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THE HOA'S ECONOMIC ROLE IN SOUTH VIETNAM UNDER THE SAIGON REGIME (1954-1975)

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ABSTRACT

The purpose of the article is to analyse the economic role of the Hoa (or ethnic Chinese) in South Vietnam under the Saigon regime (1954–1975). The article argues that the Hoa in South Vietnam under the Saigon regime were a key economic force, having a dominant role in many of South Vietnam's key economic activities such as commerce, industry, and traffic. On the one hand, the Hoa contributed to the economic growth of South Vietnam during this period; on the other hand, they also made the Saigon government feel worried about the dominant role of this community's economic force.

INTRODUCTION

It was established that before the French colonial period, the Hoa (ethnic Chinese) community already played an active and significant role in several sectors of Vietnam's economy, for example, trade, mining, and handicraft. The French colonial period brought the beginnings of a modern capitalist economy, and how the ethnic Chinese business community adapted to this new challenge and expanded their role in it were to have a long-lasting effect right into the independence years. This paper will look at the extent to which the Chinese have established themselves in the economy as a whole and in the industry and transport of the South Vietnam under Saigon regime. No attempt is made here to look at the economic role of the Chinese in the Democratic Republic of Vietnam (DRV) in the North for two reasons. Firstly, the ethnic Chinese community was not that large in the North and secondly, after 1954 the DRV started to establish a centralized economy which eventually so marginalized private capital, whether of Vietnamese, ethnic Chinese, or foreign ownership, that it became irrelevant. The role of the Hoa in the economy of Vietnam has been the subject of study by many Vietnamese and non-Vietnamese scholars. It would be impossible to review all the literature on the subject here, given the limitations of space. However, a brief survey should suffice to indicate the areas covered in the literature pointing to issues requiring further investigation.

Within this framework, the study concentrates on the Hoa's influence on the economic development of South Vietnam under the Saigon Regime from 1954 to 1975. It is hoped that it will also be possible to conclude the study with a reflective consideration of the economic capacities of the Hoa in South Vietnam.

The Hoa's capital investment in South Vietnam under the Saigon Regime (1954-1975): Clearly those engaged in small business and the service sector formed the bulk of the Chinese community. The working class accounted for a rather high percentage in contrast to the meagre 3 per cent of capitalists. However, this rather small class evidently controlled the economy in a significant way as among them were well-known magnates such as the "rice king", "gasoline king", "agricultural machine king", and "iron and steel king", each a dominant force in his line of business. (Tran Khanh 1993, p.33). A common factor ran through the shifting patterns of the Hoa community's participation in the economy. That was the shaping force of the politics of whichever regime was in power. Starting with the French colonial period, Chinese enterprises engaged themselves mainly in commerce and a few processing industries such as the milling of rice. They refrained from investing heavily in other industries because the French excluded local and other foreigners (Chinese) from the industrial sector. It was not till after the Nanjing Agreement between France and China on 16 March 1930 that the Chinese in Vietnam got their right to participate in foreign trade and industrial activities.

Later, the Chongqing Agreement of 26 February 1946 gave the Chinese the right to be involved in mining, to buy and develop land, and put up buildings. Generally, the Chinese businessmen were wary of venturing into industries as it required big capital and also did not promise quick returns, at least not as quickly as their traditional trading and lending activities. Nevertheless, they invested much more capital in the colonial economy than other foreign enterprises. The total value of their investment at the end of French colonialism in 1954 stood at US\$80 million. This was about 21 percent of the total foreign investment in Vietnam at that time, an estimated US\$384 million. (Purcell 1980, p. 200) Luong Nhi Ky estimated that ethnic Chinese businessmen controlled nearly 90 percent of the non-European capital in the mid-1950s. (Luong Nhi Ky 1963, pp. 62-63). From then on and particularly in the early 1960s, Chinese businessmen started to divert money from trade into various production industries. This was partly caused by the policies of the newly formed government of an independent ROV in the South. For example, Decree 53, promulgated on 6 September 1957, prohibited non-nationals from engaging in eleven occupations, which led ethnic Chinese businessmen to transfer their capital to permitted sectors of the economy. This brought about the establishment of a number of textile mills with the technical and financial aid of Hong Kong and Taiwan industrialists. Success in these joint ventures further encouraged local Chinese investment in other industries. Hence, the number of new industrial enterprises grew rapidly during the 1960s. According to the Chinese Chamber of Commerce in Saigon, seventy-four such firms were established between 1966 and 1970. (Wu and Wu 1980, p.86) The list was headed by textile manufacturing, followed by plastics, iron and steel works, chemical manufacturing, electrical appliances. Food additives, and vegetable oil processing.

A detailed breakdown of Chinese capital investment in various economic sectors in South Vietnam before 1975 given in Table 1 shows an interesting phenomenon. Despite the diversion of capital to industries, the bulk of Chinese capital remained in banking and commerce, their traditional fields of operation. Although the Chinese business community had moved boldly into manufacturing industry to the extent that they accounted for 60 to 80 percent of the total capital in some key industries, their involvement in industrial production was still unimpressive. This can be explained in the following way: First, the embryonic industries of Vietnam were finding it tough to compete with readily available imported goods. There was a war on, which was not conducive to industrial development. So ethnic Chinese investors moved selectively into a few light industries, particularly food processing and textile. Output from these ventures found a ready market in the swelling cities and army personnel. The investment law promulgated in February 1963 by the ROV Government proved to be too restrictive for local Chinese investors. For example, they could not transfer their investment profits out of the country and their premises could be nationalized after fifteen years in operation. (Nguyen Van Ngon 1972, pp. 306-309) Another investment law issued in April 1972 was one of the most liberal in Southeast Asia but it failed because of the escalating inflation rate from 1972 to 1975. Local and foreign investors were also nervous about the intensified communist activities. Table 1 also shows total Chinese capital to be US\$130 million, or 16 percent, of the total investment. This figure was also cited by the Chinese Chamber of Commerce in Saigon-Cholon in 1974 but it was likely to be a gross underestimate because of the thousands of small manufacturing firms or retail outlets which would have been left out of the calculation. Measuring the ethnic Chinese domination of the economy is a sensitive and contentious issue. It is a difficult task because after 1955 many local Chinese in the ROV had taken up Vietnamese citizenship. The government was also careful not to stir up racial sentiments and so refrained from publishing statistics of ethnic Chinese involvement in the economy. Two sets of figures on ethnic Chinese investment illustrate how difficult it is to arrive at an estimate accepted by all. They were calculated by Nguyen Huy. (Nguyen Huy 1972, pp. 30-34) According to Nguyen Huy, total ethnic Chinese investment was US\$430 million in 1969, accounting for nearly 35 percent of the total investment in the whole economy of South Vietnam. But according to Huy, the total investment in the ROV was 24 billion piasters in 1967, equivalent to

US\$142 million (Dacy 1986, p. 184), of which 24 percent was government capital and 76 percent was private capital. If the total investment was only US\$142 million, how could Chinese investment be US\$430 million? If another set of data by Nguyen Van Ngon is used, as in Table 7, another possible figure emerges. According to Ngon, local private investment in 1969, which amounted to 5.5 billion piasters, would be about 82 percent of the total investment. As a conservative estimate, assuming only half of this was local Chinese capital, the proportion would be 41 percent, which would still be higher than the 35 percent calculated by Nguyen Huy and way above the 16 percent suggested by Wu and Wu in Table 1. Since no final word is available on the actual size of Chinese investment, a closer look at their investment activities sector by sector will give a better appreciation of their strength and weaknesses, and the extent of their influence in the ROV economy. (Nguyen Huy 1972, pp. 30-34).

The role of the Chinese in industry and transport: The ethnic Chinese community first made money from commerce and then expanded their business activities into banking and services. The capital they made from these helped them venture into the manufacturing industry when the opportunity arose. This venture into industries also brought both a quantitative and qualitative change to the nature of Chinese capital in Vietnam. During the colonial period, most of the major industries were in North Vietnam and owned by the French. The Chinese could only manage to find a niche in the operation of small-scale industries in the South such as rice milling, and food and beverage processing. The French prohibited manufacturing enterprises that compete with and were detrimental to the colonial economy they dominated. Basically, this referred to any industry which would affect their control of Vietnam's natural resources for export. Such a policy hampered Vietnam's industrial development and also curbed Chinese participation in the sector. Beside this unfriendly industrial policy, the Chinese were also reluctant to venture into areas requiring big capital but which might not yield correspondingly large profits. So they stayed with their traditional trading and credit-lending business. (Tran Khanh 1993, p.37).

After 1954 came the nationalization of all private industries in the North, and in the South, French capitalists gradually withdrew their investments. Most of their enterprises were forcibly sold to the Saigon government or allowed to operate only as joint public or private companies. Only a small number of French factories producing beer, alcoholic and soft drinks, and cigarettes remained in operation. The subsequent period saw emergence of ethnic Chinese and Vietnamese entrepreneurs to replace the French. The Chinese were also pushed into industry by another factor; the Saigon government's (1955-63) decision to restrict foreign (meaning ethnic Chinese without citizenship) participation in commerce and small businesses. The government itself also launched a deliberate policy to promote industry and so in the late 1950s, industries such as food processing and weaving developed rapidly. In the period that followed (1964-75), the government took a less interventionist role and left private capital to lead investment. This was a time when the chemical, pharmaceutical, glass, and metallic industries, and mechanical assembly were booming. The Chinese played an important role at this stage. Statistics of the People's Committee (in Ho Chi Minh City) show 80 percent Chinese ownership of all industries in operation in the city in 1975, just before the liberation of the South. Specializing in light industry and in food processing, the Chinese owned 322 big well-equipped factories and 8,000 medium-sized and small ones. These started out mainly to capture the local market but eventually went into export as well. What follows is a more detailed description of the various industries which the Chinese were involved in. (Tran Khanh 1993, p.38)

Rice-milling and food-processing industries: Rice milling, the production of beer, liquor, soft drinks, cigarettes, and the general processing of food were already quite developed under French rule. The industries were undertaken both on large and small scales. For the Chinese businessmen, their early monopoly of the rice distribution system allowed them to expand their milling capacity and they

controlled this industry until 1975. The first steam-operated rice-milling enterprise owned by the Chinese came into being in AD 1876 in Cholon. (Son Nam 1984, p. 120) By the end of the nineteenth century, of the total of eight rice-milling factories in Saigon-cholon, five belonged to the Chinese. (Son Nam 1984, p. 120) Chinese ownership grew steadily in the Saigon-Cholon area. In 1920 thirteen out of twenty rice mills were Chinese-owned. By the 1930s the Chinese owned seventy-five; the Vietnamese, sixteen; and the French, three. (Simoniya 1959, p. 106). The great Depression of the 1930s and the resulting drop in the price of rice led to a decline in the number of rice mills in the Saigon-Cholon industry. Before World War II, only twenty-seven of them remained in operation, of which the four largest belonged to the French. The position of Chinese capital in this field was somewhat weakened in the post-war period. Only 60 per cent of the seventy rice-milling enterprises of Saigon-Cholon area belonged to the Chinese. (Simoniya 1959, pp. 106–1077). From 1955 onwards, the decrease in rice production in the South and the exclusion of non-naturalized Chinese from this business saw a further decline in Chinese involvement in the rice-milling industry. According to statistics, of the 873 rice mills in the late 1950s in the ROV, only 108 rice mills, or 12 per cent, belonged to the ethnic Chinese. (Tran Van Dinh 1961, p. 146) Another set of figures which came from the Saigon Board of Statistics shows that in 1970, out of 1,414 rice mills in the South, 352 mills, or 24.9 per cent, were owned by the Chinese. (Nguyen Van Sang 1974, p. 14).

During the French colonial period, almost all the big alcoholic and soft drink factories were located in the South and owned by the French. For instance, there were the Barasseries et Glacieres de Indochina (BGI) founded in 1927, and the Societe Francaise des Distilleries de l'Indochina (SFDI) distillery at Binh Tay in 1921. The Chinese and Vietnamese only ran their family enterprises, producing bread or foodstuff made from rice, bean, or fruits. This kind of business was very popular with the Chinese, who operated a good number of them mainly in the cities. A *Far Eastern Economic Review* figure in 1957 showed 1,045 out of the 2,415 Chinese enterprises in the South to be producing foodstuff, accounting for 43 per cent of Chinese processing industries. (Tsung-To Way 1958, p. 22). From 1955 and particularly in the 1960s the Chinese intensified their efforts in this industry to cope with the rapidly increasing demand by the army and the growing urban population. This was particularly evident in the case of soft drinks and monosodium glutamate. Chinese businessmen owned two large-scale drinks factories: one, the Phuong Toan, which began in 1947 in Saigon-Cholon producing soft drinks, and the other, the Merry Realm, which started in 1966 producing flavoured milk, vinegar, and soft drinks. However, the French continued to dominate the drinks manufacturing industry until 1975 and were far more superior than the ethnic Chinese where capital, organization, and product quality were concerned. The Phuong Toan and Merry Realm had a paid-up capital of only 60 million piasters compared with the French investment of 3.5 billion piasters in the BGI and SFDI distilleries at Binh Tay in the late 1960s. (Nguyen Huy 1972, vol. 2, pp. 98-99).

The Chinese also specialized in the production of soya bean sauce, canned foods, and seasoning spices. According to data collected by Nguyen Huy, there were about 130 soya bean sauce producers in the ROV in the first half of the 1970s, the majority of them belonging to ethnic Chinese. They were mainly small and family enterprises. (Nguyen Huy 1972, vol. 2, p.99) The Chinese also moved into fish-sauce making, which was traditionally done by the Vietnamese. By 1975, one-third of all fish-sauce factories in the ROV were owned by ethnic Chinese. In the food-canning industry, three out of six big factories in the ROV before 1975 belonged to ethnic Chinese. (Huynh Nghi 1989, p. 8; Nguyen Huy 1972, vol. 1, p. 111) One was the American-owned Foremost Dairy Vietnam SARL company specializing in the production of powdered and condensed milk and the other two were owned by Vietnamese. Vietnamese and Chinese factories were canning meat, fish, and fruites contracted by the ROV Government for its army. The Chinese contributed a great deal to the rapid development of the monosodium glutamate (MSG) manufacturing industry, especially in the 1960s.

Before 1963, there had been no MSG factories in the South. Supplies came mainly from Japan. Immediately after the Thai Son company started MSG production in May 1963, the Saigon government banned the import of this product. Two more such companies came into existence in 1965 and 1966: Thien Huong and Vifoinco, respectively. Investment capital in all these three companies belonged to Taiwanese and local Chinese in Vietnam. (Nguyen Van Sang 1974, p. 27)

In the textile industry field: The only modern weaving factory founded by the French in Nam Dinh in the North was nationalized in 1954 by the DRV Government. The local weaving industry, comprising mainly small-scale family-run units were operated by both ethnic Chinese and Vietnamese. Traditional manual looms were used and the finished product was therefore less refined and cost more, about three times higher than the French imported material. Thus the local weavers could never compete and many enterprises went bankrupt. After the departure of the French in 1957, a group of ethnic Chinese and Vietnamese from North Vietnam set up Vietnam's biggest cotton-spinning factory in Khanh Hoi in the ROV, using equipment from their old factory in Haiphong. (Nguyen Huy 1972, vol. 1, p. 115) According to official statistics, the Chinese owned some 580 spinning and weaving firms in the South in late 1957. Most of these were small, family-run enterprises. In the Saigon-Cholon area, there were some 100 Chinese-owned weaving looms before 1960. (Nguyen Huy 1972, vol. 1, p. 115).

It was not until the early 1960s that this industry started getting modernized. The FOV Government and private businessmen began to import weaving machines from Taiwan, Japan, Germany, the United States, and France. In the years 1969–70, 11 billion piasters out of the total investment of 36 billion piasters for all industries went into weaving. Local Chinese and Taiwanese played a major role. The products made ranged from silk to synthetic: woollen clothing, towels, fishing nets, mosquito nets, blankets, and carpets. Production output could reach 65 to 70 million metres of materials yearly, mainly for the domestic market. Compared with other industries in the ROV, the textile industry was well-equipped with imported, up-to-date, and well-maintained machinery. In 1966 this industry employed 11,572 workers, the majority of whom were ethnic Chinese. According to the Ho Chi Minh City Statistics Office, the Chinese owned ninety-five weaving enterprises in the City before 1975, of which three, Vinytex, Vinatexco, and Vinatexfco, were the biggest textile ventures in Vietnam then. Statistics from the Chinese Chamber of Commerce in Saigon showed that 80 per cent of the whole weaving industry was in Chinese hands, which in 1974 amounted to about US\$3 million. (Wu and Wu (1980), p. 85).

In the fields of the metallic, chemical, and timber-processing industries: During the colonial period, metal refining was not earmarked for development by the French administration. Chinese and Vietnamese were only capable of setting up small workshops to produce metal handicraft and household products to meet local demand. Under the ROV Government (1955–75) this industry was still rather rudimentary, although a number of Vietnamese and Chinese entrepreneurs began to establish factories and blast furnaces to cast iron and roll steel in a semi-mechanized process. Their main raw materials were scrap iron and other discarded metals from the war. According to the Saigon Commercial Office, the Chinese owned eight enterprises producing metallic instruments in Saigon-Cholon in 1957, which were small-scale industries. (Tran Khanh 1993, p.40). The picture changed in the mid-1960s with the appearance of a number of well-organized, modern metal refineries and iron-casting factories. These were owned by ethnic Chinese and used imported machinery. An example in September 1969 with an investment capital of 40 million piasters and employed 600 workers. His factory was equipped with two photo-electric iron furnaces of 6-ton capacity each and a rolling mill. The whole system was imported from Taiwan at a cost of US\$700,000. The factory produced iron rods from discarded metals. Its output capacity was 25,000 tons per year. The Tan Viet Company operated a relatively modern high-frequency induction furnace with an annual output capacity of 600 tons.

Table 1. The Hoa's capital investment in South Vietnam in 1974

Category	No. of firms	Capital investment (US\$)	% of total investment
Commerce			
Wholesale	400	8,759	30
Retail	5,000	30,000	30
Restaurant	25	365,000	50
Service	100	146,000	25
Amusement and recreation	170	248,000	20
Chinese medicine	500	730,000	80
Miscellaneous	5,000	7,299	40
Banking			
Chinese capital	3	44,647	7
Joint Chinese-Vietnamese capital	11	56,937	47
Manufacturing			
Textile	5	2,920	80
Iron and steel	5	2,920	80
Paper	4	1,460	60
Chemical and allied products	9	1,460	80
Agriculture and fishery			
Farm	10	219,000	-
Fishery	5	73,000	60
Other enterprises	500	1,460	30
Total	11,747	130,373	16

Source: Wu and Wu (1980), p. 85.

The Trido Company had two iron-casting furnaces producing 6,000 tons per year. The Thanh My Industrial Corporation also imported machinery from Taiwan, a blast furnace with an annual output capacity of 6,000 tons. The Dong A Company used an electric furnace with a load capacity of 5 tons, producing an annual output of 12,000 tons. There are also many Chinese-owned factories working with materials such as brass and aluminium and making bolts and nuts, barbed wires, sheet metal, all types of containers and cans, and simple accessories for the mechanical and construction industries. According to the Saigon Commercial Office, Chinese investment in the iron and steel industry was about US\$3 million, which was about 80 per cent of the total investment in this industry in the ROV before 1975. (Tran Khanh 1993, p.41). The chemical industry, as for other industries, also moved ahead during the 1960s. Here again, the Chinese played an important role. They specialized in the production of plastics whereas the Vietnamese concentrated on the production of Western medicine, soap, and detergent. Statistics show that in 1957 there were forty-three Chinese-owned chemical industry enterprises in the Saigon-Cholon area. In 1969 there were about 250 small, labour-intensive factories and thirty modern factories producing plastics licensed to operate in the ROV, most of which were owned by local Chinese. The biggest company was the UFI Plastics with a total investment of 280 million piasters, of which 88 million was spent on machinery; it employed 260 workers. Its finished products were of good quality and could compete with foreign imports. This was made possible by utilizing machinery and even raw materials from Japan, Taiwan, and Korea. According to official statistics, the Chinese owned 187 chemical enterprises before 1975. The Saigon Commercial Office estimated that Chinese investment in this branch of industry amounted to some US\$1.5 million, this being 80 per cent of the total investment in this industry in the ROV. (Huynh Nghi 1989, p. 8; Wu and Wu 1980, p. 85).

The local Chinese also had a keen interest in the timber-processing industry. Their small lumber enterprises could be seen everywhere in South Vietnam. According to the Saigon-Cholon Chamber of Commerce, a total of 276 timber enterprises were in operation in the country in 1957 producing mainly construction lumber; 160 of them were in the Saigon-Cholon area and belonged to local Chinese. It is not clear how many of those outside the Saigon-Cholon area were owned by the Chinese. According to figures of the Ho Chi Minh City People's Committee, Chinese ownership of the timber industry was around 90 per cent of the timber industry in the city. They could build wooden ships with a capacity of 400 to 500 tons. (Huynh Nghi 1989, p. 8).

In other industries and handicrafts: The local Chinese were also involved in printing, publishing, production of paper, and various electrical appliances for general use. In Saigon-Cholon in the late 1950s they owned fifty-nine enterprises producing paper, cardboard files, packaging paper, and ninety-eight printing premises, publishing school books, magazines, and daily newspapers. The paper industry also included the making of incense paper for religious purpose. The local Chinese also went into joint ventures with the ROV Government and Vietnamese businessmen to set up modern paper factories, complete with imported machinery and equipment. Examples were NAGICO and GOGIMECO, which produced white paper and wrapping paper. The annual output of these two companies could reach 12,000 tons. Taiwanese technicians were brought in to man the imported machines. (Nguyen Huy 1972, vol. 1, pp. 176-77) However, the output of these two companies could not equal that of other paper factories owned and managed by the government or Vietnamese businessmen. The GOGOVINA and the COGIDO, both government-owned companies, each produced 37,500 tons of paper yearly. So the local Chinese role in the paper industry was a modest one. However, they were big producers of general electrical goods such as fans, wires, batteries, and storage batteries. A few names of Chinese companies producing or assembling electric fans were Natico, Tan Loi, Khuong Huu, Dong A, Minh Tan, and Ngoc Giao. The following were some of the companies which manufactured batteries and lighting equipment: Vien Dong, Kwang Ming, Kwong Wa, and Bac Lan. However, the production of electric fans dropped sharply from the late 1960s because of consumers' preference for imported fans from Japan and the United States.

Prior to 1955 the French controlled the rubber-processing industry, which was then nationalized by the ROV Government. So the Chinese channelled their resources and efforts into the production of plastic utensils and eventually into the footwear industry. The Vietnamese specialized in the production of car tyres and mattresses. (Nguyen Huy 1972, vol. 1, pp. 176-77) During the colonial period, the Chinese had some sugar refineries in the delta region of Cochinchina and in Tay Ninh.⁷¹ After 1955, however, they withdrew from this business as a result of the buying over of the French refineries followed by the setting-up of the Vietnam Sugar Refinery by the ROV Government. Apart from the aforementioned industries, the Chinese in Vietnam also engaged in other small-scale industries such as hide-tanning, shoe-making, carpentry, mother-of-pearl handicraft, tailoring and dressmaking, as well as pottery-making.

In the transport field: Transport plays a very important role in the distribution and circulation of goods. The Chinese figure prominently in this vital economic segment. Under the French, most of the junks and tugboats in operation in the rivers and streams of Cochinchina belonged to the Chinese. They transported rice bought by Chinese merchants. According to the 1921 census, the number of junks in Cochinchina, mostly possessed by the Chinese, totalled 3,000. There were also many small steamers of about 500 tons owned and operated by the Chinese, plying between Saigon and Haiphong, and occasionally between Saigon and Tourance (Danang), before the partition of North and South Vietnam. (Purcell 1980, p. 194). By 1963 the war had so damaged the land transport system as to render it virtually inoperable. Water transport, therefore, became the alternative for the distribution of goods within the ROV. A great number of agricultural products, particularly rice, were supplied to Saigon and other big cities by river transport. Coastal shipping also connected Saigon with the provinces of central Vietnam. Official data show that in 1967 a total of twenty-nine ships ply the Saigon-Danang route, among which were fourteen USAID ships, two French ships, and thirteen Vietnamese ships. Of the thirteen Vietnamese ships, four belonged to local Chinese. (Nguyen Huy 1972, vol. 1, pp. 109-12) According to other data, by the end of the 1960s there were 170 Chinese transport firms engaged in inland transport using junks and tugboats. They took charge mainly of the transport of agricultural and industrial products from Saigon-Cholon to provinces in the delta and central Vietnam. According to the Ho Chi Minh City People's Committee, there were more than 3,000 mechanized vessels for seafaring and coastal transport in Saigon before 1975 belonging to the local Chinese. (Huynh Nghi 1989, p. 8) No specific figures are available on the traffic volume to enable us to draw conclusions about the proportion of goods carried by Chinese-owned vessels. Suffice to say that the local Chinese owned a sufficiently large number of vessels to be an important force in the transport sector. Their winning points were good service of their customers, reliability, and the lack of red tape when handling goods. In case of damages or losses, compensations were settled without delay.

CONCLUSION

Like most countries in Southeast Asia, the situation of the ethnic Chinese community in Vietnam has been a sensitive issue raising complex questions about ethnic relations, national policy on minorities and citizenship, economic domination of the local economy, and larger strategic interests. Before 1975 Chinese capital, entrepreneurship, and skilled manpower in South Vietnam played an important role in the development of domestic markets and international trade. The Chinese community in South Vietnam flourished and prospered most. 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 Chinese and the part that they played in the economy of a unified Vietnam. There is evidence to indicate that the Chinese are once more 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 especially in current circumstances. From a more pragmatic point of view, it is also possible that a better appreciation of the role of the Chinese in the Vietnamese economy both historically and in the immediate present may well be of some value, if not indeed essential, in terms of economic planning in order to arrive at an optimal use of Vietnam's resources and to fulfill its development potential.

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