Bank of Indochina, on the other hand returned two percent to the local governments in compensation for the efforts made toward helping in the operation of the local or provincial loan offices.

The accounting controls of operations were made by inspectors of the Bank of Indochina. Administrative controls were exercised by the Chief Inspector of Political and Administrative Affairs who also held the portfolio of Inspector-General of Agricultural Credit.

The lending operations of those provincial organizations appeared satisfactory until the economic crisis of 1930, when, following a sharp decline in rice prices, not one of them was able to reimburse the funds borrowed from the Bank of Indochina, with the result that a total of 12 million piasters was lost by the Central Bank. Following several governmental investigations it was concluded that the provincial associations had been too liberal with their loans and that numerous abuses had been committed, such as: (1) granting of large sums of money loans to members of the Board of Directors and to large landowners; (2) renewing loans in arrears for no valid reason (for example, in 1929, the year of highest rice prices, the value of loans renewed amounted to about six million piasters compared to only 3.4 million piasters of loans repaid); and (3) utilization of borrowed funds to pay for sundry expenses and for non-agricultural purposes.

However, what was probably worse, it was established by government investigators that the SICAM had not attained the social goals proposed by the organizers—such as making it easier for peasant farmers to
purchase and own land, and improving the living standard of the agri- 
cultural working class by granting loans to tenant farmers and small 
owner-cultivators. On the contrary, investigators reported that SICAM 
had helped the large and medium landowners to improve their privileged 
position among the rural masses.

The most that can be said is that the greater portion of the credit 
granted made some contribution toward the expansion of rice cultivation 
in the Transpassac area and that it had some small influence in reducing 
the amount of money loaned by the Chinese and Indian moneylenders (out 
of a total estimated agricultural debt of 50 million piasters in 
Cochinchina in 1930 the Credit Agricole furnished about 11 million 
piasters). So far as the spirit of mutuality was concerned, it was 
non-existent.

Table 25 gives an indication of the operation of those organizations 
from 1924 to 1930.

Table 25. Lending Operations of the Mutual Agricultural Credit Societies 
of Cochinchina from 1924-30

<table>
<thead>
<tr>
<th>Year</th>
<th>New</th>
<th>Reimbursed</th>
<th>Renewed loans</th>
<th>Loans unpaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>1924</td>
<td>1,129,395</td>
<td>843,525</td>
<td>1,177,556</td>
<td>66,520</td>
</tr>
<tr>
<td>1925</td>
<td>1,717,925</td>
<td>1,121,530</td>
<td>1,730,103</td>
<td>100,048</td>
</tr>
<tr>
<td>1926</td>
<td>2,134,165</td>
<td>1,768,770</td>
<td>---</td>
<td>113,890</td>
</tr>
<tr>
<td>1927</td>
<td>3,121,140</td>
<td>1,758,950</td>
<td>2,428,060</td>
<td>277,086</td>
</tr>
<tr>
<td>1928</td>
<td>5,825,803</td>
<td>2,352,360</td>
<td>3,499,884</td>
<td>234,401</td>
</tr>
<tr>
<td>1929</td>
<td>6,195,342</td>
<td>3,444,912</td>
<td>5,987,187</td>
<td>336,475</td>
</tr>
<tr>
<td>1930</td>
<td>3,154,067</td>
<td>3,854,628</td>
<td>7,268,965</td>
<td>852,279</td>
</tr>
</tbody>
</table>
It has already been noted that in order to avoid complete insolvency of the organizations, the government decided to take certain definite measures, such as: administrative pressure, reduction in the interest charges from ten to eight percent, cancel overdue interest to debtors who paid their loans, purchase by the local governments of lands belonging to borrowers, etc. In 1932 the granting of new loans was suspended and that same year a new government organization (the Caisse Centrale de Credit Agricole de Cochinchine) was established to centralize and control and activities. The SICAM's activities were progressively taken over by the Office de Credit Populaire of Indochina beginning in 1939, and, in 1944, the central office was dissolved completely.

2. Provincial Mutual Agricultural Credit Banks of Cochinchina:

The transformation of the SICAMs into Provincial Banks under the control of the Popular Credit Office was begun in 1939 and continued until 1945, when a total of 19 such banks had been established. However, this transformation process was accomplished only with some difficulties. To begin with, the former managers of the provincial offices were very reluctant to see the societies which they had formed and managed without much outside control and supervision suddenly become affiliated with, and controlled by, a central office located in the country's capital city.

Contrary to the system of operation of the SICAMs, the new banks directed their efforts toward granting loans to small farmers rather than large landowners. Each bank was under close supervision of special government controllers who were instructed to make sure that: (1) loans granted were utilized in conformity with the stated purposes as declared by the borrowers, (2) the amount and duration of the loans was designed
to meet these declared purposes, and (3) those loans granted to landowners were not utilized by those borrowers to purchase new estates or for purposes of usury. The primary aims of those banks as stated in the charter were: (1) to facilitate the granting of loans to landless farm families, and small and medium owner-cultivators; (2) simplify the procedures required in granting loans; and (3) help guide borrowers in the choice of loans to contract more in line with their needs (long, medium, or short-term). Whatever the good intentions of the government in creating the new banks, however, the results obtained during their six-year period of life was very disappointing as is shown by Table 26.

Table 26. Number and Amount of Loans Made by the Provincial Mutual Agricultural Credit Banks of Cochinchina, 1939-45

<table>
<thead>
<tr>
<th>Year</th>
<th>Short-term</th>
<th>Medium-term</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Amount</td>
<td>Number</td>
</tr>
<tr>
<td></td>
<td>(piasters)</td>
<td>(piasters)</td>
<td>(piasters)</td>
</tr>
<tr>
<td>1939</td>
<td>1</td>
<td>80</td>
<td>1</td>
</tr>
<tr>
<td>1940</td>
<td>80</td>
<td>81,865</td>
<td>69</td>
</tr>
<tr>
<td>1941</td>
<td>82</td>
<td>19,900</td>
<td>201</td>
</tr>
<tr>
<td>1942</td>
<td>42</td>
<td>23,670</td>
<td>137</td>
</tr>
<tr>
<td>1943</td>
<td>28</td>
<td>25,410</td>
<td>364</td>
</tr>
<tr>
<td>1944</td>
<td>157</td>
<td>186,355</td>
<td>677</td>
</tr>
<tr>
<td>1945</td>
<td>150</td>
<td>231,835</td>
<td>154</td>
</tr>
</tbody>
</table>

Government reports of the activities and results of these banks cite the following reasons for the relatively insignificant progress made by these banks: (1) the new institution was too young; (2) the consequences resulting from the bankruptcy of the SICAM created very
unfavorable conditions in which the new institution was called upon to progress; (3) lack of available credit from the Popular Credit Office, especially after 1942; and (4) lack of qualified management personnel among the natives whose technical competence was very low.

The destruction which followed the Japanese Army defeat in 1945 and the rebel activities immediately afterward threw the operation of the banks into confusion. Most of the native staff deserted, the records were destroyed, safes and vaults opened and plundered and most of the buildings burned and destroyed. A few banks attempted to resume operations after the "coup de grace" but their efforts were directed mainly toward recovering loans. However, recovery efforts were poor because most borrowers played the game of intentional abstention with the hope that their debts to the banks would either be postponed or eventually forgotten altogether.

3. Loans from the Provisory Coordination Commission for Rice Production—(COMIRIC): In an attempt to help reactivate economic activity in the Transbassac area and encourage resumption of rice cultivation the French government of Cochinchina created this special commission designed to grant short-term loans to French or Indochinese rice planters at an annual interest rate of 5 percent, and to furnish rice production items at cost to borrowers. The loan fund was obtained from two sources: (1) from the Popular Credit Office which had borrowed six million piasters from the Bank of Indochina for this purpose, which bank in turn received a guarantee from the French High Commissioner-General and who, in turn, received a piaster guarantee from the Government of Cochinchina (a very irregular and roundabout operation indeed and
contrary to the statutes of the Popular Credit Office); and (2) from a
direct grant of 350,000 piasters by the Government of Cochinchina. The
only guarantee requested from those receiving loans from this commission
was a written promise to repay the loan out of the proceeds from the
1946-47 rice crop. As was to be expected, results were very disappoint-
ing. Corrupt practices in granting and receiving loans were widespread.
Funds received were not applied to the stated purpose of rice cultivation
and, worst of all, most of the commodities purchased at cost from the
commission were resold by the recipients on the black market then
flourishing in the country. Fortunately such operations were stopped
after one year but not before some 3.8 million piasters had been granted
on loans.

**Mutual Agricultural Credit in Cambodia, Annam and Tonkin:**

The history of organized agricultural credit in these three states
consists primarily of the activities of the Popular Credit Office and
the following three organizations which were actually affiliated with it,
namely: Popular Credit Service for Agriculture (1927-1933); Mutual
Agricultural Credit Office of Indochina (1933-1940); and Mutual Agri-
cultural and Artisanal Credit Office of Indochina (1940-1942).

These three state organizations were given the responsibility of
managing and distributing certain funds put at their disposal to agri-
cultural cultivators' societies and handicraft groups, as well as
controlling and coordinating the actions of those societies to which
government funds were loaned.

1. **Popular Credit Office** (Office de Credit Populaire): The
financial resources put at the disposal of the Popular Credit Office
during the period of 1927 to 1933 amounted to 4.4 million piasters.
Part of this consisted of a loan granted by the Office of Retired Government Officials but the majority was obtained from credit granted by the Bank of Indochina. In 1931 this credit institution received further grants of aid from two additional sources: (1) a share of the charges paid by the Bank of Indochina to the government for the right and privilege of issuing bank notes as the government Bank of Issue, and (2) a special grant from the general government budget. At the end of 1949 the convention relative to the transfer of the Popular Credit Office was signed and each state received its share of the assets. The financial resources of the organization were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>From shares paid by the Bank of Indochina</td>
<td>9,813,000</td>
</tr>
<tr>
<td>Special grants from the General Budget</td>
<td>12,029,000</td>
</tr>
<tr>
<td>Total grants</td>
<td>21,842,000</td>
</tr>
<tr>
<td>Loan from the Bank of Indochina</td>
<td>25,000,000</td>
</tr>
<tr>
<td>Loan from the Federal Budget</td>
<td>1,029,000</td>
</tr>
<tr>
<td>Loan from the general budget</td>
<td>1,100,000</td>
</tr>
<tr>
<td>Total loans</td>
<td>27,129,000</td>
</tr>
<tr>
<td>Total financial resources</td>
<td>48,971,000</td>
</tr>
</tbody>
</table>

The above figures are obtained from the archives and records of the organization, and the 48.97 million figure is underlined in French financial terminology as total financial resources (total general des ressources). The balance sheet on the date of transfer at the end of 1949, however, shows that the assets "owned" by the organization
(capital, reserves, and deposits) amounted to only 7.3 million piasters. This serves to point out the extraordinary large percentage of "outside financing" in the history of all agricultural credit organizations in Indochina.

2. Provincial Mutual Agricultural Credit Office for Annam and Tonkin: The first such credit office was established in 1927 in the Province of Hadong in Tonkin. In 1933 the name of this credit institution was changed to the Indochinese Agricultural Credit Offices and by March, 1945, when the Japanese Army made its celebrated attack, a total of 27 provincial loan offices were in existence. Within each province were a few local village loan committees whose radius of lending activities was limited to the territory surrounding the village. These village offices were under the management of village notables and the village mayor whose primary duties consisted of receiving loan applications from neighboring farmers, verify the information given on the loan application by the hopeful borrower and make recommendations for approval to the provincial office. Provincial offices were under the management of a Frenchman who himself re-verified the loan applications before submitting the documents to the Board of Directors for final action. Decisions to grant or not to grant a loan and the amount of funds loaned to a farmer were supposedly based upon the value of the land given as security for the loan. The funds were remitted from hand to hand down the echelon of management until they reached the hand of the borrowing farmer. This roundabout process of granting loans resulted in many delays—often taking months before a loan applicant would receive the funds—and the personnel, time and cost involved were enormous.
Special committees were appointed in each province whose main duties were (1) to register the potential borrowers' property in the provincial land registry (at that time no land registry service existed), and (2) supposedly, to make it possible for cultivators to have some representation in the distribution of the available loan funds through their local notables.

This institution was very ineffective in bringing needed credit into the hands of the masses of the people; in the first place, because only those who had clear title to property could qualify for a loan and, secondly, many local committees took advantage of their position and falsified the documents to get loans for their own benefit or to grant loans to their friends and relatives.

3. Mutual Agricultural Credit in Cambodia: The first mutual agricultural credit office in Cambodia was established in the province of Svay Reing in 1927, and by 1939, when the mutual credit offices were absorbed by the Office de Credit Populaire, there were a total of eight such offices in existence.

In the case of the Cambodian loan offices the French authorities requested that the formalities required in granting loans in Vietnam be dispensed with for the following reasons: (1) the mentality and peculiar characteristics of the average Cambodian farmer, his lack of individuality, and his very effective integration into the life of the local village; (2) the relative insecurity of land ownership and title to the land under the government land appropriation system; and (3) the great influence of Cambodian government authorities on the life of the average farm family. For these reasons the French authorities
decided to trust the management of the provincial loan offices to the provincial governors who were to be assisted by native Cambodian provincial officials, with the management being only responsible for correct accounting procedures, loans payment and reimbursement. Loans granted were secured by having the village mayor countersign each loan and thus resulting in obtaining what amounted to a collective guarantee.

Although it is reported that the first year of operation showed relatively satisfactory results from the standpoint of the amount of money loaned and the loan repayment rate, successive inspections showed that native provincial authorities in many cases turned the system for their own benefit through such tactics as falsifying the entries in the loan account books, establishing non-existence borrowers and direct appropriating of funds for their own use. Such abuses by Cambodian personnel resulted in the system being discarded in favor of the one used in Annam and Tonkin. Table 27 gives an indication of the extent of operations of the agricultural credit offices in all three states of Cambodia, Tonkin and Annam.

The effects of the depression and decreased rice prices in 1931 are evident by the reduction in the amount of new loans granted in 1932, and the loan reimbursement figures. The creation of eleven new provincial offices in 1933 was possible only through redistribution of the available capital and reducing the average size of new loans. In 1935 a program of "loan reclassification" was carried out and interest payments on a total of 1,255,000 piasters of "uncertain" debts was suspended. At the same time these loans were refinanced under a two-to five-year repayment plan.
Table 27. Extent of Operations of the Agricultural Credit Offices in Cambodia, Annam and Tonkin, 1923-40

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of provincial offices</th>
<th>Amount of capital paid in</th>
<th>Amount of deposits received</th>
<th>Value of new loans granted</th>
<th>Amount of reimbursement</th>
<th>Loans in force at end of year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1923</td>
<td>6</td>
<td>21</td>
<td>--</td>
<td>350</td>
<td>70</td>
<td>280</td>
</tr>
<tr>
<td>1929</td>
<td>10</td>
<td>54</td>
<td>--</td>
<td>2,047</td>
<td>703</td>
<td>1,624</td>
</tr>
<tr>
<td>1930</td>
<td>13</td>
<td>69</td>
<td>210</td>
<td>3,380</td>
<td>1,890</td>
<td>3,114</td>
</tr>
<tr>
<td>1931</td>
<td>13</td>
<td>116</td>
<td>289</td>
<td>1,558</td>
<td>1,072</td>
<td>3,600</td>
</tr>
<tr>
<td>1932</td>
<td>24</td>
<td>143</td>
<td>426</td>
<td>568</td>
<td>1,140</td>
<td>3,607</td>
</tr>
<tr>
<td>1933</td>
<td>24</td>
<td>151</td>
<td>625</td>
<td>552</td>
<td>774</td>
<td>3,585</td>
</tr>
<tr>
<td>1934</td>
<td>24</td>
<td>162</td>
<td>506</td>
<td>567</td>
<td>815</td>
<td>3,137</td>
</tr>
<tr>
<td>1935</td>
<td>26</td>
<td>173</td>
<td>870</td>
<td>864</td>
<td>938</td>
<td>3,063</td>
</tr>
<tr>
<td>1936</td>
<td>26</td>
<td>180</td>
<td>1,070</td>
<td>1,133</td>
<td>1,081</td>
<td>3,115</td>
</tr>
<tr>
<td>1937</td>
<td>26</td>
<td>194</td>
<td>1,718</td>
<td>1,854</td>
<td>1,286</td>
<td>3,683</td>
</tr>
<tr>
<td>1938</td>
<td>27</td>
<td>207</td>
<td>2,072</td>
<td>1,321</td>
<td>1,752</td>
<td>3,252</td>
</tr>
<tr>
<td>1939</td>
<td>28</td>
<td>212</td>
<td>3,545</td>
<td>1,211</td>
<td>1,834</td>
<td>2,629</td>
</tr>
<tr>
<td>1940</td>
<td>30</td>
<td>251</td>
<td>4,305</td>
<td>2,760</td>
<td>1,888</td>
<td>3,501</td>
</tr>
</tbody>
</table>

Source: Records of the Office de Credit Populaire.

Although all lending activities in Cambodia came to an end after 1932 and further operations consisted primarily of recovering past loans, operations in Annam and Tonkin were resumed in 1935. It is interesting that the total amount of deposits received increased from 370,000 piasters in 1935 to over 4.3 million piasters in 1940. In 1940 an additional grant of funds amounting to 5.8 million piasters was made.
by the Central office to the provincial offices. This sum, in addition to funds of provincial offices (paid-in capital and reserves) of 1.1 million piasters, more than doubled the "finances" of the provincial offices, which then consisted of 5.4 million piasters of deposits plus other resources and the 5.8 million piaster grant from the Central Office.

During the period 1938-1940, an exceedingly large portion of the lending activities of the provincial offices in Tonkin and Annam consisted of loans to cooperatives—primarily to the rice-land improvement and water control cooperative of Annam. Table 28 indicates the amount of money loaned to cooperatives by the provincial agricultural credit offices in each of the three states of Annam, Tonkin and Cambodia.

Table 28. Amount of Money Loaned by the Provincial Agricultural Credit Offices to Cooperatives in Tonkin, Annam, and Cambodia in 1938, 1939 and 1940

<table>
<thead>
<tr>
<th>Year</th>
<th>Tonkin</th>
<th>Annam</th>
<th>Cambodia</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Thousand piasters</td>
<td></td>
<td>Thousand piasters</td>
</tr>
<tr>
<td>1938</td>
<td>274</td>
<td>656</td>
<td>--</td>
<td>930</td>
</tr>
<tr>
<td>1939</td>
<td>258</td>
<td>770</td>
<td>12</td>
<td>1,040</td>
</tr>
<tr>
<td>1940</td>
<td>213</td>
<td>836</td>
<td>44</td>
<td>1,094</td>
</tr>
</tbody>
</table>

Source: Records of the Office de Credit Populaire.

Since all the records of the Office de Credit Populaire headquarters in Hanoi for the years 1941 to 1944 were lost, it is not possible to give a "balance sheet" statement for the operation of the provincial office for those years. The only records available relate to the balance of
accounts as of December 31, 1944, which were recovered from the general archives of the Japanese occupation government. This information is contained in Table 29.

Table 29. Balance of Accounts of Provincial Agricultural Credit Offices as of December 31, 1944

<table>
<thead>
<tr>
<th></th>
<th>Tonkin</th>
<th>Annam</th>
<th>Cambodia</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Paid-in capital</strong></td>
<td>266</td>
<td>152</td>
<td>80</td>
<td>498</td>
</tr>
<tr>
<td><strong>Reserves</strong></td>
<td>549</td>
<td>374</td>
<td>74</td>
<td>997</td>
</tr>
<tr>
<td><strong>Deposits</strong></td>
<td>5,720</td>
<td>4,040</td>
<td>2,296</td>
<td>12,056</td>
</tr>
<tr>
<td><strong>Loans outstanding to individual</strong></td>
<td>2,768</td>
<td>2,069</td>
<td>869</td>
<td>5,706</td>
</tr>
<tr>
<td><strong>Loans to cooperatives</strong></td>
<td>696</td>
<td>2,462</td>
<td>424</td>
<td>3,582</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,999</td>
<td>9,097</td>
<td>3,743</td>
<td>22,839</td>
</tr>
</tbody>
</table>

Source: Records of the Office de Credit Populaire.

In comparing the year-end statement for 1944 with reliable data for 1940 the following conclusions can be drawn from an accounting standpoint: (1) deposit accounts were increased in important proportions—from 4.3 to 12.1 million piasters; (2) likewise, the amount in loans outstanding also increased substantially—from 3.5 to 5.7 million during this four-year period; (3) an improvement in the condition of the treasury of the central office through a reduction of the amount in "bad or doubtful" loans from 171.4 to 38.6 million piasters; and (4) an appreciable increase in the amount of money loaned to cooperatives and/or "syndicated associations" from 1.1 to 2.6 million piasters. Thus, there was a new
orientation in utilization of the loan fund, with loans to cooperatives or syndicated associations comprising about 31 percent of the amount of all loans granted—5.7 million to individuals and 2.6 million to cooperatives out of a total of 8.3 million piasters.

Post-War Situation

The Japanese Army "coup-de-grace" in 1945 and the rebellion by Communists sympathizers which followed struck a severe blow to the provincial loan offices in Vietnam. Most of them were completely disorganized, the personnel evacuated the rural areas either voluntarily or by force, the records were destroyed, the safes and vaults were robbed, and most of the buildings and other physical assets were burned. As a result, only the office in the province of Hadong in North Vietnam remained open in 1947, but the extent its lending operations was negligible—amounting to only 400,000 piasters.

In Cambodia, on the contrary, the provincial offices suffered only slight losses or damages and most of them continued in operation following the armed activities of 1945. The amount of money out on loans from the Cambodian offices stood at 6.4 million piasters on December 31, 1949, the date of the transfer of the popular credit office to each state, compared with only 85,900 piasters at the end of 1944. However, those figures can be deceiving unless the tremendous amount of inflation that occurred between 1944 and 1949 is taken into consideration.

Recent Developments

With France granting semi-independence to the three states of Cambodia, Laos and Vietnam in 1949, and the subsequent partitioning of
the "assets" of the former Office de Credit Populaire to each state individually, the problem of furnishing needed agricultural credit to both individual farm families and farmer cooperatives became more complicated than ever. In order to continue to provide credit to farmers, relationships now had to be established with three different governments as well as with three government agricultural credit services. It is under these complicated conditions that efforts were made to encourage governmental authorities concerned to devise ways and means of making credit available to peasant farmers at reasonable rates of interest. Since short-term production credit is most urgently needed by the masses of farmers, it was felt that primary emphasis should be placed on furnishing this type of credit.

Cambodia:

In Cambodia, fortunately, the Office de Credit Populaire had continued to exist, although operating on a reduced scale. At the time of the transfer on December 31, 1949 the original capital of the national association consisting of contributions by the French Colonial Government and loans from the Bank of Indochina was as follows:

From the French government ("dettes administratives") = 21,304,337 piasters
From the Bank of Indochina ("dettes privees") = 25,155,863 piasters

Total capital = 46,460,200 piasters

Of this capital, the Cambodian share on the date of transfer was:

Government contributions = 6,705,424 piasters
Bank of Indochina loan = 8,019,355 piasters

Total capital = 14,724,779 piasters

Out of these assets transferred to Cambodia, a total of 6,327,938 piasters represented long outstanding and unrecoverable loans inherited
from the old Office de Credit Populaire. Most of this amount represented loans to the defunct SOCOFOR Cooperative (Societe Cooperative Forestierre). The available capital was subsequently increased by a five-million piaster grant from the Cambodian government in 1951, a ten-million piaster grant from the American aid fund in 1952 and another ten-million piaster grant in 1955.

Under the present system, the National Cambodian Agricultural Credit Service is a government organization administered by a Council of Administration presided over by the Minister of National Economy. The General Director of the National Office is appointed by presidential order and his authority to perform management functions are delegated to him by the Council of Administration. Provincial offices of the national organization were established in ten of the fourteen provinces of Cambodia by the end of 1955.

In the past, the Cambodian credit organization made long and medium-term loans to cooperatives and farmers organizations, but had always restricted its lending to individual farmers mostly to short-term crop production loans. Contrary to the situation in Vietnam, landless peasant farmers are not a problem in Cambodia where the tillable land available for cultivation is plentiful, where all land uncultivated for a period of five years reverts back to the Crown, and where title to a piece of land can be obtained by simply cultivating it for five consecutive years. Requiring a mortgage on the borrower's land does not, therefore, create a hardship on the rural peasants as is the case in Vietnam.

Under the present regulations, provincial offices are allowed to grant short-, medium- and long-term loans to either individual farmers or farmers cooperatives. However, up to the present time individual loans
to farmers have been of the short-term type only, and medium- and long-
term loans have been granted only to cooperatives. Pledging of owner-
ship title to the land is a prerequisite to receiving individual loans.
In fact, the most common practice consists of the borrowing farmer
depositing with the organization for "safekeeping" his land title
papers at the time the loan is granted and getting those documents
back upon full repayment of the loan. Real estate constitutes the
principal security for long-term loans to cooperatives, and farm products
in storage and equipment usually serve as guarantee for short- and
medium-term loans. Loans to farmer cooperatives by the national and
provincial loan offices are treated in detail in the previous chapter
on Agricultural Cooperatives.

Under the new system the operations of the credit organization
in the short-term individual credit sector has been fairly satisfactory,
with non-repayment of loans reduced to a minimum. In 1953 a total of
48,000 Cambodian farm families received short-term loans from the govern-
ment. During the 1954-1955 crop year the additional grant of ten million
piasters from the American aid fund enabled the credit organization to
grant loans to 25,700 additional farmers—making a total of 73,700
farmers benefitting from government-furnished individual crop production
loans. These loans are reimbursable one month following the harvest of
the principal crop and carry interest rates of one percent per month.

Although the Cambodian government appears to be making progress in
its efforts to combat the usurious practices of moneylenders and merchants,
the amount of capital available to the National Agricultural Credit
Organization is insufficient to bring material benefits to the majority
of peasant farmers. It is estimated by Thoutch Thonni that over 75 percent of the 700,000 Cambodian farm families have an average indebtedness of 1,000 piasters. This would represent an agrarian indebtedness of over 500 million piasters per year, mostly to moneylenders and merchants. The total capital available to the National Credit Organization is only 39.7 million piasters which it has to divide between short-term loans to individuals and medium- and long-term loans to cooperatives. Therefore, a government credit program affording credit benefits to less than 74,000 farmers falls far short of meeting the credit needs of some 700,000 farm families. The program is inadequate not only from the fact that only slightly less than 10 percent of the farmers are able to receive loans but the amount of capital available for loans is so limited that short-term loans granted during the 1954-55 crop year averaged only about 400 piasters, or less than 15 percent of the value of the land mortgaged as security.

The relatively favorable results obtained under the new system is too insignificant to have any large-scale effects on economic well-being of the people. In order to more effectively combat usury, broader and more positive governmental action is needed. Among the recommendations for a more effective program are:

(1) Increase the capital funds available to the provincial offices for short and medium loans in order to reach a larger percentage of the farmers with larger loans more in proportion to their crop production needs.

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103 Report by Thoutch Thonni, Cambodian delegate to the International Conference on Agricultural and Cooperative Credit, Berkeley, California, August 4 to September 12, 1952.
(2) Open loan offices in the remaining four provinces without such offices, and establish sub-offices in each province so as to reach those farmers living some distance from the provincial centers where the main provincial offices are located.

(3) Improve the functions of the Cadastral Service with the objective of giving the credit organization officials more accurate information on the land holdings and credit needs of borrowers.

(4) Undertake a broad program of farmer education and information on the democratic principles of cooperation and promote the expansion of farmers storage, sales and purchase cooperatives.

(5) Expand, improve and coordinate the activities of the agricultural research and extension systems.

(6) Promote private capital accumulation in the agricultural sector of the economy by introducing a system of forced capital savings on the part of individual borrowers and the cooperative membership, designed to favor long-term capital and economic improvements with less reliance on government expenditures.

Vietnam:

During the fall of 1951 the Vietnamese government showed a greater interest in granting short-term credit at reasonable rates of interest to small owner-cultivators and landless peasants. At first, responsible government officials were insistent upon reorganizing the defunct Office de Credit Populaire under approximately the same arrangements which previously prevailed and utilizing the former provincial offices. In fact, one of the first propositions made by the Vietnamese was to utilize whatever credits the American Aid Mission would put at their disposal to retire the old debts of the Office de Credit Populaire. This action would, of course, serve only useless purpose of repaying the Vietnamese Treasury and the Bank of Indochina without resulting in directly bringing credit into the hands of peasant families.

Finally, it was agreed to create a new, semi-autonomous organization. As originally established, this new government lending agency
was to engage in multiple lending operations. Specifically, it was organized to utilize government funds placed at its disposal to grant: (1) short-term crop production loans to both small landowners and landless peasants; (2) medium-term farm improvement loans to the same type of farmers; and (3) medium and long-term loans to artisan shops and small industries, and farmer cooperatives.

The urgency of affording a source of short-term production loans to farmers at reasonable interest rates was realized at an early date, and a ten-million piaster grant of American aid funds was made to the new organization during May, 1952 to supplement a five-million piaster budget granted to it by the Vietnamese Government. Under the provisions of the agreement, loans were to be granted to farmers for one year at a rate of interest of one percent per month, payable at rice harvest time. Funds established through repayment of these loans were to be utilized for the same purpose during the 1953-54 crop year.

To be most effective and afford maximum benefits crop production loans must be at the disposal of borrowing farmers in time to be utilized by them in obtaining necessary production commodities. Therefore, some funds should be granted as soon as possible during the crop production season, which in Vietnam means not later than July 1st, the beginning of rice planting time. The management of the new organization agreed that loans should be made in three installments: at the beginning of the rice planting season in early July, a second part in late August or

The new institution was given the name of "Service National du Credit Agricole et Artisanal Cooperatif" (SNCAAC). The statutes and presidential decrees creating the organization, the conditions for control and operation, and the official interior regulations are contained in APPENDIX "D".
early September, and a third and last part of the loan during late
October, thus safeguarding and insuring the proper utilization of the
borrowed funds on the part of recipient farmers. However, as with
most endeavors, slowness in organizing the new lending institution,
opening new provincial loan offices, recruiting personnel to operate
the organization, and creating the necessary provincial and village
loan committees, all contributed to retarding the target date.

After many delays and drawbacks, the first loans were finally
granted during early September, 1952. This was actually too late for
the loans to be of maximum benefit to borrowing farmers. By that time
many peasant farmers had already contracted debts with and verbally
pledged delivery of their rice harvest to moneylenders and merchants.
However, it was felt that, in view of the urgent need for action and
the large amount of propaganda circulated throughout the villages of
South Vietnam as to what the government was going to do for farmers in
this field, the short-term loans program could not be postponed until
the 1953-54 crop year.

Once begun, this program of activity made very good progress and
by December, 1952 a total of 7,371 individual loans had been granted to
farm families cultivating land in six provinces in South Vietnam. The
total amount loaned reached 7.9 million piasters against which borrowers
pledged delivery of rice production from 18,300 hectares (42,000 acres)
of land under cultivation. These loans, though restricted to the South
Vietnam area northeast of the Mekong River, were quite scattered in the
territory affected and included a total of 27 delegations. 105

105 A "delegation" refers to a surface area of land with a
separate governmental and administrative unit within a province and
corresponds closely with a country or parish in the United States.
Although funds sufficient for a much larger program were available, which would cover a wider area of Vietnam and reaching a larger number of farmers, it was not realized. The reasons are threefold and bear upon conditions of time (late in getting started), a shortage of personnel, and conditions of security in the interior, more remote provinces. Though shortage of personnel and tardiness in getting the program started were major obstacles to success in this first venture, the conditions of security in the interior and remote villages was certainly the number one drawback. During 1952 and early 1953 travel was safe on only the two main highways leading south and southwest of Saigon, and the principal cities and towns located more than forty miles from Saigon could be reached only with an armed escort. None of the secondary country roads and canals linking the interior villages to the main cities and highways were safe for travel during that period.

The first phase of this program was implemented under considerable handicaps and getting funds into the possession of farmers proved a difficult task. However, recovery of the loans after harvest proved to be yet more difficult. Special efforts were made to instruct the farmers on the administrative procedures established for granting loans and also in the process by which loans were to be repaid. If farm families needing credit most were to be reached, it was impractical to embark upon a short-term loan program which called for pledging of physical assets as collateral. Requesting such security would have excluded a very large percentage of the farmers who needed this type of credit. The only alternative was to grant loans on a "moral guarantee" basis. It is for this reason that special loan committees were organized in every village included in the program. These village loan committees
were given as much responsibility as possible in selecting, certifying and reviewing the statements of loan applicants and also in controlling the proper utilization of the borrowed funds.

As a further safeguard in guaranteeing borrower integrity and moral standing, each loan made was required to be co-signed by two of the borrower's neighbors—making all three, the borrower and the two co-signers, mutually responsible for repayment of the loan. As another safeguard for repayment of the loan and to prevent larger farmers from borrowing large sums for the purpose of sub-lending to smaller farmers at higher rates of interest, the amount of money loaned to any one farmer was limited to 2,000 piasters. In order to facilitate repayment of loans out of the produce at harvest time, loans were made at the rate of 500 piasters per hectare of rice actually under cultivation—up to the 2,000 piaster maximum.

In spite of those preliminary precautions, repayments have been very disappointing. As of June 1, 1955, only 3 million piasters had been reimbursed by 2,587 borrowers out of a total of 7.9 million piasters loaned to 7,371 borrowers. The primary reason given for this failure to recover loans is lack of security in the villages where the loans were made. Undoubtedly this is the major cause, although not the only one.

It is true that during the early months of 1953 when the loans reached maturity, increased Viet Minh activity in the areas where loans were granted reduced security conditions and resulted in disrupting civil administration in most rural villages, and in abandonment of all governmental and communal authority in others. In many villages collection agents of SNOAAC, returning to recover loans could not find
a single member of the village loan committee, not a single loan co-
signer, much less the borrower.

Following the Geneva Convention and the armistice, security
conditions improved and civil administration was re-established in
most villages interested in this program. However, for the most part,
local village chiefs and village councils were new and not the same
individuals who constituted the original loan committees. In many
villages the new civil, or military, administrators were either not
interested in loan recovery efforts or refused outright to cooperate
in this endeavor.

Undoubtedly, the fact that the Chiefs of Provinces, provincial
loan committees, loan office directors, and the personnel of SNCAAC
have not shown the same enthusiasm in the work necessary to effectuate
recovery of the loans as they did during the lending period of late
1952 also has contributed substantially to the poor record of loans
recovery.

However, due note must be made of the repayment record achieved
in the province of Giadinh, a province where security was never a very
important element and where civil administration continued to function
with almost no interruption. In that province slightly more than one
million piasters were loaned to 930 farmers. At the end of the first
year a total of 737 of these borrowers had repaid their loans of
827,000 piasters in full. This amount, plus 56,000 piasters paid as
interest, made total receipts equal to about 88 percent of the amount
originally loaned. It is on the basis of that record that SNCAAC was
authorized to grant loans a second year (1954-55) in that province and
slightly more than 1.5 million piasters were loaned to 933 farmers.
Many of these are farmers who had repaid their obligations of 1953 and thus have been granted short-term loans a second time.

In addition to the 10-million piaster American Aid contribution and the five million from the National Treasury designated for short-term plans, the organization has at its disposal five million piasters for medium-term loans to artisans and small industries and 20 million piasters from the national budget destined for what it chooses to call "Agrarian Reform", or long-term land purchase loans. In all, 40 million piasters are available for lending.

Besides the short-term credit endeavors, however, very few loans have been made out of the funds available to SNCAAC. This fact is in evident when an examination is made of the following financial situation as of January 1, 1955, showing a total of over 26 million piasters of its assets, "existing reserve", remaining in the Vietnamese treasury.

By Presidential ordinance in October, 1954 the whole SNCAAC organization was placed under the direct jurisdiction of the Minister of Agriculture, without abrogating the previous ordinance placing the Board of Directors under the jurisdiction of the President of Vietnam. An ordinance issued by the Minister of Agriculture in November, 1954 placed SNCAAC under the direct management and control of the General Director of Agrarian Reform, Cooperatives and Credit. Thus, the former Board of Directors has ceased to function for all intents and purposes. As a matter of fact, there is no duly appointed Board of Directors and the activities are administered by a Managing Director within the Ministry of Agrarian Reform. However, besides feeble efforts made toward recovering loans already granted, the personnel of SNCAAC and the affiliated provincial offices are engaged in very few activities.
The program of agricultural credit assistance may be summarized as follows:

FUNDAMENTALS OF THE PROGRAM — (Short-Term Loans)

I. Capital Available: 10,000,000 Piasters - American Aid
   5,000,000 Piasters - SNCAAC
   15,000,000 Total

II. Area: Six provinces through two offices - Caisses Provincials

III. Amount: 2,000 piasters per family maximum at rate of 500 piasters per hectare

IV. Interest: At one percent per month

V. Duration: Crop season

VI. Security: (1) Crop season

   (2) Mortgage of any real estate owned, and

   (3) Moral responsibility and guarantee

   (Each loan made with security of pledge of crop or moral guarantee was co-signed by two neighbor farmers. These groups of three farmers were known as "mutual groups of co-signers".

VII. Purpose: To augment rice production and to cope with usury

VIII. Administration: (1) Technical Supervision and Audit - SNAAAC through provincial offices

   (2) Accountability - Provincial accounting bureau

   (3) Depository - Provincial Treasury, from SNCAAC regional office

   (4) Commissions:

   a. Provincial - Consider and approve, collection

   b. Communal - Receive and investigate requests, recommend, and assist collections.
Table 30. Source and Disposition of Funds for Agricultural and Other Loans, January 1, 1955

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(in piasters)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Agrarian reform:</strong></td>
<td><strong>Agrarian Reform</strong></td>
</tr>
<tr>
<td>(Long-term land purchase loans)</td>
<td>National Budget 20,000,000</td>
</tr>
<tr>
<td><strong>Provincial office</strong></td>
<td><strong>Small Industries</strong></td>
</tr>
<tr>
<td>Cantho</td>
<td>National Budget 5,000,000</td>
</tr>
<tr>
<td>Giadinh</td>
<td><strong>Agricultural Credit</strong></td>
</tr>
<tr>
<td>Mytho</td>
<td>(short-term)</td>
</tr>
<tr>
<td>Knanhoa</td>
<td><strong>Liquidating Capital of old O.C.P.</strong></td>
</tr>
<tr>
<td>Hadong (now closed)</td>
<td>Advanced amount 2,802,646</td>
</tr>
<tr>
<td></td>
<td><strong>Total Cash in V. N. Treasury</strong></td>
</tr>
<tr>
<td></td>
<td>Existing reserve 26,151,128</td>
</tr>
<tr>
<td><strong>Artisans &amp; small industries</strong></td>
<td><strong>Total</strong> 40,000,000</td>
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<tr>
<td>Giadinh Office</td>
<td>Total 40,000,000</td>
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<tr>
<td>Mr. Tran dinh Lam</td>
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<td><strong>Agricultural Credit</strong></td>
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<td>Giadinh Office</td>
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<td>Mytho Office</td>
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<tr>
<td>Thanhquoi Rice Storage Coop.</td>
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<td><strong>Total Cash in V. N. Treasury</strong></td>
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<td>Existing reserve 26,151,128</td>
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<td><strong>Total</strong> 40,000,000</td>
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The Present Program

As related in the previous chapter on Land and Agrarian Reforms, with the cessation of hostilities large areas of abandoned rice lands in South Vietnam became secure and available for settlement and recultivation while at the same time thousands of farm families in South and Central Vietnam had been displaced from their lands and thousands more evacuated from the north to the south. Throughout the fall and winter of 1954 the Diem Government labored with the task of revising the old land reform laws established by the Tam Government during 1953. The result of these deliberations was the enactment of new land reform legislation—the basic provisions of which are contained in Presidential Ordinances No. 2 and 7 whereby the government undertakes to lease idle lands to landless peasants for a period of four years; and provides for written landlord-tenant contracts with stipulated rental ceilings.

A four-year government lease or tenant contract will not in itself solve the problems of landless peasants and displaced refugee farm families unless some means are available to them to obtain the basic essentials of food and shelter until the first harvest. To meet the immediate need for production items, such as tools, seed, and draft animals, 225 million piasters and 675,000 U. S. dollars were allocated as "emergency agricultural credit". It was the intention that this allocation would enable displaced farmers and small owner cultivators to become self-sufficient, economic producers, and at the same time support the government's land reform program to which the present plan of agricultural credit assistance is basically tied.
The new program of assistance calls for granting short-term piaster loans to farmers in the category mentioned above for the purpose of purchasing food and seed paddy and necessary hand cultivating tools, and medium-term (5 year) piaster loans for the procurement of local housing material. The short-term loans carry interest at one percent per month and medium-term loans six percent per year. The dollar credits are destined to purchase work animals, largely in Thailand, which are to be distributed to beneficiaries in lieu of cash loans. It was thought that making piaster credits available to farmers for local procurement of draft animals would create such an increase in demand as to cause an unduly large increase in local prices. In addition to loans in money and work animals, the present program contemplates free distribution of simple hand tools and plows to the most needy farmers.

As originally established, this program of emergency credit assistance was to be administered by a Board of Governors composed of the Ministers of Agriculture, Finance, and of Plan and Reconstruction. The Service National du Credit Agricole et Artisanal Cooperatif (SNCAAC) and its several provincial offices was to handle the details of administration, pending the complete reorganization of a National Agricultural Credit Agency.

Priority for receiving loans under this "emergency" program is given to signers of Type "B" or "C" contracts under Ordinance 7, the basic agrarian reform legislation. Responsibility for receiving and processing loan applications is entrusted to the special "village commissions" established under the terms of Ordinance No. 2. Responsibility for supervision and control is given to a special Inspection
Service and a Board of Censors who also operate under the general supervision of the Board of Governors.

Rather than utilize the services of SNCAAC to handle the details of administration as originally proposed and agreed, government authorities proceeded to draft new legislation during the spring of 1955, creating a completely new organization to manage the new emergency loan program. A separate ordinance (No. 29-a) created a new commission composed of:

a. The Minister of Agrarian Reform - President
b. The Minister of Agriculture - Vice President
c. The Minister of Plan and Reconstruction
d. The Minister of Finance

The Ordinance directs this National Commission to take all necessary measures to implement the emergency loans program, control the use of the funds and equipment, and to insure the reimbursement of the loans. It is also directed to report directly to the President of Vietnam with a detailed account of the activities of this program every three months.

Following are the basic provisions of the Ordinance:

1. At the national level the organization is under the direction of a Director General designated by the National Commission but approved by the Minister of Agrarian Reform. However, to make matters yet more complicated, the appointment to office of this Director General is made by arrete of the President of Vietnam. The Interior Regulations of the organization are to be prepared by the director and approved by the National Commission, but as of January, 1956 no such interior regulations had been established.
2. At the provincial, delegation and village level, the Director General is to exercise his function through:
   a. The Chief of Province assisted by a Provincial Commission
   b. The Chief of Delegation and the Delegation Commission
   c. The Communal or Village Council and the Village Commission

3. Control is to be assured by the Inspector General of the Vietnam Financial and Administrative Services. A chief controller is to be appointed by presidential order upon recommendation of the National Commission

4. Interest rates are stipulated at one percent per month for short-term loans and at six percent per year for medium-term loans of five-years duration.

5. Penalties are provided for non-repayment as well as for misuse of the funds on the part of the borrowers - ranging from refusal to grant loans to six months in jail. Provisions are also made for penalties against government functionaires and other persons who receive or attempt to receive services, money or favoritisms from borrowers.

6. Communal Commissions composed of three tenant farmers and three landowners are to be elected from among each group listed in the village in implementing Ordinance No. 2 of the Land Reform Statutes. A member of the Village Council constitutes the seventh member of this Commission. All members exercise their functions without pay. The duties of the Village Commissions include receiving requests for loans and transmitting those to the Delegation Commission, supervise the granting of loans and distribution of agricultural tools and equipment, control the utilization of the funds, and assure recovery of the loans.
7. Requests for loans are forwarded by the village commission to the delegation commissions where they are "verified" and forwarded to the provincial commissions. The Provincial Commission, presided over by the Chief of Province, establish a numerical list of loan requests by village, and forward the information to the National Commission. Funds are allocated and forwarded to each province according to the needs as expressed in the loan request lists.

8. Funds are to be deposited into a special account in the National Treasury, to be released to the provincial commissions upon order of the President of the National Commission. Each Chief of Province, as president of the respective Provincial Commission, in turn releases funds destined for each village to the village finance commissioner who in turn shall transmit to each borrower the sum to be advanced.

It can be readily deducted that, even with something approaching perfect timing, coordination, and functioning, considerable time will elapse between the date of the original application for a loan by the hopeful borrower and final transmission of the funds by the village finance commissioner. This complicated and roundabout procedure for granting loans of an "emergency" nature must result in unnecessary delays and is indicative of the mistrust and jealousy existing among the various branches of government. Because of this, improvements in the economic and social well-being of the masses of farmers is a slow and difficult process, and the productivity and standard of living of individual farm families suffer the consequences. It is suggested that decades of colonial administration and subjugation of Vietnamese officials to intricacies of colonial rule account in part for the
capacity of Vietnamese functionaires to substitute complicated administrative procedures for simple expedient action. The emergency agricultural loans program is a case in point, and all efforts and insistence that procedures in granting loans be reduced to a minimum and made as simple as possible brought no concrete results. Even with the maintenance of all possible simplicity and straight line of action it would have been difficult to implement a program of emergency agricultural credit on time for maximum benefit. Difficulties were encountered soon after drafting the basic ordinance creating the organization. In the first place, the National Commission was duly appointed but waited six months before meeting formally as a body to consider actions called for in the legislation. Secondly, a director was appointed by the Minister of Agrarian Reform but was unable to function due to lack of personnel assistance, transportation, and office space. Finally, the personnel of SNCAAC (who apparently had few activities) were put at his disposal to help in administrative duties, but not before four months had elapsed.

Since priority for loans are given to signatures of land tenure contracts types "B" and "C", the success of this program is basically dependent upon the application of the existing agrarian reform legislation. However, six months after promulgation no official in the ministry of Agrarian Reform, those delegated with this responsibility, could give information on the number of tenure contracts signed, what type, nor in what area, village or province such activities had been in progress. Furthermore, a census of available and cultivable but abandoned lands (a prequisite to implementing the program) was begun only six months later. It is obvious that, according to the procedures
formulated, unless there is a list of tenure contracts established, and
thus giving rise to a list of eligible loans recipients by village,
there can be no loans granted and, therefore, no program implementation.

This is one case where the availability of funds is not a problem. Failure to get the program started on time appears to be due to the following: (1) Lack of enthusiasm on the part of high government officials who appear more inclined to actively support and push self-propaganda activities than concrete programs designed to bring emergency benefits to the masses; (2) Very little response and support from provincial officials, where most civilian Chiefs of Provinces are large property owners with some side interest in rice marketing, and where the military chiefs are more interested in building up their military forces and consolidating their positions than in engaging in land reform activities; (3) The combined activities of the syndicate of rice millers, merchants and moneylenders in their attempts to sabotage the program for fear their "system" would be disrupted; and (4) The hesitancy on the part of government personnel in the cities to go out in the rural areas and actively engage in efforts necessary for implementation of the program.

Therefore, unless positive and concerted action is forthcoming soon the net results are very likely to be:

1. No program of emergency credit and thus no government loan funds in the possession of needy rural peasants;
2. Continued usury practices on the part of merchants and moneylenders who will probably find displaced and destitute farm families easy prey;
3. The return of landowners to the pacified areas intent of re-establishing the traditional pattern of land tenure;
4. No implementation of the agrarian reform program and no material benefits to farmers;

5. Landless farmers remaining at the mercy of the three classes of people most detrimental to their well being—the landlords, merchants and moneylenders, and;

6. Continued agrarian unrest breeding the seeds for another disastrous revolution.

Conclusions and Recommendations for an Effective Program:

Undoubtedly, for the past decade, conditions of security have been the major factor responsible for limited activities and relatively poor results obtained in the field of agricultural credit and other related activities, such as land reform and farmer cooperatives organization, all of which requires frequent visits by government officials to remote villages to insure satisfactory progress. However, this has not been the only factor. Other, but also very disquieting factors, have been: (1) skepticism on the part of the rural population whenever government officials, wearing city clothes, visit their village to discuss agricultural credit or any other program. (This is not too surprising when consideration is given to the fact that in many cases these visits were probably the first ones made to the villages by Saigon officials in eight or ten years, and that in some areas the conditions and results of previous government ventures in agricultural credit and related rural activities are still remembered by the local population); (2) the activities of rice merchants and moneylenders in doing their utmost to sabotage the program in order to continue their traditional usurious operations; (3) lack of active support and only passive action on the part of provincial authorities, shortage of trained and competently qualified personnel in the respective government
services; and the reductance of the few that would be qualified to bring the program to the rural people—where it has to be brought; (4) dissention, jealousy, and lack of coordination among interested government services and ministry personnel whose close cooperation is essential; and (5) the complicated administrative machinery tending to retard action necessary to bring funds and equipment into the hands of recipient farm families when needed.

The shortage of technically qualified foreign personnel to work closely with native government personnel and farmer groups can also be cited as a reason for past errors and limited activity and success.

Now that peace and security have finally been restored in South and Central Vietnam, a most wonderful opportunity exists to increase the program of activity to the point where the credit and related needs of farmers can be more fully satisfied. This in itself could well be the greatest benefit the Vietnamese government—and foreign aid programs—could bring to the 80 percent of the population that are basically farmers.

But in order to carry out a broad program designed to cover the needs in this field it is imperative that the conditions noted above, which have heretofore greatly hampered activities, be improved. There must be wholehearted cooperation among all government personnel and authorities concerned. There must be active support and cooperation on the part of provincial officials in any broad program of developing agricultural credit and related institutions. The administrative and banking machinery must be simplified if funds are to be in the hands of borrowers when needed. A program must be established for training
personnel to carry out the program—personnel who are willing and ready to mix with the rural population, "narrow the gap" and remove the skepticism presently existing among village farmers toward city technicians. Finally, if it is absolutely necessary to utilize foreign aid funds in order to have sufficient capital, foreign countries furnishing this aid also will have to furnish some of the technical advice needed in this field.
CHAPTER XI

SUMMARY AND CONCLUSIONS

Indochina comprises the three states of Cambodia, Laos and Vietnam and forms the eastern portion of the Indochinese peninsula. The total area of Indochina is approximately 285,000 square miles or about 182 million acres. Vietnam, with 126,000 square miles, is the largest of the three states and is composed of Tonkin, Annam, and Cochinchina. About 44,000 square miles is included in Tonkin, 57,000 square miles in Annam and 25,000 square miles in Cochinchina. The size of the area ceded to the Communists under the terms of the 1954 Geneva Convention is about 60,000 square miles and includes all of Vietnam north of the seventeenth parallel. Cambodia comprises an area of about 70,000 square miles and Laos about 89,000 square miles.

After seventy-five years of French rule the three states of Indochina were granted independence within the French Union in 1952, with the freedom to choose their own form of government. Cambodia and Laos are presently constitutional monarchies, while South Vietnam, through popular referendum, recently chose a democratic republic government and rejected the former French-imposed Monarchy of Emperor Bao Dai.

Compared to other countries in Southeast Asia, Indochina has not developed to any great extent economically and industrially under French rule and administration. As a result, the economy of the area is still based almost entirely on agriculture which is conducted under primitive methods of cultivation for the most part. In the agricultural economy of Indochina rice production predominates to such a degree that it can be referred to as an example of monoculture. About ninety
percent of the inhabitants are engaged in agriculture, and about ninety percent of the total production of the area comes from agriculture and forestry. Most peasant farms are small and the farmers and their families have a very low standard of living and usually are heavily in debt.

Nearly all farming is carried on by native farmers, although rubber and coffee plantations and a number of tea and a few rice plantations are in French hands. Except on the European rubber plantations, yields are low due primarily to the primitive production practices followed.

As in most Asiatic countries, the diet of the Indochinese consists mostly of plant foods, primarily rice. Since production statistics are unreliable and many fairly important crops are excluded from official production estimates, it is impossible to prepare a satisfactory food balance for Indochina. However, the per capita food consumption of the average rural peasant is very low.

Besides the French, the Chinese and Indians play an important role in the internal economy of Indochina. The Indians have become well established in the retail trade while the Chinese practically dominate the internal rice marketing and milling and the forest industries, and also play a leading role in the fields of agricultural credit and transportation.

Indochina is a hot country; at sea level there is no cold month. All of Indochina lies south of the Tropic of Cancer and in the northern part of the country the coldest month, January, has a mean temperature of 63 degrees. Only a few tropical crops are excluded from the extreme
north, but in all the plains and lower valleys harvests can ripen during any month of the year. In general, Indochina receives a large amount of rain each year. The amount is conditioned by the monsoons primarily, and most of the precipitation occurs during the summer and fall months when it exceeds 120 inches in some parts of the country. However, there is considerable variation in total annual rainfall from year to year, as well as from station to station within the country. In most areas there is insufficient moisture during the late winter and spring months to permit crop production without irrigation.

Although there has never been a really satisfactory census of the population in Indochina, best estimates place the present total at about 28 million, with 22.6 million in Vietnam, 1.6 million in Laos and 3.5 million in Cambodia. There are approximately 9.8 million people in North Vietnam, 7.2 million in Central Vietnam and approximately 5.6 million in South Vietnam. It is estimated that over 80 percent of the population live on slightly less than 13 percent of the total land area. Population data available are sufficient to show the extreme uneven distribution of the population. The most heavily populated areas are the alluvial plains close to the sea. These areas are: (1) the Red River delta, 5,790 square miles, with 7.5 million people, or 1,295 per square mile; (2) the coastal plains of Central Annam, 5,790 square miles, with 4.6 million people, or 795 per square mile; (3) Central Cochinchina, 6,180 square miles, with 3.2 million people, or 520 per square mile; (4) Western Cochinchina, 7,720 square miles, with one million people, or 130 per square mile; (5) southern Cambodia, 15,350 square miles, 2.4 million people, or 195 per square mile. The
remainder of the country also shows significant differences in population densities. Large areas of Laos, northern Cambodia, and the hilly and mountainous areas of Central Vietnam are virtually unpopulated. On the other hand, parts of the Red River delta are among the most densely populated agricultural areas of the world, having a population of over 3,000 people per square mile.

The people of Indochina, the vast majority of whom are peasants, maintain a high population density in some rural areas only by intensive use of the land. Therefore, climate, soil, and agricultural practices play a great part in the pattern of distribution of the population. It is commonly agreed that a further important factor determining population distribution is the prevalence of malaria in most of the hilly and mountainous areas. For the country as a whole, population density, being slightly under 100 per square mile, does not appear to be a problem of great significance until the pattern of population distribution is taken into consideration. The fact that 80 percent of the total population lives on less than 13 percent of the total land area, and that between 80 and 90 percent of the people are farmers greatly intensifies the pressure of population upon the land in certain areas.

According to the best available vital statistics, the annual birth rate in the principal cities of Indochina is about 40 per thousand, while the death rate averages approximately 30 per thousand, indicating a rate of population increase of one percent per year. While no information is available which would indicate the average population increase in the interior, rural areas of the country, it is probable that the
birth rate is higher than in the cities and the death rate about the same as in the metropolitan areas, resulting in a rate of population increase probably higher than one percent in those areas. However, this is probably offset somewhat by the higher rate of infant mortality in the rural areas.

Until 1945 formal classroom education in Indochina was restricted to the larger towns and cities, and to the children of the privileged. It is only during the past few years that government-operated schools have been established in the smaller, rural villages and communities; even these were established only in "secure" areas of the controlled zones. There are no official statistics indicating the degree of literacy in all Indochina. However, the percentage of illiteracy among the rural population is without doubt extremely large, running probably as high as 75 percent of the adult population.

The rivers of Indochina, along with the man-made waterways and canals, play a dominant role in the economy of the country. In fact, from the standpoint of both agricultural production (irrigation and drainage) and transportation and communication, the rivers and canals can be called the life-blood of the country. In some areas, particularly in the Mekong and Red River deltas, river and canal traffic accounts for probably more than eighty percent of the total local traffic, with local roads and highways and water-buffalo trails carrying the remaining twenty percent.

Broadly speaking, the cultivation of crops in Indochina is carried on in seven principal agricultural regions or areas. These are: the Red River delta in Tonkin; the numerous small valleys and deltas along
the Annam coast; the Mekong River delta; the Great Lake region in Cambodia; the plateau des Bolevens in Laos; the red and grey tablelands north and northeast of Saigon; and the Dalat-Djiring-Ban MeThout triangle. Rice is by far the most important crop grown in the Red River and Mekong River deltas and in the Great Lake region in Cambodia. Corn, cotton, sweet potatoes, and vegetables are crops of lesser importance in the Red River delta. Secondary crops include sugar cane, peanuts, tropical fruits, coffee, manioc and tea. Rubber is by far the most important plantation crop and is produced in the grey and red tablelands north and northeast of Saigon.

Chiefly because of the wide variation in rainfall from year to year and the uncertain seasonal distribution, irrigation is necessary to insure stable production of rice and other crops, in spite of the generally heavy rainfall. In North Vietnam, protection of crops against the disastrous floods has taken precedence over irrigation, and an intricate system of dikes has been constructed for that purpose. In the Mekong River delta in the South an important system of canals has been built primarily to drain the large area of swamp land sufficiently for growing rice. In this area it is estimated that over five million acres of farm land have been made cultivable by means of drainage, effectuated primarily through a system of over 800 miles of main canals. As a result, acreage under rice cultivation increased four times from 1980 to the beginning of World War II, and rice exports from Saigon were five times as large before the war as in 1980. Most of the lifting of irrigation water in Indochina is performed by primitive hand methods, and only an insignificant portion of the total area is irrigated by mechanical means.
There are no sufficiently complete soils studies to enable a detailed description of the various soil types. But the few general surveys that have been made indicate that in general the soils of Indochina are relatively poor from an agricultural point of view. For the most part, they are acidic, poor in assimilable phosphates, lime, potassium, magnesium, and in humus. Generally speaking, only the recent soils of the low alluvial plains of Indochina are able to support a crop in the form of wet-field rice year after year. Most of these soils are periodically flooded over by the waters of the Mekong and Red Rivers containing large quantities of silt which help maintain soil fertility. A very small amount of fertilizer is utilized by Indochinese farmers in crop production, and this consists primarily of human and animal manure, dead fish and mud from rivers and canals. In many parts of the area commercial fertilizer is virtually unknown.

The fishing industry holds a leading place in the economy of Indochina, since fish with its various by-products forms an indispensable item in the diet of the people. A large percentage of the fish catch is consumed locally and never enters the market channels. Although there are no official statistics on the production of fish for the country as a whole, all authorities agree that fisheries are second only to rice in importance to the native economy, and as an export product ranked fifth in the value of the principal goods exported from the country before World War II. The production of salt from sea water is another important marine resource.

About 74 percent of the total land in Indochina is classified as forest land. One third of this constitutes very high-grade timber. However, uncontrolled timber cutting has denuded large stands in the
upland areas and the practice of "ray" cultivation in many regions also has devastated large portions of fine tropical forests. The forestry exploitation industry is largely undeveloped.

Coal is the most important mineral resource. Other minerals found in small quantities include tin, zinc, tungsten, gold and precious stones. The largest coal mines in the country are located in North Vietnam and are now under Communist control.

The largest population center is the Saigon-Cholon metropolitan area with an estimated two million persons. Other large cities include Hanoi with about 300,000 people, Haiphong with a population estimated at 200,000, and Pnom Penh, the capital of Cambodia, which has about 150,000. Other important centers of population are Nam Dinh and Haidoung in North Vietnam, Hue, Tourane and Nhatrang in Central Vietnam, and Mytho, Cantho and Longxuyen in South Vietnam. In Cambodia, Kompong Cham and Battambang also are relatively important centers of population.

The relatively few small industrial enterprises are located in these cities for the most part. Besides coal mining, other industrial activities include cotton spinning and weaving, small ship yards, rubber processing, the manufacture of paint, shoes, matches, and cigarettes, and food processing—primarily rice milling and fish products processing. Regulations imposed by France and tariff legislation favoring special French interests probably have contributed many of the features of Indochina's present economy, and particularly explains the slow development of industries as compared with agriculture.

The basic unit of currency is the piaster of 100 centimes. The parity of the piaster is tied to the French franc, and since 1953 this
parity has been fixed by mutual agreement by the governments of France and Indochina at the ratio of 10 francs to one Indochinese piaster. The exchange rates between the piaster and other currencies are based on the Paris official franc market rate, presently fixed at 348 francs to the United States dollar—or 34.8 piasters. The free rate of exchange, however, is between 70 and 80 piasters to one United States dollar. The amount of money in circulation has increased at a tremendous rate since 1940 when 280 million piasters were in circulation. By the spring of 1954 this had increased to 3.5 billion piasters. The general level of prices kept pace with the increase in the number of piasters. Based upon prices in 1939 as 100, the index of wholesale prices in 1951 was 2,450; the index of food items consumed by natives was 4,280; and the index of food items consumed by Europeans was 4,350.

Indochina is primarily an exporter of raw materials and an importer of manufactured goods. The foreign trade of the country has been characterized by a substantial excess of imports over exports, by an increased tendency for imports to rise and for exports to remain stable or fall slightly in recent years. In 1952 the value of exports amounted to about $117 million. Three agricultural commodities, rubber, rice and corn accounted for 71 percent of this amount. Imports during the same year were valued at about $449 million resulting in an unfavorable balance of trade amounting to about $332 million. France is by far the leading supplier of goods imported into Indochina and the French Union also is the primary market for Indochina's exports. Deficits in trade payments usually have been balanced by new capital imports, since heavy transfers of profits into France prohibited the accumulation
of capital in Indochina even during those few years that showed favorable trade balances.

The most intensive use of hand labor is still the predominant way of land cultivation; therefore, labor requirements in crop production are extremely high. Mechanical agricultural equipment is relatively unknown and the use of draft animals is very limited in the Tonkin delta and the Annam coastal areas because they compete with man for the meager food supply. Crop cultivation is typically small-scale with the farm family furnishing most of the labor required. Due primarily to lack of improved seed stock, hand cultivation and the absence of proper equipment, and very restricted use of fertilizer, the average crop yield is very low by any standard of comparison. There have been very few efforts made in the past by the government to bring about improvements in crop production methods.

The intensity of the problems of land ownership and tenure relations varies in the different regions and states of Indochina. In the Tonkin delta farming area the problem relates primarily to the large number of farm families upon the available land supply, the intensive subdivision and parcelization of land holdings and the extremely small amount of land available to the average farm family. This situation improves only slightly in Central Vietnam. The problem of absentee land ownership is not as acute in the North and Central parts of Vietnam and Cambodia as it is in South Vietnam. In South Vietnam the problem revolves around the sharecropper system of crop production, absentee landlords, insecurity of tenure, and the fact that only a relatively small percentage of the farmers own the land they cultivate. In the
deltas of North and Central Vietnam, the custom of dividing property equally among all the children has resulted in very small land holdings, which, in the majority of instances, are divided up into many tiny parcels. In general it may be said that South Vietnam is a region of large land holdings, absentee landlords, sharecroppers and landless agricultural workers, whereas North and Central Vietnam and Cambodia are regions of small peasant farmers who cultivate their own lands. It is estimated that 99 percent of the agricultural holdings in North Vietnam, 90 percent in Central Vietnam, and 95 percent in Cambodia, but only 64 percent in South Vietnam are operated by their owners. In Vietnam there are approximately 4.5 million farm families, but only 2.0 million farm landowners. Thus, close to 56 percent of all farm families in that state do not own all the land they cultivate.

Legal ownership of land is frequently one of name only; the owner often is practically a tenant, being obliged to make annual payments to the moneylender who has allowed him to remain on the land holding.

There is an urgent need for reforms in agriculture in Indochina, particularly in Vietnam. This need arises from the following: (1) the very unequal distribution of landholdings resulting in a large percentage of the total cultivated area being owned by a small percentage of the people; (2) the very large number of landless farm families; (3) the very extensive degree of parcelization of landholdings in Central and North Vietnam; (4) exhorbitantly high land rental rates prevailing in most areas; (5) the usurious rates of interest charged by moneylenders and merchants on short-term money and food loans to farmers; and (6) the disorganized and unsystematic conditions under
which agricultural commodities (primarily rice) are marketed at the farm level. These conditions of the rural economy all combine to lead to gross inefficiency in agricultural production in general, grossly unequal distribution in incomes, perpetual indebtedness and a miserable standard of living at the bare subsistence level for a large sector of the rural people. The result is social and political unrest on the part of the masses.

There have been only feeble efforts in the past on the part of the governments toward remedying these conditions. The few laws and decrees enacted were inadequate to cope with the situation. What few benefits could have been forthcoming never materialized because the laws and decrees were not enforced and the evil practices of the economic oligarchy continued to the detriment of the rural proletariat. At the present time the government is showing renewed interest in the agrarian reform needs of the country and, with American aid, a more constructive program of action is in process of being implemented in that portion of the country still out of Communist control.

The exodus of about 200,000 refugee farm families from Communist controlled North Vietnam into the south has reduced somewhat the pressure of population on the land supply in the Tonkin delta but at the same time greatly aggravated the agrarian problems in South Vietnam. The present agrarian reform program includes provisions to rehabilitate those people on abandoned farm lands.

The greatest handicaps to implementing a broad program of agrarian reform in Vietnam are: (1) the opposition from landowners, commodity merchants and moneylenders; (2) shortage of qualified personnel to
carry the program to the rural people; (3) only passive acceptance in some quarters and active resistance in others on the part of civil and military officials in the rural provinces for personal reasons; and (4) obstructive tactics from Communist cadres left in South and Central Vietnam by the rebel military forces for that purpose.

Traditionally, the major agricultural products of Indochina are marketed chiefly through Chinese middlemen who normally take substantial margins for their services. These traders and middlemen are often usurers as well, who usually take in a large portion of the crop as payment for their advances, thus cutting off the producer from most free markets in agricultural products. Generally speaking, there is no organized system of internal marketing for agricultural commodities. The only exception is rubber whose production and marketing are entirely in the hands of relatively few foreign corporations or syndicates. Besides rubber, rice is the only other farm product the marketing of which can be said to follow established patterns. With the exception of the efforts of farmers' organizations in introducing some system of marketing coffee, tea, tobacco, and other minor crops, very little has been done by either government or private individuals or institutions in effectuating some systematic marketing arrangement for farm commodities. As a consequence, the majority of the less-important agricultural products are traded by producers on a barter basis in local village market places.

The commercial rice milling industry is concentrated in the cities of Saigon-Cholon and Pnom Penh. Most of the smaller rice mills in the interior rice-producing areas have been destroyed during the period of rebel activities. Practically all the paddy going into commercial
channels for milling and consumption within the country and for export is purchased by paddy merchants or millers' agents. Only a very insignificant quantity of paddy is delivered by producers directly to the larger commercial rice mills and warehouses located in the large cities. It is the common practice of most paddy buyers to make advances to rice farmers at the beginning of the rice-growing season, in return for which the farmer agrees to repay the loan at harvest time by delivering a certain quantity of paddy of a designated grade and quality, and for a certain price. Under such a system of credit advances, rates of interest are unduly high and also are partially concealed. Until some improvements are forthcoming in paddy assembly, tied as it is with production credit, disorganized rice marketing at the farm level will continue to encourage usurious interest rates on loans by paddy merchants to farmers.

There is no organized commodities exchange in Indochina and, therefore, no organized trading in futures in rice or other commodities. However, there is a large amount of trading by individuals and syndicates who make current commitments for delivery on a certain future date. The wholesale price of processed rice normally is controlled to a large extent by Chinese millers and wholesale rice dealers, who also are very influential in controlling the price of paddy.

In summary, the following are major defects in the system of marketing agricultural products: (1) farmers are financially unable to retain control of their products after harvest but are forced to sell immediately in order to repay obligations contracted during the growing season, and because of poor bargaining power they suffer the
consequences of low prices; (2) lack of effective competition among buyers at the farm level; (3) inadequate and insufficient storage on the farms and at the primary assembly points; (4) inefficient and inadequate transportation system; (5) excessive taxes imposed on the movement of commodities from production to processing and consuming centers; (6) relatively inefficient rice mills and milling machinery resulting in low quality product of a lower value which is reflected back in the form of low prices to farmers; (?) Chinese monopoly in rice trading resulting in little opportunity for rice prices to be set under competitive conditions; (8) too many middlemen between the farmer and consumer consistent with the amount of services performed, which tends to widen the gap between producer and consumer.

In the past farmer cooperatives in Indochina have been closely associated with the agricultural credit movement and most of them were financed by government-sponsored rural credit organizations. Membership contributions never comprised a significant part of the capital. For the most part, funds for short-term crop production loans and also long-term loans for equipment were obtained from the government which, at the same time, practiced close supervision of the lending operations and the use of the capital furnished. Beginning in 1936, when the first cooperative was established, the French administration took an active part in organizing and financing farmer cooperatives in almost every major agricultural region of the country. By 1941 a total of 13 cooperatives had been organized and placed under the supervision and direction of the former Office de Credit Populaire. Not one of these agricultural cooperatives proved successful according to usual
standards of performance. The members were invariably suspicious and uncooperative with the management, and farmers were seldom disposed to bring their produce to the cooperative warehouses or mills, except against full payment in cash at current market price. More often the cooperatives became ordinary storage, milling or processing, and merchandising centers, without the close relationship to their members or raw product suppliers. In addition, the administration of the organizations was expensive, operational and other costs were very high, and all too often total costs exceeded total income. The main obstacles in establishing an institution of farmer cooperatives in Indochina have been: (1) the moral obstacle constituted mainly by the skepticism and abstentionism of the Indochinese "milieux" who go under the fatalistic assumption that usury practices are too well fixed in the habits of the rural economy to be discarded; and (2) the ignorance and disinterest of the mass of the rural population in the problems and activities of the management of the organizations; and (3) the insufficiency of qualified personnel to fill positions of management.

Farmer cooperatives established under the French were inadequate to meet the needs of Indochina's agricultural economy. In general, the radius of action was very limited and existed only in a few localized centers of concentrated production of "special crops". The quantity of produce marketed through the organizations amounted to only a very small percentage of the total production, and the membership represented an insignificant portion of all farmer-producers. The amount of capital available was grossly insufficient and the money advanced to members against pledged crop deliveries never exceeded 25 percent of the estimated value of the produce.
Present efforts by the Cambodian and Vietnamese governments in establishing an institution of farmer cooperatives are intended to avoid past errors. Emphasis is being placed on organizing a new, decentralized agricultural cooperative institution called the "Centre Rural" which is to act simultaneously as a credit organism by granting short-term crop production loans to members, and as an instrument for the purchase, grading, storage, and cooperative sale of members' produce. Special efforts are made to incorporate as many of the basic democratic principles of cooperation as possible in the cooperative laws and regulations, as well as in the operation of the cooperatives, consistent with proper government control and supervision to safeguard against misuse of funds. A special, coordinated program of educating farmers in cooperative principles has begun which has the objective of obtaining and maintaining proper membership-management relations. The present program also calls for training of personnel who will become qualified and competent to assume cooperative administrative duties. Government financing arrangements are being simplified and adequate funds are provided through American Aid to grant loans in both equipment and facilities and short-term production and operating credit to farmer cooperatives organized under the new system.

The continuous need for agricultural credit of all types and the frequent lack of it have been major factors responsible for the slow progress in agricultural development in Indochina. Rates of interest on loans to farmers usually are very high, often as much as 40 percent per annum, and in the case of small loans, even 10 or 12 percent per month or up to 140 percent per year. Domestic savings are insufficient
for credit needs, and the Chinese and Indian moneylenders provide the funds for a large part of the loans.

One of the major elements of agrarian reform needed in Indochina is the provision of cheap credit for the peasant. Whether or not he owns the land he cultivates, the Indochinese peasant is generally in debt; and, because of the usurious rates of interest charged, he invariably finds it very difficult to extricate himself from this position.

In Indochina, the landlord-moneylender is the worst influence on general agricultural development. The landlords, in many cases, depend more on the interest they receive from the loans they grant to their tenants than on the output from their rice lands. This explains why owners of large estates often prefer to divide their land into small farms and lease them to landless peasants for traditional, primitive cultivation.

In the 75 years of French administration of Indochina only relatively feeble efforts were made in this sector of agricultural credit. For the most part, the agricultural credit agencies established by the French were destined to bring credit assistance only to landowners and large cultivators since most loans granted under the French system stipulated mortgage of the land as primary collateral for loans. A large portion of the capital advanced to landowners by the government lending agencies at reasonable rates of interest were used by borrowers for sublending to their tenants at greatly increased rates of interest. Most organizations engaged in rural lending activities under the French administration therefore were not designed to bring needed assistance to native small cultivators and tenants.
Briefly, the history of French efforts in this field can be summarized as follows: (1) Mutual Loan Associations were organized in 1915 to facilitate credit advances to agricultural entrepreneurs against physical assets as security. These failed to assist the great majority of the small peasant farmers; (2) the Credit Populaire Agricole was organized in 1927 to supplant the Mutual Loan Associations; however, the depression of 1932 resulted in over 70 percent loss of its capital through unpaid loans, and this agency was superceded by the Credit Agricole Mutuel; (3) this institution was organized in 1933 to coordinate the activities of the credit agencies and to enter more actively for the first time in short-term loans to small cultivators. The lending activities of the Credit Agricole Mutuel were conducted through several provincial agricultural banks and coordinated by a central agricultural credit bank in charge of control and supervision. Most of the capital was provided by the Bank of Indochina; (4) the Office de Credit Agricole Mutuel et Artisanal was organized in 1940 to furnish credit assistance mostly to cooperatives; however, the management of this agency was very ineffective in bringing financial and credit assistance to small cultivators primarily because many members of local loan commissions took advantage of their positions to falsify loan application documents to obtain loans for their own benefits or to grant loans to their friends and relatives; (5) the Office de Credit Populaire functioned from 1939 until 1949 as a centralizing and coordinating agency; however, very little coordinating was forthcoming and very few loans to individual farmers were granted up to 1949 when the assets of this agency were divided among the three states of Cambodia, Laos and Vietnam.
None of the above-named agencies were effective in bringing needed credit assistance to peasant farmers. They all lacked financial autonomy and, although they were all closely controlled and supervised by the central government banking institution which furnished the capital, a large portion of the loans made were misused by the recipients who utilized the funds borrowed to relend at usurious rates to their less-fortunate neighbor farmers.

A Program of Reform

The major problems in Indochina are concerned basically with low productivity of the average worker and the inability of the worker to retain a reasonable share of his output for his own uses. These conditions largely are the result of inadequate resources, the improper use of what resources there are, and the social and economic structure under which the peasant must exist. The results of such circumstances are: (1) a widening of the economic and social strata with a small upper-crust of rich aristocracy and a multitude of poor citizens; (2) loss of interest on the part of the masses in the functions of government; (3) loss of interest in community improvements and community life on the part of rural landless people having insecurity of tenure on the land; (4) very little contribution from the majority of the population toward the economy and prosperity of the nation, or the moral and financial support of the government; and (5) further disruption of the social and economic order occasioned by the practices and selfish interest of merchants, moneylenders and landlords.

Past errors in colonial rule and administration of Indochina brought about armed rebellion by a large percentage of the masses and
resulted in Communism gaining control over a large portion of the country. Armed revolution is not the answer, and it should not be resorted to as a substitute for positive government action designed to bring about improvements in the living of the people.

A program designed to improve the economic well-being of the Indochinese peasant and, consequently, the national economy, should emphasize increasing the productivity of the land and the worker of the land. This objective must be accompanied by steps to assure the equitable distribution of the production. These aims can be fostered under a program which will:

1. Provide short-term crop production and medium-term land improvement and equipment loans to farmers at reasonable rates of interest, and thus decrease the reliance of farmers upon merchants and moneylenders for this type of credit assistance. The administration of the newly-organized Agricultural Credit Service should be strengthened and procedures for granting loans should be simplified.

2. Improve the land tenure situation by implementing a sound and administratively feasible program designed to: (a) immediately effectuate reduction of land rent, greater security of tenure and formalizing the rights of squatters and displaced farm families on abandoned farm lands in South Vietnam, and (b) eventually redistribute the lands on a more equitable basis by setting definite land retention limits, government purchase of large estates for redistribution on a reimbursable basis to landless peasants and owners of uneconomically small parcels of land.

3. Bring forth greater efforts to improve the system under which most agricultural products are marketed. Emphasis toward re-establishing local storage and rice milling and other primary processing facilities in the rural areas is necessary. Basic revisions in taxation and credit policies are needed to attract more private investment in such facilities closer to the points of agricultural production. In addition, the new government program of furnishing the capital, leadership and guidance necessary to organize farmer credit, marketing, and purchase cooperatives at the village level should be enlarged and given all support possible. There is great need also for more government activities in the fields of
market information, crop reporting and statistical information, and of getting such information to the farmers for their own benefit. In connection with farmer cooperatives, rural people should be encouraged to perform more of the basic marketing services themselves and thus narrow the gap between them and consumers.

4. Strengthen the government Agricultural Service to include a farmer education, information or agricultural extension section designed to acquaint rural people with benefits obtainable through improved methods of crop production and harvesting, such as use of better and proper equipment for land preparation and crop cultivation, improved seed stock, proper fertilization and more extensive use of fertilizers. Government agricultural credit policies should be directed toward helping farmers incorporate these improvements in their farming practices and wider cooperative use of small stationary rice threshers as well as greater care in handling, drying and home storage of farm products, mainly rice. There is a great need to make the personnel in the Ministry of Agriculture and the Agricultural and related services more conscious of their responsibility toward helping small farmers improve their living conditions.

5. Give greater emphasis to the government program of rural education and health improvement. Increasing the vitality and decreasing the degree of illiteracy of rural people would contribute materially to increasing the interest of the masses in and their support of local, regional and national governments.

6. In the interest of greater industrialization and economic development, and moving the excess farming population off the farms, provide opportunities for more employment outside of agriculture. Proper government fiscal and Monetary (credit) policies designed to promote and foster more small industries in rural provinces would be a step in the right direction.

7. Foster improvements in the field of transportation. Special efforts should be made in repairing war damage to existing roads, bridges and navigable streams and in building more rural, farm-to-market roads and thereby facilitate transportation of produce to and from the producing areas.

8. Place greater emphasis in improving irrigation methods and water-control facilities. Improved water control and drainage would bring large areas of land under cultivation and also decrease the ravaging effects of periodic floods in the deltas. Better irrigation methods would make it possible to increase total rice production, reduce the large amount of labor utilized in lifting irrigation water and also make it possible to increase substantially the total area planted to crops during the dry season.
9. Before any long-term and permanent improvement in the general economy and living conditions of the masses in particular can be forthcoming there must be greater stability in offices of governmental authority directing and enforcing action programs leading toward such improvements.

Probably the paramount desire of farmers in Indochina is to become owners of the land they cultivate. The evils of absentee land ownership and the exhorbitant land rentals and interest rates of landowners and moneylenders undoubtedly contribute most of the dissatisfaction expressed by farmers, and are the major cause of the extreme misery of most rural families. Uncertainty of tenure and otherwise unfavorable tenure relations also have been major factors causing unrest. There is probably no greater certainty of tenure than there is stability in the provincial and national governments. The average peasant farmer is little concerned about government stability because he does not consider himself closely associated with it and seldom gets to know the name of the person appointed chief of his province before a new one is appointed. However, he is definitely concerned about the availability of a plot of land to farm, and in the absence of lease or land rent contracts stipulating duration and other conditions of tenure, he often finds himself abandoned by the landowner at harvest time, or as soon as his debts to the landlord are cleared. When another piece of land is found it invariably is obtained only on the new owner's terms. If the free democratic Vietnamese government had sufficient stability, power and determination to actually and forcefully administer and implement the present agrarian reform statutes over the whole rural area, the basic desires of farmers in improved tenure relations and in land ownership would be forthcoming. The present state of agrarian unrest would
diminish and greater stability and economic well-being of the rural population would result.

However, improved tenure conditions and land ownership per se will not solve all the social and economic ills of farmers. Lack of adequate credit of any type and the present system of unorganized marketing facilities or channels also are very effective detriments to farmer prosperity. Positive and determined government action is needed to remedy the prevailing situation of 10 percent per month interest on short-term production credit and of farmers receiving only 40 percent of the market value of the crop as their share of the harvest. Such usury practices will have to change for the benefit of farmers before any material economic improvement can be expected. All efforts possible need to be taken by the government. The program of government-sponsored and financed farmer marketing cooperatives and the National Agricultural Credit System recently started can go a long way toward remedying the situation, if they are properly administered and adequately financed.

The presence of foreigners, primarily French, Indian and Chinese, in agricultural undertakings, and their predominance in the farm credit and agricultural marketing fields, is viewed with distrust by most Indochinese farmers. It is becoming absolutely necessary that the Indochinese nationals themselves replace foreign interests and assume a larger role. It is no longer possible to expect contentment, stability, and economic and social improvement for the citizenry of a country when there are in that country 90,000 or 100,000 foreigners living in luxury but surrounded by 28-odd million "natives" - 90 percent of whom live under conditions of extreme poverty.
These recommendations and suggestions are presented as ideas for consideration by those in position and charged with the responsibility of improving the national economy in general and agrarian problems in particular. Governmental authorities can present and pursue lines of action designed to implement needed improvements, but the final solution can be achieved on a permanent basis only if the people themselves are properly oriented and given the opportunity to cooperate in the development of plans and execution of programs, and become closely associated with all reform movements. The rural people themselves must come forward with active support rather than passive resistance.
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   b. Classification of Peasant Social Groups
   c. Forward with the Application of Agrarian Reform
   d. Vietminh Land Reform Law

Complete Text of ORDINANCE No. 20 of June 4, 1953 as it now reads after incorporating the changes made by ORDINANCE No. 2 of January 8, 1955 and including the new specimen contract Type A appended to Ordinance No. 2 by Amendment No. 6 of February 5, 1955.

HIS MAJESTY BAO-DAI, CHIEF OF STATE,

In view of Ordinance No. 1 of July 1, 1949, fixing the conditions for the organization and functioning of public institutions;

In view of Ordinance No. 2 of July 1, 1949, as modified by Ordinance No. 21 of August 4, 1954, relating to the organization of public Administrations;

In view of Ordinance No. 19 of June 4, 1953, fixing the procedures for return to the regional private domain and the redistribution of uncultivated portions of agricultural concessions;

In view of Ordinance No. 20 of June 4, 1953, establishing the regulations governing tenant farming;

In view of Ordinance No. 21 of June 4, 1953, stipulating and limiting the extent of maximum rice-field and agricultural land holdings.

In view of Ordinance No. 22 June 4, 1953, establishing procedures for the enjoyment of usufruct of rice-fields and agricultural land;

In view of Decree No. 15 of June 19, 1954, nominating Mr. NGO DINH DIEM as President of the State Council and in consideration of the complete civil and military authority granted to him by the Chief of State;

In view of Decree No. 94-CP of September 24, 1954, as amended and completed by subsequent Decree, determining the composition of the Government;

On the proposal of the Minister of Agriculture;

The Council of Ministers being agreed,
IT IS DECREED THAT:

Section I

Definitions

Article 1. A rural landowner, or proprietor (Chu-dien) is defined as the individual or legal entity who, possessing the ownership or the usufruct of rice or agricultural lands, cultivates them himself or rents them in part or in whole:

- to a tenant farmer (Ta-dien), by a farming lease, in consideration of an annual rental in cash or in paddy;

- to a sharecropper (Lam-re), by a lease based on payment of ground rent, or a sharecropping agreement based on a division between the two parties of the crop.

The assignees of the said rural landowners are included with them, for purposes of this Ordinance.

Article 2. A tenant farmer, or Ta-dien, is defined as one who, having arranged with a rural proprietor a farming lease, based on an annual rental in cash or in paddy, cultivates, by himself or with the assistance of others, one or more parcels of rice or farming land belonging to the proprietor in question.

Article 3. A sharecropper or Lam-re is defined as one who, having executed together with a rural proprietor a sharecropping lease based on a division or sharing of the usufruct between the two contracting parties, cultivates, himself or with the aid of other persons, one or more parcels of rice or agricultural land belonging to the proprietor in question.

Section II

Chapter 1.

Concerning the farm leases

Article 4. The farm lease is a contract by which a rural proprietor rents to a tenant farmer (Ta-dien) a rural landed property, in consideration of an annual rental in cash or paddy.

Article 5. A tenant farmer is prohibited from renting from one or several proprietors a cultivatable area which, if added to the lands of which he may himself be the owner, exceeds the allowable limit of land holding as fixed by Ordinance No. 21 cited above.
Article 6. The duration of a farm lease may not be less than five years, renewable by tacit agreement.

Article 7. The farm lease must be a written instrument in three copies, of which the original is held by the proprietor, the second copy by the tenant farmer and third copy kept in the files of the village where the leased rice field and farm land are located.

Within eight days from the day the lease is signed, it must be registered at the Communal hall in a special land register maintained for that purpose.

No charge is made for registering the lease.

No verbal farm lease is valid.

A specimen contract Type-A is appended to this Ordinance.

Article 8. The tenant farmer may not sub-let or assign his lease to a third party without the consent of the rural proprietor.

Article 9. The rural landlord cannot request the cancellation of a farm contract or refuse to renew it unless he can offer proof:

10) that he wishes to take back his holdings in order to cultivate them himself or have them cultivated by one or several of his lineal descendants who have completed their eighteenth year and who are capable of ensuring the efficient exploitation of the farm, providing however, that the farm contract has been in force for at least three years,

20) of any other serious and legitimate reason such as non-payment of farm rent or excessive and repeated delays in its payment unless due to causes beyond the farmer's control, or activity of the farmer which would be detrimental to proper cultivation of the leased rural property or refusal by the farmer to carry out those improvements on the land or those cultural practices recommended by the Provincial Joint Committee....

Article 10. In case of cancellation or non-renewal of the lease under the conditions provided for in the foregoing article, the proprietor must give at least six months notice to the tenant farmer.

Reciprocally the same period of notice must be given by the tenant farmer who desires to cancel, or not to renew, his lease contract.

Article 11. In case of sale of the land by the rural proprietor, the tenant farmer has, within the limits of allowable landholding as stipulated by Ordinance No. 21 cited above and subject to the conditions of Article 5 above, the right of pre-emption with respect to the rural land which he is cultivating.

If, however, he does not avail himself of this prerogative and the land is sold to a third party, the latter will be responsible for the
execution of the conditions of the contract, in place and instead of the former proprietor.

**Article 12.** The farming lease is not invalidated either by the death of the lessor or that of the lessee. The heirs of the two parties partake of the rights and obligations of the (original) principals.

Nevertheless, the lease is (considered as) cancelled without the necessity of notice if the lessee leaves no heirs, or if the parties at interest sign a written waiver of their holding rights with respect to the continuation of the lease.

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**Chapter 2.**

**Tenant Farm Rent**

**Article 13.** The farm rental rate may not, in any case, be less than fifteen per cent (15%) nor more than twenty five per cent (25%) of the value of the annual harvest of the principal crop.

This rate is applicable only to the land itself and, where mutually agreed upon to fixed improvements such as: dwellings, fruit trees, fishponds, etc....

If the proprietor supplies the farmer with seeds or fertilizers, these products are paid for by the farmer, after the harvest, at the actual purchase price plus an annual interest not to exceed twelve per cent (12%).

When the proprietor leases cattle or farm implements to the farmer, the rental cannot exceed twelve per cent (12%) of the value of these animals or equipment. This value is determined by the Cantonal Joint Committee when the contract is drawn up.

Within the limits set forth in paragraph I of the present article, the farm rental rate, for each homogeneous crop area, is determined by a Decree of the Governmental Delegate for the Region based upon the successive recommendations of the District Joint Committee, of the Provincial Joint Committee and with the agreement of the Minister of Agriculture.

In no instance can the farmer be obliged to make any payments or provide any service either in kind, cash or in labor whatever its origin or form over and above the payment of the farm rental rate to the landowner.

**Article 14.** The farm rent is payable annually, either in cash or in commercial paddy, at the latest within the month following the end of the harvest in the province.

Rental payable in paddy must be delivered by the tenant farmer to a place previously agreed upon by the parties, which may not be
located outside the limits of the province. When payment is stipulated in money, the farmer may always discharge his obligation in paddy of honest and marketable quality, at the current rate for payment of farm rent.

**Article 15.** The tenant farmer is not obligated to pay any rent if by accident or force majeure the harvest of the leased property should be at least two thirds destroyed.

Other risks are shared between the proprietor and the tenant farmer under conditions set forth in the contract.

**Chapter 3**

**Special rights and obligations of the tenant farmer.**

**Article 16.** The tenant farmer shall have use of the leased lands under the conditions defined by this Ordinance, and in the manner specified by the contract agreed to mutually with the rural proprietor. He is bound to use the rural rented property in the same manner as a good and responsible family head would do.

**Article 17.** The rights of fishing and grazing are recognized as belonging to the tenant farmer within the area leased by him, subject however to conditions of the lease, and especially (subject to) the possible payment of certain charges or royalties.

**Article 18.** The tenant farmer is responsible for the upkeep of small dikes and other hydraulic works relating to the leased parcels of rice or agricultural lands.

He is also responsible for undertaking his contribution in work towards agricultural upkeep for the common benefit, and the proper maintenance of the leased land.

At the expiration of the lease, in case of non-renewal as well as in the case of cancellation, the departing tenant farmer may request just reimbursement for his work in improving the land, carried out with the previous written agreement of the proprietor.

**Article 19.** In no case has the tenant farmer to bear the costs of any land taxes, which devolve exclusively and entirely upon the rural proprietor.

Any contrary provision inserted in the rental contract will not be legally binding.

**SECTION III**

Cantonal, District and Provincial Joint Committees.
CHAPTER I

Cantonal Joint Committee

Article 20

There is established in each canton a joint committee charged with carrying out the preliminary study and investigations of cases submitted to the District Joint Committee.

The Cantonal Joint Committee is an advisory body but its opinion is in all cases obligatory.

Article 21

It is composed of:

The Chief of the Canton ......................... Chairman

Two rural landowners, not tenant farmers, or their alternates ............... Members

Two tenant farmers, not rural landowners, or their alternates .................. Members

CHAPTER II

District Joint Committee

Article 22

There is established in the principal town of each district, a Joint Committee whose main responsibilities are:

- to make up a list of the land which for no valid reason has not been cultivated and to receive the explanations of the proprietor or concessionaire prior to proposing either the return of the land to the regional private domain or the grant of the right of occupancy.

- to make up a list of the unoccupied State land which could be allocated as a concession,

- to investigate the applications for concessions of land in the private domain,

- to estimate annually the average yield of land by homogeneous crop area,

- to propose the tenant farming rental rate, by homogeneous crop area, within the limits set forth in the new article 13 cited above,
- to appraise losses resulting from accident, crop failure and acts of God,

- to propose the maximum holding, by crop area, that a farmer may lease,

- to survey and appraise the land and its fixed improvements when a new contract is drawn up or a contract cancelled, if such survey and appraisal is indicated.

- to give its opinion on claims for damages in case of eviction of the tenant farmer,

- to arbitrate, in the first instance, conflicts and disputes arising out of the application of the terms of rural leases; the dispute is brought before the Provincial Joint Committee when not settled by the District Joint Committee.

**Article 23**

The District Joint Committee is composed of:

The Chief of district ......................... Chairman

Two rural landowners,
not tenant farmers, or
their alternates ......................... Members

Two tenant farmers,
not rural landowners, or
their alternates ......................... Members

**CHAPTER III**

**Provincial Joint Committee**

**Article 24**

There is created, in the principal town of each province, a Provincial Joint Committee responsible for giving its opinion on the District Joint Committee proposals particularly with reference to:

- the return to the private domain of the land which for no valid reason has not been cultivated, or the granting of the right of occupancy,

- the survey and appraisal of unoccupied State land which could be allocated as a concession,

- the applications for concessions of private domain land,

- the annual estimate of the average yield of land, by homogeneous crop area,
- the fixing of the tenant farming rental rate by homogeneous crop area, within the limits set forth in the new article 13 cited above.

- Estimating losses sustained as a result of crop failure, accident or act of God.

- Determining the maximum holding, by crop area, that a tenant farmer may lease,

- claims for damages in case of eviction of the tenant farmer,

- the classification of lands by homogeneous crop areas,

In addition, the Provincial Joint Committee makes recommendations on land improvement measures and cultivation techniques.

It encourages the setting up of agricultural syndicates, associations or co-operative societies as a one way of lowering the cost price and of increasing the quantity and quality of agricultural production.

It studies and proposes to the Chief of province measures for implementing agrarian reform.

The Provincial Joint Committee convenes as an Appeal and Adjustment Committee to settle, in the second instance, conflicts and disputes arising out of the application of the terms of rural leases; the dispute is brought before the civil court with territorial jurisdiction when not settled by the Provincial Joint Committee.

The conciliation procedure is compulsory prior to any judicial process.

Article 25

The Provincial Joint Committee is composed of:

The Chief of province or his delegate ................................... Chairman

Five rural landowners, not tenant farmers, or their alternates ................................ Members

Five tenant farmers, not rural landowners, or their alternates ................................. Members

The Chief of the Provincial Agricultural Office acts as recording secretary.
CHAPTER IV

Provisions common to the Provincial, District and Cantonal Joint Committees

Article 26

The members of the Provincial, District and Cantonal Joint Committees are nominated as follows:

Every two years, the Communal (village) Councils will prepare a list of the rural landowners and a list of the tenant farmers on their villages. Each category of persons listed elects five delegates to represent them on the joint committees.

The lists of landowners and tenant farmers elected are then successively pooled
- for each canton,
- for each district,
- for each province.

A committee composed of:

The Chief of Province or his deputy ...................... Chairman

The Chief Justice or a judge
of the provincial Court ................................. Member

The Administrative Delegate of the principal town of the province ...................... Member

draws by lot the names of the listed landowners and tenant farmers who will be members or alternates of the Canton, District or Province Joint Committees.

The Term of the joint committee members and their alternates is for two years and is not immediately renewable.

No one can be a member of two Joint Committees at one time.

The duly constituted Joint Committee must be convened by the Chairman and meet at least four times a year, once every quarter.

A Quorum of the Provincial Joint Committee is constituted by at least seven of its members, including its chairman. A Quorum of the district or cantonal joint committees is constituted by at least three of its members, including its chairman.
The decisions of the Joint Committees are taken by a simple majority of their members, present and voting.

The parties to the dispute may challenge one or several members of the Joint Committee. The chairman replaces the challenged members by nominating one or several alternates in the order in which their names were drawn by lot.

Recourse to the Joint Committee is entirely free of charge.

**SECTION IV**

**Penalties and miscellaneous provisions**

**Article 27**

For purpose of applying the foregoing provisions, the following units of measure are the only one's recognized:

- For measurement of area: (the Hectare (mau tay: 10,000m²)
  (the Are ( cong) 1,000m²)
  (the Centiare: 100m²)

- For measurement of volume: (the Gia of 40 litres
  (the Thung or Tsao of 20 litres

- For measurement of weight: (the Ton: 1,000 kilograms
  (the Quintal: 100 kilograms
  (the Kilogram: 1,000 grams

**Article 28**

Effective as of the date of its promulgation, the provisions of the present Ordinance legally apply to all outstanding verbal and written tenant farm contracts and cannot, in any case, constitute a basis for cancellation or nonrenewal of the said contracts.

Within six months from the date of promulgation of the present Ordinance all outstanding verbal tenant farm contracts must be reduced to written contracts.

At the end of this six months period, any verbal tenant farm contract will be null and void without prejudice to the application of the provisions set forth in paragraphs 5, 6, 7 and 8 of the present article.

Effective as of the date of the promulgation of the present Ordinance, all provisions of current tenant farm contracts must be made to conform with this Ordinance and must be therefore amended by an additional contract.
Any rural landowner who enters into a verbal tenant farm contract or who demands or receives from the tenant farmer, over and above the yearly tenant farm rental and such payments as may be provided for under paragraphs 3 and 4 or article 13 (new) above; any payment or any service whether in kind, in money or in labor for any reason or in any form whatsoever, or who without valid reason forbids or prevents, the exploiting of any leased rural property, is liable to a fine of from One hundred piasters ($100) to twenty thousand piasters ($20,000) independently of any damages to the injured party.

In addition he is liable to a sentence of eleven (11) days to three (3) months imprisonment.

Moreover, in case of second offence, a sentence of three (3) months to a year imprisonment is mandatory.

These penalties are without prejudice to the application of the heavier penalties which may be provided for under criminal law.

Any tenant farmer who enters into a verbal tenant farm contract with a rural landowner or who, over and above the yearly tenant farm rental rate and such payments as may be provided for under paragraphs 3 and 4 of article 13 (new) above; proposes to provide to the latter any payment or any service, whether in kind, in money or in labor, for any reason or in any form whatsoever or who without a legitimate reason abandons or stops the exploitation of any leased rural property, is liable to fine, imprisonment and damages as provided for in paragraphs 5, 6, 7 and 8 of the present article.

Any member of the Communal Council who, at the time the tenant farm contract is registered demands or receives from the landowner or the tenant farmer, any payment or any service whether in kind, in money or in labor, for whatever reason or in any form whatsoever is liable to the penalties provided for extortion.

Extenuating circumstances and the suspension of penalties may be invoked for infringements of the law set forth in paragraph 5, 9 and 10 of the present article.

Article 29

All previous provisions in conflict with the present Ordinance, are superceded.

Article 30

The President of the Government, the Minister of the Interior, the Minister of Justice, the Minister of Agriculture and the Delegates of the Government (Regional Governors) in each Region are charged,
each as he may be concerned, with the responsibility for carrying out
the present Ordinance.

Signed in Saigon on January 8, 1955

On the Authority of HIS MAJESTY

CHIEF OF STATE,

THE PRESIDENT OF THE GOVERNMENT
ORDINANCE No. 7 of February 5, 1955

HIS MAJESTY BAO-DAI, CHIEF OF STATE,

DECREES:

ARTICLE I.- Within the framework of the Government policy of national recovery, the purpose of the present ordinance is to encourage an immediate large scale recultivation of unexploited agricultural land and rice-fields belonging to both private individuals and to juridical persons.

For the purposes of the present ordinance, unexploited land or rice-fields are defined as land or rice-fields not having been cultivated during the past crop year.

ARTICLE II.- Until the joint committees, provided for under Ordinance No. 2 of January 8, 1955, are in a position to discharge their functions, the communal councils are charged with the responsibility, within a month from the date of promulgation of this ordinance, of preparing as indicated on the attached form, a list of the agricultural land or rice-fields which were not cultivated during the last agricultural season. This provision applies both to land belonging to private individuals or to juridical persons and to public land belonging to the Regional, Provincial or Communal private domain.

Four copies of the lists of uncultivated land or rice-fields will be forwarded not later than March 15, 1955, to the District Chief who will keep one. The other three copies will be sent through the usual administrative channels respectively to the Chief of province, the Minister of Agriculture and the Commissioner General for Refugees.

PROCEDURE FOR LAND OR RICE-FIELDS BELONGING TO PRIVATE INDIVIDUALS OR JURIDICAL PERSONS

ARTICLE III.- Within thirty (30) days from the date of promulgation of this ordinance, all rural landowners must make known to the communal council of the place where their holdings are located, their present address and their intention to cultivate their agricultural land or rice-fields for the next agricultural season. If these formalities have not been complied within this time limit, the landowner will be considered as absent.
Concerning the landowner who is present:

**ARTICLE IV.** When the landowner is present, that is to say, when he or his legal heirs have complied with the formalities set forth in article III cited above, he may agree to cultivate with his own labor his land and/or rice-fields during the next crop season or to have them cultivated by a farmer of his choice.

If he chooses to lease his rice-fields and lands, both parties to the contract may choose between the model contract Type A appended to Ordinance No. 2 of January 8, 1955 or the contract Type B appended to this Ordinance. In the first instance, the landowner must pay all the land taxes; in the second instance he is exempted from them under the conditions outlined in this ordinance.

Concerning the absent landowner:

**ARTICLE V.** When the landowner is absent or is unwilling to bind himself to cultivate his land or rice-field during the next crop year, these land or rice-fields can be allocated for a period of three (3) years to the following persons:

1) tenant farmers who have previously cultivated this land,

2) refugees,

3) legal heirs of soldiers and civilians who died on the field of honor,

4) war veterans,

5) anyone who desires to cultivate a rice-field or a plot of agricultural land with his own family labor

**ARTICLE VI.** Anyone in categories 1, 3, 4 and 5 enumerated in article V above, who desires to benefit by the provisions of this Ordinance should register at the communal hall of the place where the lands or rice-fields are located not later than March 15, 1955.

The communal council will study these requests for land and will make up the list of persons to whom the land is to be allocated. This list must be publicly posted in the communal hall for ten (10) days, and at the end of this period, if no objection has been registered, it becomes final.

Any objections raised within this period of time are brought before the District Joint Committee which will make the final decision.

The District Joint Committee will also render the final decision on all other disputes arising out of the application of this Ordinance.
ARTICLE VII.- A list of land or rice-fields which have not been allocated pursuant to article VI above will be sent at once to the Commissioner General for Refugees by the Communal Council through the usual official channels.

The list of refugees to whom this available land is to be allocated, will be sent through the same channels to the village concerned, by the Commissioner General for Refugees.

ARTICLE VIII.- Notification of the fact that his land is occupied will be made to the landowner through official channels.

ARTICLE IX.- The area of rice-fields or land to be allocated to each occupant is limited to that which can be cultivated by a farmer and his family. This area may vary depending upon local conditions in the village or in the homogeneous crop area.

ARTICLE X.- The right to occupy the land for three (3) years is granted under the following conditions:

The President of the Communal Council or his representative, acting on behalf of the Communal Council, will sign a written contract of the Type C appended to this Ordinance, with the occupant who has been designated in accordance with the procedures set forth in articles VI or VII above.

For this three year period, the allocated land or rice-field is exempted from all land taxes.

The first year the tenant pays no farm rental. For the second and third year he will pay respectively one-half and three-fourths of the farm rental rate as fixed in accordance with the provisions of article XIII of Ordinance No. 20 dated June 4, 1953 as amended by Ordinance No. 2 dated January 8, 1955.

ARTICLE XI.- The Government is responsible to the absent landowner or his legal heirs for the rent. This rent will be deposited in the Provincial Agricultural Credit Bank or if there is none, in a special account set up for that purpose in the Treasury.

ARTICLE XII.- If the landowner is still absent at the end of the initial three years period, the contract will be renewed for a period of five years in accordance with the provisions of Ordinance No. 20 of June 4, 1953, as amended by the Ordinance No. 2 of January 8, 1955, and all land taxes will be due under this new contract.

The Communal Council is still required to deposit the amount of the rental in the Provincial Agricultural Credit Bank or in Treasury after deduction of all land taxes.

ARTICLE XIII.- If the landowner returns and complies with the provisions of article XIII above, he is required to carry out the terms of the current contract in his own behalf.
ARTICLE XIV. - In case of sale or transfer of the land, the occupant will have the right of pre-emption as provided for in Ordinance No. 20 of June 4, 1953, as amended by Ordinance No. 2 of January 8, 1955.

The new landowner is required to comply with the provisions of the current contract in place of the former landowner.

PROCEDURE FOR PUBLIC LAND OR RICE-FIELDS BELONGING TO THE REGIONAL, PROVINCIAL OR COMMUNAL DOMAIN

ARTICLE XV. - The right of occupancy may also be granted for unexploited land or rice-fields belonging to the regional, provincial or communal domain which were once cultivated or which are suitable for cultivation.

The lists of those to whom land will be allocated are prepared according to the provisions of Articles VI and VII of this Ordinance.

The right of occupancy on land belonging to the regional or provincial domain is granted by the Chief of Province acting with the special authority conferred on him by this Ordinance.

The right of occupancy is granted by the Communal Council on land belonging to the village or to which it has the right of usufruct.

A farm lease contract Type C is drawn up according to the provisions in Article X above.

PENALTIES

ARTICLE XVI. - Any landowner who, after agreeing to cultivate his unexploited land or to have it cultivated, fails to do so without a good and sufficient reason is liable to a fine as provided for in Ordinance No. 2 of January 8, 1955.

Any landowner who, without a good and sufficient reason, refuses to permit or tries to prevent the cultivation of the rural property which has been allocated under the provisions of the present Ordinance, is liable to fine, imprisonment and damages as provided for in Ordinance No. 2 of January 8, 1955.

In both the cases cited above, the landowner must then be considered as absent.

ARTICLE XVII. - Any person enjoying the right of occupancy under this Ordinance and who, after having signed the farm lease contract, either does not pay the rent when it is due or who does not cultivate his land or abandons its cultivation without a good and sufficient reason, forfeits his right of occupancy and is not entitled to claim any further benefits under the present Ordinance.
MISCELLANEOUS PROVISIONS

ARTICLE XVIII.- Any land, which on December 31, 1955 has been allocated but not occupied, will legally revert to its owner for whatever disposition he may wish to make.

ARTICLE XIX.- The provisions of this Ordinance may be made applicable for the year 1956 by a Presidential decree, setting forth new procedures for its implementation particularly with reference to time limits.

In any event, however the rights and obligations resulting from the application of this Ordinance will not be affected.

ARTICLE XX.- Ordinance No. 22 of June 4, 1953, determining the procedures for the right of usufruct of agricultural land and rice-fields is annulled.

ARTICLE XXI.- The President of the Government, the Minister of Agriculture, the Minister of Interior, the Minister of Justice, the Delegates of the Government in each Region (Regional Governors), and the Commissioner General for Refugees are charged, each as he may be concerned, with the responsibility for carrying out this Ordinance.

Signed in Saigon on February 5, 1955

On the Authority of HIS MAJESTY

CHIEF OF STATE

THE PRESIDENT OF THE GOVERNMENT

NGO Dinha DIEM
TYPE A

SPECIMEN FARM LEASE CONTRACT

(Ordinance No. 2 of January 8, 1955,
and Amendment No. 6 of February 5, 1955)

Between the undersigned:

Mr. X ........................................ rural landowner, domiciled at ........
........................................ on the one hand,

and Mr. Y ........................................ farmer, domiciled at ........
........................................ on the other hand,

it has been, by mutual consent, decided and agreed as follows:

PURPOSE OF THE CONTRACT

ARTICLE 1 - Mr. X ........................................ lessor, leases to Mr. Y ........
lessee, who accepts, a lot of ........ parcels of rice-field or
agricultural land covering a total area of ........ hectares.

LOCATION

ARTICLE 2 - This area of rice-field or agricultural land is located at
the village of ...........
Canton of ..................................
District of ..................................
Province of ..................................
and delineated as follows:

<table>
<thead>
<tr>
<th>Order</th>
<th>Land Registry Area</th>
<th>Boundaries</th>
<th>Remarks (Land Survey Reference)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>No.</td>
<td>North</td>
<td>South</td>
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DURATION OF LEASE

ARTICLE 3 - The duration of the present of lease is ........ years
beginning ........ and ending ........

At the expiration of this period, the lease will be renewable
by tacit agreement for the same length of time.

1At least 5 years.
ARTICLE 4 - The lessor does not have the right to cancel the farm lease or refuse to renew it unless, he can offer proof:

1o) that he wishes to take back the rural property in order to cultivate it himself or have it cultivated by one or several of his lineal descendants who have completed their eighteenth year and who are capable of ensuring the efficient exploitation of the farm, and provided that the farm lease has been in force for at least three years,

2o) of a serious and legitimate reason such as non-payment of excessive and repeated delays in the payment of the farm rental unless the non-payment and the delays are due to circumstances beyond the farmer's control,
- or of any action of the lessee which could be detrimental to the currently efficient exploitation of the leased property;
- or of the refusal on the part of the lessee to carry out those improvements on the land and those agricultural practices recommended by the Provincial Joint Committee.

The lessee must be notified at least six months in advance of the lessor's intentions to cancel or not to renew the farm lease.

ARTICLE 5 - When the lease is cancelled or not renewed, the lessee may claim indemnification from the lessor for improvements on the land (buildings, constructions and fixed installations, perennial planting and other land and agricultural improvements whose effect would continue after the expiration of the contract), provided that the lessee has received the prior approval of the lessor, or if the latter has refused his approval, that the lessee has been authorized by the Provincial Joint Committee.

ARTICLE 6 - The annual rental rate has been fixed by the Joint Committee at \ldots \ldots \ldots \% of the main annual crop\textsuperscript{2} valued at \ldots \ldots gia (or kilos) of paddy per hectare.

However, the lessor and the lessee, in consideration of the particular characteristics of the rice-fields or land, have agreed to reduce this rental rate to \ldots \ldots \ldots \% of the main annual crop (optional clause)\textsuperscript{3}

\textsuperscript{2}The rental rate is fixed by the Joint Committee at from 15\% to 25\% of the main annual harvest of the principal crop.

\textsuperscript{3}The lessor and the lessee may agree on a rental rate less than that fixed by the Joint Committee but are forbidden to agree upon a higher price.
On this basis the annual rental is gias... (or kilos) of paddy.

The lessee binds himself to pay this rental during the month following the end of the main harvest in the district:

- either by delivering to the lessor at the village of .......... gias or kilos of dry commercial paddy due,
- or by paying to the lessor an amount in cash equivalent to the value of the .......... gias (or kilos) of paddy due, based on the price of paddy on the day and at the place of payment.

RENTING OF AGRICULTURAL IMPLEMENTS AND LIVESTOCK (optional)

ARTICLE 7 - The lessor places at the disposal of the lessee the following agricultural implements:

- ......................... value: $

and the following animals:

- ......................... value: $

The annual rental for these agricultural implements and livestock is fixed at .......... piasters (...............$) representing ...........%5 of their value. This charge is payable at the same time as the annual rental either in kind or in currency in accordance with the provisions set forth in article 6.

SEED AND FERTILIZER LOANS (optional)

ARTICLE 8 - The lessor furnishes to the lessee

- .... gia (or kilos) of ...... seed, value: ...............$

- .... kg of ...............fertilizer, value: ...............$

The lessee must repay to the lessor, the value of these advances plus an annual interest fixed at ............... piasters.4

These advances plus interest must be repaid at the same time as the annual rental, either in kind or in currency in accordance with the provisions set forth in article 6.

4If the place of delivery is not the locality where the crops harvested the transportation charges are the responsibility of the lessor.

5Not to exceed 12%.
DWELLING, FRUIT TREES, FISH PONDS
(optional)

ARTICLE 9 - The lessor grants to the lessee the use of:
- dwelling-houses:
- fruit trees:
- fish-ponds:

within the area of the leased rural property.

ARTICLE 10 - In no instance can the farmer be obliged to make any payments to the lessor or to provide any service either in kind, currency or labor, for any reason or in any form whatsoever, over and above the payment of the farm rental and those liabilities and obligations cited above or in article 14 below.

SHARING OF RISKS

ARTICLE 11 - In case at least one third (1/3) of the harvest is destroyed accidentally or by an act of God, the lessee will pay only two thirds (2/3) of the annual rental.

In case at least two thirds (2/3) of the harvest is destroyed accidentally or by an act of God, the lessee is not obliged to pay any annual rental.

ARTICLE 12 - In case of disaster or theft the lessee is only responsible for the result of serious negligence or fraud on his part.

MISCELLANEOUS RIGHTS AND OBLIGATIONS

ARTICLE 13 - The lessee binds himself not to transfer his right under the present lease, or to sublet in whole or in part the lot of rice-field or agricultural land which is the object of the present contract.

ARTICLE 14 - The lessee is responsible for the upkeep of small dikes, boundary lines and other installations on the said lot.

ARTICLE 15 - The lessee has the rights of fishing and grazing on the leased area.

ARTICLE 16 - In case of sale of the leased rice-fields or agricultural land, the lessee will have the right of pre-emption.

ARTICLE 17 - The present contract is drawn up in three (3) copies, the first one to be held by the lessor, the second by the lessee and the third deposited in the archives of the village of .................... 6 after registration.

6 Village where the leased rice-fields and lands are located.
NOTE: The clauses provided for in article 7, 8 and 9 of the present contract are optional. The lessor is not obliged to:

- rent to the lessee agricultural implements or livestock;
- lend him seed or fertilizer;
- grant him the use of dwellings, fruits-trees, fish-ponds within the area of the lease lot.

Reciprocally, the lessee is not obliged to rent from the lessor agricultural implements and livestock, nor to buy from him seed or fertilizer, nor to accept the usage of dwellings, fruit-trees or fish-ponds.

But provided that the lessor and the lessee have agreed on the supply of these loans or advances, these must be made in accordance with the stipulations set forth in articles 7, 8 and 9 of the model contract.
TYPE B

FARM LEASE CONTRACT

for the recultivation of unexploited
rice-fields or land

(Ordinance No. 7 of February 5, 1955)

To be used when the landowner is present

Between the undersigned:

Mr. X .......... rural landowner, domiciled at ............... on the one hand,

and Mr. Y ........ farmer, domiciled at ............... on the other hand,

it has been, by mutual consent, decided and agreed as follows:

PURPOSE OF THE CONTRACT

ARTICLE 1 - Mr. X .......... Lessor, leases to Mr. Y ........ Lessee, who accepts a lot of ........ parcels of rice-fields or agricultural land covering a total area of ........ hectares.

LOCATION

ARTICLE 2 - This area of rice-fields or agricultural land is located at the village of ............ Canton of ................ District of ................ Province of ................ and delineated as follows:

<table>
<thead>
<tr>
<th>Order</th>
<th>Land Registry Area</th>
<th>Boundaries</th>
<th>Remarks (Land Survey Reference)</th>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

DURATION OF LEASE

ARTICLE 3 - The duration of the present lease is three (3) years, beginning .............. and ending ..............
At the expiration of this three years period, the lease will be renewable for a further five (5) years period.

The renewed lease will be drawn up in accordance with the farm lease contract, type A, appended to Ordinance No. 2 of January 8, 1955.

The lessor does not have the right to refuse to renew the lease, unless he can offer proof that he wishes to take back the rural property in order to cultivate it himself or have it cultivated by one or several of his lineal descendants who have completed their eighteenth year and who are capable of ensuring the efficient exploitation of the farm.

The lease must be notified at least six months in advance of the lessor's intentions not to renew the farm lease.

ARTICLE 4 - The lessor does not have the right to cancel the farm lease unless he can offer proof:

- of a serious and legitimate reason such as non-payment or excessive and repeated delays in the payment of the farm rental unless the non-payment and the delays are due to circumstances beyond the farmer's control;

- or of any action by the lessee which could be detrimental to the currently efficient exploitation of the leased property;

- or of the refusal on the part of the lessee to carry out those improvements on the land and those agricultural practices recommended by the Provincial Joint Committee.

The lessee must be notified at least six months in advance of the lessor's intentions to cancel the farm lease.

ARTICLE 5 - When the lease is cancelled or not renewed, the lessee may claim indemnification from the lessor for improvements on the land (buildings, constructions and fixed installations, perennial plantings and other land and agricultural improvements whose effect would continue after the expiration of the contract), provided that the lessee has received the prior approval of the lessor, or if the latter has refused his approval, that the lessee has been authorized by the Provincial Joint Committee.

RENTAL

ARTICLE 6 - The annual rental rate has been fixed by the Joint Committee at ..........% of the main annual crop valued at .......... gia (or kilos) of paddy per hectare.

1 The rental rate is fixed by the Joint Committee at from 15% to 25% of the main annual harvest of the principal crop.
However, the lessor and the lessee, in consideration of the particular characteristics of the rice-fields or land, have agreed to reduce this rental rate to \( \ldots \ldots \% \) of the main annual crop (optional clause).²

On this basis, the annual rental is \( \ldots \ldots \) gia (or kilos) of paddy.

The lessee binds himself to pay this rental during the month following the end of the main harvest in the district:

- either by delivering to the lessor at the village of \( \ldots \ldots \) the \( \ldots \ldots \) gia (or kilos) of dry commercial paddy due,

- or by paying to the lessor the amount in cash equivalent to the value of the \( \ldots \ldots \) gia (or kilos) of paddy due, at the price of paddy on the day and at the place of payment.

However, during the first year of the present lease, the lessee is exempted from paying the annual rental.

During the second year, he will pay to the lessor only one-half \((1/2)\) of the total annual rental.

During the third year, he will pay to the lessor only three-fourths \((3/4)\) of the total annual rental.

RENTING OF AGRICULTURAL IMPLEMENTS AND LIVESTOCK
(optional)

ARTICLE 7 - The lessor places at the disposal of the lessee the following agricultural implements:

- \( \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \) value \( \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \) $²

and the following animals:

- \( \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \) value \( \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \) $²

The annual rental for these agricultural implements and livestock is fixed at \( \ldots \ldots \ldots \ldots \) piasters representing \( \ldots \ldots \ldots \ldots \) of their value.

This charge is payable at the same time as the annual rental either in kind or in currency in accordance with the provisions set forth in article 6.

²The lessor and the lessee may agree upon a farm rental rate less than that fixed by the Joint Committee but are forbidden to agree upon a higher rate.

³If the place of delivery is different from the locality where the crop is harvested, the transportation charges are the responsibility of the lessor.

⁴Not to exceed 12\%.
SEED AND FERTILIZER LOANS (optional)

ARTICLE 8 - The lessor furnishes to the lessee:

- .......... gia or kilos of ......... seed, value: ...........$
- .......... kg of ......... fertilizer, value: ...........$

The lessee must repay to the lessor, the value of these advances plus an annual interest fixed at 5% piasters.

These advances plus interest must be repaid at the same time as the annual rental, either in kind or in currency in accordance with the provisions set forth in article 6.

DWELLINGS, FRUIT-TREES, FISH-PONDS

ARTICLE 9 - The lessor grants to the lessee the use of:

- dwelling-houses
- fruit-trees
- fish-ponds

within the area of the leased rural property.

ARTICLE 10 - In no instance can the farmer be obliged to make any payments to the lessor or to provide any service either in kind, currency or labor, for any reason or in any form whatsoever, over and above the payment of the farm rental and those liabilities and obligations cited above or in article 11 below.

SHARING OF RISKS

ARTICLE 11 - In case at least one third (1/3) of the harvest is ruined accidently or by an act of God, the lessee pays only two thirds (2/3) of the annual rental.

In case at least two thirds (2/3) of the harvest is ruined accidently or by an act of God, the lessee is not obliged to pay any annual rental.

ARTICLE 12 - In case of disaster or theft the lessee is only responsible for the result of serious negligence or fraud on his part.

MISCELLANEOUS RIGHTS AND OBLIGATION

ARTICLE 13 - The lessee binds himself not to transfer his rights under the present lease, or to sublet in whole or in part the lot of rice-field or agricultural land which is the object of the present contract.

5 Not to exceed 12%.
ARTICLE 14 - The lessee is responsible for the upkeep of small dikes, boundary lines and other installations on the said lot.

ARTICLE 15 - The lessee has the rights of shing and grazing on the leased area.

ARTICLE 16 - In case of sale of the leased rice-fields or agricultural land, the lessee will have the right of pre-emption.

ARTICLE 17 - The present contract is drawn up in three (3) copies, the first one to be held by the lessor, the second by the lessee and the third deposited on the archives of the village of ................. 5 after registration.

Done at .............. on the ........

The Lessor

The Lessee

Registered at the Communal Council of the village of ................. under No. .............. on the ........

The PRESIDENT of COMMUNAL COUNCIL

(Signature and seal)

NOTE: The clauses provided for in article 7, 8 and 9 of the present contract are optional. The lessor is not obliged to:

- rent to the lessee agricultural implements or livestock;
- lend him seed or fertilizer;
- grant him the use of dwellings, fruit-trees, fish-ponds within the area of the leased lot.

Reciprocally, the lessee is not obliged to rent from the lessor agricultural implements and livestock, nor to buy from him seed or fertilizer, nor to accept the usage of dwellings, fruit-trees or fish-ponds.

But provided that the lessor and the lessee have agreed on the supply of these allowances, these must be made in accordance with the stipulations set forth in articles 7, 8 and 9 of the model contract.

5 Village where the leased rice-fields and land are located.
TYPE C

FARM LEASE CONTRACT

for the recultivation of unexploited
rice-fields or land

(Ordinance No. 7 of February 5, 1955)

To be used when the landowner is absent

Between the undersigned:

Mr. X ................................ representative of the Communal Council of
the village of ..................... province of ..................... acting on
behalf of Mr. Y ..................... rural landowner in the said village, absent,
on the one hand,

and Mr. Z ..................... farmer, domiciled at the village of .......
............... on the other hand,

it has been, by mutual consent, decided and agreed as follows:

PURPOSE OF THE CONTRACT

ARTICLE 1 - Mr. X ..................... Representative of the Communal Council,
leases to Mr. Y ..................... lessee who accepts, a lot of ........ parcel(s)
of rice-fields or agricultural land covering a total area of ............
hectares.

LOCATION

ARTICLE 2 - This area of rice-fields or agricultural land is located at
the village of .....................
Canton of .....................
District of .....................
Province of .....................
and delineated as follows:

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<tr>
<th>Order No.</th>
<th>Land Registry No.</th>
<th>Area</th>
<th>BOUNDARIES</th>
<th>Remarks</th>
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DURATION OF LEASE

ARTICLE 3 - The duration of the present lease is three years, beginning
............... and ending .............
At the expiration of this three year period, the lease will be renewable for a further five (5) year period.

- either by the representative of the Communal Council if the landowner is still absent,

- or by the landowner himself, if after having made presence known, he expresses the desire to take over the lease in his own name.

The lease thus renewed, either by the village representative or by the landowner himself, will be a farm lease contract drawn up in accordance with the provisions of Ordinance No. 2 of January 8, 1955.

The returned landowner has no right to refuse to renew the lease unless he can offer proof that he wishes to take back the rural property in order to cultivate it himself or have it cultivated by one or several of his lineal descendants who have completed their eighteenth year and who are capable of ensuring the efficient exploitation of the farm.

The lessee must be notified at least six months in advance of the returned landowner's intentions not to renew the farm lease.

ARTICLE 4 - The representative of the Communal Council will have the right to cancel the present lease for a serious and legitimate reason such as non-payment or excessive and repeated delays in the payment of the farm rental unless the non-payment and the delays are due to circumstances beyond the farmer's control,

- or any action by the lessee which could be detrimental to the currently efficient exploitation of the leased property;

- or the refusal on the part of the lessee to carry out those improvements on the land and those agricultural practices recommended by the Provincial Joint Committee.

The representative of the Communal Council must give the lessee at least six months advance notice of the decision to cancel the lease.

ARTICLE 5 - When the lease is cancelled or not renewed, the lessee may claim indemnification from the representative of the Communal Council for improvements on the land (buildings, constructions and fixed installations, perennial planting on other land and agricultural improvements) whose effect would continue after the expiration of the contract, provided that the lessee has received the prior approval of the representative of the Communal Council, or if the latter has refused his approval, that the lessee has been authorized by the Provincial Joint Committee.

The amount of indemnification will be deducted from the rental deposited by the representative of the Communal Council to the account of the lessor in the Agricultural Credit Bank or in the Treasury.
RENTAL

ARTICLE 6 - The annual rental rate has been fixed by the Joint Committee at .............% of the main annual crop valued at ........... gia (or kilos) of paddy per hectare.

However, the representative of the Communal Council and the lessee, in consideration of the particular characteristics of the rice-fields or land, with the approval of the Communal Council, have agreed to reduce this rental rate to .............% of the main annual crop (optional clause).

Calculated on this basis, the annual rental rate is ........ gia (or kilos) of paddy.

The lessee binds himself to pay this rental within the month following the end of the main harvest in the district:
- either by delivering to the village the ........... gia (or kilos) of dry commercial paddy,
- or by paying to the lessor an amount in cash equivalent to the value of the ........... gia (or kilos) of paddy due, based on price of paddy on the day and at the place of payment.

However, during the first year of the present lease, the lessee is exempted from paying any rental.

During the second year, he will pay to the village only one-half (1/2) of the total annual rental.

During the third year, he will pay to the village only three-fourths (3/4) of the total annual rental.

Dwellings, Fruit-Trees, Fish-Ponds

ARTICLE 7 - The lessor grants to the lessee the use of:
- dwelling-houses
- fruit-trees
- fish-ponds

within the area of the leased rural property

1 The rental rate has been fixed at from 15% to 25% of the main annual harvest of the principal.

2 The representative of the Communal Council and the lessee, with the approval of the Communal Council, have the right to agree upon a lower rental rate than the one fixed by the Joint Committee, but they are prohibited from agreeing on a higher one.
ARTICLE 8 - Over and above the annual rental and the obligations outlined in Article 12 below, the lessee is not liable for any payment or any service either in kind, cash or labor, for any reason or in any form whatsoever.

SHARING OF RISKS

ARTICLE 9 - In case of at least one third (1/3) of the harvest is destroyed accidentally or by an act of God, the lessee pays only two thirds (2/3) of the rental for which he is obligated under Article 6 of the present contract.

In case at least two thirds (2/3) of the harvest is destroyed accidentally or by an act of God, the lessee is not obliged to pay any annual rental.

ARTICLE 10 - In case of disaster or theft the lessee is only responsible for the result of serious negligence or fraud on his part.

MISCELLANEOUS RIGHTS AND OBLIGATIONS

ARTICLE 11 - The lessee binds himself not to transfer his rights under the present lease, or to sublet in whole or in part the lot of rice-field or agricultural land which is the object of this lease.

ARTICLE 12 - The lessee is responsible for the upkeep of small dikes, boundary lines and other installations on the said lot.

ARTICLE 13 - The lessee has the rights of fishing and grazing on the leased area.

ARTICLE 14 - In case of sale of the leased rice-fields or agricultural land, the lessee will have the right of pre-emption.

ARTICLE 15 - The present contract is drawn up in two copies, the first one to be held by the lessee and the second deposited in the archives of the village after registration.

Done at ............ on the ............

The Representative of the Communal Council,

The Lessee,

Registered at the Communal Council of the village of .................. under No. ............. on the ...........

The CHAIRMAN of COMMUNAL COUNCIL

(Signature and seal)
DEFINITIONS OF QUALITIES OF RICE ESTABLISHED BY THE SYNDICATE OF FRENCH EXPORTERS OF INDOCHINA

1. White Rice Choice Quality - whole round grains with 10 to 15 percent brokens:

This rice must be fully milled. It must contain not more than 10 percent long grains, taking into account only the whole kernels. The rice must present a very homogeneous appearance.

2. White Rice of Choice Quality - whole long grains with 10 to 15 percent brokens:

This rice must be fully milled. It must not contain more than 10 percent round grains, taking into account only the whole kernels. The rice must present a homogeneous appearance.

3. White Rice No. 1 Long Ordinary Quality, 10, 15 or 20 percent brokens:

This rice is not milled as fully as the choice qualities. It is composed of at least 60 percent of long grains taking into account only the whole kernels. It represents an appearance definitely less homogeneous than the choice qualities.

4. White Rice No. 1 Round Ordinary Quality, 10, 15 or 20 percent brokens:

This rice is not milled as fully as the choice qualities. It is composed of at least 60 percent round grains taking into account only the whole kernels. It represents an appearance definitely less homogeneous than the choice qualities.

5. White Rice No. 1 Ordinary Quality, 10, 15 or 20 percent brokens:

This rice is not as fully milled as the long or round ordinary quality. It may contain grains of all shapes and length.

6. White Rice No. 2 Reunion Quality, 25 to 40 percent brokens:

This rice is not as fully milled as that of No. 1 ordinary quality. It may include an unlimited percentage of yellow and/or tinted grains, and may contain grains of all shapes.

7. White Rice No. 2 Japan Quality 40 percent brokens:

This rice is definitely not as white as Rice of No. 1 Ordinary Quality. Its milling is less complete than that of the Reunion Quality. It may include grains of all shapes and contain up to 5 percent grains with red streaks.
8. White Rice No. 2 Java Quality, 50 to 55 percent brokens:

This rice, definitely less milled than that of No. 2 Japan Quality, may include grains of all shapes and contain up to 20 percent grains with red streaks.

9. Brokens 1 and 2 mixed.

These brokens must be derived exclusively from the milling of White Rice No. 1, must not contain paddy husks, dust, or straw, and must not permit more than 10 percent of fine brokens to pass through Sieve No. 16. They must contain less than 2 percent of whole grains.

10. Brokens No. 2 from White Rice:

These brokens must be derived from the milling of White Rice, excluding Reunion or Java quality rice; must not contain straw, paddy husks, or dust; and must not permit more than 20 percent of fine brokens to pass through sieve No. 16. They must contain less than 2 percent of whole grains.

11. Brokens No. 2 from Reunion Rice:

These brokens must be derived from the milling of Reunion rice and must not contain straw, paddy husks, or dust and must not permit more than 20 percent of fine brokens to pass through sieve No. 16. They must contain less than 2 percent of whole grains.

12. Brokens No. 2 from Java Quality Rice:

These brokens must be derived from the milling of Java Rice and must not contain straw, paddy husks, or dust and must not permit more than 20 percent of fine brokens to pass through sieve No. 16. They must contain less than 2 percent of whole grains.

13. Brokens No. 3:

These brokens are derived from the milling of all qualities of white rice with the exception of Java rice. They must contain less than 2 percent of whole grains. They may contain a maximum of 15 percent of fine brokens that will pass through sieve No. 18 and 5 percent of foreign matter.

The following special terms are used:

1. Tinted grains: The tinted grains are considered as yellow grains.

2. Yellow grains: In regard to the ordinary quality, the tolerance observed according to the custom of the market is 3 percent up to the end of July and 4 percent thereafter, provided no special mention has been made of a percentage of yellow grains. The Association may, however, deem it necessary to modify these percentages according to climate or seasonal conditions.
3. **Rice of Choice Qualities:** For rice of choice qualities, the percentage of yellow grains must be a matter of special agreement.

4. **Glutinous grains:** The percentage of glutinous grains must not exceed a maximum of 3 percent in Rice No. 1 and No. 2. In principle, there should be no glutinous grains in the choice quality rice.

5. **Brokens from No. 2 rice:** The attention of buyers is drawn to the different tents which may be observed in these brokens according to the rice from which they were derived, namely Reunion, Japan, or Java qualities.
APPENDIX C

STATUTES

of the Rice Farmers Cooperative Association of ________.

TITLE I

Composition, Name, Objectives, Duration

Art. 1 Amongst the undersigned farmers directly cultivating the land, and those who adhere to the present statutes, there is constituted a cooperative agricultural society of variable capital stock and regulated according to the rules and regulations of the State Civil Code and those that follow:

Art. 2 This society takes the name of "Societe Cooperative Rizicol" of ____________.

Art. 3 The Society has as primary objectives:

1. Receiving, storing, milling, conditioning and sale of rice for the account of its members.

2. Furnishing of advances in money to members in several installments over a period of time, through a written engagement on their part at the beginning of the rice cultivation season, to deliver to the cooperative a determined quantity of paddy resulting from their cultivation.

The amount of these advances is calculated upon the basis of the quantity of paddy to be delivered to the cooperative, the periods during which they will be made, and the estimated value of the paddy shall be determined each year by the Council of Administration in agreement with the comparable provincial commission.

The objectives of the cooperative can be modified by the General Assemblies of cooperators.

Art. 4 Its offices are established at ____________ and its radius of action extends to ____________.

Art. 5 The duration of the association is unlimited.
TITLE II

Admissions, Retirements, Exclusions

Art. 6 All agriculturists directly cultivating the land themselves are eligible for membership. Membership in the association carries with it the engagement to conform not only with the present statutes but also with all interior regulations (by-laws) which could be established.

The admission of members can take place only upon favorable decision by the Council of Administration.

Art. 7 All members have the right to retire from the association upon presentation of a written request to be registered in a special register in the office of the association. This declaration shall be made at least two months before the close of the fiscal year.

For grave and exceptional reasons the exclusion of a member can be pronounced by the Council of Administration—especially if the member in question has been found guilty of a crime before a court of justice or if he seeks to do harm to the cooperative and particularly if he is found guilty of delivering fraudulent products to the cooperative.

All members who cease to be a party to the association remain responsible for a period of five years for all obligations existing at time of his withdrawal.

The contents of this article are also applicable to the heirs and beneficiaries of a deceased member.

TITLE III

Capital Stock, Shares, Payments

Art. 8 The capital stock is composed of shares of 100 piasters each subscribed to by each member. Each member must purchase at least one share at the time of admission to the association. The minimum total number of shares initially subscribed to is 200.

Should a member become deceased, is dismissed, excluded, or retires, the association is not dissolved but continues in full among the remaining members. The widow or heirs of a deceased member can be admitted to the association replacing the deceased member.

Art. 9 Shares shall always be nominal. The proprietor of the shares shall be indicated on a special register in the office of the cooperative. Each share of capital is indivisible with regard to the association and can belong to only one member.
Art. 10 In no case shall the amount of reimbursement of shares of capital stock to a member leaving the association for whatever reason exceed their original value.

No dividend shall be paid on capital stock.

Interest to be paid on capital stock shall be determined by the General Assembly, but in no case shall interest exceed 6%.

Shares belonging to members leaving the association shall be reimbursed to them within a period of five years after the date of departure of the member.

No proprietor of a share of capital stock can sell that share to a third party without the approval of the Council of Administration which shall also approve the purchaser as a new member of the association.

The Council of Administration shall always have the power to refuse admission to a new member resulting from sale of shares—in which case the transferee has the right to be reimbursed at face value of his shares.

TITLE IV

Administration

Art. 11 The association is administered by a Council of Administration composed of five members elected by and among the membership assembled in a General Assembly. The Council of Administration is also revocable by the General Assembly.

Each Administrator shall own at least 10 shares of stock during the entire period of his membership on the Council. These shares shall serve as guarantee for all the actions, even personal acts, of an Administrator.

These shares are inalienable and shall be so stamped and deposited in the office of the association.

Art. 12 Administrators are elected for two years and shall be renewed by 1/2 each year. The first to leave are determined by drawing lots. Administrators whose terms expire are reelectable.

Art. 13 In case of death, dismissal, or departure, of one or more Administrators, the Council of Administration can proceed to replace them on a temporary basis. The Council's choice of a replacement must be submitted to the General Assembly for ratification at the next meeting. Each member thus ratified serves the period of time of the one he replaces.

Art. 14 The Council of Administration shall each year name among its members a president, a vice-president, and a treasurer.
Art. 15 Upon convocation of the President, the Council of Administration shall meet as often as the interests of the association require. Deliberations are valid only upon the majority vote of the members present. In case of tie in voting the vote of the President is preponderant.

Members of the Board of Controllers, established under Article 21 that follows, shall have the right to attend sessions of the Council of Administration. No one can vote by proxy.

Art. 16 Decisions of the Council are verified by Minutes of the Meetings entered in a special register signed by the President and all the members who took part. Copies or extracts of decisions to be produced before a court of justice or elsewhere are certified by the President of the Council and the Treasurer.

Art. 17 The Council of Administration is charged with the general direction of the cooperative and is held responsible for its proper functioning. It has, in particular, the following powers which are only indicative and not limitative:

1. It represents the cooperative vis-a-vis the government of all public or private administration and of all third parties and performs all operations necessary to effectuate that representation.

2. It establishes the budget of the association.

3. It gives the power to receive payments of debts owed the organization as well as to pay those that it owes.

4. It also gives power to subscribe, endorse, accept and discharge all commercial affairs.

5. It consents to and accepts all leases, contracts, and all sales transactions and manipulates prices under the conditions of all contracts up to a period of nine years.

6. It accepts all bequests and gifts.

7. It may acquire, exchange or sell all land properties, order the construction of warehouses to store agricultural products at any location it deems convenient, constitute all mortgages and other guarantees on the cooperatives' properties. However, all loans by the cooperative in excess of 100,000 piasters must be approved by the General Assembly.

8. It authorizes all withdrawals, transfers and alienation of funds, rents and securities belonging to the association.
9. It enters into and authorizes all agreements and withdrawals as well as cancellation of notices, seizures, oppositions, and other rights with or without payment.

10. It decides upon the exercise of all judiciary actions both as defender and prosecutor.

11. It can issue all sales resolutions, transactions, and compromises.

12. It issues financial statements, inventories, and balance of accounts which must be submitted to the General Assembly; it decides upon and draws up the Agenda for all General Assemblies.

13. It manages in a general way all social affairs of the Association.

14. The President of the Council of Administration represents the cooperative before courts of justice in position of defender as well as prosecutor; as a consequence it is against him or on his request that all judiciary actions should be entered.

Members of the Council of Administration shall exercise their services without pay. They have only the right to be reimbursed for their expenses.

Art. 18 The Council of Administration can delegate all its powers either to one member of the Council or to any other person it so chooses.

Art. 19 The direction of the cooperative shall be confided to a Managing-Director named by the Director General of Agriculture upon proposition of Council of Administration and renumerated by the cooperative's budget.

Art. 20 The powers of the Director are defined as follows:

1. He has the personnel under his orders. The expenses engaged for paying salaries of the personnel shall be authorized by the Council of Administration and the Board of Controllers foreseen under Article 21.

2. He exercises the powers vested to him and executes the decisions of the Council of Administration.

3. He keeps all the accounts and records of the association.

4. He instructs all the affairs of the association.
Art. 21  The association is held to the permanent control of the Director General of Agriculture.

A Board of Controllers is instituted, presided over by the Chief of Province and assisted by two commissioners.

The Chief of Province designates one commissioner each year.

The other commissioner, a member or not a member of the association but selected outside the Council of Administration, shall be designated each year by the Council of Administration. He is reelectable.

The Board of Controllers has at all times and at anytime it deems convenient in the interest of the cooperative, the rights to examine the books of the cooperative and its operation.

Members of this board can attend meetings of the Council of Administration without taking an active part but having a consultative voice.

This board can, in case of emergency, call a meeting of the General Assembly.

Art. 22  The General Assembly is placed under the honorary presidency of the Chief of Province and under the effective presidency of the President of the Council of Administration who has the duty of policing the Assembly and watches that discussions do not stray away from their principal object.

Art. 23  The Director fulfills the role of Secretary. The role of scrutineers is fulfilled by two cooperators designated by the Council of Administration.

Art. 24  The General Assembly regularly assembled represents the entire membership. Its decisions are obligatory for all members, even those absent, dissidents or incapacitated.

Each member has the right to only one vote regardless of the number of shares of stock he owns.

Meetings are called by means of letters addressed to each member at least 20 days before the date set for the Assembly.

The notice of General Assembly shall contain the proposed Agenda.

Art. 25  The Agenda is issued by the Council of Administration. It contains only those propositions originating from the Council of Administration, and, if need be, the commissioners, or those propositions which have been communicated to it at least one month before the meeting with the signature of at least 1/4 of the members.
The Board of Controllers shall issue the Agenda of the General Assemblies which it may call for urgent reasons.

Only those items carried on the Agenda may be discussed at the General Assembly.

Art. 26 No one can be represented at the General Assembly if he himself is not a member of the association.

Art. 27 The names, addresses and number of shares owned by each member present at General Assemblies shall be inscribed on the roll call.

This roll call shall be signed by each member present, certified by the officers of the assembly, and added to the Minutes of the Meeting. This information shall be communicated to all members requesting it.

Deliberations of the General Assembly are certified by the officers of the Assembly and entered into a special register.

Copies or extracts of these deliberations to be presented before a court of justice or elsewhere shall be signed by two members of the Council of Administration.

Art. 28 The General Assembly is called at the place and time designated by the Council of Administration in the Notice of Assembly.

Assemblies are called at least once a year during the two months which follow the close of the fiscal year.

Notices must be sent out at least 20 days before the date set for the meeting.

The General Assembly listens to the commissioners' report on the general situation of the cooperative, to the balance sheet and the account presented by the Administrators. After due discussions it approves the balance sheet and accounting statement.

It sets the amount of patronage dividends to be returned to members.

Upon recommendation of the Council of Administration it decides if the capital stock should be increased.

It deliberates and acts on all propositions presented on the agenda.

It pronounces itself on all subjects affecting the interest of the association and confers all necessary powers to the Council of Administration.
Art. 29 The General Assembly can be convened in addition to the annual assembly, either by the Council of Administration in case of emergency and every time it is deemed useful to have the opinion of the cooperators to obtain complimentary powers, or upon presentation of a written request to the Council of Administration for well-defined reasons determined by at least 1/4 of the cooperators, or by the Board of Controllers in case of emergency.

Ten days notice must be given for this assembly.

Art. 30 A General Assembly called to act in cases other than those stipulated in the following paragraphs must be attended by at least 1/4 of the total number of cooperators—including those present themselves or represented by proxy.

The same holds true for an assembly called to act upon the question of modifying the duration or the dissolution of the association.

If a General Assembly does not have a sufficient number of members to take valid action, according to distinctions established as follows, a new assembly is convened in at least 10 days in the form indicated under Article 29 above.

This convocation relates the Agenda and indicates the date and results of the assembly. This second assembly takes valid decisions regardless of the number of members present and represented.

Art. 31 In General Assemblies called to act upon modification of the statutes or on all points in the preceding Article the vote of at least 2/3 of the membership present or represented must be obtained in order that valid action can be taken.

In all other assemblies valid action is taken upon the majority of the expressed suffrage.

In case of tie in voting, the vote of the President is preponderant.

INVENTORY

Art. 32 The fiscal year begins on ______ of each year and ends on ______. Except that at the beginning of the organization the fiscal year begins as of the date of ratification of the statutes and ends on ________.

Art. 33 A summary statement of the active situation of the association shall be issued each quarter. This statement is put at the disposition of the commissioners. (Board of Controllers)

Furthermore, at the end of each fiscal year an inventory shall be made showing the balance of debits and credits.
This inventory as well as a statement of profits and loss shall be put at the disposition of the Board of Controllers at least 40 days before the General Assembly and are presented at this assembly.

Fifteen days before the General Assembly all owners of shares of stock can review these documents at the office of the cooperative as well as the list of cooperators and the report of the Board of Controllers.

**Division of Annual Surpluses**

Art. 34 If in the annual inventory, after deductions have been made for general expenses, amortization of all material and equipment, provision for equipment and material replacement, there exists a surplus. This surplus shall be divided as follows:

First 3% to constitute a reserve. Then a sum sufficient to pay owners of shares of capital stock an interest fixed in accordance with Article 10.

The division of the surplus shall be fixed by the General Assembly which, upon the proposition of the Council of Administration, can decide to divide it amongst the members. This decision shall be made only under the title of dividends and shall be proportionally to the amount of business done by each with the association.

Art. 35 Payment of interest allocated to owners of shares, and payment of dividends to members shall be made within the three months which follows the annual General Assembly during periods fixed by the Council of Administration and in a manner determined by that Council.

Art. 36 All interest not claimed within five years and all dividends not claimed within one year shall return to the cooperative. These sums shall revert to the association's reserves fund.

**Dissolution--Liquidation**

Art. 37 In case of loss of 3/4 of the capital stock, the Board of Controllers are forced to call a General Assembly of all members to study the question of whether or not to dissolve the association.

The decision of the assembly is, in all cases, made public.

Art. 38 At the expiration of the association, or in case of anticipated dissolution the General Assembly shall determine the method of dissolution. It shall name one or more liquidators or shall confide the liquidation to the Board of Controllers in power during that fiscal year. During the process of liquidation the powers of the General Assembly continue as during the existence of the association.
All the assets of the association are realized by the liquidators who have, in that matter, extended powers. After paying all social debts and reimbursement of capital, the General Assembly shall, upon the proposition of the Council of Administration, decide to cede any net surpluses either to another farmers' cooperative or to apply it to other agricultural interests.

**Disputes**

Art. 39 All disputes which should arise concerning the affairs of the Association shall, before any judiciary action is taken, be submitted to the officials of the cooperative who shall endeavor to settle them out of court to the satisfaction of those concerned.

In case of failure during the duration of the cooperative, or during liquidation, the disputes shall be judged by a competent court of law in the home county where the cooperative's offices are located.
INTERIOR REGULATIONS
(By-laws)

FARMERS COOPERATIVE RICE MILL

I. General Dispositions

Art. 1 Conforming to Article 6 of the statutes these by-laws are hereby established—to which all members shall submit.

Art. 2 The activity of the cooperative shall revolve around three principal operations: furnishing of credit, reception and storage of paddy, and milling and sale of rice for the account of members.

II. Credit

Art. 3 At the beginning of each rice production season members shall be able, on a date fixed by the Council of Administration and under conditions that follow, to have a credit opened in their name on the books of the cooperative so as to afford them the capital necessary for the ordinary expenses of rice cultivation.

Art. 4 In order to benefit from a credit account members shall form amongst themselves mutual groups of co-signers, of at least five and at the most ten members, who shall engage themselves to cultivate a certain surface area of riceland, to deliver at the cooperative's storage shed a certain amount of paddy, and to pledge as security the crop produced on the acreage which they engaged themselves to cultivate.

Art. 5 The members of each mutual group of co-signers shall address a collective request for loans, signed by all the members of the group, at least 15 days before the date of the opening of the rice cultivating season. This request shall indicate:

a. The names, number and address of the members;

b. The designation of the rice fields which they engage themselves to cultivate individually—(area, registration numbers on the tax registers);

c. A quantitative estimate of the production;

d. The amount of loan individually requested.

These requests for loans shall be examined by the Council of Administration which shall verify them and fix the amount of loan to be opened for the account of each member.
Art. 6 The amount of the loan accorded shall not exceed 70% of the value of the expected harvest.

The base price of paddy to be used in determining the amount of loans shall be fixed by the Council of Administration in agreement with the Council of Controllers and the General Director of Agriculture in accordance with the average price of paddy for the six preceding months.

Art. 7 The members of the groups of co-signers shall be eligible to draw individually the funds necessary from time to time, according to their real needs, during periods fixed by the Council of Administration in agreement with the Board of Controllers and the General Director of Agriculture.

However, only 30% of the amount of the credit account opened shall be withdrawn at the beginning of the rice cultivating season; a second slice of 30% shall be withdrawn only after verification on a "certificate of cultivation" and signed by all the members of the group of co-signers and verified by the communal authorities that the rice fields in question are actually in cultivation.

The remaining 40% of the amount of credit account shall be withdrawn upon delivery of the crop with reservations being made to the possible readjustment of price in accordance with the provisions of Article 10 below.

III. Reception of Paddy and Payment

Art. 9 Each year, before the beginning of the rice planting season, the Council of Administration shall establish a tabular classification of varieties of paddy by types, and by quality depending upon percentage of red rice, yellow rice, green grains, weed seeds, etc. This classification shall be displayed in the office of the Association and communicated to all interested members.

Art. 10 One month before the date foreseen for first paddy deliveries the Council of Administration, in agreement with the Board of Controllers and the General Director of Agriculture, shall fix the base price to be applied to number one quality of each type of paddy defined under Article 9 above, as well as the percentage reduction in price that each inferior quality shall be subjected to. At the same time the Council shall determine the amount to be paid the members delivering their paddy for milling—provided that this amount does not exceed 70% of the value of the paddy as determined by base established above.

Art. 11 At least 8 days before delivery of the paddy to the cooperative's storage bins the cooperator shall give to the Council of Administration a "notice of deposit" indicating:

a. The name, surname, and address and number of the member;
b. The names of the varieties of paddy which he desires to deliver and also the quantity or weight of each variety;

c. The probable date of delivery;

d. The number of sacks and the means of transportation which he believes he will need.

Art. 12 The paddy shall be received by an Evaluation Commission composed of three members:

a. The Director—or his delegate;

b. Two cooperators designated by the Council of Administration.

Art. 13 Paddy delivered by cooperators shall be dry, clean, and of good marketable quality. Drying and cleaning of the paddy can be performed by the cooperator himself, and at his own expense, on the drying platforms and with the material foreseen for that function at the cooperative's installations.

Art. 14 For each lot of the same type and same quality the member will be given a weight receipt written in triplicate and signed by the members of the Commission and by the cooperator. This delivery weight receipt shall show the following:

a. Name, address and number of the cooperator;

b. The variety of the paddy;

c. The quality of the paddy;

d. The net weight deposited;

e. The dry weight of the paddy.

The triplicate copy shall be left with the warehouseman as a document to verify the paddy stored. The first and second copies, signed by the warehouseman, shall be given the member who delivered the paddy.

Art. 15 Each member delivering paddy can, immediately after delivery, receive from the cooperative a loan up to 70% of the value of the paddy delivered. In that case he shall turn in the duplicate copy of the warehouse receipt and sign a receipt of advance.

Those members who shall have received a previous advance shall be eligible upon delivery, to receive further advances under the same conditions—deductions being made of the advances received prior to delivery of the paddy.
IV. Milling of Paddy and Sale of Rice

Art. 16 Rice and rice derivatives produced by the cooperative rice mill from paddy delivered by members shall be sold, by the Council of Administration and for the account of the members, over an extended period (in principle one sale each month) in order to obtain the average price of the season, either at the mill or on the Saigon-Cholon market. Sales shall be effectuated through the submission of bids to the trade by the Council of Administration and at least one delegate of the Board of Controllers.

Art. 17 Limited quantities of milled rice destined solely to feed the families of cooperators and by-products of the rice mill for animal feed shall be sold to cooperators at prices determined by the Council of Administration.

Art. 18 Funds recouped from sales of rice or rice derivatives shall be deposited in full by the clients either at the Provincial office of the Agricultural Credit or at the office of the Provincial Paymaster—such deposits shall be carried in a special and separate account in the name of the cooperative.

Receipts from direct sales of by-products or rice to members themselves can be deposited at the office of the cooperative.

V. Consignment of Sacks and Furnishing Transportation to Members

Art. 19 Members of the Society will be able to take delivery, at the cooperative warehouses, of the sacks needed to hold their paddy.

These sacks shall be consigned at twice their purchase price; the consignee shall verify the quality and quantity of these sacks in the presence of the warehouseman. The sacks shall be returned within a specified limit of time and those sacks which have deteriorated will not be taken back. A rental fee, fixed by the Council of Administration, shall be retained for the use of the sacks.

Art. 20 The Association will be able to furnish transportation services within the limits of its possibilities to those members requesting this service to transport their paddy from their private storage bins to the cooperative's storage warehouses.

This transportation shall be performed at the risks and perils of the member and shall carry a charge determined each year by the Council of Administration. However, the reception of the paddy can in all cases be made only at the cooperative's warehouses and in conformity with the Articles.
VI. Bookkeeping and Liquidation of Members' Accounts

Art. 21 All members of the Association shall have an individual account where all operations made by him with the cooperative shall be entered. Such entries shall show:

(a) Operations in Money

1. On the Debit Side

a. Amount of advances made;
b. Value of equipment or services furnished the member;
c. The quota of the costs of the cooperative as determined by the monetary accounting procedure.

2. On the Credit Side

a. The value of the sacks returned;
b. The quota of the value of sales of rice and derivatives produced from milling the paddy delivered by the member as determined by the accounting records.

(b) Operations in Nature

1. On the Debit Side

a. The quota of the quantities milled;
b. The quota of weight losses in storage as determined by accounting procedure.

2. On the Credit Side

a. The quantity of paddy delivered by the member.

Art. 22 At the end of the operating season the balance of accounts of each member, as it is defined in Article 21 above, shall show the position of each member vis-a-vis the Association.

If the account shows a credit balance, the credit—which constitutes the gross profits of the cooperative—shall be returned to the member after deducting withholdings for building up a legal reserve, and a reserve provided for eventual losses, as decided by the General Assembly.

However, without waiting for a General Assembly meeting up to 90% of the credits can be returned to the members; the remaining dividends shall be returned to growers only after approval of the General Assembly.
If the balance of accounts is on the debit side, the deficit—which amounts to a debt to the society on the part of the member—shall, at the discretion of the Council of Administration, be carried over to the following year or be reimbursed to the cooperative by the member.

If, however, the total of the accounts is on the debit side—the quotas of each member taken into consideration—the total amount of deficits shall be liquidated in accordance with the statutes of the Association.

VII. Accounting and Bookkeeping

Art. 23 The bookkeeping of the Association and the accounting at the end of the milling season shall be in accordance with procedures and instructions established by the General Director of Agriculture.

VIII. Milling of Paddy Belonging to Non-Members

Art. 24 The Council of Administration, in agreement with the Board of Controllers and the General Director of Agriculture can decide to accept to mill paddy belonging to non-members under conditions to be determined at a future date.
APPENDIX D

Arrete No. 564 of July 8, 1952, creating the Service National Du Credit Agricole et Artisanal Cooperatif (SNCAAC).

THE PRESIDENT OF THE GOVERNMENT

In view of Ordinance No. 1 of July 1, 1949, fixing the conditions for the organization and functioning of public institutions.

In view of Ordinance No. 2 of July 1, 1949, relating to the organization of the statutes governing public administrations.

In view of the Decree No. 49-CP of June 6, 1952, completed by Decrees Nos. 51, 52, and 55-CP of June 23 and June 25, 1952, determining the composition of the Government.

The Council of the Cabinet being agreed:

ARRETE (it is ordered)

Article 1. There is hereby created a Service National du Credit Agricole et Artisanal Cooperatif, having for its objectives:

- to promote in agricultural and artisanal spheres, and the field of small industry, a system for extending loans and assistance to producers in these categories, either to approved mutual or cooperative groups or associations of farmers or artisans, or to individual artisans and small industries, whose activities are in the national economic interest.

- to accomplish, within the scope of Agrarian Reform, the acquisition by cultivators of small landed properties.

This Service is placed under the direct authority and control of the President of the Government.

Article 2. The Service National du Credit Agricole et Artisanal Cooperatif is charged:

1. with organizing, in cooperation with the Ministers concerned and with the Regional Administrations, a (permanent) Office National de Credit for Agriculture, artisans and small industry.

2. with undertaking the management and the distribution (of its assistance) among and between the provincial agricultural Banks, or Caisses Provinciales de Credit Agricole Mutual, and the Cooperative Societies of artisans, fishermen or related enterprises, presently existing or which may be created by means of the capital funds which the Service National has at its disposal in terms of Article 4 below, and
with coordinating and supervising the functioning of these Banks, Caisses or Cooperatives, as well as of the societies or associations which are affiliated with them.

3. with undertaking, on a provisional basis, on decision of the President of the Government, the technical control and direction of the groups mentioned in the foregoing paragraph, in case of inaptitude on the part of their administrators or serious inadequacy in their management.

Article 3. The Service National du Credit Agricole et Artisanal Cooperatif is administered by a Comite de Direction comprising a President and three members, designated by the President of the Government with approval of the Cabinet.

Article 4. The Service National du Credit Agricole et Artisanal Cooperatif has no capital of its own, and does not derive profits.

It disposes of funds provided by contributions from the National Budget and from the Regional Budgets, as well as donations of various origin, specially allotted to the Service National.

Article 5. There is opened on the books of the General Treasury a special current account for the Service National de Credit Agricole et Artisanal Cooperatif.

All operations devolving upon the Service will be done to the credit or to the debit of this account, over the two signatures of the President of the 'Comite de Direction and of the Managing Director.

Transfers of funds between the Service and its affiliated institutions or its clients will be effected through the medium of the Treasury.

Article 6. The personnel of the Service National du Credit Agricole et Artisanal Cooperatif comprises, aside from the Managing Director, various government servants (fonctionnaires) in the service of the Ministries or the National or Regional Administrations, specially detached for this purpose.

Article 7. The appropriate expenses of the Service National du Credit Agricole et Artisanal Cooperatif are temporarily assumed by the National Budget.

Likewise, the expenses of maintaining the personnel of the affiliated Banks or Caisses Provinciales de Credit Agricole Mutuel will also be assumed, provisionally, by this Budget. They (the expenses) will be taken over gradually by these establishments as their development permits.

Article 8. Provisionally, and pending the creation of a National Statute and Legislation governing agricultural and artisanal mutual and cooperative organizations, the former legislation relating to these matters will continue in force.
Article 9. The Minister of Finance and National Economy, the Ministers concerned and the Treasurer General are charged, each as he may be concerned, with the execution of the present Arrete.

Saigon July 28, 1952

(Signed)

The President of the Government

(Verified)

The Director of the Cabinet

The Chief of the Administrative Service
Arrete of July 28, 1952, setting forth the special conditions for operating and controls of Societies affiliated with the Service National du Credit Agricole et Artisanal Cooperatif (SNCAAC).

THE PRESIDENT OF THE GOVERNMENT

In view of Ordinance No. 1 of July 1, 1949, fixing the conditions for the organization and functioning of public institutions.

In view of Ordinance No. 2 of July 1, 1949, relating to the organization of the statutes governing public administrations.

In view of the Decree No. 49-CP of June 6, 1952, completed by Decrees Nos. 51, 52, and 55-CP of June 23 and June 25, 1952, determining the composition of the Government.

In view of Arrete No. 564 of July 28, 1952, creating a Service National du Credit Agricole et Artisanal Cooperatif.

The Council of Ministers being agreed:

ARRETE (It is ordered)

A - CONCERNING AFFILIATED SOCIETIES AND THE INSPECTION (OR SURVEILLANCE) COMMITTEES

Article 1. The Societies affiliated with the Service National (SNCAAC) are administered by their own Administrative Councils, except in exceptional cases when they may be directly administered by The Service National, as provided in Article 2 of the Arrete of July 28, 1952. All members of the Administrative Council must reside regularly in the Province where the Societe carries on its activities, and must be chiefly engaged in an agricultural or artisanal activity in that place.

The members of the Administrative Council will be elected by the General Assembly of Members from a list previously prepared by the Provincial Administration and approved by the Regional Governor, containing a number of persons at least equal to double the number of seats to be filled.

Article 2. The President of the Administrative Council represents the Societe in all its civil activities and relations. He is assisted by a Director of the Service National, who is acceptable to or is proposed by the Inspection or Surveillance Committee defined in Article 4 below.

Article 3. The Administrative Council may delegate to the Director or Manager of the Societe such powers as they deem fitting to confide to him, but under responsibility of the Council.
Regardless of the extent to which these powers are delegated, the Director shall be responsible in each case for the following functions, subject to the control of the Administrative Council:

a) - the direction of personnel

b) - the maintenance of accounts

c) - the preparation of loan dossiers, and their presentation to the Administrative Council

d) - the disbursement (paying out of the funds) of loans which have been approved by the Administrative Council

e) - the collection of loans at maturity dates.

The Director will be present at meetings of the Administrative Council, but with no deliberative voice. He will fulfill the duties of Secretary.

Article 4. The Inspection and Surveillance Committee of the affiliated Societies, provided for in Article 8 of the Arrete of July 28, 1952, will be composed as follows:

a) - The Chief of the Province ........................................ President

b) - A Representative of the members of the Societe, designated by the General Assembly, who shall not be a member of the Administrative Council of the Societe ........................................ Member

c) - The Registrar of Landed Property .................................. Member

d) - The Representative of the Chief of Agricultural Service, or of the Artisanal Service, or of the Small Industry Service, as the case may be ......................................................... Member

e) - One or two provincial personages, selected by the Chief of the Province, chosen on the basis of their competence and their authority ........................................ Member

Article 5. The Inspection and Surveillance Committee of the Affiliated Societies controls the activities of these Societies. In particular it gives or withholds its consent to all applications involving the expenditure of more than five thousand piasters (5,000$00).

The Members of the Inspection and Surveillance Committee may attend the meetings of the Administrative Council and of the General Assembly of the Societe, but they shall have no deliberative voice.

They may, however, be privileged to speak and to have their comments heard.
In case of need the President of the Inspection and Surveillance Committee, with the agreement of its Members, may exercise his veto against any deliberation which might compromise the interests of the Societe, or the safety and security of loans or advances granted to the Societe by the Service National, and also against any decisions which might be contrary to the provisions of the regulations governing the Societe. Such difference of opinion will be immediately referred to the Comite de Direction of the Service National, who will rule thereon.

The Minutes of Meetings must make mention of any interventions or differences on the part of Members or of the President of the Inspection and Surveillance Committee.

The Inspection and Surveillance Committee shall also address to the Regional Governor and to the Comite de Direction of the Service National all suggestions and recommendations which they consider to be in the interests of general policy, in respect of Agricultural Credit in the Province.

Article 6. All operations carried on by the affiliated Societes are subject to the control of the Service National which may, to this end, create Inspection Sectors, comprising at least four Provinces, at the head of which it may place one of its agents having the title of Inter-Provincial Inspector.

Article 7. Loans granted by the affiliated Societes shall be subject to the following conditions:

a) - Individual short-term loans may be granted up to a limit of twenty thousand piasters (20,000$00) by simple decision of the Administrative Council, on condition that a prompt report thereof be rendered to the Inspection and Surveillance Committee.

b) - Individual medium-term loans may be granted up to a limit of forty thousand piasters (40,000$00) by simple decision of the Inspection and Surveillance Committee and the Administrative Council.

However, in view of the much smaller areas of landed properties in North and Central Vietnam, the limits specified above will be reduced by one half for the Societes in those regions.

All loans exceeding the limits stipulated above must be approved by the Service National, which may delegate a part of its powers to its Regional or Inter-Provincial Inspectors.

Article 8. Only the Comite de Direction of the Service National may grant long-term loans. Applications for such loans must be referred to the Service National by the Administrative Council of the Societe in question, with due justification and under its responsibility.

Article 9. The amount of loans to be granted by the affiliated Societes to their individual members will be determined on the basis of the gross revenue of their cultivating operations. In no case may the amount of short-term loans exceed 25% of the gross revenue, and for
medium-term loans the limit shall be an amount of which the annual amortization payments do not exceed 15% of this gross revenue. However, the amount of short-term loans may be increased from 25% to 30% of the gross revenue on condition that the proceeds of the loans shall be used for the purchase of selected seeds or fertilizers.

In case of acquisition by the same borrower of both a short-term and a medium-term loan, the total of payments and annual amortizations may not exceed 33% or 38% of the gross revenue, according to the circumstances.

B - CONCERNING PERSONNEL

Article 10. (a) The salaries and allowances of personnel in the Service of the affiliated Societies (officers, agents under contract (annual basis) and day workers) are calculated on the same basis and are subject to the same withholdings and deductions as those of personnel in their same categories belonging to the various Administrative Services of the Government.

(b) The Directors or Managers of the affiliated Services may not claim any reimbursement for their services, nor incidental payment of any kind, except when, connected with another Government Service, they undertake the management of the Societe in addition to their normal duties, with due regard for any applicable regulations. However, at the end of the operating period they may be allowed a percentage of the net profits realized. This percentage is fixed at:

3% on the first 10,000 piasters;
2% on the second 10,000 piasters, or any part thereof;
1% on amounts exceeding 20,000 piasters, (but the total so realized may not exceed 10,000 piasters).

(c) The Directors or Managers of the affiliated Societies shall be entitled (in any case) to some payment in view of their responsibilities, the amount of which, varying according to the turnover of funds, will be determined each year by the Service National.

(d) The Directors or Managers of the affiliated Societies will travel from post to post as directed by the Chief of the Province.

They are entitled, in case of these transfers, to the same travel and lodging allowances allowed to officers in permanent status of their same category, and to reimbursement of their transportation expenses.

Article 11. The personnel of the Societies which may be paid out of the National Budget, in accordance with the Arrete of July 28, 1952, shall be the following, (not including the Director):

one Accountant, or bookkeeper
one Secretary - Typist
Article 12. No person may be appointed to the management of a Societe affiliated with the Service National:

(a) if he is engaged, whether personally or through an intermediary, directly or indirectly, as a principal or associate or guarantor, in any commercial or industrial activity whatsoever in the same or adjacent provinces as the Seat, or Main Office, of the Societe.

(b) if he has ever been the object of a legal judgment or sentence implying the prohibition or forfeiture of the right to manage or administer a Societe.

C - CONCERNING REGIONAL COMMITTEES

Article 13. There is established with the Governors of North, Central and South Vietnam a Regional Committee of the Credit Agricole et Artisanal, presided over by an appointee of the Governor and composed of:

- The Regional Director of Economic Services;
- A representative of the Regional Social Service;
- The Chief of the Regional Services for Agriculture, cattle-raising and Forestry;
- A regional representative of the Service for Artisans and Small Industry;
- Three representatives of the Provincial or Regional Groupments (Associations) of the Credit Agricole et Artisanal; affiliated with the Service National;
- A delegate of the Service National.

These committees, which will receive the reports and balance-sheets of the operations of the Regional or Provincial Groupments of the Credit Agricole et Artisanal affiliated with the Service National will offer useful comments and recommendations. They may intervene with the Comite de Direction (Management) of the Service National in order to elicit and stimulate control measures for the Regional or Provincial Groupments of the Credit Agricole et Artisanal.

Article 11. The Minister of Finance and of the National Economy, the Minister of the Interior, the Minister of Agriculture and the Regional Governors are charged, each as he may concerned, with carrying out this Arret.

(Signed)
Arrete of 1st August, 1952, governing the organization and operating of the Service National du Credit Agricole et Artisanal Cooperatif. (SNCAAC)

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THE PRESIDENT OF THE GOVERNMENT

In view of Ordinance No. 1 of July 1, 1949, governing the organization and operating of Public Institutions.

In view of Ordinance No. 2 of July 1, 1949, concerning the regulation of Public Administrations.

In view of Decree No. 49-CP of June 6, 1952, completed by Decrees Nos. 51, 52 and 55 of the 23rd and 25th of June, 1952, governing the composition of the Government.

In view of Arrete No. 564 of July 28, 1952, concerning the creation of a Service National du Credit Agricole et Artisanal Cooperatif. (SNCAAC)

The Council of the Cabinet has agreed:

ARRETE

Article 1. The organization and operation of the Service National du Credit Agricole et Artisanal Cooperatif (SNCAAC), established by Arrette No. 564 of July 28, 1952, are regulated by the conditions of the present Arrete.

A - MANAGEMENT AND GENERAL MANAGEMENT

Article 2. The Comite de Direction shall manage and administer the capital funds placed at the disposal of the SNCAAC. The Comite shall have the following specific functions:

1. It shall decide and rule on application for affiliation presented by the Societe's de Credit Agricole and the Societes Cooperatives de Credit Mutuel Artisanal et de Vente.

2. It shall decide and rule upon requests for the opening of credits or for loans and advances presented by the above mentioned societies, and upon requests for long-term loans on the part of members of the affiliated Societes, and also upon applications for loans of short or medium term which may be made by Small Industry.

3. It shall confer and deliberate regarding the SNCAAC and the accounts of the Managing Director.

4. It shall deliberate regarding recommendations for employing and discharging personnel of the SNCAAC, as made by the Managing Director.
5. It shall study and consider recommendations to be transmitted to the President of the Government regarding:

(a) The allocation of funds between the different Sections of the SNCAAC, as defined in Article 7, below.

(b) The proportion of credit to be allotted to short, medium, and long-term loans, as well as the rates of interest of the different categories of loans or advances.

(c) The allocation of various appropriations and donations of funds specially earmarked for the Credit Agricole et Artisanal, as set forth in Article 4 of the Arrete (of July 18, 1952) creating the SNCAAC.

6. It makes, to the President of the Government, all recommendations or suggestions regarding the general organization, the capital requirements of the institution, and all other questions of a social and economic nature concerning the agricultural and artisanal production of the country.

No resolution may be validly deliberated upon by the Comite without the presence of at least one half of its members.

The Comite shall permanently delegate to its President the powers to exercise permanent control over the functions of the SNCAAC, and generally to supervise the due and proper execution of the decisions of the Comite and of the President of the Government.

Article 3. The Managing Director shall carry out the decisions of the Comite de Direction, and shall furthermore have the following duties:

1. He shall organize and exercise the permanent control of the affiliated Societes and Associations.

2. He shall make all decisions concerning the internal administration, and shall be responsible for the direction of personnel.

3. He shall engage temporary personnel, within budgetary limits.

4. He shall exercise such powers as are specially delegated to him by the Comite de Direction.

B - ADMINISTRATIVE ORGANIZATION

Article 4. The members of the Comite de Direction shall exercise their functions free of charge. However, members residing outside the city where the Comite meets shall be entitled to travel expenses at a rate to be fixed by decision of the President of the Government.

Article 5. The offices or departments of the SNCAAC shall comprise:

- The Secretariat

- The General Account in Office
The Inspection Department (for agricultural and artisanal credit operations)

- The Office (Bureau) of Artisans and Small Industry
- The Office for Cooperatives and Agrarian Reform.

**C - FINANCIAL ORGANIZATION**

**Article 6.** The Accounting of the Budget of the SNCAAC shall be conducted according to the administrative regulations in force.

The Managing Director of the SNCAAC shall be the administrator of the budget of the said SNCAAC.

**Article 7.** Financial operations relative to the capital which will accrue to the several affiliated Societies, will be conducted within the scope of the Account provided for in Article 5 of the Arrete of July 28, 1952, creating the SNCAAC.

This account is divided into three sections:

Agricultural Credit
Credit for Artisans and Small Industry
Agrarian Reform.

The capital allotted to one or another of these Sections may only be used by the Section in question, all transfers from one to another Section being prohibited, unless otherwise decided by the President of the Government on recommendation of the Comite de Direction of the SNCAAC.

**Article 8.** The SNCAAC is authorized to conduct the following operation, over the Account described in Article 7 above:

1. To grant to its affiliated Societies;
   (a) credit in current account, with which to extend short-term loans,
   (b) Advances for loans to individuals or collectives, at medium term.

2. To grant long-term loans to individual members of its affiliated Societies.

3. To grant long-term loans a collective basis to approved Societies and Associations of farmers or artisans.

4. To transmit, through the intermediary of the Societes Provincales de Credit Agricole Mutual, to approved Societies Cooperatives Agricole, advances specially designated for community agricultural works or projects, or for the repair of damages caused by catastrophes of nature.
5. To grant individual loans at short- and medium-terms to Artisans and Small Industries.

6. To receive for credit of the above-mentioned account the balance of assets resulting from the liquidation of the former Office du Credit Populaire.

Article 9. The loans and advances granted by the SNCAAC in terms of the foregoing Article, shall draw interest at a rate to be fixed by the decision of the President of the Government, on recommendation of the Comité de Direction.

Amounts derived in interest shall be apportioned one half to a reserve account against eventual losses, individually for each one of the Sections, (see Article 7 above), and one half to an account to be used for amortizing the costs of maintaining the personnel of the Banks or Caisses Provinciales operating in accordance with paragraph 2 of Article 7 of the Arrete of July 28, 1952, creating the SNCAAC.

Article 10. The Minister of Finance and National Economy, the Minister of the Interior, the Minister of Agriculture, the regional Governors, are charged, each one as he may be concerned, with the execution of the present Arrete.
Letter No. 814 of July 5, 1953, by the Minister of Agriculture (as President of the Comite de Direction of the Service National) to the Governor of South Vietnam, with instructions for setting up a system to administer an agricultural small loans program.

FROM: The Minister of Agriculture (President of the Comite de Direction of the Service National du Credit Agricole et Artisanal Cooperatif (SNCAAC)).

TO: The Governor of South Vietnam.

SUBJECT: Short-term rural production loans.

Monsieur le Gouverneur,

I have the honor to advise you that I have just received from the American Economic Aid a credit of ten million piasters for the financing of short-term loans, for the development of agricultural production.

On its part, the Service National du Credit Agricole et Artisanal Cooperatif will contribute to the extent of five million piasters, which will bring the total credit to fifteen millions.

OBJECTIVES AND BENEFITS OF THE PROJECT

This financial aid to rice cultivation is of great assistance to our peasants, small landowners and tenant farmers in the work of cultivating their lands.

In fact, as a result of events, our cultivators are in great financial difficulties, and find themselves quite at a loss.

In order to meet the needs of their families and especially to cope with urgent expenses (the purchase of seeds, costs of cultivation, replacement of used agricultural equipment) they are obliged to place themselves at the mercy of certain usurers, and sometimes to sell their crop before harvesting it.

Such is the actual situation in which these toiling masses struggle, who now claim our aid both moral and financial.

In helping our farmers to emerge this morass in which they are sinking in despair, we contribute our part, not only to the development of agricultural production but also to a rapid recovery of the economic activity of the country.

Our material assistance will take the form of rural short-term loans which will be accomplished through the medium of the Caisse Provinciale de Credit Agricole (Rural Provincial Banks), recently created.
DISTRIBUTION OF THE CREDIT

The distribution of this credit will be done in the following manner:

4,000,000 piasters - will be placed at the disposal of the Caisse Provincial of Giadinh, for the Provinces of Giadinh and Cholon.

11,000,000 piasters - will be placed at the disposal of the Caisse Provincial of Mytho, for the Provinces of Mytho, Tanan, Gocong, and Bentre.

15,000,000 piasters

TENOR OF LOANS

In view of their purpose, these loans should not exceed a duration of eight months, representing approximately the time of the operations for which they are intended, or as an outside limit, ten months only, which allows our cultivators to hold their paddy and dispose of it at the best price. This (latter) duration is imperative and must not be exceeded in any case.

AMOUNT OF LOANS

In principle each cultivator will be able to borrow 500 piasters per hectare of land, but the maximum amount of the loan is set at 2,000 piasters per individual, whatever may be the area cultivated.

INTEREST

The rate of interest is fixed at one percent (1%) per month.

SECURITY AND PRECAUTION TO BE TAKEN

There is not, properly speaking, any tangible security for this kind of loan. On the other hand, the moral guarantee of the borrower is strictly required, the loan being extended with full knowledge of the qualities of the borrower, and especially of the use to which the borrowed funds will be put.

Nevertheless it would be prudent to take certain precautions to secure the sums released.

For the security of amounts loaned, the borrower will pledge himself to hold all or part of his harvest, in sufficient quantity to serve as security for the loan which is granted to him.
It is understood, however, that if the borrower offers to secure his land by depositing land title deeds, we would not refuse such security.

**PROVINCIAL LOAN COMMISSION**

The rural loan operations necessitate the formation in each province of a Committee to be styled "Commission de Pret". This Commission, whose members will be appointed by the Minister of Agriculture on the recommendation of the Chiefs of the Provinces, will be composed as follows:

- The Chief of the Province . . . . . . . . . . . . . . President
- Two Municipal Councillors . . . . . . . . . . . . . . Members
- Two Rice Cultivators . . . . . . . . . . . . . . . . . . Members

**COMMUNAL (OR VILLAGE) COMMITTEES**

The Commission de Pret is charged with studying the loan dossiers which will be submitted to it by a "Comite Communal", which will be chosen by the Chiefs of the Provinces on recommendation of their Administrative Delegates or Representatives.

This Comite which is also composed of five members, will be comprised as follows:

- The "Chu Tich" or President of the Communal Council . . . . President
- Two Communal Councillors . . . . . . . . . . . . . . Members
- One Tenant Farmer (Ta-Dien) . . . . . . . . . . . . . . Member
- One small landowner . . . . . . . . . . . . . . . . . . Member

The function of the Communal Committee will be to assemble all loan applications emanating from the cultivators. They will examine these requests, summon the applicants, and certify as to the accuracy of the statements made by the borrowers regarding their identity, the proposed use of the borrowed funds, the location of their lands, and particularly as to the moral standing of the beneficiaries.

The Committee then gives their opinion as to these loan applications, which they thenceforward transfer to the Commission de Pret, which finally decides whether to grant the loan.

I emphasize once more that the Communal Committee, additionally to its other functions, will exercise control over the utilization of the borrowed funds, to the end that our financial aid shall not be diverted from the objectives for which it was granted.

Now, therefore, I shall be very grateful, Monsieur le Gouverneur, if you will be so kind as to give the necessary instructions to the
Chiefs of the Provinces, to set up, each in his Province, a Commission de Pret and Communal Committees.

The formation of a Commission de Pret appears to me unnecessary in those Provinces already provided with a Caisse Provinciale de Credit Agricole, whose Administrative Council may, in cooperation with the Communal Committee, adequately fill the role of the Commission de Pret.

On the other hand the presence of a Commission de Pret appears indispensable where there exists no agricultural credit organization.

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**LOAN PROCEDURE**

A. Provinces having a Caisse Provinciale de Credit Agricole.

The Service National du Credit Agricole et Artisanal Cooperatif will be responsible for giving the necessary instructions to its affiliates (Rural Banks), as to the Procedure to be followed in extending these loans.

B. Provinces not having a Caisse Provinciale de Credit Agricole.

The procedure will be the following:

1st Step: The Communal Committees will assemble the loan applications which have been addressed to them by the cultivators. They will study these applications, will make, if necessary, an investigation on the spot, and will draw up a certified report. They will then transmit all the loan dossiers, together with their opinion thereon, to the Commission de Pret.

2nd Step: The Commissions de Pret, after studying the dossiers, will give the final decision and will return the loan dossiers, duly approved, to the Communal Committees, for the drawing up of the loan contract.

3rd Step: Payment of the loans (disbursement to the borrowers) will be done by Administrative Deputies (Delegates).

Upon request of the Chiefs of Province the funds destined for payment of the loans will be furnished (sent) by the Caisses Provinciales.

All these formalities should be accomplished within a period of 15 days at the latest.

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**ACCOUNTING**

A. Provinces having a Caisse Provinciale de Credit Agricole.

Accounts are kept by the Caisses Provinciales in accordance with instructions which will be given to them by the Service National du Credit Agricole et Artisanal Cooperatif.
For convenience, the Commissions de Pret will simply send to the Caisses Provinciales once a month or at the end of each week, depending on the volume of loans, an abstract statement of the status of the loans, on the attached form. A register of the same form must be kept up-to-date by the Commissions de Pret.

**REPAYMENT OF LOANS**

The collection of loans on dates due will be done by the administrative Deputies (delegates) which will pay the amounts so collected to the Commissions de Pret, which in their turn will transmit the money to the Caisses Provinciales by Treasury.

As for the operation of completed (repaid) loans, the repayments must be recorded in an abstract statement, on the attached form, which will be addressed to the Caisses Provinciales.

A register in the same form must be kept up-to-date by the Commission de Pret.

I would ask you to be so good as to take steps with the Chiefs of the Provinces for a propaganda campaign to be carried out in rural areas, in order to give a wide circulation of information among our cultivators regarding this new type of loan.

(Signed)

President of the Comite de Direction

(also Minister of Agriculture)
Forms on which the Commissions de Pret shall report the status of agricultural loans to the appropriate Caisse Provinciale (branch rural Bank) of the Service National du Credit Agricole et Artisanal Cooperatif (SNCAAC), who in turn will maintain accounting records.

<table>
<thead>
<tr>
<th>PROVINCE OF</th>
<th>STATUS OF LOANS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RURAL SHORT TERM LOANS</td>
</tr>
<tr>
<td></td>
<td>(outstanding on ___)</td>
</tr>
</tbody>
</table>

### (1) Nos. of Loans, Names of Borrowers (addresses), Date Granted, Nos. Loans, Amounts Due Dates Remarks

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### (2) Nos. of Loans, Names of Borrowers (addresses), Date Granted, Amount of Loans, Repayments, Remarks

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(Signed) (Province) (Date)

The President
of the Commission de Pret

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<table>
<thead>
<tr>
<th>PROVINCE OF</th>
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</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>(2) Nos. of Loans</th>
<th>Names of Borrowers (addresses)</th>
<th>Date Granted</th>
<th>Amount of Loans</th>
<th>Repayments</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Face Amount</td>
<td>Interest</td>
<td>Capital</td>
</tr>
</tbody>
</table>

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Loan Contract, covering short-term agricultural production loans, to be granted by the Service National du Credit Agricole et Artisanal Cooperatif (SNCAAC)

I, the undersigned, (name and address of the borrower), tenant farmer (Ta-dien) or small land owner cultivation hectares of rice lands situated at Province of , acknowledge by these presents having received from the Caisse Provinciale de Credit Agricole (Rural Provincial Bank) of , or from the Chief of the Province of (President of the Loan Committee), representing the Service National du Credit Agricole et Artisanal Cooperatif, the sum of which is necessary for me in order to cultivate the above mentioned land.

I promise to repay the sum of , plus interest thereon at one percent (1%) per month on the time of the sale of my harvest, of which I solemnly promise to store in my possession a quantity sufficient to serve as security for this loan.

Done in duplicate at on , 195 .

(Signed)

The Borrower

(Signed)

The Director of the Caisse Provinciale de Credit Agricole of

Or

The Chief of the Province of President of the Loan Committee

CERTIFICATION OF THE COMMUNAL (VILLAGE) COMMITTEE

We the undersigned, communal Committee of the village of certify that Mr. is in fact a farmer, of small landowner, who has cultivated hectares of ricelands. We certify, moreover, that this party, who up till now has enjoyed a good moral reputation, is deserving of the benefit of the loan which he has requested.

(Or it may be certified that the moral standing of the applicant is doubtful, and the application should not be considered.)
VITA

Randall Stelly was born July 11, 1917, on a rice, cotton, and corn farm near Kaplan, Louisiana. After attending several public schools in Vermilion Parish, he graduated from the Kaplan High School in June, 1936.

He attended Southwestern Louisiana Institute from September, 1936, until June, 1940, and received the degree of Bachelor of Science in Agriculture from that institution in June, 1940.

He served on active duty with the United States Marine Air Corps and the U. S. Army Air Force from 1940 until September, 1945, with the rank of Captain, and experienced action in England, North Africa and continental Europe.

Following honorable discharge from the armed services in the fall of 1945 he taught vocational agriculture at the Gueydan High School, Gueydan, Louisiana, until January, 1946. In January, 1946, he entered the Graduate School at Texas Agricultural and Mechanical College and received the degree of Master of Science from that institution in January, 1947.

He was employed as Market Analyst and Statistical Supervisor by Converted Rice, Inc., Houston, Texas, from January, 1947, until January, 1948. From February, 1948, until September of that year he was Editor and Advertising Manager of the Abbeville Meridional, Kaplan Times and Gueydan News — three weekly newspapers. From September, 1948, until June, 1949, he was Assistant Principal, Science Teacher and Coach of Athletics at the Maurice High School, Maurice, Louisiana.

In June, 1949, he accepted employment as Research Associate in Agricultural Economics and entered the Graduate School at Louisiana State
University pursuing graduate studies leading to the degree of Doctor of Philosophy. In September, 1951, he accepted a position as Agricultural Economist with the United States International Cooperation Administration for employment in the far east. In this capacity his functions consisted primarily of helping the governments of Cambodia and Vietnam to establish an agricultural credit agency, develop and implement a program of farmers cooperatives, initiate a program of agrarian reform designed to bring about improvements in the level of living of farm families in Indochina, and to supervise commercial imports of agricultural raw products from the United States into Indochina under the American foreign aid program.

In September, 1952, he returned to Louisiana State University to complete the requirements for the degree of Doctor of Philosophy. He now presents himself as a candidate for the degree of Doctor of Philosophy in Agricultural Economics.
EXAMINATION AND THESIS REPORT

Candidate: Randall Stelly

Major Field: Agricultural Economics

Title of Thesis: An Economic Study of Agrarian Problems in Indochina

Approved:

[Signature]
Major Professor and Chairman

[Signature]
Dean of the Graduate School

EXAMINING COMMITTEE:

[Signature]

[Signature]

[Signature]

Date of Examination:
May 5, 1956