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Simon Toner

Imagining Taiwan: The Nixon Administration, the Developmental States, and South Vietnam's Search for Economic Viability, 1969–1975

In November 1974, a technical advisory team from the Kaohsiung Export-Processing Zone (EPZ) in Taiwan arrived in Saigon to help the government of South Vietnam (GVN) establish a 65-hectare EPZ on the former site of U.S. Camp Davies in Tan Thuan Dong, next to Saigon port. For the previous several years, the two countries had discussed the feasibility of such a project and the Saigon government had sent delegations to study EPZs in Taiwan. For the Taiwanese, the attraction of bringing their export-led development model to South Vietnam was based on Taipei and Saigon “having the same national objectives and facing the same threat.” The Kaohsiung EPZ “had contributed tremendously in solving the unemployment problem as well as promoting export[s], the two major problems which RVN [Republic of Vietnam] has encountered for many years.”¹ For the South Vietnamese, export-processing zones appeared a promising means of encouraging investment, utilizing manpower, and boosting exports to deal with the country's massive balance of trade deficit. EPZs could help South Vietnam end its dependence on foreign aid and “progress towards economic independence.”² This would strengthen Saigon in its battle against Hanoi and perhaps

¹ “Consultant Services of the EPZ Mission from the Republic of China for the Establishment of Saigon Export-Processing Zone, vol. 1,” Contract no. AID 730-3622, vols. 1 and 2, Bureau for East Asia/Capital and Commercial Development, Container #4, Record Group 286, Agency for International Development, National Archives (hereafter USNA); “V/v xin ngân khoản dành riêng cho việc trợ cấp xuất cảng năm 1970,” undated, folder 2508, Phủ Tổng Thống Đệ Nhị Cộng Hòa [Office of the President of the Second Republic] (hereafter PTTDNCH), Trung Tâm Lưu Trữ Quốc Gia II [National Archives Center II], Ho Chi Minh City, Vietnam (hereafter TTLTQGII).

² “Thiết Lập Khu Chế Xuất tại Việt Nam,” September 12, 1972, folder 2850, PTTDNCH, TTLTQGII.

convince the United States that continued support was worthwhile. By the time Saigon fell in late April 1975, however, the GVN and Taiwanese effort had not proceeded far beyond the pre-operational focus on regulations, management, and operation systems.

At first, these events might not warrant more than a footnote in the history of the American War in Vietnam. In the orthodox narrative the war assumed a different character in the Nixon-Ford years, one in which counter-insurgency and development took a backseat to conventional warfare, negotiations, and high-level diplomacy.³ In many such studies, while the United States and North Vietnam engage in peace talks in Paris and mutual escalation on the battlefield, Nguyen Van Thieu's South Vietnamese regime plays a minor role. What little agency is ascribed to Saigon largely focuses on Thieu's ability to undermine peace talks in 1968 and 1972.⁴ Elsewhere, we are told that South Vietnam was an economic basket case and "a doomed dependency."⁵ On closer inspection, however, the picture is considerably more complex. While negotiations and conventional warfare did help shape the outcome of the war, in the years after the 1968 Tet Offensive, Thieu's government and its American ally

³ Larry Berman, *No Peace, No Honor: Nixon, Kissinger, and Betrayal in Vietnam* (New York, 2001); Jeffrey Kimball, *Nixon's Vietnam War* (Lawrence, KS, 1998); James H. Willbanks, *Abandoning Vietnam: How American Left and South Vietnam Lost Its War* (Lawrence, KS, 2008); Robert D. Schulzinger, *A Time for War: The United States and Vietnam, 1941–1975* (Oxford, 1997); George C. Herring, *America's Longest War: The United States and Vietnam, 1950–1975* (Boston, MA, 2002). Exceptions to this rule include Lewis Sorley, *A Better War: The Unexamined Victories and Final Tragedies of America's Last Years in Vietnam* (Orlando, FL, 1999), which does examine counter-insurgency though not development.

⁴ Perhaps the best study examining Thieu's reaction to the peace talks in 1972 is Pierre Asselin, *A Bitter Peace: Washington, Hanoi, and the Making of the Paris Peace Agreement* (Chapel Hill, NC, 2002).

⁵ Gabriel Kolko, *Anatomy of a War: Vietnam, the United States, and the Modern Historical Experience* (New York, 1985). An excerpt from Kolko's book is offered as one interpretation in one of the key textbooks on the war: Gabriel Kolko, "A Doomed Dependency," in *Major Problems in the History of the Vietnam War: Documents and Essays*, ed. Robert J. McMahon (Boston, MA, 2003), 365–77.

made serious attempts at economic reform and development in a bid to strengthen the RVN. The Saigon regime had considerable agency in this process. Both U.S. President Richard Nixon and his National Security Adviser Henry Kissinger believed that only Thieu would allow them to achieve their goal of a withdrawal from Vietnam with U.S. credibility intact because anyone else might seek accommodation with the Communists. Thus, prior to the 1973 Paris Agreements, while the United States sought to shape economic measures through support, advice, or pressure, at every turn the Nixon administration subordinated economic reform to the stability of the Thieu regime and, equally as significantly, to what was acceptable to the GVN. Following the Paris Agreements, as American interest in Vietnam waned, Saigon had even greater agency to determine economic policy, even if, paradoxically, the GVN had an even greater need for American aid. Throughout the period, bureaucratic battles and the strength of different groups within the GVN at any given time, as well as the tempo and nature of the war, shaped reforms as much as American pressure on Saigon did.

The Saigon regime's economic goals after the Tet Offensive were calibrated, above all else, to maintaining Thieu in power. Already facing a major inflation problem and a woeful balance of payments, the Nixon administration's policy of Vietnamization, whereby South Vietnamese troops would replace American forces as they withdrew, presented Saigon with further economic challenges. American troop withdrawals meant a decline in one of Saigon's main sources of revenue, while the corresponding increase in South Vietnamese armed forces would require greater GVN spending. Saigon's key economic concerns were therefore to raise revenue by increasing domestic production, taxation, and exports; curb inflation; and reduce consumption through austerity measures. If reforms proved too harsh, the regime's support base might desert it or it might face urban, non-Communist opposition. If reforms did not go far enough, the regime might face economic collapse.

U.S. and South Vietnamese officials differed on the meaning of economic reform. While U.S. officials saw economic stabilization as crucial to successful Vietnamization, GVN officials framed economic reforms in developmental terms and viewed them as complementary with Saigon's overall development vision. GVN policymakers claimed that they were laying the groundwork for the kind of economic growth that more successful Asian anti-Communist nations had experienced. In all of these discussions the image the East Asian developmental states—particularly Taiwan and South Korea—loomed large.⁶ This article explores the South Vietnamese regime's efforts after the Tet Offensive to draw on the lessons of Taiwan and Korea and to employ these lessons in Saigon's modernization efforts.

In the 1950s and 1960s, modernization theorists offered the United States as the ultimate development model for postcolonial nations. For these scholars, development was best informed by the American historical experience.⁷ However, by the late 1960s, as the failures of early postcolonial development gave way to military modernizing regimes, Third World nations were as likely to look to one another as they were to the United States or the Soviet Union. Odd Arne Westad has noted that Third World revolutionaries drew inspiration from the Cuban and Vietnamese Communist examples, but their knowledge was often based on what might be called “creative misunderstandings.”⁸ In much the same way, authoritarian, counter-revolutionary regimes sought to borrow ideas from elsewhere in the Global South. Brad Simpson demonstrates that although the United States facilitated authoritarian development in Indonesia, U.S.-trained technocrats were as likely to look for inspiration from

⁶ Meredith Woo-Cumings, ed., *The Developmental State* (Ithaca, NY, 1999).

⁷ Nils Gilman, *Mandarins of the Future: Modernization Theory in Cold War America* (Baltimore, MD, 2003); Michael E. Latham, *The Right Kind of Revolution: Modernization, Development, and U.S. Foreign Policy from the Cold War to the Present* (Ithaca, NY, 2010).

⁸ Odd Arne Westad, *The Global Cold War: Third World Interventions and the Making of Our Times* (Cambridge, 2005), 158.

developmental states such as Japan, Taiwan, Korea, and India as they were to look at U.S.-style liberal capitalism.⁹ Saigon's technocrats and planners were similarly interested in what South Vietnam could learn from other countries in the Global South. Saigon officials regularly visited other anti-Communist nations to study agricultural projects, population planning programs, and export-processing zones. They explicitly referenced these countries' development experiences when implementing policy. But the lessons learned were not always faithful to the historical evidence. The meaning of these models was up for debate; opposing groups deployed these states-as-models in debates about South Vietnamese development. In addition, their applicability to South Vietnam was highly suspect.

South Vietnam's modernizing vision was therefore contested. The debates about how to proceed, both between U.S. and South Vietnamese officials and within the South Vietnamese and U.S. governments, reflected broader, global shifts in economic and developmental thinking in the late 1960s and 1970s. U.S. and South Vietnamese officials disagreed on the role of the state versus the private sector, the role of multilateral and non-government organizations, and what would later be described as structural adjustment. Up to 1972, the GVN's economic policies achieved some encouraging results and many economic indicators markedly improved, although these gains often came at the expense of domestic support. Yet forces beyond the control of the GVN, including a recession caused by the U.S. withdrawal, North Vietnam's 1972 offensive, and the 1973 oil crisis and global rise in prices, placed the GVN in a dire economic position. In response, the GVN clamped down on the economy, contributing to its failure to mobilize international economic assistance and popular support during the final months of the war.

⁹ Bradley R. Simpson, *Economists with Guns: Authoritarian Development and U.S.-Indonesian Relations* (Stanford, CA, 2008), 252.

In recent years the historiography of the Vietnam War has undergone what one scholar has referred to as a “South Vietnamese turn.”¹⁰ Previously marginalized from the study of the war, historians are attempting to restore agency to the South Vietnamese state and society, viewing both as important players in shaping the course and outcome of the conflict.¹¹ These works have largely focused on early South Vietnamese nation-building and development during the regime of Ngo Dinh Diem (1954–63). Rather than viewing development as something American officials did to South Vietnam, as much of the orthodox literature on the war does, work employing Vietnamese archives has shown the importance of Vietnamese actors in these processes. These scholars have challenged the orthodox view of Diem as a tradition-bound mandarin and argue instead that he had a vision for modern South Vietnam that clashed with that of his American patrons. Although Diem appropriated and reinterpreted some aspects of American development theories, he melded these with the philosophies of Personalism and Confucianism, as well as his understanding of Vietnamese culture, conditions, and needs.

Diem’s development goals envisioned the mobilization of manpower by fostering a “spirit of voluntarism and self-sacrifice” among the population. During his rule, Diem

¹⁰ Andrew Preston, “Rethinking the Vietnam War: Orthodoxy and Revisionism,” *International Politics Review* 1, no. 1 (2013): 37–39.

¹¹ Edward G. Miller, *Misalliance: Ngo Dinh Diem, the United States, and the Fate of South Vietnam* (Cambridge, MA, 2013); Philip E. Catton, *Diem’s Final Failure: Prelude to America’s War in Vietnam* (Lawrence, KS, 2002); Geoffrey C. Stewart, “Hearts, Minds and Cong Dan Vu: The Special Commissariat for Civic Action and Nation-Building in Ngo Dinh Diem’s Vietnam, 1955–1957,” *Journal of Vietnamese Studies* 6, no. 3 (2011): 44–100; Jessica Chapman, *Cauldron of Resistance: Ngo Dinh Diem, the United States, and 1950s Southern Vietnam* (Ithaca, NY, 2013); Nu Anh Tran, “South Vietnamese Identity, American Intervention, and the Newspaper *Chính Luận* [Political Discussion], 1965–1969,” *Journal of Vietnamese Studies* 1, nos. 1–2 (2006): 169–209. For an example of the orthodox interpretation see James Carter, *Inventing Vietnam: The United States and State Building, 1954–1968* (New York, 2008).

launched a number of rural programs that sought to counter insurgents, create a loyal rural population, and form domestic capital through the development of the agricultural sector.¹² Above all, Diem's goal was to create a viable, self-sufficient economic and political entity in South Vietnam to avoid charges from Hanoi of neo-colonial dependency. However, government officials charged with extending the young state's bureaucratic reach and reshaping rural society struggled to implement the regime's policy prescriptions. Many government officials found the regime's Personalist ideology, borrowed from French philosopher Emmanuel Mounier and seeking a middle ground between liberal individualism and Marx's collectivism, especially puzzling. In addition, Diem's preference for self-sufficiency often meant that the burden of under-resourced development projects fell on the peasantry, who did not always respond with enthusiasm.¹³ These scholars agree that Saigon's development policies, particularly the regime's exacting and coercive demands on peasants and the suppression of political opposition, played a significant role in the escalation of the war.¹⁴ Diem's policies created a great deal of rural resentment and proved a boon to the insurgency.

The interregnum between Diem's overthrow in 1963 and Nguyen Van Thieu's consolidation of power in 1967 was marked by political instability in Saigon and escalating violence in the countryside. Development projects became ever more militarized. U.S. and South Vietnamese troops delivered commodities such as medicine and fertilizer to rural villages even while interrogating and detaining villagers and torching their homes. Seeking to deny the National Liberation Front (NLF) access to people, supplies, and cover, U.S. forces

¹² Catton, *Diem's Final Failure*, 58–59; Miller, *Misalliance*; Stewart, "Hearts, Minds and Cong Dan Vu," 68; Vu Van Thai, "Our Concept of Development: Economic, Social and Political Improvement," *Vital Speeches of the Day* 26 (1959): 101–2.

¹³ Stewart, "Hearts, Minds and Cong Dan Vu," 67; Miller, *Misalliance*, 180–82.

¹⁴ On the latter point see Chapman, *Cauldron of Resistance*.

and the Army of the Republic of Vietnam (ARVN) shelled populated rural areas, bulldozed orchards, and bombed irrigation systems, causing enormous economic and social dislocation. Perhaps one-third of the South Vietnamese population registered as refugees at one time or another between 1965 and 1972.¹⁵

The government lost large areas of rural territory to the NLF and, in the absence of a functioning government in Saigon, the U.S. aid program sought to prevent urban unrest by dampening inflation. Under the Commodity Import Program (CIP), American goods flooded South Vietnamese cities in an effort to soak up excess money generated by the massive U.S. military presence. The CIP provided the GVN with counterpart funds and import duties, important sources of government revenue, but it also created an import-dependent economy, contributing to a terribly skewed balance of payments and a high standard of consumption for some urban classes. Historians have noted that South Vietnam's entrepreneurial class, rather than investing in productive enterprises, took advantage of these conditions. The CIP reduced rather than eliminated inflation, allowing importers to hoard goods until prices rose, resulting in massive windfall profits.¹⁶ In a bid to deny resources to the enemy, the GVN ran a highly regulated economy, with licenses and permits required for most transactions. This led to pervasive corruption in which civil servants and the military were heavily implicated. Imported, government-subsidized rice deflated domestic production in favor of urban stability, while the grossly overvalued piaster proved a disincentive to investment in manufacturing and industry. American aid and GVN policy privileged urban dwellers and short-term stability over rural producers and long-term development.¹⁷

¹⁵ Carlyle Thayer, *War Without Fronts: The American Experience in Vietnam* (Boulder, CO, 1985), 221.

¹⁶ Carter, *Inventing Vietnam*, 222–25.

¹⁷ Douglas C. Dacy, *Foreign Aid, War, and Economic Development: South Vietnam, 1955–1975* (Cambridge, 1986), 12.

Thus far, works in the “South Vietnamese turn” focus overwhelmingly on the Diem presidency. Historians have only recently begun to explore the Second Republic (1967–1975) using Vietnamese archives. Lien-Hang Nguyen, though focusing primarily on Hanoi’s wartime strategy, has shown that Saigon pursued an activist policy after the Tet Offensive, attempting to forge closer political and economic ties with the anti-Communist nations of Asia.¹⁸ Still, we know little about the Second Republic’s development vision and what role development played in the outcome of the war. While the works of Douglas Dacy and Nguyen Anh Tuan are useful for highlighting GVN reforms in the Nixon-Ford years, both works are entirely devoid of human agency. We do not learn who made decisions and with what motivation.¹⁹ Gabriel Kolko, on the other hand, addressed these issues in an overdetermined treatment of South Vietnam’s economic crisis during the final years of the war. Kolko argues that South Vietnam’s economic collapse was inevitable by the late 1960s.²⁰ The reality suggests that events were far more contingent. Furthermore, useful and ground-breaking as the studies of the Diem period are, thus far they have examined South Vietnamese development efforts almost entirely in terms of the bilateral relationship between South Vietnam and the United States.²¹ Scholars have rarely combined the “South Vietnamese turn” in the historiography with the complementary “international turn” in the

¹⁸ Lien-Hang T. Nguyen, *Hanoi’s War: An International History of the War for Peace in Vietnam* (Chapel Hill, NC, 2012), 140–41.

¹⁹ Dacy, *Foreign Aid, War, and Economic Development*; Nguyen Anh Tuan, *South Vietnam Trial and Experience: A Challenge for Development* (Athens, OH, 1986).

²⁰ Kolko, *Anatomy of a War*.

²¹ One exception to this is Edward Miller, “The Diplomacy of Personalism: Civilization, Culture, and the Cold War in the Foreign Policy of Ngo Dinh Diem,” in *Connecting Histories: Decolonization and the Cold War in Southeast Asia, 1945–1962*, ed. Christopher E. Goscha and Christian F. Ostermann (Washington, DC, 2009), 376–402.

study of the war.²² This article seeks to do that by situating South Vietnam's development efforts in a transnational and global frame.

Vietnamization and the GVN's Search for Models of Development

Following the Tet Offensive, the Johnson administration began the process of de-escalating the war, placing a ceiling on American troop levels and halting the bombing of North Vietnam. Richard Nixon came to office in 1969 promising to end the war and achieve a "peace with honor." For the Nixon administration, Vietnamization offered a way for the United States to disengage from Vietnam, buying time on the home front to continue the war while building up Saigon's military strength. It offered the possibility that South Vietnam might survive the American withdrawal, leaving U.S. credibility intact. Nixon sought Thieu's endorsement of Vietnamization when the two leaders met at Midway in June 1969. Faced with little choice and aware of the complicated domestic political climate that the Nixon administration faced, Thieu agreed. The GVN found it easier to acquiesce in light of the modest military and pacification successes of 1968 and 1969 that saw massive casualties inflicted on the enemy and the extension of government control to more of the country. Despite continuing violence in the countryside, the GVN hoped that increased territorial control offered the opportunity for development. Furthermore, the GVN was willing to accept Vietnamization in the expectation that U.S. military and economic assistance would continue for some time to come and that withdrawals would not proceed at such a pace as to endanger the GVN.²³

²² For an example of the international turn see Mark Attwood Lawrence, *The Vietnam War: A Concise International History* (New York, 2008).

²³ Berman, *No Peace, No Honor*, 49–52; Willbanks, *Abandoning Vietnam*, 40–42.

South Vietnamese economic viability was a critical factor if Vietnamization was to succeed. It would convey a message to Hanoi and perhaps convince members of the U.S. Congress that South Vietnam was a going concern. Economic collapse, on the other hand, would put paid to U.S. efforts to Vietnamize the war. However, senior U.S. administration officials at first tended to overlook the economic requirements for and consequences of any new strategy in South Vietnam. To develop such a strategy, the new administration issued National Security Study Memorandum 1 in January 1969, asking the foreign policy establishment to answer a series of questions about Hanoi's intentions and capabilities, South Vietnamese military effectiveness, rural security, the political climate, and U.S. operations. The South Vietnamese economy was not considered.²⁴

The U.S. Agency for International Development (USAID) and the U.S. embassy in Saigon, on the other hand, spent the first half of 1969 trying to negotiate one of the periodic economic stabilization packages with the GVN. A growing budget deficit, the result of expanded spending on the armed forces, was having a dangerous inflationary impact. USAID warned the GVN that given dwindling congressional appropriations, Saigon could not expect the United States to continue bailing it out, while U.S. Ambassador Ellsworth Bunker told Thieu that the GVN would have to increase tax revenue and consider devaluation to restrain demand before the end of the year.²⁵ As the year progressed and no stabilization agreement emerged, others within the U.S. administration and the Federal Reserve voiced concern that

²⁴ National Security Study Memorandum 1, January 21, 1969, Foreign Relations of the United States (hereafter FRUS), 1969–1976, vol. VI, Vietnam, January 1969–July 1970, ed. Edward C. Keefer and Caroline Yee, (Washington, DC, 2006), doc. 4.

²⁵ John A. Hannah, Memorandum for the President, “Stabilization Negotiations in Vietnam,” June 3, 1969, National Security Council (hereafter NSC) Files, Vietnam Subject Files, box 71, Presidential Trip vol. 1, Richard Nixon Presidential Library, Yorba Linda, CA (hereafter RNPL); Douglas Pike, ed., *The Bunker Papers: Reports to the President from Vietnam, 1967–1973* (Berkeley, CA, 1990) 3:694.

inflation in Vietnam, if not addressed, risked undermining the United States' military and political goals.²⁶

Thieu believed harsh economic reforms would undermine his ability to consolidate political control, crucial in any future political competition with the Communists, which he viewed as a real possibility in the middle of 1969. Previous experience with economic reform dragged up bitter memories. Devaluation in 1966, Vice Minister for Finance Nguyen Anh Tuan noted, had been politically unpopular and had not appeared to solve the country's economic problems.²⁷ In 1969, Thieu faced challenges to his grip on the presidency and was yet to fully assert his control over the National Assembly as he would later. As such, he was loath to undertake economic measures that would require legislative approval or result in political backlash.²⁸

Nonetheless, Thieu and the GVN had little choice but to face the fundamental economic challenge that Vietnamization presented. Not only did hundreds of thousands of Vietnamese depend on the dwindling U.S. presence for employment, but Vietnamization would also mean increased GVN spending on the armed forces, as well as a dramatic decline in GVN earnings. Approximately half of U.S. economic aid to South Vietnam came from Department of Defense (DoD) purchases of local currency to pay for goods and services in Vietnam. The DoD bought this at the official rate of \$1 to 118 piasters, a price that hugely overvalued the South Vietnamese currency. The GVN could use these dollars to buy untied imports, which it could tax at higher levels than CIP imports. Devaluation would therefore

²⁶ Memorandum from Dean Moor of the Operations Staff of the National Security Council to the President's Assistant for National Security Affairs (Kissinger), July 1, 1969, FRUS, 1969–1976, vol. VI, doc. 92; Reed J. Irvine to Arthur F. Burns, "Vietnam Stabilization Efforts," October 3, 1969, NSC Files, Vietnam Subject Files, box 75, The Inflation in Vietnam Oct–Nov 1969, RNPL.

²⁷ Nguyen Anh Tuan, "The Financial Situation in Vietnam" (Saigon, 1969).

²⁸ Pike, *The Bunker Papers*, 682.

reduce GVN revenue from DoD purchases. This, in addition to price rises and their attendant political consequences, was one of the main reasons why South Vietnamese policymakers opposed devaluation. Although the DoD increased its in-country purchases when Vietnamization began, as U.S. troops levels dropped DoD procurements would too, making it difficult for the GVN to fund imports and dampen inflation. To deal with the economic problems created by the U.S. withdrawal, Washington increased economic assistance but also expected the GVN to enact reforms to raise revenue.²⁹

Facing these challenges and potential political dangers, the GVN moved slowly on the economic front. While economic development was subordinated to military goals and political stability up to 1975, the period also saw economic Vietnamization. By the middle of 1968, following a General Mobilization law, one in six adult males fought in the armed forces, and this massive defense establishment placed a serious strain on the economy.³⁰ Nonetheless, for some technocrats in Saigon, increased rural security after Tet and the imperatives of Vietnamization had shifted the war to a different plane. As Tuan noted, the “lull in enemy aggression” meant that “the hurricane which previously assailed the political and military fronts has now turned its fury on the economic and financial front.”³¹ The period saw GVN efforts to remedy the economy with a view to long-term stability and growth. While the ultimate goal was economic independence, Saigon’s policymakers viewed this as a

²⁹ “Memorandum for Special Assistant to the President for National Security Affairs: Inflationary Pressures of Vietnamization,” January 31, 1970, NSC Files, Vietnam Subject Files, box 92, Vietnamization (Jul–Dec) vol. 3 (1 of 2), RNPL.

³⁰ Robert K. Brigham, “Dreaming Different Dreams: The United States and the Army of the Republic of Vietnam,” in *A Companion to the Vietnam War*, ed. Marilyn B. Young and Robert Buzzanco (Oxford, 2006), 150.

³¹ Tuan, “The Financial Situation in Vietnam.”

long-term project and anticipated that the United States' commitment would continue for many years to come.

The government saw the solution to its economic woes in regional and even global terms. As Lien-Hang Nguyen has noted, in the middle of 1969 Saigon's Political Warfare Department reported that given their shared experience as divided anti-Communist states, Saigon should align itself more closely with Taiwan, Korea, and West Germany. The GVN needed to establish cultural and economic exchanges with the ultimate goal of an anti-Communist economic bloc in Southeast Asia.³² Efforts to forge closer ties with the non-Communist nations of Southeast and East Asia had limited impact, however. Southeast Asian nations were cool to the idea of South Vietnamese membership in the Association of Southeast Asian Nations. Indonesia's staunchly anti-Communist regime was even reluctant to establish formal diplomatic relations with Saigon. Despite South Vietnamese efforts on this front, the two countries went no further than establishing chambers of commerce in one another's capitals.³³

On the other hand, the anti-Communist nations of Asia served as important models for governance, economic policy, and development projects. For Saigon, the examples of South Korea and Taiwan were particularly important. As truncated, anti-Communist, and authoritarian military-led states facing Communist adversaries, they were obvious allies. As states that had experienced higher levels of economic growth, they offered attractive models of authoritarian development. Both countries had sent troops or technical advisers to assist South Vietnam in the fight against Hanoi, albeit not for entirely altruistic reasons.³⁴ Vietnam

³² Nguyen, *Hanoi's War*, 141–60.

³³ Telegram from the Embassy in Australia to the Department of State, January 14, 1970, FRUS, 1969–1976, vol. XX, Southeast Asia, 1969–1972, ed. Daniel J. Lawler (Washington, DC, 2006), doc. 279.

³⁴ Gregg Brazinsky, *Nation-Building in South Korea: Koreans, Americans, and the Making of a Democracy* (Chapel Hill, NC, 2007), 137. Brazinsky highlights that Seoul was motivated by financial gain.

also hosted economic cooperation conferences with both Taiwan and South Korea, which forged closer ties with those countries' economists and policymakers.³⁵

GVN economist Nguyen Tien Hung claimed that Thieu had two framed portraits of his role models on his office wall, one of the South Korean leader Park Chung Hee and the other of the Taiwanese leader Chiang Kai Shek.³⁶ Hung suggested Thieu was “a very traditional Asian leader” who viewed American relations with Asia in Confucian terms and admired Park and Chiang for their military prowess. However, both Park and Chiang had, by the late 1960s, presided over periods of sustained economic growth, which had considerably strengthened their nations against their enemies, and Thieu was no doubt impressed by this. Following his meeting with Nixon at Midway in June 1969, Thieu visited Seoul and Taipei. Afterwards, he wrote to both men, telling Park that he returned to Saigon with “a new sense of confidence in our common cause,” and Chiang that he benefited greatly from his “wise counsel.” Thieu was deeply impressed by the economic achievements of both countries under Park and Chiang’s “inspiring leadership.”³⁷

By the late 1960s, both Taiwan and Korea had achieved, from Saigon’s perspective, enviable levels of growth. In 1965, USAID closed its mission in Taipei, in acknowledgement that Taiwan had “graduated” from economic assistance programs.³⁸ Taiwan also began to

³⁵ “ROC, Republic of Vietnam to tighten economic ties,” Taiwan Today, January 18, 1970, accessed March 14, 2014, <http://taiwantoday.tw/ct.asp?xItem=157404&CtNode=103>; “Embassy Saigon’s Mission Weekly, September 28-October 4, 1973,” Telegram 17446, October 4, 1973, 1973SAIGON17446, Central Foreign Policy Files, 1973–79/Electronic Telegrams, Record Group 59 (hereafter RG59), USNA.

³⁶ Nguyen Tien Hung and Jerrold L. Schecter, *The Palace File* (New York, 1986), 79.

³⁷ Nguyễn Văn Thiệu to Chiang Kai Shek, June 20, 1969, folder 1644, PTTDNCH, TTLTQGII; Nguyễn Văn Thiệu to Park Chung Hee, June 21, 1969, folder 1644, PTTDNCH, TTLTQGI.

³⁸ Nick Cullather, “Fuel for the Good Dragon: The United States and Industrial Policy in Taiwan, 1950–1965,” *Diplomatic History* 20, no. 1 (1996): 1.

export its agricultural development model, sending teams of agricultural advisers to dozens of countries in Asia, Africa, Latin America, and the Middle East, including Vietnam.³⁹ In the late 1960s, Taiwan established three export processing zones, which the RVN Ministry of Finance calculated employed almost 50,000 workers and exported approximately \$240 million USD worth of manufactured goods per year by 1972.⁴⁰ Korea had also achieved manufacturing-based growth by the late 1960s before turning to heavy industry and electronics. Exports rose dramatically, from just \$54.8 million in 1962 to \$250.3 million in 1966.⁴¹

In looking to Taiwan and Korea, the GVN was not simply searching for an American model mediated through the experience of developing countries. Neither the Koreans under Park nor the Guomindang (GMD) in Taiwan followed U.S. advice when they preferred not to, and U.S. officials often expressed frustration with Taiwanese and Korean policy. More importantly, Taiwan and South Korea offered an alternative model of governance that appealed to the GVN: depoliticized masses, loyal to the authoritarian state and mobilized for economic development. For Saigon, as a regime suffering from a crisis of legitimacy, Taiwan and South Korea appeared legitimate, economically successful, and authoritarian, an appealing combination. Although Taiwan and Korea had achieved much higher levels of economic growth, from their vantage point in Saigon, RVN officials could imagine South

³⁹ T. H. Shen, *The Sino-American Joint Commission for Rural Reconstruction: Twenty Years of Cooperation for Agricultural Development* (Ithaca, NY, 1970). On the role of the Taiwanese advisers in South Vietnam, see also David Biggs, “Small Machines in the Garden: Everyday Technology and Revolution in the Mekong Delta,” *Modern Asian Studies* 46, no. 1 (2012): 47–70.

⁴⁰ “Phúc Trình Cuộc Du Hành Quan Sát tại Singapore, Hong Kong, Trung Hoa Quốc Gia (từ ngày 21-8-73 đến ngày 12-09-1973) về miễn quan cảng khu chế xuất của phái đoàn quan thuế Vietnam,” folder 26513, Phủ Thủ Tướng [Office of the Prime Minister] (hereafter PTT), TTLTQGII.

⁴¹ Brazinsky, *Nation-Building in South Korea*, 147.

Vietnam charting the path to a similar economic future. But drawing on the lessons of Taiwan and Korea presented RVN officials with the tricky problem (experienced by scholars since) of establishing what those models actually were, and as such there was considerable divergence of opinion. In addition, claiming their applicability to Vietnam required overlooking some inconvenient historical realities.

Some scholars have chosen to interpret Taiwan and South Korea's economic success as evidence of the free market in action, resulting from the abandonment of protectionism, competitive pressure on inefficient industries, and the use of comparative advantage in labor-intensive manufacturing. A larger body of scholarship argues that, despite some liberalizing reforms, both countries experienced high levels of growth from the 1960s onwards due to continued state intervention. Although there were differences between the two states, both Park's regime in Korea and the GMD in Taiwan capitalized on a relatively skilled, low-cost, and pliant labor force as well as a politically prostrate rural society. Both states engaged in long-range planning and controlled consumption, savings, and investment through fixed prices, wages, and interest rates. They encouraged growth in targeted sectors with easy access to credit and preferential treatment for compliant, large firms. Infant industries were protected through import-substitution industrialization (ISI) and both states turned to exports and foreign investment only when the limits of ISI had been reached.⁴²

There were critical differences between Taiwan and South Korea on the one hand and South Vietnam on the other. Although Japanese rule was brutal, scholars argue that

⁴² Cullather, "Fuel for the Good Dragon," 2; Alice Amsden, "The State and Taiwan's Economic Development," in *Bringing the State Back In*, ed. Peter B. Evans et al. (Cambridge, 1985), 88–90; Peter Chen-main Wang, "A Bastion Created, A Regime Reformed, An Economy Reengineered, 1949–1970," in *Taiwan: A New History*, ed. Murray Rubinstein (Armonk, NY, 1999), 320–28; Ha-Joon Chang, "The Political Economy of Industrial Policy in Korea," *Cambridge Journal of Economics* 17, no. 2 (1993): 130–32; Jung-en Woo, *Race to the Swift: State and Finance in Korean Industrialization* (New York, 1991), 10–13.

colonialism laid the foundations for the developmental states in Taiwan and Korea, including a large, strong bureaucracy with considerable reach and, in the case of Taiwan, a commercialized, technologically advanced agricultural sector based on small owner-operators. In colonial Korea the state forged productive alliances with the principal economic classes and large firms, a situation that persisted into the postcolonial era. Land reform and counter-revolutionary repression in both Korea and Taiwan in the late 1940s and early 1950s, as well as state monopolies on agricultural credit and inputs, created an easily mobilized and politically docile peasant class.⁴³ Taiwan benefited from coming under the American umbrella during the Korean War, while South Korean economic growth was driven, in no small part, by participation in the Vietnam War.⁴⁴ South Vietnam had no such war from which to profit. In addition, the military in both states was eventually co-opted into or had a vested interest in economic development. This was in stark contrast to South Vietnam, with its weak, inefficient bureaucracy, its small, largely independent, and war-profiteering commercial class, and a peasantry hostile to the state. The burdensome military complex, corruption, and continued rural devastation further detracted from development.

The Romance of Export-Led Development

⁴³ Alice Amsden, "The State and Taiwan's Economic Development," 79–82; Atul Kohli, "Where Do High Growth Political Economies Come From? The Japanese Lineage of Korea's 'Developmental State,'" in *The Developmental State*, 93–136; Young Jo Lee, "The Countryside," in *The Park Chung Hee Era*, ed. Byung Kook Kim and Ezra F. Vogel (Cambridge, MA, 2001), 345–46.

⁴⁴ Chalmers Johnson, "Political Institutions and Economic Performance: The Government-Business Relationship in Japan, South Korea, and Taiwan," in *The Political Economy of the New Asian Industrialism*, ed. Frederic C. Deyo (Ithaca, NY, 1987), 157; Woo, *Race to the Swift*, 93–97.

Thieu saw a mixed economy in the Taiwan model. Taiwan's economic success was due to a combination of "free enterprise and government planning."⁴⁵ While private investment and business were to be encouraged, Thieu saw an important role for the state in the field of agricultural development. He believed that Taiwan's rural development model, which included state interventions in the form of land reform, agricultural modernization, and farmers' organizations, was the "most important reference point" for South Vietnam.⁴⁶

Others in the RVN bureaucracy used Taiwan, Korea, and other models from the Global South to lobby for a more liberal, free market economics. In a speech before the Saigon Chamber of Commerce in September 1969, newly appointed Minister of Economy Pham Kim Ngoc, a London School of Economics-trained economist, suggested that the solution to South Vietnam's economic troubles already existed in the development experience of Taiwan, South Korea, Singapore, and several other anti-Communist states in the Global South. South Vietnam could address its woeful balance of payments through austerity and the redirection of consumption toward savings and investment, private investment in the primary sector and manufacturing, and exports of rural commodities like rice, rubber, and fish. This latter step in particular would raise rural incomes, an important contribution to the battle against the National Liberation Front. Some degree of ISI was acceptable but Ngoc argued that no country that had sought "economic independence through very high tariffs and a closed economy has ever developed successfully."⁴⁷ The lessons

⁴⁵ "Joint Communique Issued by President Nguyen Van Thieu and President Chiang Kai Shek, June 3, 1969," Taiwan Review, accessed August 27, 2014, <http://taiwanreview.nat.gov.tw/ct.asp?xItem=148456&CtNode=103>.

⁴⁶ "Chinese Experts Boost Farm Techniques," in *Vietnamese Agriculture: A Progress Report* (Washington, DC, 1972), 66.

⁴⁷ "Toward the Economic Development of Vietnam: A Speech Delivered to the Saigon Chamber of Commerce and Industry by Minister of the Economy Pham Kim Ngoc," September 12, 1969, FCO 15/1077, The National Archives of the UK (hereafter TNA).

learned, it seems, were austerity, export-led development, the promotion of foreign investment, and a place on the capitalist periphery.

Ngoc's vision of South Vietnam's economic future encapsulated the ideas of several civilian technocrats, including Minister of Finance Nguyen Bich Hue, a graduate of Paris's *École Nationale d'Administration* and Hue's successor Ha Xuan Trung, who held an MA in economics from Yale. These men had previously worked in national and private banking circles and were close to Ly Luong Than and Nguyen Cao Thang, two wealthy Saigon businessmen who provided slush funds for Thieu.⁴⁸ They attained senior positions in the RVN in the years after the Tet Offensive and were able to push through a series of liberalizing reforms. USAID's terminal report on economic assistance to South Vietnam credited the positive economic reforms in this period to a "change in economic leadership" in the late 1960s composed of "American-trained professionals with high regard for the merits of a free enterprise system."⁴⁹ These liberalizers strengthened the United States' hand in pressuring the GVN to reform because they shared many of the same ideas. Ngoc was a particular favorite with the Americans. Bunker told Nixon that he was "first rate, the best man they've got in the cabinet."⁵⁰ The ideas of these liberalizers clashed with those who advocated greater state planning and those, particularly senior officers in the military, who advocated stricter government control. Given that Thieu saw free enterprise and government

⁴⁸ Vietnam Press Agency, *Who's Who in Vietnam* (Saigon, 1969); "Government Changes," October 29, 1973, FCO 15/1809, TNA; Kolko, *Anatomy of a War*, 217; Allan E. Goodman, *Politics in War: The Bases of Political Community in South Vietnam* (Cambridge, MA, 1973), 117–18.

⁴⁹ Dacy, *Foreign Aid, War, and Economic Development*, 13.

⁵⁰ Conversation Among President Nixon, the Ambassador to Vietnam (Bunker), and the President's Assistant for National Security Affairs (Kissinger), June 16, 1971, FRUS, 1969–1976, vol. VII, Vietnam, July 1970–January 1972, ed. David Goldman and Erin Mahan (Washington, DC, 2010), doc. 220.

intervention as complementary components of Taiwan's development strategy, he was easily pulled between these divergent constituencies.

The liberalizers' initial experience with reform was far from positive. A U.S.-GVN stabilization agreement finally negotiated in late 1969 called for a combination of additional U.S. aid and GVN fiscal and economic reforms.⁵¹ In response, Ngoc and Hue introduced an austerity tax on imports but this failed to dampen demand. Fearing a decline in its foreign reserves, the GVN introduced import licensing restrictions, which led to further hoarding, speculation, and price rises. The reform proved deeply unpopular, badly hitting the urban middle class and coming under heavy criticism in the National Assembly. The cost of living rose by 53% between July 1969 and July 1970, decimating fixed, public sector wages. According to the CIA, in the spring of 1970 the GVN faced the real possibility that it might fall or be overthrown due to economic unrest. The GVN faced growing protest from students and ARVN veterans, and it seemed that Thieu might be forced to make scapegoats of Ngoc and Hue.⁵²

Massive inflation in late 1969 and 1970 sparked intra-administration debate in Washington. Some economists in the DoD drew on the work of Milton Friedman to argue that the GVN should institute a flexible exchange rate for all but DoD purchases. This, they claimed, would help recover \$100 million per year in windfall profits, removing the need to

⁵¹ William Rogers, Memorandum for the President, "AID and PL480 Programs for Vietnam- FY1970," October 20, 1969, NSC Files, Vietnam Subject Files, box 75, The Inflation in Vietnam, Oct–Nov 69, RNPL; Henry Kissinger, Memorandum for the President, "Economic Stabilization in Vietnam," November 1, 1969, NSC Files, Vietnam Subject Files, box 75, The Inflation in Vietnam, Oct–Nov 69, RNPL.

⁵² CIA Intelligence Memorandum, "South Vietnam: National Cohesion and Vietnamization," August 20, 1970, NSC Files, Vietnam Subject Files, box 92, Vietnamization (Jul–Dec) vol. 3 (1 of 2), RNPL.

ask Congress for more money.⁵³ But a report by a team of Rand Corporation and USAID economists dispatched to Saigon in June established the consensus view. The team reported that additional U.S. aid and reforms that would “dovetail” with current GVN plans were the only options that would neither increase Saigon’s dependence nor “impair the effectiveness” of the regime.⁵⁴ For many in the administration the key concern was whether the GVN could enact reforms without precipitating a politically dangerous drop in the standard of living for the already suffering urban middle and working classes and public sector employees. The Rand/USAID report appeared to satisfactorily address these concerns. But the report’s authors, as well as officials in Washington, believed more dramatic reforms would be necessary in the future.⁵⁵ The administration therefore issued National Security Decision Memorandum 80 (NSDM 80), establishing an aid ceiling of \$750 million for Fiscal Year 1971 and beyond. As South Vietnamese domestic production, taxation, and exports increased, U.S. assistance would decline. But NSDM 80 warned that pursuing these goals should not jeopardize Vietnamization.⁵⁶

Despite the very obvious barriers to export-led “take-off” in South Vietnam, which some American officials acknowledged, there is scant evidence that Vietnamese officials

⁵³ “Dr. Enke’s Comments on Economic Paper,” July 14, 1970, NSC Institutional Files, Committee Files (1969–1974), Vietnam Special Studies Group Meetings, box H-002, Bombing and Economics [5 of 5], RNPL.

⁵⁴ “The Economic Situation and Outlook in Vietnam,” June 22, 1970, NSC Files, Vietnam Country Files, box 92, Vietnamization (Jul–Dec 1970), vol. 3 [2 of 2], RNPL.

⁵⁵ “Near Term Economic Prospects for Vietnam,” July 20, 1970, NSC Institutional Files, Committee Files (1969–1974), Vietnam Special Studies Group Meetings, box H-002, Bombing and Economics [2 of 5], RNPL; “Memorandum for Dr. Kissinger: Vietnam Economic Options,” July 21, 1970, NSC Institutional Files, Committee Files (1969–1974), Vietnam Special Studies Group Meetings, box H-002, Bombing and Economics [2 of 5], RNPL.

⁵⁶ NSDM 80, August 13, 1970, FRUS, 1969–1976, vol. VII, doc. 23.

questioned the wisdom of such an approach.⁵⁷ Even before the Nixon administration issued NSDM 80, in early 1970 the Ministries of Finance and Economy reported that the basic problem with generating export-led growth lay in the unrealistic exchange rate and requested that the GVN establish a fund to subsidize exports at a higher level. These subsidies would be reduced as the war diminished and the difference between the official and real exchange rate declined.⁵⁸ In September and October 1970, in response to the demands of NSDM 80 for reform, the government raised interest rates and enacted a partial devaluation. The October reform introduced a parallel exchange market with different exchange rates for different transactions, one of which acted as a subsidy on exports. Highlighting the complexities of Saigon politics and economic reform, the Senate diluted the package. The Australian ambassador suspected that Senators did not want to be associated with the hardship the reform would cause in urban areas.⁵⁹ Indeed, the economic reforms during the final years of the war pushed against policies of the mid-1960s, which had privileged urban areas, and along with land reform, expanded agricultural credit, and subsidized agricultural inputs, swung economic advantage towards the countryside.

Nonetheless, there were considerable difficulties translating these policy choices into increased exports. Although the GVN made substantial pacification gains and controlled ever larger portions of the rural population between 1969 and 1971, development projects remained territorially-bounded. The village of Long Tri in the delta province of Chuong

⁵⁷ Brash to Gordon, December 6, 1971, FCO 15/1487, TNA. Brash reported that Samuel Berger, number two at the U.S. embassy, and Frank Pascoe, a USAID official in Vietnam, were both very skeptical about Saigon's export prospects.

⁵⁸ "V/v xin ngân khoản dành riêng cho việc trợ cấp xuất cảng năm 1970," undated, folder 2508, PTTDNCH, TTLTQGII. Although the document is undated, it refers to decisions made at the recent Economic and Financial Committee meeting on January 8, 1970.

⁵⁹ "The Economic Measures of October 1970," October 12, 1970, FCO 15/1361, TNA.

Thien provides an illustrative example. During the pacification campaigns of late 1968 and 1969, 3,000 residents had moved or been forced into central parts of the village, abandoning outlying hamlets and fields. Local government development projects focused on this secure though circumscribed area. Thousands of hectares of land on the outskirts of the village were eligible for free redistribution under the Land to the Tiller law, but villagers were terrified to venture into these fields because of continued fighting between GVN and NLF forces. Furthermore, the spread of agricultural technology and credit remained uneven. Some rural areas saw increased rice production and prosperity after 1968, but many villages like Long Tri remained isolated from centers of technical support. The GVN began promoting “miracle rice,” the high-yielding strains of the Green Revolution, on a nationwide basis in 1968. The new varieties, however, did not reach Long Tri until 1970, and the first local experiments ended in failure. A far greater problem for the GVN than production, however, was distribution. The country’s transport and marketing infrastructure remained inadequate, while a small number of rice brokers in Saigon controlled almost every facet of the rice economy, including prices. The government had slightly greater success in fisheries and forestry. In 1970 the GVN received a \$2.5 million Asian Development Bank loan for the modernization of almost 400 fishing vessels and the establishment of two cold storage plants. Exports of fish rose modestly until the fall of Saigon. Exports of timber, rubber, and cinnamon experienced a similar upturn. Nonetheless, these products were grown in some of the most heavily contested areas of the country, and the liberalization of trade in these commodities after the Tet Offensive provided economic opportunities not only for the GVN but also for the NLF.⁶⁰

⁶⁰ “Update on Evaluation of Long Tri Village,” July 30, 1971, box 75, Command Information Publications, 1967–1972, Record Group 472, USNA. For more on the “miracle rice” program, see Simon Toner, “The Life and Death of Our Republic: Modernization, Agricultural Development, and the Peasantry in the Mekong Delta in the Long 1970s,” in *Decolonization and the Cold War: Negotiating Independence*, ed. Leslie James and Elisabeth Leake (London, 2015), 43–62; “Proposed ADB Loan for Second Fisheries Development Project in

For the Nixon administration export promotion was just one facet of economic policy. A comprehensive approach called for a liberal investment regime, improved taxation, and further monetary reform. In February 1971, in a bid to keep the pressure on the South Vietnamese, Nixon requested his Ambassador-at-Large for Foreign Economic Policy Development David Kennedy to visit Saigon. Kennedy could tell GVN officials that the United States would continue to offer “substantial amounts of economic assistance” as long as they implemented “necessary improvements.”⁶¹ Ngoc’s talking points for discussions with Kennedy reveal that the South Vietnamese were not simply responding to U.S. pressure, however. Ngoc emphasized that the South Vietnamese effort now needed to be “development-minded, reorienting the economy toward production.” He again stressed the need to focus on areas of comparative advantage, and, in line with the policy of “Bettering the Image” of the government, the GVN would enact a better investment law and privatize public enterprises.⁶²

Meeting with Ngoc and Hue in early March, Kennedy criticized corruption and the complicated import and customs procedures that fostered it. Kennedy’s criticism was certainly justified. From the “tea money” village and hamlet officials extorted from peasants for routine paperwork to the generals’ involvement in the narcotics trade, corruption appears to have infected every level of the GVN. As will be seen, it even claimed the careers of senior economic officials. The United States placed pressure on the GVN to clean up and Saigon

Vietnam,” Telegram 14140, December 2, 1974, 1974MANILA14140, Central Foreign Policy Files, 1973–79/Electronic Telegrams, RG59, USNA; “Ceasefire and Political Sitrep in MR1, X Plus 141,” Telegram 10954, June 19, 1973, 1973SAIGON10954, Central Foreign Policy Files, 1973–79/Electronic Telegrams, RG59, USNA.

⁶¹ “Meeting between the President and Ambassador Kennedy in the President’s Oval Office,” February 25, 1971, Declassified Documents Reference System, CK3100696832.

⁶² “Đề nghị 6 điểm để thảo luận với Ô. David Kennedy,” undated, folder 2574, PTTDNCH, TTLTQGII.

made periodic attempts to remove corrupt military and civilian officials. But the GVN never came close to resolving the problem, and both Americans and South Vietnamese officials came to see it as part of the fabric of society. According to Kissinger, South Vietnamese tended “tacitly to accept corruption as normal—as do societies in some other Asian countries.” Only a few weeks after meeting with Kennedy, Ngoc told an audience at the American Chamber of Commerce in Saigon that corruption was “present in every country in this region. Some are better than others, but I believe that in some of these countries, conditions are hardly any better than they are in Vietnam.”⁶³ While it is impossible to measure the real impact of corruption on the South Vietnamese economy, there is no doubt that it accounted for a major drain on resources.

Although corruption went unpunished, Ngoc and Hue were better placed to address the Nixon administration’s other areas of concern. Kennedy told the ministers that if the GVN collected more taxes in rural areas and enacted further exchange rate reform, the United States would be ready to support South Vietnam progress to the same position as Taiwan and South Korea. Kennedy’s recommendations, Hue reported to Thieu, were not contrary to the GVN’s economic and financial policy. The visit, Hue noted, was an opportunity to show the U.S. representative that the GVN was carrying out a program that would lead to “self-sufficiency and self-strengthening.”⁶⁴ However, the GVN team once again moved slowly. Timing was of crucial concern for the Thieu regime in enacting potentially politically destabilizing reforms. In 1970 and 1971, the GVN resisted considerable pressure from the U.S. Congress to devalue the exchange rate for DoD and U.S. personnel purchases in

⁶³ Henry Kissinger, Memorandum for the President, “Corruption in the GVN,” October 7, 1969, NSC Files, Vietnam Country Files, box 70, Vietnam/Corruption in SVN, RNPL; “Minister of Economy Pham Kim Ngoc’s Speech Delivered at the American Chamber of Commerce on April 15, 1971,” FCO 15/1487, TNA.

⁶⁴ “Cuộc tiếp xúc ngày 8-3-1971 tại Bộ Tài Chánh với phái đoàn Đại Sứ David Kennedy,” March 8, 1971, folder 2574, PTTDNCH, TTLTQGII.

Vietnam.⁶⁵ Thieu faced what he thought would be a contested election in 1971 and the GVN was not willing to risk economic unrest. Thus, only six weeks after Thieu's victory, in what turned out to be a one-man election, the GVN launched by far its most dramatic economic reform package to date.⁶⁶

Although British observers reported that U.S. officials had shaped the reforms, U.S. records show the degree to which Ngoc and new Minister of Finance Ha Xuan Trung, who succeeded Hue in 1971, were instrumental to the design and implementation of the program. At a meeting on August 19 the GVN economic team handed U.S. officials a 150-page economic program for 1972, which included "plans for reform in almost every nook and cranny of economic policy," and four days later they provided a list of more specific import and exchange rate reforms. U.S. embassy officials reported that they were "somewhat surprised by apparent decisiveness of GVN economic team at this juncture" but noted that the proposed reforms were "so close in spirit and substance to mission views, which it reflects, that we believe this initiative should be wholeheartedly supported." The embassy also reported that it was unsure whether Thieu would support the proposed reforms, despite Ngoc and Trung's confidence that they could convince him.⁶⁷ Put simply, U.S. officials had a broad outline of the steps required, and the GVN economic team were able to provide specifics largely because their ideas were in consonance with those of U.S. embassy officials. Above

⁶⁵ "Vietnam and the Hidden Subsidy (Inequitable Currency Exchange Rates): Eighth Report by the Committee on Government Operations," December 16, 1971, folder 08, box 01, Douglas Pike Collection: Unit 11 – Monographs, The Vietnam Center and Archive, Texas Tech University, record no. 34935, accessed December 17, 2014, www.vietnam.ttu.edu/virtualarchive/items.php?item=2390108004.

⁶⁶ On the 1971 Presidential election, see Berman, *No Peace, No Honor*, 91–100.

⁶⁷ R. Brash to D. McD. Gordon, December 6, 1971, FCO 15/1487, TNA; US Embassy Saigon to Secretary of State, Saigon Tel 13769, August 26, 1971, E1 VIETS, 1/1/71, box 801, Subject Numeric Files, 1970–73, RG 59, USNA.

all, the United States needed Ngoc and Trung on the inside to persuade Thieu of the merits of reform.

Introducing the package, Ngoc and Trung wrote that “the experience of many countries such as Taiwan, Korea and Singapore” demonstrated that “free enterprise” was “the most effective path to economic development.” The ministers called for the removal of economic controls and the encouragement of private investment. The government would encourage exports through further devaluation, the reduction of import duties that had acted as protectionism for local industries, and a shift of resources to export-oriented enterprises.⁶⁸ Announcing the reform package, Thieu stated that the development of exports was “a top priority in the national effort to achieve economic independence.”⁶⁹

Ngoc and Trung were also dismissive of state planning. Only a few countries around the world had the means to plan an economy, they wrote. In a country with as poor administration as South Vietnam “it would be hard to carry out economic control in an effective manner.”⁷⁰ While they had a point about the problems of planning for a state lacking bureaucratic reach and data collection, this was in stark contrast to the real lessons offered by Taiwan and Korea. Although both countries were pursuing export-led development by the 1970s, this was after long periods of ISI. Even as they turned to an export strategy, the state continued to play the central role in the economy and engaged in long-term planning. While Ngoc and Hue presented the reforms as reorienting the economy toward the market, the new policies left plenty of scope for continued intervention. Indeed, while announcing the

⁶⁸ “Chương trình cải cách kinh tế tài chính mùa thu 1971, tài liệu tập 1: giải thích tổng quát, Liên Bộ Kinh Tế Tài Chính,” folder 32458, PTT, TTLTQGII.

⁶⁹ “Tuyên cáo của Tổng Thống Việt Nam Cộng Hòa về chính sách phát triển đầu tư và xuất cảng, ngày 15 tháng 11 năm 1971,” *Kinh Tế Tập San* [Economic Bulletin] 11–12 (1971): 13–15.

⁷⁰ “Chương trình cải cách kinh tế tài chính mùa thu 1971, tài liệu tập 1: giải thích tổng quát, Liên Bộ Kinh Tế Tài Chính,” PTT, TTLTQGII.

package, Thieu not only stressed export promotion but also import-substitution.⁷¹

Interpretations of economic reforms were malleable, dependent on the meaning individual policymakers attached to them.

Even as some within the bureaucracy dismissed planning and championed free enterprise, others were lobbying Thieu to strengthen the state's planning functions and begin work on a Five Year Plan.⁷² The South Vietnamese inclination had always been toward planning, and the Diem regime had launched its first Five Year Plan in 1957. Although Diem's most important programs had focused on rural counterinsurgency, the plan signalled the development impulses of the early South Vietnamese regime. It assigned the central role in capital formation and the allocation of resources to the state. Diem's planners believed the export-oriented colonial economy had caused deprivation in Vietnam and that postcolonial development should therefore focus on meeting domestic demand for food, clothing, and housing.⁷³ In the intervening years, as the security situation in the countryside deteriorated, Saigon had abandoned planning. While for some technocrats such as Ngoc and Trung, the improved security situation in 1969–1971 was cause to remove government restrictions on the economy, others believed that security offered stability and an opportunity to return to planning and state guidance of the economy.

At the end of 1970, Thieu pursued this idea further, telling Deputy National Security Advisor Alexander Haig and Ambassador Bunker that U.S. withdrawals had “raised serious concerns among the people.” In the hope of convincing the people of continued American

⁷¹ “Economic Reform in South Vietnam,” November 26, 1971, FCO 15/1487, TNA.

⁷² “Thiết lập kế hoạch ngũ niên và tổ chức cơ quan kế hoạch,” June 2, 1970, folder 2720, PTTDNCH, TTLTQGII.

⁷³ Thai, “Our Concept of Development,” 102; Vu Quoc Thuc, “National Planning in Vietnam,” *Asian Survey* 1 (1961): 4–8; Vu Van Thai, “Technology in Focus- the Emerging Nations,” *Technology and Culture* 3 (1962): 620–23.

commitment to South Vietnam, he said the GVN would have to develop “a long-range economic plan which would reflect continued U.S. participation.”⁷⁴ Thieu was hinting at the performative aspects of planning. Whether he believed in the merits of planning or not, a plan would be a useful tool in legitimizing his rule and gaining continued U.S. support. In June 1971, he therefore established a Ministry of Planning and National Development. The Minister, Le Tuan Anh, and the Director General of Planning were responsible for heading up the committee to draft the plan. Although Ngoc and Trung had deputies on the committee, they did not sit on it themselves.⁷⁵ It is not entirely clear why Thieu decided to place economic functions in several different ministries. He may have wanted to divide and conquer his ministers, ensuring that none gained too much power.

Outlining its strategy in early 1972, the Ministry of Planning noted that recent military, political, and economic developments had created a favorable environment for economic planning. The Communists had been forced to return to low-level guerrilla warfare and the GVN had established “democratic foundations” down to the hamlet-level through local elections. Planning, however, was contingent on the continued territorial security of the country, the maintenance of the current low tempo of the war, improved administration, and the continued support of friendly countries. These were uncertain assumptions in a war-torn country and a volatile global economy.⁷⁶

Due to the “grave deficiencies” in data collection, the authors of the plan noted that they had drawn together various schemes of Saigon ministries, the Postwar Development

⁷⁴ Meeting between President Thieu, Ambassador Bunker, and General Haig, December 17, 1970, FRUS, 1969–1976, vol. VII, doc. 91.

⁷⁵ Government of the Republic of Vietnam, Four-year National Economic Development Plan, 1972–1975 (Saigon, 1972).

⁷⁶ “Bộ Kế Hoạch và Phát Triển Quốc Gia: Sách Lược Phát Triển Kinh Tế Quốc Gia,” January, 1972, folder 2717, PTTDNCH, TTLTQGII.

Plan of David Lillienthal's Joint Development Group, and documents from other countries, notably Taiwan and South Korea. The GVN plan called for supporting both agriculture and export-oriented industries as well as import-substituting industries using domestic raw materials. Government intervention by planning would depend on the constitution, historical and cultural traditions, and the level of development, and it would "decrease as the private sector and economy grow in strength."⁷⁷ Despite the conflicting visions of whether government planning and intervention or free enterprise would achieve economic growth, the apparent successes of Taiwan, Korea, and Singapore moved GVN planners from internal growth models in the early 1960s to export-led development by the early 1970s.

Although much of the talk of public versus private investment, and ISI versus export-led development, was wishful, prior to North Vietnam's 1972 Spring Offensive the South Vietnamese had placed the economy on a footing far more likely to result in economic growth than at any time since the early 1960s. In late 1971 inflation was down to 10–15%, savings and receipts from exports and taxation were up, and devaluation had practically eliminated windfall profiteering and considerably undercut the currency black market.⁷⁸ Yet 1972 was an inauspicious year to begin economic planning in Vietnam and globally. The North Vietnamese Offensive of that year, followed by the oil shock of 1973, put paid to the pretence of government control. During the 1972 offensive tens of thousands more North Vietnamese troops occupied parts of the south and one million more Vietnamese were made homeless. The GVN was compelled to increase spending on defense and refugee programs, compounding inflation. Exports of rubber, fish, and plywood in 1972 amounted to a measly

⁷⁷ Ibid.; Four-year National Economic Development Plan, 1972–1975.

⁷⁸ Dacy, *Foreign Aid, War, and Economic Development*, 14.

\$23 million while imports in the early 1970s hovered around the \$700 million mark.⁷⁹ The London Financial Times called the June 1972 investment law that resulted from the 1971 reform package “the most liberal such law in existence in Asia.” But a year later, as fighting continued, the “expected droves” of foreign investors had not materialized.⁸⁰

The RVN’s Economic Crisis and the Fall of Saigon

Assessing South Vietnam’s chances for survival following the 1973 Paris Peace Agreement, the British Ambassador to Saigon Robert Brash recorded a note of optimism. While he did not doubt Hanoi would continue to seek the reunification of Vietnam, Brash believed that the Thieu regime commanded widespread support. Particularly promising, Brash noted, were “the young and ambitious technocrats (who may prove the real hope for the future if they are given time), who like the idea of a South Vietnam run on independent non-Communist lines, a sister to South Korea and Taiwan.”⁸¹

GVN technocrats required more than time, however. In the wake of the Paris agreements, Saigon had extremely meager resources to dedicate to development. The GVN faced declining output, growing unemployment, and inflation, and the National Bank anticipated that these problems would grow in 1973. Meeting with Nixon at San Clemente in early April, Thieu and his assistant Nguyen Phu Duc therefore focused on the theme of reconstruction, requesting a massive \$785 million in Fiscal Year 1974 for budgetary support and development funding. Nixon accepted this figure as a goal, though he could not make a commitment to it in light of congressional opposition, and he suggested that the Vietnamese

⁷⁹ “Vấn đề nhập cảng và việc tạo lập một nếp sống cần kiệm, khắc khổ,” August 1, 1973, folder 3031, PTTDNCH, TTLTQGII.

⁸⁰ Stewart Dalby, “How Saigon Has Begun to Woo the Capitalists,” Financial Times, June 12, 1973.

⁸¹ “The Cease-Fire in Vietnam,” February 9, 1973, FCO 15/1809, TNA.

also seek support from the World Bank.⁸² Following the San Clemente meeting, Thieu met World Bank President Robert McNamara and asked about the possibility of the bank forming an aid group to help the RVN with postwar rehabilitation and reconstruction. McNamara was amenable to such a proposal and had already broached the idea of aid to South Vietnam with his senior staff. However, the effort to mobilize international and multilateral support to save Saigon would fall flat.⁸³

On May 20, Thieu announced an eight-year postwar reconstruction and development program. Based on Ngoc and Trung's draft program of late April, the plan called for an initial phase of recovery followed by a second phase of large-scale public and private investment in agriculture and, perhaps indicating a degree of delusion present in Saigon in early 1973, tourism.⁸⁴ Despite adopting Ngoc and Trung's ideas, Thieu then placed control of the National Council for Reconstruction in the hands of Ngoc and Trung's rival, Minister of Planning Anh. Ngoc told the U.S. embassy that his "enemies" were playing on the theme of his power and close support from the Americans and the president "may have wished to push him back down a bit."⁸⁵

⁸² "General Survey of the Economic and Financial Situation in Vietnam," *Kinh Tế Tập San* 5-6 (1973): 27-48; Memorandum for the President's Files by the President's Assistant for National Security Affairs (Kissinger), April 3, 1973, FRUS, vol. X, Vietnam, January 1973-July 1975, ed. Bradley Lynn Coleman (Washington, DC, 2010), doc. 39.

⁸³ Patrick Sharma, "The United States, the World Bank, and the Challenges of International Development in the 1970s," *Diplomatic History* 37, no. 3 (2009): 599.

⁸⁴ "Chương trình hành động kinh tế tài chính," April 25, 1973, folder 2903, PTTDNCH, TTLTQGII; "Embassy Saigon's Mission Weekly, May 16-22, 1973," Telegram 08796, May 22, 1973, 1973SAIGON08796, Central Foreign Policy Files, 1973-79/Electronic Telegrams, RG59, USNA.

⁸⁵ "Minister of Economy Trip to the U.S.," Telegram 10778, June 15, 1973, 1973SAIGON10778, Central Foreign Policy Files, 1973-79/Electronic Telegrams, RG59, USNA.

While Thieu's focus at San Clemente had been on aid and development, as the year progressed the tempo of the war increased, reducing any possibility of demobilization and complicating the resettlement of the refugee population. Thieu's attention increasingly shifted to renegotiating the ceasefire on terms that would ensure his continued rule, as well working to further consolidate his grip on power. In particular, Thieu took every opportunity to publicize that it was Hanoi, not Saigon, that was violating the ceasefire agreement. The technocrats expressed frustration with this strategy. Writing to Ngoc and Trung in June, Nguyen Huu Hanh, former Governor of the National Bank of Vietnam and now alternate executive director at the IMF, said that in light of the U.S. Congress's disposition Saigon would have to look for supplemental balance of payments support from Japan and France. To do so, Hanh noted, "we may have to play down news of further violations in order to avoid giving the impression that reconstruction and development are simply still impossible in Vietnam."⁸⁶ This appeared unlikely as, by mid-summer, the war was well and truly underway once again.

Following a sharp rise in rice prices in the first weeks of July, the U.S. embassy reported that a group of cabinet ministers and senior advisers to Thieu were trying to outmaneuver Ngoc and Trung and to assert stronger control on the economy. These included Thieu's close assistant Hoang Duc Nha, Minister Le Tuan Anh, and Thieu's Special Assistant for Planning Tran Dai Trung, as well as senior military and security officials. The group, the embassy reported, wanted to take the economy away from its "free market" orientation in response to price increases, urban unemployment, and the recently implemented and highly unpopular value-added tax. They opposed further wage increases and proposed widespread price controls, rationing, and bans on luxury consumption, as well as restrictions on foreign investment. In addition, they wished to launch an economic blockade of enemy territory

⁸⁶ Nguyễn Hữu Hanh to Phạm Kim Ngọc, June 15, 1973, folder 3015, PTTDNCH, TTLTQGII.

while taking the rice trade out the hands of ethnic Chinese merchants and vesting it in a government agency.⁸⁷

A further deterioration in the rice situation in August created more space for the interventionists. South Vietnamese intelligence reports indicating that Hanoi was moving large quantities of money into South Vietnam to buy food to feed its troops and to destabilize the southern economy confirmed for many the need for greater government control.⁸⁸ The Americans, the UK embassy reported, did not like this turn “towards a more dirigiste economy” but recognized it as a temporary compromise between those, like Ngoc, who favored the “forces of persuasion and the free market . . . and those who favour complete control.” But that compromise did not last long.⁸⁹

A cabinet reshuffle in October 1973 saw the removal of those who had been responsible for a liberal development policy for the previous four years. The British embassy noted that “interventionist tendencies” had prevailed. The embassy suspected that senior military officers had finally ousted Ngoc, while Trung took the rap for the value-added tax law.⁹⁰ Ngoc, hoping to replace Anh as the coordinator of reconstruction and development, became Commissioner General for Planning. Although Anh was also removed, Ngoc’s new role proved to be inconsequential. In an indication of how great the corruption problem had become, and how doggedly the National Assembly now pursued it, one National Assemblyman accused Anh of accepting bribes during the granting of contracts for the expansion of a cement plant. Following a crisis in the fertilizer supply in late 1973 and 1974,

⁸⁷ Embassy Saigon to Department of State, Telegram 12661, July 13, 1973, 1973SAIGON12661, Central Foreign Policy Files, 1973–79/Electronic Telegrams, RG59, USNA.

⁸⁸ “Vấn đề lúa gạo và chính sách phân phối gạo và lương thực tại Miền Bắc,” August 21, 1973, folder 3038, PTTDNCH, TTLTQGII.

⁸⁹ “The Economy of South Vietnam,” August 28, 1973, FCO 15/1845, TNA.

⁹⁰ “Government Changes,” October 29, 1973, FCO 15/1809, TNA.

the National Assembly demanded an investigation, and the Inspector General (Giám Sát Viện) accused Ngoc, now out of office, and his successor, Nguyen Duc Cuong, of masterminding a VN \$9 billion (approximately \$16 million USD) manipulation of the fertilizer market.⁹¹ The Americans in Saigon were not enthused about the change in economic leadership, but U.S. leverage over economic policy had considerably diminished as Vietnam faded from Washington's concerns in late 1973. By the end of the year, the GVN had launched a full economic blockade of enemy territory and had placed greater control of the rice market in the hands of the National Food Agency.

South Vietnam's economic problems in 1973 and 1974 were compounded by the failure to attract foreign investment and aid, the loss of revenue from U.S. troops, and a global rise in prices. Inflation reached 67%, the highest level since the mid-1960s, while foreign exchange reserves dropped to less than \$100 million USD in February 1974, a dangerously low figure for a country whose yearly imports exceeded \$700 million USD.⁹² Saigon's response to these challenges was further intervention. To deal with its growing balance of payments deficit, the government repeatedly devalued the piaster until it was worth approximately a quarter of its 1970 value. In a bid to boost agricultural production, replace imported food, and ensure the supply of rice to urban centers, the GVN constantly adjusted the price of domestic and imported rice and expanded agricultural credit and subsidies. In July, Saigon placed temporary suspensions on many imports and established mobile teams to monitor rice stocks and control prices. These steps, along with wage hikes to

⁹¹ "Saigon Weekly Summary: 10–16 October 1973," October 16, 1973, FCO 15/1809, TNA. The Inspector General recommended that Ngoc be barred from any future government role and procedures to prosecute him began. It appears this case went no further before the RVN fell. See "V/v khôi tổ Ô. Phạm Kim Ngọc, nguyên Tổng Trưởng Kinh Tế," April, 1975, folder 19570, PTT, TTLTQGII.

⁹² "Embassy Saigon's Mission Weekly, March 28–April 3 1974," Telegram 04243, April 3, 1974, 1974SAIGON04243, Central Foreign Policy Files, 1973–79/Electronic Telegrams, RG59, USNA.

meet inflation, placed great strain on the overburdened budget. Growing urban opposition from labor unions and anti-corruption movements challenged the government's handling of the economy at a time when the GVN needed anti-Communist support.⁹³

Meanwhile, U.S. economic assistance for Fiscal Year 1974 amounted to \$475 million, a figure similar to the previous two years, but with rising world prices the real value dropped dramatically. This made the effort to mobilize international and third-country support all the more imperative. But disagreement among potential donor countries about the nature of World Bank assistance to Indochina, the deteriorating security situation in Vietnam, uncertainty about congressional approval of U.S. contributions to the World Bank, and the impact of the energy crisis all combined to delay action on economic assistance.⁹⁴ As a result of the GVN's dirigiste turn, on the other hand, the IMF moved from modest approval of Saigon's economic program between 1970 and 1973 to disapproval. The Fund felt the GVN should further restrain spending, devalue more quickly, reduce subsidies, and lift import bans. As a result, in early 1975 an IMF delegation noted that the economic measures outlined by the government did not inspire enough confidence to qualify for IMF support.⁹⁵ Such support was crucial given a further large drop in foreign exchange in the first two months of 1975.

⁹³ "Economic and Financial Stabilization Measures Undertaken in July 1974," *Kinh Tế Tập San* 7 (1974): 65–69; "CERP 0003- Second Quarter, 1974 Economic Review," Telegram 0957, July 19, 1974, 1974SAIGON0957, Central Foreign Policy Files, 1973–79/Electronic Telegrams, RG59, USNA; "Economic and Social Deficiencies Challenged by the CVT," Telegram 04469, April 8, 1974, 1974SAIGON04469, Central Foreign Policy Files, 1973–79/Electronic Telegrams, RG59, USNA.

⁹⁴ Nguyễn Hữu Hạnh to Lê Quang Uyển, July 24, 1973, folder 3015, PTTDNCH, TTLTQGII; Internal World Bank Memo, March 14, 1974, OD35/316, TNA.

⁹⁵ "Remarks of the IMF Mission Presented by A.A. Mattera," February 27, 1973, folder 3015, PTTDNCH, TTLTQGII; "Concluding Observations of the IMF Article XIV Consultation Mission to Viet Nam," June 10, 1974, folder 3266, PTTDNCH, TTLTQGII; "Aide Memoire: Report of IMF delegation, February 19–27, 1975," February 27, 1975, folder 3266, PTTDNCH, TTLTQGII.

That is not to say that World Bank or IMF aid might have somehow saved the RVN. Rather, the failure to mobilize international support combined with drops in U.S. aid made Saigon's position even more precarious.

In Washington and Saigon, policymakers continued to cling to the hope of economic take-off. The prospect of oil in the South China Sea in late 1974 raised some foreign exchange in the form of concessions and considerable optimism in both capitals. Even as Hanoi's final onslaught began and the U.S. administration searched for more aid from Congress, eternally optimistic Ambassador Graham Martin told President Ford that "on the economic side, we could see the kind of advance Taiwan and Korea had."⁹⁶ By the end of March, however, the U.S. embassy reported that the economic prospects were bleak. If the offensive continued and further U.S. aid was not forthcoming, Saigon's foreign exchange reserves would drop precipitously low in the second half of 1975, threatening the survival of the regime.⁹⁷ Ultimately, the Republic of Vietnam collapsed from the top down. It was the poor decisions of 1975, and particularly the disastrous execution of the ARVN's withdrawal from the Central Highlands and northern provinces in March, which sealed Saigon's fate.⁹⁸ However, had the regime not fallen in 1975, the RVN economy would have fared increasingly badly as the 1970s went on. In fact, without continued aid, it is quite likely that Saigon would have soon run out of foreign exchange to finance its import-dependent economy.

Vietnamization placed impossible demands on the South Vietnamese economy. These demands drove policymakers in Saigon in two directions: one reasonably free market and the

⁹⁶ Memorandum of Conversation, February 15, 1975, President Ford Memcons (3), box 16, NSC East Asian and Pacific Affairs Staff: Files, (1969), 1973–1976, Gerald R. Ford Library.

⁹⁷ "IMF aide Memoire and Financial Outlook for 1975," Telegram 03547, March 26, 1975, 1975SAIGON03547, Central Foreign Policy Files, 1973–79/Electronic Telegrams, RG59, USNA.

⁹⁸ Willbanks, *Abandoning Vietnam*, 235–55.

other somewhat interventionist. Both were inspired in part by the Taiwan and Korean models. The South Vietnamese regime was a dictatorship but clearly there was a degree of pluralism in terms of its development vision. Technocrats such as Ngoc, Hue, and Trung saw free enterprise and a diminished role for the state as the best way to promote development. Others such as Thieu, Anh, and the generals, while making a rhetorical commitment to private enterprise, saw the state as playing a crucial role in guiding the economy through planning, controls, and import-substitution. But all sides in the debate believed that export-led growth was the key to South Vietnam's modernization and economic survival. This represented a shift away from the endogenous growth model of the Diem era and demonstrates that economic development policy reflected the Saigon regime's attraction to the model offered by the East Asian developmental states.

Despite the contested visions in Saigon, the economy was placed on a sounder footing for development in the late 1960s and early 1970s. Many economic indicators including receipts from exports and taxation rose considerably. These reforms often generated domestic backlash, both popularly and in the National Assembly. Nonetheless, the reforms initiated were never radical enough to address the economy's fundamental inadequacies. While GVN technocrats and planners might have waxed lyrical about South Vietnam's future among the Asian Tigers, economic reform was always secondary to political stability. Nor could the demands of Vietnamization have been met without continued and sustained American and international aid. This was unlikely in the context of the global economy, the continuing war in Vietnam, Thieu's increasingly illegitimate rule, and American domestic politics in the 1970s.

Examining South Vietnamese economic policy in the years after the Tet Offensive tells us a good deal about South Vietnamese agency and dependency on the United States during the final years of the war. South Vietnamese actions were taken in response to both

the external environment—U.S. pressure and the perceived success of the Taiwan and Korean development models—and the internal environment, particularly the tempo of the war and the strength of certain political constituencies within South Vietnam at different times. While the United States was able to get the reforms it wanted in the period from 1969 to 1971, this was because it had allies in the GVN who already believed in a more liberal development policy. Between 1969 and 1971, Ngoc, Hue, and Trung's hand was strengthened by their ability to convince Thieu that reforms were what the United States wanted and that further aid was dependent on these decisions. They were also able to point to Thieu's model states of Korea and Taiwan to justify these moves. During this period, Thieu's perception that the war was going reasonably well, as well as his need for continued U.S. support, made him far more likely to enact the reforms that these technocrats advocated. But in the 27 months after the Paris Peace Agreement, the United States was far less concerned about the South Vietnamese economy. And those who believed that the state needed to strengthen its grip on resources could also point to South Korea and Taiwan.

South Vietnam's development experiences in the years after the Tet Offensive suggests that historians of development might further examine the transnational flow of ideas about economic development among actors in the Global South during the Cold War. Development was not simply something that the Global North did to the Global South. Rather, it is clear that actors in the Global South looked to and learned from one another's development experiences. Nonetheless, South Vietnamese planners did not slavishly follow a Taiwanese or Korean development model, in part because they disputed what that model meant. Rather they appropriated elements of those models that they believed fit with Vietnamese conditions, or deployed those models in bureaucratic infighting to push through policy changes.

Vietnamese imaginings of the developmental states did not end with the fall of Saigon. In the late 1980s, as the Vietnamese and Chinese Communist parties were searching for models of economic reform, they looked to their Asian neighbors. For Hanoi and Beijing, the developmental states of Taiwan, South Korea, Hong Kong, and Singapore offered an attractive model, “not of laissez-faire capitalism and pluralist democracy” but of one-party rule and state intervention in the economy.⁹⁹

⁹⁹ Mark Selden and William Turley, *Reinventing Vietnamese Socialism: Doi Moi in Comparative Perspective* (Boulder, CO, 1993), 4.