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INSTITUTE OF CURRENT WORLD AFFAIRS

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INTO THE BOAT COUNTRY (2)

Raising fish and beating the odds on socialism

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Dear Peter,

We had been in the house for ten minutes, when I began to wonder when we would see the fish. I had come to Chau Doc, this town near the Cambodian border, seven-hour drive from HoChiMinh City, to see those famous Asian catfish (*Pangasius*), the pride of the Vietnamese emerging aquaculture industry. I was glad to see this nice pavilion on the river, to admire the electric cooking-plate, the refrigerator and the functioning telephone. Obviously, the fish raisers were successful. But where were the fish? I was about to ask - and make a fool of myself - when the owner of the house lifted up part of the floor and threw food in the water below.

I must have gaped. The fish were there, one hundred tons of fish, right under my feet. Our hosts, with their mosquito-netted beds and their electric appliances, their ancestor's altar and mirrored wardrobe, were living on top of them. This nice blue house floating on the Hau Giang River was more than a house. It was their livelihood: a fish raft. "Our main market is the United States, but we don't say it," confides one of the directors of the Mekong Company. "We sell the fish to Hong Kong and Singapore. What they do with it after is none of our business." (The American embargo still forbids American companies to trade with Vietnam.)

We are sitting on the raft's balcony, drinking cups after cups of green tea. Below us, the Hau River runs through the fish cage and on to the Mekong delta. Next to us, oblivious to our discussions, five young men in shorts are spreading on the platform a thick mount of smelly brownish paste. The mixture is warm and steaming. They cover it with a canvas sheet and knead it with their feet.

Carole Beaulieu is an ICWA fellow writing about the countries of former French Indochina, with a focus on Vietnam.



A row of fish-rafts. Young men preparing fish feed.

The paste is then shaped into coconut-size pieces and left there to cool off. Later on, the balls will be handbroken into smaller parts and thrown in the water. "It is much harder work than it looks. The fish require a very strict feeding regime," says Mr. Hai Buon, one of the five owners of the Mekong Company, Vietnam's largest fish-raft enterprise.(1)

The Mekong company began in 1989 with only one raft. Today, close to 100 people - office workers and laborers included - earn good wages from its 26 rafts. In 1991, the company produced 3000 tons of fish and made a 30% profit. This year it is expecting to produce 8000 tons of fish. At US\$3.20 the kilo of fish fillet, fish raising is not a bad business. (One needs five kilos of fish for each kilo of fillet. This fish has a huge head, a big belly and three layers of fat.)

But this spectacular development could be just a shooting star. The fish-rafts are now in a hurdle, facing three major problems: lack of markets to sell their products, skyrocketing price of fish feed and the farmers inability to breed the fish in captivity. "The industry is growing too fast," says Ngoc Phuoc Hau, director of An Giang Province seaproduct export factory, the main fish processing plant, 50 km down the river from Chau Doc.

Only 2000 tons of fish can be sold domestically. The rest has to be exported. "I am going to France in the next few weeks to try to sell some there," says Ngo Phuoc Hau. "But our best market is North America. When do you think the embargo will be lifted?" In 1992, the company's profits will barely reach 5%.

The fish farmers would drastically reduce their production cost if they could raise their own fish offsprings. But they cannot. "In 30 years, I have never seen this fish breed in captivity," says Hai Buon. "I don't know how to do it. We have to buy all the young fish from Cambodian fishermen."

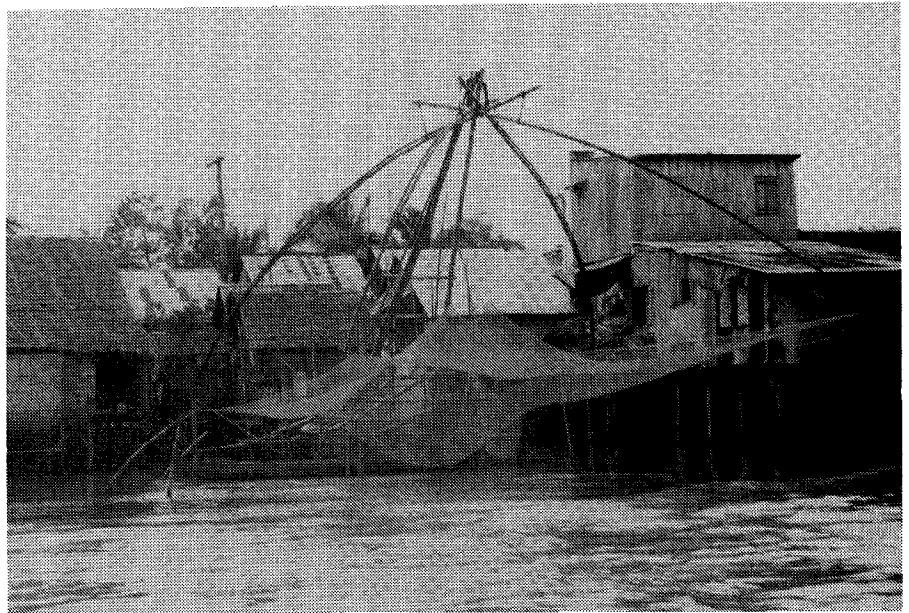
A Cambodian by birth, Buon fled his country during the Pol Pot years. He came to Vietnam with a primitive bamboo version of the more modern fish-rafts he now manages in Chau Doc. (The first fish rafts are believed to have originated in the north-east of Cambodia about one hundred years ago.)

Experts from the Can Tho University have not had much more success at "offsprings production". "Our scientists are paid \$15 a month," comments Vo Tong Xuan, Vice-Rector of Can Tho University. "What do you expect from them? How can I discipline my assistant when he

(1). To be exported, the fish must all be of the same size, exactly enough for one portion to be laid out on a plate in a fancy restaurant. Feeding is very strict: water bindweed, rice bran and small fishes or snails. Each cubic meter of water can produce 170 kilos of fish per harvest, three harvests every two years. The high productivity seems related to the strong current of the river. "Move the rafts a few kilometers down and the productivity drops", says Hai Buon. During the dry season, when the current weakens, farmers use propellers to push oxygen under the rafts.

comes late and says his pig was sick? His pig is his livelihood."

With the help of foreign universities and overseas foundations, Can Tho University pays better wages to the staff of some of its research centers. But there is still no answer to the catfish riddle. "We are thinking of buying the secret from the Indonesians," says Ngo Phuoc Hau.



Traditional fish net along the Hau River

The future of Vietnamese agricultural research seems in limbo as the number of students choosing the agricultural field at Can Tho University dwindles year after year, from 100 in 1986, to only six in 1992. "They would rather go into food technology or computer science," explains Vo Tong Xuan who was trained in the Philippines and worked at the International Rice Institute. "But our curriculum are not up-to-date. The food technology program does not include a word about packaging."

The food processing industry is first on Hanoi's list of priority investments, immediately after consumer goods. (Export products come in third.) Last year, farmers from a province bordering Thailand produced a record 100,000 tons of fish. But there was no processing factory in the area so the fish had to be sold live for 60 cents a kilo. Much was wasted. In other provinces, farmers have destroyed their products rather than sell them at loss. "Farmers now hesitate to invest in agriculture production because of unstable prices," says a December report of HoChiMinh's city Agriculture Department quoted in HoChiMinh's city youth newspaper. (2)

As Vietnamese farmers begin experimenting with a free market, there are winners and losers. One example of this is pig raising. Two years ago, farmers earn profits raising pigs. Now, there is so much pork on the market, prices are falling. (It costs a million dong to raise a pig to 100 kilo but farmers cannot get more than 900,000 dong for the pig.)

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(2). "Lua, mia, heo, gà... cùng giảm giá bao giờ nhà nông dứt nỗi lo?" (Prices of rice, sugar-cane, pig, chicken... fall down. When won't farmers be worried?) in Tuổi Trẻ, 3 december 1992.

Agricultural prices enjoy no special protection in Vietnam. The market reigns and some Vietnamese are beginning to question the strategy. "Don't you think we should protect the farmers income a little better?" asks Huynn Buu Son, Managing Director of the Saigon Bank for Industry and Trade and co-author of a recent Vietnamese economic dictionary. "If we want them to reinvest in their farms or to launch new activities in the villages, shouldn't we do our utmost to raise farm prices?"

During a recent meeting of the Peasants' Union, Vietnam's nationwide farmers organization, many farmers complained that the actual price of 19,000 dong a gia of rice (one gia = 22 kilos) did not cover their cost of production. According to them, break-even price was 22,000 dong a gia. Profit-making price was 25,000 dong a gia.

The price-policy is not the only subject triggering debate among farmers. The increasing role of the "brokers" is another hotly debated issue. "Take for example a fisherman who catches a big fish," says Lam Vo Hoang, a Southerner who recently co-authored a Vietnamese economic dictionary. "In the city he could get 10,000 dong for the fish. But he has no way to go there. So he tries to sell the fish in front of his house. But all his neighbors are poor and cannot pay more than 500 dong for the fish. A middle-man comes and offers him 2000 dong. The middle man makes a lot of money and the farmer, again, has been exploited."

"It is not enough to produce," insists Vo Tong Xuan, renowned agriculture professor and elected member of the Vietnamese National Assembly. "We need processing industries. We also need well-trained people in commerce and international trade."

In agriculture, as in many other fields, the Vietnamese are slowly coming to terms with a disturbing fact: many of their scientists, trained in countries of the former Communist block, are ill prepared, if not clearly badly prepared, to face today's challenges. "To be frank, they are often incompetent," says a HoChiMinh City engineer who supported the southern communists in his youth. "The Russian had committed themselves to train hundreds of Vietnamese every year, and they did. But they did not invest much in those students. Their language skills were often insufficient. People like me who supported the Communists took as a lesser evil the fact that many well-trained intellectuals who had cooperated with the previous regime were forced into exile or into the margins of society. We were told better scientists from the communist world would replace them. It did not happen."

Hien (not his real name), a mathematician trained in Princeton before 1975, was recently offered a leading job in a Vietnamese University. But when the University heard his conditions, they withdrew the offer. "I told them I wanted the power to fire half of them," he says laughing. Instead, Hien started a software firm.

The South is full of these well-trained intellectuals who were on the wrong side of the fence when Saigon fell and have spent the past fifteen years overseas or in the margins of Vietnamese society. Some like Tran (not his real name) are regaining a voice in the Vietnam of 1992. "Officially, I am unemployed," says the former financial analyst. "In fact I am one of the busiest men in

town. I even advise government officials."

Others like Trung are not so kind. Sitting on his fishing boat, watching smugglers jump off motorbikes and run between houses with bags of goods strapped to their back, Trung won't talk much about his diploma in philosophy and the years he spent teaching. When the South was "liberated" he couldn't bring himself to teach marxist-leninist theory to his high school students. He sold cigarettes, did some odd jobs and finally became a fisherman. "Go to the market in Can Tho," he says. "Talk to the street vendors. Many are engineers, teachers."

A few months ago, *Tuoi Tre*, the most investigative Vietnamese newspaper, published a story titled "Where goes the grey matter of the delta". The story raised the question of the wasted talent in the South and sent a shock wave in the region. "Vietnam's economy won't take off without us," insists financial analyst Tran. "We are half the South's population. The government knows it has to integrate us." And in a way it does. Or at least it tries. But in a strange way, a way I am not sure I understand well yet.

Take Tran for example. In 1986, at the onset of *doi moi*, the Vietnamese renovation policy, he launched an informal study group to talk about the economy. Men who had served in various economic functions before 1975, often high ranking government officers trained in the West, began to meet once a week to talk about the economy. They wrote papers and submitted them to the government. Other joined them, most of them from the "previous regime" but also others who cared about Vietnam's economic development. Soon, they were being consulted on banking, investment laws, monetary policy. Today they are the "economic advisory group" of HoChiMinh City People's Committee and they meet once a week in the office of *Lao Dong*, the Labor newspaper. They get no salary for their effort. And no official recognition. "This is my country," says Tran who spent five years in a reeducation camp. "I want to serve it". Next to Tran, around the same table, sits the man who now lives in the house the Communists confiscated from Tran when he was sent to a reeducation camp.

Maybe this is another example of what William S. Turley, professor of political science at Southern Illinois University, calls "participatory authoritarianism".(3) According to Thurley, most of Vietnam's Asian neighbors could be called "capitalist authoritarians". They do not have the legacy of the Vietnamese "mobilizing past". In this era of post-communism, Vietnamese socialists believe they can create an East Asian model with socialist characteristics. To do so they are turning to the one model they know best: the "mobilization one". They are encouraging popular debate and involvement in public affairs. (Not to say they are opening a door to political pluralism. On this, the signals are clear: the leadership believes competitive politics would only

(3). "Political renovation in Vietnam: renewal and adaptation", William S. Turley, p.30. Presented at the Southeast Asia\Indochina seminar series, under the auspices of the Fairbank Center and the Harvard Institute for International Development, January 28, 1991.

exacerbate regional divisions and invite disruptions by overseas Vietnamese. But within certain limits, there is room for debate.)

But this is another story. And I shall come back to it in subsequent newsletters. For now, let's get back to the delta, the one region in Vietnam where, more than anywhere else in the country (save the Red River delta), Vietnam's newest revolution is unfolding: the green revolution.

The Vietnamese economy relies mainly on agriculture - 80% of the population is involved in it - but the area of cultivated land is small compared to the population. In 1940, the average area of cultivated land per person was 0.26 hectare. In 1992, it is down to 0.11 hectare. Population growth is a key factor in the change: there are now 71 million Vietnamese and the population is expected to reach 82 million by the year 2000.

In the past four years, 40,000 hectares of acid soils have been reclaimed in the delta and put under cultivation. But it won't be enough. Already the environmentalists are worried. "In Minh Hai Province they cut valuable trees to plant rice and raise shrimps," says a local ecologist. "They are even threatening the Tram Chim cranes sanctuary in Tam Nong province." (The 9000-hectare reserve is very much in demand from farmers who want to cut down the trees to grow rice.)

While the ecologists worry, scientists like Vo Tong Xuan see only one way out: an even wider spread of modern scientific methods, high-yield seeds and fertilizers, fast maturing crops, year-round irrigation and multiple-cropping. Just like it did in some neighboring countries like Thailand, the transfer of farm science could bring the kind of agricultural revolution on which the West's own wealth was built. Already in the delta, signs of that revolution can be felt. An Giang Province has produced so much rice in the recent years, it has been able to use some to feed livestock and now boasts well developed duck rearing activities. It recently began exporting salted duck eggs to HongKong and Singapore. "If the people find work in the country side and enough food to feed their families they will not move to the cities," hopes Bui Huu Tri, the Vice-Chairman of Can Tho's People Committee.

In Can Tho, Vietnam's largest agricultural town, the authorities are well aware of the risks of a sudden urbanization. Earlier this year, two French historians briefed the Committee on the industrialization of French agriculture. The speed and the consequences of the phenomenon they described left quite an impression on some of the Committee's members. "We must find ways to keep people in the countryside," says one Committee member. (4)

(4). The fear is such that when the HCMCity's People's Committee presented its development plan, Hanoi refused the expected population of eight million by the year 2000. "We were told to stay under seven million," says the Vice Chairman of the People's Committee. "Any job-creating investment that can be realized outside of HCMCity must be directed elsewhere." HoChiMinh City's population is presently estimated at 6,5 million.



Map of the Mekong delta

That is more easily said than done. "They mean well," says a Canadian aid worker. "And they think they will be able to avoid the mistakes other countries made. But they have a lot to learn."

Others think the Vietnamese are learning fast. Even faster than the Chinese. "It took a long time for the Chinese to grasp monetary policy," says Laurence J. Brahm, Director of Hongkong-based Johnson Stokes and Master Indochina Consultants, also author of newly-published Banking and Finance in Indochina. "There is a lot happening here, a lot of experimenting with the system."

One example, says Brahm, is the Vietnamese very sophisticated scale of taxes for foreign investors. The standard level for foreign investment in Vietnam is 25% (compared to 33% in China) but there are many possible tax breaks. Investors in "priority" sectors, such as agriculture, only pay 15% taxes. They can even get the rate down to 10% or less if they can prove that their project is "of particular interest to the national economy" or located in a "rural area in need of a lot of development". "The best you can get in China is 15% and it is exceptional," insists Brahm who has worked both in China and Vietnam. "The Vietnamese system is liberalizing very quickly. Much faster than China."

Brahm is not the only optimist consultant. Christopher Bruton, Director of Orient Research of Data Consult, a Bangkok-based

consulting firm which has already helped quite a few international companies enter the Vietnam market has high hopes for the country and especially for Can Tho a city he describes as "located in the heart of Vietnam's richest area".

Can Tho likes to call itself the "western capital" of Vietnam. The town is situated at the exact geographical center of the delta: 90 kilometers from the Cambodian border on one side, 90 kilometers from the sea on the other side, 167 km from HoChiMinh City.

Touristically speaking, there is not much to see in Can Tho. Foreign visitors are mostly businessmen, teachers, researchers. Can Tho Tourism owns nine hotels, none of which are of international standards. A French company recently had its eyes on a nice downtown building but the occupants refused to sell it. The French wanted no less than the People's Committee building!

Provincial authorities want to see Can Tho become the real economic center of the delta. The airport was reopened to civilian traffic in December and an export-processing zone of about 150 hectares was created in June 1992. Authorities are hoping to attract about 60 enterprises to the new zone located along the river, about ten minutes from the port and the airport. "The zone will create between 30,000 and 40,000 jobs," says Vice Director Nguyen Hung Duoc. Today, in the export-processing zone, there is only dirt and a pineapple processing factory.

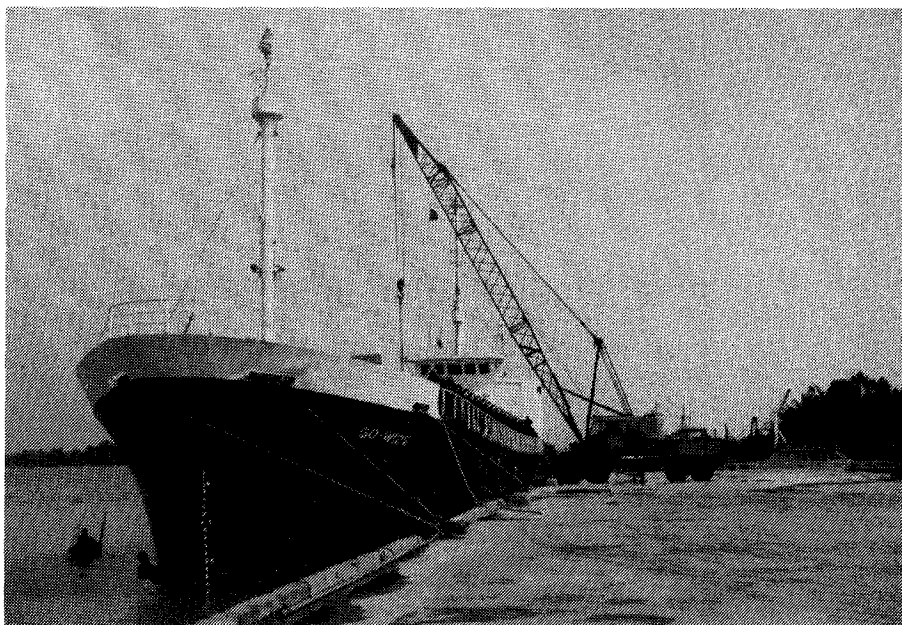
In the last year, about ten new investment projects have been launched in Can Tho province: an eucalyptus plantation for paper manufacturing, a marble quarry, some sesame seeds and jute plantations. Six joint-ventures are already operating, making instant noodles and growing glutinous rice for Japan and bottling mineral water. On December 12th, the city is hosting its first large agricultural fair.

But there is a bottleneck: how to get the products out of the delta? Roads are awful. Bridges are narrow and date back to the time of the French. As we drove out of the delta one of the bridges collapsed. Over 200 heavily-loaded trucks and buses were preparing to spend the night on the road, waiting for the repair crew.

The port of Can Tho is still an underdeveloped potential. "We have plans to upgrade it," says Ngo Quang Tien, one of the port's officials. "We should soon be able to receive 10,000 ton boats, double our actual capacity."

Right now, the port looks deserted. A convoy of barges came through this morning, carrying supplies for UNTAC, the United Nations Transitional Authority in Cambodia. It is now mid-afternoon and the convoy has gone, sending the port back to its languidness. A lonely boat stands on guard near the dock. Ten bright red containers gather dust in front of the main office. The only sounds come from an opened container where five dockers have taken refuge from the heat to play cards. The port handles containers to Hong Kong and Singapore. Koreans have built their own dock. "The port facilities will be expanded soon," insists Ngo Quan Tien.

Soon? Well, it depends on the foreigners. Can Tho Port has no money and no intention of waiting for government funds. "It would take too long," says Ngo Quang Tien. "With a foreign investor, we could learn from their expertise." Can Tho has asked "for tenders". Basically it means they have asked for a foreign company to pay 100% of the port's upgrading. They are waiting, fingers crossed.



A lone boat in the port of Can Tho

To discuss Can Tho's future, I meet with some officials of the People's Committee. It turns into the kind of events only socialist countries seem to have the secret of. On one side of a long narrow table sit the officials: the Director of the Export-Processing Zone, the Vice President of the People's Committee, the officer in charge of foreign affairs and two architects. On the other side there is me, my interpreter and two local journalists who have expressed interest in watching the meeting. Between us, on the table, sits the stuff all Vietnamese meetings thrive on: green tea and fruits (in this case bananas and pomelos).

Two hours later, we are still there. The Committee likes my questions and will not let me go. We must all have lunch, they insist. So we all end up in the private room of a Can Tho restaurant. Again, the seating arrangement is the same: my group and I on one side, the Committee on the other. The food is great. Shrimps are the size of a small lobster. "We don't usually eat them," says the Vice Chairman. "We mainly export them."

Ten minutes into the meal, with the famous local 333 Saigon Beer on the table, some of the officials have tired of my serious questions. The Vice Chairman breaks in and tells a joke. Most of the Vietnamese laugh. Humor being one of the hardest thing to translate, I am not quite sure I get it. "Journalists normally know good jokes," says the Vice Chairman. "Tell us a good joke."

My brain, cluttered with strange new Vietnamese words and names, seems to freeze. Do I know any jokes? The only ones I remember are the kind of jokes North-American women told about men in the heydays of feminism. I do not think the Vietnamese officials would like them. But they insist. And I finally remember one innocuous joke. I tell it slowly with lots of gestures and faces (in French with the help of a Vietnamese interpreter). They break in laughter.

The meal goes on, the officials telling each other tales of the war, stories of guns and feats they have achieved together. At the end of the table, two Vietnamese women (I am told they are in charge of trade) drink 7-UP and seem to have heard it all before. They mainly want to talk about the delta's first Agricultural Fair to be held in a few weeks in Can Tho.

Next week in Hanoi, the second session of the 9th Meeting of the National Assembly will open. Ownership of land will once again be a hotly debated topic. Already, the question is everywhere, on television, in the newspapers, on the radio. Nobody expects a sudden reversal of policy such as the one the world saw in the Soviet Union. At best, the Assembly will better define the terms of the leases under which farmers and industries may use the land.

"The land belongs to the people," has already told me Mrs Ngo Ba Thanh, expert in comparative law, member of parliament and one of the key architects of Vietnam's 1992 constitution. "Many of my foreign friends think there will soon be privately owned land in Vietnam. I tell them: if you don't want to be disappointed, forget about it. The real issue is not ownership of land but rather how expensive land registration will be and how land registration will be organized."

We leave Can Tho early afternoon. Ahead of our car, Vo Tong Xuan rides his motorbike toward the University. Along the road, the stalls are crammed with food. I think of Richard Critchfield's phrase about how "communism's failure is its denial to villagers of privately owned land and hence sufficient incentives: it goes against basic nature."(5)

Will Vietnamese farmers find enough incentives in the "user-right" the Socialist Republic of Vietnam offers them? Will leasing the land for 50 or 70 years feel the same as owning it? Will Socialist Vietnam fulfill Critchfield's prediction: the end of the exodus from village to city, the return of peasants to villages that can once more feed them?

In a very optimistic presentation to a December business conference in HoChiMinh City, consultant Christopher Bruton said there were three "downside risks" to investing in Vietnam: a population-resource imbalance, border disputes and regional rivalries, and last but not least: political authoritarianism being replaced by political instability.

It is the political instability I was thinking of last week as I met an old Vietminh fighter who had spent five years in Poulo Condor - the famous French prison - and had also fought with the Vietcong in the South. A well-educated man who joined the revolution more out of nationalist feelings than communist ones, he now feels betrayed by the revolution. "The revolution gave me nothing," he says in flawless French. "And it only brought poverty to my people. Corrupt party members are abusing State property. They speculate on housing. Their children live the high life. This is not what we fought for."

We are sitting in the front room of his house on a noisy HoChiMinh City street. The old man speaks slowly. The story he has to tell is obviously painful. He sometimes retreats in bouts of silence. Slowly the story emerges. Two years ago, at the height of the renovation process, the city used an old ordinance on "fighting the bourgeoisie" to confiscate a house the old revolutionary had inherited from his mother. "I am fighting that decision," he says. "I don't trust the authorities. They are not confiscating my house in the name of the people. They are confiscating it to give to somebody who will resell it and make a huge profit."

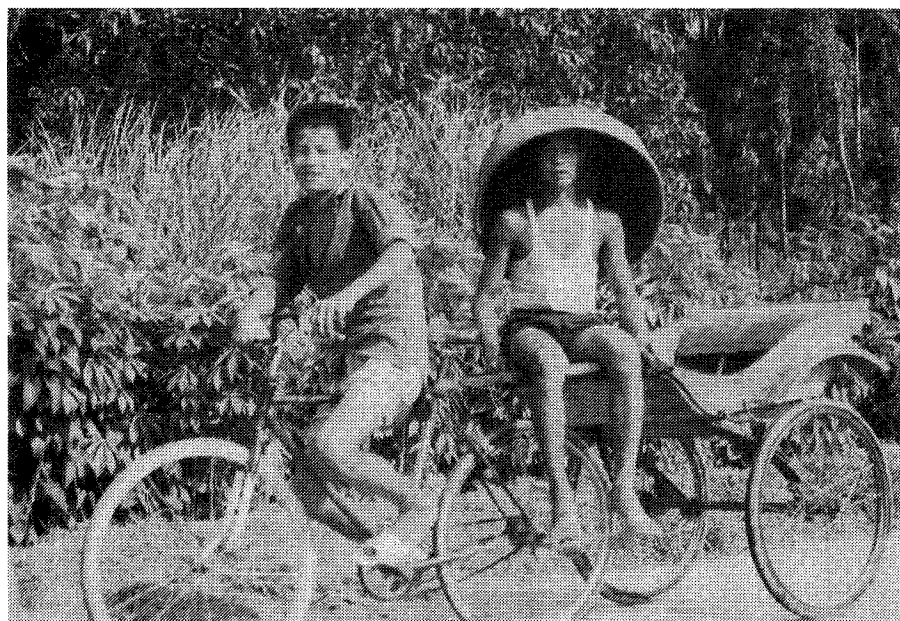
Listening to him, I couldn't help thinking how much he looked like Hoang the financial analyst who had done five years of reeducation camp under the Communists and was now only beginning to regain a voice in his society. The two men had much in common: a certain pride, a strong commitment to their country, a real caring for the welfare of their people, lots of selflessness. If both felt betrayed by the revolution, who didn't?

"Wounds in the South are just beginning to resurface," says another Saigonese man. "So many lives were wasted. Development and money won't solve it all. Except maybe for the 40% of the population who is under 15 years old. But for the older ones, reconciliation will not be that easy." But that is another story.

Carole B.

Carole Beaulieu
HoChiMinh City
December 23rd

PS: There are 44 provinces in Vietnam, not 24 as I wrote in a previous newsletter.



Rickshaw Can Tho style