

Nguyen Manh Dung

**ECONOMY FOR INDEPENDENCE:
A REAPPRAISAL ON ECONOMY OF RESISTANCE
OF THE DEMOCRATIC REPUBLIC OF VIETNAM
IN THE PERIOD 1945–1954**

In Vietnamese history, the period between 1945 and 1954 is a crucial stage of time. This is the highest episode and final struggle against the French colonialism, making also the end of the First Indochina War. The August Revolution of 1945 in Vietnam was the world's first revolution of national liberation successfully led by the working classes. Therefore, it contributed significantly to the liberation movements in the colonies, ushering in an era of independence and freedom for the oppressed peoples. In Southeast Asia, with the victory in quest for power in Vietnam, the first state of the peasant and worker was established¹.

The beginning and end of this period remains a subject of controversy among historians. Questions on the causes and factors leading to the triumphs of the August Revolution and the Dien Bien Phu have also attracted great attention of scholars both in Vietnam and abroad [60 years... 2005; President Ho Chi Minh... 2006; 55 Years... 2009; Tonnesson 1991; Marr 1995]. In their analysis, historians have tended to focus upon the political factors, such as the role of the Communist Party and President Ho Chi Minh, the Viet Minh's military strategies, and the supports of Communist China and the Soviet Union. Very few studies have discussed the economic dimension of the revolutionary government, i.e. the government of the Democratic Republic of Vietnam (DRV) during the revolutionary period².

It is the purpose of this study to examine the nature and significance of the economy planned by the DRV's government between 1945 and 1954. Undoubtedly, it was a war economy. But the question is how the DRV's government operated the economy during the wartime and what was the significance of the war-oriented economic activities in relation with the national struggle for independence. Attention will also be given to the transitional process of economy from the colonial time to post-independence. This paper therefore seeks to draw general picture on the economic activities of the DRV's Government, then once confirms the nature of the economy for independence which is the greatest goal of the resistance war against the French colonization. And within the framework of the article, this writing focuses on the economy in the North of Vietnam.

Vietnam: the days after Independence

On 2 September 1945, at Ba Dinh Square (Hanoi) President Ho Chi Minh proclaimed the Declaration of Independence³, officially founding the DRV. The statement confirms the country regained the independence from the Japanese fascists "The truth is that we [Vietnamese people] have wrested our independence from the Japanese and not from the French", although "for more than eighty years, the French imperialists, abusing the standard of Liberty, Equality, and Fraternity, have violated our Fatherland and oppressed our fellow-citizens. They have acted contrary to the ideals of humanity and justice". Significantly, the new government claimed definitely and implemented consistently the guideline "Vietnam has the right to be a free and independent country and in fact it is so already. The entire Vietnamese people are determined to mobilize all their physical and mental strength, to sacrifice their lives and property in order to safeguard their independence and liberty". Struggling to protect the newly attained independence would be the ultimate goal of the DRV's government as well as of all Vietnamese people.

Facing the new situation after independence with the return of French forces to the South and then the North, on 3 March 1946, the Central Standing Committee of the Indochinese Communist Party issued an instruction providing that “The problem is not to hit or do not want to do so. The problem is to have both feet [Vietnam and France] on the ground” [Complete Party Documents, Vol. 8, 2000, 43–44]. Being well aware of the unavoidable coming of war, on 12 December 1946, the Party further published a booklet, which contained detailed instructions for action in case of war. The book brought forward some major issues i) on prolonged resistance war of our nation; ii) resistance program; iii) Resistance-steering organs, iv) commandments in warring-time; v) propaganda slogans [Complete Party Documents Vol. 8, 2000, 150–155]. In an interview for the *Paris – Saigon newspaper* on the following day, Ho Chi Minh stressed that “the Vietnamese people are willing to endure all, but not to be deprived of liberty...” [Ho Chi Minh, Vol. 4, 1995, 473]. On his Appeal for Nationwide Resistance of 19 December 1946, Ho Chi Minh called for “Long live independence for Vietnam – Long live victory resistance” [Complete Party Documents, Vol. 8, 2000, 481]. This marked the beginning of First Indochina War between the Vietnamese and returning French power. Two days later, on 21 December 1946, Ho Chi Minh sent a letter to “the Vietnamese, the French and the people of the Allies countries”, in which he emphasized “Resistance may be very long and painful. But no matter how long it will take, we [the Vietnamese] will fight to the end, until a complete independence and unification restored in Vietnam. We have 20 million [Vietnamese people] against 10 thousand colonists. Victory was much reliable” [Ho Chi Minh, Vol. 4, 1995, 484]. Various statements given by President Ho Chi Minh during the early months of 1947 also determined that the unique purpose of the Vietnamese resistance against French troops was independence and unification.

Right at the time when the People’s National Congress was organized at Tan Trao on 16 August 1945, the Provisional government determined that there was only one armed force able to lead the revolution to the successful end; that was the Viet Minh (or the League for Independence of Vietnam)⁴. Through the August Revolution and the military mobilization, the Vietminh units were increasingly strengthened. More significantly, based on the Party’s prediction of a prolonged war, preparations had been made shortly after the proclamation of independence. Later on, in retrospect of the French war in Vietnam, many French people argued that Ho Chi Minh and the Viet Minh had broken their plans in Vietnam. However, during the years 1945–1946, Ho Chi Minh and his infant government made every effort to create peace with the French⁵.

In fact, after the Proclamation of Independence, no foreign countries recognized the DRV’s government. The most important objectives of the new government were to obtain international recognition, along with the seizure of power from the Japanese authorities. In such circumstances, the Vietnamese leaders tried to avoid armed conflicts with French troops. Nevertheless, in face of increasing military threatens from the French forces, preparations for the coming war were urgent task. On 5 September 1945, Tran Van Giau, Chairman of the Provisional Administrative Committee warned that “the Vietnamese people must be prepared to deal [with France] to secure independence” [Directing Council... 2011, 222, 224]. Therefore, the aim of lasting peace-keeping in avoidance of the conflict with France was to consolidate the revolutionary government, new state, and prepare for protracted national resistance war. On 26 September 1945, when the war already broke out in the South, President Ho Chi Minh made a speech on the radio that “I and the southern compatriots make sure that the government and all compatriots will help the soldiers and the people, who are struggling and sacrificing to defend the national independence” [Ho Chi Minh, Vol. 4, 1995, 27]. The resistance war in the South was therefore the continuity of the general uprising initiating from August 1945 [Directing Council... 2011, 563]⁶.

Prior to the day of national resistance of 19 December, the attempts of Ho Chi Minh and the Party were to maintain peace and create the atmosphere of national reconciliation in preparation for the unexpected war in the future. In Ho Chi Minh’s mind, avoiding bloodshed was his overarching goal. After the outbreak of the war in late 1946, Ho Chi Minh still sought

to cease war and hostilities between the Vietnamese and the French. On 10 June 1947, he sent a letter to General R. Salan calling that “what is the glory of France when you send troops to Vietnam, a country that just hopes to be unified and independent in the French Union?... We have been friends. We are now friends” [Ho Chi Minh, Vol. 5, 1995, 142]. On the same day, Ho Chi Minh sent another letter to the French Prime Minister Léon Blum “If the war lasts one or two more years, the French economy in Indochina as well as the Vietnamese economy will collapse entirely [...] And you know, guerrilla warfare can last year to year [...] For the benefits and future of our people, I hope you will try your best to make a wise and generous policy enforceable” [Ho Chi Minh, Vol. 5, 1995, 145, 146]. Letters thus were sent to the French government calling for peace, economic and political concessions were made to express the goodwill of the new government. Nevertheless, all earnest efforts for peace of the Vietnamese leaders came to fruitless, as French troops landed on the North in 1946. In the view of George Chaffard, “the French occupation of Hai Phong and Lang Son showed that France had decided to use the policy of violence” [Chaffard 1969, 36].

Economy of Resistance: Characteristics, nature and results

During this wartime, the form of our economy is economic warfare, and its content is new democracy. On the one hand, the economic life of our people should meet the conditions of war; every aspect of economic activities should be appropriate for conditions of war; all aspects of economic activities should be directed toward the goals which is to supply with front and population for the protracted resistance war [Truong Chinh 2007, 390].

The DRV's economic situation in the early days of resistance war

At the first meeting of National Assembly on 3 September 1945, members of the government of Democratic Republic of Vietnam announced Ho Chi Minh as President. At the meeting, President Ho Chi Minh pointed out that the country was facing challenges. The new Minister of National Economics, Nguyen Manh Ha further stressed that “agricultural sector has been crippled, causing the critical reduce of productivity. Famine is raging everywhere” [Official Newspaper, July 11, 1945]. Financial problems were no less critical as the government budget felt into minimum, while the French still controlled the issue of banknotes. There was a general skepticism amongst the French Generals about the future of the revolutionary government, which would collapse itself, not because of the French military attacks, but by exhausted finances. Even in France, most people believed that “French/tricolor flag (*le drapeau tricolore*) will fly over Indochina; They will find odd if fighting is in process in Indochina”. In a survey of public opinion about the events of the year 1947, there was word of “Indochina War” [Alain 2005, 49, 52]. Foreign historians later still cannot understand why the Vietminh (DRV) could survive under the extremely challengeable circumstances at the time [Tonnesson 1987, 82].

Table 1: President and Ministers in charges of economy and finance until the National Resistance Day (late 1946)

Time	Titles of government	President	Ministers
16 August 1945	Vietnam Committee for National Liberation (People provisional Government of Vietnam)	Ho Chi Minh	–
28 August 1945	Provisional Government	Ho Chi Minh (conjoint Minister of Foreign Affairs)	Nguyễn Mạnh Hà Phạm Văn Đồng
1 January 1946	Provisional coalition Government of the DRV	Ho Chi Minh (conjoint Minister of Foreign Affairs)	Nguyễn Tường Long Phạm Văn Đồng
2 March 1946	Resistance coalition Government	Ho Chi Minh	Chu Bá Phượng Lê Văn Hiến
3 November 1946	New Government	Ho Chi Minh (concurrently Prime Minister)	Ngô Tấn Nhơn Lê Văn Hiến

Generally speaking, thanks to the efforts of the independent government and the mobilization of Viet Minh units, short-term economic difficulties were resolved. The considerable voluntary contribution of the residents and organizations to the government's Independence Fund showed that the Vietnamese people were willing to sacrifice their own economic interests for nation's independence. While foreign aids were not possible, the government pursued the policy of self-sustaining economy, based on the increased productivity, stabilization of prices, and the rational distribution of necessary goods. In most cases, revolution usually caused confusing and disorder. In Vietnam, however, the state apparatus made great efforts to serve the interests of the population, especially to provide them with vital needs. Despite the acute lack of skilled personnel, the revolutionary government with a high sense of responsibility found itself strengths from the people⁷. David Marr noted that "from the beginning, the DRV's main weakness was its economy. Another terrible famine in the North was barely averted in late 1945 by a variety of short-term measures, although at least ten thousand people nonetheless died of starvation. Voluntary contributions to support the army and other defense-related initiatives did flow in, but that still left other government ministries with minuscule budgets" [Marr 1995, 551].

In January 1946, the first Vietnamese bank notes (known as *Uncle Ho Cash – Bạc Cụ Hồ*) were printed and distributed to the population. The widely spread use of the Uncle Ho Cash by the public gradually smashed the French schemes of financial manipulation against the DRV. With the new currency, the DRV government had important means to solve the problems related to finances and budget deficit and more importantly to build up an independent financial system for the country⁸. The birth of the Independent Fund (*Quỹ độc lập*) which was partly used for weapons buying.

In early 1945, Director of Indochinese Economic Service reported that scarcity and inflation caused the prices of ever unprecedented acceleration. Before 1944, the inflation rate was estimated at 1,040, but it grew out of control in 1945 [Dang Phong 2002, 159]. Along with food shortage and agricultural damages, industry and trade fell into dramatic decline. In attempts to rehabilitate these important economic sectors, the DRV government on the one hand promoted patriotism among the indigenous business class and created favorable conditions for them to operate their businesses toward the direction of serving the interests of the community. On the other hand, the government called for more foreign investment and guaranteed that their economic assets, like the remaining French companies in Vietnam, would be respected by the government and the population⁹. In fact, a number of the Vietnamese companies were established within one year after independence. The outbreak of the resistance war in late 1946, however, dramatically interrupted their businesses.

After the capitulation of Japan, a state of power vacuum appeared in the countries formerly under the Japanese occupation. The former colonial authority was paralyzed from giving orders, while the newly-established government was not yet recognized by other countries. In Vietnam, as the August Revolution succeeded in a remarkably short time without serious bloodshed, there was a smooth transfer of power from the old regime to the new system of government [Pham Hong Tung 2005, 14]. Only central parts of the new government apparatus were renewed, others were retained in operation together with their own ex-colonial officials¹⁰.

The economic management structure included thousands of people from different areas to radically implement the guideline "development-should have-talents" (*kiến thiết cần có nhân tài*)¹¹. That apparatus was meant to enable to operate all fields based on various managers, most including those were recruited and reinforced in new positions. Considering cadres, the new government mobilized all talented people available in the country, many of whom had served in the previous colonial government, the Japanese military administration or the pro-Japanese government Tran Trong Kim... Nevertheless, the dominant groups included the persons, who had participated in the revolutionary movements. As it showed in the membership of Vietminh organization, there were a number of people, who came from mountainous areas, released-prisoners. By creating a climate of national reconciliation, Ho Chi Minh and his

government were able to operate the new governmental apparatus relatively smoothly¹². David Marr wrote about this period: “between its Declaration of Independence on 2 September 1945 and the outbreak of full-scale hostilities with the French in December 1946, the Democratic Republic of Vietnam was transformed from the handful of men issuing edicts in Hanoi into a revolutionary state commanding the loyalty of the vast majority of the people living in the former Tonkin, Annam and Cochinchina” [Marr 1995, 549]. In retrospect, historians and economists later were amazed by the fact that within a very short time, a fledgling government was able to draft and issue a large number of legal documents, most of which met with the world’s standards. The content of the 1946 Constitution was the best example of ideological thinking of the Vietnamese leaders about democracy and progress. The Coalition government therefore should not be seen only as a democratic government, but a government of capable men, more importantly a government knew to utilize and rely on people, learn by doing¹³. Ho Chi Minh himself had no practical experience of organizing state machineries, but he had great skill of mobilizing influential personalities and economic experts.

Like in the field of personnel appointment, the new government in Vietnam did not dismantle all laws and regulations implemented by the colonial state¹⁴. Within two weeks, from the Declaration of Independence to the 20 September 1945, President Ho Chi Minh issued 34 decrees, a series of orders, circulars, and instructions. In order to propagandize the government’s economic policies, in May 1952, the Ministry of National Economy issued the Economics Bulletin (*Phòng Kinh tế Tập San*). A Statistics Service (*Sở thống kê*) was also established, which published the monthly statistics Report (*Thống kê nguyệt san*).

In actual practice, there were few conflicts and overlapping jurisdiction between the government administration, the Viet Minh units, and the military in certain areas. Nevertheless, the prevailing direction was toward national unity and harmony between the different political groups, struggling for the common target of nation’s independence. In face of lacking experienced personal, the government attempted to utilize all talents available in the country as noted above. The government paid great attention to arrange policies and plans for the economy and “when we have suitable plans, we will put into practice immediately” [Ho Chi Minh, Vol. 4, 1995, 99]. One remarkable characteristic of the DRV government is that it was consistently led by President Ho Chi Minh.

Characteristics, nature and results of the economy of resistance

By 1947, the whole nation began the long resistance, the state government and economic apparatus were moved safely to ATK (*An Toàn Khu*, Free-Zones). About the sphere of “enemy and us” (*địch và ta*), in fact there are many different notions of what is called the French zones, areas of Resistance... Summarily, people in resistance war against the French who settled in areas called resistance regions. In contrast, areas under the French control are *vùng tạm chiến* (occupied-temporarily zones)¹⁵, or “*vùng tể*” (zones occupied by the French according to the Vietnamese common people). With regard to the French, under their occupation sphere they called it as the controlled-zone (*zone contrôlée*), or the zone of the government (*zone du gouvernement*). Overall these concepts remain relatively meaningful, sizable and changeable by each period, on dovetailing sawtooth pattern (*cài răng lược*) which changed always with the struggling and forces balance of both sides. Intently, Vietnamese inhabitant under the French occupied zones did not follow them, but a few part of those had closed benefits with France.

On 2 March 1946, in the first session, the National Assembly declared to consider the National Assembly as the Resistance National Assembly, and the elected-government as the resistance government. The people regarded the resistance as their own cause. That political base was that of the economy of resistance. On 4 March 1946, in the first session of the resistance Government, “*Finance and economy must be gathered. All national forces are to be mobilized for resistance war and nation-building*” [National Salvation Newspaper 1946]. This is also the first principle of the economy of resistance.

Besides trying by building protracted resistance forces, the Government policy sought to dismantle the opponent economy in every level. “Well realizing the guideline in dismantle the opponent in order to prevent their re-supplies and communications, at once causing unable to take full advantage of Vietnam’s material sources against the resistance” [Party Documents 1978, 290–291]; “*Destroy for adversary prevention, building for adversary combat*” (*phá hoại để ngăn địch, kiến thiết để đánh địch*). On 27 March 1948, Ho Chi Minh launched the movements of patriotic emulation “emulation from every field and every day, everyone”. In free zones, the Government propagandized *Quỹ nghĩa thương* (*Relief Grain Fund*) in order to assist peasants in production, or reduction of rents for better conditions of the poor. The State Government started to apply the payroll by rice for workers and employees.

By the early 1950s, the state-owned trade (State-run-trade) was established in principles: free internal trade, management in foreign trade, exchanges in both inside and outside, benefits from private and national trade, state trade as core economy. Then the Vietnamese National Bank was established (according to the Decree 15-SL dated on 6 May 1951)¹⁶. The cash bank replaced financial cash which had previously prolonged to the Ministry of Finance. The currency now was managed and issued by the Bank. In term of finance, tax was a basic measure to secure revenue sources, including most important from agricultural tax.

At the time, the Government shifted the policies from the economic siege of opponent to the “economic struggle with the opponent” (*đấu tranh kinh tế với địch*). The Government organized initiatively merchandise exchanges under the careful guides and managements. Aid and import-export crossing the border became a significant factor, courting trade surplus for a protection of the rear, ensuring supply for resistance war and the people’s welfare.

One of the economic characteristics was that resistance zones covered a large space, obstacle in transportation, blockade in economic exchanges, sizeable region of population and needs of life. The base of the private and self-sufficient economy thus was or relied on domestic resources.

On the basis of the Vietnamese revolutionary practice, according to the DRV’s guidelines the goal of economy was to ensure people’s living-standard and to prepare human and materials sources for revolutionary activities. To make sure to ask from the war in terms of money, military resources, and overall objective was both resistance and nation-building, both sides were well-mutually supported by major policies: national independence, freedom civil rights, happy welfare of the people. The economic thought was thoroughly determined: liberty, equality and charity.

According to researchers, some economic principles are possible to summarize: [Dang Phong 2002] i) Self-reliant¹⁷; ii) Great unity: All economic elements were equally respected and encouraged¹⁸. Ho Chi Minh was willing to accept foreign capitalists in doing business in Vietnam, even the French “welcoming the French capitalists and other capitalist countries sincerely cooperate with us” [Ho Chi Minh’s speech 1949, 8–10]; iii) Develop spotless economic apparatus; iv) First Homeland (*tổ quốc trên hết*).

With its economic policies: i) The policy of actively increasing production, saving, and sharing joys and sorrows with people, encouraging all social classes to develop production for creating social material wealth and spiritual; ii) Respecting lawful private property rights of all citizens and economic elements¹⁹; iii) Harmonizing interests of all citizens, a fair policy for all people and the resistance; also tolerating the hostile (such as French prisoners...)²⁰; iv) Guideline of undermining opponent economy, seeking international cooperation and aids.

To be able to unify and diffuse the principles and characteristics of the economy, similar to other fields, slogans related to economic activities could also be outlined briefly, concisely, rhythmic, catchy, understandable and obedient: – *Increasing production for combat!* (*tăng gia sản xuất để chiến đấu*) – *Keep rice for soldiers!* (*Giữ gạo nuôi lính*) – *Both resistance and nation-building!* (*Vừa kháng chiến vừa kiến quốc*) – *Production together with combat* (*sản xuất đi đôi với chiến đấu*); *Production with fighting spirit* (*Sản xuất với tinh thần chiến đấu*); *Participation of the whole population, contributions of the whole population* (*Toàn dân tham*

gia, toàn dân đóng góp)...; besides, including panels, posters pictures (ex. Ten Points about Resistance)... showing the vivid reality of the people in the wartime²¹.

To help the government study economic issues, on 14 May 1950, by 68-SL Decree, the Government's Economic Board was established, of which the task was submitted to the government programs, policies, plans or other important issues of the national economics (Board Chair by the Prime Minister or Deputy Prime Minister concurrently). The Board published the *Economics Bulletin (Tập san kinh tế)*. Together with *Trading and Industrial Bulletin (Tập san Công thương)* under the Ministry of Industry and Trade, the above two bulletins are the first bulletins on economy.

As a part of the economy, the national defense industry was requested to both make in and take the French, trying to produce for war production. Besides, the civil industry was intended to be exploitative industry: coal, metals... In mechanical industry, cash printing machine was the soul and heart of the DRV's finance²². The Government also paid intention to develop the metallurgical, chemical industries. Considering the light industry, textiles, paper, salt, pharmaceuticals, glass manufacture, absorbent cotton and bandages... were produced at the time. Handicraft was mainly private within the framework of small household economy.

The transport served mainly in each inland area, using waterways (for heavy transport), shoulders (with a pole and two hangers), cow, buffalo, bicycles (*xe thô*), carrying on back, generally it got difficulty due to dangerous mountain crossing. Despite the inter-regional railway through fifth Zone with 307 km of length, this was rarely transported because of divided areas of resistance war between Vietnam and France. At the beginning time, the transport was oriented to sabotage counter attack by the French; for military, economic reasons, the resistance forces later were ordered to repair and reconstruct routes, but very slowly.

Meanwhile, agriculture was determined not only by peasants but also by the whole society. This was the largest and most important field because the economy of resistance was primarily rural economy, *peasant-is-soldier (nhà nông là chiến sĩ)*. Generally, in the economic fields, the government paid the great attention in turn to agriculture, handicraft, trade and industry (specially arms and exploitation) [Complete Party Documents 2000, 181].

About the market in the resistance zone, although the economy is considered self-sufficiency and reliant economy on national and regional scale, in fact, it happened with trading activities between seller and buyer with a certain number of goods. Buyers included three types: i) the state's agencies (first undertaken by the Supply Department (*Cục tiếp tế*) under the Ministry of National Economics, by cash kinds of payment: Vietnamese cash (*Ho Unclio Cash*), piastre, U.S Dollar, gold...); ii) soldiers, officers and citizens who evacuated the towns to the countryside; iii) Peasants. Sellers were traders (traders crossing resistance regions, French zones, and local merchants), peasants. Trading placed at markets, roadside shops, towns²³.

During the war, the State did not act as a seller. Having established the State trade (in 1951), it happened state's shops but with very limited goods.

The foreign trade was carried out as exchanges between Vietminh regions and French zones. However, they had contacts with Hong Kong, Thailand traders²⁴. During the early time of carrying out the Decree No 6-SL²⁵ on banning trade with the opponent that initially caused damages to the French. Nevertheless, the French later occupied areas out of their control the above Decree was underdeveloped, passively affecting to the people in resistance regions, in which the causes were due to both lack and excess of merchandises, mainly to seriously stagnant goods. Under this circumstance, on 16 March 1947, the government established the Foreign Trade Department (*Cục ngoại thương*) under the Ministry of National Economics. At border gates, trade shops were complemented. These efforts in the short term solved requests of preventing goods from the French zones, though it named one-sided import (imports of essential commodities from the French zones without any export). In the other hand, from a strictly-managed policy, the local and central authorities opened larger trading activities, left freely private traders connecting with the governmental organizations. With this loose and careless policy, consequently, that led the closing of the trade shops prior to 1948.

Facing the situation of out-of-control increasing of goods from the French zones into resistance regions, in the Congress of the Party Central Committee in March 1951, this problem was highlighted and much discussed. The new economic policy then was issued with the key guideline: “*beneficial exchange of advantage, excess imports over exports much more possible*” [Trade Combat with the Opponent 1951, 7]. The Government ordered to open the door to trade with the French zones, on a point not to be damaged or lose out. The Central Import and Export Management Section established on 15 August 1951 aimed to manage over wider scale regions, at one to urgently solve economic tasks²⁶. Besides, a series of changes in import and export duties, exchange rates (rating policy) were carried out... In result, in 1950, 400 tons of husked rice were shifted to provisionally-occupied-areas, in 1953 this amount increased 52,800 tons [Vietnamese Economy... 1960, 41]. In addition, after the 1950 Border Victory, trading activities between Vietnam and China were wide opened, especially the DRV’s large-scale trade with China since 1952²⁷. The first trade agreement was signed between the DRV and China People’s Republic. The national scale export in 1953 to China took a share of 120 % higher than that to the French zone [Doan Trong Truyen 1954, 9].

Table 2: Rice price, 1949–1950

[Dang Phong 2002, 357]

Price by (VND) / kg

Provinces	1949			1950		
	January	June	December	January	June	December
Lạng Sơn	7.3	17.20	29.50	30.5	90.0	160
Thái Nguyên	4.3	14.20	22.00	26.3	115.0	200
Thanh Hóa	4.1	11.00	16.50	24.0	42.5	94

Regarding monetary, there were three main sources of income: i) printing and distributing cash; ii) relying on the people (supplies from the people, thanks to their food, clothing, money... funds founding: Resistance-supporting-Rice-Jar (*Hũ gạo kháng chiến*), Fund for Nourishing Soldiers (*Quỹ nuôi quân*), Fund for Soldiers in Distress (*Quỹ binh sĩ bị nạn*) and so on); iii) Obligation-oriented-contributions (*đóng góp dân theo nghĩa vụ*) gradually formed in the years 1949 and 1950. In particular, the money issuance until 1950 still took every year a share over 70 % [Dang Phong 2002, 374–375]. Consequently, the imbalance led to inflation, booming prices, and the year 1950 was the worse financial crisis. Facing the bad situation, the 1951 Congress changed a series of policies aiming to increase revenues, reduce costs, and then to balance incomings and expenditures [Tran Duong 1960, 60]. Revenues (to increase income) from taxes with seven types were regulated by the state, including agricultural tax which was the most important source. Revenues included rice, husked rice and cash. In 1952, the government reached financial balance. And in 1953, the incomes exceeded 16 % of expenses [Vietnamese Economy... 1960, 37]²⁸ (see table 5). In incomings and expenditures balance, the agriculture is the most significant incomings (table 3), meanwhile biggest expenditures for military (table 4).

Table 3: Budget receipts rate, 1951–1954 (%)

[Vu Ngoc Khue 1967, 335]

Taxes in sectors	Years			
	1951	1952	1953	1954
Agriculture tax	86.2	77	71.2	54.7
Industry and trade tax	2.5	6.6	10.5	12.6
Import and export tax	1.3	2.9	2.5	4.6
Others	10	9.5	5.8	11.8
Receipts from previous year	–	4	10	15.3
Total	100 %	100 %	100 %	100 %

Table 4: Budget expenses rate in the years 1949–1954 (%)

[Vu Ngoc Khue 1967, 335–337]

Sectors \ Years	1949	1950	1951	1952	1953	1954
Military	–	–	59.2	70.8	46.5	44.8
Administration	64	61	27.8	17.8	16.8	23.1
Economy	25	30	5.2	4.8	7.6	14.2
Culture and other expenditures	11	9	7.8	4.7	29.1	17.9
Total	100 %	100 %	100 %	100 %	100 %	100 %

Table 5: Incomings and expenditures balance by husked rice, 1946–1954

[Handbook of the Minister Lê Văn Hiến, documents provided by Dang Phong 2002, 383]

Year	Incomings (ton)	Expenditures (ton)
1946	67,000	230,670
1947	132,700	482,500
1948	155,760	500,000
1949	71,320	383,750
1950	62,589	222,641
1951	30,128	298,258
1952	372,820	474,796
1953	635,571	535,229
1954	644,000	512,000

With the policy of respecting private property including private ownership in productive forces, the state provisionally assigned and allocated land, rent reduction, land reform, land division... in order to help peasants have fields in doing farm. In result, the economy has been existing in many economic elements including democracy economic element: respecting national industry and commerce. A policy to comprehensively regulate on the economy and finance played an important role in making the DRV's economy of resistance stronger. The initial results satisfied the basic needs of the resistance war.

Factually, with the existence and development of the private and capitalist economic elements, both forms have contributed to resolve the resistance and most of the people's needs [A History of Vietnam 2007, 288]. Nevertheless, besides the positive changes, through the economic practice of resistance, during the 1953s, especially with the heavy discrimination toward the rich, landowners, capitalists, industrialists, traders... it began attack to private property (land, houses, capital...), a well-to-do man mistakenly was owing to be exploiter or criminal... In the atmosphere of increasing fierce class struggles, strong influences of the proletarian dictatorship ideology, the government attempted to implement the hardened policy of "peasant-has-land" (*người cày có ruộng*). Although satisfying needs of resistance and the mobilization of manpower in the Dien Bien Phu battlefield, the land reform in late 1953 has been judged a "serious mistake", especially after the victory of Dien Bien Phu²⁹.

Concluding remarks

The French and Japanese domination has left behind heavy consequences for Vietnam in many aspects. Viet Minh declared the Independence and regained the rights from the Japanese, paradoxically they had to struggle with the French to maintain the independence which had been sold out to the Japanese fascist by the French colonialist.

Having regained independence and founded the new state, the country rarely considered Hunger (*Đói*), Illiteracy (*Dốt*) as "enemies". To three enemies (Hunger, Illiteracy, Foreign aggressors), "eliminating hunger" was the first task, meaning that the Party and State right from

the beginning time took into consideration the economic task as the ultimate task. In Ho Chi Minh mind, the resistance war was a total war, all preparing both financial and material resources. He was considered the soul of the resistance war in both military and economic aspects.

In many aspects of this process, the economy of resistance has played a great role, an integral part in the overall history of the war resistance of Vietnam. In summary, the economy of resistance is characterized by three main mottoes: self-sufficiency, great solidarity, mutual hardworking and thrift. The economy was led by many well-learned and studious persons. Interestingly, thanks to knowledge acquired under the French domination, they now put those into practice against the French.

At the beginning, the DRV's policy was to build an open economy in a closed and self-sufficient context. "Both resistance and nation-building" was later on in the resistance war anti the American imperialists, continuing under the banner "both combat and production" (*vừa chiến đấu vừa sản xuất*). Alternatively, the resistance also was meant to be the greatest goal of the 1945 August Revolution which is the great democratic revolution in the Vietnamese history.

During the wartime, the Party and State always took care of the people's material and spiritual life. Increasing production played a decisive role of fostering resistance forces, improving people's living, providing foods for troops to defeat the enemy³⁰. These economic policies linked basically with military and political activities. The victory of the resistance war against French colonialists is the result of state achievements of factors.

As an Oriental agricultural country, with the characteristic revolutionary struggle and national liberation, economic policies have been characterizing in accordance with the nationwide resistance. The economic development is not just for the war but also for the people's life, freedom and happiness, and for the independence of Vietnam which is considered an ultimate aspiration of the Vietnamese people³¹.

¹ Although formally the state leadership by workers, peasants, soldiers, in fact, this was a state model which represented the national solidarity.

² A glance to the Journal of historical studies (representative journal of the Vietnamese historians), there is no essay on the economy during this period over the last 60 years.

³ The full Declaration in [Ho Chi Minh, Vol. 4, 1995, 1–4].

⁴ Mặt trận Việt Nam độc lập đồng minh (Front for Allied Independence of Vietnam or Việt Minh for short) was founded on May 19, 1941 by Nguyen Ai Quoc (later Ho Chi Minh) in Cao Bang (North mountain province of Vietnam). One of the Vietminh's goals is to make Vietnam completely independent.

⁵ During the years 1945–46, Ho Chi Minh's government attempted to maintain and keep peace through a series of letters, meetings, interim agreements, negotiation among representatives of both sides. Otherwise, as compared with the above guidelines of the Party about the protracted resistance after the 1945 Declaration of Independence or even since the 1941 Tan Trao Meeting (in Tuyen Quang Province), the Party's policy appeared to be united.

⁶ For the South, both big and small bases throughout the South have contributed greatly to the resistance war, Southern society, guidelines and policies of the Party and Government. The impression of the resistance about cultural life (new life), social order, people's mastering rights, literature and arts, education – referred to "cultural resistance" – had created basic conditions for the subsequent struggle of the South, but the key was to create "peasant-has-land" guideline... It is the tremendous victory of the nine-year resistance war [Directing Council... 2011, 579].

⁷ Le Van Hien's statement: "I think talent has nothing at all. Most importantly, it is the sincere heart. If yes it is possible to assemble talents. The country has many talents. Thanks to them, it will solve all works". Personal exchanges with Le Van Hien by Dang Phong on July 21, 1992 [Dang Phong 2002, 153].

⁸ At the beginning time, due to the lack of the Vietnamese cash for South Vietnam, the government admitted to circulate the piastre there in a little bit change: a provincial red seal on piastre.

⁹ Among the total of 300 deputies in the National Assembly of the DRV, industrialists and traders took a share of 11 % (6 % for industrialists, 5 % for the other). A Decree issued on October 9, 1945 stated: Engineering firms or foreign commerce businesses continue as they are, but because of public orders, the DRV has the rights to control and if case of need, establishes specific section aiming to keep that task [Official Newspaper, No. 4, 1945, 34–35].

¹⁰ Likely the interim central government, administrations at three levels (Cochinchina, Tonkin, Annam), public administrations at provincial, district, communal levels, and specialized organizations such as army, police...

¹¹ President Ho Chi Minh's speech on the *National Salvation Newspaper* [Báo Cứu quốc], No. 91, dated on 9 November 1945.

¹² Until late October 1946, authorized by the National Assembly, President Ho Chi Minh established the new government. This is a fifth coalition government "This government is the united government of all people and gathers talents without factions, parties... a government must be workable, determined in purpose, nation-building inside, taking advantages of national independence and unity outside" [Ho Chi Minh, Vol. 4, 1995, 427].

¹³ An interesting detail in his memoir, Minister Le Van Hien wrote «Today is a little free time. [I] Write to the X and read the book "Basic Financial Law" by Daello. Long since, because of a lot of business, my mind is never quiet for reading books and financial researches. It is a defect. From now on, trying to improve my own leaning on financial knowledge...», "The fact we are so bad at financial law and law sciences" [Le Van Hien 1995, 106, 118].

¹⁴ President Ho Chi Minh's Decree dated on October 10, 1945 on temporary regulations of keeping the current law until the new law in the country [Official Newspaper, No. 4, 1945].

¹⁵ Provisionally occupied areas belonged to provisionally complete control of the opponent [the French]; guerrilla regions where opponents are pulling mutually. In guerrilla regions, there were often guerrilla bases also as free bigger or smaller regions back of the opponent [the French] in which Vietminh had a strong ground...

¹⁶ According to the Solution of the Second Central Congress (October 1951), the Vietnamese National Bank was tasked "issuing cash and managing bank, implementing credit policy for production development; Associating with trade to monetary management and monetary combat with the opponent".

¹⁷ Vietnam entered the war under a blockade by the French. Thus, self-reliance is extremely important. About these guideline's effectives, President Ho Chi Minh summarized: "We have to do subsistence, though it [France] blockades for 10 years, 15 years we are also not afraid". His talk with the delegates of intellectuals, artists, the rich on February 20, 1947 [Ho Chi Minh, Vol. 5, 1995, 61].

¹⁸ "The government of the people and I will be devoted to Industrialists and Traders [in original capital letter] in this nation-building. National and Home affairs come always together. National economy is prosperous meaning that business of industrialists and traders get prosperity also..." [National Salvation Newspaper, No. 66, 1945].

¹⁹ "The 1946 Constitution of the DRV respects clearly private property". Ho Chi Minh's speech on *National Salvation Newspaper*, No 1375, dated October 19, 1949.

²⁰ "According to Him [President Ho Chi Minh] it must care extremely for and courteously treat [French prisoners] to show our kindness to the French, and also to let them understand clearly the reasons that we seek to fight for the future of the Vietnamese nation, do not mean a dislike towards the French" [Le Van Hien 1995, 6]. More details in Ho Chi Minh's letter to Gen. R. Salan in [Ho Chi Minh, Vol. 5, 1995, 142].

²¹ See an interesting study by [Hurle 2008].

²² Mechanical Manufactory Tran Hung Dao "the eldest child of the Vietnamese mechanical industry".

²³ These trading places are both economic, commercial and retail and wholesale center and cultural center of the resistance period. The French have called it as *l'urbanisation de guerre* (war urbanization).

²⁴ After 1949, the Vietnamese economy was widely open. In fact, before and after that time the *informal activities* were remained in border areas that Dominique Niollet has mentioned in his book *L'épopée des douaniers en Indochine* [Period of customs in Indochina] (Kailash, Paris, 1998).

²⁵ 6-SL Decree dated on September 5, 1945 on the Prohibition of the Vietnamese people in joining army, selling food, guiding, communicating, and being henchmen for the French army [Official Newspaper, No 1, 1945].

²⁶ Before on May 14, 1951 the Ministry of National Economics renamed to the Ministry of Industry and Trade (according to 21-SL Decree).

²⁷ On January 18, 1950, the Government of the People's Republic of China and on January 30, 1950, the Soviet Union government recognized the DRV. A month later, the People's Republic of Korea and then most of the socialist countries of Eastern Europe also recognized the DRV.

In 1950, the UK, U.S. and many other countries recognized three countries Cambodia, Vietnam (Bảo Đại's administration) and Laos that were the members of the French alliance (Alliance Française) [Dien Bien Phu 2005, 411]. More details in [A History of Vietnam 2007, 359].

²⁸ This is the very important Congress to the economy. The Congress had discussed a number of urgent task, not only the strategic goals of economic policy, but the concrete work of implementation.

²⁹ The land reform between 1953–1956 was judged a “serious mistake” in the Tenth Central Committee's Meeting (from September to November 1956). *Complete Party Documents*, vol. 17, *ibid*, p. 540.

³⁰ From 1946 to first half of 1954, peasants are mobilized 17,380,000 days in drought and floods; in result, land-field was irrigated increasingly from 350,000 ha in 1947 to 650,000 ha in 1954 [Vietnamese Economy... 1960, 261–262].

³¹ Many thanks to Dr. Pham V. Thuy (VNU) for reviewing this article.

REFERENCES

- 55 Years of the Dien Bien Phu Historic Victory.** Hanoi, 2009.
- 60 years of Socialist Republic of Vietnam – Major Achievements.** Hanoi, 2005.
- A History of Vietnam /** Vietnam Institute of History. Tome 10 (1945–1950). Hanoi, 2007.
- Alain Ruscio.* The Year of 1947: the French, Vietnamese... and Le Thanh Khoi // **From East to West /** Cao Huy Thuan, Nguyen Tung, Tran Hai Hac, Vinh Sinh (eds.). Da Nang, 2005.
- Chaffard George.* **Les deux guerres au Vietnam.** Paris, 1969.
- Complete Party Documents.** Vol. 8 (1945–1947). Hanoi, 2000.
- Dang Phong.* **Vietnamese Economic History, 1945–2000.** Tome 1. 1945–1954. Hanoi, 2002.
- Dien Bien Phu As Seen from the Perspectives of the Vietnamese and French Scientists /** Vietnam National University (Hanoi), University of social sciences and humanities. Hanoi, 2005.
- Directing Council on the compilation of the Southern resistance history // **History of Resistance of South Vietnam.** Vol 1 (1945–1954). Hanoi, 2011.
- Doan Trong Truyen.* Summarized Reports of Trade in 1953 // **Journal of Trade and Industry, 1954,** No. 11, May 12.
- Hurle Robert James.* Vietnam Propaganda of the 1940s and 1950s: Mobilization in a Diverse Society // **The Third International Conference Proceedings on Vietnamese Studies,** panel Vietnamese Modern History, December 2008 in Hanoi. Hanoi, 2008.
- Ho Chi Minh.* **Complete Works.** Vol. 4 (1945–1946), Vol. 5 (1947–1949). Hanoi, 1995.
- Ho Chi Minh's speech // **Vietnam Information Service, 1949,** file II.
- Le Van Hien.* **Diary of a Minister.** Vol. 1. Da Nang, 1995.
- Marr David G.* **Vietnam 1945. The Quest for Power.** Berkeley, 1995.
- National Salvation Newspaper, 1945,** No. 66, dated 13 October.
- National Salvation Newspaper [Báo Cứu quốc], 1945,** No. 91, dated 9 November.
- National Salvation Newspaper, 1946,** No. 177, dated 5 March.
- National Salvation Newspaper, 1949,** No. 1375, dated 19 October.
- Niollet Dominique.* **L'épopée des douaniers en Indochine [Period of customs in Indochina].** Paris, 1998.
- Official Newspaper [Gazette, Công báo], 1945** dated July 11.
- Official Newspaper, 1945,** No. 1.
- Official Newspaper, 1945,** No. 4 dated 20 October.
- Party Documents /** Research Department of the Central Party History. Vol. 1. Hanoi, 1978.

Pham Hong Tung. Further Contributions to the Characteristics and Nature of the August Revolution in 1945 // **Journal of Historical Studies**, 2005, No. 8 (351).

President Ho Chi Minh from the Declaration of Independence to the Appeal for National Resistance. Hanoi, 2006.

Tonnesson Stein. 1946. **Le déclenchement de la guerre d'Indochine [1946. Outbreak of the Indochina War]**. Paris, 1987.

Tonnesson Stein. **The Vietnamese Revolution of 1945: Roosevelt, Ho Chi Minh and de Gaulle in a World at War**. London, 1991.

Trade Combat with the Opponent // **Journal of Industry and Commerce**, 1951, No. 3, December.

Tran Duong, Pham Tho. **Currency Circulation in the Democratic Republic of Vietnam**. Hanoi, 1960.

Truong Chinh. **Selected Works (1937–1954)**. Hanoi, 2007.

Vietnamese Economy 1945–1960 / Institute of Economics. Hanoi, 1960.

Vu Ngoc Khue. **Vietnamese Economy from the August Revolution to the Victory of Resistance War**. Ha Noi, 1967.