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THE ETHNIC CHINESE AND ECONOMIC DEVELOPMENT IN VIETNAM

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by courtesy of Russell Heng

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*Dedicated to the memory of
Professor K.S. Sandhu
Director of ISEAS, 1972–1992*

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Tran Khanh
Singapore, May 1993

Introduction

Close to twenty years have passed since South Vietnam was liberated in 1975. The economy of a re-unified Vietnam, however, is still poverty-ridden. One of the reasons for this is the lack of effectiveness in the use of private domestic resources, particularly that of the ethnic Chinese in Vietnam. Before 1975, Chinese capital, entrepreneurship, and skilled manpower in South Vietnam played an important role in the development of domestic markets and international trade. After 1975, however, Chinese participation in the Vietnamese economy underwent a decline brought about by the socialist transformation of the South and an exodus of capital. However, the residual economic potential of the Chinese who have remained in Vietnam is still considerable.

Under *doi moi*, which is the programme of economic and political reforms in Vietnam, there is evidence that the Chinese are once again contributing significantly to the expansion of internal markets and capital accumulation for small-scale industrial development. Accordingly, the role which the Chinese have played in the past and are beginning to play again seems eminently worthy of study. From a more pragmatic point of view, it is also pos-

sible that a better appreciation of the role of the Chinese in the Vietnamese economy both historically and in the immediate future may well be of some value, if not indeed essential, to economic development. In addition to this, there are other related issues which continue to be of academic interest, for example, the study of ethnic relations and the interaction of the Chinese and Vietnamese in more recent times.

The role of the Chinese in Vietnam's economy has been the subject of study by many Vietnamese and non-Vietnamese scholars, and it would be impossible to review all the relevant literature here. However, a brief summary will provide an understanding of the subject and issues that require further investigation.

Vietnamese authors began writing on the Overseas Chinese in the 1920s. Prominent among them at the time was Dao Trinh Nhat. His book, *The Luc khach tru va van de di dan vao Nam Ky* [The position of the Overseas Chinese and problems of emigration into Nam Ky] (Nam Ky being the southern part of Vietnam), was published in Hanoi in 1924. In it, he presents much valuable data on the economic activities of the ethnic Chinese and compares the economic role of Chinese entrepreneurs and businesses with that of the French and Vietnamese in the early decades of the twentieth century. In this study, he also examines aspects of traditional social and economic organizations of the Chinese in the context of the development of capitalism in Vietnam. Dao Trinh Nhat, however, remained a narrow-minded nationalist and his work was controversial because, amongst other things, it featured in debates on ethnic issues and contributed to tension between the Vietnamese and the Chinese.

During the 1960s and early 1970s, Vietnamese scholars paid more attention to the study of the role of the Chinese in the Vietnamese economy, especially in the South under the regime in Saigon. They included Tran Van Dinh (1961), Tan Viet Dieu (1961), Khuong Huu Dieu and Quoc An (1970), Hoang Truong Tan (1972), and Nguyen Van Sang (1974), among others. Tran Van Dinh was a prolific writer who wrote many articles on Overseas Chinese in Southeast Asia in general, and in Vietnam in particular, most of which appeared in the periodical *The Native Land* in the early 1960s. One of his more noteworthy articles (Tran Van Dinh 1961) analyses the policies of the government of the Republic of Vietnam under Ngo Dinh Diem towards the Chinese. In the early 1970s, Khuong Huu Dieu and Quoc An (1970) wrote several articles (among others) that focused on the commercial activities of the Chinese, and analysed the factors that contrib-

uted to their greater success in business undertakings compared with the efforts of the local Vietnamese. The articles are important for the detailed data and documentation on the activities of the Chinese in various economic sectors, especially in trade and transport. Also noteworthy is the MA dissertation of Nguyen Van Sang, “Nguoi Viet goc Hoa va kinh te Viet nam” [Vietnamese of Chinese origin and Vietnam’s economy] (1974). The thesis is valuable for detailed accounts of the economic activities of the Chinese in key sectors of South Vietnam’s economy during the 1960s. However, it fails to recognize that the local Chinese bourgeoisie was part of the Vietnamese bourgeoisie and, accordingly, that ethnic Chinese resources could be viewed as an important component of domestic economic resources. Another shortcoming of the study was the relative lack of attention paid to the qualitative and quantitative changes in the nature of Chinese capital, entrepreneurship, and skilled labour in the context of the development of local technology and competition in domestic markets.

Apart from studies which focused specifically on the Chinese, there exist many general studies of the Vietnamese economy and related socio-economic issues which touch on the role of the Chinese. They include the works of Nguyen Huy (1972), Le Khoa (1960), Son Nam (1984), Nguyen Van Ngon (1972), and Phan Huy Le (1963). Nguyen Huy’s work, *Hien tinh kinh te Viet Nam* [The economic situation in Vietnam], in two volumes, is particularly interesting because it deals with the position of the Chinese within the total economic situation of the Republic of Vietnam over two decades, namely the 1950s and 1960s.

After 1975, when the Chinese community became a “problem” in the socio-economic and political life of Vietnam, a number of studies focusing on this issue were conducted by Hoang Kim (1978), Le Van Khue (1979), Nguyen Xuan Luong (1978), and most recently Chau Hai (1990*a*, 1990*b*), among others. Most of these authors, however, tended to concentrate primarily on the history of Chinese migration and on how the Chinese had come to terms — or had failed to do so — with the policies of the government of a unified Vietnam. However, these studies pay little attention to the ethnic relations between the ethnic Chinese and Vietnamese and the more recent works also fail to acknowledge the considerable changes in the socio-economic conditions of the Chinese community in the past few years.

More recently, reference materials and a variety of articles on the Chinese in Ho Chi Minh City, the former Saigon, have appeared. Prominent among them are “Nguoi Hoa thanh pho Ho Chi Minh trong chang

duong dau tien xay dung xa hoi chu nghia va nhung van de dat ra” [The Chinese in Ho Chi Minh City during the first period of transition to socialism] by Nghi Doan, Huynh Nghi, and Phan An (1989); *Nguoi Hoa Quan 6 thanh pho Ho Chi Minh* [The Chinese in district 6 of Ho Chi Minh City] by Phan An et al. (1990); and “Phat huy tiem nang cua nguoi Hoa trong chien luoc phat trien kinh te-xa hoi cua thanh pho Ho Chi Minh 1991–2000” [To utilize ethnic Chinese resources in the strategy for the socio-economic development of Ho Chi Minh City in 1991–2000] by the Mobilization Unit on the Hoa in Ho Chi Minh City (1992). The value of these works lies in the fact that they provide some statistics and details on the economic activities of the Chinese in Ho Chi Minh City after 1975.

In general, however, recent Vietnamese scholarship has not paid adequate attention to the role of the ethnic Chinese in the national economy after 1975. It needs to be recognized that approaches in the social sciences in Vietnam after 1975 diverge from those in non-socialist countries as a result of which research in Vietnam has more often than not overlooked socio-economic realities pertaining to the subject of the Chinese in Vietnam. Further, where policy-relevant implications are concerned, it appears that they have not been concerned with arriving at practical solutions nor have they sufficiently addressed issues in ethnic adaptation or integration.

The Overseas Chinese in Southeast Asia have captured the interest of Western scholars and other Asian scholars trained in the West for the last forty years. There is a considerable number of studies on the Overseas Chinese in Southeast Asia and it would be impossible to undertake a critical evaluation of them here. However, mention must be made of a number of seminal works, for example, that of Purcell (1980), which was first published in 1951, Skinner (1950), Williams (1966), Amyot (1972), and Wang (1981, 1991). Although many of these works are not specifically concerned with the Chinese in Vietnam, nevertheless from the point of view of Vietnamese scholarship, they are of interest because they stand as examples of how the Chinese in the region may be studied from a variety of perspectives in the social sciences in non-socialist countries. The monumental work by Purcell is worth noting because, apart from being the first Western scholar to make a major contribution to the study of the Overseas Chinese in Southeast Asia, he also dealt with the Chinese in Vietnam. Parts 1 and 4 of his work, for example, contain important data on the Chinese in Vietnam, their economic activities before the 1960s, as well as a respectable treatment of the history of the formation of the community. Among more recent works on

the Overseas Chinese in the region, the work of Wu and Wu (1980) also deserves a mention, from the perspective of Vietnamese scholarship, because of its methodology, holistic analysis which treats the ethnic Chinese within a framework of total relations, and valuable statistical data on the economic situation of the Chinese in South Vietnam before 1975.

In addition to these studies and other surveys which look at the Chinese in Southeast Asia, there are several studies that focus on the Chinese in Vietnam by Western scholars as well as Vietnamese scholars trained in the West. They include, to name a few, the dissertation "The Chinese in Vietnam: A Study of Vietnamese-Chinese Relations, with Special Attention to the Period 1862–1961" by Luong Nhi Ky (1963), the dissertation by Barton (1977), the dissertation on "Vietnamese Communist Policy toward the Overseas Chinese, 1920–1982" by Stern (1984), *The Ethnic Chinese in Vietnam and Sino-Vietnamese Relations*, by Amer (1991), as well as articles by scholars such as Ungar (1985, 1987–88) and Barton (1983).

Of the studies on the Chinese in Vietnam before 1975 conducted outside Vietnam, perhaps the most useful is *Le Chinois au Sud-Vietnam* by Tsai Maw Kuey (1968). The second part of this work, for instance, describes in considerable detail the economic activities of the Chinese in South Vietnam up to the mid-1960s. The value of the work lies in the descriptive and statistical data that it provides on the occupational structure and the overall economic position of the Chinese community in the country. Nevertheless, the study is not without some shortcomings. Its analytical framework seems inadequate and the author fails to consider the directions of development of the Chinese business community in the context of increasing competition and accommodations within the larger Vietnamese society. Still, the work is the first monograph to focus specifically on the Chinese in Vietnam and is a worthy contribution by a scholar trained in the West.

Former Soviet social scientists have also paid a great deal of attention to the study of the Chinese in Vietnam. The first of such Soviet studies was a general study of the Chinese in Southeast Asia covering Vietnam as well: *Naselenie kitaiskoi natsionalnosti v stranac IUge-Vostochnoi Asia* [Population of Chinese nationals in Southeast Asian countries] by Simoniya (1959). The main part of this work reports on the economic activities of Overseas Chinese in the 1940s and 1950s. Essentially descriptive, this study nevertheless left a number of areas unexplored. It does not, for example, deal with the economic position of the Chinese in relation to the pressures which they came under during the latter half of the 1950s from the Ngo Dinh Diem

government, and the implications for South Vietnam's economy. Nevertheless, the study raises a number of questions regarding the Overseas Chinese, from the perspective of Soviet scholarship in the social sciences dominant at the time, which were subsequently taken up by other Soviet scholars from the 1960s to the 1980s. Another work which focuses on the process of the formation of Chinese capital in Southeast Asia, which also touches on Vietnam, is *Zarubejnaia kitaiskaia Bourgeoisie-orujie Peking v Iugo-Vostochnoi Asia* [Overseas Chinese bourgeoisie — instrument of Beijing in Southeast Asia] by Andreev (1973). The importance of this monograph lies in its attempt to develop a theory of the process of the formation and evolution of Chinese capital, entrepreneurship, and skilled labour, resting on the assumption that there was an instrumental relationship between China and the Overseas Chinese bourgeoisie, and between the Overseas Chinese and former and Western capitalists. The work ignores, however, the role of Overseas Chinese capitalists in the development of domestic markets and of regional economic ties in Southeast Asia. A more recent compilation worth mentioning is *Kitaiskie Etnicheskie grupi v stranac Iugo-Vostochnoi Asia* [Ethnic Chinese groups in Southeast Asian countries] (1986). This compilation gives outlines of the culture, and socio-economic and political life of the Overseas Chinese in the region. The fourth chapter of the book is of particular interest because it focuses on the economic activities of Chinese entrepreneurs and their relations with the larger societies in which they are found in the region during the post-independence period in Southeast Asia. However, this work deals only with the Chinese in the countries of the Association of Southeast Asian Nations (ASEAN).

Apart from books and monographs, there are numerous articles by Soviet scholars focusing on different aspects of the Chinese community in Vietnam. They include, to name a few, the works of Kotova (1978, 1979), Borisova and Kotova (1981), Vanin (1981), among others. Many of these works, however, have a propagandistic character and their empirical content leaves much to be desired.

A survey of the literature on the role of the Chinese in Vietnam's economy indicates that between 1964 and 1975, the Chinese community in South Vietnam flourished and prospered. Furthermore, during this period the Chinese community underwent important changes, both qualitatively and quantitatively: Chinese businesses, for instance, grew and became more diversified, as reflected in the growth of Chinese-owned capital and in terms of the occupational structure of the community. After 1975, however,

political changes in the South following the fall of Saigon resulted in a change in the fortunes of the ethnic Chinese and the part that they played in the economy of a unified Vietnam.

The situation of the Chinese in Vietnam after 1975 and the economic ups and downs which they faced have been little researched. Nevertheless, the Chinese community has undoubtedly experienced considerable changes as a result of the political and economic changes that have taken place in Vietnam since 1975. There are no readily available Vietnamese documents, reference books, and research papers in libraries or even specific research centres inside and outside the country covering this period in any great detail, although this is, to some extent, now slowly changing with new governmental policies on access to hitherto restricted official sources of information. Where information exists, the data are not always comparable in the post-1975 period, and comparisons with data from the pre-1975 period are even more problematic because of gaps in the data, different methods of data gathering, and so on. Despite such difficulties, a study of the economic position of the Chinese in Vietnam especially after 1975 is much needed, precisely because so little is known about it.

The topic is large and complex, and it would not be possible, in a single study, to deal with all aspects of the Chinese in Vietnam after 1975. Thus, the present study attempts to focus specifically on changing patterns of Chinese involvement in the economy of Vietnam as well as the impact of changes in the overall Vietnamese economy on the Chinese business system in the country. In dealing with this in the post-1975 period, it is necessary, however, to review the situation of the Chinese before 1975 so that the changes experienced by the Chinese in more recent times may be better understood.

Within this framework, the study concentrates on the factors and social processes involved in the formation and evolution of the Chinese community in Vietnam and their influence on the economic development of this country in pre- and post-liberation Vietnam. It is hoped that it will also be possible to conclude the study with a reflective consideration of the economic capacities and prospects of the Chinese in the context of the recently instituted open-door policies of Vietnam and expected continuing economic reforms.

The sources used in this study are mainly primary Vietnamese ones, although other sources (both primary and secondary) in English and Russian are also drawn upon. Some of these are translated works from other

languages. Some of these sources have already been noted above. To some extent, especially with regard to the economic position of the Chinese in pre-1975 Vietnam, this study draws on an unpublished dissertation, “Osnovnye Tendentsii Sosiano-Ekonomicheskie I Ethnopoliticheskie Razvitiia Kitaiskoi obsinu vo Vietname (s vtoroi polaviniu XIX veka-1954 vo severe I — 1975 IUge)” [Principal tendencies of the socio-economic and ethno-political development of the Chinese community in Vietnam (from second half of the 19th century to 1954 in the North and to 1975 in the South)] by Tran Khanh (1987), the writer of this monograph. It is also based on a published book, *Vai tro nguoi Hoa trong nen kinh te cac nuoc Dong Nam A* [The role of the ethnic Chinese in the economies of Southeast Asian countries] by Tran Khanh (1992*a*), as well as other published and unpublished scholarly works. For developments after 1975, it draws on, amongst other sources (some of which have been mentioned), unpublished Party and government material, especially documents of the National Central Committee in Hanoi and local committees in Ho Chi Minh City on the Mobilization of the Overseas Chinese in Vietnam, and materials of the Committee for the Re-Education of the Southern Bourgeoisie. Apart from such sources, statistical yearbooks, various reports on the development of small-scale industries and trade in the private sector in Ho Chi Minh City, diplomatic materials, and historical documents in Vietnam are also consulted.

In a work like this by a Vietnamese scholar on the subject of the ethnic Chinese minority in his country, questions are bound to be raised about objectivity. In as far as it is possible, the writer has presented the two major sides to this issue: the means by which the ethnic Chinese community has come to own a disproportionately large share of the national economy and how political authority in Vietnam has sought to manage this phenomenon, not always wisely, rightly, or effectively. It is possible for critics and other scholars to point out that the content of this monograph neglects this or that perspective extant in the vast corpus of work on the subject of the economic role of the Overseas Chinese in the region. Given the limitation of time and space, a certain amount of simplification is to be expected in a work like this. Above all else, it should be recognized that this is a Vietnamese perspective of the topic, and as with the research of scholars of any nationality or ethnic group, the perspective comes coloured by history, both ancient and recent, by present circumstances, and by personal experience. In that sense, every piece of work has its bias and this monograph claims no exception.

The terms “ethnic Chinese”, “local Chinese”, “Chinese community”, and

sometimes just “Chinese” are used frequently throughout this work. They refer to a person or a group who are of Chinese racial origin or who identify themselves as being of Chinese ethnicity but who live permanently in Vietnam, regardless of their citizenship and level of integration into Vietnamese society. However, at points where it is necessary to clarify citizenship status or to differentiate between the Chinese in Vietnam and those elsewhere, this distinction is made clear in the context in which it is used.

It is hoped that this monograph can contribute to an understanding of issues in “ethnicity and development”, with particular reference to the role of the Chinese in Vietnam’s economy, from the perspective of recent developments in Vietnamese social science scholarship. The changing conditions in Vietnam with the emphasis on “renovation” and open-door policies, and the social, economic, and political dynamics in Southeast Asia and beyond — in which various communities, whether they are “nation-states” or “nationalities” including the ethnic Chinese, are playing a part — suggest that a study of this kind may be of scholarly interest both in Vietnam and beyond.