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Forty Years Ago, April 30, 1975. Who Won the Vietnam War?

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April 1975 marks the official end of the Vietnam War. Yet today, Vietnam is an impoverished countries. The Hanoi government is a US proxy regime. Vietnam has become a new cheap labor frontier of the global economy. Neoliberalism prevails.

In a bitter irony, Vietnam which was a victim of US war crimes has become a staunch military ally of the US under Obama's "Pivot to Asia" which threatens China.

In 1994, I undertook field research in Vietnam with the support of Vietnam's Ministry of Agriculture, which enabled me to visit and conduct interviews in rural areas in both the North and South.

This article was written twenty years ago, initially published on April 30th 1995 in the context of the 20th anniversary of the Liberation of Saigon. A more in-depth analysis focusing on Hanoi's neoliberal reforms was subsequently published as a chapter in my book, The Globalization of Poverty, first edition 1997, second edition, 2003.

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On April 30, 1975, the Vietnam War ended with the capture of Saigon by Communist forces and the surrender of General Duong Vanh Minh and his cabinet in the Presidential palace. As troops of the People's Army of Vietnam marched into Saigon, U.S. personnel and the last American marines were hastily evacuated from the roof of the U.S. embassy. Twenty years later a fundamental question still remains unanswered: Who won the Vietnam War?

Vietnam never received war reparations payments from the U.S. for the massive loss of life and destruction, yet an agreement reached in Paris in 1993 required Hanoi to recognize the debts of the defunct Saigon regime of General Thieu. This agreement is in many regards tantamount to obliging Vietnam to compensate Washington for the costs of war.

Moreover, the adoption of sweeping macro-economic reforms under the supervision of the Bretton Woods institutions was also a condition for the lifting of the U.S. embargo. These free market reforms now constitute the Communist Party's official doctrine. With the normalization of diplomatic relations with Washington in 1994, reference to America's brutal role in the war is increasingly considered untimely and improper. Not surprisingly, Hanoi had decided to tone down the commemoration of the Saigon surrender so as not to offend its former wartime enemy. The Communist Party leadership has recently underscored the "historic role" of the United States in "liberating" Vietnam from Vichy regime and Japanese occupation during World War II.

On September 2, 1945 at the Declaration of Independence of Ba Dinh Square in Hanoi proclaiming the founding of the Democratic Republic of Vietnam, American agents of the Office of Strategic Services (OSS, the predecessor of today's CIA) were present at the side of Ho Chi Minh. While Washington had provided the Viet Minh resistance with weapons and token financial support, this strategy had largely been designed to weaken Japan in the final stages of World War II without committing large numbers of U.S. ground troops.

In contrast to the subdued and restrained atmosphere of the commemoration marking the end of the Vietnam War, the 50th anniversary of independence is to be amply celebrated in a series of official ceremonies and activities commencing in September and extending to the Chinese NewYear.

Vietnam Pays War Reparations

Prior to the "normalization" of relations with Washington, Hanoi was compelled to foot the bill of the bad debts incurred by the U.S.-backed Saigon regime. At the donor conference held in Paris in November 1993, a total of nearly $2 billion of loans and aid money was generously pledged in support of Vietnam's free market reforms.

Yet immediately after the conference, a secret meeting was held under the auspices of the Paris Club. Present at this meeting were representatives of Western governments. On the Vietnamese side, Dr. Nguyen Xian Oanh, economic advisor to the prime minister, played a key role in the negotiations. Dr. Oanh, a former IMF official, had been Minister of Finance and later Acting Prime Minister in the military government of General Duong Van Minh, which the U.S. installed 1963 after the assassination of President Ngo Dinh Diem and his brother(f.2). Dr. Oanh, while formally mediating on behalf of the Communist government, was nonetheless responsive to the demands of Western creditors.

The deal signed with the IMF (which was made public) was largely symbolic. The amount was not substantial: Hanoi was obliged to pay the IMF $140 million (owned by the defunct Saigon regime) as a condition for the resumption of new loans. Japan and France, Vietnam's former colonial masters of the Vichy period, formed a so-called "Friends of Vietnam" committee to lend to Hanoi" the money needed to reimburse the IMF.

The substantive arrangement on the rescheduling of bilateral debts (with the Saigon regime), however, was never revealed. Yet it was ultimately this secret agreement (reached under the auspices of the Paris Club) which was instrumental in Washington's decision to lift the embargo and normalize diplomatic relations. This arrangement was also decisive in the release of the loans pledged at the 1993 donor conference, thereby bringing Vietnam under the trusteeship of Japanese and Western creditors. Thus twenty years after the war, Vietnam had surrendered its economic sovereignty.

By fully recognizing the legitimacy of these debts, Hanoi had agreed to repay loans that had supported the U.S. war effort. Moreover, the government of Mr. Vo Van Kiet had also accepted to comply fully with the usual conditions (devaluation, trade liberalization, privatization, etc.) of an IMF-sponsored structural adjustment program.

These economic reforms, launched in the mid-1980s with the Bretton Woods institutions, had initiated, in the war's brutal aftermath, a new phase of economic and social devastation: Inflation had resulted from the repeated devaluations that began in 1973 under the Saigon regime the year after the withdrawal of American combat troops(f.3). Today

Vietnam is once again inundated with U.S. dollar notes, which have largely replaced the Vietnamese dong. With soaring prices, real earnings have dropped to abysmally low levels.

In turn, the reforms have massively reduced productive capacity. More than 5,000 out of 12,300 state-owned enterprises were closed or steered into bankruptcy. The credit cooperatives were eliminated, all medium and long term credit to industry and agriculture was frozen. Only short-term credit was available at an interest rate of 35 percent per annum (1994). Moreover, the IMF agreement prohibited the state from providing budget support either to the state-owned economy or to an incipient private sector.

The reforms' hidden agenda consisted in destabilizing Vietnam's industrial base. Heavy industry, oil and gas, natural resources and mining, cement and steel production are to be reorganized and taken over by foreign capital. The most valuable state assets will be transferred to reinforce and preserve its industrial base, or to develop a capitalist economy owned and controlled by Nationals.

In the process of economic restructuring, more than a million workers and over 20,000 public employees (of whom the majority were health workers and teachers) have been laid off(f.5). In turn, local famines have erupted, affecting at least a quarter of the country's population(f.6). These famines are not limited to the food deficit areas. In the Mekong delta, Vietnam's rice basket, 25% of the adult population consumes less than 1800 calories per day(f.7). In the cities, the devaluation of the dong together with the elimination of subsidies and price controls has led to soaring prices of rice and other food staples.

The reforms have led to drastic cuts in social programs. With the imposition of school fees, three quarters of a million children dropped out from the school system in a matter of a few years (1987-90)(f.8). Health clinics and hospitals collapsed, the resurgence of a number of infectious diseases including malaria, tuberculosis and diarrhea is acknowledged by the Ministry of Health and the donors. A World Health Organization study confirmed that the number of malaria deaths increased three-fold in the first four years of the reforms alongside the collapse of health care and soaring prices of antimalarial drugs(f.9). The government (under the guidance of the international donor community) has also discontinued budget support to the provision of medical equipment and maintenance leading to the virtual paralysis of the entire public health system. Real salaries of medical personnel and working conditions have declined dramatically: the monthly wage of medical doctors in a district hospital is as low as $15 a month(f.10).

Although the U.S. was defeated on the battlefield, two decades later Vietnam appears to have surrendered its economic sovereignty to its former Wartime enemy.

No orange or steel pellet bombs, no napalm, no toxic chemicals: a new phase of economic and social destruction has unfolded. The achievements of past struggles and the aspirations of an entire nation are undone and erased almost with a stroke of the pen.

Debt conditionality and structural adjustment under the trusteeship of international creditors constitute in the aftermath of the Vietnam War, an equally effective and formally nonviolent instrument of recolonization and impoverishment affecting the livelihood of millions of people.

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