

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Al Rosenfeld, MSUC
FROM : Price Gittinger *Price Gittinger*
SUBJECT: Attached manuscripts

DATE: April 9, 1957

I am attaching a copy of "Rent Reduction and Tenure Security in Free Viet Nam" which was accepted by the Journal of Farm Economics.

Also attached is a copy of a note entitled "Vietnamese Land Transfer Program" which includes my most recent estimate of the areas available for transfer to sitting tenants.

VIETNAMESE LAND TRANSFER PROGRAM

The Government of Free Viet Nam has recently initiated a land transfer program affecting some 320,000 cultivators, approximately 2,200 landowners, and an area of approximately 760,000 hectares of riceland. 1/

The land transfer is based on the terms of Ordinance No. 57 promulgated October 22, 1956. The Ordinance provides that no person may own more than 100 hectares of riceland, and all persons holding more than that amount as of the date of the Ordinance must sell the excess to the Government, which in turn will sell it to cultivators. (A later modification provides that until formal Government expropriation takes place, landowners may sell parcels of up to 3 hectares to sitting tenants or other individuals if they are not members of the immediate family.) The Ordinance exempts land planted to what are termed "industrial crops," including substantial holdings in rubber (largely owned by French citizens), and areas in forest, sugar cane, tea, coffee, coconuts, fiber crops, fruit, etc. Owners selling land to the Government will receive 10 per cent of the purchase price in cash and the balance in non-negotiable Government bonds bearing 3 per cent interest per annum. The bonds will be redeemed over a period of 12 years. Cultivators who purchase land from the Government will pay for it in six equal annual installments with no interest. The landowner will receive his land rent payment at the harvest of the crop year in which the transfer is effected, and the new owners will begin their payments at the time of the following harvest. The Ordinance stipulates that in addition to the 100 hectare retention limit owners may retain up to 15 hectares of land bequeathed to them for private ancestor worship. It establishes priorities for purchase, allowing sitting tenants first option, and after them local landless laborers followed by veterans and war victims. Other provisions provide for the establishment of a group of commissions to deal with such unsettled matters as land prices, areas to be retained for ancestor worship, and arbitration of claims arising out of the implementation of the Ordinance; and penalties for evasion or opposing the implementation of the Ordinance. In general, the terms of the Ordinance tend to be quite general and an important group of decisions is left to the commissions which must operate almost without legislative guidelines.

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

Landowners were required to declare the land available for transfer by February 28, 1957. Although a few are known to have failed to comply with the regulation and are being searched out and proceedings instituted, to date 2,170 persons owning more than 100 hectares have declared total holdings amounting to 976,602 hectares. These declarations, however, have not yet been checked by survey measurement. Since each owner may retain 100 hectares, the returns indicate some 759,602 hectares are available for transfer. If each owner is able to justify a claim to the maximum of 15 hectares which may be reserved for ancestor worship, the land available for transfer might be reduced by as much as 32,550 hectares to a total of 727,050 hectares. It is unlikely such large claims will be allowed, however. Inclusion of delinquent returns in the final tabulation is not expected materially to alter these totals.

The Vietnamese Institute of Statistics and Economic Studies reports 1,993,500 hectares of riceland were cultivated in the 1955-56 crop season. Estimates derived from 1934 figures quoted by Peautonnier indicate an additional 457,000 hectares of privately owned land still lie idle as a result of disturbances over the past decade. 2/ Thus out of a total of approximately 2,450,088 hectares of riceland in Free Viet Nam, some 40 per cent is held by landowners having over 100 hectares.

Virtually all land subject to transfer lies in the provinces to the south and west of Saigon. In this area lie a total of some 2,185,588 hectares of rice fields, including almost all the abandoned land. (This total includes the 2,049,928 hectares in 14 major rice

Table 1. Vietnamese Riceland Owners Classified by size of Riceland Holdings and Area in Various Sized Holdings a/

Region	Classification by Size (hectares)	Number of Landowners	Per Cent of Landowners in Size Classification	Area Owned	Per Cent of Cultivated Area in Size Classification
Central Viet Nam <u>b/</u>	Less than .5	450,000	68.7	<u>c/</u>	<u>c/</u>
	.5 to 2.5	165,000	25.2		
	2.5 to 5	31,000	4.7		
	5 to 25	8,500	1.3		
	25 to 50	300	.1		
	Over 50	50	negl.		
	Total	654,850	100.0		
South Viet Nam <u>d/</u>	Less than 1	85,933	33.7	42,966	2.1
	1 to 5	97,060	38.1	194,120	9.5
	5 to 10	37,616	14.8	263,312	12.8
	10 to 50	28,141	11.0	562,820	27.5
	50 to 100	3,613	1.4	252,910	12.3
	100 to 500	2,449	.9	489,800	23.9
	Over 500	244	.1	244,000	11.9
		255,056	100.0	2,049,928	100.0

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Table 1. Vietnamese Riceland Owners Classified by Size of Riceland Holdings and Area in Various Sized Holdings ^{a/}
(Continued)

a/ Adapted from Yves Henry, L'Economie Agricole de l'Indochine (Hanoi, Gouvernement General de l'Indochine, Inspection Generale de l'Agricole, de l'Elevage et des Forets, 1932), and G. Peautonnier, "Contribution a l'etude des conditions de l'exploitation de la riziere en Cochinchine," L'Information d'Indochine Economique et Financiere, December, 1946.

b/ Applies chiefly to northern provinces.

c/ Unavailable.

d/ Fourteen major rice growing provinces.

growing provinces tabulated in Table 1 plus an estimated 135,660 hectares in 6 minor rice growing provinces.) The current number of individuals owning land in this area is not known, but the best estimate is the total given in Table 1, even allowing for concentration of ownership and for riceland owners in minor provinces. Assuming this total of 255,056 riceland owners in 1934 is still relatively valid, in the area where the transfer is to take place the 1 per cent of the owners holding more than 100 hectares claim title to some 45 per cent of the total riceland.

Comparison with the 1934 figures in Table 1 indicates a substantial concentration of ownership has taken place in the last two decades. The area held by individuals owning more than 100 hectares has climbed from 733,800 to 976,602 hectares, while the absolute number of such large owners has declined from 2,693 to 2,170. Where 1 per cent of the owners held 36 per cent of the total riceland in 1934, they now own 45 per cent of the total.

In general, the provinces farther from Saigon are the ones with the higher concentration of ownership. The landlord returns indicate that in the minor rice growing province of Tay Ninh, for instance, only 9 per cent of the riceland belongs to individuals owning over 100 hectares. A comparable 1934 figure is not available. Of the major rice growing provinces for which Peautonnier quotes figures, the lowest concentration in 1934 was 14 per cent in Cholon province adjoining Saigon. By 1957 this had increased to 24 per cent. At the other extreme, in the province of Rach Gia on the coast southwest of Saigon, some 62 per cent of the total riceland is in the hands of large landowners as compared to only 52 per cent in 1934.

In the absence of accurate land tenure information it is difficult to estimate how many tenants will be affected by the land transfer. In the area where most of the transfers will take place, the average tenant holding is approximately 2 hectares or perhaps slightly more. Since it is likely landlords will opt to retain riceland now under cultivation, the land available for transfer probably will include a substantial proportion of land abandoned during the disturbances of the past decade. It is thought about 225,000 hectares of the land available for

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transfer is not currently cultivated. On the remaining 534,000 hectares, the best estimate of sitting tenants affected by the land transfer is thus about 265,000. The Government is making every effort to encourage recultivation of abandoned land. Tenant holdings on formerly abandoned land recultivated to date are about 2 hectares, but the Government hopes future holdings on abandoned land will average about 4 hectares. To the sitting tenants, therefore, must be added approximately 55,000 additional cultivators who will benefit, largely drawn from refugees from North Viet Nam and local landless laborers. Thus, a total of some 320,000 cultivators will be benefitted by the land transfer program.

Of the 759,602 hectares of riceland subject to transfer, approximately 180,000 hectares are owned by French citizens. By far the largest part of this land is worked by tenant cultivators. The French Economic and Technical Mission to Viet Nam has announced that this riceland will be purchased from its present owners by the French Government and be turned over to the Government of Viet Nam for redistribution to cultivators. Current negotiations being carried on by the French and Vietnamese are devoted to working out the details of this program.

It is not expected the land transfer program will have an appreciable immediate impact on rice production nor upon the pattern of cultivation. Virtually the whole area affected is now cultivated by tenants. Landowners in Viet Nam provide almost no management function for their tenants who follow traditional planting dates and cultivation techniques. Little fertilizer is used. Although before World War II many large landlords were a primary source of credit for their tenants, post-war Communist guerrilla warfare in Viet Nam greatly reduced their willingness to make loans. Currently, most credit in rural areas comes either from local merchants, often Chinese, or from small or medium landowners who live in villages rather than urban centers and who are thus in a position to collect their loans. The Government is embarking on a \$ 5 million national agricultural credit program which it hopes will replace any credit now coming from large landowners and a substantial portion of that from small landowners and merchants.

The Government estimates a total of some \$85 million will be necessary to purchase the land affected. If the French Government makes full payment for the land owned by its nationals, as seems likely, the Vietnamese Government burden might be reduced to some \$ 61.5 million, depending upon the terms agreed upon by the two governments. The cash down payment paid by the Vietnamese would thus come to some \$ 6.1 million. It is hoped that landowners receiving bonds in compensation can be encouraged to use them as collateral for loans for general industrial development. This program would be correlated with United States and other foreign aid available to Viet Nam, although details have not yet been worked out.

It is estimated that the administrative costs of the land transfer program may come to some \$ 2 million spread over a three year period, with heaviest expenditures during 1958. The program is to be administered through the Department of Agrarian Reform which already has responsibility for the rent reduction and tenure security program. Provincial offices will be expanded in the areas

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affected, additional cadastral personnel trained to measure retention limits and plots transferred to cultivators, and village-level committees of landlords and tenants established to implement the transfer and collect payments from new owners. These committees will also have responsibility for administering the rent reduction and tenure security program. Agrarian tribunals will be organized to hear disputes arising from the land transfer and perhaps from the rent reduction and tenure security program.

Although the basic land transfer legislation was promulgated in the fall, the implementation of the program has been slowed by administrative problems. At the time the Ordinance was promulgated it was the intent of the Government to reorganize the Department of Agrarian Reform. The man appointed as the new Secretary, Mr. Do Van Cong, a ranking official in the Presidency, was unable to assume his duties until late November and subsequently experienced difficulties in securing appointment of the competent personnel he felt necessary for his program. Then, on February 22, when the Secretary was momentarily expecting final approval of his new staff, he was seriously wounded during an assassination attempt on the life of President Ngo Dinh Diem. As of this writing, Secretary Cong is still hospitalized and is not expected to return to his desk for another two months. President Diem, as an expression of his gratitude and confidence, has postponed new steps in the land transfer program until the Secretary can return.

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During the period from the time he assumed his post until he was wounded, Secretary Cong had undertaken three important preliminary actions. The first was to call for landlord declarations of land held in excess of 100 hectares, as mentioned earlier. Currently the Cadastral Service is working in the field checking these declarations.

The second step -- intended as a concrete expression of the Government's resolve to carry out the land transfer program -- was to arrange token transfers throughout the South. The normal pattern was to find some landlord willing to allow the Government to make a transfer of land to sitting tenants before the final details of the program had been settled. Then, at a brief ceremony in the ricefields, Secretary Cong or another ranking official formally announced the transfer to the tenants. For the landlords, this amounted to accepting the Secretary's personal word that they would be treated fairly under terms of subsequently announced administrative regulations. Although having elements of unfairness, it is unlikely the landowners volunteering their land under these terms will be placed at a disadvantage. Under the terms of Ordinance No. 57, landowners will receive their full normal rent for this agricultural season, while land prices are to be set by a commission on a regional basis and are to be paid to all owners in the area. To date, 2,408 tenants have received holdings amounting to 4,235 hectares. The program has been attended by the fullest publicity in the local press.

A third important step, announced by the Secretary February 18, is a cause for some concern. Under the terms of Ordinance No. 57, landowners could not transfer land after October 22, the date the Ordinance was promulgated.

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However, landlord groups succeeded in exerting enough pressure within the Government to secure a modification allowing them to sell land in units of not more than 3 hectares. Sitting tenants must be given priority -- although no credit facilities are provided -- and land may not be transferred to members of the immediate family. The modification represented a compromise between the pressures exerted by the landlord groups and the well-recognized danger of "paper" transfers to bring each individual's holding within the 100 hectare limit. Although it is too early to know what effect this modification will have on the program, it is not thought it will be extensive. Most tenants are expected to await the implementation of the Ordinance which they expect will give them a more favorable price, while the 3 hectare limit to each parcel reduces the attractiveness of buying land as an investment or hedge against inflation.

The current land transfer program has its roots in an earlier attempt at agrarian reform embodied in a series of Ordinances promulgated in June, 1953. These ordinances, issued at a time when the nation was racked with civil war, were largely of propaganda value and were never implemented. Among other provisions, they limited holdings in South Viet Nam to 100 hectares, the limit carried over into the current program. They also provided for reduced rent and increased tenant security.

Soon after the Geneva convention in July, 1954 which divided Viet Nam into two parts, one free and one Communist-controlled, the Government recognized the importance of agrarian reform as a means to increase the stake of the peasant in an independent nation and to improve rural social structure. At that time, however, the Government did not have the resources to carry out a land transfer, but, instead, undertook the logical and closely correlated first step of instituting a rent reduction and tenure security program. As a result of recent success in stamping out internal subversion and structuring a sound economy, the Government felt it could embark on the land transfer phase of its agrarian reform.

The United States, through the International Cooperation Administration U. S. Operations Mission to Viet Nam, has been closely interested in the whole agrarian reform program which it considers a prime means by which to establish a stable nation. It has provided technical assistance, funds for study missions to other Asian nations, and funds to support the administration of the rent reduction and tenure security program. It has agreed to make available up to \$ 2 million in local currency during the next three years to help support the administration of the land transfer program. At the same time, it has embarked on a large land development program which will put into cultivation some 39,000 hectares of land in the coming year on which approximately 9,000 families will be established and become new owners.

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U.S. Operations Mission to Viet Nam
International Cooperation Administration
April 5, 1957

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FOOTNOTES

1/ In this note, information not acknowledged by footnotes to published sources is derived from private communications from Vietnamese Government officials, the author's estimates, etc.

2/ G. Peautonnier, "Contribution a l'etude des conditions de l'exploitation de la riziere en Cochinchine," L'Information d'Indochine Economique et Financiere, December, 1946.

3/ Ibid.