

LAND AND COUNTER-INSURGENCY IN VIETNAM

INTRODUCTION:

Problems of land, its tenure, distribution, rental and taxation are probably the most complicated and perhaps the least understood of the major problems in Vietnam. Currently there is renewed interest in "land reform", and the Rural Economic Development Committee has presented some well-meant but ill-thought recommendations to the Council of Ministers. (See Inclosure 1) This paper outlines the problems known to exist, with special reference to those with clear application to the counter-insurgency effort. The major problems which must be solved if Vietnam is to have a stable orderly development (and some lesser problems), are merely indicated, since it is believed that much more study is required for their delineation and effective approach. Fortunately, available evidence indicates that most of the problems which require detailed study and/or major changes, and their solution are unlikely to affect significantly and immediately the counter-insurgency effort.

PROBLEMS:

While the significance of land to the counter-insurgency effort is as easy to over-estimate as the adverse effects of ill-considered measures are easy to under-estimate, there is no question that land problems are serious in Vietnam, and that they will increase in seriousness as the Viet Cong threat diminishes.

A. Immediate Counter-Insurgency Problems:

Of most immediate concern to the counter-insurgency effort are the following problems:

1. The Viet Cong have issued supposititious "titles" to land in some areas, seeking to give farmers a vested interest in continued Viet Cong control. (This, incidentally, judging from VC directives, has back-fired in some areas where GVN regained control.)
2. In some Viet Cong dominated areas, tenant farmers do not pay rent to the landowners. (In others they do, or pay rent to the Viet Cong shadow government.) In either case, farmers are prone to believe, with some reason, that return of GVN control might mean collection of back rents and/or dual rentals.
3. In thoroughly Viet Cong controlled areas farmers pay taxes only to the Viet Cong. In most other heavily populated areas both the Viet Cong and the GVN seek to collect taxes. Partial GVN control is feared as likely to result in double taxation, while GVN return to areas formerly VC controlled is feared to mean (and too often has resulted in) efforts to collect back taxes.

4. In VC controlled areas other debts to GVN for installment purchase of former French lands, and for NACO (National Agricultural Cooperative) loans are not being paid. Return of GVN control, the VC convincingly tell the peasants, will bring efforts to collect back payments.

5. The Viet Cong in many areas have sedulously sought the support of resident small landlords, promising them protection against land-confiscation, and even have helped them collect rent.

6. In populated areas of Central Vietnam where there is an absolute shortage of arable land, Viet Cong have promised land redistribution to tenants on communal lands who pay (as a result of competitive bidding) 50% or higher yield-rents. (At the same time, these lands are the principal source of revenue of the villages. Their redistribution would require that new sources of revenue be found, and only slightly alleviate the population-land problem.)

7. The post-revolutionary government until recently has failed to continue even the former inadequate support to the Agrovilles and Land Development Centers. This has resulted in an exodus of their inhabitants, creating further discontent with GVN.

8. Resettlement under the Strategic Hamlet program required many farmers to cultivate lands to which they had no title, and often no agreement with the land owners.

9. Incomplete and at times inequitable distribution of "French" and other GVN owned lands to tenants. (See Inclosure II)

B. Long range Major Problems:

Of less immediate importance to the counter-insurgency effort, but certainly of great long range significance are problems of:

1. Land patenting, proof and transfer of ownership.
2. Determination of economically and socially desirable and equitable land use patterns for the various areas, and government effort to bring these about.
3. Establishing really effective and practical homesteading and resettlement programs to alleviate the agrarian population pressure in certain Central Viet Nam provinces.
4. Realistic rent controls, enforceable and equitable.
5. Effective, realistic land-tax collection practices which yield a fair return to local civilian government.

SOLUTIONS:

Some of these problems are susceptible to ready and reasonable solution; some require careful study and analysis; others will require major efforts at political education, coupled with well-organized and well-financed programs. Seemingly obvious solutions must be scrutinized with care, however, lest they prove only the creation of greater problems.

Initial announcement of actions which would have a favorable counter-insurgency impact, with minimal adverse effects, could well be contained in a single, sweeping, land proclamation by the GVN. This should proclaim an immediate moratorium on taxes or payments of indebtedness to the government directly arising from agricultural production or agricultural lands, until a cut-off date in the near future, (perhaps 90 days from the date of issue). It should provide that:

1. In areas under Viet Cong control (i.e., legitimate civil government supporting the GVN not functioning at the hamlet or village level) all land taxes for the period of VC control will be remitted, up to the cut-off date. Taxes already paid the GVN (during periods of Viet Cong control) will be applied against taxes becoming due in the future.

2. Upon return of an area to GVN control, (i.e., establishment of local government supporting the GVN) a two year moratorium will begin. During this period no direct taxes on agricultural production or lands will be levied; collection of indebtedness to the GVN on lands or production will be suspended.

3. The principal that government should not collect taxes while it renders no services to the governed is affirmed; however, after the cut-off date taxes will accrue at 25% of the normal rate in areas under VC control, to be collected as possible while this control remains, but collection to be postponed for, and no new taxes to accrue during the two year period after return to GVN control.

4. Payments already made on indebtedness to the GVN will be credited to the individual, areas under GVN control to have a two-year suspension in payments; areas remaining under VC control after the cut-off date will incur an added indebtedness equal to 25% of the annual payments due each year until return to GVN control, (but collection then to be postponed for two years).

5. Areas already under GVN control will enjoy a moratorium on payments for one year, or two years from date of inception of GVN control, whichever is longer.

6. Non-resident landlords will not be permitted to collect back rents for the period of VC control. Upon presentation of proof of non-payment, certified by landlord, tenant, and the village council, they may claim up to 50% deduction from taxes on that land in future years, until an amount equivalent to their loss is recouped.

7. Full enforcement of Ordinance 57 (limiting size of private land-holdings) without further reduction in size by expropriation proceedings.

8. Full enforcement of rental contract law.

9. Continued distribution of "French lands" (former French plantations, mostly rice or sugar cane, to which the GVN has title) and other GVN lands to tenants as soon as GVN control of areas established. (See Enclosure II)

Such a proclamation would be greeted with the polite incredulity usually given the announcements of government. However, if effectively carried out in practice, and this practice effectively publicized, the program would have real impact, without seriously offending any segment of the population. If coupled with sufficiently aggressive military action to enable GVN to threaten tax collection (which it does now in some areas where it has no effective control) it would provide real inducement to peasants to cooperate in establishing sufficient GVN control to procure remission of taxes, and to help themselves to escape VC taxes by uncovering the VC apparatus, if it appears that GVN control and protection will remain).

A separate, emergency program to save, and expand the agrovilles and land development centers seems clearly warranted. This program can and should be expanded to include encouragement of home-steading, and assistance in resettlement. A U.S.-supported and guided program of simplifying, codifying, and implementing land titling and transfer procedures is essential to rural stability after the Viet Cong threat is reduced, and should be initiated as soon as possible. An integral part of this program should be the establishment of special land commissions with broad latitude, to establish and/or "quiet" titles, especially where whole hamlets have been dislocated. The problem of the traditionally usuriously-rented communal lands of Central Vietnam seems one which can only be solved by first providing the communities with a new source of income. For this, and many other reasons, it would seem desirable to introduce the Philippine practice of making the lowest juridical entity (presently the village, perhaps desirable the hamlet) responsible for collection of taxes, and giving it a percentage of the taxes collected. This would permit disposal to tenants of the lands now rented to them, but could be made acceptable only by careful education and persuasion.

COMMENTS:

Principal opposition to the program recommended will come from Saigon fonctionnaires who firmly oppose giving the peasants anything. (The writer has heard key officials chortle with glee over the inordinately high prices charged for some of the French lands, for example.)

The cost of the proposed program cannot be accurately estimated on immediately available data. (An idea of the maximum order may be obtained by multiplying the 1962 total rice production (5 million metric tons) by the land tax rate, (roughly 4 piasters per hundred kilos of productive capacity) which yields an hypothetical figure of 200 million piasters tax on rice lands, if it were collected). The loss of tax revenue to the provinces would of course have to be compensated from the central government.

Although there have been many studies of land tenure practices and procedures, there was very little information available in the Mission in Saigon. Re-collection and study of data should precede any serious effort to revive land reform programs or to revitalize land titling and transfer procedures.

Enclosures: (1) ^{First} ~~the~~ Land Reform Proposals by the Khan Government

~~Summary Estimate of Land Tenure Status in SVn~~
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July 1, 1964

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First Land Reform Proposals under the Khanh Government

The Subcommittee on Rural Economic Planning by mid-1964 had completed land reform proposals which were tentatively approved by the Interministerial Committee on Rural Development, co-chaired by Vice Premiers Hoan and Oanh. The proposals went to the Council of Ministers where they were not approved. If approved, they would be the basis for decrees.

The proposals provided principally for 1) the reduction in the retention limit from 100 hectares to 10 hectares in the Delta and 3 hectares in Central Vietnam, 2) reduction in the limit on land retained for religious purposes, 3) providing title to squatters on state-owned land in the Highlands, 4) reform of the communal land system in GVN to provide tenant security at reasonable rentals, and 5) sale of former French lands. The program was to be paid for, 10% in cash and 90% in bonds, as under the Diem program. The bonds will be convertible to stock in GVN corporations.

The program was considered daring by most of the GVN officials concerned, but some saw it as essential if the government was to capture rural public support. The Minister of Rural Affairs and the Director General of Land Administration, the two officials who would have most to do with its administration, are reported to have opposed the program, but were over-ruled reportedly on grounds they were large landholders who could not be expected to do otherwise.

COMMENT: Of these proposals, only numbers three and five appear to have any reasonable basis for intelligent implementation in the near future. Numbers one and four have not had a sound economic basis established, and will undoubtedly cause more dissatisfaction and opposition to the government than the support engendered by them. The latter result is probably for number two as well, although the available information on this (including exactly what lands are meant) is even less than for the others.

15 June 64

Summary Estimate of Land Tenure Status in South Vietnam

SITUATION:

From the promulgation of Ordinance 57 of October 1956 through the end of 1963, under various land redistribution programs, the GVN redistributed nearly 300 hectares of farm land, much of it idle or abandoned to about 120,000 farm families, estimated to equal approximately 10% of the landless tenants in the Delta portion of South Vietnam.^{a/} Most of this land was sold on an installment plan and collections generally are far behind. The Government still holds enough undistributed land (about 311,000 hectares) to supply another 10-15%.

Reportedly 805,000 tenant farmers were covered in 1962 by contracts under the programs for insuring tenure and rent control inaugurated by Ordinances 2 and 7 of 1955 (and 28 of 1956). However, effectiveness of rent control contracts varied greatly by region. Until late 1960, there was reasonably good observance of legal maximums in the Delta, but non-observance was frequent in some of the coastal plain provinces of Central Vietnam. Deteriorating security conditions beginning in 1960 virtually halted further implementation of the basic land tenure reform program, which was encountering much opposition. There have been no significant developments in the past three years and the program must be considered suspended, insofar as land redistribution is concerned.

The GVN instituted three major programs affecting tenure of established agricultural lands:

1. Regulation of landlord-tenant relations.

The Rent Control Program begun in 1955 required each landlord and tenant to sign a government-provided contract, good for five years, registered at the local government office, which stipulated that no tenant should pay less than 15% nor more than 25% of his main crop in rent. Of an estimated 1,200,000 tenant farmers in Vietnam at the beginning of this program, some 805,000 were covered by contracts in force as of December 31, 1961. Many observers of the program substantially discount this number. Some claim that the program failed to provide effectively for arbitration, surveillance or enforcement, while others feel that the provisions were adequate, but their implementation was poor. This program also provided for tenure, i.e., preventing eviction without cause, an aspect similarly vitiated by ineffective enforcement. There were also special provisions governing relations with tenants who restored abandoned land to cultivation.

a/ In the 13 provinces of the Delta total rice land under cultivation is approximately 2.2 million hectares (1962 data). Data on total land under cultivation is not available.

2. Purchase and redistribution of Vietnamese-owned rice lands.

From Vietnamese landlords agricultural lands in excess of 100 hectares, plus 15 hectares for religious purposes (supporting family shrines) were to be, and often were, expropriated. They were to be paid 10% of the value in cash and the remainder in 12-year bonds, bearing 3% interest. The surplus lands were to be sold to sitting tenants who would pay for it in six interest-free yearly installments. This phase of the program involved the purchase by the GVN of approximately 435,000 hectares from some two thousand landlords. Of this land, 300,000 hectares were reportedly distributed to tenants.

3. Purchase and redistribution of French-owned lands.

Under the Franco-Vietnamese agreements of September 1958, France gave the GVN 1.490 million old francs (U.S. \$3 million) to use in purchasing approximately 211,000 hectares of rice lands owned by French citizens. By the end of 1960, little or none of these lands had been redistributed to tenants.

COLLECTIONS:

Collections of land payments due in 1960 ran about 20% and in 1961, 3.5% of amounts due. Data secured in mid-1963 show that total payments collected during the period CY 1960 through CY 1962 (including a minor amount from former French lands of which the Province Chief got 60%) were VN \$24.2 million. This situation improved somewhat in 1963 when VN \$54.8 million was collected in the first four months. While adequate data are not available, some believe that the cost of collections by the GVN exceeded the amount collected.

SUMMARY:

Land tenure reform in South Vietnam applied principally to the Delta. A total of 646,000 hectares of rice lands were taken over by the GVN from French and Vietnamese landlords. Of this amount, approximately 300,000 hectares were distributed and sold to 121,123 tenants, leaving a balance of approximately 346,000 hectares still undistributed. Ownership of perhaps 1/4 of Vietnam's rice lands has been changed by the Land Reform Program but only 1/2 of the land taken over by the GVN was distributed, and that to approximately 10% of the tenants. The remainder in the hands of the GVN, if distributed, could benefit another 10-15%. Effectiveness of land rent controlled contracts was open to serious question as early as 1960, and is now considered by some to provide little or no actual protection to tenants. Collections by GVN from the tenants who were purchasers of distributed land to date are far less than the amounts due.