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SOCIALISM AND UNDERDEVELOPMENT IN SOUTHEAST ASIA

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For much of the twentieth century socialism was one of the most popular “isms” in Southeast Asia. Millions of men and women died in its name. Patriots believed that to love their countries was to build socialism. Muslims reinterpreted the Koran (Qur’an) using concepts found in The Communist Manifesto. Although the Leninist–Stalinist–Maoist branch of Marxism would come to dominate socialist movements in the region, other schools of socialist thought, from Trotskyism to European democratic socialism, did not lack followers. At their peak in the 1970s, Communist forces in Vietnam, Laos, and Cambodia thwarted American intervention, smashed their right-wing rivals, and seized all of Indochina. Yet merely a decade later, socialism found itself in deep crisis. The collapse of the Soviet bloc eventually forced socialist regimes in Indochina to dismantle their centrally planned economies.

By the end of the twentieth century a stark contrast existed in the region. After decades following Stalinist–Maoist models and maintaining autarkic economies, the former socialist countries were uniformly poor. Their neighbors, whose leaders pursued pragmatic policies and whose capital economies were open with close ties to the West, emerged more prosperous. Vietnam, Laos, Cambodia, and Burma (Myanmar) were among the world’s poorest countries, while Singapore and Malaysia joined the rank of its wealthy and economically successful countries. Measured by the same poverty line, adjusted by purchasing power parity, more than 40 percent of Laotians and Vietnamese were living in poverty in 1995, compared to 26 percent in the Philippines, 11 percent in Indonesia, and less than 1 percent in Thailand (Yoshihara 2000: 4).

Any assessment of socialism in Vietnam, Laos, and Cambodia must take into account the huge toll of wars on these countries. In addition, socialist Vietnam made considerable progress in mass education and basic health care, as evidenced in its high literacy rates and life expectancy. Social inequality in Vietnam also was lower than in the Philippines, Thailand, and Indonesia. However, measured against their grand ambitions and their demands for enormous sacrifices to achieve those ambitions, socialist regimes fell quite short. Their leaders’ ruthless quest for state control and dogmatic belief in Stalinism and Maoism combined to produce totalitarian governments, violent class struggles, chronic hunger, and recurrent famines. Instead of being liberated, the peasantry was enserfed and exploited excessively.

This chapter will review the historical contexts in which socialism was imported into Southeast Asia, socialist policies in Indonesia, Burma, and the Indochinese countries, and the
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outcomes of these policies. Two questions will drive the analysis: first, why socialism was so attractive to many Southeast Asians; and second, what socialist regimes attempted to achieve and why socialism as practiced produced underdevelopment.

The allure of socialism

Socialist ideas of many varieties arrived in Southeast Asia from Europe through different routes and at different times. These ideas had a profound influence on many Southeast Asians, whether communists or non-communists. The Dutch Indies was perhaps the first colony in the region to receive socialist ideas when Dutch socialists established a small party in Batavia (Jakarta) in 1914. Although initial members of this party were all Dutch, it soon attracted many young Indonesians and evolved into the Indonesian Communist Party (PKI) in 1920 – the first in Asia.

More often, colonized Southeast Asians’ encounters with socialism took place in metropolitan centers such as Amsterdam and Paris, where they went for study or work. Tan Malaka first learned about Marxism as a student in Amsterdam. Upon returning to the Dutch Indies, he joined the PKI and became its chairman in 1925. Sutan (Soetan) Sjaahir and Mohammad Hatta were also attracted to democratic socialism while studying in Holland. So was Lee Kuan Yew while in England. Nguyen Tat Thanh (later known as Ho Chi Minh) stumbled into communism when he joined socialist circles in Paris in 1919. Following his footsteps were many Vietnamese and Cambodian students such as Tran Van Giau and Nguyen Van Tao in the 1930s and Saloth Sar (Pol Pot) and Khieu Samphan in the 1940s. Paris was also the first training ground for Vietnamese Trotskyists Ta Thu Thau and Huynh Van Phuong.

While metropolitan capitals provided the first opportunities for many Asian communists to gain knowledge of Marxism, it was Moscow that offered systematic doctrinal and organizational training. During the interwar years, the Third Communist International (Comintern), set up by Lenin, convened regular congresses of worldwide communists and operated an international “university” for foreign communists. After Paris, Ho traveled to Moscow for training and was sent on to southern China to recruit youth from Vietnam. Nearly all top Indonesian communist leaders of the 1920s, including Semaun, Darsano, Tan Malaka, Musso, and Alimin, received training or worked in Moscow at some points during their careers.

By the late 1930s, the communist movement had taken root in many parts of Asia and spread to more peripheral parts of colonial empires such as Burma, Laos, and Cambodia. Communism was now reproducible at the regional level. The Indian Communist Party inducted future Burmese leader Thein Pe into communism while he studied in Calcutta. Cambodia’s Nuon Chea was a member of the Communist Party of Thailand before helping to set up one in his own country. His comrades, such as Son Ngoc Minh and Pol Pot, as well as many Laotian communist leaders such as Kaysone Phomvihane and Nouhak Phoumsavan, worked first under Vietnamese leadership in the Indochinese Communist Party cofounded by Ho in 1930.

Early converts to communism seemed to share certain social backgrounds. What Ruth McVey (1965: 178) found about Indonesian communists also applies to other contexts:

The elements from which the rank and file of the [communist] party and the cadres of the mass movement were drawn [were] those with enough education to realize that things could be different, enough ambition to feel burning social discontent, and enough alienation from village life to seek a cosmopolitan philosophy.
Most leaders of radical communist movements, whether in Burma, Indochina, or the Indies, came not from the peasantry but from traditional elites, including landowners, traders, and mandarins. Thein Maung, Tan Malaka, Darsono, Pham Van Dong, Tran Phu, Tran Van Giau, and Pol Pot were such examples.

It is easy to underestimate the popularity of socialism and communism in colonial Southeast Asia. Despite colonial states‘ tight control, leftist ideas were hugely popular among radical circles in the Dutch Indies in the 1920s. There, communists briefly succeeded in governing support from the popular Islamic League (Sarekat Islam). French Indochina also witnessed a high tide of sympathy for communism in the late 1930s, when the Popular Front government in France allowed greater political freedom in the colony. During this period, many communist publications appeared in Saigon and Hanoi. For the first time positive stories of developments in the Soviet Union and theoretical essays on historical materialism could be found even in otherwise conservative vernacular newspapers. By the time Indonesia and Burma gained independence in the late 1940s, nearly all political parties there, including religious ones, proclaimed their allegiance to some forms of socialism.

The popularity of communism (as a radical strand of socialism) in agrarian Southeast Asia is puzzling because this theory was developed out of industrial Europe and pinned its hopes on the working classes in industrialized countries. One explanation is that communism promised powerful foreign backers for Southeast Asians in their struggle against colonial rule. For instance, Ho claimed that he abandoned democratic socialism for Leninism after knowing Lenin’s support for the liberation of colonized peoples.

Yet one should not underestimate the sincere belief of many Southeast Asian communists in the doctrine. A utopian vision of global revolution and classless society found fertile soil in the highly idealistic mindset of colonial youth (McVey 1965: 179). Even though Marxism offered only vague promises for the future, it was a powerful critique of capitalism and imperialism. Educated Southeast Asians could not fail to see the cruel colonial legal system, its racist character, the poverty of their people, and the exploitation of peasants by landlords, moneylenders, and foreigners. While U Nu and Sukarno had doubts about some of the most radical concepts of Marxism, such as class struggle and the dictatorship of the proletariat, they fully endorsed social equality and the elimination of capitalist exploitation. In addition, the socialist experiments under way in the Soviet Union and later in China, Eastern Europe, and North Vietnam demonstrated that socialism was possible even in poor and backward countries.

Most Southeast Asian communists, however, never had the chance to travel abroad, and their knowledge of Marxism came either from those who had traveled or from the leftist literature imported into the colonies. Most had only vague ideas of what constituted a communist system and how a socialist economy worked. Even those who could travel to the Soviet Union may have possessed only a superficial understanding of the system there as they were preoccupied with organizing revolutions in their home countries. Given such limited knowledge, the fierce determination of communist leaders such as Le Duan and Pol Pot to build socialism in their countries attested to the attraction of basic socialist concepts to colonized people at the time.

**Socialist economies**

With the collapse of Western colonial rule in Southeast Asia following World War II, different elite factions rose to power in different Southeast Asian countries. Nationalists inspired by socialism held power in Burma until 1962, when the military seized power and implemented
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a more radical version of socialism through the 1980s. In Indonesia, the government under Sukarno became radicalized in the late 1950s and launched “socialism à la Indonesia.” He was overthrown by the military during 1965–6, while the PKI was banned and hundreds of thousands of its members eliminated. In Indochina, Stalinists led by Ho Chi Minh took control of the Vietnamese government and launched socialism in North Vietnam after 1954 and in South Vietnam after 1975. Vietnamese communists helped their Cambodian and Laotian protégés win power in those countries. Pol Pot and Nuon Chea led the state in Cambodia from 1975 until deposed by Vietnam in 1979. Kaysone came to power in Laos in late 1975 and was succeeded by Nouhak when he died in 1992.

There were thus two kinds of political contexts in which socialist programs were implemented in Southeast Asia. One was in countries headed by nationalists who were sympathetic to socialist ideas but ambivalent about communism. These were the governments under Sukarno (1959–65), Nu (1948–58, 1960–2), and Ne Win (1958–60, 1962–88). All these governments either confronted communist insurgencies (Nu, Ne Win) or accommodated powerful communist or socialist factions (Nu, Sukarno). Their socialist policies reflected both ideological convictions and political exigencies. The other kind was Stalinist–Maoist regimes, such as those in the Indochinese countries, led by hardcore communists believing in class struggle and considering themselves part of the global communist movement (Vu 2008). In this context, socialism tended to closely follow Soviet or Chinese models (for Vietnam), and the Vietnamese model (for Laos and, to a lesser extent, Cambodia) (Heder 2004).

At the core of Marxism–Leninism as commonly understood in these latter regimes was the notion of a powerful state remolding the economy and society according to socialist values. Simply stated, the main goal of this state was to build an advanced industrialized economy that distributed its benefits equally. To achieve this goal, it was thought, productive assets must be publicly owned and markets must be replaced by central planning. Public ownership and central planning would allow the state to abolish class divisions in society, promote industrial investment, and guarantee equal distribution. In sectoral terms, the minimum goal in agriculture would be to achieve an equal distribution of land ownership, while a more ambitious target was public ownership of land, which would facilitate collective farming.

Collectivization was necessary because socialism was associated with large-scale production, whether in industry or in agriculture. In the minds of socialists, large-scale production would allow a more effective use of labor and technologies, while “small-scale production engenders capitalism and the bourgeoisie continuously, daily, hourly, spontaneously and on a mass scale” (Lenin, cited in Evans 1990: 17). Collectivization would also allow the state to extract greater surplus from farmers for industrial development. In industry, the goal was to achieve public ownership of at least the key sectors and ideally the entire industrial production. The state also needed to establish control over trade, so that resources, products, and services could be channeled appropriately to promote industry according to central plans.

There was some overlap between socialist and nationalist goals. In colonial Southeast Asia, the ownership of land and other productive assets was often concentrated in the hands of foreigners, including Westerners, Chinese, and Indians. Public ownership required the nationalization of foreign as well as domestic property, which appealed to both socialist ambitions and nationalist sentiments. Its overlap with nationalist goals helped socialism gain popularity.

Land redistribution

Land distribution patterns in colonial Southeast Asia varied on the eve of World War II. Among countries that pursued “socialist” policies, Burma and South Vietnam were most
unequal, while Indonesia, North Vietnam, Laos, and Cambodia had less severe disparities. Yet there seemed to be no correlation between actual economic conditions and political outcomes. North Vietnam ended up experiencing the most violent redistributive efforts, but changes were generally more gradual and peaceful in most other contexts. (Laos and Cambodia skipped land redistribution and went straight to collectivization. The massive scale of violence in Cambodia involved more than redistribution and will be discussed below.)

The Burmese Constitution of 1947 entrusted the state with ultimate ownership of all lands and gave it the right to distribute them to agricultural tenants or for collective or cooperative farming (Walinsky 1962: 61–2). Large-scale landholdings were prohibited. Following legislation to curb the exploitation of tenants by landlords was the Land Nationalization Act of 1948, whose goal was to redistribute land held by landlords to their tenants. The Act was implemented only in one township before civil war forced its suspension. In 1953 a second Land Nationalization Act was passed, which redistributed 1.48 million acres, or about 12 percent of all paddy land, over five years (Taylor 1987: 276–7). Landlords were compensated at a fraction of the value of their lands with state bonds carrying low interest. By 1963 there remained 350,000 landlords, one-third of whom were aliens. Although Burma’s agricultural production was restored to prewar levels by 1959, the achievement resulted from various government policies to help tenants, not from land redistribution (Walinsky 1962: 338–40).

In Indonesia, land redistribution did not become a prominent issue until the late 1950s, when the PKI emerged as one of the largest political parties. With Sukarno’s backing, the PKI and its leftist allies succeeded in having a Land Law promulgated in 1960 over the opposition of Muslim and conservative groups (Mortimer 1974: 284–328). This law imposed a limit on landholding and authorized the redistribution of excess lands to the landless. In response to landlords’ resistance and bureaucrats’ procrastination, the PKI called on peasants to take “unilateral actions” to enforce the law during 1963–4. This campaign led to violent clashes between tenants and landlords on Java. In late 1965, when a communist-inspired coup failed, Muslim groups helped the military murder hundreds of thousands of PKI members, those suspected of being communists, and many other innocent people.

Like Indonesia, Vietnam also experienced a radical shift in agricultural politics over time. When Ho Chi Minh set up his government in late 1945, communists were weak and needed support from other groups. The Vietnamese Constitution of 1946 thus guaranteed citizens’ rights to private property. The communist-led government called on landlords to reduce rents to tenants, but did little to implement the policy. By 1950, communists had expanded their forces enough to dominate the government. Their success in establishing relations with communist China brought them assistance crucial for launching a radical class struggle in the countryside.

The land reform in North Vietnam during 1953–6 was essentially a rural class struggle. This campaign followed closely the Chinese model, in which teams of cadres were sent to every village to live with poor farmers and incite them to stand up against local landlords. The ultimate goals of the campaign were to destroy landlords as a class and to consolidate central rule over the peasantry. Land redistribution was a tactic to mobilize peasants’ support, but not a goal in itself, since communists were ideologically opposed to private ownership of land.

As in China, the campaign in North Vietnam employed massive violence. Even before it began, the government secretly authorized a ratio by which one landlord was to be executed for every 1,000 people. Under pressure to find enough landlords to meet quotas set by the central government, land reform teams arrested, tortured, and executed many middle and rich farmers “by mistake.” The total number of executions is unknown, but estimated...
at 15,000 (Vo 1990: 2–3). Due to discord among party leaders over the brutalities, the campaign was halted in 1956, after about 37 percent of total agricultural land had been redistributed.

The brutal experience of North Vietnam was avoided when land reform was carried out in southern Vietnam after 1975. During the war, several waves of land reform by the southern government and by its communist rival had reduced tenancy considerably. The policy after 1975 called for land readjustment to “eliminate exploitation” through primarily peaceful means. The campaign lasted over a decade because of resistant farmers and disobedient cadres, and was discontinued by the mid-1980s. By then, about half a million hectares of land had been redistributed.

Collectivization

Many Burmese and Indonesian leaders were fascinated by the idea of cooperatives as a progressive alternative to capitalism. The Burmese Constitution expressed a preference for collective and cooperative methods in the use of land and natural resources (Walinsky 1962: 61). This method was believed to be the only way to bring everyone to work together for the nation and to prevent the exploitation of one class by another. A similar enthusiasm about cooperatives existed in Indonesia. Article 38 of the Indonesian Constitution stated that the economy was to be organized on a cooperative basis. Vice President Hatta, who was impressed by Denmark during his student days in the Netherlands in the 1920s, was the most enthusiastic proponent of cooperatives.

Both the Burmese and Indonesian programs viewed cooperatives as merely self-help organizations, with the government only there to register, advise, and assist them. While thanks to government encouragement thousands of cooperatives were established, little is known about them and many likely existed only on paper. In contrast, communist countries in Indochina took collectivization to a much higher level, at which peasants were pressured or coerced into surrendering their lands, draft animals, and tools to the cooperatives and working like indentured farmers for the state.

Among Indochinese countries, Vietnam was where collectivization was implemented earliest and for the longest time. Emboldened by the Great Leap Forward in China, North Vietnamese leaders launched collectivization in 1958. By the end of 1960, about 86 percent of all households had become members of “low-level cooperatives” (Kerkvliet 2005: 59–69). Despite official policy of forming cooperatives on a voluntary basis, subtle coercion was employed to pressure peasants to join and stay in cooperatives. The household registration system and the ban on private trade were two crucial tools of coercion that allowed peasants no escape from cooperatives, practically enserfing them. Landlords or rich peasants who might have organized effective leadership for resistance to the government had either been killed during the land reform or, if alive, were cowed into submission.

Cooperatives ran into problems even at the experimental stage, but dogmatic central leaders continued to push for larger cooperatives. Size exacerbated the problems of poor management and lack of incentives for peasants. Corruption became rampant: a 1966 survey of cooperatives, for example, found that most had at least one leader who embezzled cooperative assets or abused his or her position. Peasants coped with the situation by passive resistance, by shirking collective work, by stealing cooperatives’ produce, and by selling in the black market. At the same time, sympathetic local officials underreported land areas to their superiors, stole state assets, and offered sneaky contracts to households (2005: 52–6, 84–6, 94–6, 130, 251).
Cooperatives yielded poor economic returns to the state and cost Vietnamese peasants dearly. Staple food production per capita fell steadily by one-third between 1959 and 1980, while staple food consumption per capita also declined by 50 percent in the same period. The decline began long before the civil war and American bombing could affect production, but war exacerbated it. A few years into the war, the average villager had only about 14 kg of paddy and other staples per month to eat, well below basic nutritional needs. As Benedict Kerkvliet summarized from official reports: During the difficult months between two harvests,

people most desperately dug up immature cassava roots to eat, begged door to door, sold paddy still growing in their household plots, and sold their immature pigs and household belongings. A few parents even sold their children or gave them away to others who could feed them.

Kerkvliet 2005: 82

While failing economically, cooperatives were an effective tool for surveillance and control of the population. In fact, cooperatives contributed decisively to North Vietnam’s victory in the war. Working with local governments and army recruitment boards, cooperatives kept track of young men in each household and prepared them psychologically for military service before they reached draft age. Cooperatives made draft avoidance almost impossible, but could guarantee young soldiers that their families would be taken care of if they served. A common slogan at the time suggested cooperatives’ key political role, “Not a single kilogram of paddy short [of procurement quotas]; not a single soldier short [of recruitment quotas]” (thoc khong thieu mot can; quan khong thieu mot nguo) (Phuong Hien 2012). Thus, cooperatives not only exploited peasants’ labor but also made sure villages surrendered to the state all able-bodied men needed for its war-making (communist Vietnam lost about one million troops in the war out of a population of about 20 million).

When the war ended in 1975 collectivization was introduced into southern Vietnam, but there it faced far greater resistance than in the North. Many peasants boycotted the campaign and organized strikes. Others abandoned land, slaughtered livestock, and destroyed their orchards. According to official sources, by 1979 collectivization involved about one-third of all peasant households and a quarter of agricultural land. By 1980, however, two-thirds of these cooperatives had collapsed (Dang 2010: 76–80, 86–8). As foreign aid was drastically reduced, famine spread all over Vietnam. Widespread peasant resistance and further cuts in Soviet aid forced the government to dissolve collectives in 1988, with lands reverting to household use. Ownership of land remained with the state.

Both Laotian and Cambodian communists were tutored by their Vietnamese comrades, but distinguished themselves by their radicalism. Lao communist leaders launched collectivization in 1978 after only three years in power and without a land reform to eliminate potential class enemies. Here it was also believed that collectivization would bring greater productivity and strengthen the Communist Party’s control. Lao leaders such as Party Secretary Kaysone perhaps felt a greater imperative for collectivization because Laos was much more backward than Vietnam. Given a low starting point and no expectation of technological innovations, Kaysone hoped that the reorganization of labor along collective lines would boost production.

In July 1979, however, the campaign was halted when leaders found out that cadres were rushing to set up cooperatives while neglecting production and that coercion was creating alarming rural tension. By then, nearly 2,500 cooperatives reportedly existed. The number
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fell by half the next year, as the government stopped pushing. By 1982, party leaders became impatient again and urged local cadres to step up collectivization where conditions were favorable. The number climbed back up in June 1984 to 2,402 cooperatives, which accounted for 38 percent of farming households. Yet by 1988 Lao leaders decided to abandon collectivization, just as Vietnam did in the same year. Lao collectivization faced the same litany of difficulties as those in Vietnam did, including poor management, corruption, and the lack of incentives. While having minimal economic impact due to their short life, cooperatives did not help consolidate local governments in Laos as they did in Vietnam, perhaps because Laos never waged a rural class struggle (Evans 1990: 48–50, 59, 151, 168).

Cambodian communists turned out to be the most radical group in Indochina. While they were fighting the civil war, Pol Pot’s party had already organized farmers in the areas under their control into mutual-aid teams. Soon after war ended, Pol Pot ordered the formation of “high-level cooperatives” with communal eating throughout the country. Within a year, as Ben Kiernan (1996: 164) described,

Economically the country had become one, “a gigantic workshop” of indentured agrarian labor. Cambodians of all races and classes worked long hours, without wages or leisure, on projects in which they had no say. Subjected to military discipline, most lived in thatched huts or barrack-style houses with couples usually separated from other family members, and . . . often even from spouses. Work teams took meals in separate shifts in mess halls.

Vietnamese communists had achieved an equal society through a brutal class struggle. Cambodian communists also sought to reshape social structure but used even more radical methods. Upon seizing power in 1975, they ordered the immediate evacuation of entire cities. Hundreds of thousands of urban residents walked for weeks to be permanently resettled in the countryside as “new farmers.” Former officials and those who refused to leave the cities were often shot on the spot. Tens of thousands died during the trip from starvation, diseases, and executions.

This method of equalization expanded the rural labor force but it also created serious problems for cooperatives. The “new farmers” knew nothing about farming, nor were they physically fit to work as farmers. Social class divisions were exacerbated: former city folks or “deportees” occupied the lowest position, and could be executed for minor offenses. Among the “old farmers,” those whose relatives were deportees were ranked next, then those without such relatives. Those who had lived in the “liberated” areas prior to 1975 occupied the top position (Kiernan 1996: 166–7, 55–8, 184–92). By 1976 many areas began to experience famine. Conditions gradually worsened for the entire country, as the killings spread because of increased leadership paranoia. Even “old farmers” now were subject to starvation and random executions. Collectivization in this case became little more than a tool of enslavement and genocide.

Trade and industry

Southeast Asian socialist regimes shared three common tendencies in this realm: hostility toward private markets and capital; desire to achieve direct state control to the extent possible; and bias toward industry at the expense of agriculture. These tendencies were most radically exhibited by Cambodian communists, who immediately banned markets and the use of money after coming to power. Both Cambodian and Laotian leaders had hopes of developing
advanced industry, but during the high tide of socialism they were preoccupied with agriculture, as there was very little industry in their countries to begin with.

The stories were more complex in the other socialist countries. When the military regime took power in 1962 in Burma, it nationalized all foreign businesses within a year, and then moved on to take control of major industries, distribution, and foreign trade (Steinberg 1982: 77–9). New private industries were banned, and the government nationalized some 15,000 large and small enterprises. The regime imposed restrictions on foreign trade, terminated its relationship with the World Bank, and ended most foreign assistance programs. In May 1964, the largest currency notes were abruptly demonetized, wiping out a large amount of private citizens’ savings. Government pressure forced out of the country about 200,000 ethnic Indians and Pakistanis, who had dominated domestic commerce.

Seeking to develop heavy industries, the government poured investment into new factories but spent little on agriculture. Capital investment in industry jumped from less than 4 percent of total investment in 1961 to 37 percent in 1971. Yet the share of industry in GDP remained stagnant at around 10 percent throughout the 1960s. Trade was especially hurt by autarkic policies: rice exports dropped from 1.7 million tons in 1961 (30 percent of world rice exports) to 0.7 million tons (6 percent) by 1971. Restrictions on trade and the inefficiencies of state enterprises created endemic shortages and fueled a huge black market, trading in goods stolen by government employees or smuggled across the borders. The illegal trade was estimated to be as large as or larger than official trade (Maung 1991: 145–215). As a serious economic crisis loomed in the early 1970s, the regime began to cut off relations with most international organizations. Corruption and poor management of nationalized enterprises led to a sharp industrial contraction. The share of industrial production in national domestic product stagnated at around 12 percent, the level in 1939.

Domestically, the government did not ban private trade and intervened only in a few strategic products such as rice and kerosene oil to guarantee affordable supplies for urban populations. As in Burma, policies on commerce reflected nationalist sentiments: the government banned ethnic Chinese from conducting rural trade, which forced more than 100,000 to leave the country for China. By 1965, the country was sinking into a severe crisis, with massive foreign debt and inflation raging at 1,500 percent (2002: 189).

There were campaigns to nationalize private trade and industries during 1958–60 in North Vietnam and during 1973–9 in South Vietnam. In the earlier campaign, the government did not employ violent class struggle but quietly coerced more than 1,500 “capitalist” manufacturing and trading households to give up their enterprises (Vo 1990: 26–46). A currency exchange in 1959 that limited the amount to be exchanged helped the state dispossess the wealthy of their remaining property. With Soviet and Chinese economic aid to the tune of one billion dollars annually during 1957–75, an ambitious industrial plan that emphasized heavy industries was developed. During this period, state investment in industry was close to 40 percent of total investment, whereas agricultural investment fluctuated between 10 and 20 percent. Within industry, 75 percent of investment went to heavy industries.

In the late 1950s and early 1960s, Indonesian leaders employed socialist rhetoric, but their policies were a mixture of measures demanded by leftist and ultranationalist factions. The nationalization of foreign businesses in 1957 is an example (Dick 2002: 182–90). This move naturally frightened foreign investors, but Indonesia still traded with the West and welcomed both Soviet and American aid until the mid-1960s, when Sukarno decided to cut off relations with most international organizations. Corruption and poor management of nationalized enterprises led to a sharp industrial contraction. The share of industrial production in national domestic product stagnated at around 12 percent, the level in 1939.

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Official data, which likely exaggerated growth, showed that gross industrial output grew by 76 percent between 1957 and 1960, and 236 percent between 1960 and 1975. Yet the economy suffered from serious imbalance due to the heavy-industry bias. Per capita output of electricity, coal, cast iron, and paper increased between 1960 and 1975, but that of cement, sawn wood, cloth, fish, and sugar declined. Despite tight government control over domestic trade, a black market developed in goods and materials leaked by state enterprises and cooperatives. Because most consumer goods were heavily rationed, there was also a thriving black market in ration coupons in Hanoi.

After North Vietnam's victory in the civil war, a socialist economy was imposed on South Vietnam in the same manner. In two drastic waves of "capitalist reform" during 1976–8, thousands of private large- and medium-sized businesses and enterprises owned by "comprador capitalists" (70 percent of whom were ethnic Chinese) were confiscated. Nearly 40,000 households of "capitalist merchants" were banned from trade, ordered to shift to "productive activities," or told to leave the cities. Two currency exchanges of the kind implemented in Burma and North Vietnam were ordered in 1975 and 1978, which not only stripped the rich of their wealth but also wiped out the savings of middle-class Vietnamese. National income grew by less than 1 percent during 1976–80, while population growth was 9 percent. Industrial production grew by 2.5 percent in the same period, but the output of major products such as coal, cement, steel, cloth, and paper actually declined (Vo 1990: 64–72, 94–6, 106).

Stagnation in industry and in collectivized agriculture caused a sharp fall in living standards. Nearly 40 percent of children under four years suffered from malnutrition. Urban residents survived on small monthly rice rations mixed with potatoes, manioc, sorghum, and Soviet wheat. Angry but powerless, Vietnamese mocked their government by saying that "CNXH," the acronym of socialism (Chu Nghia Xa Hoi) in Vietnamese, really stood for "the country has fallen into a hole" (Ca Nuoc Xuong Ho), while XHCN, the acronym of the adjective "socialist" (Xa Hoi Chu Nghia) stood for "Waiting in line all day" (Xep Hang Ca Ngay). After a decade tinkering unsuccessfully with its faltering socialist economy, Vietnam abandoned central planning and grudgingly accepted private enterprises by the late 1980s.

Conclusion

In the first decades of the twentieth century, socialism as a set of political and economic ideas brought much hope to Southeast Asians who yearned for equality and prosperity. Under nominally socialist regimes in Burma and Indonesia, policies inspired by socialism led only to economic crises. Under Stalinist–Maoist regimes in Indochina, despite good intentions and some notable efforts to provide education and health care to the masses, equality was achieved primarily through violent class struggles and mass murders, coupled with stiff government control over the lives of citizens. Equality in this context meant that everybody, if still alive, was poor and hungry, like everybody else except for a small number of officials and black marketeers. Socialist ideas might be sound and feasible in other places and at other times, and history might have been different had different socialist factions, rather than Stalinists and Maoists, come to power in Indochina. As it turned out in this particular historical context, socialist regimes did not bring prosperity, only underdevelopment. It took the collapse of the Soviet bloc for Indochinese leaders to abandon socialism, but after two decades of market reform they still have much to do to catch up with their neighbors.
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References


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Some recent scholarship (see in 2008) has focused on the ways that the Southern states adapted to the reform process, and the role that they played in shaping the regional context. While the “global history of the Vietnam War” is often approached from the perspective of national narratives, the texts that have been produced on Southeast Asia increasingly reflect the larger scholarly conversation about global history. This is not to say that there is a genre or methodological approach that is defined as “global.” On the contrary, the term “global” is used in a variety of ways, and the scope and indeed the meaning of the investigations that seek to study a phenomenon in a global context vary widely. Yet the recent surge in scholarship on Southeast Asia that seeks to engage the global context is a sign that the field is more open to approaches that consider the region within a larger context than it has been in the past. The book under review, *Southeast Asia in the World, 1900–2000* (2006), is one example of this trend. The editor of this volume, Brian Hodder, writes in the introduction that “Southeast Asia is a significant and complex phenomenon in the modern world.” The book’s title reflects this global perspective, with sections on “globalization,” “global politics,” and “global cultural flows.” The essays collected in this volume explore how Southeast Asia has been shaped by and has contributed to global processes, and they offer important insights into the region’s role in the modern world.