

# Free Market Reigns in Former Saigon, But American Largess Is Not the Source

By ROBERT KEATLEY

Staff Reporter of THE WALL STREET JOURNAL  
HO CHI MINH CITY, Vietnam — Looking down as the plane approaches the former Saigon, a returning visitor spots ravaged red earth dotted with deep craters — like a flashback to bombing runs from so many years ago.

But look again. The site is a half-finished golf course, and these are bunkers of a different kind.

So too with this city that serves as unified Vietnam's commercial center, though the political capital is far north in Hanoi. Much seems familiar to anyone who knew Saigon years ago, yet things are not quite the same. And behind the differences, the city is reasserting itself as the boisterous place it used to be and setting the business tone for the entire country.

That's because, in one sense, Saigon—as many still call it—won the economic war despite losing the political and military fight so decisively. The communists who took over in 1975 have abandoned efforts to make the city a socialist showplace, and no longer punish it for its wicked capitalistic ways. Instead, they promote Saigon's free markets as official policy—to the immense relief of a nation that suffered when central planners were in charge.

## Freewheeling Saigonese Style

None are more relieved than the Saigonese. "People have been exposed to this kind of lifestyle before and now they're going back; they've been waiting for it" for years, says Hung Le, who left as a teenager and returns often for a San Diego consulting company founded by Vietnamese immigrants. "It's good for the whole country."

Free-market reforms weren't what Hanoi officials had in mind when they unified Vietnam. They tried to create a Soviet-style command economy. But disastrous production breakdowns, food shortages and social unrest were among the results.

Failure came partly because the Saigonese wouldn't adjust to the rigid rules; they were used to a freewheeling style and to foreign, especially American, methods and products. "South Vietnamese enterprises wanted to break through the fences of the socialist structure," says a Hanoi economist who helped craft the current free-market reforms. And because collectivization failed just as aid from the former Soviet Union was drying up, the southerners got their way, he adds.

Precisely what remains socialistic about the Socialist Republic of Vietnam isn't always obvious—beyond rejecting political diversity as a luxury the country can't yet afford. When asked, Hanoi officials talk vaguely about upgrading health and education, and helping jobless workers who used to be in state factories or the army. It sounds much like a Western-style welfare system.

But here in Ho Chi Minh City, what counts is business.

Along the main shopping street — Rue Catinat to the French, Tu Do (Freedom) to the former Saigon regime but an even more politically correct Dong Khoi (Uprising) to the communists — the old shops sell the same tourist souvenirs and dubious antiques. The major colonial-era hotels (the Continental, Caravelle and Majestic) have undergone facelifts and dropped revolutionary names inflicted on them in 1975. Brodard's is again a popular restaurant. Traffic is chaotic once more.

But the local economy is no longer fueled by the largess of a foreign power, the U.S., as during the war years. Thus the customers have changed, and it's not merely a matter of French tourists replacing the American GIs and bureaucrats of earlier years. More significant are flocks of Korean, Japanese, Taiwanese and other Asian businesspeople, plus some Europeans and a growing contingent of Americans. They don't want ceramic souvenirs, but seek trade and investments as Vietnam rushes to join the world economy.

Ho Chi Minh City leads that rush. It had more finance and industry than Hanoi even in French colonial days. Once collectivism was abandoned in the late 1980s, its commercial culture began reviving vigorously. So much new business gravitates here, in fact, that it's a problem for Hanoi, which must offer extra incentives to attract more into northern provinces.

"The whole country looks to [Saigon] as the engine," says Tran Ba Tuoc, deputy general-director of VPBank, one of Vietnam's first private banks. "If it can pull ahead, the whole country will follow."

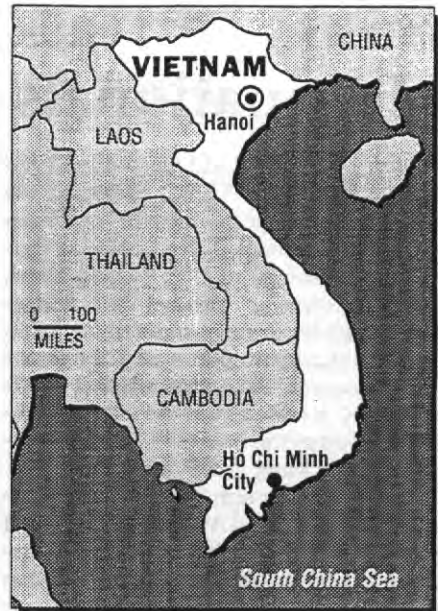
As in any developing economy, much early investment goes into real estate projects, which offer a swift and sure return. By one count, Ho Chi Minh City has 28 hotels under construction, compared with 12 for Hanoi. The city's flashiest business address is a modern tower on Nguyen Hue, a joint venture between a Korean conglomerate and the local Communist Party, which rents space at mid-Manhattan prices. Others will be completed soon, including a rival nearby tower owned by Hong Kong's Peninsula Group and a Vietnamese army unit.

## 'Most Cost-Effective Place'

Industry develops more slowly, partly because Vietnam hasn't yet received normal tariff rates or textile quotas for the vital U.S. market. But the first of Vietnam's five planned export-processing zones is being built near the Saigon River, and so far, 33 companies plan factories there. A Taiwan spinner of polyester yarn was the first to begin operations, but others—including Three Bambi Co., a Japanese children's-clothes maker—will start soon.

"We think this is the most cost-effective place in the whole of Asia," says Lawrence Ting, the zone's Taiwanese chairman.

Cheap labor is only one reason for choosing the former Saigon. Despite many



weaknesses, it has Vietnam's best communications and transport systems, including a port. The city and its suburbs also offer Vietnam's richest market, as a brisk trade in Honda motorbikes, Sony TVs and Aiwa stereo systems indicates. Mr. Le's consulting firm says the city's per capita annual income is \$480, more than double the national average.

Despite improvements, doing business here isn't easy. Corruption is one serious problem; for example, hotels regularly pay bribes to retrieve perishable shipments from customs before they spoil. "Corruption has reached epidemic proportions," says a foreign banker. "The payoffs used to be small, but now it's serious money."

As elsewhere in Vietnam, the rule of law is erratic. Enforceable contracts, bankruptcy laws, consistent taxation and other things taken for granted in industrial societies are just being invented here. Some of the city's commercial regulations take precedence over national ones, to the confusion of foreign investors.

For all that, the former Saigon has a commercial buzz that many find irresistible. One is Gerald Herman, an American advertising man who intended only a brief visit a few months ago. He liked it so much he left his Singapore job, raised some capital and opened his own desktop-publishing firm. "This place is really exciting," he says.

# Multinationals Invade Vietnam

On May 19-20, the World Economic Development Congress (WEDC) convened the first "post-embargo conference" on "Business and Investment Opportunities in Vietnam" at Washington, DC's Barceló Hotel. The gathering was attended by a delegation of high-level Vietnamese trade, banking and industry ministers who had promised to unravel "the complexities of Asia's next tiger," a reference to the reigning economic tigers of the region — Taiwan, Singapore, Hong Kong and South Korea.

"Since 1988, foreign investors from Taiwan, Hong Kong and Australia have signed contracts worth \$7.5 billion," WEDC organizers noted. Obviously Vietnam, a nation of 70 million people with an economy growing at ten percent a year, represents a potential goldmine for foreign companies interested in "profiting from this exploding market!" WEDC cited some added attractions of Vietnam — a rapidly growing middle class with a "pent-up demand for Western consumer goods," an abundance of natural resources and the "most liberal foreign-investment laws in Asia."

A US-ASEAN Council report published on February 3 (the day the US lifted its embargo against Vietnam) predicted that US businesses would reap \$2.6 billion in trade in the first two years. Vietnam's Asian neighbors are also looking toward Vietnam. "The country has a number of international ports and the easiest access to Laos' extensive timber reserves," notes Josh Newell of Friends of the Earth (FOE)/Japan. According to Newell, the former US naval base at Danang "is positioning itself to be the import/export center for Cambodia and Laos."

The World Bank, the Asian Development Bank and the Japanese Overseas Development Agency are already preparing to fund a major project in Vietnam — a 3200-kilometer (1964-mile) highway running from Hanoi in the north to Ho Chi Minh City and Ca Mau in the south. The World Bank estimates that 21 million people will be affected by the proposed Highway 1. FOE/Japan quotes an anonymous finance specialist as warning that "it's still unclear how they are going to relocate people from the area directly affected by some of the planned projects."

The World Bank has dedicated \$158 million to pave the road from Hanoi to Vinh, while the Asian Development Bank is set to finance the southern portion from Nha Trang to Ho Chi Minh City for more than \$120 million. Construction on these initial stretches of Highway 1 is set to commence in the first quarter of 1995.

FOE/Japan has suggested that the World Bank should instead fund the construction of a less-expensive, energy-efficient, high-speed rail system.

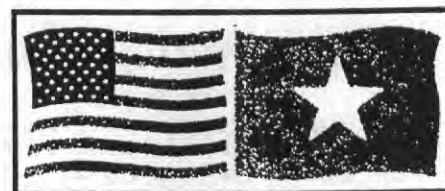
The World Bank has also targeted the Mekong River for a new round of large-scale hydroelectric dams modeled on projects that have caused environmental devastation and human misery at other World Bank-funded sites worldwide.

## Pepsi, Coke and Chrysler

Within hours of the lifting of the US trade-embargo, a "Cola War" erupted in Vietnam with Pepsi Cola and Coca Cola both passing out free samples in Ho Chi Minh City. According to the *Việt Nam Ngát Nay* business newsletter, Coke "can cost up to four times the price of locally made colas."

After the embargo was lifted, General Motors revealed that it had signed a "memorandum of understanding" on future auto production with Vietnam Motors Corp. The agreement was made — secretly — in May, 1993. Chrysler Corp. is also investigating production opportunities in Vietnam.

Environmental activist and University of Hanoi Professor Vo Quy [Winter '89 EIJ], however, warns that Vietnam's existing base of small industry has already caused "water, air and soil pollution... sometimes to a critical extent" and insists that it is neces-



sary to develop "a strategy for sustainable development."

Vietnam's forests, heavily damaged by US bombs and chemical defoliants during the war, have declined another 20-28 percent since the war's end. "Almost 40 percent of the country is now classified as unproductive wasteland," Vo Quy claims. He has called for "a great planting program to reclaim our war-scarred land and to correct our mistake of rapid development." Citing forest loss as "the single most serious long-term threat to the country's renewable natural resources," Vo Quy has set an important goal: "to reforest 40-50 percent of the countryside by the 21st century."

Unfortunately, foreign multinationals remain more interested in tapping Vietnam's offshore oil and transforming its people into another "investment opportunity" for consumption-based economics. — GS

□ **What You Can Do:** Letters about the proposed Highway 1 should be directed to the World Bank [1818 H Street, NW, Washington, DC 20006; (202) 477-1234]. Dr. Vo Quy may be reached c/o the Center for Natural Resources and Environmental Studies, University of Hanoi, 19 Le Thanh Tong, Hanoi, Vietnam.

## Development Endangers Vietnam's Forests

UNITED KINGDOM (Via EcoNet) — A major threat to Vietnam's forests is the international paper and pulp industry. Vietnam's one large paper and pulp mill at Bai Bang was built with Swedish aid in the 1970s. Pulp production led to encroachment into natural forests, while widespread planting of eucalyptus exacerbated soil erosion. Since 1990, the development of the market economy has created a climate that has led to an uncontrolled cutting of bamboo and trees. In ten years, more than 80,000 hectares (197,000 acres) of mostly natural forest lands were cleared to supply Bai Bang.

Another threat to forests, both directly and indirectly, is dam building. The Hoa Binh dam in northern Vietnam is the largest dam in southeast Asia. Built in the 1980s with Russian aid, it displaced 58,000 people and flooded 11,000 hectares (27,170 acres) of productive agricultural land.

The proposed Ta Bu project would place a 150-meter (495-foot) dam at the end of the Hoa Binh reservoir, displacing 150,000 people and flooding much of the remaining wet riceland in Son La and Lai Chau provinces. The impact on an already deforested region would be disastrous.

The Yali Falls dam in the Central Highlands, part of a six-dam scheme for the Se San river, would affect an area already under pressure from deforestation due to logging, chemical defoliation and migration. A labor force of 10-20,000 would work for four-to-six years on a construction process that will require a large amount of timber. Roads will lead to further deforestation. Elephants and tigers are among ten endangered mammals in this watershed.

The World Bank/United Nations' Tropical Forest Action Plan process in Vietnam was a shambles. Consultants flew into Vietnam, produced their reports, took their fees and left hundreds of reports sitting in the Ministry of Forestry in Hanoi. Meanwhile, the failure to address the real issues of deforestation — logging, commercial plantations, resorts, dams and the migration of displaced farmers — remain.

— Chris R. Lang.

Adapted from a paper delivered at the annual Association of South East Asian Scholars/UK conference. For the full report, write Earth Arc, Box E, 111 Magdalen Road, Oxford OX4 1RQ, UK.



Lois Raimondo for The New York Times

Members of a French tour group examining hand-embroidered T-shirts in Hanoi alongside Hoan Kiem Lake. The shirts, sold for \$2 by street entrepreneurs, symbolize a receptiveness to foreigners and commerce.

## Big-Time Tourism Courts Vietnam

By EDWIN McDOWELL

Da Nang is now a stop for cruise ships. Cam Ranh Bay may get Club Med as a neighbor. And the Hoa Lo Prison, nicknamed the Hanoi Hilton by Americans held there during the Vietnam War, is really becoming a hotel.

The travel industry, which has been slowly discovering Vietnam as a tourist destination over the last few years, is scrambling to cut more deals there since President Clinton lifted the American trade embargo in February, making it easier for Americans to invest and travel.

Cruise lines are adding Vietnam's ports to their itineraries. Avis, National and Hertz are negotiating to rent cars there. Club Med wants to open a multimillion-dollar resort 30

**The U.S. embargo lifted, companies are competing for opportunities.**

miles north of Cam Ranh Bay, which, like Da Nang, was the site of an American military base.

And several hotel chains, including Radisson, Marriott and Choice, are talking to developers about opening hotels in Vietnam.

"It's estimated Vietnam needs as much as \$40 billion to upgrade its infrastructure," said Jim Olson, senior vice president for Hawaii and

Asia-Pacific development of Minneapolis-based Radisson. "With that kind of demand you'll have lots of businessmen, technicians and support personnel needing roofs over their head, in addition to the growing number of tourists."

To prevent "our competitors winding up serving our guests," as Mr. Olson put it, Radisson and potential partners from Thailand and Malaysia anticipate putting up hotels in Hanoi, Ho Chi Minh City (the former Saigon), and Da Nang.

Avis is also moving aggressively. "We've had a lot of interest from investors who want franchises in Hanoi and Saigon," said Michael Collins, an international vice president, "and because we see good growth opportu-

Continued on Page D19

# Big-Time Tourism Courts Vietnam

Continued From First Business Page

nities there, we're moving as quickly as we can to stay ahead of the pack."

Travel companies view Vietnam as an important link in an expected surge in travel to and within Asia.

Tourist receipts in the Asia-Pacific region will account for 30.6 percent of \$527 billion in worldwide tourist revenue in the year 2,000, up from 15.1 percent in 1990, according to the World Tourism Organization. Air travel in the region is expected to grow 7.5 percent a year — nearly twice the world average.

"All the statistics show that Vietnam tourism is on a faster growth track than any country in Asia, maybe even more than the rest of the world," said Chuck Y. Gee, dean of the School of Travel Industry Management at the University of Hawaii.

Some travel experts warn against over-optimism and note that Vietnam is far from ready to play host to visitors on a large scale. Still, the tourist companies elbowing to the front of the line envision a market that can average 10 percent annual growth in the number of visitors throughout the decade and generate much more than the \$230 million that the Vietnamese Tourism Department said the country earned from 670,000 foreign visitors last year.

Nguyen Thi Hong, a press officer

## Club Med wants to open a fancy resort 30 miles north of Cam Ranh Bay.

with the Vietnamese Mission to the United Nations, said the country expected a million tourists this year and 1.6 million by the end of the century. While that is a far cry from Hong Kong's 8.9 million annual visitors, or Singapore's 6.4 million, it would be a vast leap from the 20,000 who visited Vietnam in 1986.

"We want to develop tourism, so we welcome everyone," Mrs. Hong said. Americans, she said, would receive a warm welcome.

Expatriate Vietnamese and American veterans of the Vietnam War are expected to account for much of the first wave of American visitors. Americans, no longer forced to obtain Vietnamese visas in Thailand and Hong Kong, can get them in three to five weeks by applying to the Vietnamese Mission in New York.

Lifting the embargo also ended the Treasury Department's \$200 daily limit on expenditures by Americans in Vietnam. When the regulatory agencies work out details, prohibitions are also expected to be lifted on the use of credit cards issued by American banks.

— Because only a quarter of Vietnam's estimated 22,000 hotel rooms are up to international standards, dozens of hotels are under construction, most as joint ventures between the Government and European and Asian hotel companies. A Singapore group, for example, is teaming up with Vietnam in a \$33 million project to turn the Hoa Lo Prison into a 22-story hotel and office tower in Hanoi.

About \$200 million is being invested in five golf courses. A few months ago, the Da Lat Golf Club opened the country's first 18-hole course. Memberships in the club, a \$40 million joint venture with Hong Kong investors, range from \$15,000 to \$60,000.

Several United States airlines are awaiting permission to fly to Vietnam. Which carriers are awarded the routes will ultimately depend on Washington and Hanoi, but United, Continental and Northwest have already staked claims to routes. And Delta Air Lines, with few Pacific routes, recently agreed with Vietnam Airlines to coordinate flight schedules to an intermediate city in Asia that has not yet been designated.

Many cruise lines are considering offering Vietnam visits this year, while Royal Cruise, Holland America, Royal Viking, Orient Lines and Seven Seas Cruise Line may add more Vietnamese ports to cruises, some of which have been stopping at Vietnamese ports for several years.

Seabourn Cruise Line was so pleased with two sold-out cruises that called at Vietnam that it is adding two more next year. The Club Med 2, Seabourn's sailing ship, will have five weeklong Vietnam cruises. And starting Nov. 21, Pearl Cruises is offering a 17-day Vietnam trip that will include a 30-hour on-board seminar with Vietnamese officials and foreign investors in Vietnam.

Book publishers are getting into the act, too. Houghton Mifflin, Lonely Planet and Passport Books recently published new or revised guidebooks on the country.

While some experts say that the number of American tourists, drawn by the allure of a destination that has been off-limits for so long, will increase substantially after normalization of diplomatic relations — something the travel industry hopes for no later than next year — they also warn that some assertions about Vietnam's tourist potential are overblown.

"Some investors will strike it rich," said Dr. A. Terry Rambo, a specialist on Indochina at the East-West Center in Honolulu. "But everybody and his brother seems to want into Vietnam, for reasons not entirely economically rational."

### Hardly a Full-Service Country

"Vietnam only has a few good hotels and not much other infrastructure necessary to handle a big increase in visitors," said Dan Sullivan Jr., head of Collette Travel Service in Pawtucket, R.I., a major tour operator. "Our customers are not talking about visiting Vietnam."

Passport Books warns in its guidebook that the Vietnam tourism industry "is still unable, because of bureaucratic obstacles, to offer many of the different services that are readily available in the rest of Asia."

A group of French bankers recently discovered as much when they spent the night searching for a hotel in Hanoi because the Orient Hotel forgot that the group had made reservations. And the Vietnamese Investment Review, a journal published in Hanoi, recently reported that some Vietnam tour agencies sell package tours without having hotel rooms or rental cars available.

Charles Man, the owner of Sino-American Tours in New York's Chinatown, said it is hard to sell Vietnam as a single destination. "Because of the distance and cost," he said, "Vietnam visits have to be combined with

other destinations," often Hong Kong and Bangkok.

Sino-American, Absolute Asia, South Sea Tour and Travel, All Adventure Travel, Myths and Mountains and Creative Travel are among the growing handful of companies offering tours that include Vietnam. Depending on length and stopovers, most tours from the United States run \$1,800 to \$5,000 a person, plus air fare. Visitors from Asian countries tend to spend less.

Tourism experts acknowledge that trade, rather than educational or leisure travel, will initially be more profitable, although they expect each to complement the other.

"Our best estimate is that there's likely to be \$2 billion to \$4 billion in trade between the two countries in the next couple of years," said Virginia Foote, director of the United States-Vietnam Trade Council in Washington. About 90 percent of that is expected to come in the sale of American goods, she said, especially consumer products.

But for tourism to develop into a big business, the Vietnamese must have repeat customers.

"So unless Vietnam improves its inadequate infrastructure," Professor Rambo said, "all those rosy tourism projections are likely to prove disappointing."

## Otis Elevator Is Returning

HANOI, Vietnam, May 25 (AP) — The Otis Elevator Company signed a joint-venture agreement here today to sell, install and maintain elevators and escalators in northern Vietnam.

The agreement with Lilama, the Union of Building Companies, will create a company known as Otis Lilama. Otis previously operated in Vietnam from 1950 until 1975, when the Communists took control of the south and reunified the country.

Vernon Stait, head of Asia-Pacific operations, said at a signing ceremony: "Otis is very pleased to be back in Vietnam and proud to be partners with Lilama, which has a long and impressive track record in engineering and construction projects."

"We believe that Vietnam's economic success — annual G.D.P. growth exceeding 7 percent for three straight years — will eventually spur growth in the neighboring economies of Cambodia and Laos." Vietnam, he added, "is our focal point for growth in Indochina."

Mr. Stait said there was substantial potential for elevator sales and service with the planned construction of offices, hotels and residential and industrial buildings.

Otis employs nearly 15,000 people and services roughly 80,000 elevators, escalators and moving walkways a year in Asia and the Pacific.

# Americans, Come Back

## Paths to reconciliation in Vietnam.

HO CHI MINH CITY, Vietnam—An American reporter who lived and worked here a quarter-century ago returned last month with trepidation. What sort of reception could I expect from the Vietnamese who boast of their victory over the United States, who built museums to memorialize American "war atrocities," who lost 2 million of their countrymen in a decade of war?

Trepidation was unnecessary. Some bitterness and anger must survive here, but they are well hidden. Those who remember the war seem eager to bury the memory, to start afresh with the United States. And a huge number of Vietnamese don't remember the war at all—the 30 million born since it ended.

I encountered about 50 of those young Vietnamese on a recent afternoon along a path in their native village of Song Phu in the flat, emerald-green rice-growing country of the Mekong Delta. School was getting out. A crowd of young Vietnamese walked by, looking curiously at the visitor. A girl of about 11 said knowingly, "Soviet." She was corrected by another visitor who spoke her language—not Soviet, American. American? That stopped the parade of students in its tracks. A growing crowd gathered to gape at the American—their first American, evidently. With the new generation, Americans get a clean slate.

Even their parents and grandparents give Americans a warm welcome. Vietnamese have found a path to reconciliation, perhaps because they had to find it first in their own families. Most Vietnamese families, it seems, were divided by conflicting allegiances during three decades of civil war. But that really is over now, long over.

Preparing for this visit I found it hard to imagine southern Vietnam without Americans. During the war Americans were everywhere, nearly always in a superior position to the natives. The curfew in Saigon didn't apply to us; customs officials at Ton Son Nhut airport gave us special consideration; merchants in the markets charged us specially high prices, on the (correct) theory that we had a lot more money than the locals.

We built massive installations in Vietnam. If you had told us in 1970 that most of them could simply disappear, we would have laughed. But most of them have disappeared. The mammoth army base at Long Binh, perhaps the biggest Army base the United States ever constructed on foreign soil, a vast collection of bunkers, buildings and tents covering hundreds of acres, is now a vacant lot. The Third Field Hospital in Saigon, where American civilians went for medical care and often saw wounded GIs being helicoptered in from the field for emergency treatment, is also gone—a vacant piece of ground now used as a depot for air freight for nearby Ton Son Nhut airport. At the airport, the old helicopter terminal known to generations of war correspondents as Hotel Three, from which we flew off to see the war and to visit every corner of South Vietnam, is now Ho Chi Minh City Heliport, according to a sign. But there are no helicopters visible—the place looks vacant too.

Helicopters were part of the landscape of wartime South Vietnam. Their thwoketa-thwoketa rumble was nearly always in the air. Now there are no helicopters anywhere. The loudest noise in the countryside is the two-cycle hum of Honda motorbikes, which is ubiquitous.

The recent end of the American economic boycott of Vietnam is a source of great excitement here—and of many rumors, too. A recent visitor to Hanoi reports intense speculation there about the impending sale of entire city blocks to American businessmen. In Ho Chi Minh City people speculate about the fate of the old American Embassy, a strange structure built behind a concrete screen to deter rocket-propelled grenades. It's now used by Vietnam's state oil company. Vietnamese from all walks of life ask a visiting American when the Americans will come in force to take advantage of Vietnam's new openness to foreign investment.

Advance parties have already landed. Pepsi and Coke are both here. American corporations, law firms, accounting firms and more have established beachheads. There's even a bar on Hy Ba Trung Street here owned by an American war veteran from San Jose, Calif., named Bob Shibley, and his Vietnamese wife, Hien—"Bob and Hien's Place." It offers a real ham and cheese sandwich and, at night, the company of young women who look painfully familiar—a new generation of bar girls, alas.

English is well established as the preferred foreign language. French, which was still a useful reporter's tool here during the war, is fast disappearing—French tour-

ists visiting this remnant of their colonial empire have to use English to be understood by waiters in the restaurants here. Russian, briefly the most popular foreign language after the war, has all but disappeared. Vietnamese with just a smattering of English can make extra money tutoring the many others who are eager to learn what they perceive as the official language of commerce.

When America was important here, South Vietnamese mimicked American ways and American institutions. The South Vietnamese government we helped create had a president, a vice president, a legislature, a supreme court and so on. That government failed. So did the Marxist-Leninist state that succeeded it after 1975. Now, as the Vietnamese search for a new model, they talk a lot about Taiwan, South Korea and Singapore—Asian neighbors that started, as Vietnam does, with authoritarian power



REUTERS

structures, built thriving free-market economies, then began to evolve into real democracies. Might that be the right path for Vietnam? Many here obviously hope so.

Dean Rusk, secretary of state to John F. Kennedy and Lyndon B. Johnson, argued eloquently that the United States had to fight the war in Vietnam to contain China. It was an appealing argument at the time, but it was historically flawed. In fact Vietnam and China have been rivals for centuries, something we failed to grasp 30 years ago. Now that rivalry is much discussed by Vietnamese nervous about China's vibrant growth. The Vietnamese are palpably eager for deeper American involvement in their affairs now because they see a large American presence as a way to . . . contain China!

A two-week visit to Vietnam after a 24-year interval was cathartic. Many of the Americans who fought or worked here took away a lot of psychological baggage that hasn't been easy to carry. To discover now that here, where it happened, the war really is a closed chapter, is a comfort, a relief.

So I recommend a visit. The restaurants are terrific, and it's hard to spend \$15 on a splendid dinner for two. (Yes, the airplane ticket here isn't cheap, but a good travel agent can find one for less than \$1,500 round trip.) Vietnam is a lot more crowded than it used to be, but remains beautiful, even beguiling—the more so for the absence of guns firing. And if you buy mangoes in the market, you'll still be charged a premium for being a rich foreigner.

This applies even to Americans who look like Vietnamese and speak their language—Vietnamese Americans, of whom there are more than a million. For America, this new Vietnamese diaspora will be the most permanent consequence of the war. Already the Viet Khieu, or overseas Vietnamese, have an enormous influence here, and it will certainly grow. History has knit a Vietnamese strand into the American fabric, and has made America a permanent part of Vietnam.

*The writer is managing editor of The Post.*

*Terry Anderson*

# Lew Puller Was No Victim

The death of Lew Puller Jr. last Wednesday was a tragedy for this country, for his family and for me personally. He was a good friend and a man I admired greatly for his courage, idealism, grace and kindness. There are few enough heroes left for us today. He was one, and not just because of what he did as a Marine officer in Vietnam to earn a Silver Star. He showed himself to be a hero in all the battles he fought for the next 25 years—against his physical disabilities, against depression and alcoholism and drug dependency.

He was not a victim. Nor would he want the million other Vietnam Vets of America to be seen as victims. The coverage of Lew's death has revived that worn stereotype of vet as damaged human being, plagued by demons and unable to live again in a normal world. What of all those vets, the vast majority of whom are successful businessmen and educators and politicians? Men like Jim Kimsey, who built and runs America on Line, or Sen. John Kerry? There are three times as many Vietnam vets in the U.S. Senate as their numbers in the general population would suggest. They are not victims. They are men who fought a terrible war, then went on with their lives, taking out of their experience what they could use and build on.

And what of Lew himself? His search for personal healing brought healing to others here, through his Pulitzer Prize-winning book, "Fortunate Son." And it led him to attempt a much greater healing, between America and Vietnam. As a director of the Vietnamese Memorial, he worked hard for reconciliation between the two peoples and helped conceive the VMA's main project—a living memorial to the 2 million men, women and children who died in Vietnam in the form of several schools to be built in Quang Tri Province, the poorest in the country. He went back to Vietnam and chose a spot for the first school, raised money toward its construction, and was on the verge of seeing ground broken.

Lew was a man who carried many burdens, heavier than you or I could imagine. He carried them with strength and grace for 25 years before they finally became too heavy for him, and he laid them down in the only way he could think of. But don't tell me he was a victim. And don't try to make victims out of the rest of us.

*The writer, a journalist held hostage in Lebanon for many years, is co-chairman of the Vietnamese Memorial Association.*

## Foreign Trade Bank Mid-Week Exchange Rates

|             | Buy           |               |               |               | Sell          |               |
|-------------|---------------|---------------|---------------|---------------|---------------|---------------|
|             | Cash          |               | Transfer      |               | Hanoi         | HCMC          |
|             | Hanoi         | HCMC          | Hanoi         | HCMC          |               |               |
| <b>USD</b>  | <b>10,930</b> | <b>10,965</b> | <b>10,979</b> | <b>10,980</b> | <b>10,989</b> | <b>10,990</b> |
| <b>GBP</b>  | 16,204        | 17,037        | 17,170        | 17,109        | 17,424        | 17,407        |
| <b>HKD</b>  | <b>1,335</b>  | <b>1,393</b>  | <b>1,407</b>  | <b>1,401</b>  | <b>1,436</b>  | <b>1,444</b>  |
| <b>Fr F</b> | 1,966         | 2,044         | 2,072         | 2,056         | 2,114         | 2,112         |
| <b>S Fr</b> | <b>7,961</b>  | <b>8,284</b>  | <b>8,406</b>  | <b>8,367</b>  | <b>8,560</b>  | <b>8,595</b>  |
| <b>DM</b>   | 6,883         | 7,146         | 7,114         | 7,167         | 7,245         | 7,215         |
| <b>JPY</b>  | <b>106.00</b> | <b>111.24</b> | <b>111.76</b> | <b>111.69</b> | <b>113.81</b> | <b>114.05</b> |
| <b>Baht</b> | 414           | 430           | 436           | 433           | 445           | 443           |
| <b>AUD</b>  | <b>7,590</b>  | <b>8,045</b>  | <b>7,938</b>  | <b>8,053</b>  | <b>8,161</b>  | <b>8,102</b>  |
| <b>SGD</b>  | 6,819         | 7,165         | 7,200         | 7,208         | 7,332         | 7,390         |

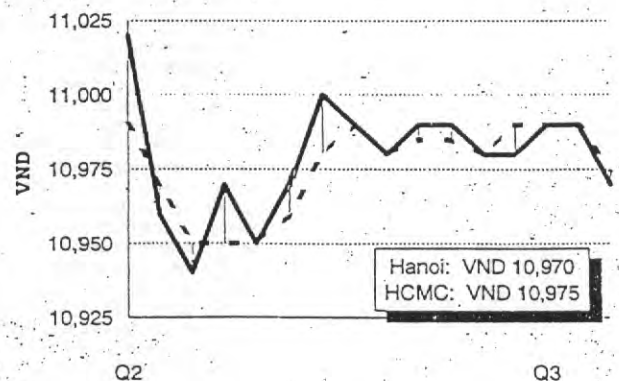
## Mid-Week Prices

| Commodity                       | Unit          | Hanoi         | Da Nang       | HCMC          |
|---------------------------------|---------------|---------------|---------------|---------------|
| <b>1. Rice</b>                  | VND/kg        | <b>2,200</b>  | <b>2,100</b>  | <b>2,300</b>  |
| <b>2. Sugar</b>                 | VND/kg        | 6,500         | 7,000         | 7,000         |
| <b>3. Gas</b>                   | VND/kg        | <b>2,800</b>  | <b>2,600</b>  | <b>2,600</b>  |
| <b>4. Urea</b>                  | VND/kg        | 1,950         | 1,950         | 2,100         |
| <b>5. Cement</b>                | VND/kg        | <b>760</b>    | <b>860</b>    | <b>890</b>    |
| <b>6. Gold<sup>1</sup></b>      | VND1,000/tael | 5,220         | 5,250         | 5,200         |
| <b>7. US dollar<sup>2</sup></b> | VND/USD       | <b>10,970</b> | <b>10,990</b> | <b>10,975</b> |
| <b>8. Pork</b>                  | VND/kg        | 15,500        | 18,000        | 22,000        |

1. One tael of gold is equal to 37.5 grams.

2. Market rate.

## Hanoi / HCMC dong to the dollar & spread



Source: VIR research

**REDISCOVERING VIETNAM**

A WAR CORRESPONDENT RETURNS

# Blasted Village Reconciles Past

## Scars of U.S. Bombing Error Recede as Nhi Binh Prospers

Second of two articles

By Robert G. Kaiser  
Washington Post Staff Writer

**O**NHI BINH, Vietnam  
n Jan. 14, 1970, The Washington Post published a front-page story describing how American B-52s had bombed Nhi Binh village by mistake two years earlier.

Perhaps 150 bombs had fallen silently from giant bombers flying five miles up in the sky, killing 80 villagers and wounding 70 more, damaging or destroying many of the villagers' thatched huts and leaving vast craters throughout the neighborhood.

Two years after the bombing, the residents of Nhi Binh still waited for promised American compensation for the death and destruction. When Americans showed up in 1970, villagers flocked to greet them, hoping that they were bringing the cash. But the visitors came with questions, not cash.

Those visitors were this correspondent, his wife and Vu Thuy Hoang, a Vietnamese reporter who worked in the Saigon bureau of The Post from 1966 to 1973, during most of America's Vietnam war.

Hoang is now an American citizen who works for The Post in Washington. The three of us recently returned to Nhi Binh after 24 years. In this village about 25 miles northwest of Ho Chi Minh City, formerly Saigon, we found the new Vietnam.

It is a crowded country. The population of Vietnam has doubled in these 24 years—it is now about 72 million people—and the consequences are visible in Nhi Binh. The village has many more structures than it did a generation ago; numerous brick and stucco houses have joined thatched huts erected by the farmers who live here. Television aeriels have sprouted above houses and huts alike. Nhi Binh's agricultural economy is prospering.

At first it was hard to believe that this was the same Nhi Binh, but a stone-and-mortar turret, once part of a militia outpost in the village, provided a familiar landmark. This was the place.

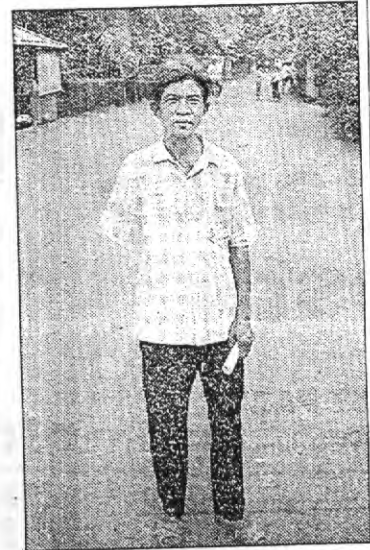
We sought out a local authority and quickly found Thai Van Tan, 66, the Communist Party secretary in Nhi Binh. Tan is a small, sinewy man whose most striking physical characteristic is the

See VIETNAM, A12, Col. 2



PHOTOS BY ROBERT G. KAISER—THE WASHINGTON POST

**NGUYEN HUU VY:** *Creator of a famous Viet Cong battalion acknowledges heavy casualties, "but we didn't lose our effectiveness."*



**THAI VAN TAN:** *Now Nhi Binh's Communist Party secretary, he lost his arm in a 1969 battle and spent much of the war in a prison camp.*



# Village Bombed in Error by B-52s Reconciles Its Past

VIETNAM, From A1

absence of a right arm. It was blown off in a battle in 1969. Until then he had been an underground Communist cadre in Nhi Binh, operating secretly and living literally underground in hideouts dug with his own hands, he said. Tan was captured by the South Vietnamese army after he was wounded and was held in a prison camp until the Paris peace agreement was signed in 1973.

We found Tan with his wife in his rather large house just off the red-dirt main road. He reacted nervously to unexpected visitors from America. He would have to call the district office to be sure it was all right to talk to us, he said, displaying the anxiety about the Western press common now in Vietnam.

The Foreign Ministry's press office in Ho Chi Minh City, the official name for the city long known as Saigon, had cleared the way for the visit, so Tan returned quickly from the village office where he made the phone call and announced that he was authorized to conduct a tour of modern-day Nhi Binh. But no photographs of the villagers, he said, not this time.

We had brought a copy of the article about the village that ran on The Post's front page in 1970 and also two photographs taken the day of our original visit. Tan and his wife studied the pictures, which showed several villagers. They immediately recognized one, Nguyen Van Dong, who had died years earlier. Dong's son lived nearby, Tan said as he began to warm up a little.

Setting off down the road, Tan pointed out the stone turret from the old South Vietnamese outpost. A lot of the men who served there were still in the village, Tan said, and within minutes one of them appeared.

He was Le Van Man, 58, who had a ready smile that displayed his few remaining teeth. Man was one of a number of villagers who

gathered around the visitors. Tan told them who we were and that we knew about the B-52 bombing. We had asked to see any of the craters left by the B-52s, and the villagers began discussing where they could be found. Most had been filled in, Tan said; a few were being used now to raise fish.

The conversation turned to the war. Man acknowledged that he had served in the South Vietnamese militia; he was one of the soldiers who had operated out of the outpost whose turret had been preserved. He pointed to an ugly wound above his left knee that, he said, left him unable to do physical work.

So he and Tan were on opposite sides? Yes, Man said with a grin, gesturing at the party secretary. In those days, he said, the militia knew who Tan was and tried to track him down. "If I had found him," Man said, "I would have shot him dead." This comment provoked a loud reaction and some derisive hoots from others in the crowd.

What happened after 1975? Man was asked. They became friends, he replied. Was it easy to make friends with your former enemy? "Sure, no problem," Man replied.

## On Both Sides of the War

Tan explained that after liberation day, the new authorities appealed to all former South Vietnamese soldiers to turn themselves in, and most did. They were given three days of reeducation lectures, Tan said, then went back to their families. Many families had members on both sides in the war, he said. Everybody was reconciled now.

Guided by the recollections of numerous villagers, Tan set out to show the visitors some of the remaining B-52 bomb craters in Nhi Binh. We walked down paths lined with coconut palms and fruit trees. Tan found one crater, then another. They are just ponds now—the mounds of dirt that surrounded

the craters 24 years ago are gone. He authorized photographs of the craters.

Presently, an unexpected sight loomed in front of us—a large, modern villa, stucco over brick, its air conditioners visible above the stucco wall that surrounded the structure. The house was bigger even than the brick and stucco villas in Hi Chi Minh City that now sell for as much as a quarter-million dollars. It looked uninhabited behind a big iron gate.

## The American Connection

Nhi Binh obviously was prospering, but this was much grander than anything a successful Vietnamese farmer might construct. Who built it? "My nephew in America," Tan replied, evidently proud of the association.

Tran Van Loi was the nephew's name, according to Tan and other members of the extended family who now enjoy a special status in Nhi Binh because of their rich relative. Loi is a computer engineer living in California, his relatives said. He was the 10th son in a big family and had built not only the big villa, but a formidable brick house next door for his mother.

After studying these imposing structures, we all walked back toward the center of the village. On the way, we met the fourth brother in Loi's family, Tran Van Le, who was working on his Vespa motor scooter on the main road.

Le's 31-year-old wife and 12-year-old son were killed in the accidental B-52 bombing, he recalled matter-of-factly. At the time, he was a chauffeur for the U.S. Agency for International Development, Le said. Did that mean he had been sent away for reeducation after liberation day, as were many who worked for the Americans?

"Oh no," Le said, grinning at Tan, the party secretary. "We knew each other dur-

ing the war; we met from time to time," and after 1975 Le worked with Tan in the village government, on "culture and information," he said. In other words, Le was one of the countless Vietnamese who played both sides of the street during the American war.

His rich brother in America paid \$85,000 to build his villa, Le said. He came for a visit at Tet last January, Le said, referring to the Vietnamese lunar new year holiday that is by far the most important occasion of the year. He'll probably come again for Tet next year, Le said.

Reconciliation, economic growth, a Communist Party official proud of the huge house built by his rich nephew who had fled to America and people who seemed at peace with the past, no matter how horrific it had been—here was the new Vietnam, all in one village.

There are permanent scars, to be sure—missing arms, craters dug by B-52s, the stone turret—but they are old enough now to be familiar, part of the landscape. And this time, no one asked for America to pay compensation.

*Robert G. Kaiser, now managing editor of The Washington Post, was a correspondent in the newspaper's Saigon bureau in 1969-70. He recently returned to Vietnam with Vu Thuy Hoang, a Vietnamese journalist who worked for The Post in Vietnam from 1966 to 1973, and who is now an American citizen living in Washington and working in The Post's news research center. Hoang's reporting contributed to these articles.*

## REDISCOVERING VIETNAM

# Communist Leaders Stoutly Defend Tet Losses

BEN TRE, Vietnam

**F**or an American reporter covering the Vietnam War a generation ago, the greatest mystery was the enemy. Who were these resourceful, courageous and utterly determined men who could fight so well and absorb such losses? Now it is easy to find out.

One of them was Nguyen Huu Vy, now 64. He grew up near here, fought against the French near here, was arrested here in 1955 in the new South Vietnamese government's "Denunciation of Communists" campaign, got out of prison in 1959 and in 1960—responding to an order from the Communist Party—organized a military unit here to begin a new war.

He had no weapons, he recalled in an animated interview. His first squad of 11 recruits armed itself with fake rifles carved from the heavy, butt ends of coconut palm fronds. With them they ambushed soldiers of the Ngo Dinh Diem regime, who were apparently too frightened to look closely at the weapons. Vy built up an arsenal by stealing the weapons of Diem's forces, usually in ambushes. With the new weapons he could expand his force—to a platoon, then a company, then a battalion.

Vy told his story with an enthusiastic body language unusual in Vietnamese. He gestured vigorously, and his eyebrows moved up and down his forehead. It was easy to see why other men were willing to follow him into battle.

When he realized that his American visitor had spent time in the Ben Tre area during the war, he asked if the American knew the names of any local Viet Cong units. "Did you ever hear of Battalion 516?" he asked. It was a famous unit, and Vy was clearly proud to announce that he created it.

Did the visitor remember the battle in 1964 when Battalion 516 cut up two South Vietnamese battalions, killing their four American advisers? The visitor did not. Vy was disappointed.

What about the Tet Offensive of the Year

of the Monkey, in 1968? Yes, this was well known. Ben Tre City, the provincial capital, won an odd sort of notoriety as the city of which an American officer was quoted as saying after Tet, "We had to destroy the city in order to save it." In fact Ben Tre wasn't destroyed, but it was badly shot up by the American 9th Infantry Division, which had to pry Vy and his men out of the town.

Vy said he was given his orders to attack the city just 24 hours ahead of time. Sappers began the battle at 2 a.m.—just as Viet Cong guerrillas were moving on the U.S. Embassy in Saigon, now known as Ho Chi Minh City, and other targets all over the country.

Vy's sappers came across the river in sampans and began setting off explosives in the city. They were followed by three battalions, known as 516 A, B and C. Altogether Vy threw 2,000 men into the Tet Offensive.

They held their ground for two days, when the Americans landed several miles east of town and began to fight their way toward the city, supported by heavy artillery and fighter-bombers. Seventeen Americans in the first U.S. unit to advance on the town were killed, Vy remembered. His own losses were heavy in the fierce combat, and at the end of the day's fighting he had run out of ammunition. At midnight he withdrew silently from Ben Tre.

## 40 Percent Losses Bearable

How heavy were his casualties? The proud commander refused to give a number—hundreds, he acknowledged, "but we didn't lose our effectiveness."

How could that be? The losses were obviously grievous, but he insisted that his units remained effective fighting forces. His visitor challenged that conclusion; it didn't seem possible. What was Vy's definition of an effective force? "Unless we suffered more than 40 percent casualties, we considered our forces were still intact," he replied. Forty percent of 2,000 was 800 men.

Vietnamese losses during the war were

huge—at least 2 million killed out of a wartime population of less than 40 million. The United States would have to lose 12 million to suffer comparably.

Vy and other veterans interviewed across southern Vietnam never suggested that they considered these losses excessive. Tran Bach Dang, leader of the underground Communist Party in Saigon during the entire American war, put it most bluntly in discussing his losses from the 1968 Tet Offensive.

"More than 5,000 were sacrificed," he said of those killed in the attacks on Saigon. "More than 10,000 were wounded. Seven thousand were taken prisoner."

"Wasn't that a very high price?" he was asked.

"No, we considered it not a very high price," he replied. "We wanted to make a political statement. And that led to the Paris peace talks and to the end of the war. Without the Tet Offensive, the killing would have been greater."

Dang was an original member of the National Liberation Front and one of the highest-ranking southern Communists during the war. Ironically, he now lives in a house in Ho Chi Minh City that was famous during the war as the residence of a series of young American diplomats who, by reputation, gave the best parties in the capital.

For many years on New Year's Eve, a "Light at the End of the Tunnel" party was held in the house at 47 Phan Tan Gian St. (now renamed Dien Bien Phu Street). Diplomats, CIA agents, journalists and American officers gathered there to drink and gossip about whether that light was yet visible—whether, or how, the war could ever end. Now No. 47 is Dang's house. His Mercedes, an old model, is in the garage.

Dang was born in Saigon in 1926. He fought against the French in the first Indochina war and was captured. He tells his story now out of the right side of his mouth; the left side is paralyzed—"tortured by the French, in prison," he explained.

In 1957, he was called into the jungle to

help form the National Liberation Front and was a member of its first presidium, or executive committee. In 1965, he was sent to Saigon as first secretary of the city's Communist Party. He came in the guise of a professor. "I had suits, shirts and ties, a car to go back and forth as though I was a professor," he recalled with a grin.

## Saw Own Face on Posters

Eventually his identity did become known, Dang said; spies in his organization or members who defected or were taken prisoner saw to that. "I used to see my own face on posters around the city," he said, so he grew a mustache and wore sunglasses.

Dang became one of the South Vietnamese Communists who openly criticized the leadership in Hanoi over its clumsy efforts to absorb the south after 1975. He opposed re-education, believing that "good people" could be converted to the revolution in a few days, and that hard cases could not be convinced in 15 or 20 years.

"We deluded ourselves," he said. "Personally, I would have just let the people go who wanted to go." For several years Dang has spoken out for greater freedoms and more liberalization.

Writing for the official newspapers, pressing his views and meeting with foreign journalists constitute Dang's principal activities these days.

He expressed satisfaction with new economic policies that have turned the country toward individual enterprise. There's even something in it for Dang. The Foreign Ministry's press department—which requires "capitalist" journalists to pay a fee for assistance in setting up interviews here—in turn pays those who give the interviews. For spending two hours with The Washington Post, Dang was paid 50,000 dong—roughly the weekly salary of a mid-level civil servant, equal to \$4.50.

—Robert G. Kaiser

# The Washington Post

SUNDAY, MAY 15, 1994

## To Vietnamese, 'Times Have Never Been Better'

First of two articles

By Robert G. Kaiser  
Washington Post Staff Writer

HO CHI MINH CITY, Vietnam

**W**hen helicopters lifted the last Americans off the roof of the U.S. Embassy in Saigon in April 1975, they etched in our memories the very image of defeat, America's first defeat—or so it seemed for years.

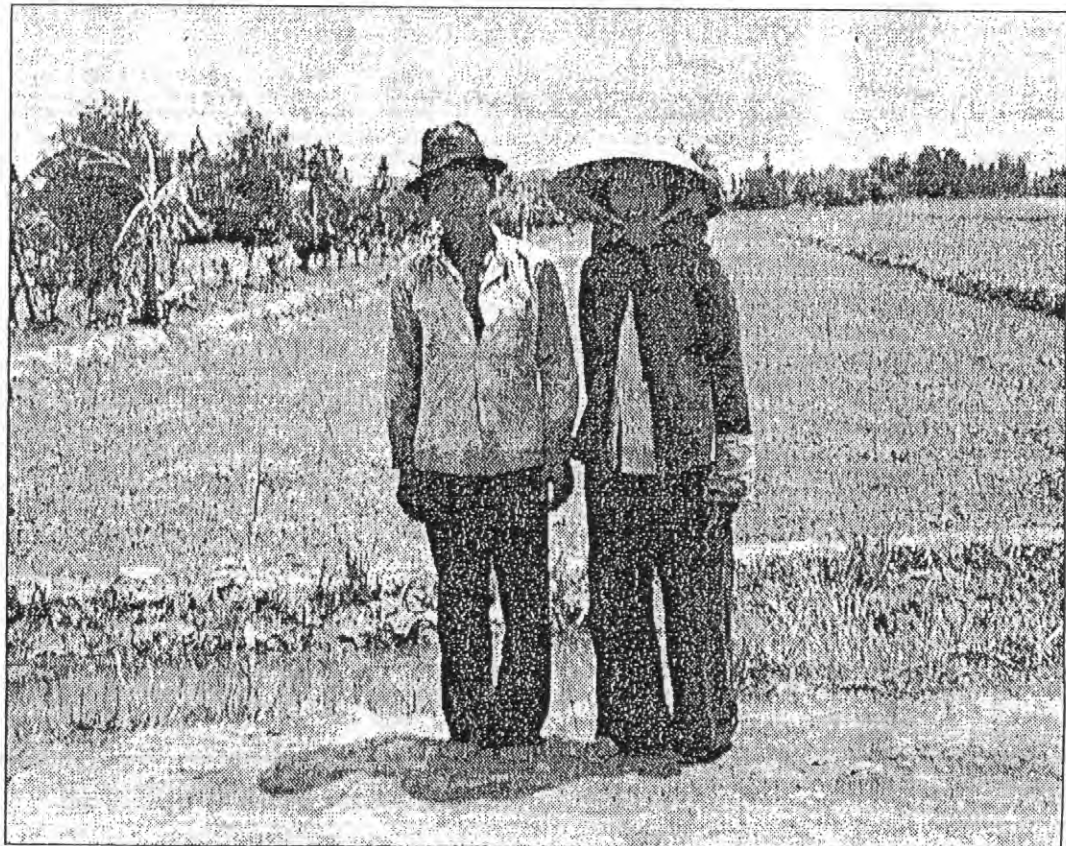
But a return to southern Vietnam puts that defeat in a new perspective. Then it looked as if communism had triumphed in Vietnam—the light at the end of the tunnel illuminated a hammer and sickle. It doesn't look so simple today.

There *was* a light at the end of the tunnel: the headlight on a Honda motorbike. In 1970, there were 175,000 motorbikes in Saigon, their whining engines and smelly fumes evidence of spreading consumerism fueled by American dollars. Today there are probably 1 million motorbikes in the city (and nearly 3 million in all of Vietnam), consumerism is rampant and the U.S. dollar is legal tender and accounts for half the money in circulation, according to a banker here.

The Communist Party of Vietnam still rules the country, but its old Marxist-Leninist doctrine has been trashed.

The values of Western capitalism now prevail. The Communists won the war, but lost the peace.

An old acquaintance from wartime Saigon, a man who turned out to be a Communist agent who stayed behind to welcome the revolution, offered a comforting explanation of the ultimate outcome: "You won



BY ROBERT G. KAISER—THE WASHINGTON POST  
Vo Van Tam, with his wife, is a farmer in Song Phu village, where rice yields have risen 500 percent in recent years.

The policy of *doi moi*, or renovation, adopted in 1986, has meant the abandonment of central planning and control, and the eager pursuit of a free market. Even state-owned enterprises, a shrinking sector of the economy, now behave like private firms and have to make a profit.

"Now we are following our own path," said Nguyen Nam Binh, a humorless party official in Vinh Long province. The path is a new one, he acknowledged, but the goals are still "the goals of socialism." And what are the goals of socialism? "To create a prosperous country in which the people are rich."

"Rich people, strong nation" is an official slogan, repeated by government officials and the official media (which remain predictable and dull).

The rush to make money upsets many idealistic intellectuals. One of them is Duong Quynh Hoa, a medical doctor who left a comfortable life in Saigon in 1968 to join the National Liberation Front and became deputy minister of health in the Communists' Provisional Revolutionary Government, a short-lived front for the North Vietnamese.

She has broken with the Communists over their postwar policies, but said: "I prefer socialism, to have more social justice. . . . Now I am very afraid, because for most people money is too important. And I don't see that moral values have significance."

Those who share her anxieties readily admit their helplessness before the onrushing surge of free enterprise all around them. "Everyone in the city is corrupted" by the hunger for money, Hoa said emphatically in an interview in her large office in the children's hospital here, which was built by the French.

Southerners seem relatively content that the leadership in Hanoi is dominated by practical men who are permitting the south to pursue the now-sanctioned goal of a thriving market economy. The prime minister, Vo Van Kiet, a southerner himself, is an important promoter of economic reform.

There is grumbling about rigidities in the old bureaucratic structure (which is more rigid in the north than in the south), and open criticism—officially encouraged—of corruption, which is widespread and apparently getting worse. But politics isn't a popular subject in the south. Newsstands in Ho

Chi Minh City don't even sell the Communist Party or army newspapers—those closest to the seat of power in Hanoi. "People don't buy them," a newsstand owner explained.

To a long-absent visitor, the new optimism among southern Vietnamese feels like the sense of relief of survivors. These people survived grim years of deprivation. The conquerors imposed harsh conditions after 1975, driving more than 1 million people to emigrate, often at great risk, and leaving millions more to suffer from loss of status, loss of security and simple hunger.

And hundreds of thousands were sent off to reeducation camps. For those considered most incorrigible, particularly officers of the old South Vietnamese army and police, the conditions were appalling [see accompanying article]. Many died in camp, and others were held for as long as 18 years.

Today all that is discussed here as old history, gone forever. During two weeks of reporting, this reporter could not find a single Vietnamese from any station in life who thought the bad old days could come back. On the contrary, it seems to be a given that free-market policies will continue.

One who insisted on the permanence of reform was Nguyen Xuan Oanh, 68, an economist with a doctorate from Harvard University, who served as deputy prime minister of South Vietnam from 1963-67. Oanh stayed here in 1975, spent years under house arrest, then worked his way into a position that enabled him, he said, to help persuade the government to make "a 180-degree turn" in its policies. If the government in Hanoi "decided today to try to stop everything, they would have a coup d'etat on their hands," Oanh said.

The present reforms do not have a strong political component. Hard-liners in Hanoi insist there is no connection between free enterprise and free politics. But their ability to maintain control is uncertain. As in China, where economic development, especially in coastal regions, has raced ahead of the political structure, Vietnam's boom may defy traditional controls.

The Vietnamese Communists' political legitimacy never depended on Marxist-Leninist ideology, however. Patriotism was its strongest card, and by organizing defeats of

both France and the United States, the party's credentials as protector of the motherland are ensured. Vietnamese revolutionary leader Ho Chi Minh's most famous slogan was, "Nothing is more precious than independence and freedom."

The party "has to change," observed Ly Qui Chung, a newspaper publisher and member of the national assembly in the old South Vietnam who stayed to work with the Communists and now publishes the trade unions' national newspaper. Yet he repeated an oft-heard warning that for now, the party continues to be an important source of stability in a society that needs stable leadership.

The country's leaders have recognized the south's strengths. In fact, the key leaders in Hanoi for nearly a decade have been southerners and men who spent long periods in the south. Two weeks of conversations with Vietnamese leave the impression that at least here in the south, they now look to the future with anticipation, even eagerness, while recognizing that it will change them utterly.

## Confidence and Fatalism

There is a peculiar Vietnamese combination of confidence and fatalism visible in the way ordinary people walk out into traffic on the country's busy city streets and country roads. Often loaded down with a bag of rice or a tray of pineapples, someone will step into the traffic without really looking, apparently assuming the drivers will find a way to avoid them.

Americans saw this fatalism during the war, when intelligent Vietnamese refused to believe that their country's future would be decided by themselves. These people were certain that China, the Soviet Union and the United States would decide their fate. Now they have accepted more direct responsibility, but they are plunging ahead without a map or a guide.

"Think of our situation as a long night," said Nguyen Phuoc Dai, a well-known Saigon lawyer and member of the South Vietnamese national assembly before 1975, who was then an outspoken opponent of the South Vietnamese government and who stayed on after 1975 without knowing what might happen to her. She turned her home into a restaurant after 1975, and is doing quite nicely after some difficult years.

"Nineteen seventy-five was 7 p.m.—the beginning of the long night," she elaborated. "Now I'd say it's about 3 a.m.—still night, but it will soon be dawn, soon the sun."

It's an optimistic but widely shared prognosis—another light at the end of the tunnel.

*NEXT: The new Vietnam*



War. "So you lost a skirmish here—so what?"

So plenty, of course—58,000 American lives, 120 billion American dollars, lost American innocence. For a reporter who spent 17 months here in 1969-70 writing about the hapless American attempt to win a war and foster a new nation called South Vietnam, a visit now is a dizzying experience, filled with a rich combination of haunting memories and modern-day amazements.

The most haunting memory is of the very real defeat America suffered here, despite the way things may look 20 years later. For many of the Americans who lived through it, shaking off the Vietnam War has not been easy.

But the people of southern Vietnam have surely shaken it off, or buried it. Attempts during a two-week visit to draw out Vietnamese on their thoughts about the American war and its impact on their country generally produced brief remarks about the many years of war that Vietnam has survived but no detailed reflections.

"Most people here would like to forget what happened in the past," said Tran Phuoc Duong, 54, the rector of Can Tho University, who earned a doctorate at Michigan State University.

What matters now is making money and building a better life. This city of at least 5 million people—Ho Chi Minh City officially, but still Saigon in the mouths of natives—swirls with humanity and commerce. Driving through town in a car feels like careening through a swarm of bees. The bees are two-wheeled vehicles: bicycles, motorbikes and scooters. They control the road and set the pace, rarely faster than 10-15 mph.

Vietnam's new free enterprise is everywhere. On many streets, every building has a shop on the ground level, and more stalls line the sidewalks selling odorous dried fish, Pepsi and 7-Up, Heineken beer (or half a dozen other brands, all brewed in Vietnam), straw baskets, plastic furniture, flowers, textiles, lottery tickets and *pho*, the ubiquitous and tasty Vietnamese noodle soup.

According to Nguyen Son, spokesman for the Peoples' Committee of Ho Chi Minh City, the governing authority, more than 100,000 small retail businesses were licensed by the city at the beginning of this year, and he readily acknowledged that many more operate without a license.

nam goes far beyond street commerce. Huge new industrial enterprises are beginning to sprout up, firms like the Huy Hoang ("Glory") Co. Huy Hoang's mammoth garment factory covers more than five acres on the Bien Hoa Highway that used to connect Saigon to the huge U.S. air base at Bien Hoa and the Army base at nearby Long Binh.

The first Huy Hoang garment factory opened in 1989 with 100 employees. Now 3,000 employees work in two shifts from 6 a.m. to 10 p.m. six days a week, sewing stylish clothes for export to Eastern Europe, Japan and other foreign markets. They are paid piecework rates and earn about \$55 a month, big money in a country whose per capita income is still less than \$250 a year. Huy Hoang is owned by Le Van Kiem, a public works engineer in North Vietnam before he came south after "liberation" in 1975.

There also are several big foreign-owned businesses in southern Vietnam—Taiwanese, Hong Kong-owned, South Korean, Thai, Australian and more. The government has welcomed foreign investment, allowed the negotiation of labor contracts paying Vietnamese as little as \$17 a month and permitted full repatriation of profits.

Southern Vietnam has received a large share of all foreign investment in the country—so large that the authorities in Hanoi have redirected some investors who wanted to go south to sites in the north instead. Foreign investment would be even greater if Vietnam had a legal code that foreign investors could rely on—one is being written—as well as the electricity, water and work force to handle more new plants.

### Prosperity Has Its Costs

A four-day tour of the Mekong River Delta south of Ho Chi Minh City revealed a countryside that is also prospering. Rice farmers in the Delta have made Vietnam the world's third-largest exporter of rice, behind the United States and Thailand.

More than 20 years ago, American workers from the Agency for International Development taught the Delta's farmers to use "miracle rice" that could double traditional yields and allow a second and even a third crop every year. Growing the new rice required fertilizer and water pumps to control irrigation, and some of the American-made Kohler water

'70s are still working. (Kohler licensed the pump technology to a Taiwanese company whose products are now widely sold in Vietnam.)

Use of new techniques largely disappeared during the first years after North Vietnam won the war in 1975, when farmers were forced into collectives and material incentives to work hard essentially disappeared. But the collectives have been abandoned now, and land has been distributed to farmers; though they do not have legal ownership, the land is technically for their use and the right to "use" a piece of farmland can be sold or inherited.

A typical beneficiary of land distribution is Vo Van Tam, a 49-year-old farmer in Song Phu village in the Delta's Vinh Long province. Thanks to farmers like Tam, rice yields in Song Phu have gone up 500 percent since economic reforms were begun in the late 1980s.

Tam farms about an acre and a half of rich Delta land. He can rent a small tractor when he needs one. He buys fertilizer in the market and makes his own deals with middlemen who buy his rice. He clears 1 million dong for each rice crop—just less than \$100—and gets two crops a year. Tam, who fought in the South Vietnamese militia during the war, told unexpected visitors to his village, "Times have never been better than this."

The atmosphere here suggests the early stages of an economic boom, from the cellular phones and beepers worn by members of the new entrepreneurial class to the television aerials sprouting from peasants' thatched huts in the countryside. Vietnam's gross national product has been growing at more than 8 percent a year for three years, and two-thirds of the GNP is created in what used to be South Vietnam.

Growth will become boom only if Vietnam can manage the abrupt and dramatic changes now churning the country. The population is growing much too fast—doubling in about 30 years—and the infrastructure is still much too frail to support a modern economy. The country suffers from a shortage of managers and skilled workers. Rampant smuggling is hurting Vietnamese entrepreneurs. Vast differences have opened up between the richest and poorest Vietnamese, and there are numerous shantytowns, beggars and other reminders of the poverty that still afflicts much of the nation.

Duong, the Can Tho University rector, farmers growing two or three rice crops a year build elaborate dikes to hold water which disrupt natural waterways and kill off fish.

Fewer fish means less protein for the population, and malnutrition is a growing problem, Duong said. If Vietnamese spend their money on protein, they have less to buy a television—so some families have a TV but eat too many meals consisting only of rice, Duong said.

Similarly, the more extensive use of fertilizer and herbicides has polluted some waterways. Ready foreign and domestic markets for Vietnam's tropical woods have radically depleted the country's forests. Burgeoning population has encouraged division of the land into smaller and smaller parcels. Coping with growth will not be easy.

But there is no indication that the costs of headlong economic development will deter Vietnam from its course of aggressive growth.

In Ho Chi Minh City, government officials readily admit they fear becoming another Bangkok, where unplanned growth has choked a giant city and left it virtually unlivable for many of its residents. Foreigners have been asked to suggest plans for a city subway and for bridges over the Saigon River to alleviate traffic.

Similarly, the authorities hope to get foreign help to build a highway through the Mekong River Delta, with giant suspension bridges to replace the ferries that now must be used to cross the branches of the Mekong River.

"We know we are going to be a suicide, and we cannot prevent it," mused Duong, suggesting that the country was prepared to choke itself if that was the price of a better standard of living. "People want it," he said, referring to the benefits of modern life that have blossomed all across Southeast Asia, but are just coming into bloom in Vietnam.

### Communism 'Didn't Work'

And what happened to the communism that conquered South Vietnam 19 years ago?

"It didn't work," said Nguyen Khanh, 58, once the director of a shipyard in the north and now director of the Corporation for Development of the Bien Hoa Industrial Zone, northwest of Ho Chi Minh City.

"The party and the government realized that economic development requires the participation of individuals and of foreign countries," Khanh added, so they changed course.

# Where Monuments Speak of a U.S. Defeat, the Talk Is of 'Peaceful Contacts'

By MALCOLM W. BROWNE  
Special to The New York Times

**HANOI, Vietnam** — In Hanoi and Ho Chi Minh City there are Vietnamese who wash down pizza with Coke, pay for things with American dollars, wear American flag patches on jackets and yell "hello!" at any "big nose" foreigner they see.

But the country still raises patriotic banners gloating over what the Communists regard as America's defeat of the Vietnam War. Beneath an outwardly friendly curiosity many Vietnamese display toward Americans, a predatory undertone tinged with bitter resentment is often detectable. There are many reminders for Americans visiting Vietnam of the lacerations left by a war that ended nearly two decades ago but that still colors Vietnamese attitudes.

Vietnam's political leaders face something of a quandary as they reshape national policy toward the United States.

On one hand, the 1975 victory over the South Vietnamese Government and its American ally, still fresh in the minds of many, is commemorated as a historic triumph comparable to America's victory over the British at Yorktown. America, to some, is still an enemy — a fighting enemy to Communist military veterans, and a perfidious former friend to those Vietnamese who regard America's withdrawal from the war as a betrayal.

## Much Is Needed And U.S. Can Help

Moreover, there are some who resent the 19 years it took Washington to lift its trade embargo, and the attitude of American conservatives who continue to block diplomatic recognition of the Hanoi Government.

But eclipsing these irritants, Vietnamese leaders have come to believe that there is a pressing need for American investment, technical aid, tourist visits and many other kinds of contact with the United States. Hanoi is even trying to persuade thousands of overseas Vietnamese (known as Viet Kieu), including Vietnamese-American refugees, to return to their native land and help rebuild it. Many have come back for temporary visits, and a few, disillusioned with life in the United States, expect to remain.

The Government is celebrating a double anniversary — the 19th of the fall of Saigon, renamed Ho Chi Minh City after the war, on April 30, 1975, and the 40th of the fall of the French bastion at Dien Bien Phu on May 7, 1954.

Anti-American sentiments adorned some of the red-and-gold celebratory banners flown over streets for the occasion, but as a sign of the times, Vietnamese authorities did not include English or French translations that might have offended foreign visitors. Aside from the Communist slo-



The walls of Hoa Lo Prison, the "Hanoi Hilton" where many American servicemen were imprisoned, still loom grimly in the Vietnamese capital. Monica Almeida/The New York Times

gans, visiting Americans — tourists, business executives, journalists and officials of the United States Missing in Action Mission — are treated by officials in Vietnam with studied courtesy and conciliation.

On the anniversary of Saigon's surrender to the Communists, for example, this correspondent was received at the home of Gen. Vo Nguyen Giap for a brief chat. The 83-year-old general, who commanded the Vietnamese Communist forces against both the French and the Americans, has been rated by Western military analysts as one of the greatest generals of the 20th century. But "the victor of Dien Bien Phu," as he is often called, does not gloat.

## Old Warrior Muses On Today's World

One subject of the conversation was the fall of Saigon in 1975, which this correspondent covered for The New York Times.

Imposing in his olive-green uni-

## Vietnam Revisited

A periodic report.

form and general's shoulder tabs, General Giap was avuncular and cordial, and clearly reluctant to say anything he thought an American might find objectionable. Speaking in French, he deferred benignly to frequent interjections and corrections from his wife, Dang Bich Ha, who was once a soldier in the Communist forces herself.

At his comfortable villa a few hundred yards from the Lenin-style mausoleum of Ho Chi Minh, General Giap, the supreme commander of Hanoi's legions from 1952 until 1977, mused on the changing state of the world.

"In the traditional sense, the threat of colonialism and imperialism has disappeared," he said, "and we shall probably not need to confront such threats again. We Vietnamese are optimists. But even though we face no shooting war in Vietnam, the world is in a very uncertain state, and Viet-

nam must always be willing to sacrifice to protect its freedom."

He praised the "fairness" of American journalists, and said that after retiring from active command he had turned his attention increasingly to the war against pollution and the preservation of the environment — causes he knew to be popular with the American press.

General Giap's masterly command of logistics and maneuver, and his deployment of artillery at the isolated Dien Bien Phu fortress in 1954, caught the French defenders by surprise and stunned world leaders; a peasant army had brought a well-armed European army to its knees.

General Giap's 1962 book "People's War, People's Army," which outlines the mixture of political warfare and military strategy that was his hallmark, became a textbook for guerrilla insurgents in many parts of the world, and was highly regarded even by such longtime battlefield foes as the late Gen. William E. DePuy of the United States Army.



Hanoi is filled with both American symbols and reminders of the war. The New York Times

# The New York Times

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Edward Keating/The New York Times

Although motorbikes have joined the bicycle traffic on Ho Chi Minh City's streets, there are beggars as well.

## Crowding and Managerial Gaps Imperil Vietnam

By MALCOLM W. BROWNE

Special to The New York Times

**HO CHI MINH CITY, Vietnam** — Their streets are blocked by peddlers, beggars and parked motorbikes, their houses are overflowing with young children and visiting relatives, and even after death the urns containing their ashes must compete for space on the crowded shelves of Buddhist pagodas.

Vietnam is bursting at the seams with people, and unless the nation can change its demographic, social and economic trends, the Vietnamese will face a catastrophe, many experts believe.

As the population booms, the Communist Government seems to be floundering in its efforts to balance the demands of a free-market economy against the state supervision and support needed to maintain national social and economic cohesion.

Liberalized Government economic policy has attracted foreign investment and allowed shopkeepers to fill their stores with imported television sets and motorbikes. But predatory packs of thieves roam Ho Chi Minh City — which is still called Saigon, except in official usage — unchecked by police forces that are paid so little that the officers must extort bribes to feed their families.

Public health, education, road-building and other nation-building pursuits have been starved of money and official support. The Government has moved at glacial speed to meet a growing need for new laws on taxation, trade, banking, traffic and

### Vietnam Revisited

A periodic report.

The writer of this article covered Vietnam during the war years, successively for *The Associated Press*, *ABC News* and *The New York Times*. Now a senior science writer for *The Times*, he was the paper's last bureau chief in Saigon when the city fell in 1975. He spent April in Vietnam.

countless other activities.

Many Vietnamese experts say that a lack of managerial skill is the country's most serious shortcoming and that because of the decline in the country's education system, new managers are scarcer than ever. Because improvement of the education system depends partly on recruiting effective new managers, the country is locked in a vicious cycle, some say.

Since 1975, when the "American War" came to an end, Vietnam's population has increased by more than 60

percent. This impoverished land, which is only about the size of New Mexico, now has more than 72 million people, making it the 12th most populous country on earth. Demographers predict that by 2025 the population will reach 168 million, a staggering number considering the limited space and resources available.

Hanoi has mounted a campaign to reduce the birth rate, and most state and recently privatized businesses now threaten to fire any worker who has more than two children. Billboards that graphically depict the use of condoms, intrauterine devices and vasectomies adorn intersections in cities and towns.

But in a country where two-thirds of the population is still agricultural, such advertising has limited effect. "We city dwellers don't need to be told to have only two children," a shopkeeper said. "Most of us already use birth control."

Throughout Asia, farmers tradi-

Continued on Page 12, Column 3

# Crowding and Economic Trouble Imperil Vietnam

Continued From Page 1

tionally have large families to share the labor of growing and harvesting rice, and to make up for high infant mortality and short life expectancy. Vietnamese farmers, by all accounts, have largely ignored the official injunction against large families.

And many farmers have recently taken to moonlighting in the towns and cities to earn money for Japanese motorbikes and electronic gadgets. Between crops, many farmers migrate to towns to take temporary jobs as bicycle-taxi drivers or manual laborers, further swelling city populations.

## Teeming City Lacks Many Public Services

The population of Saigon in 1975 was about 2.5 million, but today this largest city in Vietnam has 4.5 million permanent residents and another half million temporary residents, most of them migrant farmers.

During nearly two decades of privatization under Communism, many Vietnamese accumulated savings they are now spending on imported motorbikes, televisions, video recorders, boom boxes, refrigerators and other luxuries from the industrial world. Few buy automobiles, for which the import duty is 170 percent, but most Vietnamese families own at least one motorbike, costing around \$2,100.

Although Vietnam's people have begun to acquire some of the products associated with prosperity, the Government remains too poor to sustain public services.

Despite the policy of doi moi — renewal — introduced in 1986 and the rapid recent transition from state socialism to a chaotic market economy, the Hanoi Government has yet to learn how to collect the taxes it needs to pay for roads, railways, clean water, health care, industrial research and an honest police force.

Officials acknowledge that Government salaries are so low (a police officer is paid about \$16 a month and a teacher makes about \$25) that graft and corruption are far more widespread than they were under the notoriously corrupt Saigon Government up to 1975.

## Medical Care And Schools Scarce

Medical care in many parts of the country is virtually nonexistent, even though some 300 doctors are currently unemployed.

Dr. Do Hong Ngoc, director of health information and education for Ho Chi Minh City, said about 300 doctors graduate from medical schools in southern Vietnam each year, but to work they must spend their first three years as Government employees, paid \$25 a month. If a young doctor can survive for three years on such a salary, he or she is then permitted to go into private practice and make a decent living.

"Starting doctors can make much more money as traders and business people, so many of them abandon their medical careers," Dr. Ngoc said. "Young people look upon our generation of doctors and scientists as poor people, not to be emulated."

The same problems plague public education.

The Vietnam News Service, a Government agency, recently reported that in the mountainous central province of Gia Lai, 203 hamlets are without schools. Nationwide, a report by the Ministry of Education and Training estimated that about two million Vietnamese between the ages of 15 and 35 were unable to read or write, a marked decline in the literacy rate from what it was in 1975.

American visitors who knew Vietnam before the Communist victory in 1975 are startled these days to see the shoulders of most of the roads in southern Vietnam covered by golden kernels of rice drying in the sun. The new drying system is a symbol of both the promise and the potential catastrophe facing the desperately overcrowded country.



Malcolm Browne/The New York Times

Vietnam is bursting at the seams and may be heading for a social and economic catastrophe. Markets like this one in Ben Tre are crowded with people and goods, but the gap between rich and poor is widening.



The New York Times

In Ho Chi Minh City, business is booming, and so is theft.

## Rice Crop Booming; So Are Traffic Jams

The Communist Government abandoned collectivized farming in 1988; since then, land has been distributed by the state to small farmers under 20-year renewable leases. Rice production has boomed as a result, and once again Vietnam is a major exporter of rice, which helps to pay for the economic recovery.

But there is a debit side to this boom.

Before the 1975 "liberation," most privately owned farms were relatively large, but today the average farmer owns only a backyard garden or at most a few acres — too little to waste on sun-drying rice. The rice, nevertheless, must be dried, so farmers have taken to spreading out their grain along asphalt-paved road shoulders. Foreign importers of Vietnamese rice increasingly complain that it contains bits of asphalt, debris from the wheels of trucks and motorbikes, and the droppings of birds, dogs and farm animals.

The population boom and the consequent crowding and elbowing touches every facet of life.

Townpeople laugh ruefully at their monumental motorbike traffic jams, among the worst in the world. But the casualty rate is no laughing matter.

During the first three months of

this year there were 396 serious accidents in Saigon alone, causing 133 deaths, injury to 434 people and heavy damage to 498 vehicles. Stoplights are few and far between, and even when they work, many people simply ignore them. The hardy pedestrian bent on crossing a street customarily half closes his eyes, smiles benignly and walks into the thick of the beeping, yelling, roaring maelstrom.

The pedestrian usually survives, but drivers sometimes come to grief. There is no law requiring motorbike users or bicyclists to wear helmets, and no seat-belt law for car drivers. Owners of most motorbikes, those with engines rated at 50 cubic centimeters or less, do not need drivers' licenses, and many bikers are downright reckless.

The police often stop them — they stop even the most law-abiding drivers several times a week — but for a bribe of a dollar or two, a driver is sped on his or her way without undue inconvenience.

## Gap Between Rich And Poor Widening

The Government has given top priority to stimulating development by creating a market economy and by attracting extensive foreign investment and technical help. But this has created huge problems that are worsened by the population explosion.

One problem cited by Deputy Foreign Minister Le Mai is the widening gap between the rich and poor, a direct affront to the ideals of socialism.

There are painfully apparent differences between the standards of living of relatively wealthy entrepreneurs and the street people who sell lottery tickets, postcards and stolen watches.

Huge families that live in the tropical squalor of crumbling brick-and-stucco buildings have almost nothing in common with the brokers and business people who are making fortunes by arranging deals between newly privatized Vietnamese enterprises and foreign companies.

There is also a large and potentially dangerous economic gulf between northern and southern Vietnam, which in many ways remain separate countries despite the postwar unification. Foreign investors still feel more comfortable dealing with enterprises in the former South Vietnam than they do in the north, a fact reflected by the substantially larger investments being made in and around Saigon.

Many Saigonese believe that within

sharply defined limits, Hanoi has decided to leave southern Vietnam to its own devices, provided that the southern part of the country continues to bring in the trade and investment essential to national development. Many Vietnamese say they feel more free in the south than in the north.

## Foreign Criticism Not Appreciated

But despite its zeal to join the developed, industrialized world, Vietnam is unwilling to accommodate pleas from the United States and other Western countries for greater toleration of Government critics.

"Human rights involve national perspective," Mr. Mai said in an interview. "The United States may be troubled, for example, by China's insistence on limiting families to two children. For their part, the Chinese may regard widespread gun ownership in the United States as a threat to human rights."

"As for Vietnam, we fully support human rights, but we oppose initiatives by outside nations to interfere in our internal affairs."

In fact, many foreign businessmen argue that Vietnam needs tougher legal and economic restraints, and that liberalization of human rights policies is not one of the country's immediate priorities.

"This country is out of control and just growing like Topsy," said an American trader, who spoke on condition that he not be identified. "There's no comprehensive system of law covering investment, taxes, mortgages, bankruptcy, insurance or the other cornerstones of a free-market economy. Most of all, this country needs law. And it needs to create the means of enforcing laws."

The fines imposed for civil infractions are tiny. The B.G.I. Ten Giang Company, a French-Vietnamese joint venture that makes beverages, was recently convicted of adulterating one of its products with saccharine — a sweetener that is illegal in Vietnam. The company was fined the equivalent of about \$100, a penalty several American businessmen called woefully inadequate.

"You can get away with almost anything in Vietnam if you have a few dollars to pay a tiny fine or pay someone off," an American said. "That's got to stop if this country wants to make real progress."

Most of all, Vietnamese leaders agree, there are too many Vietnamese, and a brake must be applied to the birth rate, which threatens to double the population in 28 years. "We'll never apply the draconian measures used in China to curb population growth," said Nguyen Xuan Oanh, an economist and investment consultant. "But we've got to do something before it's too late."

# Tourists Swarm Into Vietnam, but Not Without Reservations; Inns Are Scarce

MIRIAM JORDAN

Staff Reporter of THE WALL STREET JOURNAL

HO CHI MINH CITY, Vietnam — Adele Z. Silver, a museum manager from Cleveland, didn't think to ask about the view when she reserved a \$175-a-night room at a reputable foreign-run hotel here. She should have.

After she checked in, hotel staff showed her to a windowless chamber. A room with a window, they said, would cost \$200. So she started to gather up her bags. It was only after the hotel manager saw her talking to a foreign journalist, Ms. Silver says, that she was given a suite — for \$175.

Ms. Silver was fortunate. As ever-more tourists descend on Vietnam, lured by attractions that travel-industry executives say constitute the ideal Southeast Asian destination, the volume of traffic has far surpassed what the country's hotels can handle. Reservations must be made months ahead; visitors who arrive without them are often turned away. Likewise, the room shortage has allowed hoteliers to jack up rates so that even basic accommodations carry five-star prices.

## Rising Chorus

Tour operators report a rising chorus of complaints from travelers unhappy about paying big sums for small comfort, especially compared with such other Southeast Asian countries as Thailand and Indonesia. "We've had a lot of disappointed clients," says Sarah Capes, Indochina manager at Tour East/OSC Travel here.

Worried tourism-industry executives say that without an increase soon in the number of rooms, Vietnam's nascent tourism is at risk. As Ms. Capes sees it, while Vietnam "is the flavor of the month . . . the honeymoon period will end unless hotels are built and infrastructure in general is

improved." But with red tape and financing problems delaying work on several foreign-investment hotel projects, analysts say it will be four to five years before supply catches up with demand.

Meanwhile, visitors continue to pour in as Vietnam closes the door on its war-torn past and opens itself to the world. Last year, 670,000 foreigners visited the country, up from 440,000 in 1992 and 300,000 in 1991, according to the Vietnam National Tourism Administration. Vietnamese officials expect one million visitors in 1995 and hope for three million by 2000.

Asians dominate Vietnam's foreign tourism. Last year, Taiwanese headed the list, with 95,100 visiting the country. But travel agents say the fastest growth is now among Westerners, particularly Americans eager to visit since the U.S. embargo was lifted in February. (The Vietnam National Tourism Administration's "other category" last year accounted for 267,000 visitors whose nationalities weren't specified.)

## Pristine Coastline

The room shortage aside, Vietnam can boast of its leafy, French-colonial capital, long stretches of pristine coastline and rugged mountains. Such attractions embolden many tourism executives to liken the country's potential to that of Thailand, which drew almost six million visitors in 1993.

Says Robert Hecker, director at Horwath-Asia Pacific, a Singapore-based hotel and tourism consulting firm: "It's as multidimensional as Thailand. It can attract as many people; it has a similar mix of . . . attractions."

Ms. Capes and other tour operators say Vietnam has become the star of travel promotions in the U.S. and Europe, and with good results. Business for Tour East, which caters mainly to wealthy travelers from Europe and North America, rocketed to 2,000 clients last year from 100 in 1990, when the company started selling Vietnam packages, Ms. Capes says. She expects the number to reach 5,000 this year.

A year ago, the 140-room Century Riverside Inn in Hue had more employees than guests. This year, the hotel is turning people away. "Every tour stops in Hue," says general manager Peter Martin.

## Perfume River

Down the road, Hue's only other international-standard inn, the Huong Giang Hotel, is also packed to capacity with foreigners drawn to the city's centuries-old citadel, imperial tombs and pagodas on the Perfume River. With no other hotel projects under way in the area, the Century Riverside and Huong Giang are likely to be turning away tourists for years to come.

Indeed, all along the S-curve length of this nation of 72 million people, international-standard hotels are jammed, with occupancy rates hovering around 90% in most cities and 80% in Ho Chi Minh City.

Vietnam is working to make travel to and within the country easier. The number of foreign airlines flying to Vietnam has doubled to 24 in the past two years, and state-owned Vietnam Airlines has greatly expanded its domestic route network. The passenger terminal at Ho Chi Minh City airport has been enlarged and renovated, and passport control has been speeded there and at Hanoi's airport.

Overall, hotels remain the main source of complaint. In the current climate, visitors can expect to pay at least \$1,000 for seven hotel nights in Vietnam, compared with \$500 for equivalent accommodations in Thailand. "The hotel prices are completely unjustified for the quality you get," says Francoise Chabrier, Paris-based product manager for Asia at French tour operator Kuoni Travel Ltd.

Hotel supply is improving in Ho Chi Minh City, which currently has 1,320 international-standard rooms. Still, rates probably won't start to fall until around 1996, according to research by Horwath Asia Pacific.

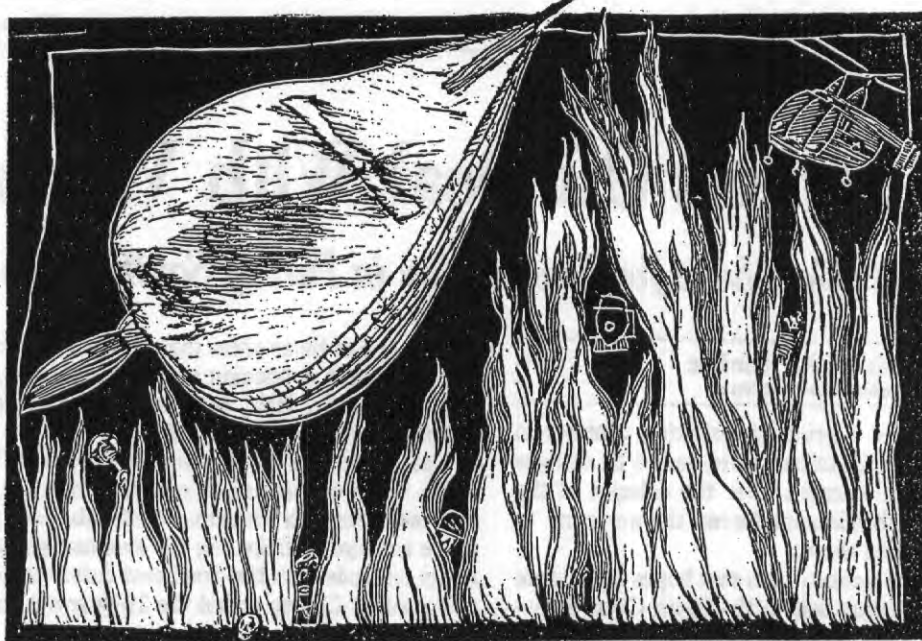
## Filled to Capacity

In Hanoi, the situation is dire. No new major hotels are due to open in the capital for at least two years. The 108-room Hotel Sofitel Metropole, the city's only luxury hotel, is adding a 135-room extension, but that won't be completed until late 1995 or early 1996. The Metropole has been filled to capacity since the day it opened in 1992 after a \$9 million renovation.

The long time lag between approval and completion of a project reflects the main obstacle to a speedy alleviation of the hotel shortage: the difficulty of doing business in Vietnam. "There are 119 stages you have to go through in any joint-venture project," says one weary developer, who asks not to be identified. "It takes a lot of patience."

Meanwhile, foreign tourists will continue having to reserve accommodations far in advance—and still pay hefty prices—or opt for a room in a minihotel. These establishments have been popping up across the country as Vietnamese families discover they can profit by converting an old building or part of their home into lodgings. Prices range from \$25 to \$80 a night, depending on whether the room has air conditioning, a minibar and satellite TV.

Luxury accommodations they aren't. "We counted 122 flea bites between us," says a Hong Kong-based American writer who recently spent a night with his wife at a Hanoi minihotel. "God knows what lived in those mattresses."



Frances Jetter

## The Graves of Indochina

By Neil Sheehan

**R**ICHARD NIXON'S powers of political stagecraft seem to have outlived him. Contrary to much of what has been written and said since his death, when he became President in January 1969 he had no intention of ending the war in Vietnam.

His greatest foreign policy challenge was neither the opening to China nor détente with the Soviet Union, as significant as these accomplishments were; in Mao Zedong and Leonid I. Brezhnev, he was dealing with other powerful and ruthless men with whom he could do business. Mr. Nixon's greatest challenge was the war in Vietnam. His failure to respond to it wisely brought death and suffering to his country and Indochina, and ultimately wrought his own destruction in the series of crimes and misdemeanors known as Watergate.

Mr. Nixon was elected in 1968 because he gave the public the impression that he had a secret plan to stop the fighting. In his old age, he admitted that no such plan existed. His real plan, which he proceeded to carry out, was to continue the war and attempt to win it with a new approach.

He called his scheme Vietnamization. The strategy was to appease American public opinion and to buy time with gradual withdrawals of the nearly 543,000 American troops serving in Vietnam when he took office. The burden of the fighting was simultaneously shifted to the South Vietnamese Government's armed forces.

*Neil Sheehan is author of "A Bright Shining Lie: John Paul Vann and America in Vietnam," which won the National Book Award and Pulitzer Prize, and "After the War Was Over: Hanoi and Saigon."*

They were strengthened on Mr. Nixon's assumption that they would one day be able to stand alone against their Communist opponents, the nationalist-inspired followers of Ho Chi Minh, and preserve the separate South Vietnam that had always been the goal of U.S. policy.

There was an alternative. Mr. Nixon could probably have negotiated a cease-fire in exchange for a rapid American withdrawal with a publicly announced deadline. But that would have entailed admitting that the war was a hopeless cause, and Mr. Nixon could not bring himself to admit that.

### Actually, Nixon didn't want to end the war.

"I will not be the first President of the United States to lose a war," he told the Republican Congressional leadership in the fall of 1969.

The flaw in Mr. Nixon's strategy was that the regime in Saigon was fundamentally corrupt. It would always be dependent for its survival on the muzzles of guns wielded by foreigners. The artillery, tanks and armored personnel carriers, the squadrons of jet fighter-bombers and hundreds of helicopters Mr. Nixon lavished upon its armed forces did nothing to change its moral bankruptcy.

The strategy also required time — and in war, time means blood. When the Paris Agreement was finally signed in January 1973 and the last U.S. combat units were withdrawn, 21,000 Americans had perished during Richard Nixon's Presidency, more than a third of the 58,000 who died in Indochina.

And these numbers were paltry when measured against the lives lost by the Indochinese. Nearly 160,000 of Saigon's troops were killed fighting Richard Nixon's war.

In 1970, he threw another entire country into the slaughterhouse when he sent American troops into Cambodia and precipitated a war there to try to divert the energies of the Vietnamese Communists from the struggle for South Vietnam.

Hundreds of thousands of Cambodians died in the conflict, and in 1975 the outcome brought to power the homicidal Khmer Rouge, who murdered 800,000 to one million of their people in the "killing fields."

Time also meant that the opposition at home against Lyndon B. Johnson's war, an outcry that had divided America more profoundly than at any moment since the Civil War, would renew itself against Mr. Nixon's.

The protests brought out the worst in his character. His White House became a place of paranoia and arrogance, with an "enemies list" and a secret "plumbers" unit to illegally wiretap aides suspected of news leaks, to pull dirty tricks on political opponents and to commit burglaries.

The dead of Indochina exacted a kind of revenge when Mr. Nixon became the first President to resign his office in disgrace. □

# Mobil Strikes Oil Deal With Vietnam

## Company Gets Go-Ahead for Exploration in Part of South China Sea

By Martha M. Hamilton  
Washington Post Staff Writer

Mobil Corp. signed a production-sharing contract in Hanoi yesterday with Vietnam's state-owned oil and gas company, almost two decades after the collapse of the government of South Vietnam forced the company to abandon oil exploration there.

Mobil owns half of a consortium that hopes to produce oil from the Blue Dragon field in the South China Sea—just 30 miles east of another field where oil has been discovered. The company estimates the chances of finding oil there at 25 percent.

That's high in an industry where the recent odds of striking oil have been closer to 10 percent to 15 percent, according to Mobil officials.

"It's one of those areas that we are very excited about just because it is opening up to Western industry now," said Steven D. Hall, producing adviser for Mobil's Asia/Pacific/Middle East group.

The stage was set for Mobil's return to Vietnam in 1990, when the second-largest U.S. oil company began informal talks with Vietnamese officials about leasing offshore acreage, anticipating the eventual lifting of an embargo on trade with the Southeast Asian nation.

President Clinton ended the 19-year-old trade embargo Feb. 3.

Mobil is an old Vietnam hand. The company began acquiring seismic data in the area in 1971 and drilled its first well in Vietnam in 1974.

That well was in the White Tiger field, Vietnam's only

## Mobil to Explore S. China Sea In Contract With Vietnamese

MOBIL, From C1

producing oil field, which accounted for more than a fifth of the country's export income in 1990.

After Mobil's departure, White Tiger was developed by a joint venture of Vietnam and the Soviet Union.

When Saigon fell to the North Vietnamese army, Mobil abandoned its efforts in the White Tiger field and in Big Bear, an area under development by Australia's Broken Hill Proprietary Co.

Seismic data collected prior to the collapse of South Vietnam was an advantage in evaluating acreage that PetroVietnam has recently made available for exploration and development, Hall said.

Mobil controls 50 percent of MJC Petroleum Co., which bid on the parcel that contains the Blue Dragon field in October.

The other partners are Japan Petroleum Exploration Co., which owns 25 percent; Indonesia Petro-

leum Ltd., which owns 15 percent, and Nissho Iwai Corp., a Japanese corporation, which owns 10 percent.

In December, Vietnam awarded the consortium a 72.5 percent interest in Blue Dragon.

The award was formalized in the production agreement signed yesterday.

Mobil Chairman Lucio A. Noto said yesterday that Blue Dragon "fits our strategy of finding and developing new core assets for the long term."

Like other oil companies, Mobil is looking for new sources of oil and gas as existing supplies are depleted.

Many of the most promising areas right now, including Vietnam, China and parts of the former Soviet Union, are areas where political barriers to exploration and development by Western companies are being lifted.

Producing oil in the South China Sea presents some geologic difficulties, said Mobil's Hall.



BY LARRY FOGEL—THE WASHINGTON POST

Extremely high temperatures—as high as 350 degrees Fahrenheit—in the rock formations there are hard on drilling equipment, and high pressure in the formations means the possibility of an accidental rupture, he said.

# Many Want to Fly to Vietnam, but Only Some May Land

## U.S. Airlines Jockey for Rights to Serve Market After End of Embargo

By SUSAN CAREY  
And LAURENCE ZUCKERMAN

*Staff Reporters of THE WALL STREET JOURNAL*  
Now that the U.S. embargo against Vietnam has been lifted, the largest U.S. airlines are eager to start serving the Southeast Asian country. But not all of them may be allowed in, by Hanoi or by Washington. So the intense lobbying that preceded the embargo's end is turning into a hotly competitive horse race.

U.S. airlines are eager to add a new country to their Asian route maps, espe-

### Vietnam Draws Ad Agencies

Madison Avenue has set its sights on Vietnam. At least three major U.S. advertising agencies already have informal offices in that country, and with the embargo's having been lifted, they expect to be up and running almost immediately. Advertising, page B4.

cially one where they wouldn't have to shell out millions of dollars to pay for route rights. They expect a flood of business travelers intent on doing deals in the country of 72 million, as well as traffic from some of the one million ethnic Vietnamese who live in the U.S. "Vietnam is one of the most promising countries in Asia," says a Continental Airlines executive.

In the past few days, carriers have peppered Washington with route applications and dispatched squads of executives to Hanoi and Ho Chi Minh City to further their cause with airline and government officials there. "This is the 20th century version of the Oklahoma land rush," declares an official of another U.S. airline jockeying to enter the market.

### Quick Moves

Within two hours of President Clinton's lifting of the embargo Thursday, UAL Corp.'s United Airlines announced that it intends to fly to Ho Chi Minh City from Los Angeles, probably via Taipei. The next day, Northwest Airlines said it applied to the U.S. Transportation Department for a license to fly to Ho Chi Minh City from Detroit via Tokyo.

Continental confirmed that its Continental Micronesia unit applied last year for route rights to Vietnam and has had extensive discussions with Vietnam Airlines on training, aircraft leasing, support activities and joint flights from Guam and Honolulu. Delta Air Lines said it hasn't yet filed for route authority but called Vietnam "a market that has appeal." The carrier probably would serve Vietnam as an exten-

sion of its flights to Taipei from Los Angeles, a spokesman said.

American Airlines' parent, AMR Corp., said it continues to be interested in selling airport management and other aviation services to the Vietnamese. (American, which has dropped all of its Asian destinations except for Japan, probably wouldn't want to fly to Vietnam.) Cargo carrier Federal Express Corp. also has indicated a desire to fly to Vietnam, according to the U.S. Transportation Department.

U.S. airlines have spent the past two years wooing Vietnamese government and airline officials in order to get a leg up once the embargo ended. But it may not be in Vietnam's best interests to let all the U.S. carriers in. "The Vietnam market is so small it might be spoiled by too many" airlines, says Nguyen Ngoc Quang, director of corporate affairs at state-owned Vietnam Airlines. Moreover, "there is no agreement between the two countries" on air services, adds Mr. Quang.

"I can't imagine" the Vietnamese opening their skies, says one U.S. airline's representative in Southeast Asia. "With only one national carrier, they would be overwhelmed." Moreover, "they can exact whatever they want from the U.S. carriers that want to get in there," he says.

Complicating this is Vietnam Airlines' own problems. The carrier wants to offer a credible service to the U.S. but it lacks the necessary aircraft for such long flights, Mr. Quang says. The small airline, which carried 800,000 passengers in 1992, has only two types of modern, long-distance planes: leased Boeing Co. 767s that it flies to Australia, Russia, South Korea and some regional destinations; and five Airbus Industrie A-320s it recently leased for shorter hops. The bulk of its fleet consists of elderly Russian-built jets and turboprops.

"They almost certainly won't operate [on routes to the U.S.] themselves," says Stephen Miller, whose Hong Kong-based Trinity Aviation Ltd., leases the Boeings to Vietnam Airlines. "They'll probably opt to operate with a U.S. carrier in a joint venture. They'll go with whoever will give them the best deal."

Without reciprocal service to the U.S. by Vietnam Airlines or the nation's small, troubled Pacific Airlines, it's doubtful that Hanoi would open its skies to a slew of U.S. airlines. "The Vietnamese know in a war of attrition on the Pacific, they could never win," says Mr. Miller.

Washington has "not received notice

that the Vietnamese want to fly here," says one administration official. "If they don't want to come here, they'd clearly call the shots." And if the Vietnamese aren't willing to admit all U.S. operators, "this administration might have to make some choices on which U.S. carriers will go in," he says.

United believes it has the best case. It inherited operating authority to Vietnam from several Asian cities when it bought Pan Am Corp.'s Pacific routes in 1985. While the U.S. Transportation Department hasn't yet renewed United's license to fly to Vietnam, the carrier last week urged the department to notify Hanoi that United has the route authority.

A United spokesman notes that the airline will need permission from Vietnam as well, both to fly there and also for rights to pick up passengers at an intermediate point such as Taipei. He confirmed that Stephen Wolf, UAL's chairman and chief executive, is scheduled to visit Hanoi Feb. 16, his second visit in a year.

"We've had quite a close relationship with United over the past six months," says Pham Phu Khoi, Vietnam Airlines' Hong Kong-based manager for Northeast Asia. When pressed, he adds that the two airlines have had lots of talks, but not made any deals.

### Initiatives Discussed

Northwest, United's biggest rival in the Pacific, also believes it has a good chance. Northwest since 1991 has flown charter flights between Ho Chi Minh City and Bangkok, carrying Vietnamese refugees resettling in the U.S.

But the others have been active as well. Mr. Quang says he visited Houston, Los

Angeles and San Francisco late last year, courtesy of Continental. He and Continental representatives discussed many initiatives, including having Vietnam Airlines pick up Continental passengers in Manila for onward flights, he says.

Continental, which flew charter flights in Vietnam during the Vietnam War, has a sizable presence in the Pacific through its Continental Micronesia unit. Continental expects that "all U.S. airlines will have an equal opportunity to compete for whatever [traffic] rights are agreed upon" by the two governments, a spokesman says.

Delta's chairman, Ronald Allen, visited Vietnam in 1992 and the airline that year hosted Vietnam Airlines officials on a visit to Walt Disney World in Florida.

Still, in the absence of diplomatic relations between the U.S. and Vietnam, it's not clear when the two countries will sit down and negotiate an aviation agreement. A U.S. regulation still in effect bars U.S.-registered aircraft from flying in Communist-controlled Vietnam. The U.S. Federal Aviation Administration will have to certify that Vietnam's airports, air-traffic control system and security measures are adequate. The U.S. Treasury Department, which enforced the embargo, will have to make new regulations governing relations without the trade ban.

One Continental executive predicts it will be at least three to six months before U.S. planes land in Vietnam. "This should be looked at as an entirely new ball game," says a Transportation Department official.

Indeed, Vietnam Air's Mr. Quang last week in Hanoi said that his company plans meetings today to decide what to do.

# The Washington Post

AN INDEPENDENT NEWSPAPER

## Opening Up to Vietnam

**T**HE TRADE embargo had come to represent the last self-imposed restraint on renewal of American relations with Communist Vietnam. Ostensibly, the embargo had been kept on strictly to ensure Vietnamese cooperation in searching for Americans still regarded as missing in the Vietnam War, which ended for the United States in 1975. But unquestionably Americans needed time to come to terms with a conflict that had taken 58,000 American lives, convulsed American politics and society and ended in an unprecedented American defeat. The reclaiming of a vestigial honor was rightly seen to lie in a due respect for the MIAs. Vietnam played on this American preoccupation in the bargaining, delaying for years the lifting of the embargo that President Clinton announced the other day.

As men of the right, Ronald Reagan or George Bush could easily have taken this major step toward normalization, had the MIA and Cambodia issues been ripe. But as one who opposed the war in his student days and avoided military service, Bill Clinton needed an even larger showing of Vietnamese cooperation. It took him a year, but he got it, last year in Cambodia, where Hanoi supported a peaceful denouement, and now with

the MIAs, where he promises to keep looking. Mr. Clinton also needed, and got, a full measure of support across the political spectrum at home.

A president who premises his whole foreign policy on adjusting to the global economy said he had refused trade briefings so as to emphasize the exclusion of trade considerations from his embargo decision. But of course there are trade considerations. Vietnam's ardent interest in the economic openings to which only Washington has the key provided crucial American leverage. Vietnam is poor, still unrecovered from its war wounds and shackled by a system of lingering central planning. However, it has a large (70 million) population whose energies many Americans came to respect in the war. Expectations of quick and fancy profits court disappointment but business opportunities do exist, plus opportunities for regional accommodation. On its part, Hanoi is especially eager to enlist the American strategic weight against its traditional rival, China.

As things go along, some Americans will be drawn to explore common human ground with the former foe. Many, we hope, will try to see to a widening of the tiny space now available in Communist Vietnam for human rights.

Washington Post 4-11-94 A17

**Stanley Roth**, a former House Foreign Affairs Committee aide, was deputy assistant secretary of defense for East Asian and Pacific affairs. He moved over a few weeks ago to be special assistant to the president and senior director for Asian affairs at the NSC. Career State Department official **Kent Wiedemann** left that job at the NSC to take Roth's Defense job.

At the same time, the administration has beefed up the NSC's economic expertise on Asian matters by creating a new senior director of Asia-Pacific economic affairs—filling it with Japan expert **Sandra J. Kristoff**, who had been at the U.S. trade representative's office and before that at the State Department. Career intelligence specialist **Robert L. Suettinger** replaced Kristoff as director for Asian affairs.

**Calvin A. Mitchell**, formerly in the Middle East public affairs shop at State, was brought in to beef up the public affairs operation.

**Morton Halperin**, whose nomination for a defense job was withdrawn, moved in to work on democracy

### VIETNAMESE CITY TO GET WIRED

Vietnam plans to spend at least \$1 billion by the year 2000 to upgrade telecommunications in Ho Chi Minh City, the state-run Vietnam News reported without detailing funding sources.

Demand for conventional and mobile phones and facsimile services has increased with an influx of foreign investors and rising incomes in the country's commercial center, formerly named Saigon.

Ho Chi Minh City, Vietnam's biggest city with more than four million people, has only about 150,000 telephones. Last year, it installed 24,000 phones, almost as many as the total in use in 1990. It plans next year to increase the number of regular phones to 240,000, mobile phones to 14,000 and electronic pagers to 200,000.

Vietnam, with total population of 72 million, had 3.7 phones for every 1,000 people in 1993, one of the lowest ratios in Southeast Asia. The national telecommunications agency hopes to have one phone for every 100 residents by the end of 1995.

# Embargo's end just 'first step'

USA Today 2-6-94

## Most favored nation status still needed, Vietnam says

USA TODAY  
February 6, 1994

By Marilyn Greene  
USA TODAY

Vietnam is celebrating the end of a 19-year-old U.S. economic embargo, but still faces big hurdles before it can compete in the global marketplace as Asia's newest "little tiger."

In Hanoi tonight, U.S. businessman James Rockwell is throwing an "end of the embargo bash" at the old Thang Loi Hotel. "I'm ecstatic" at the prospect of being able to start work on agreements held for months in limbo, he says.

Rockwell's consulting firm, Vatico, was the first U.S. company to win a Vietnamese operating license. Three dozen others now have licenses and about 160 more are in line.

They see Vietnam as a source of cheap labor, a potential market and a moderately rich source of oil, some minerals, rice and handicrafts.

In addition, 1 million Vietnamese in the USA can act as middlemen or joint venture partners in developing new business ties.

Defense experts see the country as a potential security blanket in a region clouded by nuclear threats.

With the embargo's end, visiting U.S. citizens now can:

- ▶ Pay with U.S. credit cards for dinners and hotel rooms.
- ▶ Start selling everything from Avon lipstick to Caterpillar bulldozers.
- ▶ Travel directly to Hanoi without first stopping for visas in Bangkok or Hong Kong.

But if they get in a jam or lose their passports, there'll be no U.S. Embassy to turn to. Washington still hasn't established formal diplomatic relations with Hanoi.

Vietnam's U.N. Ambassador Le Van Bang cautions that President Clinton's decision to end the embargo is "just one more step" toward relations.

Clinton made it clear Thursday the two countries are not ready to trade ambassadors, and Vietnam is not in line for low tariffs enjoyed by virtually all U.S. trade partners.

Without most favored nation status, says Bang, only U.S. business benefits. "It means the U.S. can export to Vietnam, but we can't sell in the U.S. We still can't compete," he says.

"Lifting the embargo is really not the end but the beginning of the process," says John McAuliff, director of the New York-based U.S. Indochina Reconciliation Project, an educational exchange.

Clinton's decision amounts to "recognizing the inevitable," says University of Georgia economist Dwight Lee. "It's an example of government's losing control over economic events. Capital and technology flow all over the global marketplace, and governments are increasingly unable to control economic decisions."

Lifting the embargo is the latest marker on the "road map" to normalization launched three years ago by President Bush.

The crumbling of the economic wall has continued. International telephone improved. Travel agents began booking tours. Bans

were lifted on shipments of humanitarian goods. Last July, Clinton removed the biggest obstacle to Vietnam development: U.S. objections to international loans.

"I think it's clear this administration came in wanting to complete the process and they've been working on it," says Richard Solomon, chiefly responsible for the road map as Bush's assistant secretary of State for East Asia and Pacific Affairs.

Rockwell, in a phone interview from Hanoi, said POW groups have been calling to protest his party plans.

But he says they should be joining in: "Lifting the embargo will not hurt our effort to find our MIAs but will assist it. The more Americans on the ground, the better the chances for finding out exactly what happened."

- ▶ Embargo lifted, 1A
- ▶ Business opportunities, 1B



USA TODAY  
BANG: Vietnam still at a disadvantage

## POW-MIA families decry 'business before morality'

By Carol J. Castaneda  
USA TODAY

2,238 U.S. servicemen still listed as missing in Southeast Asia.

"Where's the integrity in our government?" asked Barbara White, 46, of Huntsville, Ala. Her brother, Air Force Capt. Larry James, has been missing since 1973.

"We asked these soldiers to risk their lives, then when they get into trouble, then our country says, 'Too bad for you.'"

President Clinton met with POW-MIA families before making the announcement Thursday. But many still were angry, charging that Clinton caved in to businesses pressing the embargo's end.

"It goes without saying they put business before morality," says Bruce Adams of Laramie, Wyo., whose brother, Air Force Master Sgt. Steven Adams, has been missing since 1966.

Angry POW-MIA families say the end of the embargo against Vietnam leaves them in limbo, without final answers about the fate of their missing fathers, sons, husbands and brothers.

"The families have always got the shaft," Dolores Alford of the National Alliance of Families for the Return of America's Missing Servicemen said Thursday. "We got the shaft when the men were abandoned after 1973, and we've gotten the shaft today."

For 19 years, the economic embargo was viewed by many families as their last bargaining chip. Now, families fear Vietnam will have no incentive to release information on the

# New York Times

NEW YORK, FRIDAY, FEBRUARY 4, 1994

## In Clinton's Words: 'Fullest Possible Accounting' of M.I.A.'s

WASHINGTON, Feb. 3 (Reuters) — Following are excerpts from President Clinton's announcement today that he was lifting the trade embargo against Vietnam, as transcribed by the Federal News Service, a private company:

From the beginning of my Administration, I have said that any decisions about our relationships with Vietnam should be guided by one factor and one factor only — gaining the fullest possible accounting for our prisoners of war and our missing in action. We owe that to all who served in Vietnam and to the families of those whose fate remains unknown.

Today I am lifting the trade embargo against Vietnam because I am absolutely convinced it offers the best

Last July, I said any improvement in our relations with Vietnam would depend on tangible progress in four specific areas: first, the recovery and return of remains of our P.O.W.s and M.I.A.'s; second, the continued resolution of discrepancy cases, cases in which there is reason to believe individuals could have survived the incident in which they were lost; third, further assistance from Vietnam and Laos on investigations along their common border, an area where many U.S. servicemen were lost and pilots downed; and fourth, accelerated efforts to provide all relevant P.O.W.-M.I.A.-related documents. Today I can report that significant tangible progress has been made in all these four areas.

has affirmed that.

I have made the judgment that the best way to insure cooperation from Vietnam and to continue getting the information Americans want on P.O.W.'s and M.I.A.'s is to end the trade embargo. I've also decided to establish a liaison office in Vietnam to provide services for Americans there and help us to pursue a human rights dialogue with the Vietnamese Government.

I want to be clear: These actions do not constitute a normalization of our relationships.

Earlier today, I met with the leaders of our nation's veterans organizations. I deeply respect their views.

I talked with them about my decision, and I explained the reasons for that decision. Some of them, in all candor, do not agree with the action I am taking today, but I believe we all agree on the ultimate goal: to secure the fullest possible accounting of those who remain missing. And I was pleased that they committed to continue working with us toward that goal.

Whatever the Vietnam War may have done in dividing our country in the past, today our nation is one in honoring those who served and pressing for answers about all those who did not return. This decision today, I believe, renews that commitment and our constant, constant effort never to forget those until our job is done.

### President says the M.I.A. search will continue.

way to resolve the fate of those who remain missing and about whom we are not sure.

We've worked hard over the last year to achieve progress. On Memorial Day, I pledged to declassify and make available virtually all government documents related to our P.O.W.'s and M.I.A.'s. On Veterans Day, I announced that we had fulfilled that pledge.

#### Four Areas of Progress

Last April, and again in July, I sent two presidential delegations to Vietnam to expand our search for remains and documents. We intensified our diplomatic efforts. We have devoted more resources to this effort than any previous Administration. Today more than 500 dedicated military and civilian personnel are involved in this effort under the leadership of General Shalikashvili, Secretary Aspin, and our commander in the Pacific, Admiral Larson. Many worked daily in the fields, the jungles, the mountains of Vietnam, Cambodia and Laos, often braving very dangerous conditions, trying to find the truth about those about whom we are not sure.

First, on remains. Since the beginning of this Administration, we have recovered the remains of 67 American servicemen. In the seven months since July, we've recovered 39 sets of remains, more than during all of 1992.

Second, on the discrepancy cases. Since the beginning of the Administration, we've reduced the number of these cases from 135 to 73. Since last July, we've confirmed the deaths of 19 servicemen who were on the list. A special United States team in Vietnam continues to investigate the remaining cases.

Third, on cooperation with Laos. As a direct result of the conditions set out in July, the Governments of Vietnam and Laos agreed to work with us to investigate their common border. The first such investigation took place in December and located new remains as well as crash sites that will soon be excavated.

Fourth, on the documents. Since July we have received important wartime documents from Vietnam's military archives that provide leads on unresolved P.O.W.-M.I.A. cases.

#### Continuing the Search

The progress achieved on unresolved questions is encouraging, but it must not end here. I remain personally committed to continuing the search for the answers and the peace of mind that the families of the missing deserve. There's been a substantial increase in Vietnamese cooperation on these matters over the past year. Everyone involved in the issue

**US VIETNAM**  
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