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We learnt from Vietnam in the past; so why not now?

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*Strengthening Africa's
economic performance*



Executive Summary

Vietnam is another country from the time of its liberation nearly 44 years ago, the startling effects of 30 years of growth since Hanoi's adoption of a free-market economy. The ANC learnt much from the Vietnamese about a war of liberation, following a visit to Saigon in 1978. While the lessons from Vietnam on strategic campaigning and prioritising armed propaganda over the armed struggle was immensely influential, the ANC could again today learn some constructive lessons about how to reform an economy.

Introduction

'V-Day'.

Not Victory in Europe, but the moment on 30 April 1975 when Tank 390, a North Vietnamese T-59 under the command of Captain Vu Dang Toan crashed through the gates of Saigon's presidential palace. Inside, South Vietnam's last president, General Du'ong Văn Minh, better known as 'Big Minh', and some 30 members of his team waited to surrender to the north, ending 30 years of civil war and more than a thousand years of colonial intervention.

Vietnam was poised, at least, to transform from a war to a country. But the struggle was not over.

In 1989 Vietnam had a per capita GDP of just US\$94,¹ the result of failed socialist policies that had removed any incentive to produce, leading to stagnation and shortages. Rather than the joy of peace, Vietnam experienced a dark age of doctrinaire government, collectivisation and near famine, the loss of civil liberties, isolation, wars with Cambodia and, then, China, endless suffering and deprivation.

Now, following widespread reforms centred around *doi moi*, or 'renovation', average income has multiplied over the ensuing three decades to US\$2 343.²

Such dramatic change has depended on lifting economic growth, averaging over 6 per cent since 1992. This started with a change of control in the rural areas. From ruinous collectivised farming, the country shifted to allocating long-term leases to farmers with a better productive record. But the cities have delivered even more. With more than six million people, Saigon in the south (after 1975, officially Ho Chi Minh City), for example, has experienced 9.6 per cent average growth since 2010.³

Vietnam's transformation has been based on two fundamental choices.

The first has been Vietnam's ability to put the past behind, remarkable given the level of devastation during the last century, including four periods of foreign intervention (Chinese, French, Japanese and American), more than three million war

casualties, and the further devastation from the following retribution and communist economic folly.

The second, related aspect is a wholesale recognition of the importance of foreigners in this process, in spite of the colonial experience. One Vietnamese worker put it thus: 'We grow with foreigners'.⁴

This has led to a revolution in attitude.

Vietnam then and now

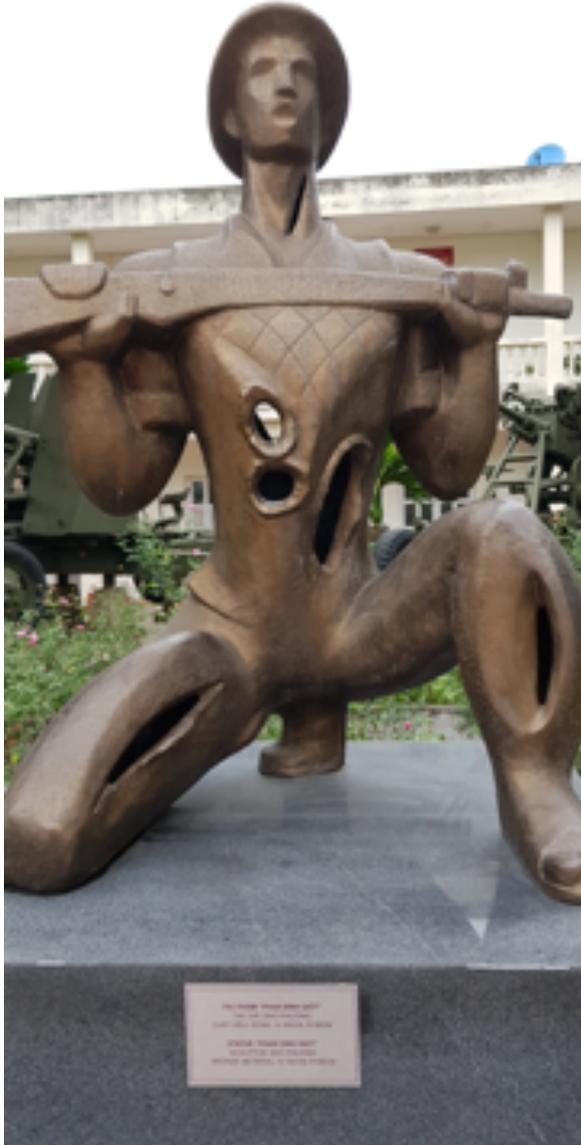
	1978	2018
Population	50 million	96.5 million
GDP Per Capita	US\$134	US\$2 343
Share of Global GDP (relative to global share of population) %	0.18	0.5
Life Expectancy	66.8	76.2
Child Mortality (per 100 live births)	72	21
Poverty %	>75	9.8
Literacy %	84	97.3

In Saigon is the War Remnants Museum. Opened in 1975, in the former US Information Agency, it was originally labelled the 'Exhibition House for US and Puppet Crimes'. In 1990, as relations between the US and Vietnam improved, it changed to the 'Museum for Crimes of War and Aggression'. It adopted the current title in 1995 when diplomatic ties were renewed and US sanctions were dropped.

Since 2007, US warships have frequently visited Vietnamese ports. Today the Vietnamese military conducts regular joint exercises with its American counterpart. US Defense Secretary General James Mattis made his second visit this year to Vietnam in October, stopping off at Bien Hoa Airbase outside of Saigon to reaffirm a US commitment to dioxin remediation, a toxic legacy of a ruinous war.

It's not forgotten that US forces dropped twice the tonnage of high explosives on Vietnam than the Allied side did on both Europe and Asia together during the Second World War. But the Vietnamese are not defined by the past.

The ANC's Vietnam



Casualties in what Americans know as the 'Vietnam War' and Vietnamese as the 'American War' amounted to over two million civilian deaths. Fifty-eight thousand Americans and 1.1 million Vietnamese died in battle⁵

The US stake in Vietnam has grown quickly to one of its biggest trading and investment partners despite its low starting point in the mid-1990s, a result of the US embargo and the poor health of the Vietnamese economy. US-Vietnam trade totalled US\$451 million in 1995.⁶ Since then it has increased a hundredfold to US\$45 billion, making the US Vietnam's single largest trade partner.⁷ Between 2010 and 2015, Vietnam was the second fastest growing of America's top 50 export markets. US investments top US\$12 billion today.⁸

The African National Congress learnt in the past from the Vietnamese.

In 1978, facing internal competition from the Black Consciousness Movement, Inkatha and the South African Students Movement, and with *Umkhonto we Sizwe* battling to make a sustained military impact, Moscow advised the ANC to visit the newly unified Vietnam. There they could learn from Vietnamese strategists like its military supremo Senior General Vo Nguyen Giap – the 'Red Napoleon' – and the technique of 'people's war'.

A delegation, led by ANC president Oliver Tambo and including Joe Modise, Joe Slovo, Chris Hani, Alfred Nzo, Cassius Make and Mzwai Piliso spent two weeks in Hanoi in October 1978. Despite obvious differences between the situations in South Africa and Vietnam, not least given the scale of superpower involvement and the intensity of the respective conflicts, the ANC delegation left, as Russia's Africanist veteran Vladimir Shubin has observed, feeling 'deeply impressed by the Vietnamese methods of underground armed struggle, especially the co-ordination between illegal *en masse* activities.'⁹ In the process they learnt that a revolution 'must walk on both feet: one military, and the other political'.

Upon their return, the delegation presented a report by Slovo to a joint meeting of the NEC and the Revolutionary Committee in Luanda in December 1978. They concluded that 'the Vietnam experience reveals certain shortcomings on our part and draws attention to areas of crucial importance which we have tended to neglect.' In Tambo's words, it also exposed the ANC as having 'fallen into a bad strategic situation, in which too much emphasis had been placed on the armed struggle, at the expense of political mobilisation, making for an impossible equation.'¹⁰

The Luanda meeting led to the appointment of a Politico-Military Strategy Commission, consisting of Thabo Mbeki, Slovo, Moses Mabhida, Joe Gqabi and Modise, along with Tambo. This commission was tasked with 'devising an overall strategy on mass mobilisation'. This represented the first formal review of ANC strategy since Morogoro in 1969 and cultivated in the *Green Book*, what Govan Mbeki refers to as a 'highly significant document



Bill Clinton made the first visit by a US president post-war to Vietnam in 2000; President Obama followed in 2016, famously eating noodles at Huong Lien in Hanoi

in the evolution of the ANC and the South African struggle'.¹¹

The *Green Book* enabled greater co-ordination of the ANC's political efforts, including the creation of a 'popular front' in the form of the United Democratic Movement, the strengthening of a propaganda wing, and the importance of international diplomatic efforts.

Another key lesson was that the Vietnam War was 'won' in Washington, and not just in the trenches. General William Westmoreland, the local US commander, referred to it as 'the first war in history lost in the columns of the *New York Times*'.¹²

Vietnam taught that, if the ANC was to succeed in overthrowing the apartheid regime, it would have to gather a broad front of international support, increase media coverage and rally local youths to build a political movement that could outlast the then South African Defence Force. The armed struggle would have to become 'secondary' to armed propaganda.¹³

Upon their return from Vietnam, the ANC took a decided ideological turn from socialism as a matter of 'tactical caution'.¹⁴ Far from the myth of an ANC which emerged from apartheid ideologically resolute but subsequently compromised its 'values' in negotiations, the *Green Book* reveals that already in 1978, it was a pragmatic party

willing to accept a negotiated settlement. It might do well to remember this.

The strategic impact of the ANC's 1978 mission to Vietnam on the course of ANC and South African history cannot be overstated. It is said to have been a watershed between an exclusively militant (and likely unsuccessful) ANC, and a multi-racial, unified ANC. At the very least, it signifies the start of the 'People's War', the point at which the ANC went beyond the armed struggle of the 1960s and 1970s in undertaking a more strategic, organised political effort.

The ANC's visit to Vietnam represented what Howard Barrell terms a 'Damascus moment' for Slovo and others in terms of their understanding that the armed struggle could not in itself 'regenerate' the political agenda, and that the latter needed to take precedence.¹⁵

If the ANC could learn in the past, why not now?

If the party took the same care in visiting Vietnam today, it would find a country transformed, where its party cadres are *au fais* with Total Factor Productivity and institutional responsiveness, and where they don't just preach the importance of investors, but act accordingly in creating space and the necessary guarantees.

For all of the drawbacks of a single-party state, including widespread corruption, and the rhetorical adherence to the ubiquitous hammer and sickle and socialist banners, the thinking is today both liberal and pragmatic enough to realise the

need for the state to relinquish its role in the economy. It was the outcome, writes David Lamb, of putting 'Karl Marx and Adam Smith into an economic blender.'¹⁶



Average wage rates in Vietnam are US\$150 per month, with a minimum wage of just over US\$1 000 annually.¹⁷ Vietnam's export-import turnover went through US\$425 billion in 2017, breaking previous export growth records¹⁸

But its more down to sweat than the state. The extent of Vietnam's transformation can be seen in the role of state-owned enterprises. With privatisation – referred more palatably as 'equitisation' – the number of SOEs fell sharply between 1990 and 2017, from 12 000 to 700.¹⁹ Officially, this was socialism with an overriding free-market touch, but the veneer of state-control in the economy at least is increasingly thin.

By 2015 SOEs officially employed 1.3 million (or 2.5 per cent) out of a total workforce of 52.2 million, falling from 1.5 million the previous year. By comparison two-thirds of jobs came from the private sector, and 26 per cent were from foreign investment enterprises. Today Vietnam has more than 21 000 foreign direct investment projects, with a total registered capital touching US\$300 billion.²⁰

Public listings are another measure of this transition. The Ho Chi Minh stock exchange was launched in 2000 with two companies. Eighteen years later there are 396 counters with a

US\$148 billion market capitalisation, with another 376 on the Hanoi bourse.

The revolution is not limited to the world of finance and listings. On the ground, Vietnam is now the world's second largest exporter of rice and coffee. 'The difference between now and then,' says Le Phuoc Minh, the Director of the Institute of African and Middle East Studies, 'is that we have food where there was once only hunger, and the hope of becoming a middle class where previously everyone was just poor.'

Vietnam's life expectancy has improved from 58 in 1972 to 76 today.²¹

Yesterday is another country

Giap died in 2013 aged 102. He had largely been marginalised from government after 1975, eventually made head of the national birth control project, a post he refused to take up, preferring to entertain

foreign visitors at his home in the shadow of Ho's Hanoi Mausoleum. While a tough adversary, Giap's willingness to take military casualties and mete out civilian casualties – by 1969 as many as half a million of his soldiers had perished – made his uncompromising style unlikely to survive a democratic or even a post-independence government. Subtlety was now as necessary as strategy as Vietnam's post-war priorities shifted.

Giap's passing signalled, too, changing generations. The war-time leaders – the likes of Le Duan, Du'ong Văn Minh, Nguyễn Khánh, Tru'ong Chinh, Nguyễn Văn Linh, Nguyễn Cao Kỳ and

Nguyễn Văn Thiệu – have all faded away, South and North, and some in exile. While Giap remains a national hero, second only to Ho in public polls, by the 1990s Vietnam had moved on from his leadership, loosening the reins of state control in making room for private enterprise. While the 17-member Politburo and the General Secretary of the Communist Party were still firmly in charge, the country was now interested in prosperity, not just revolutionary rhetoric, political independence and economic survival. You could not eat ideology or ride it to work.



The Mausoleum of Ho Chi Minh – 'the enlightened one' in Hanoi

Dang Tien Thanh runs the Yamaha agency on Nguyen Thai Hoc in Hanoi, selling 50 bikes a week, ranging from the top-of-the-range 150cc scooter at 50 million Dong to the entry level moped for less than half this amount. Yet Yamaha's market share is little more than 5 per cent of a 3.2 million annual market, the fourth-largest worldwide behind China, India and Indonesia. Hanoi has about five million motorbikes for its seven million people,²² Saigon 8.5 million for its eight million population, with sales of 750 per day.²³

More than 80 per cent of Vietnam's population were not born when the war ended. Their fight is for personal transport and other consumer titbits, education, jobs, and overseas travel. If the first liberation struggle had been against the Americans

and French, the second was in the transition through *doi moi* to a market economy and global integration. A third might still come, as Lamb posits, in the political domain, the more likely if the party proves unresponsive to the aspirations of a globalising youth.

There are inevitable problems and countless setbacks in Vietnam's economic experience. Businesses are hampered by sleaze and the requirement for endless paperwork, what are referred to as 'baby permits' for an obdurate bureaucracy.²⁴ This has had a perverse effect in encouraging foreigners to participate in Vietnam's now nearly 300 industrial parks countrywide,²⁵ where the operation of one-stop-shops and special customs facilities largely circumvents greedy officialdom.



Dang Tien Thanh tends his bikes. Vietnam is a growing 100 million-strong consumer market, with over US\$1.4 billion two-way SA-Vietnam trade



Nguyen Phuong Nga, Vietnam's Vice Minister of Foreign Affairs

If 1978, why not 2018?

Vietnam's vice minister of foreign affairs Nguyen Phuong Nga says that there is much to be learnt by Vietnam from Africa, not least South Africa, in terms of technology. From Vietnam, she says, 'we have lessons about how to create economic growth, with our growth rates at the top of ASEAN countries, but we can also teach about the

importance of managing social equality.' Trade with Africa totals US\$4 billion, with more than half of that amount with just two countries, South Africa and Ivory Coast, the latter reflecting cashew imports, a key Vietnamese agri-business.

Even accounting for the difference in population, this is some way off the Chinese trade figure, likely to reach US\$100 billion in 2018.²⁶ In part this reflects the difficulty that Vietnam has in developing an African strategy and in promoting a message

and convincing narrative of reform and reconciliation quite apart from the Cold War imagery of violence and hard-line idealism. One result is that its relations with Africa have, in the case of South Africa, been negatively dominated by the trade in rhino horn.

Pragmatism runs deep. Ho Chi Minh was, for his iconic revolutionary status, always the pragmatist. During the Second World War, when the Viet Minh received assistance from the OSS, the secret

precursor to the CIA, Ho praised Washington as a champion of democracy that would help them end colonial rule. His independence speech on 2 September 1945 started by invoking the words of Thomas Jefferson: 'We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty and the pursuit of happiness.'²⁷



Challenges remain in doing business in Vietnam, the country ranking dropped by one position to 69th on the latest World Bank's Ease of Doing Business indicators (South Africa is ranked 82nd)²⁸

And as he put it in a message to the Americans in the 1960s, 'We will spread a red carpet for you to leave Vietnam. And when the war is over, you are welcome to come back because you have technology and we will need your help.' After Saigon's fall in 1975 the Viet Cong did not put up a flag over the US Embassy as they did other locations. 'We are not authorised to raise one,' said a soldier guarding the premises. 'We do not want to humiliate the Americans. They will come back.'²⁹

The popular notion that Vietnam's growth success is just about incentives or cheap wages is a crude caricature of the difficult policy choices

Hanoi has had to make, not least the commitment to liberal change, however bumpy and strenuous that path. It also shows that, no matter how important the goal of independence, it is necessary to have a plan to meet the aspirations of those who have fought for freedom beyond statist and redistributive impulses.

A closer study might help the ANC with some difficult choices of its own, not least how to swallow some of its ideological B/S in improving relations with the United States among others.

After all, if 1978, why not 2018?

Endnotes

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3. See [https://saigoneer.com/saigon-news/11578-saigon-s-per-capita-income-to-reach-\\$9,800-by-2010-official](https://saigoneer.com/saigon-news/11578-saigon-s-per-capita-income-to-reach-$9,800-by-2010-official).
4. Unless otherwise cited, these interviews were conducted by Dr Mills during several visits by Dr Mills to Vietnam, including to Saigon in March 2016, and most recently, Hanoi in November 2018.
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7. See <https://www.export.gov/article?id=Vietnam-Market-Overview>.
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13. Martin Legassick, 'Myth and Reality in the Struggle Against Apartheid', *Journal of South African Studies*, 24(2), 1998, pp. 443–458.
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27. See <https://www.nytimes.com/2016/09/21/opinion/jefferson-and-vietnam.html>.
28. See <http://www.doingbusiness.org/content/dam/doingBusiness/media/FactSheets/DB18/DB18-FactSheet-SSA.pdf>.
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