

9-12/1971

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Duplicate

## THE POLITICAL SCENE

Worst floods since 1945 -

In August and September the country was ravaged by the worst floods since at least 1945. No official casualty totals have been released by the government, although the Saigon government has estimated that over one million died. This is probably a considerable over-estimate, but there can be no doubt that many tens of thousands have died, even more have been made homeless, and that both agriculture and industry will suffer severely.

When the waters had subsided somewhat, the worst stricken areas were visited by Hanoi's three top men, Prime Minister Pham Van Dong, Le Duan and Truong Chinh. They promised that 'the state will see to it that the people are adequately provided with food and medicines and that the education of children is carried on normally'. Considerable co-operative efforts are being made to carry out work on restoring schools and homes, and those areas that were not affected are sharing basic necessities with their less fortunate neighbours. Even so the effects of such a major disaster will not be removed rapidly.

- may bring political stability

One side effect of the tragedy may well be a period of relative peace and calm on the political scene. Some observers believe that the time was coming when there would be a major restructuring in the party organisation, and at local levels, in order to clear the way for re-emphasis on economic development. The next few months - when a major effort will be needed to return to normality - will not be suitable for such a move, or for emphasis on longer-term policies. It is also possible that the combined effect of the flood and the dovish moves in Peking and Moscow (see QER No. 3 - 1971) could produce further efforts to reach a solution with the South.

Podgorny visits Hanoi

The president of the Praesidium of the USSR Supreme Soviet, Nikolay Podgorny, visited Hanoi with a large delegation in October. Statements issued during and following these talks are not very illuminating but it would appear that there were two main reasons for the visit. First, the visit was intended to display continuing support for the North Vietnamese cause, and also for the seven-point peace plan. Second, there were discussions about Russian aid - both military and disaster relief following the floods. It was probably felt in Moscow that no harm would

come from some good publicity in Hanoi at a time when China was continuing to emerge from its international politics chrysalis.

Judging from the texts of the speeches by Podgorny and various North Vietnamese political leaders, no new initiatives were discussed, or new policies considered. One point of interest was a reference by Podgorny to the need for continued co-operation between the countries of Asia:- "We hold that if (the) countries of Asia, if all states interested in the strengthening of security on that continent pool their efforts, a lasting peace will be established there and the necessary conditions created for a free, independant development of the Asian peoples in accordance with their cardinal vital interests".

### Then Pham Van Dong flies to Peking

Prime Minister Pham Van Dong led a high-level mission to Peking towards the end of November. A sign of the importance that the Chinese place on this mission was that they were met at the airport by Chou En-lai (whose importance in China has certainly increased in recent months) and other high-ranking political and military figures. Official statements have merely said that this visit is in return for that of Chou to Hanoi this March, but it seems possible that the real cause is a desire on the part of the Chinese to make a new initiative on the war in general, coupled with a wish to keep their allies fully informed.

There have been reports that the Chinese wish to hold a conference to find a solution to the war, which would reach an agreement to replace the Geneva agreement of 1954. It is possible that the idea was broached with Mr Henry Kissinger on his visit to Peking in October, and discussions have also been held with the USSR. When Mr Nixon visits Peking next March, the question of Vietnam will be at the top of the agenda, and the Chinese will hope to have something positive to offer, along the lines of a top-level meeting to be held in Peking. The Paris talks have been dragging on for so long now that there is a real need for a new initiative at the highest level, and any action will have to be taken on a broad international front.

The official position is that the Chinese still support the recent Vietcong seven-point proposal, and no doubt Pham Van Dong will require reassurance that any meeting organised by the Chinese will not place any of the basic principles of that proposal at risk. In a speech at an official banquet Chou has affirmed that no concessions will be made to the Americans at the expense of the North Vietnamese cause.

## THE ECONOMY

### Floods set back hopes of development

The moves (reported in the last QER) towards a greater emphasis on development, suffered a severe setback when the floods struck. Whilst the main direct impact will have been on the agricultural sector, there will be effects across the whole economic spectrum. Both the USSR and China have offered emergency aid, and more may be forthcoming from other communist countries, but the effects will not be felt for some years, and hopes of a speedy drive towards self-sufficiency in foodstuffs dimmed.

Industry and construction will be affected both directly and indirectly. Factories and homes were destroyed by the waters, and the output of those factories that remain in the flooded areas and some elsewhere will be needed to replace the lost equipment. The construction industry will have to work at an increased capacity if there is not to be a net reduction in housing. All this will be to the detriment of the drive towards a greater emphasis on industry in general, and consumer goods production in particular. The floods have also disrupted communications. Roads and bridges were swept aside, and telecommunications links destroyed. To replace these will take a good deal of labour - and labour is always in short supply in a country at war.

### Prospect of increased coal exports

One bright spot on the otherwise gloomy horizon is the expectation of increased coal exports to Japan. In 1961 Japan imported 700,000 tons of North Vietnamese anthracite, but because of war this had fallen considerably in recent years. It is now reported that a mission has recently visited Japan, and there are prospects of a private long-term agreement. Exports should recover to 400,000 tons this year, and the two countries may cooperate in the development of the coal field at Hon Gay. The exact capacity of this field is not as yet known, but it is sufficient to interest the Japanese. The next step is a visit to North Vietnam by representatives of up to 18 Japanese firms that use substantial quantities of anthracite.

At this stage the North Vietnamese will snatch at any chance of earning foreign exchange. The fact that they are forced to import large quantities of the basic foodstuffs, and that they do not earn adequate free foreign exchange to pay for this, means that they are forced to rely on food aid from China. Increased exports will reduce this reliance, and allow more flexibility in foreign policies. The minister of industry and coal has recently stated that despite the floods output remains above the plan targets. He called for greater emphasis now on quality and efficiency of production. No doubt the Japanese mission will be taking a long hard look at the prospects of quality matching their requirements.

## Emphasis on high yielding rice

The success of the second rice crop as compared to the traditional spring (October) crop may be leading to a rethink of agricultural policies. In November an editorial in 'Nhan Dan' called for increased use of high-yielding varieties, and there have also been statements praising the industries that are helping to mechanise agriculture. Where irrigation is available and soil conditions adequate, then there are better prospects from a capital-intensive approach, based on the high-yielding, quick-maturing varieties that are the cause of the 'green revolution' in rice growing countries. The amount of these seeds now available must be growing fairly rapidly, and used on the best lands they can have a substantial effect on output, without tying up too much of the scarce labour resources. Yields of well over the target norm of 5 tons per hectare should be attained where conditions are right, but there will be a need for close attention to the extension services so that the peasants use the correct balance of inputs. The other major problem in switching to new varieties is credit, but the co-operative system of agriculture in North Vietnam should mean that this problem is less acute than in most South East Asian countries.

## THE KHMER REPUBLIC

### THE POLITICAL SCENE

#### Direct rule returns

The period since March 1970 has been one continued crisis in the Khmer Republic, and in October this was taken one step further. The prime minister, Lon Nol, declared a state of emergency and suspended the rights of the National Assembly. Now he will rule by what he calls 'ordinance', without even the semblance of any parliamentary checks. In the initial statement announcing the changes, Lon Nol said that he was no longer going to play 'the sterile game of democracy'. Later this was denied - even though it had been an official statement - and the reason was that: "the government of the Khmer Republic has decided on a course of action designed to ensure the success of the struggle of the Cambodian people against the Vietcong-North Vietnamese aggressors. Accordingly the government has taken measures to increase its efficacy in the war against foreign aggression until victory".

Whatever the statements, the move does amount to rule by the powers in the cabinet. In reality this had been the position before Lon Nol moved, but now it has been made official. The assembly had been elected back in the days of Sihanouk, in 1966. Officially its term ended in October 1970, but this had been prolonged. Elections