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AGRARIAN REFORM IN FREE VIET NAM

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During the period of civil unrest in Viet Nam which followed the end of World War II, the French and the semi-independent Vietnamese Government sought an agrarian reform policy which would strengthen the loyalty of rural families. The first evidence of interest came in the Tet message of Emperor Bao Dai in February 1951, but nothing concrete came of this promise to regularize tenancy agreements and credit controls. In the spring of 1953, President Nguyen Van Tam, announced that henceforth the pre-war rent of 50 per cent of the crop would be reduced to no more than 15 per cent. Although the President gave wide publicity to the decree, it was evident from the start it could never be enforced.

Meanwhile, Vietnamese agricultural specialists and their American advisors were urging the promulgation of an effective agrarian reform code. Events forced action, and the long-dormant National Committee for Agrarian Reform met in 1953 to draft suitable legislation. As a result, four ordinances were promulgated in June, 1953. But, again, these ordinances had a propaganda value but no change in tenure patterns came of them. The most striking omission of these ordinances was lack of enforcement measures, and their vague and sometimes contradictory wording and complexity made them too complicated to be enforceable or for tenants to understand.

Rent Control and Tenure Security

During the fall of 1954, American and French advisors, who agreed together upon the need for agrarian reform, believed the Government was not yet in a position to embark upon a land transfer program, but that the immediate goals could be realized by a sincere rent reduction and tenure security program. It was felt, however, that land transfer would have to come at some later time.

Agrarian reform constituted a principal point in the advisory program of General J. Lawton Collins, President Eisenhower's special representative. In December 1954, General Collins called upon President Diem to present the American viewpoint, and later the same day the French High Commissioner, General Paul Ely, called to present an identical French position. Within hours, President Diem had issued instructions to his Government, and the Vietnamese, French, and American agricultural specialists were seated around a conference table. There was no difficulty over the general terms of the new ordinances. The basic needs and mechanisms to achieve them received general accord in the French, American and Vietnamese thinking. The conferences worked quickly, and the President

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promulgated Ordinance No. 2 regularizing tenancy and limiting rents on January 8, 1955 and Ordinance No. 7 governing recultivation of abandoned land on February 5, 1955.

Ordinance No. 2 (which technically amended one of the 1953 ordinances) provided that:

(1) all established tenants must have a written contract following a prescribed form and registered in their village;

(2) rents be set at the rate of 15 to 25 per cent of the principal crop depending upon the fertility of the land;

(3) annual rent for tools, draft animals, etc., could not exceed 12 per cent of their value and loans to tenants could not exceed 12 per cent annual interest;

(4) contracts must last for at least 5 years and be renewable at the tenant's option;

(5) village and district agrarian reform committees would be formed which, with the provincial committees established by the 1953 legislation, would administer the program, report abandoned land, and arbitrate disputes; and

(6) failure to comply with the ordinances was made punishable with stipulated penalties.

Ordinance No. 7 provided that:

(1) communal councils would forward to the Government a list of arable land not cultivated the prior season;

(2) landowners must declare their intention either to lease abandoned land or cultivate it themselves, or else they would be considered as absent;

(3) landlords considered present would sign a prescribed contract with new tenants which reduced the normal 15 to 25 per cent rent but exempted the landlord from liability for land taxes; and

(4) where the landlord was considered absent, abandoned land could be let by the communal council to tenants, again using a prescribed contract form.

Tenants on recultivated land would pay no rent the first year and reduced rent the next two years. The rent collected would be held to the account of the owner. The ordinance automatically expired on December 31, 1955 and was replaced by Ordinance No. 28 of April 30, 1956 reinstating the same provisions on a permanent basis.

To aid in the implementation of each of these ordinances, a mandatory contract form was appended to them. Three different contracts were provided. Appended to Ordinance No. 2 for established tenants was the so-called Type A contract. It embodied the terms of the ordinance relating to land rent, annual rent for equipment and animals, interest on loans, and the duration of the contract. Appended to Ordinance No. 7 governing abandoned land were the two other contracts: Type B for use where the landlord was known, and Type C for use by communal councils where the landlord was absent. These, too, embodied the terms of the ordinance relating to tenancy conditions.

In framing these two ordinances, an explicit attempt was made to correct deficiencies and take advantage of experience in other Asian nations. American technical help showed to best advantage here, since U.S. advisors had had experience in Japan, Taiwan, and the Philippines. Allowing the rent to range from 15 to 25 per cent was partly a political expedient, since the Government has saddled with the unrealistic rate publicized in earlier propaganda efforts, but it also attempted to relate rent to the productivity of the land. The establishment of local committees was urged both as a means of providing a local administrative unit and as a desirable device to encourage demoncratic growth. The general terms of the ordinances were simplified to make administration possible, and the focus of emphasis was narrowed to rent reduction, interest control, and tenure security. The model contract was retained to make the law easier to administer. And, of course, the inclusion of penalties corrected an earlier omission.

To help village people understand the tenure security program and its operation, the Vietnamese Government, with American technical and financial assistance, prepared blank contract forms and publicity materials. Two million contract blanks were printed, each type with a different colored line drawing so that semi-literate peasants could readily distinguish between types. Posters were printed at a ratio of one for every 150 rural people. To identify the explanations with the proper contract forms, posters were color-keyed to match the line drawings. Leaflets were distributed on the basis of one for every three families.

As implementation began, an interesting paradox in landlord and tenant attitudes emerged. Much of Free Viet Nam either recently had been recovered from Communist control or Viet Minh forces still retained paramount influence. In these areas, particularly those in South Viet Nam, landlords had sometimes not collected rent for as long as eight years. Now, landlords looked upon the contract program as a means to assure them a rental of at least 25 per cent of the crop. On the other hand, tenants in these areas resisted the program since they had been paying no rent at all (although they had paid heavy Viet Minh taxes). By July 1955, however, the increasing stability achieved by the National Government had changed the environment and more orthodox positions were taken by tenants and landlords, with peasants in favor and landlords protesting that rent rates were too low.

Although the agrarian reform program had been foreseen as a partial solution to immediate problems, the impact during the 1955 season was small. Six months after the promulgation of Ordinance No. 7 there were only some 20,000 contracts registered. Of these, 16,200 were Type A for established tenants and 3,800 Types B and C for abandoned land. As information about the program spread and field agents began to reach tenants, the number of contracts climbed. By the end of 1955, nearly a year after promulgation, there were 277,345 contracts registered, 204,313 for established tenants and 72,032 for abandoned land. Two years later, at the end of 1957, there were 675,075 contracts, 502,989 Type A and 172,086 Types B and C. This represents some two-thirds of all tenants in Free Viet-Nam, and some 4.5 million acres; just over 3.3 million individuals are directly affected. Approximately 1 million acres of abandoned land have been recultivated under registered contracts.

Most of this progress has been realized in the South where in some provinces four-fifths of the tenants have contracts. In Central Viet Nam at the end of 1957, there were only 142,194 contracts registered, and only 18,716 Types B and C contracts reflecting the small amount of abandoned land in the crowded center. Other factors have also slowed down progress. The law limits rent to 25 per cent of the main crop, which is fitted to conditions in the one-crop South, but is not realistic in the two-crop coastal deltas. In the South landlords have much larger holdings, and do not link themselves closely to the village. In CVN, where holdings are small, the landlord is very much a part of communal life, and exerts a strong influence on tenant thinking. In these coastal deltas, tenants are more concerned simply to find land to cultivate than they are in the more spacious South. For the tenant to raise the issue of a contract is likely to result in eviction with no alternative holding available.

Throughout the nation, problems of enforcement and administration are still great. Although contracts clearly set the maximum rent at 25 per cent of the main crop, in practice most tenants with contracts seem to pay a third or slightly more of each rice crop. Even so, contract holders feel the program has been of distinct benefit to them, and point to neighbors without contracts who, now that stability has been restored, pay 50 per cent. The clauses relating to tenure security have proved difficult to enforce. Only about half the villages have agrarian reform committees, and these meet infrequently and have often been irregularly appointed. Even though illegal eviction is a common complaint in the countryside, very few disputes have reached formal arbitration. At first the regular courts were unsympathetic to the program, but more recently tenants with contracts have won most of the disputes which they have appealed to the courts. Nevertheless, the high costs of this legal action and the slow judicial process combined to make recourse to the courts all but inaccessible to tenants.

President Diem moved to resolve some of these enforcements problems when he promulgated Decree No. 498 of November 27, 1957 establishing a special agrarian court in each province. These courts are to have original jurisdiction over all disputes arising between landlords and tenants relative to the rent co ntrol and tenure security program. (Cases arising over the land transfer program are referred to the National Agrarian Reform Commission.) Each provincial court includes a provincial judge advocate and two assistants who are to be appointed from officers of existing courts. The agrarian courts will accept disputes without fee, and peasants will be allowed to represent their own cause. The court is obligated by the decree to render a final decision within 40 days after a complaint is lodged. The first court was organized in Saigon in May 1958, but to date it has not completed the preliminary formalities necessary befoe it can hear cases.

Land Transfer

By the summer of 1956, the Government felt the time was appropriate to undertake a land transfer program. Accordingly, President Diem promulgated Ordinance No. 57 of October 22, 1956 which provides that no person may own more than 100 hectares of riceland, and all persons holding more than that amount as of the date of the Ordinance must sell the excess to the Government, which in turn will sell it to cultivators. (A later modification provides that until formal Government expropriation takes place, landowners may sell parcels of up to 3 hectares to sitting tenants or other individuals if they are not members of the immediate family.) The Ordinance exempts land planted to what are termed "industrial crops," including substantial holdings in rubber (largely owned by French citizens), and areas in forest, sugar cane, tea, coffee, coconuts, fiber crops, fruit, etc.

Owners selling land to the Government will receive 10 per cent of the purchase price in cash and the balance in non-negotiable Government bonds bearing 3 per cent interest per annum. The bonds will be redeemed over a period of 12 years.

Cultivators who purchase land from the Government will pay for it in six equal installments with no interest. The landowner will receive his land rent payment at the harvest of the crop year in which the transfer is effected, and the new owners will begin their payments at the time of the following harvest. The Ordinance stipulates that in addition to the 100 hectare retention limit owners may retain up to 15 hectares of land bequeathed to them for private ancestor worship. It establishes priorities for purchase, allowing sitting tenants first option, and after them local landless laborers followed by veterans and war victims.

Other provisions provide for the establishment of a National Agrarian Reform Commission to supervise the implementation of the program; and special commissions to deal with such unsettled matters as land prices, areas to be retained for ancestor worship, and arbitration of claims arising out of the implementation of the Ordinance; and penalties for evasion or opposing the implementation of the Ordinance. The terms of the Ordinance tend to be quite general and an important group of decisions is left to the commissions which must operate almost without legislative guidlines.

Accurate statistics on the distribution of land ownership in Viet Nam are not available. The best estimate available to the author is summarized in Table 1, and is based largely on information two decades old.

Landowners were required to declare the land available for transfer by February 28, 1957. Although a few are known to have failed to comply with the regulation and are being searched out and proceedings instituted, to date 2,600 persons owning more than 100 hectares have declared total holdings amounting to 1,075,000 hectares. After allowing the deduction of the 100 hectares retention limit, the 15 hectares which may be retained for private ancestor worship, and certain other minor exemptions, the Department of Agrarian Reform estimates some 740,000 hectares will be available for transfer to tenants.

The Vietnamese Institute of Statistics and Economic Studies reports 1,993,500 hectares of riceland were cultivated in the 1955-56 crop season. Estimates derived from 1934 figures quoted by Peautonnier indicate an additional 457,000 hectares of privately owned land still lie idle as a result of disturbances over the past decade. Thus out of a total of approximately 2,450,088 hectares of riceland in Free Viet Nam some 44 per cent is held by landowners having over 100 hectares.

drawn from refugees from North Viet Nam and local landless laborers. Thus, a total of some 312,000 cultivators will be benefitted by the land transfer program. It must be emphasized, however, that these totals are based on very general estimates and can at best be only indicative.

Of the 740,000 hectares of riceland subject to transfer, approximately 230,000 hectares are owned by French citizens. By far the largest part of this land is worked by tenant cultivators.

It is not expected the land transfer program will have an appreciable immediate impact on rice production nor upon the pattern of cultivation since virtually the whole area affected is now either cultivated by tenants or lies abandoned. Landowners in Viet Nam provide almost no management function for their tenants who follow traditional planting dates and cultivation techniques. Little fertilizer is used. Although before World War II many large landlords were a primary source of credit for their tenants, post-war Communist guerrilla warfare in Viet Nam greatly reduced their willingness to make loans. Currently, most credit in rural areas comes either from local merchants, or from small or medium landowners who live in villages rather than urban centers and who are thus in a position to collect their loans. The Government has undertaken a $10 million national agricultural credit program which it hopes will replace any credit now coming from large landowners and a substantial portion of that from small landowners and merchants.

In late September 1957 the Government announced a schedule of prices based on productivity at which landowners would be compensated for their holdings, and indicated that tenants would be able to purchase the land at the same price. These prices range from $7 per hectare for remote abandoned land to $428 per hectare for double-cropped land close to Saigon. The administrative costs of the transfer are to be paid from regular Government budget sources and from counterpart funds. However, no United States funds will be used for the purchase of land. The price schedule was established after a series of meetings with representatives of the Ricegrowers Syndicate, a large landowners organization. To initiate payments, the Department of Agrarian Reform has been allocated VN$200 million (US$5.7 million). The Department estimates a total of some VN$2.4 billion (US$68.5 million) in cash and securities will be necessary to complete the land purchase. Since down payments to landowners will amount to only 10 per cent of the total purchase price, the Government has already made available from regular national budget sources virtually all the cash necessary to complete the land transfer.

To pay for the 230,000 hectares subject to transfer owned by French citizens, an agreement has been worked out between France and Viet Nam. Although the terms are not yet finally ratified by both Governments involved, the present agreement is for the Government of France to make available up to 1,890 million francs to purchase both land and existing equipment. Of this total, some 1,490 million francs would be used for the purchase of the land itself, while 400 million francs would be used for equipment. Landowners would be given a choice of accepting a price in francs set up by a mixed Vietnamese and French commission, or accepting the price in piastres as offered by the Vietnamese Government to its own citizens.

It is estimated that the administrative costs of the land transfer program may come to some VN$77 million (US$2.2 million) spread over a three-year period with the heaviest expenditures during 1958. A large proportion of this cost will be supported by counterpart assistance made available by the USOM, and the balance paid for from national budget sources.

Large scale transfers began in the latter part of 1957, despite a delay in setting prices and making payments to landowners. As of June 1, 1958 a total of 151,695 hectares had been allocated to 65,932 existing tenants. This amounts to slightly more than one-fifth of the total land to be transferred. Preparation of formal titles is lagging behing the actual allocation of the land, but 30,580 titles were ready for distribution as soon as the prices for specific parcels had been determined. Local price commissions are working in the wake of survey teams to determine the yield of the parcels in question and thus establish the price according to the published schedules. President Diem marked the first fully completed transactions when he handed the first title deed to a new owner and the first down-payment check and land bond to an expropriated landlord at a ceremony May 9 at Cai Lay, 60 miles south of Saigon.

The procedure of allocating land to tenants before the yields and thus the prices have been determined by the local price commissions and before formal titles have been prepared at first may seem to be undesirable. However, in view of the Government's desire to indicate its concern about rural levels of living and its pressing need to demonstrate its determination to carry out an effective land transfer program, this procedure seems to be appropriate.

Price Gittinger
Agricultural Economist
USOM to Viet-Nam
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