

CHAPTER 12  
REGIONAL DEVELOPMENT

Introduction

National, regional and local interests in economic progress are not opposed, they are complementary and mutually supporting. Within the context of a development strategy for the Republic of Vietnam, the opportunity can be taken to serve regional and local interests and to satisfy regional and local sentiments, not impairing the essential unity of the nation, but, on the contrary, strengthening it.

Successful implementation of the programs suggested in this report will depend on a variety of factors - stable political conditions, adequate resources in money and skills, and good, honest administration, among others; but for all of these programs one particular condition seems to us to be quite indispensable that they engage the attention and attract the participation of the mass of the country's ordinary men and women. The interest of the general public in economic development has to be made apparent if this is to be done; and the fact that it can be made apparent more easily in programs directed toward regional problems and opportunities than in those which express only national policies and are accordingly fit to be designed and implemented from the capital.

We believe that in terms of economic development there are advantages to be gained from a policy of decentralization, and management of those programs which possess a regional context will require representative bodies within the regions particularly concerned.

it will not be appropriate to apply such a policy to all the programs which we present in this report: fiscal and monetary policies cannot be planned and executed except for the country as a whole; nor can major industrial investments, the feasibility of which depends on national markets or export possibilities; nor can the reconstruction of a national transportation system. But we believe that a policy of decentralization can and should be applied to any programs which deal primarily with regional conditions and problems, and which therefore, are likely to be welcomed and supported in the localities concerned.

We present in this Chapter our views on certain programs in which a regional interest is manifest, though a national one is certainly not absent. The problems of water control in the Mekong Delta are perfectly well understood by the people who have their homes and make their livings there; and they, of course, will be the first beneficiaries (though not the only ones) from the kind of improvements we propose to the natural environment which now controls their economic activities. The urgency for a vast program of rural rehabilitation cannot be better understood than it is in the five northern provinces, which have suffered more than any others from the dislocations of war. The Central Highlands have an obvious peculiarity - substantial resources in land and water, and a population consisting mainly of minority peoples who have not yet been brought into the cash economy, and will represent a danger to the stability of the nation until they are provided with opportunities to do so. The problems of Saigon are peculiar too; although every city in Vietnam has grown unnaturally in time of war, in Saigon the changes have been immense and undigestible, so that today, well over two million people are living in a concentrated area whose amenities may be adequate for only a quarter of that number.

In the succeeding parts of this Chapter, some ideas are presented on what might be done in the next ten or twenty years, or more or less, as resources become available, to ameliorate the conditions peculiar to each of these areas. In some cases, these views have been better developed than in others. For instance, a good deal of attention has been given to the development of the Mekong Delta, and project planning is well advanced, simply because it is in this region that the best opportunities for the rapid restoration of the Vietnamese economy after the war occur. Much less attention has been given to the five northern provinces and to the Central Highlands, simply because a full and accurate assessment of the potentials for development in these areas depends upon ground investigations - of soil, subsoil, water and forest resources - which cannot be undertaken until the war is over. We recognize however, that while the potentials of the Delta are apparent and will be all-important to the country in the early post-war period, in the long term, valuable opportunities for the diversification of the economy may appear in other regions. Some may also appear in the mass of the Central Lowlands south of Quang Ngai, for which a regional program is not yet suggested; it is difficult to identify, within this long, narrow area, any problems or opportunities common to the whole, which would suggest treating it as a distinct region with a development program of its own.

Some proposals are also made, for each of the four cases considered, concerning the organization and management of such regional development programs as may be approved. In no case is it practicable or sensible to advocate the establishment of completely autonomous, independent, regional development authorities to undertake these programs. Although the problems are regional ones, the benefits of economic development will be national as well as regional, and it is impossible to suggest that the Central Government should divest itself of all responsibility for ensuring that the programs are efficiently carried out.

Nor is it to be expected that the Legislature, which will be invited to allocate very considerable sums of money to these programs, should not wish to ensure that the money allocated is properly spent. Within each program there will be projects within the responsibilities of the Ministries of Government, and as long as the Ministries have the means to execute these projects - within the general framework of a regional program - there will be no point whatever in asking someone else to do so.

On the other hand, if genuine popular enthusiasm for economic development is to be excited and sustained within the regions, then something more than a purely advisory committee of local notabilities is required. The precise functions of a development agency within the four regions considered in this Chapter are bound to vary with the needs and circumstances of each of them; but, as a general pattern, what we recommend is an agency with strong and respected local representation and powers not merely to advise and coordinate, but also, when the need arises, to act. We believe that this is what the ordinary people of the region, whose daily lives stand to gain if these programs are successful, and to lose if they are not, will mostly want.

CHAPTER 12: REGIONAL DEVELOPMENT3. THE CENTRAL HIGHLANDS

With, at present, very little known about the agricultural potential of the soils of the Central Highlands, and only a little more known about the potential of its rivers and forests, it is not so easy to define the substance of a development program for this distinctive geographical area of Vietnam. And the Central Highlands region is distinctive not merely for the peculiarity and range of its topography and other environmental conditions, but also because it presents special problems. These are concerned with the following facts: generally, apart from such concentrations of population as Dalat and BanmeThuot, the region remains recognizeably inferior to the rest of Vietnam in social and economic advancement; allowing for large areas of difficult terrain, it is sparsely inhabited by any standards, and very sparsely inhabited in comparison with the neighboring central lowlands; finally, its population is composed substantially, though not entirely, of people whose racial origins are different from those of the majority of the nation, who are removed from the main currents of national life, and who, remaining outside the cash economy, can contribute little to the national income except the maintenance of their own existences.

A principal assumption for a development program for the Central Highlands is that the minority communities do not live outside the cash economy from preference, but because they have not had the opportunities and inducements to enter it. A principal objective for the program is to provide the minorities with the same opportunities for economic and social advancement

as other Vietnamese, so that they can compete with them on terms of mutual respect. In Vietnam (as in many other countries), the problems of racial discord are unlikely to be disposed of until this is done.

The minorities of the Highlands have been variously estimated to number anything from 600,000 to 1,000,000. Probably they represent about 5 percent of the total population of the Republic. Although there are communities of non-Vietnamese origin in some 23 provinces in all (and although purely ethnic considerations are clearly not the only ones to be taken into account), it is suggested that a development program for the highlands should provide primarily for those provinces in which the minorities outnumber the inhabitants of other stock. The provinces in which this occurs are Kontum, Pleiku, Phu Bon, Darlac, Quang Duc, Tuyen Duc, and Lam Dong, comprising an area of just under 50,000 square kilometers, about 30 percent of the total area of Vietnam. The area coincides largely, though not completely with the basins of the Se San and Sre Pok rivers: and it is the traditional home of three of the largest of the minority communities, the Jarai, Bahnar and Rhade.

There are no known commercial deposits of minerals in these provinces at the present time, though there are areas of promising geology in which minerals exploration ought to be undertaken when peace and security return. The presently visible prospects for improving the lives and fortunes of the inhabitants of the highlands - of both Vietnamese and other origins - lie in the development of agriculture and forestry and such industry as this may promote.

#### The Prospects for Agriculture

Studies of aerial photographs, to be checked and corrected in due course by investigations on the ground, provide a first approximation that because of the steepness of the terrain, about 1,800,000 hectares, mostly in Kontum and Quang Duc provinces) are likely to remain under permanent (but not all neces-

sarily unexploited) forest; but that as much as 1,500,000 hectares now in more open forest, and possibly another 1,000,000 hectares now under other types of vegetation can ultimately be developed for agriculture. This is not to say that development of so extensive an area is certain - for the scale of development will obviously depend on the adaptability of particular crops to local soil and climatological conditions, and to the prospects for these crops in world markets. Coffee grows well in certain highland areas, but unlimited expansion of the crop would clearly be unwise.

Only cursory studies of the soils of the Central Highlands have so far been made, and adequate soil surveys will not be possible until the region is secure. As this report is submitted, a thorough review of all the available soils, climatological and vegetation data is being carried out by a specialist in tropical forest soils on behalf of the Joint Development Group, and on the results of his work some tentative predictions will be made of the potential in the Highlands, both for the commercial crops already cultivated in Vietnam (such as tea and coffee), and for other crops with good prospects in world markets. But in most cases, extensive field investigations and trials will be necessary to develop firm recommendations concerning the expansion of one crop or another.

Nevertheless, there are promising indications that considerable increases in production are possible. Even at the present time, highlands agriculture does not consist exclusively (as is sometimes erroneously supposed) of shifting cultivation of low yielding rice varieties nor, where shifting cultivation occurs, is it practised recklessly without regard to the regeneration of the forest fallows. A good deal of evidence is available that change is occurring and can be accelerated, and there is more than one indication of a more promising future for the region's agriculture:

1. The outstanding example of progress in agriculture in the highlands is, of course, the profitable production and highly skilled cultivation of a great variety of fruits and vegetables in Tuyen Duc province. It is true that in this area the industry depends largely upon the enterprise and energy of refugees from North Vietnam who installed themselves at Dalat after 1954, and that the participation of the original inhabitants of the area has been quite limited. However, the favorable conditions found at Dalat are certainly not unique in the Highlands, and, subject to the capacity of internal and foreign markets to absorb production, similar developments can be promoted in a number of other places.

The export possibilities for certain of the fruit and vegetable crops should not be discounted. In the years 1958 to 1960 there was, for instance, an encouraging increase in exports to Singapore. This commerce can probably be resumed and expanded, though it will require an efficient packaging and marketing organization and rigorous insistence on quality.

2. It may be true that the normal system of agriculture for the scattered minority communities is one of shifting cultivation, with anything from four to twenty hectares of land per family either under crop or in fallow at any one time: but it is not always true. Wherever conditions are right and suitable land is available, permanent agriculture is practised by the minorities, and a rather remarkable variety of crops is cultivated in addition to rice. Many farmers have permanent rice fields, and most, it is said, have gardens and orchards at their homesteads. In a recent report,\* mention is made, among other crops, of the occurrence of manioc and



- \* Gerald C. Hickey: The Highland People of South Vietnam: Social and Economic Development.

corn, of a complete range of garden vegetables, and of tea, coffee, rubber, peanuts, sesame, pepper, many varieties of tropical fruits, tobacco and areca, coconut, kapok and cotton, indigo and cinnamon. This does not suggest that the crop possibilities are limited; on the contrary, it suggests excellent opportunities for diversification.

3. Undoubtedly, considerable improvements in agriculture can be brought about by small water control projects supplying irrigation water by gravity or pumping. About 22,000 ha. in the Upper Se San basin and 66,500 ha. in the Upper Sre Pok basin have already been identified tentatively as suitable, for irrigation. (The greater part of the Central Highlands region, as defined earlier at page 2, consists of the watersheds of these two rivers). Some of the sites suggested (at Kontum, Tanaeng Prong, and Dat Potong, on the Se San, and in the Upper Krong Buk, Lower Krong Buk and Krong Pach on the Sre Pok) have been investigated in some detail, and it has been estimated that in these six places a first stage development of 23,600 hectares would cost approximately \$US 25,750,000. These estimates and the feasibility of the projects require review, but if confirmed they are not out of line with capital expenditures for irrigation considered acceptable in other countries. The development of 23,600 hectares would provide homes and livings for 10,000 families, a not inconsiderable proportion of the indigenous peoples of the highlands; and ultimately it is hoped that up to 100,000 hectares can be similarly developed.

4. Some useful comparisons are possible with the northeast provinces of Thailand, which have peoples and an environment not dissimilar from those of the Central Highlands. In recent years kenaf, corn and manioc have all been successfully introduced as commercial crops in Thailand. Corn and manioc are already grown in the highlands, and kenaf was grown until a few years ago, mostly in the new settlements for lowland Vietnamese established during the regime of President Diem. Production of kenaf has now disappeared - partly because of the failure of these settlements to maintain themselves against insurgency, partly because of the sheer lack of any marketing organization to transfer the crop from farm to factory.

As they are grown in N.E. Thailand, corn and kenaf do not support high standards of rural living. At present prices, net earnings to farmers might approximate to \$US 65.00 and \$US 85.00 per hectare respectively, and it is questionable whether an average highland family will be capable of cultivating more than 1.0 or 1.5 hectares of either crop in addition to producing its own food - which, for many years to come, will continue to be its prime consideration. It must be admitted that at least some of the enthusiasm for kenaf and corn in Thailand is probably due to the unnaturally low prices for rice imposed by the Thai government: in Vietnam (where there is a need to produce animal feeding stuffs and raw materials for the sack factories), it might be necessary to subsidize farm prices in the early years.

Nevertheless, even without subsidies, at present prices crops such as corn and kenaf can provide a highland family with its cash requirements, (and with more cash than it presently earns), and would provide it with at least an introduction to the cash economy. This would be a useful start, not a final objective, for highland farming may reasonably aspire to greater prosperity in the long run than these particular crops are likely to afford.

5. The undulating natural grasslands of the Darlac plateau, about 100,000 hectares in extent, have suggested to many people a potential for a substantial cattle industry in this area, and similar conditions are found in other parts of the highlands as well. The prospect is worth investigating. At the present time, cattle contribute to the economy only as draught animals, little is known of the nutritive qualities of natural grasses, and only modest experiments have been made to test the adaptability of better grasses. In the present state of knowledge, we are not inclined to assert that a valuable beef-cattle industry will establish itself rapidly after the war on these uplands; we are perfectly ready to believe that there may be a long term potential which will warrant careful investigation and experimentation and may also warrant some investment when the results of these are available.

#### The Prospects for Forestry

These are good. They were defined in general terms in a Preliminary Report by the Joint Development Group\* in January, 1968, and have been further

\* Working Paper No. 17: Preliminary Report on Forestry in Vietnam.

described in Chapters 8 and 9 of the present report, though not in the particular context of the seven provinces for which a regional development program is recommended. For the sake of avoiding repetition, only a very cursory account of the resources available will be given here, with a rather fuller account of what their exploitation may do for the regional economy.

Unquestionably, the most valuable asset of the Central Highlands - in terms of resources available for immediate exploitation - is an area of 180,000 hectares of natural pine forest coevering parts of Tuyen Duc province (and also parts of two neighboring provinces not included in the region). The pine forests can produce lumber and poles (and are already doing so), the latter having some potential for export to other south-east Asian countries. They can also provide the raw material for large-scale production of high-grade paper pulp, both for manufacture of paper in Vietnam and for export. There are some useful bye-products - two-needle pine, for instance, is a source of resin and turpentine - so that the region's pine forests may provide a base for some secondary as well as one major industry.

In their natural state, the pine forests will support this kind of industrial development for a period of from 10 - 12 years, and, of course, as exploitation proceeds, a program of reforestation will need to be undertaken along with it. Reforestation has already been started on a small scale, at Angkoret near Dalat. It has cost something like \$US 110.00 a hectare, a cost which can probably be reduced substantially by improved techniques, some mechanitation, and a larger scale of operation. Per hectare, the artificial pine forests which result will be much more productive than the natural forests supplying industry at the start.

Besides the pine forests, there are in the Highlands, far greater areas of mixed hardwood forest, containing some valuable species which already enter into world trade and many others for which profitable uses may eventually appear. Some of the best hardwood forest, 1,800,000 hectares in Kontum and Quang Duc provinces, is on difficult topography which is unlikely to attract logging enterprises while easier opportunities are available further south and east: but 1,500,000 hectares of more open forest in Pleiku, Darlac and Phu Bon, ultimately intended for development in Agriculture, offers easier access and is likely to be attractive to timber companies as soon as peace returns. Because of existing insecurity, all the hardwood forest is now inaccessible (as at least some of the coniferous forest is not) and neither the exact area of this forest, nor its condition (taking account of defoliation and the other destructive incidents of war) is known. The hardwood forests of the highlands have not been previously exploited on a large scale) partly because of the occurrence of similar stands of good timber trees closer to the centers of population, and partly because of the roughness of the terrain on which they grow and the extra extraction and transportation costs which a logging operation would therefore incur. None of these factors will prove an insuperable bar to profitable exploitation when peace returns. On the contrary, such is the demand for high quality hardwoods, that we expect to see keen and spontaneous interest in these resources by both Vietnamese and foreign timber companies.

In terms of a development program for the Central Highlands, the significance of the existence of such resources is this:

First, they will provide employment. whatever degree of mechanization can be introduced into the reforestation program for the pine forests and into logging operations in both pine and hardwood forests, there will also be a demand for professionally and technically qualified men and for large

numbers of semi-skilled and unskilled workers. The reforestation program alone, which might eventually apply to 10,000 hectares a year, will call for an especially large labor force, though not necessarily a full time one. We have estimated that the program will offer 80 days work a year to some 15,000 men.

A principal objective of the regional program is to attract into the cash economy some of the inhabitants of the highlands who live outside it. This can be done, as suggested in the previous section, by the introduction of commercial crops into the subsistence farming system. But it can be done equally well by offering paid employment. To many of the indigenous peoples of the highlands, work on a reforestation project or a logging site may prove to be more congenial - and more rewarding - than life on the farm: and reforestation, logging, and other timber operations are in fact trades at which, because of their familiarity with the environment, the minorities may well prove to be more adept than the lowland Vietnamese. Wages paid on the reforestation projects will amount to about 320 million piasters a year, representing cash earnings of at least 20,000 piasters to each of the families engaged, a valuable supplement to their scanty farm incomes.

One or two specialized training institutions should be set up under the program, so that people can be equipped to apply any natural aptitudes they may possess to work in the forest industries. However, though we think it possible that work of this sort may especially appeal to young men from the minority tribes, we do not recommend that training and the exercise of these trades should be reserved exclusively for them: there will be other people in Vietnam looking for work when the war is over; and we doubt whether the minorities themselves would benefit from such specially favorable treatment.

What they will benefit most from - and what we suppose they mostly seek - is an opportunity to compete with other Vietnamese on equal terms. To enable them to do this, wherever forestry training schools are set up in the Highlands, should be equipped to fit men for skilled technical positions as well as for the semi-skilled tasks - for the so-called Montagnards will not be content to be hewers of wood for others for ever.

Second, the suitability of Tuyen Duc (and maybe other provinces) to cultivate a resource for which the demand in world markets is good - the raw material for paper pulp - will enable highland farmers, of both Vietnamese and non-Vietnamese origin, to grow a commercial tree crop in addition to supplying their own needs in food. In Working Paper No. 17, a tentative estimate was offered that a 5-hectare plot of pine will produce family incomes of \$VN 20,000 a year, and 5 hectares may, in the event, be less than a family can maintain after providing its own subsistence and a limited volume of marketable crops.

Although the costs of a reforestation program will have to be met in the first instance from public funds, it should not be too difficult to provide arrangements which will enable 5-hectare - or larger - plots to pass subsequently into private or family ownership, and for the Government to recover its investment by stumpage fees. Private ownership of commercial forests should not be considered revolutionary: there are some private forests - of admittedly limited area - already in Vietnam; and it is understood that until, in the regime of President Diem, all forests were taken into the public domain, it was customary for minority communities to be compensated for timber removed from the lands they considered to be their own. If this policy is accepted for at least part of the reforested area, it will at once redress an old grievance and reduce maintenance costs. The successful land development and settlement projects of Malaysia, though based almost entirely on rubber or oil palm, might be useful examples to follow or adapt.

The third and last point is relevant to the institutional recommendations made later in this chapter. The forests of the highlands can also provide a source of local revenue - by way of royalties and other taxes - for a regional agency charged with the implementation of the development program. The costs of the program will be high - involving not merely direct investment in agriculture and forestry, but also substantial expenditures on transportation, resettlement, public health facilities, and education - and for the most part these costs can only be met by generous provision of funds on the part of the central government and the legislature. However, a regional source of financing for at least a proportion of the regional development program is surely desirable. In the Mekong Delta, the appropriate regional source of revenue may be charges imposed by a regional development authority on farming communities for the water with which it serves them; in the central highlands, one appropriate source could be royalties charged (hopefully at reasonable rates) to those enterprises who exploit the forests for private profit. The forests are the highlands' obvious and most rapidly exploitable natural resource and can supply at least some of the means to promote development of other sectors of the economy.

#### Land Development and Resettlement

While the first objective of the regional development program is the improvement of the lives of the people, Vietnamese and non-Vietnamese, of the Central Highlands, it is no less a concern that this extensive area, almost one-third of the entire country, should be made to contribute to economic growth and national wealth to the fullest extent appropriate to its resources. A recommendation in favor of a regional program is not to be taken as implying that the Central Highlands should be maintained in



economic isolation from any of the neighboring regions of Vietnam or from the country as a whole. The development of the highlands cannot be considered except in the context of the total national interest; this lies principally in removing, as far as resources permit it to be done, the existing disparities between one region and another, and permitting the entire nation to move towards prosperity together.

The question is raised whether the present population of the Central Highlands is capable of full exploitation, in the national interest, of the region's resources in soil, water and forests. Knowledge of what those resources amount to is still insufficient, but all the available evidence suggests to us that the present population is not.

A program of assisted resettlement from other regions of Vietnam will simultaneously promote the beneficial exploitation of highland resources and relieve the economic situation of other regions, (the five northern provinces are a prime example), where the pressure of population on land is heavy, the problem of the refugees is serious, and living standards stand still or decline. We recommend that a program of this type be included in the plans for the future of the Central Highlands. We add that the program does not have to be limited to the assisted resettlement of citizens of purely Vietnamese origin. Among the refugees, there are tens of thousands of families ethnically similar to the indigenous people of the Highland provinces, and as fully in need of assistance in re-establishing their lives as the refugees of Vietnamese stock. The program should cater for all alike.

The difficulties inherent in relocating lowland Vietnamese, or any other people in a strange environment are obvious, and the country's previous experience of resettlement is most discouraging. The record is clearly described in the report already quoted in this Chapter\* and the facts

are well known in any case. Briefly, under legislation enacted by the Government of President Diem in 1957 and 1958, over 50,000 families of lowlanders were moved into the highlands, and about 7,000 indigenous families were moved from their traditional homes to new locations in the highlands. The movement of the minorities was carried out partly to make way for the immigrants, and partly with better intentions, to persuade them to adopt settled agriculture. Although some of the projects were well organized and administered, generally both types of movement have ended in failure. Once, with the fall of President Diem, and the element of compulsion was removed, people began to abandon the new settlements, and today it appears that only a small fraction of over 300,000 settlers still remain where they were put.

Insecure conditions in the countryside contributed largely to this failure, but there were other reasons, which, we believe, would have prevented success even in times of peace:

- Most important, and most clearly to be avoided in the future, was the complete disregard of the feelings of the minority tribes and of their interest in lands which they regarded as theirs, even where they did not always effectively occupy them.

- Many of the lowland settlers, compelled, rather than offering to abandon their original homes, had no heart in the movement from the start and no determination to make the settlement a success; these, of course, were the first to leave in 1963 and 1964.

- There were some ill-chosen sites, and some faulty judgements concerning the commercial crops to be grown. Rubber was not a good choice in some conditions of soil and climate. Kenaf was often a better one, but arrangements for processing and marketing were inadequate.

- Finally, we believe that the government of the day simply attempted too much in relation to the limited resources at its command. If settlers are to be given better opportunities for making a living than they had at home, and at least as good social services, then settlement becomes an expensive business. It cannot be done on the cheap.

These are the principal errors to be avoided in any successful resettlement program in Vietnam. In an earlier report by the Joint Development Group, the following observations were made:

"The fact of regional and communal antipathies has to be recognized. However, we believe it would be wrong to assume that the (indigenous) people of the Central Highlands would necessarily oppose resettlement and land development programs irrespective of the conditions under which these are undertaken. Properly organized, these programs should benefit the indigenous communities every bit as much as they do the settlers, and they may be influential in attracting these communities into the cash economy and helping them to achieve the standards of living which, as citizens of Vietnam, they are entitled to share with other Vietnamese.

The Joint Development Group would not advocate resettlement programs in disregard of the natural reactions of people already living in the areas selected for resettlement. It does advocate:

- negotiation with the communities concerned.... straightforward recognition of any traditional interests they may sustain in the area.... and (compensation to the extent that rightful interests are impaired by resettlement.

- an undertaking to assist the indigenous communities within the area at least as generously as the newcomers, so that they too

\*Working Paper No. 10: Proposal for a Resettlement Program.

may enjoy the benefits of a stable and progressive agriculture.

It would be wrong to assume at the start that the communities concerned are incapable of generous impulses towards people who are, in fact, in worse plight than themselves. And it would also be wrong to forget what the object of resettlement is: it is not just a matter of relieving the needy people who have been driven from their homes by the war, it is a matter of developing, in the interests of Vietnam and all its people, assets in land, water and forests which are still largely unexploited. In the long run it does not matter whether development is achieved by refugees from Quang Tri or by enterprising settlers from some other part of Vietnam or by the small tribal communities who already inhabit, but are too few to exploit fully, parts of the Central Highlands. Hopefully, development will be achieved by all of them in true partnership."

Those are still our views, and there are two implications in the resettlement program we now propose. First, that the cost estimates must include compensation in cash or in kind for those people who will be hurt or inconvenienced by resettlement: second, that the minorities must be accommodated within the program - not within two different and discriminatory ones, as in the time of the Diem government. This means that they must receive some of the best land, including some of the irrigable lands available in the Se San and Sre Pok valleys; and that highlands families must be given ownership of as much of these lands as they need to make a decent living. This will not be less than the area needed by a lowland family; and as regards choice of site, it is possible to argue that the highland communities might reasonably be given some preference.

Any movement from the lowlands should be voluntary. In the last year or two there have been signs of willingness on the part of a few refugee villages in Quang Tri province to move into the highlands, but this interest may disappear when the war ends, and they are presented with what will seem to many a more attractive alternative - returning to the villages familiar to them, ruinous as the condition of these places may be. It is recognized, that in the early years of the program there are unlikely to be large numbers of lowland families volunteering to move into the highlands, but this may be all to the good. We can rely on the numbers to increase if success is first demonstrated by a few successful settlements, cultivating the crops best adapted to the soil and climatic conditions of a particular site, and selling them for reasonable prices. In any event, it is eminently desirable in, say, the first years of the program, to demonstrate to the minorities that the program is designed in their interests, as much as, perhaps more than, it is in the interests of the immigrants. In the early years of the resettlement program, before organizational efficiency has been developed, a large spontaneous movement of people from the coastal plains into the Central Highlands might be a positive embarrassment.

This, and other reasons, including the important one of the financial resources likely to be available, argue in favor of keeping the resettlement program down to manageable size. What sort of size does this mean? In a period of less than five years the government of President Diem, with some compulsion, succeeded in moving almost 60,000 families into, or within the highlands, but did not succeed in keeping them there. This kind of figure, if the work is done properly, would be a reasonable target for twice that length of time. It will take some years for a land settlement agency to acquire the capability to cater to such numbers of people efficiently, and

even when organizational efficiency is achieved it will, physically, be extremely difficult to move more than 10,000 families a year and provide properly for their needs in their new locations. A convincing demonstration, on however small a scale, is essential at the start, and quite clearly the resettlement program must be carefully phased so that one can be given. We envisage a modest beginning, one or two thousand families a year, with these coming mostly from the minority families already living in the seven provinces or in neighboring highland areas.

The costs will be large nevertheless. A site for a project investigated in Tuyen Duc province offered some bottom land for rice and other subsistence crops, lower slopes suitable, after terracing, for the production of vegetables, and enough other land to provide each family with about four hectares of pine plantation. The costs per family were roughly estimated at \$US2,000.00, the largest single element of cost being the terracing of the lower slopes. This alone came to \$US1,765.00 per hectare, or about \$900.000 per family. Naturally, the cost will vary from site to site. At some places the heavy costs of terracing will be unnecessary, but instead the capital costs of small irrigation systems may amount to as much as \$US 1,000.00 per hectare. At sites adapted to other tree crops than pine, the costs of establishing and maintaining the crop to maturity will greatly exceed the \$100.00 a hectare which the pine will cost: the successful settlement schemes in Malaysia are based mainly on rubber and oil-palm, and cost the Government of that country an initial outlay of from \$US4,000 to \$US6,000 per family - though, at least in principle, part of this is subsequently recovered from the settlers.

Without examination of each selected site a precise estimate of costs cannot be given, but inclusive of compensation, \$US2,500 per family seems a reasonable figure to adopt for present purposes. On that basis, a

resettlement program serving the needs of 60,000 families in the ten years following the end of the war, will call for a capital investment of \$US 150 millions. Part of this would be offset by the costs of irrigation, which have previously been given separately in this chapter, but an investment of this order would be an ambitious undertaking in the first ten years, a firm step towards the economic development of the human and natural resources of the Central Highlands. At the start, we would not recommend the Government to aspire to more.

#### Organization and Finance

In a period of ten years, expenditures on the principal projects recommended in this program will be of the order of magnitude of \$US 165 millions, distributed as follows:

	<u>\$US Millions</u>
Irrigation developments	25.0
Resettlement (excluding irrigation)	130.0
Reforestation	10.0
	<hr/>
	165.0
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This does not represent the complete cost of all desirable economic and social development to be undertaken in the Central Highlands in the decade immediately following the war. It omits:

1. The private investments expected, which in the case of the pulp mill alone might be of the order of \$US 50 or 60 millions. The mill will not, of course, necessarily be sited in the Central Highlands region, (either Phan Rang or even Cam Ranh - if water supplies can be assured - might be a more suitable location). It is not unreasonable to hope for additional private investments, totalling from \$US 10 to 15 millions in logging, sawmilling and other wood-based enterprises, food processing and packaging, and the service industries.

2. Essential investments of social capital, notably for education and public health.

In the preceding chapter, the view was expressed that Vietnam would not, in the decade immediately following the war, command the resources to provide for security, move towards economic independence, and also equip itself with the full range of social services that it seeks. We suggested that if resources are directed in this decade, towards the development of the economy, then such services as, for instance, a system of free, universal, primary education might be within reach in the next one.

However, sound this argument for Vietnam as a whole, there may be good reasons to make a special case of the Central Highlands, where the social services, noticeably less developed than in the rest of the country, should not be allowed to fall further behind. In this region we recommend consideration for:

- a steady expansion of the primary school system, adding new classrooms to existing schools and constructing possibly ten new schools a year.
- At least a commensurate, perhaps a greater, effort to promote secondary education, especially for the minority communities, so that more young men and women from the region can qualify for entry to the universities, and therefore for professional employment, in the nineteen-eighties.
- quite a considerable increase in teacher training facilities, in order to improve the quality of primary education in existing schools and to provide a base for later expansion of the educational system as a whole.



- facilities for technical training in agriculture, forestry and the engineering trades (including the training centers referred to in the section of this Chapter which concerns Forestry) directed deliberately to supplying those skills which the growing economy will demand.

- generous assistance to the regional university at Dalat.

There has been no attempt at this time to estimate what a program of this kind would cost in the next ten years; and similarly no estimate has yet been made of the essential requirements in preventive and curative medicine. In both cases, these appear to us to be matters of national concern; and as such, it is fitter to provide for them in national development plans than in the context of a regional program to be administered (as we recommend subsequently) by a regional agency whose primary purpose will be to promote economic development. Education and public health are both proper concerns of ministries of the Central Government, and we do not envisage that any purely regional agency will be competent or equipped to provide for them.

However, the expenditures suggested as appropriate for a 10-year resettlement program do include some provision - which might best be put at the disposal of the Ministries concerned - for the establishment of primary schools and simple public health facilities at each project site.

3. Any investment in the infrastructure: This is clearly a matter of local as well as national concern, but the great bulk of

4. The program as previously described, also omits such expenditures as will be necessary to improve the agriculture and animal husbandry of that large proportion of highland farmers who will continue for the time being, no matter what superior alternatives are offered to them, to pursue their traditional activities and modes of living. On the dimensions which we believe practicable in the first ten years after the war, the resettlement projects and irrigation developments we recommend will not accommodate more than a quarter of the total population of the highlands, Vietnamese and non-Vietnamese; and inevitably most, if left to their own devices, will continue to do precisely what they are doing now. What they are doing now may not be as bad as is commonly supposed, but it does not provide them with anything like the standard of living they ought to enjoy.

We make the assumption that within the existing agricultural system, considerable improvements may be possible in crop varieties, cultural practices, fertilizer application and so on: and we believe that it is by starting with improvements within the present system that it will be possible, ultimately, to persuade people to change the system itself. Nothing can be as educational in its effect as a program of assistance which will increase yields and production inside the agricultural pattern which farmers presently prefer: this will not perpetuate inefficiencies; it will, on the contrary, supply the confidence necessary for change.

Exactly what can be done in this way needs more investigation, though the experiments and demonstrations in the agricultural Experimental Station at Bak Mat have provided some highly promising indications. Very tentatively, the costs of education and assistance in a ten-year period might amount to the equivalent of \$US 4 or 5 millions, and an allocation of this order of magnitude might appropriately be included in the regional program.

Including expenditures for local roads and agricultural education ( (2) and (4) above), the total requirements for specifically regional projects might amount to approximately \$US 170 millions. If the irrigation developments on the Se San and Sre Pok can be carried further in the first ten years than an initial 20,000 hectares, then the requirements might rise to as much as \$US 200 millions.

At the start of this chapter, a belief was expressed that the effective management of programs of regional interest might be best assured by the establishment of agencies with strong regional representation and whatever powers and functions the regional circumstances might dictate. The recommendation seems particularly appropriate to the Central Highlands, where the reserved and presently disadvantaged minority communities have somehow to be persuaded to play a fuller part and get for themselves a better share in the progress of the nation.

What a Central Highlands Development Board might do is described mostly, but not completely, in the preceding parts of this section. It could undertake:

1. Management of the public forests of the region, within the conditions prescribed by the Forest Law (and by such changes in the Law as may occur if the recommendations made in Chapter 8 are applied). This would include management of a reforestation project presently estimated to cost \$US 10 millions.
2. Management of all the land development programs envisaged for the Central Highlands, including local irrigation systems such as those planned for the Se San and Sre Pok basins.
3. Works of local significance, including agricultural education and assistance, the construction of farm to market roads, and the provision of other desirable village amenities.

In addition, a Development Board (or whatever else a regional development agency may be called) could discharge one other function which may be particularly significant to the future of the Highlands and its inhabitants: on behalf of the inhabitants it could act as trustee of the extensive areas of unoccupied land in the seven provinces as yet unallocated and titles to which are unclear or in dispute.

This could be most important. Undoubtedly, a major cause of dissatisfaction in the Highlands has been the forfeiture by a previous regime and conversion to public ownership of communal interests in land which were strongly maintained in local traditions even though unsupported by documented titles. Succeeding governments have corrected this situation in principle, but in practice, at least in numerous cases, land in the Highlands is still disposed of and used as if it were in the gift of the Government's local representatives and as if no other interests in it existed. Where individual

titles are few and unrecorded and effective occupation of land is difficult to identify, we recognize the temptation to do this; and, indeed, it is possible that there is no legally effective way of awarding titles to families and individuals except by the Government's taking possession of all unoccupied lands first. However, if that was the motive, very few of the indigenous inhabitants of the Highlands have so far benefited from it.

The agricultural development of the Highlands may depend, more than upon any other factor, in providing security of tenure for a family or village on the land it farms. A visible demonstration by the Government of its intentions might profoundly affect the response of the minorities to the programs suggested for the Central Highlands, including importantly those settlement programs which are intended to benefit not only the minorities but immigrants from the lowlands as well. Such a demonstration might come most easily from the fact of a regional agency, composed largely of men of regional origins, administering and disposing of the extensive areas of land in the Highlands for which titles are presently in doubt. This would include important areas of permanent forest from which, as it is opened to exploitation, royalties and other taxes could be derived to defray the costs of regional development; and it would include other extensive areas presently under forest, but eventually likely to be put under agriculture, within which individual and family titles will have to be awarded. As a start, the agency might register, record and acknowledge all communal interests in land; negotiate with communities possessing interests in land required for resettlement and development; compensate them in cash at realistic values, or by grants of other land of equivalent area and quality where loss of rights occurs; and continue the process, only just begun by the present government, of awarding documented individual titles where ownership can be clearly demonstrated.