

the price of fish by eliminating the middlemen. The board was to supervise the methods of buying and selling to protect its members from being forced to sell at too low a price. But the *ham ho* elements dominating the board were interested in keeping prices down, as a result of which the cooperative did not improve marketing operations.

The efforts of the cooperative in transporting fish and nuoc mam were not successful because the sailboat was too slow and no engine could be bought to supplement its speed. The motor boat used gasoline, which was more expensive than the diesel oil used in other vessels. The boat hull needed repairing. The truck was too old to operate efficiently. It was also charged that the cooperative personnel were overpaid.

Nevertheless, at the beginning of 1958, the cooperative had increased to 400 members. Some had been forced by the local government to join, and others had joined in order to borrow money. Few had volunteered for other reasons. The cooperative funds were short 400,000 piasters because of uncollected loans and other losses. The cash assets of the cooperative decreased to 10,000 piasters.

THE DECISION TO REORGANIZE

When informed about this situation the Directorate of Fisheries ordered a temporary stop in all cooperative activities and sent specialists to study the problem. After an investigation, two alternatives were considered:

1. To dissolve the cooperative, ask the local government to assist in collecting the loans, and refund the share values to stockholders.
2. To reorganize the cooperative and to continue its activities under more strict government control, after supplying the training and advice.

The first solution was immediately ruled out. Government policy was to encourage the formation of cooperatives throughout Vietnam in every branch of industry, and to dissolve a cooperative would contravene this policy and subject the government to severe criticism. Accordingly, the Directorate of Fisheries asked the local government to use its offices to secure immediate repayment of outstanding loans so that the cooperative could be reorganized on a sound financial basis.

Local action to collect debts was limited to warnings. It would have been theoretically possible to keep a few recalcitrants in custody, but

this would only have invited opponents of the Republic to engage in hostile propaganda. (In Phu Quoc there were still a number of underground communists who had recently returned from Cambodia.)

The Directorate considered the failure of the cooperative to be a direct result of the influence of the *ham ho* over the managing board. It began to seek means of ousting the *ham ho*. This was difficult, since the latter were the richest, the most influential, and the most powerful men on the island. They had been elected to their posts by the membership, and some had relatives who were highly placed in the local government. A sudden change of board membership would also damage the reputation of the cooperative movement.

To accomplish its end the Directorate therefore decided on June 17, 1958 to organize a special cooperative for nuoc mam.⁶ The *ham ho* withdrew voluntarily from the fishing cooperative to join the new organization. It was decided that because of the conflict of interests no one could be simultaneously a member of both cooperatives.

On October 4, 1958, Mr. Dong, Director of the Fisheries Socio-Economic Service, and his assistant Mr. Tich, called a general meeting of the fishing cooperative during which the old management board resigned in a body. A new board was elected, all seven members of which were fishermen. The new cooperative board resolved to work diligently in the hope of regaining the confidence of the cooperative members and the government.

Perhaps in anticipation of their election, the new board members proposed a plan of action at the same meeting, which was immediately approved by the assembly. It included the following principles:

1. To lend money to needy members who had previously received no aid from the cooperative;
2. To buy such necessities as cotton, nets, silk, and tools and to sell them to members at or near cost;
3. To buy rice for sale to members;
4. To repair the two boats and use them for transporting the fish, salt, and nuoc mam to and from the mainland.

In order to carry out this program, the members approved the board's recommendation to borrow 300,000 piasters from the government to finance renewed operations.

⁶See "Activating the Nuoc Mam Producers' Cooperative on Phu Quoc Island," elsewhere in this volume.

Upon receiving the loan application from the cooperative, the Directorate decided:

1. To lend the cooperative the requested sum of 300,000 piasters;
2. To provide a 45 h.p. diesel engine at cost to the cooperative for the motor boat, and to sell the gasoline engine at auction. The boat hull was also to be repaired at a cost of 20,000 piasters to be borne by the cooperative. The Directorate would sell the cooperative a 60 h.p. engine to power the sailboat. At a meeting of the managing boards of the two cooperatives, the new Nuoc Mam Cooperative agreed to sign a contract offering the fishing cooperative a monopoly on transportation.
3. To recommend that the cooperative sell its truck because of high maintenance costs, on the ground that it would be unnecessary since there were many private trucks in Phu Quoc which could provide relatively more economical service;
4. To distribute *otoshiami* nets for the fishermen on a loan basis;
5. To establish firm controls over the use of funds. These consisted of the following measures:
 - a. Limiting the amount to be kept at the cooperative treasury to 10,000 piasters. Sums in excess of this would be deposited at the office of the district chief;
 - b. Allowing the managing board to pay out sums up to 2,000 piasters only. All costs in excess of this would be referred to the Directorate.

The Directorate also planned to send specialists on cooperative management, marine engines, refrigeration, and *otoshiami* nets to work with cooperative members on Phu Quoc for ten days. These specialists were members of a Japanese-American consulting firm under contract with USOM to advise the Vietnamese Government.

The managing board had also recommended the hiring of a full-time manager to perform administrative and technical functions for the cooperative; but the Directorate decided to study the cooperative's activities more carefully before giving its approval.

The Directorate accepted the fact that the first cooperative had failed, but it hoped that under the new conditions, with a stricter system of financial control and a new board membership, and with the advice and help from the specialists, the fishing cooperative in Phu Quoc would become a model of its kind.

Activating the Nuoc Mam Producers' Cooperative on Phu Quoc Island

Local legend associates the origins of the nuoc mam industry at Phu Quoc with the temporary residence of Emperor Gia Long on the island during the 19th century. The production of this racy fish sauce, a popular national flavoring used for almost all kinds of food in Vietnam, had been carried on in some families at Phu Quoc without interruption for six generations. For many years it provided the principal economic activity of the island.¹

Among the 50 important producers on the island, only 5 were considered "large" producers (operating 40 or more vats and possessing a capital of 2 to 3 million piasters), 25 being of "medium size" (possessing 20 to 30 vats and operating with a capital of 1 to 2 million piasters), and 20 being "small" producers (with fewer than 20 vats and a capital of less than 1 million piasters).

The production of nuoc mam did not require elaborate capital equipment or a large work force. Even the large producers had only five permanent workers, warehouse, and vats. The process was essentially one of fermentation, 180 kilos of fresh fish being mixed with 110 kilos of salt and stored for a period of six months. Inferior grades of nuoc mam could be produced after only three to four months' fermentation, a practice resorted to only to supply urgent capital needs. Two other grades of nuoc mam could also be produced by adding salt water to the decomposed fish after extracting the first nuoc mam essence of six months'

¹The total monthly production of 280,000 liters produced 30-44 million piasters' revenue per year, selling at an average price of 9 piasters per liter in 1958.

fermentation. These commanded varying prices, the original extract selling in 1958 for 20.5 piasters per liter, the second for 10.5 piasters, and the third for 7.34 piasters.

The larger producers of nuoc mam controlled their own supply of fish by owning several fishing nets (operated by 12 to 15 fishermen each) and allowing fishermen to use them in exchange for a share of the catch. Usually they supplied fishermen with rice before the opening of the season, extending credit which was reimbursable "in kind" during the fishing season. In such cases, it was not unusual for the producers themselves to go into debt to finance these operations. Smaller producers with no such resources had to obtain fish from the open market at higher prices.

When Vice President Nguyen Ngoc Tho visited Phu Quoc Island on May 15, 1958, he showed a special interest in nuoc mam production. One problem that concerned him was the widespread adulteration of the product by middlemen and retailers. Until 1956, nearly all of the island's output was sold to Phnom Penh, Cambodia. The closing of the Cambodia-Vietnamese frontier had forced the producers to sell in Saigon in competition with Phan Thiet nuoc mam, which could be transported to Saigon much more cheaply.² Although the quality of nuoc mam produced at Phu Quoc was considered superior to that of Phan Thiet in its nitrogen content and its flavor, when it was diluted with salt water to make prices competitive it lost much of its flavor and nutritive value and became subject to deterioration. It thus lost some of its competitive advantage over other products. Producers at Phan Thiet had once advertised in a Saigon newspaper calling attention to the evils of adulteration and requesting a government investigation. This temporarily reduced the practice, but when the advertisements were withdrawn and no investigation followed, the adulteration resumed unabated. The producers themselves had no adequate means for analyzing their products, which were therefore graded somewhat arbitrarily until samples could be submitted to the Pasteur Laboratories in Saigon. The problem of adulteration therefore seemed outside the immediate control of the producers in Phu Quoc, according to their leaders. The transportation and distribution of the ultimate product lay in the hands of independent distributors and agents, who also adulterated the product of other manufacturers. The Vice President's visit served to remind them that the government retained an interest in this problem. In the middle of June 1958, Mr. Nguyen Van

²Transportation costs were less between Phan Thiet and Saigon than between Phu Quoc and Saigon. By rail, a barrel of nuoc mam could be transported from Phan Thiet to Saigon for less than one-half piaster per liter, while transportation from Phu Quoc by junk and road averaged between 1 and 1.50 piasters per liter. In addition to this, the earthen jars which were used to transport nuoc mam to the southern provinces were unsuitable for transportation to Saigon. The salt used in the processing of nuoc mam cost less than 1 piaster in Phan Thiet, and between 2 and 2.50 piasters per kilo at Phu Quoc.

Tich, Chief of the Socio-Economic Service of the Directorate of Fisheries in the Department of National Economy, convened the nuoc mam producers at Phu Quoc and explained the advantages of forming a cooperative to protect their mutual interests. A cooperative was duly established on June 17, 1958, and recognized by the Department on July 9, 1958.³

Forty-three of the fifty producers at Phu Quoc joined the cooperative, the others being located at distances inconvenient to its scene of operations. The cooperative was financed by the sale of 159 shares at 1,000 piasters each, each member subscribing between 1 and 10 shares. In the months following its organization, the members were convened three times by the Board of Directors of the Cooperative to discuss proposed projects (August 4, 1958, September 21, 1958, and October 6, 1958).

All projects subsequently proposed by the cooperative involved the expectation that funds would be supplied from governmental sources. Of its own initial capital, the cooperative had used about 20,000 piasters by November, 1958 for salaries and office supplies. It had incurred no other expenses and engaged in no substantive projects. On August 14, 1958, the Board of Directors prepared a memorandum setting forth a proposed plan for the expansion of the cooperative. Copies of this memorandum were sent to the Directorate of Fisheries, the National Agricultural Credit Office, and the Ministry of Economy "in order to elicit any suggestions or comments pertinent to this plan and so that these agencies will lend the funds necessary for its implementation." The proposals included the following items:

1. The erection of cooperative offices and storehouse in Phu Quoc for salt, rice, sugar, and empty earthen jars and barrels,⁴ estimated at 800,000 piasters.
2. Purchase of two motor boats of 40-ton capacity, for carrying nuoc mam to Saigon and returning with salt, rice, sugar, barrels, and other commodities. Estimated cost, 800,000 piasters.
3. Establishment of a distribution outlet in Saigon. This office would receive nuoc mam from cooperative members and hold an exclusive franchise for the sale of all cooperative produce to wholesalers, who in turn would sell to retail shopkeepers. A commission of two percent would be charged on all purchases to cover expenses. Estimated cost, 2,500,000 piasters.

³For a history of its reorganization from the earlier fishing cooperative formed on October 23, 1955, see "Reorganizing the Fishing Cooperative on Phu Quoc Island," elsewhere in this volume.

⁴Each month the cooperative members used an estimated 300 tons of salt, 10,000 metal containers, 2,000 kilograms of sugar, and 20,000 kilograms of rice.

4. Purchase of three trucks for transportation between the Saigon outlet and the private wholesale distributors in Saigon and elsewhere. Estimated cost, 600,000 piasters.
5. Establishment of an analytical laboratory at the Phu Quoc Cooperative to classify and grade the products according to standard procedures before shipment. Estimated total cost, including training of a technician, 100,000 piasters.
6. Establishment of a low-cost loan fund of 5 million piasters to enable cooperative members to "equalize their investments" (i.e., remove the disadvantages of small producers working marginally) and increase operating capital. This would permit longer fermentation of nuoc mam, and thus improve quality and value of the product. It would also permit loans to contractual fisherman to assure a proportional sharing of the catch.
7. Establishment of a revolving fund of 5 million piasters to even out the abundance-scarcity cycle, avoid speculation, and permit the advance of cash to cooperative members upon the delivery of goods for sale.

The total amount of this request was 14,800,000 piasters. The president of the cooperative stated privately, however, that the cooperative urgently needed 500,000 piasters for advances to its members to be made upon the delivery of goods. This would relieve them of speculative price fluctuations and competitive pressures from middlemen. The rest of the plan was, as he stated, "visionary."

An official of the Directorate of Fisheries, summarizing his reactions to this memorandum, stated that "members of this cooperative do not seem to understand that a cooperative is more than a loan institution. After all, the Fishing Credit Office has only 43.5 million piasters available for all 77 of the Vietnamese fishing cooperatives. In any case, he added, "a loan has to be based upon a stronger demonstration of need and a better analysis of existing capital and resources than this memorandum presents. We cannot lend more than ten times the assets of a cooperative. The liquid assets of this cooperative are only about 150,000 piasters." No answer to this report was prepared at the Directorate of Fisheries.

Mr. Nguyen Van Tich, in discussing the government's point of view, suggested to the cooperative an alternative approach including three items:

1. Arrangement with a single trustworthy wholesaler in Saigon to resell nuoc mam to retailers. The cooperative would be

responsible for transportation from Phu Quoc to Rach Gia. The wholesaler would absorb transportation costs from Rach Gia to Saigon and make advances on the value of the products upon delivery. Full payment would be made when the product was sold by the wholesaler.

2. Standardization and registration of the cooperative trade mark, consisting of a brand label displaying a red or blue ribbon indicating the quality of nuoc nam, and the words "The Phu Quoc Nuoc Mam Cooperative." The product would be analyzed at Pasteur Institute and registered to prevent adulteration.
3. Arrangements with the neighboring fishing cooperative to rent its boats. These vessels, recently equipped with diesel power, could serve the transportation needs of the nuoc mam producers as well as the fishermen until sufficient capital could be obtained for the purchase of additional equipment.

"In general," Mr. Tich argued, "the cooperative itself must show an active concern in making the cooperative function before the government should intervene. It has proposed many changes in the program I suggested, some of which are unworkable. The cooperative must first demonstrate that it is clear and realistic in its planning before the government can reasonably consider it a sound investment of public funds."

The government's response was not communicated to the cooperative, however, since the Directorate of Fisheries regarded the cooperative's memorandum as a report rather than a request.⁵ Cooperative members waited for four months for a response to their communication of August 14. One cooperative member stated, "We are working through 60 wholesalers now, and are not sure of a market. How can the cooperative expect us to market our produce with only one outlet? Moreover, if we all have to use the same trade mark, the higher quality producers will suffer from having their product mingled with inferior grades." As another cooperative official put it, "The government organized this cooperative; now let it do something to make it work." In the meantime, cooperative members continued to market their produce individually through private agreement with Saigon and provincial wholesalers.

⁵After reading this case, the Directorate of Fisheries wrote the Cooperative on December 1, 1958 suggesting that its proposals of August 14 be redrafted in the form of a request for a loan. As of June 1, 1959, the Cooperative had not replied.

Administrative Planning for the Cai San Resettlement Project

One of the principal results of the Geneva Agreements in July 1954¹ was the exodus of hundreds of thousands of Vietnamese from the Communist North to the independent Republic in South Vietnam. The unexpected numbers of these refugees soon overwhelmed Saigon's housing facilities, and in desperation the authorities decided to accommodate them temporarily in schools throughout the city and its suburbs. By October 1954, as the school year was beginning, the City Council was requested to restore school premises to their intended uses.

The government's plan to resettle refugees in farming areas (the majority of them were agriculturists) was impracticable at first because the fertile delta of the Camau Peninsula was still in the hands of rebel forces, while the highlands of Central Vietnam were still legally the private property of Emperor Bao Dai and were therefore not available for resettlement purposes. It was necessary to seek another temporary solution.

In the fall of 1954, government relief agencies began to establish improvised settlement camps along the Bien Hoa-Dalat road, in the western provinces, and in the Gia Dinh-Saigon region. These areas offered security, but unfortunately, little opportunity for agricultural development. Temporary camps were nevertheless organized among groups of settlers originating from the same village in the north and professing the same religion.²

¹The treaty ending the French wars in Indochina and dividing Vietnam at the 17th parallel.
²Over 90 percent of the refugees were Roman Catholics.

In each camp the government distributed land, funds for home construction, and farm tools, boats, nets, and handicraft equipment. In financing these operations the Vietnamese Government received assistance from USOM in an amount of 1 billion piasters. It also used some 350 million of the amount of 500 million piasters lent by the former Bank of Indochina. By the time of the first anniversary of the Diem administration (July 7, 1955), there were over 800,000³ military and civilian refugees located in 192 camps and occupying 43,572 houses.

The establishment of these camps released the school buildings for educational uses, but it did not bring a permanent solution to the refugee problem. Comigal (the General Commissariat for Refugees) saw the need for creating economically independent villages that could be socially integrated into the life of the surrounding communities. By the fall of 1955 the Binh Xuyen and other rebellious forces had been overcome and the government had considerably strengthened its political power and administrative resources. It was soon able to inspire confidence among refugees to leave the cities and resettle in remote areas. By September 1955, Comigal was able to submit an over-all resettlement and rehabilitation program to the Prime Minister for his approval.⁴

The proposed program aimed at developing the waste lands in the western provinces and the highlands into permanent resettlement villages. A total of 167 projects were proposed, at an estimated cost of 1,043,861,103 piasters. In addition to these relatively small projects, two major plans were envisaged which would require the cooperation of several ministries. These were the Langa Center and the Cai San Project. The latter would require mechanical tilling of the land as well as the implementation of major land tenure reforms. It was designed to resettle 75,000 refugees from various temporary camps (USOM⁵ Project Agreement 030-82-075, sub project 15).

Cai San is a large rectangular marshy area of about 77,000 hectares on the Camau Peninsula, bounded by the Rach Bia and Long Xuyen province lies on the northeast; the Rach Soi-Bassac Canal on the southeast; the Rach Gia-Long Xuyen Canal on the northwest; and the Song Cai Canal, near the coast, on the southwest. This area had been developed ten years earlier to produce rice for export, but during the War for Independence a large part of it, together with the rest of the Camau Peninsula, was abandoned, becoming a prey to wild, rank grass and rodents. The local inhabitants who remained had tilled only

³This figure, plus that of 74,411 refugees crossing the demarcation line after the end of the 300 days prescribed by the Geneva Agreements, makes a total of 887,895 refugees from Communism as of the end of 1958.

⁴Ngo Dinh Diem was appointed Prime Minister July 7, 1954. He was recognized as Chief of State in the Referendum of Oct. 23, 1955. He became President Oct. 29, 1955.

⁵United States Overseas Mission, arm of the ICA.

a small proportion of land, organizing themselves into small villages and living in continual terror of the Viet Minh in the south and the Hoa Hao⁶ in the north.

The Cai San area was chosen both to improve security in the region and to implement the land reclamation program. By re-establishing order in the whole territory the government expected to pacify a region where Communist secret agents still indulged in subversive activity and where the Hoa Hao still had its headquarters. The area would accommodate thousands of refugees who had been overcrowding the Ho Nai, Bien Hoa, and Cholon camps, providing them enough land and work for subsistence. Populating the area exclusively with refugees from Communism would automatically bar Viet Minh attempts at infiltration. At the same time, the development of the wastelands would provide enough rice to feed the population and ultimately contribute to a surplus for export, thus benefiting the national economy as a whole.

In early January 1956, a project was hastily drawn up to provide for mechanical tilling of the land at Cai San in the interest of speeding the land development program, to which the President had now given a top priority. The first project, recorded under USOM Project Agreement 30-82-075, stated for its immediate objectives "the temporary provision of facilities for an advance contingent of refugee workmen, and provision for permanent resettlement of 8 villages totalling 2,500 families (about 12,500 refugees), the mechanical clearing and sowing of 10,000 hectares of land, and the excavation of 40 kilometers of secondary drainage canals." A high official entrusted with the drafting of the project observed that "the whole thing was done hurriedly—within 3 days' time—submitted to the Minister at the Presidency for examination and approval, and transmitted to USOM at once. Accordingly, it gave only a general outline of the work on the land."

Implementation of the Project was to be the joint responsibility of the Ministry of Land Reform, the Ministry of Agriculture, the Commissariat General to the Refugees, the Ministry of Public Works, and the Direction General of Planning, under the over-all supervision of Mr. H.V.D., Director General of Planning.

Comigal was to be responsible for the transportation and initial settlement of refugees, for providing tools and temporary shelters (with each family receiving 2,300 piasters toward its own home building costs), and for buying small boats to be distributed to refugees for transportation. It was also to build community centers and pay the community staff for 9 months; build a small infirmary and a maternity clinic and

⁶An armed rebel sect.

pay the nurses' and midwives' salaries for 9 months; provide 8 schools with 24 classrooms to accommodate 2,400 pupils and contribute to the salary of teachers for 9 months; and distribute a subsistence allowance of 4 piasters per person per day for the first 9 months of operation.

The Ministry of Land Reform was to be responsible for mechanical tilling and allotment of land. Each family was to receive four hectares of land. The Ministry of Public Works was to be in charge of excavating new canals and dredging existing ones. The spoil from canal excavation was to be utilized for the foundations of houses to be built above the flood line. These houses were to be located along the canals at a distance of 20 meters from the canal axis.

The Ministry of Agriculture was to distribute rice and vegetable seeds as well as poultry to refugees. A later amendment required the Ministries of Education and Health to help the project with education and health problems.

All of these agencies, except the last two, had representatives at Cai San to help speed up the resolution of various problems on the spot. The director General of Planning was represented locally by two assistants.

On January 17, 1957, the President of the Republic signed Administrative Order No. 233-TTP/KH appointing a seven-man Committee to direct the Cai San Project. The main responsibilities of the Committee members were outlined as follows:

1. Mr. B.V.L., Commissar General of Refugees and Rehabilitation, and Mr. T.V.L., Government Representative in the South, were charged with supervising the execution of the Presidential Orders and intervening, if necessary, with the provincial administrative authorities.
2. Mr. H.V.D., Director General of Planning, was in charge of the technical coordination of various subprojects submitted by the interested departments. He served as Administrator of the Project Budget.
3. Mr. T.V.H., Director of Cabinet at the Ministry of Land Reform, was in charge of land tilling and the maintenance of mechanical equipment.
4. Mr. D.V.S., Director of Reimplantation at Comigal, was in charge of the movement of refugees.

5. Mr. N.V.D., Secretary General at the Public Works and Communications Ministry, was responsible for the digging and dredging of canals.
6. Mr. V.V.K., Director at the Ministry of Agriculture, was responsible for the distribution of seeds, poultry, and livestock to resettlers.

As the first step in the implementation of the Project, Comigal placed an announcement in the newspapers. The notice in *Ngon Luan*, January 2, 1956 announced plans to resettle 100,000 refugees in Southwest Vietnam. The preliminary resettlement, a contingent of 2,500, would join an equal number of local residents in tilling the land and building houses for those to follow, according to the article. Three dredges had been sent there and they were to be followed by many other tractors and bulldozers, it continued, and land would be distributed in accordance with individuals' working capacity. There would be an average of four hectares of floating-rice⁷ fields per family (slightly less for other types of cultivation); and best of all, other land developments were to follow. This would be a continuing interministerial program, it was announced, under the coordination of H.V.D., Director General of Planning.

This notice looked like a golden age for refugees. It attracted the attention of thousands of refugees who had been lying idle in camps for months, who now volunteered to go at once. Their number increased quickly with each passing day. According to an expert at Comigal "refugees began crowding the Comigal offices to apply for permission to go to Cai San. At first, Comigal asked the spiritual leaders of refugees to submit lists of volunteers for periodic approval. It had been planned to send the first contingent of refugees to Cai San as soon as the rainy season was over, i.e., in about one or two months, but the number of applicants was so tremendous, and their impatience so great, that Comigal was unable to stick to the original schedule and had to let them go at once. Many refugees went to Cai San on their own without even getting permission."

Because there had not been any previous preparation of the site, neither the Central Government nor local government could carefully organize the reception of refugees. The Director of Cabinet of the Land Reform Ministry, later declared: "When the refugees first arrived, they saw only an immense wasteland, full of high grass, without any housing facilities at all. They had to sleep along the main roads, to go without medicine when they were sick, and to do without proper food supply. During those first days, they seemed worse off than before. They felt

⁷A form of wet rice cultivation.

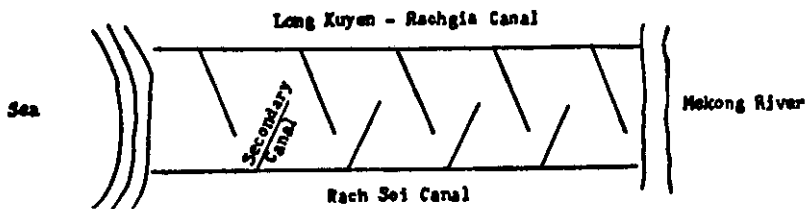
neglected. Every morning, when field representatives of the Central Government awoke, they found hundreds of refugees gathered in front of their offices, asking for accommodations, food, blankets, clothes, and medicines. The government lacked both the personnel and the means to cope with the problems. In addition, the area, being somewhat isolated, had no readily accessible source of food."

In the meantime, the rain poured down relentlessly, and water flooded the whole immense wasteland, so that it looked like a vast lake and became a breeding ground for mosquitoes.

The refugees felt depressed and even desperate because the rain made the building of houses and the preparation of the land so difficult. "Even when refugees had built foundations for temporary shelters," observed Father Do, the influential spiritual leader at Canal D, "they endured many hardships. As soon as a foundation was completed, the rain and early flood washed it away, and refugees had to begin the work all over again many times."

Canals were to be dug as soon as possible so that the water could flow off and permit the refugees to build their homes. These canals were to serve a triple purpose: first, as a means of transportation in an area where roads would have been impracticable and detrimental to cultivation; second, to drain the region in floodtime; and third, to irrigate it during the dry season.

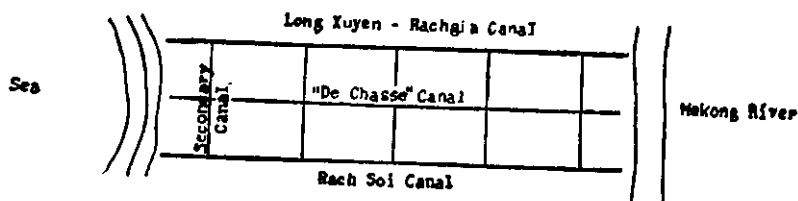
The Director of Planning and the Minister of Land Reform each drew up a plan for the digging of the canals. They differed on both the direction and disposition of the drainage network. Mr. D. wanted the canals to be dug on a zig-zag pattern as follows:



Houses were to be built along the secondary canals.

The Land Reform Minister was afraid that ultimately the secondary canals might be flooded and broken, thus doing great damage to the region. He proposed a grid pattern instead. The inhabitants favored this plan because they feared that houses built according to the

zig-zag pattern would be isolated and rendered incommunicado in the rainy season. Mr. T.'s plan was as follows:



Each regarded his plan as technically superior. This difference of opinion between responsible administrators in charge of the project, according to USOM officials, was the cause of a long delay in the actual digging of the canals.

In February 1956, Mr. D. went to France on leave. He was temporarily replaced as coordinator of the Project by Mr. T., who resolved the deadlock in favor of his own plan. When Mr. D. returned in March 1956, work had already begun on the canals. He was dismayed to see that the canal digging and house building did not follow his plan, and immediately suspended the digging of canals, ordering that houses be built across the fields on a zig-zag pattern.

This countermanded some of Mr. T.'s instructions. Mr. D.'s authority rested on the formal document which had appointed him as Coordinator of the Project. Mr. T., on the other hand, was still not willing to yield. Conflicting orders were therefore issued to the Public Works representative regarding canal digging, and the refugees themselves continued to prefer Mr. T.'s plan.

There were also delays in the payment of many Cai San workers. Some of the canal diggers stopped working entirely because they had not been paid for weeks. This had occurred because arrangements could not be made to dispatch money to Cai San in time during the absence of Mr. D., who was the Project Budget Administrator. The regular disbursing procedure was also slow because of communications difficulties, and insufficient funds were released on frequent occasions. Moreover, standard pay rates to canal diggers were not fixed, and payment was thus unpredictable as well as irregular. The refugees themselves became impatient at one point and the priests urged them to get mud for their foundations wherever they could, digging holes anywhere that was convenient and locating houses and schools, churches, hospitals wherever they thought fit.

The confusing situation weakened the morale of the civil servants working on the project, some of whom began to lose their zeal and enthusiasm. Refugees reported that some of the machine technicians often left their tractors running idly while they were away chasing rodents, on which a small bounty was paid.

In order to put an end to the confusion, Presidential Administrative Order No. 906 TTP/KH dated April 4, 1956, appointed a new Committee for Cai San, headed by the Minister of Land Reform. Some members of former committee remained and were assigned the same responsibilities that they had held before. The new Committee included Messrs. N.V.T., Secretary for Land Reform; B.V.L., Commissar General of Refugees and Rehabilitation; H.B.L., Acting Delegate of the Government for South Vietnam; H.V.D., Director General of Planning; D.V.S., Director of Resettlement at the Comigal; T.V.H., Representative of the Secretary for Land Reform; N.V.D., Representative of the Secretary for Public Works and Communications; and D.V.T., Director of ONEMAM (Agricultural Machinery Office). Secretary N.V.T. was designated on-the-spot Project Coordinator and budget administrator. Messrs. B.V.L. and H.B.L. were charged with "observing the implementation of the Project and were authorized to intervene with provincial administrative authorities whenever required." Mr. H.V.D. was requested to "observe the project implementation and to make useful recommendations to the President of the Republic." The responsibilities of other members of the Committee remained unchanged. The whole Committee was "under the supervision of the President of the Republic."

Upon issuance of this Administrative Order the new coordinator ordered the implementation of his canal digging and house building plan without delay. He also took steps to have enough money delivered to Cai San to permit timely payment of workers. Canal diggers, including a large number of refugees and local people, were paid 35 piasters for each cubic meter of land excavated.

In the meantime, tractors and buffaloes were sent from Saigon to Cai San to help till the land. By the end of June 1956, 80 percent of the houses were built, 7,000 lots of land assigned, 10,000 hectares tilled, 2,114 hectares harrowed and planted, and 14 canals dug over a total length of 168 kilometers. The Cai San Project had passed its crisis.

The Cai San Tractor Loans

Of all the resettlement centers for refugees from North Vietnam, Cai San is the largest and most famous. It is also the costliest, having absorbed nearly 245,800,000 piasters. The U.S. Government's contribution of 993,600,000 piasters under Project Agreement 030-82-075 was to cover the settling and integration of more than 800,000 refugees from the north. The Cai San project thus absorbed more than a quarter of the funds intended for this purpose, and provided for the resettlement of 50,800 refugees.

Cai San is a great rectangle 35 miles in length and 16 miles wide, extending over 77,000 hectares of the Camau Peninsula. It is situated 125 miles southwest of Saigon by road, and is bordered by canals on the east and west, the Bassac River (a branch of the Mekong) in the north, and the Gulf of Siam in the south. Because of the vast extent of the area, cultivation in the southern part is different from that in the north. The technique of transplanting rice is used in the north, while the periodic floods from the Mekong River, extending from July to September, makes it possible to raise "floating rice" in the southern areas.¹

President Ngo Dinh Diem's decision to reclaim Cai San brought back into cultivation land that had been abandoned for nine successive years. The Vietnamese landowners who had cultivated it prior to 1946

¹Floating rice grows as the water rises, and is sowed only once a year without necessity for replanting.

had used buffaloes and wooden plows in the timeless tradition of their ancestors. Between the outbreak of fighting in 1946 and the resettlement project of 1955, the land lay idle. Even in 1955 Hoa Hao bands still infested the region, where their chief, Ba Cut, had his headquarters. It was clear that fast new mechanical means of cultivation would be required.

The reclaiming of Cai San was a cooperative effort. Capital was supplied by the American aid mission, which seized President Diem's suggestion and put it into action so quickly that within weeks a million dollars were spent, and within months tractors and other equipment ordered by cable began to arrive. Manpower was supplied by refugees and the local population; the land itself was to be purchased by the Vietnamese Government with American aid, and the entrepreneurial role was played by ministries of the Government of Vietnam.

The refugees come to Cai San from temporary camps in the city of Saigon and Gia Dinh and Bien Hoa provinces, where they had been settled after the exodus from the north.² The priests who had let each community across the 17th parallel were the first to visit Cai San, after which family heads were invited to form a preliminary working party to prepare homes and fields for their families. It was planned that a network of parallel canals would be dug in time to irrigate the region during the dry season, to drain it in flood time, and to provide a means of transportation that would be essential for the delivery of materials and equipment for further development. The schedule contemplated the delivery of 100 tractors and accessories to be used in March, April, and May before the heavy rains started, and sufficient numbers of buffaloes to work during the rainy month, so that seeds could be planted in June.

Although original plans called for the settlement of selected farmers and heads of families who would prepare the site, in many cases they were so dismayed by the appearance of the unbroken land that they returned at once to the resettlements near Saigon or sought work in more settled communities nearby. Sometimes wives and children followed the workers too quickly and created additional problems of accommodations. At first the entire group settled along the main canal, where temporary quarters had been erected by the government. Among these families many were hesitant thereafter to move to the lateral canals where they were to erect their own permanent homes, and by April 23, 1956, only 29 houses had been constructed on the new canals for the more than 5,000 families that were already settled.

²See "Administrative Planning for the Cai San Resettlement Project," elsewhere in this volume.

Observers suggested that this was due partly to the refugees' disappointment in the appearance of the area, their distrust of its future, their discomfort at the primitive conditions of their rodent- and insect-infested quarters, and their reluctance to work after long unemployment and months of living in tents around Saigon and Gia Dinh. Some also pointed to an absence of leadership among the refugees. Many entertained a lingering hope that what they were undertaking would be temporary because they would eventually return to the north. The feeling of insecurity and the absence of a community center discouraged the development of a sense of permanence in their activities. In addition, the subsistence "dole" assured their survival without working (which was difficult in any case for lack of means). This "dole" was scheduled to continue for nine months until the rice planted by a government agency was harvested.

Plowing by tractors started in late January with eight tractors borrowed from the My An project of the Ministry of Agriculture. Mass plowing was scheduled to start in March before the coming of the wet season; but unfortunately the first tractors did not arrive until the middle of April 1956, according to Mr. Nguyen Van Vi, the local (Tan Hiep) district chief. Tractors and plows arrived by lighter and had to be assembled. The last group of lighters carrying 19 tractors and much essential equipment was delayed in arriving. Of the 100 tractors, only 63 could be immediately put into use. The remainder were unsuitable for plowing either because they came equipped with the wrong kind of tires or because of broken generators, inefficient fuel pumps, or other mechanical deficiencies. Replacements and spare parts were not readily available. There were not enough operators and mechanics to operate the contemplated three daily shifts. Buffaloes to be used in the rainy season did not arrive until the end of 1956. Cultivators had to work under difficult conditions. The whole area was covered with high coarse grass, and the soil was so hard after nine years of lying fallow that plowing was slow and difficult. The ground was not even and not infrequently tractors were mired in the mud. This immobilized the other tractors that were dispatched to rescue them.

The original project contemplated resettling 100,000 refugees (or 20,000 families) on 80,000 hectares. Only 37,000 refugees had been settled at Cai San by June 1956, however, even including many who had come into the area on their own initiative. The total area allocated to these refugees was 22,000 hectares, but the area plowed and prepared did not reach more than 11,000.

The coming of the tractors in May, however, had a marked effect on the refugees. It was to them a symbol of the government's determination to make the project succeed. The building of permanent houses by refugees speeded up, and by June, 80 percent of the permanent houses were completed. During the first year of resettlement the refugees themselves had not been asked to prepare the land, this having been designated a government responsibility. Most of their time was therefore spent in building foundations for their own houses (for which they were paid 800 piasters) and in doing some truck gardening. Upon their arrival each adult received 244 piasters as working capital, plus 4 piasters per day for subsistence during the first 9 months. Each family was also given three hectares of land and materials and money to build their homes, a boat for transportation along the canals, poultry and livestock, and farming tools, seeds, and rice plants. As of June 1956, expenditures on these items amounted to more than 30,000,000 piasters.

In spite of slow progress, the face of Cai San had been changed by June. The area was now traversed by 15 canals approximately 12 kilometers in length, located 2 kilometers apart. They were fed by the main Canal Rach Soi, which was a boundary of the project. Each of the lateral canals housed a separate community of refugees. The cost of excavating these canals was 50,805,026 piasters.

Agriculturally, 9,126 hectares of land were actually planted during the first year, producing a yield of 7,882.2 metric tons in February 1957, for an average yield of 0.86 metric tons per hectare.

Early in 1957, 466 buffaloes arrived. This was a disappointment to many of the refugees, who had expected five times as many. It was originally planned that 2,400 buffaloes would be provided so that one could be distributed to each 3 or 4 families among the 7,500 settlers. Even so, the problem of sharing the responsibility for keeping and feeding the animals that did arrive proved such a burden that in many instances the buffaloes were killed and the meat itself was shared. In other cases, buffaloes were rented or sold to more skilled local farmers, who had had some experience in using them.

At the same time, some 650 hand plows were also distributed, although they did not necessarily go to the families who had received buffaloes.

Using the animals, only 2,500 to 3,000 hectares could be harrowed. Yet a larger area had been allocated for 1957 (24,764 hectares as compared with 22,000 hectares in 1956) to accommodate a population which had increased from 37,000 in June 1956 to 44,000 by the end of the year.

Land preparation had started early in 1957. Only 87 tractors were operating because of maintenance problems. Plowing started in early March, but a month later nearly a quarter of the land that had been plowed was invaded by wild grass that grew to a height of some 37 centimeters, and heavy rains came unexpectedly early.

Faced with these difficulties, the refugees were again overcome with discouragement. On one occasion when a group of farmers was asked to cut the invading grass with tools already distributed to them, they flatly refused, demanding that the tractors be brought back to perform this task. In another instance, the tractors encountered a marshy area which made mechanical operation impossible, and a refugee community was asked to cut a small canal so that marshes could be drained and the area plowed. The same attitude was reported by government administrators: "We're not going to do anything for ourselves that the government can do." On this occasion the tractors were moved to another canal after plowing around the marshy area, and when the residents realized belatedly that the project management was not going to cut the required drainage canal, they themselves drained the area on their own initiative.

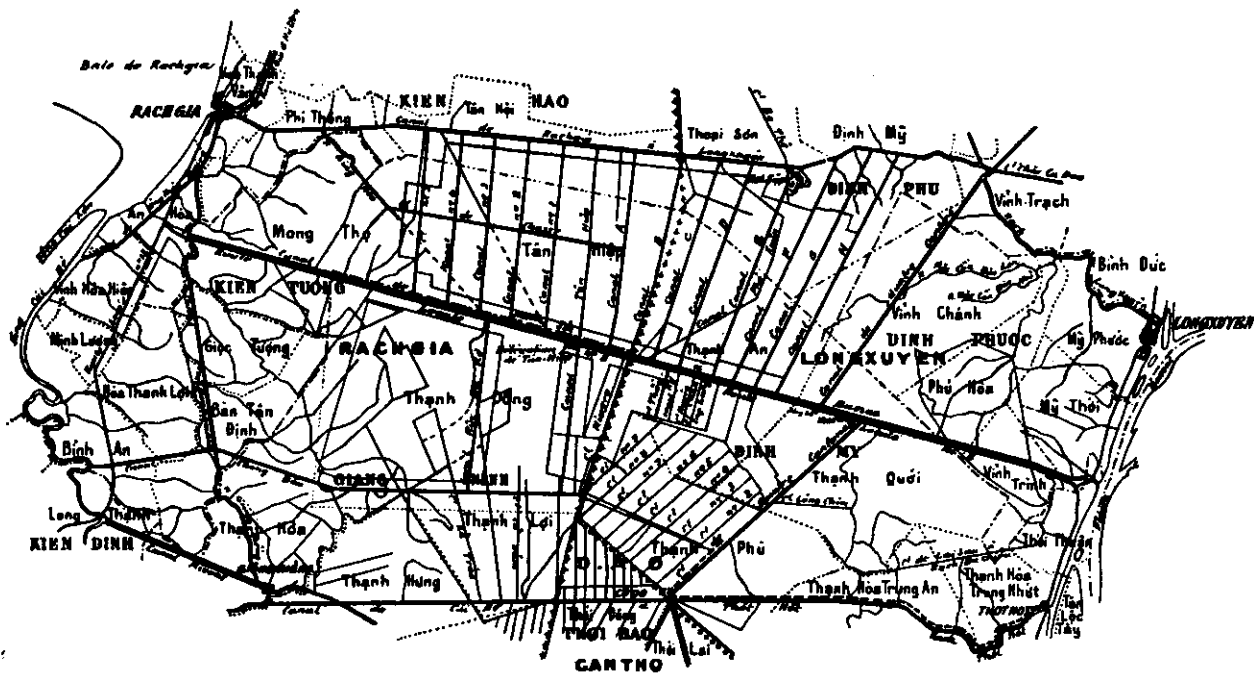
The refugees in Canal D later stated they had gladly cooperated whenever they were asked for help, and that the charges of laziness were untrue. They related one occasion when they had broken communal equipment in trying to extricate a mired tractor, and asserted that there were frequent instances of laziness on the part of the paid tractor operators themselves (who were said to have left the tractors running in one spot while they themselves went off in search of small game). Unplowed spaces between furrows, the result of careless workmanship, reduced productivity and left unbroken patches that became very difficult to work.

By the end of the year, the total area plowed and prepared was 17,000 hectares; the total area planted was 12,821 hectares; and 13,380.8 metric tons were produced, making an average yield of 1.04 metric tone per hectare.

The failure to make a better showing in an undertaking for which more than 200 million piasters had been provided, and in a field in which Vietnam was known to have been specialized before the war, was considered by local administrators to have been the reason why it was decided to integrate Cai San into the two provinces of Kien-Giang and An-Giang by December 1957, earlier than had been originally contemplated³. Indeed, one condition required for a refugee community to be

³This decision may also have been caused by USOM's withdrawal from direct administrative support of these projects.

THE CAI SAN RESETTLEMENT AREA



eligible for integration had been self-sufficiency, and it is clear that Cai San was not economically self-sufficient in 1957. After integration the refugees shared the privileges and duties of ordinary citizens, except that they represented a burden on the provincial budget because they were exempt from taxes.

In February 1958, the Commissar General of Land Development (successor to the Commissar General of Refugees and Resettlement) announced that one consequence of the integration would be the loss of the services of the tractors and operators that had plowed the Cai San fields free of charge during the first two years of the project.

This news came as a surprise to the project administrators and farmers. The province chief of Long-Xuyen (formerly An-Giang) Province called a meeting of the priests in order to find a solution. It was feared that with no further help from the government a great part of the area would have to be abandoned, and large-scale desertions from the project would result. After a lengthy and heated discussion it was revealed that the National Office of Agricultural Equipment and Material, which had taken possession of the plows and tractors, would make them available to plow the lands on a commercial basis, at 700 piasters per hectare. The services of few small private tractors were also available commercially at 550 piasters per hectare. When the refugees were advised of this, they agreed that these costs were too great to be borne by the community. Father Nguyen Duc Do, leader of Canal D, invited a representative of the National Agricultural Credit Office (NACO) to study the problem and make recommendations. The estimated costs of plowing 2,100 hectares in Canal D would be 1,470,000 piasters at the government rate, which was slightly more than the actual purchase price of four tractors. The NACO representative, Mr. Van, advised Father Do after making an investigation that the Fiat representative would not only be willing to supply the tractors at this price, but would also provide operators and mechanics to train the residents for the first few months.

In February 1958, shortly after being advised of this situation, Father Do called a meeting of the entire village to persuade the residents to adopt this plan as quickly as possible, so that plowing could begin in March. His proposal was that each family could apply for a loan of 700 piasters per hectare, under the NACO regulations. He added that if the loans were used to buy new tractors instead of hiring the available services, only two-thirds of the loan would be used and the remainder would enable them to buy seeds and maintain the tractor. This would leave them four valuable tractors as a community asset. To expedite matters he requested that the community give him full authority to

apply for the loans on their behalf, together with the responsibility for supervising operations.

When the meeting agreed to elect him as their delegate, Father Do immediately went to Saigon to see Mr. Tran Ngoc Lien, Director General of NACO. In his application he stated that he required a loan of 800 piasters per hectare, making a total of 1,680,000 piasters, plus an additional 320,000 piasters to cover various expenses during this season. Director Lien was favorably impressed by Father Do's reasoning and immediately sent a committee to carry out an investigation.

The committee's findings supported Father Do's proposal. Canal D was not in fact self-sufficient: the 700 families had only 50 buffaloes; last year's crop was poor, each family having harvested only 1,050 kilos; only 1/3 of the plowed area had been planted, and the crops suffered rodent damage from rats that infested the unused fields. Many settlers had already left the area to look for a living elsewhere. Time was short, and it appeared that only mechanical plowing could do the job before the wet season set in.

The committee recommended that a substantial loan be given immediately. Director Lien shared the view but feared that the refugees, who had been accustomed to receiving doles and other subsidies from the government, would not be willing to pay back the loan, especially since they could offer no security (even the land did not yet belong to them). The only loan guarantee would be the next crop, an uncertain prospect at best.

Director Lien nevertheless agreed to give a short-term loan of 1,600,000 piasters instead of 2,000,000 applied for. After reviewing the economic factors the NACO Director reasoned that loans would create conditions favorable to the formation of a cooperative. Father Do had already indicated his support of this proposal. No security was required except the tractors themselves, and the interest charge was to be one percent per month. Father Do would be responsible for the payment. One million ninety thousand piasters were committed to the purchase of tractors, and the remaining 510,000 piasters were issued to Mr. Van, NACO branch chief in An Giang Province at Long Xuyen, for release at Father Do's request to meet maintenance costs and other expenses. In addition to these two loans, NACO had also lent 350,000 piasters for the purchase of seed rice. The total of the loans was 1,950,000 piasters.

When the four tractors arrived at Canal D and began working in the fields, the effect was immediate. The refugees dropped their former indifferent attitudes and spent long hours working in their fields.

Many who had left the area had returned. By the end of June, the entire 2,100 hectares were completely plowed and harrowed for the first time in eleven years.

The news of the granting of 1,600,000 piasters to Canal D was received with relief by the whole area of Cai San. The other 14 canals applied for and received more than 8 million piasters in loans.

On Canal G, 300,000 piasters were borrowed from NACO, and the 230 families contributed 300 piasters each for the purchase of two tractors. No maintenance technicians were available for servicing them, however. In some of the other canals, on the other hand, the loans were applied for individually, money issued to each refugee, and tractors were hired for the season.

Other canals carefully watched the experience of Canal D, which, should it prove successful, might set an example for the biggest resettlement center in Vietnam.

Competition at the Cai Rang Cooperative Rice Mill

1.—ORIGIN OF THE CAI RANG COOPERATIVE

1. Background.

When Mr. Nguyen Van Hoi was appointed Cai Rang District Chief in 1953, he was conscious of a strong sense of obligation to protect the interests of the farmers, especially the small landowners and tenants, whose lives were a constant struggle with misery and want. During those days the farmers had nothing with which to build their lives but the strength of their hands. They could scarcely buy clothes, and even successful farmers sometimes experienced hunger between harvests. Most of them possessed no means for purchasing seed rice or fertilizers, much less to hire field hands. For these purposes they were obliged to borrow money at a very high interest rate and to repay their loans by selling standing crops. When they confronted a shortage of rice, on the other hand, they had to buy from the same moneylenders at what they considered exorbitant prices.

At that time the annual output of the Cai Rang District averaged 40,000 metric tons or 2,000,000 gia¹ of paddy rice. Half of this production was consumed locally, while the other half was sold to grain dealers

¹A gia is 1.135 bushels.

at 25 piasters a gia. Four or five months after the harvest, the price rose to 50 piasters a gia. Mr. Hoi argued that under this system the rice dealers made an annual profit of 20,000,000 piasters, "while the farmers," as he said, "were underfed and badly clothed, and in some cases were even said to have committed suicide because they were unable to provide clothing for their growing children." Mr. Hoi was determined to find a means of diverting these profits to the farmers. He proposed borrowing from district funds to set up a rice growers' cooperative and appealed to the villagers to provide him with free labor to organize and establish it. In his effort to build support for it he called at every farmer's house in his district, explaining his purposes and urging them to join the cooperative movement. He also asked for assistance from the Department of Agriculture and the United States Operations Mission.

Soon thereafter an inspection mission comprising Messrs. Randal Stelly, a member of the United States Operations Mission, Nguyen Quang Luu, agricultural engineer and Phan Khac Suu, technical advisor at the Department of Agriculture, visited Can Tho. Mr. Hoi invited them to call for an on-the-spot inspection, and on May 18, 1953, the opening meeting of the cooperative was convened to establish the Cai Rang Cooperative within the framework of American Aid Program No. III VP 9-B.

2. Purpose and Organization.

The objectives of the cooperative as established in this meeting were to store and process rice for member farmers and to grant loans at a monthly interest of 1 percent to help them in the growing and harvesting of rice. It was hoped that the cooperative would later be able to buy agricultural implements, hybrid rice, and fertilizers for the use of its members.

The American aid involved a cash grant of 2,599,997.18 piasters and equipment worth 5,122,403.10 piasters, including five storage warehouses and a rice mill equipped with a 70 h.p. engine capable of processing 30 metric tons of rice a day.

After the cooperative was established, it was placed under the supervision of the Director General of Agriculture, where it remained until September 20, 1957. The original membership numbered 1,539 persons, who subscribed a total of 153,850 piasters to the operating funds. The cooperative included both small landowners and tenant farmers, who represented respectively 10 percent and 90 percent of the

total membership. The membership subscription was 100 piasters, for which each member was entitled to an annual interest of 6 percent arising from the fee contributed. Further profits were to be shared in direct proportion to the members' participation. The Cooperative's milling charges were 19 piasters per bag (as compared with the going rate of 20 piasters), although the costs were only 16 piasters. Proportionate refunds were also made from profits. One member received in a single year a return of 4,500 piasters from his transactions with the cooperative.

The open meeting of May 18, 1953 voted the regulations governing and designating the first management committee, and on August 27, 1954 a second general meeting of members was convened to amend the regulations and to elect the new management committee. Early in 1954, the manager and the whole management committee were kidnapped by the Viet Minh². Until they were freed as a result of the Geneva Agreement, government representatives had to manage the cooperative.

The current management committee derived its powers and functions from this second mandate. The manager worked fulltime at the cooperative, but the members of the management committee lived elsewhere, in some cases at an inconvenient distance from the offices. For this reason, attendance at executive meetings involved a loss of time for which they were remunerated.

The manager directed the work of the cooperative and collected loan repayments, being allowed a daily remuneration of 70 piasters. Members of the management committee had to work at farming or other gainful occupations, usually as tenant farmers. Many were so poor that they could hardly afford to travel and they regretted the loss of income involved in attending executive meetings. It was thus decided that the management committee should be allowed to retain 2 percent of the receipts as compensation for its work.

An auditor was elected by the membership to supervise the keeping of the cooperative's books, ledgers, and other documents produced under the management committee. He was also authorized to call for a plenary session in case of irregularities in the administration of the cooperative. In spite of his good will, however, the auditor could not often fulfill this responsibility because of his lack of familiarity with cooperative accounting, according to authorities at the National Credit Accounting Bureau and NACO.

The management committee also appointed a full-time cooperative manager.

²Communist underground.

3. Operations.

THE ECONOMIC ENVIRONMENT.

Cai Rang is one of the most important sources of grain in the western part of South Vietnam. In addition to the cooperatives there were then privately owned rice mills in the vicinity and a score of rice merchants, most of whom were Chinese. Each of these had a capital of about 30,000,000 piasters and was able to purchase paddy (unprocessed rice) or standing crops and transport them by means of a fleet of barges and sampans that could reach almost every farm. A merchant usually hired from 30 to 70 agents, most of whom owned barges of several hundred to one thousand gia capacity, who visited their farm clients regularly. Each received an advance varying from 30,000 to 200,000 piasters, which was returned to the merchant every week and informally lent out again without even a written agreement. The barges went far into the countryside, even to insecure areas, to buy paddy and sell it to the merchants at 2 piasters per gia below the market price.

According to the cooperative management, these Chinese grain dealers offered serious competition to the cooperative's operations. They did 98 percent of the rice exchange in the area, while the cooperative operations, with only 2 percent of the total, hardly exercised any influence on the grain market at all. Moreover, the Chinese grain dealers were experienced and knowledgeable, with many local agents and an excellent transportation system. Because of their close communications with international rice headquarters in Cho Lon, they were kept informed of the fluctuations of the market prices, whereas the cooperative got no such information. Their credit system was almost infinitely flexible. For this reason they were not protected against their own agents or against natural hazards: if a barge sank in high winds and stormy weather, or if funds were embezzled by the agents—which happened with increasing frequency—they were resigned to bear their losses. But their flexibility also enabled them to purchase paddy at low prices. The cooperative, on the other hand, was not allowed to make advances without binding commitments and could buy only from cooperative members or other farmers who had taken the trouble and risk of transporting their paddy to the mill. Since most of the farmers lived far from the cooperative and possessed no boats, they were unwilling to run this risk. Travel costs or high winds could easily ruin them. Moreover, each day of travel meant sacrificing a day's work. Thus in most cases they preferred to stay at home and wait for buyers rather than transport their paddy to the cooperative, even if they had to sell their product at lower prices or get cheated by agents who gave short weights.

LENDING OPERATIONS.

From July 17, 1953 to December 1953, the cooperative granted 1,065,800.00 piasters in short-term loans to 1,334 persons. In 1954 and 1955 no loans were granted because of terrorist and subversive activities of the Viet Minh and Hoa Hao which made farming unsafe. In 1956, only 9,000 piasters were lent out to three cooperative farmers who had their paddy stored at a cooperative warehouse. In 1957, medium-term loans totaling 80,000 piasters were granted to a single member who was able to offer property as a security.

At first no investigation of the borrowers was made by the cooperative itself. Loans were granted to serve political (anti-Communist) purposes and were based on declarations made by communal councils or the cooperative representatives. Every member who had paid his 100 piasters' membership fee (a capital stock purchase) was entitled to borrow 800 piasters per hectare at a monthly interest rate of 1 percent. No member could borrow on more than 5 hectares. At harvest time, when members stored their paddy in the cooperative warehouses, they were entitled to additional loans of up to 80 percent of the current price of the paddy stored, to be returned after its sale (presumably after the seasonal price rise).

PADDY STORAGE.

Cooperative storage facilities were available to members who were delinquent in loan obligations and wished to use their paddy for security. Other members also used the facilities while waiting for a price rise. Otherwise, storage was available as necessary for milling (See Table I).

TABLE 1
Storage Totals, 1954-1957

Year	Customer	Total (in gia of paddy)
1954	4 cooperative members	50
1955	Cooperative members	19,000
1956	Cooperative members and others	19,300
	Military storage	16,000
1957	Unspecified	6,400

(Figures supplied by the Cooperative president)

Farmers frequently tended to hold their paddy as long as possible while waiting for the best price, which in turn tended to raise local costs above the current Saigon level. The official price was then 50 piasters per gia, but the market price varies from 56 to 57 piasters.

Relatively few members benefited from the cooperative storage facilities. The charge of 4 piasters per bag per season did not cover

operating costs, for the storage bags, costing 15 piasters, could be used only a maximum of 4 seasons. Thus the rice storage operations were conducted at a loss, according to a report prepared for NACO.

PROCESSING AND MARKETING RICE.

The construction of the rice mill was completed in December 1955. Its annual output thereafter increased as follows (in metric tons):

1955	171.7
1956	2,439.8
1957	5,069.9

The mill operated at capacity during the 3-month harvest season, with profits in March, April, and May, 1957 totaling 51,836.17 piasters. It operated at half-capacity for 4 months, and was literally idle during the remaining 5 months of the year. Rice processing services were available to nonmembers as well as members. Thus in 1956, according to the cooperative's figures, of the 3,903 metric tons of paddy rice processed, 7.8 percent belonged to cooperative members, 6.2 percent to nonmember farmers, and 86.0 percent to Chinese grain merchants.

The processed rice and other by-products of the mill were of excellent quality. But the cost of diesel fuel oil was higher than comparative costs in the Chinese mills, which used chaff as fuel.

MISCELLANEOUS OPERATIONS.

In 1953 the management planned to manufacture agricultural implements to sell to cooperative members. This project was not, however, fulfilled.

In 1956, with the collaboration of the Cereals Bureau of the Ministry of Agriculture, hybrid seed rice was to be supplied to members, but the project came about too late to bring effective results.

In the same year, through the Director of Agriculture, the management received American aid for the purchase of fertilizers. Five hundred metric tons of fertilizer were distributed to Cai Rang, but because the fields at Cai Rang were not suitable for the fertilizers used, the project was unsuccessful.

II.—TRANSFER OF THE CAI RANG COOPERATIVE TO NACO

THE ORGANIZATION AND PURPOSES OF NACO

The National Agricultural Credit Office was established by Ordinance No. 67-DT/CCDD of April 1, 1957 to replace all existing farm credit

institutions, strengthen credit operations, develop the rural economy, and improve the national standard of living. Its motto, according to the director, was "to grant loans to the right person for the right purpose at the right time." Its interest rates were low, and loan priorities were assigned to land clearing operations and production increases and to the cooperative movement. Its functional activities included agriculture, cattle and poultry breeding, fisheries, forestry, and rural handicrafts.

2. DEVELOPMENT OF NACO POLICY ON THE CAI RANG COOPERATIVE

When the financing of the Cai Rang Cooperative was transferred to NACO on September 20, 1957, the Director General of NACO regarded the cooperative as a "burdensome legacy." The total loans granted from 1953 to December 31, 1957 were 1,154,800 piasters, but as of September 20, 1957 only 296,227 piasters had been collected. Cooperative officials complained that because they were not provided with sufficient working capital, they had to operate by fits and starts. NACO stated, however, that the cooperative was endowed with working capital of 2,000,000 piasters invested at the Agricultural Funds service. The management committee had done little to overcome these fundamental difficulties, which it explained in terms of the local security problem and the personal hardships involved in entering upon a more aggressive program. Local farmers, including even cooperative members, were indifferent to the cooperative movement, about which they had little information. According to the NACO survey, the absence of positive leadership and purpose had almost led to the disintegration of the cooperative, which, like an abandoned waif, was "born, but not reared."

Transfer to NACO did not immediately affect the operations of the cooperative. On December 6, 1957 the Cai Rang Cooperative submitted to NACO a project including a general list of sums required for the cooperative operations, including the following (in piasters):

Loan funds	1,200,000.00
Building of new storage warehouses	500,000.00
Rice mill expenditures	100,000.00
Purchase of paddy for resale to the Army	700,000.00
Total:	2,500,000.00

On January 1st, 1958, NACO sent a mission headed by Mr. Pham Hoang Huu to Cai Rang to make an accounting audit and to consider the proposals made by the cooperative. With the help of the cooperative management, the mission investigated each request, called the management committee into session to discuss its administrative work, and worked with the Chief of the local Agricultural Credit Bureau and the Cai Rang District Chief to evaluate the cooperative's proposals.

The mission's special report included the following recommendations:

- (1) That the cooperative continue its lending operations by extending loans totaling 1,000,000 piasters to farmers during the year 1958. These loans were to be issued for two purposes: crop production and payment of wages.
- (2) That the cooperative should be endowed with a fund of 700,000 piasters to be spent on the operations of the rice mill, especially for processing paddy for resale to the military.
- (3) That the cooperative be allocated sum of 500,000 piasters to build new warehouses to store paddy sent by the Army.

III.—ARGUMENTS RELATED TO THE CAI RANG COOPERATIVE LOAN

On March 6, 1958 NACO Management Committee met to discuss the case of the Cai Rang Cooperative. The following arguments were presented to the committee:

GENERAL

In spite of its desultory operations during the past few years, the favorable geographic and economic situation of the cooperative indicated that the site had been well chosen and that in principle it deserved strong support. The Cooperative Management Committee had now had ample experience. They possessed good will and had worked out some promising proposals. In 1957 the cooperative signed a contract with the Army involving the purchase and processing of 30,000 gia of paddy every three months during 1958. The contract was to take effect on January 1st, 1958 and was to be renewable every three months thereafter with the mutual consent of both parties.

National economic policy should also be considered in the decision, since Vietnamese rice was costlier than its foreign competitors. Where a hectare in Vietnam produced from 1.2 to 1.5 metric tons, Burma, Thailand, Spain, Italy, and Egypt produced 2.5 to 4 metric tons per hectare. Exportation of rice therefore required a government subsidy at best.³

³This was accomplished by allowing grain exporters to convert foreign exchange 66 percent at the official rate and 34 percent at the free market price. Early in 1958 a surplus of 145,000 metric tons of rice scheduled for export was withheld by the government and sold in Saigon below domestic prices.

Cai Rang enjoyed every qualification for becoming a model cooperative, it was argued. It could serve as pilot operation where the future cooperative officials could be given on-the-job training and gain valuable experience; it could eventually become the head unit of the Associated Paddy and Rice Cooperative of the Province of Phong Dinh and neighboring provinces.

THE REQUEST FOR NEW STORAGE WAREHOUSES

On September 20, 1957 the cooperative had 4 storage warehouses, 1 used for broken rice (storehouse I), 1 for paddy bought for military sale (storehouse II), 1 for paddy stored by members (storehouse III), and 1 for farm implements and bran (storehouse IV).

Facilities for temporary storage of paddy rice awaiting processing were inadequate. This was said to be one reason for the uneven production rate of the mill.

THE REQUEST FOR NEW LOAN FUNDS FOR INCREASING CROP PRODUCTION

In 1953, the cooperative granted loans totaling 1,065,000 piasters to cooperative members. It did not extend any loans in 1954, however. Collection of the 1953 loans was said to be difficult because of the loose conditions under which they had been granted, as well as because of local security problems in the years following 1953. After the cooperative was transferred to NACO's jurisdiction, loan collection improved until over 50 percent (222,348.50 piasters) had been collected in 1957. By May 17, 1958, a total of 685,950.50 piasters had been collected. Some delinquent members still argued, as Viet Minh propaganda had claimed, that the loans had been originally described as bonuses. In some instances the accumulated interest equalled 50 or 60 percent of the original loans. The cooperative had once asked local officials to help collect the unpaid balances from farmers unwilling but able to repay loans, but this had created ill will and resentment. Indeed, scores of members had written to withdraw their membership. Some new applications were also on hand, however.

It was argued that the release of the cooperative's working capital, which had been deposited at NACO, would make it possible to continue to grant short-term loans for crop production and the payment of wages. Those operations would be of a great help to the great majority of cooperative farmers. Such loans would also assist serious and loyal cooperative members who had paid back previous loans.

THE REQUEST FOR WORKING CAPITAL FOR THE COOPERATIVE RICE MILL

The military contract would require funds to buy a reserve of 14,000 gia of paddy to be processed. The cooperative also needed a reserve fund of 200,000 piasters to meet operating expenditures for the two months following, while waiting for higher prices at which to market its product.

IV.—THE NACO DECISION

On consideration of these factors, NACO decided:

- (1) To authorize the building of a storage warehouse of 30,000 gia (600 metric tons) capacity at a cost of 500,000 piasters. NACO recommended that the wood for its construction be bought from the La Son Socofor Cooperative in Saigon, another NACO-sponsored organization. Customarily plans for the construction had to be obtained from the Bureau of Construction of the Department of Agriculture. After authorization from the Department of Reconstruction, bids could be let.
- (2) To authorize the release of 1,000,000 piasters for short-term loans for 1958-59, beneficiaries were carefully selected and adequate safeguards were provided. Full power to make the loans was vested with the management committee.
- (3) To allocate 700,000 piasters working capital for mill operations.

By May 17, 1958, no loans had yet been made (the rainy season—sowing time—was just beginning) and the military contract had not been forthcoming because of the difference between the official price of paddy rice and that prevailing in Cai Rang.

The Employee Suggestion Plan at STANVAC

I. BACKGROUND OF THE COMPANY.

STANVAC in Vietnam is a relatively small branch of a worldwide operation with headquarters in New York. Its penetration of this area dates back to the 19th century, when the company carried lubricants and kerosene to China by means of clipper ships. A French firm, Denis Frères, was its principal agent in Vietnam at the turn of the century, and the present Standard-Vacuum Oil operations in Southeast Asia began in 1933 as a result of a local merger between Esso (also known as Standard Oil of New Jersey) and Socony-Vacuum Company (which was itself created by a 1931 merger between the Vacuum Oil Company of England and the Standard Oil Company of New York). Each element forming the new company contributed a distinct operation: Esso supplied the production and resource development facilities, largely in Indonesia; and Socony and Vacuum contributed marketing facilities for kerosene, gasoline, asphalt, and for lubricants, oils, and greases, respectively.

These products had dominated operations in Indo-China in the early years, but industrial and diesel oil and fuels, marine fuels, and aviation gas were added during the years that followed. At the end of World War II, seven major bulk products and several hundred brands of lubricants and greases were marketed in the area, and the company

was beginning to find extensive new outlets for wax and asphalt. After World War II, the market began to expand rapidly, including such special items as products for paint, lacquer, and ceramics manufacturing; chemicals used in the treatment of wood and in rubber processing; plasticizing products; solvents and cleaning fluids; and detergents. More recently STANVAC considered adding the bulk handling of liquid petroleum to its services, replacing the more cumbersome and costly process of importing this commodity in cylinders from abroad. The present operation in Vietnam is almost entirely one of marketing, which includes shipping, handling, storing, and blending, as well as importing, petroleum products. The company engages in only such incidental manufacturing as is necessary to support these operations.

As the company's activities expanded to include large-scale storage and transportation, it became necessary to employ warehousemen, watchmen, guards, foremen, fitters, and merchant seamen capable of operating a fleet of tankers. By 1957 the company had over 30 storage points in Vietnam, the principal one being Nha Be near Saigon.

In 1958, STANVAC had about 530 full-time employees. These included 28 executives, of whom 7 were Americans, 13 French, and 8 Vietnamese. There were also some 75 employees engaged in accounting and another 75 in marketing. The remainder were operating and service personnel. More than 95 percent of these were Vietnamese; although there were also some Chinese, French, American, Philippine, and Indian employees. In December 1955 an Employee Relations Department was added to the existing Department of Sales, Finance, and Operations.

II. THE DECISION TO INSTALL A SUGGESTION PLAN.

One of the problems confronting the company after the establishment of the Republic of Vietnam was that of maintaining a stable price structure in the face of rising costs. The success with which the company met this challenge is revealed in the fact that except for tax increases there had been no raise in base prices since the piaster devaluation of 1953. Indeed, there were five major price reductions during this period in spite of increases in payroll (which constituted 40 percent of the total cost of operations in Vietnam) and in freight rates, building supplies, and tanker costs. Price reductions and cost increases narrowed the company's profit margin, but the management hoped to compensate for this loss by increasing the volume of its sales.

The need for reducing operating costs led the newly established Employee Relations Department to consider installing a suggestion box

plan for soliciting ideas from employees. This plan had been satisfactorily used in other units of STANVAC for many years, but had not been successfully employed in Indo-China. Although a similar program was put into nominal operation in 1952, no single executive was charged with responsibility for it, and it became inactive after a few months. Several suggestions had been received under it, but not all employees were acquainted with it because the announcements had been in French and were not widely publicized. Awards were also much less than under the 1957 plan.

On October 22, 1957, Management Circular No. 65 was distributed to all employees, announcing the adoption of the Employee Suggestion Plan, and offering a cash bonus for money-saving ideas. Suggestion boxes were placed in each work location, where employees could submit suggestions anonymously on numbered forms. The employee kept a stub for each form he submitted so he would be able to identify himself if his suggestion won an award. The boxes were emptied regularly, and suggestions were delivered to the Employee Relation Department, which passed them along to an advisory Review and Award Committee. Final decisions were to be made by the general manager.

All employees other than the general manager himself were eligible to participate, except that supervisors and other designated professional employees could not receive awards for suggestions directly related to their own immediate work. The latter could, however, receive awards for suggestions clearly outside of the scope of their duties. There were several categories of suggestions which could not be considered for awards:

- 1) Items that did not have a direct connection with company business.
- 2) Suggestions that pertained to a union agreement.
- 3) Ideas that were already being actively considered by the company.
- 4) Suggestions for which awards had already been made in the past.
- 5) Comments that were considered unconstructive complaints.

When two identical ideas were presented separately, the award was to be given to the suggestion received first. For joint suggestions, the awards could be divided equally among the employees involved. No award would be paid for a suggestion not adopted within one year.

A six-man Review and Award Committee considered each suggestion and made recommendations to the general manager, based on comments received from the various departments concerned. The committee was chosen to represent the several departments of the company, and included 4 Vietnamese, 1 French, and 1 American. It met twice a month. Awards could be made in amounts ranging from 300 piasters to 20,000 piasters, depending on the management's estimate of the savings the suggestion would bring. Awards greater than 20,000 piasters could be made with the concurrence of the New York office. Even in cases where no awards were to be made because of ineligibility, a record of the suggestions was to be kept in the employee's personnel file to be used in consideration of future merit increases, if the employee wished to identify himself.

Between October 22 and January 28, 1958, 25 suggestions were received, including 4 which were eligible for immediate award and 3 others which were still under consideration.

III. THE "EVAPORATION AND LEAKAGE CLAUSE" SUGGESTION.

One of the suggestions under consideration on January 28 was No. 0618, involving the negotiation of a new type of contract with the Vietnamese "Bureau of Independence."¹ This suggestion was received by the Employee Relations Manager on November 30, 1957. It proposed that all new contracts should stipulate the price of commodities as delivered into storage facilities in Vietnam, so that the ultimate buyer rather than the company would bear losses caused by leakage and evaporation. The uncertain element of this factor had resulted in undesirable cost fluctuations and had complicated the negotiation of the contract.

Leakage and evaporation were generally calculated at an amount of approximately one-half of one percent of the total volume. Under the previous contract (which was renegotiated periodically) this loss was borne by the company and absorbed in the total contract price. During a period of contracting profit margins, the suggestion contemplated that the customer should bear these losses directly rather than indirectly through a higher delivery price based on estimated losses. Thus, in effect, there would be two separate contracts, one of which would cover the cost of delivery into shore-based storage tanks, while the other would cover such storage costs as leakage and evaporation.

¹A fictitious name. The actual identity of the customer involved is withheld for professional reasons.

Unknown to the employee, the Independence Bureau contract was already under negotiation, and, in fact a verbal agreement had been reached on November 23. At the request of the Independence Bureau, the company had in fact already proposed a provision similar to the suggested one, in a somewhat broader framework so that all the separate costs of storing, handling, and leakage would have been borne by the buyer, and the price of the product itself could be stabilized. Such a contract had also been in use between the Bureau and a competing oil company, and had the advantage of simplifying accounting procedures for the customer as well as reducing the seller's operating costs. Similar contracts had also been used by the STANVAC itself prior to 1955, but because of competitive conditions the leakage and evaporation clauses had not been used in the 1956 contract. On November 29, the verbal contract was confirmed by letter. The contract itself was executed on December 30, 1957.

Under the terms of Management Circular No. 65, the proposal was not eligible for award because it involved an idea already under consideration by the Company. In his comment on the suggestion, however, Mr. Strasburger, the sales manager (who was also temporarily acting as general manager), stated, "The suggested idea is excellent and I think should pay off as an encouragement to others provided it represented independent thinking (that is, was not based on the knowledge that the negotiation of such a clause was already under way)." Mr. Strasburger suggested that a substantial award be made.

On January 28, Suggestion No. 0618 was still under discussion in the Review and Awards Committee. Mr. Lenzi, the official who had been in charge of the contract negotiations, stated that the company had already been working on a leakage clause in the contract, and that if the suggestion had been received a year earlier, the company would have been able to profit from it. The final decision was against granting the award, however, on the ground that the suggestion was technically ineligible because it had not actually been adopted and would not bring any savings to the company; that if an exception were made, similar cases in the future would have to receive awards; and that in the absence of any actual savings realized as a direct result of the suggestion, there was no means of determining the amount of an award. Mr. Strasburger, on consideration of these arguments, accepted the committee recommendation, and agreed that no award should be made.

Mr. Hanson, Employee Relations Manager, announced the winning suggestions on company bulletin boards by number, and asked the

author of Suggestion No. 0618 to come to his office to discuss the suggestion. The next day Mr. Nguyen Thanh Van, a member of the Accounting Division of the company since 1952, appeared in Mr. Hanson's office and stated that he was the author of Suggestion No. 0618. Mr. Hanson explained the decision of the committee, quoting the original comments of Mr. Strasburger and giving reasons why the committee had decided not to recommend the award. Mr. Van was then given an opportunity to study the committee minutes and the other comments on Suggestion 0618. Mr. Van stated that he had had a similar experience in 1952, under the previous suggestion plan. The usefulness of an earlier suggestion of his had also been recognized by the company although no award could be made because, unknown to him, the suggestion was already in use. He added that in making Suggestion 0618 he had known that a competing oil company had a leakage and evaporation clause in its contract with the Bureau of Independence, and that the STANVAC contract would be renegotiated soon under the competitive bidding system; but stated that he had not known that STANVAC was already negotiating a new contract that would embody provision similar to those he suggested. He had considered the possibility of adding an evaporation and leakage clause to the contract for several weeks before actually submitting Suggestion 0618. He hesitated to submit the suggestion, however, because he was not sure how useful it would be to the company and because he wanted to check several details involved. He had submitted his suggestion not so much in hope of winning an award, he said, as in the general interests of the company. Mr. Hanson assured Mr. Van that the company appreciated his cooperation and that a record of his participation in the suggestion plan would be noted in his personnel file for future salary review.

IV.—THE "WELDING AND SCISSORING MACHINES" SUGGESTION

On December 20, 1957, Mr. Nguyen Van Tieu, a welder at STANVAC'S Nha Be Terminal, turned in Suggestion No. 0501. Mr. Tieu was a welder with 25 years of experience. He began his work at the Ba Son Arsenal, then moved to Société d'Oxygène et d'Acétylène, where he acquired his welding technique. At the 1941 Exposition, he was in charge of a cutting and welding demonstration which attracted the attention of Mr. P. Henry, current director of the Operations Department at STANVAC, who invited him to work for STANVAC at Nha Be. In 1948, he entered STANVAC'S employment. Soon after coming to STANVAC, he stated,

he had made a suggestion similar to No. 0501, but his supervisors were not interested at that time. When the suggestion-box system was introduced in 1952, he had repeated his suggestion, again without results. Before renewing his proposal December 1957, he investigated the machines he mentioned to see whether they were available locally and at what price. This suggestion comprised two parts, the first relating to welding equipment and the second regarding scissoring machines, as follows:

1. The present Nha Be Terminal uses two gas-operated Lincoln welders, involving a working cost of 75,500 piasters per year. If the company were to purchase a transformer with an intensity varying from 50 to 350 amperes, it would reduce gasoline costs and perform with equal efficiency.
2. Each month, the Nha Be Terminal consumed nearly 30 bottles of oxygen and 30 bottles of calcium carbide in producing acetylene for welding and cutting. If the company purchased a scissoring machine to cut sheet-iron under 10mm., it would save 5 bottles of oxygen and 4 bottles of calcium carbide each month. This would bring an annual saving of 31,680 piasters.

Under the prevailing procedure, Suggestion 0501 was forwarded at once to Pham Dang Sum, then Deputy Director of Employee Relations Department. Mr. Sum transmitted the suggestion to the Employee Relations Director, Mr. G. P. Hanson. In evaluating it, Mr. Hanson consulted the production experts in the Operations Department under Mr. P. Henry, Director, and Mr. J. Y. Pajot, who was Deputy Director and a member of the Review and Awards Committee. After discussing the proposal with Mr. Pajot, Mr. Henry rejected both parts of the suggestion.

At the same time, a copy of the suggestion had been sent to Mr. S. M. Strasburger, acting general manager. The latter's comment was: "Sounds good to me, but the experts (P. Henry, J. Y. Pajot, R. G. Kregel) will have to rule."

When the suggestion appeared before the Review and Awards Committee, it was decided that the suggestion deserved further consideration. Mr. Pajot and Mr. Nguyen Dinh Hoang, an engineer at Nha Be Terminal, were requested to reopen the question with the Director of the Operations Department. Mr. Nguyen Dinh Hoang was also asked to consider the financial side of the suggestion.

After a study of the suggestion, Mr. Hoang reported as follows:

1. If the two Lincoln Welders were kept, the annual cost would be 45,689 piasters. If a new current transformer was bought at 34,450 piasters, the annual outlay for electricity and maintenance would be 22,750 piasters. Thus, the firm would save 22,944 piasters in the first year and would recover the price of the transformer after 1 year and 5 months.
2. The second part of the suggestion, regarding the scissoring machine, cannot be adopted, as this equipment cannot cut pipes.

After making his report, Mr. Hoang, joined by Mr. Pajot, discussed the question with Mr. Henry. They accepted the first part of the suggestion dealing with the welding, and rejected the part relating to the scissoring machine, because it was not practical.

When the suggestion was examined for the second time, the committee followed the advice of the technicians and recommended an award of 200 piasters for Mr. Tieu. After the suggestion had been put to work for a year, if the savings exceeded the estimates, Mr. Tieu would receive a supplementary award.

Following the decision of the board, the Acting General Manager, Mr. Strasburger, called Mr. Tieu and four other award winners to his office and paid them for their suggestions. Mr. Tieu thanked the general manager and the Executive Board on the behalf of the employees. He also mentioned that the "suggestion box is a very good program," and he had "additional suggestions to make for the future." He stated that if his suggestion had been adopted before, the firm would have made a substantial saving. But he thought his previous supervisors believed that directions must come from above; and the subordinate should not make suggestions.

The interview closed with mutual expressions of good will.

Boundary and Land Questions at Tan Mai Village

FOREWORD

After the Geneva Agreement had been signed in July 1954, more than three quarters of a million refugees from Communist North Vietnam made their famous exodus south of the 17th parallel. Even in time of peace, a migration of such proportions would constitute a major economic and social problem. But in the newly independent Vietnam of 1954, financial resources, transportation facilities, technicians, and time (for many of the refugees decided to move when only a few months of grace remained) were severely limited and an inherently complex problem became a national challenge. The new government was faced with seemingly insurmountable technical difficulties in moving, receiving, and resettling this vast new population.

The establishment of new villages for the refugees introduced a whole new range of difficulties. Among these not the least important were social and economic tensions between the refugees and the local inhabitants. Often these tensions evolved into conflicts lasting for many months, during which the responsible authorities hesitated to interfere either by assuming a strong position that might offend one party, or by committing the government to serve as arbitrator between conflicting interests. In general, the government's objectives were to welcome and even favor the refugees who had so tragically left their cities and their farms; but it could not impose conditions likely to arouse envy or otherwise injure the prospects for unity among the refugees and their new neighbors.

Tan Mai Village illustrates two complicated community problems that were held in suspense for many months, and for which a solution was apparently to be found only with the passage of years.

RESETTLEMENT AT TAN MAI

Tan Mai Village was once a waste and almost desert land located 34 kilometers from Saigon, on the National Highway 15 in the canton of Phuoc Vinh Thuong, Bien Hoa Province. A few years after national independence, it had become a prosperous village: a thick cluster of houses served by a busy market, a dispensary, a school, a church, and even a cotton mill and a newly developed handicraft center.

The villagers were all natives of Bui Chu, North Vietnam. They numbered about 10,000 people, all Roman Catholics who had come south with Father Nguyen Khang Hy in July, 1954, soon after the Geneva Agreement. On their arrival, they were temporarily housed in public schools in Saigon; but after the long summer vacation, the schools were reclaimed for educational purposes in September 1954. The General Commissariat for Refugees and Rehabilitation (Comigal), which was already overwhelmed by the ever-increasing waves of refugees, had not yet devised a permanent resettlement program. It appealed to the spiritual or administrative leaders of each refugee group to work out suitable arrangements. They were to choose locations among the vast tracts of unused public lands suitable for resettlement centers, and to notify Comigal of their choice so that the necessary authorizations could be prepared. Such applications were invariably approved, largely because Comigal had no facilities for investigating the ownership and suitability of the lands.

Father Nguyen Khang Hy chose Tan Mai, a tract thereafter conceded to the refugees by Tam Hiep Village in October 1954. The refugees left the school buildings that had afforded them temporary shelter and moved their families and belongings to Tan Mai, where they began to build permanent homes. During this period, Father Hy continued to assume responsibilities of administrative, economic, and social leadership. He was repeatedly asked to represent the villagers and to organize and direct communal activities.

In 1955, a Resettlement Committee was elected to consider problems of individual land ownership and other administrative questions. Father Hy served as advisor. The committee chairman was a respected figure proposed by Father Hy. The committee itself derived its authority from special enabling legislation and it was responsible to Comigal for the organization and building of the camps, the distribution of subsidies and donations, and the carrying out of resettlement camp projects. It reported to the district authorities only in matters of a purely administrative nature.

Early in 1956 Tan Mai was made a separate village by ministerial decree. It was given a new name, Bui Tieng,¹ and its committee was dissolved. Local administration was now performed by an elective Communal Council under the Ministry of Interior. Comigal was officially relieved of administrative responsibility for Bui Tieng, which was then integrated into the local government structure of the nation.

Under its Resettlement Committee, Tan Mai Village had proved to be a dynamic community with many achievements to its credit and many difficult problems solved. But the transition to an integrated status still left other problems unresolved, including troublesome questions involving land rentals and village boundaries.

THE LAND RENTAL QUESTIONS

At the end of 1954, in answer to a governmental appeal to help and support the refugees, Mr. Ho Van The, Chief of Tam Hiep Village, together with the members of the Communal Council, had conceded to the refugees a stretch of communal land 7.06 hectares in area. Mr. Bui Truong Thu, a retired civil servant, personally placed a plot of 2.05 hectares at their disposal to be used rent free for two years beginning in October 1954. In addition to those two plots, the refugees signed contracts with private landowners² for the use of other lands at 1,000 piasters per hectare. But it was the land contributed by Mr. Thu which gave rise to the subsequent disputes.

Before the arrival of the refugees, Mr. Thu's land had been of no special value, being only of average fertility; but the Tan Mai market was built on a portion of this property, and its value increased to a point where its rental could no longer be calculated in terms of its agricultural productivity. The situation was further complicated by the fact that Mr. Thu's two-year concession was made with the understanding that no construction of any kind was to be permitted on his land, and that it would be used for only agricultural purposes. This agreement was respected until the end of 1955, when Mr. Thu died. Thereafter as the population increased and space became precious, 71 of the refugee families took the liberty of building houses on the land in question. Some even buried their dead on it. It was at this time, in search of adequate space, security,

¹"Bui" was chosen in honor of Bui Chu, original home of the refugees; "Tieng" was the name of the former owner of the 7.06 hectares plot given to the refugees by the Village of Tam Hiep.

² Name of Landlord	No. of Hectares
Ong Ty:	0.40
Ba Du:	1
Ong Niem:	2
Nha Chua:	0.50

The yearly rental was increased to 1,500 piasters effective 1958.

and convenience, that Fr. Hy moved the uncovered market to an area covering 500 square meters of Mr. Thu's land.

Mr. Thu's heirs (including Mr. Ho Van The, the village chief, and Thu's brother-in-law) observed the increase in the value of the land and asserted their rights to its recovery on the ground that the refugees had built their houses and the market, and had buried their dead, without the landowner's permission. This forced the 71 refugee families to negotiate for a lease.

The landowner's family offered to lease the land at 35,000 piasters per annum, with 3 years' payment in advance. After negotiations, they agreed to reduce the yearly rent to 25,000 piasters. The refugees still considered this too high and sent a petition to the Provincial Representative of Comigal to intervene on their behalf. The latter sent a note dated August 14, 1957 to the District Chief of Bien Hoa, confirming the necessity of building the market for the Tan Mai Resettlement on two grounds:

1. The market encouraged smaller merchants to come there to trade.
2. Revenues arising from fees imposed on market activities constituted an important financial resource to the Village of Bui Tieng.

In this letter, the Provincial Representative also agreed that the proposed yearly rental of 25,000 piasters was exorbitant. He proposed the following alternatives:

- a. that the landowner be entitled to from 20 to 25 percent of the market fees over a period of 10 years, after which the land occupied by the market would become the public property of Bui Tieng; or
- b. that a committee be appointed to fix the land rent, which would be paid yearly out of market fees collection into the communal funds; or
- c. that if the landowner were unwilling to accept either solution, the Department of Interior be asked by the province to requisition this plot of land for public use.

The representative concluded his note as follows: "Frankly, it is only because of the existence of the resettlement camp that the value of this land has increased. The landowner should be reasonable: he should refrain from taking advantage of the situation. I understand that the sale value of land here is only 3 piasters per square meter (i.e., 61,500 piasters in all)."

In October 1957, the district chief convened a rent-fixing committee, including representatives of the landowner, the Bui Tieng Council, and the Comigal representative at Bien Hoa. After some discussion, the two parties agreed upon a yearly rent of 17,500 piasters for the 2.50 hectares. When the council reported this recommendation to the villagers, the latter still deemed the rent too high and withheld their approval.

A few weeks later, Mr. Bui Truong Truyen, father of the late Mr. Thu, introduced a new representative, empowered to resume the rental negotiations. This representative, Mr. Thu's son-in-law, appeared in the uniform of a Lieutenant in the Civil Guard.³ After some discussion the rent was fixed at 12,000 piasters for the land on which houses had been built and 1,000 piasters for the market site, totalling 13,000 piasters per year. According to some people in Tan Mai, the lieutenant threatened to drive away any family who would not pay its rent and indicated that he might send a regiment of armored cars to level the houses built on the land.

Suspecting the *bona fides* of the lieutenant, the committee asked the Security Service to investigate him. The results of the investigation revealed that Mr. Thu's son-in-law had falsely assumed his identity as an officer during his courtship of Mr. Thu's daughter, and had retained it for his own convenience. He was arrested before the negotiations were completed.

At this point the Tan Mai settlers expressed willingness to sign a contract on the renting of the market site, leaving in suspense the question of the plot of land used for private construction. A contract for rental of market site was signed at the end of 1957 by the Bui Tieng Communal Council and representatives of Mr. Thu's family (consisting of Mr. Ho Van The, brother-in-law of Mr. Thu and Tam Hiep Village chief, and Mr. Luong Van Bien, Security officer of Tam Hiep and guardian of Mr. The's minor children).

This still left the contract covering most of the land unsigned. The Bui Tieng Communal Council explained their concurrence in the first contract on the ground that the market had the character of a public utility, a matter in which they were empowered to act. The village expected to draw out of the market fees an amount sufficient to pay the agreed rent (market fees now reached a total of 4,000 piasters a month). The other sites were described as a private matter in which the Communal Council had no power to act. The district chief stated that the council feared that it would either have to collect a high rent (which would in turn give rise to discontent), or run the risk of collecting an insufficient

³A para-military police organization attached to the Presidency but under operational control of the province chiefs.

amount (in which case the Communal Council would have no resources out of which to assume this added burden).

The district chief asked the 71 families of refugees who had built their houses to elect a representative to act on their behalf in the signing of the contract, but none of them was willing to assume the responsibility of collecting the rents.

According to the Tam Hiep Village Chief (a native of the South), this was a mere evasion. He pointed out that across the highway there was another plot of land⁴ situated in the same region as Mr. Thu's land. The annual rent of each family lot of four by twenty meters was 500 piasters, a sum which they had been willing to accept and had paid regularly. The families who were occupying Mr. Thu's land, he stated, were asked to agree to an average of only 169 piasters yearly for larger plots of ground.

It was also said that the main reason why the Bui Tieng Villagers were unwilling to pay the rent was that they hoped by "watchful waiting" to exercise pressure on the fixing of village boundaries. Many believed that the longer they could keep the problem in suspense, the greater would be the probability that Mr. Ho Van The, village chief and brother-in-law to Mr. Thu, would agree to permit Bui Tieng to absorb Bui Chu and Phan Thanh Gian Hamlets (which were also occupied by the refugees). For this reason, the land rental and the village boundary problems were closely related.

The district chief shared the opinion that once the boundary problem was resolved, the land-lease problem could be concluded satisfactorily.

THE VILLAGE BOUNDARY PROBLEM

According to a Comigal official, as a rule settlers in a portion of land belonging to a village, canton, or district of their native country, become subject to the administration of the local authorities. The refugees from North Vietnam were permitted to retain a certain autonomy in many cases, however, because they were frequently more numerous than the natives of the villages into which they moved. Despite the fact that the refugees and their host villagers were fellow countrymen, they usually presented differences in language, traditions, and customs. Elements of rivalry and contention were present often enough to warrant the creation of tem-

⁴Which formed the Bui Chu Hamlet. See map.

porary resettlement committees subject to special regulations to administer local affairs in the refugee villages.

But this administrative statute could not continue in force indefinitely, he pointed out. Eventually the government had to determine whether to integrate the refugee village with its neighbors or to authorize the creation of new village units upon the fulfillment of specified legal requirements (such as minimum population of 3,000 or occupancy of a certain area of land).

Because Tan Mai Village numbered more than 10,000 people, its transformation into a new village to be known as Bui Tieng was approved by the Regional Delegate of the Government in January 1956, under Arrêté No. 2-HCSV/PI, dated Jan. 4, 1956. The Arrêté specified that Bui Tieng was to be a part of Phuoc Ving Thuong Canton, Bien Hoa Province. On October 19, 1956, a committee consisting of the Regional Delegate, and representatives of Comigal, the Province, Tam Hiep, and the refugees, was appointed to study "ways and means of improving the integration problem." At first this committee was of the opinion that Bui Tieng Village alone did not meet the requirements of a separate village because in spite of its numerous population its area was too small. Standing alone, it could not provide the communal budget with sufficient resources out of its sole source of revenue, the market fees. Therefore, the committee proposed the annexation of Bui Tieng to Tam Hiep.

The Tan Mai villagers were not satisfied with this decision, arguing that although the village area was small, it had abundant resources arising from handicrafts, commerce, market fees, and license fees, which would enable it to constitute an autonomous budget. They pointed to the fact that Comigal had taken steps to have USOM approve a project for setting up a cotton mill and developing a handicraft center in the village, involving over 2,000,000 piasters.⁵ They addressed their petition to Comigal, to the Department of Interior, and to the Presidency, applying for permission to remain a separate village.

Officially, Bui Tieng still belonged to Phuoc Ving Thuong Canton, bordered in its length by the Bui Que Arroyo running 200 meters along National Highway No. 15 (beside Go Nong), while its width touched the limits of Ba Que. But practically, the boundary question was still unresolved. In addition to the plots of 7.06 hectares conceded by Tam Hiep Village for construction purposes, the Tan Hiep refugees had settled on two other plots within the limits of Tam Hiep, which were respectively

⁵This American aid project was implemented early in 1958. The Tan Mai cotton mill was considered one of the best equipped in the province.