



Foreign and Commonwealth Office

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From The Minister of State

9 March 1990

The Hon Francis Maude MP

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*Dear Mr Passow*

Thank you for your letter of 8 February about your recent trip to Vietnam. I apologise for not replying sooner but I have only recently returned from Vietnam myself.

I was most interested to read the report of your visit; it provided very valuable background for my own. I particularly noticed the extent of economic activity in and around Hanoi. Although much of it is low level, it is encouraging that people who are clearly natural traders are being allowed to go ahead and trade. I was also pleased to hear at first hand of the economic reforms that the Vietnamese Government are implementing. There is a long way to go, but it is a start.

*Francis Maude*

Francis Maude

*Thank you for taking the trouble to write - I do appreciate it.*

# EUROMONEY

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8th February 1990

The Hon. Francis Maude M.P.,  
Minister of State,  
Foreign and Commonwealth Office,  
King Charles Street,  
Whitehall,  
London SW1

*Dear Mr Maude*

My Chief Executive, Padraic Fallon, has asked me to submit a private and personalised report to you on my recent trip to Vietnam; in particular, concerning the question of the repatriation of the Vietnamese boat people from Hong Kong to their own country, and my perception of the conditions they would find on their return.

I visited Vietnam from January 10-25, 1990 during which I spent three days in Hanoi, drove 1,100 km from Hanoi to Danang along Highway 1, flew to Saigon where I spent four days as well as an additional day in the delta region.

During this period of time, I randomly questioned doctors, teachers, government officials in banking and finance, our three ministry of tourism appointed interpreters, members of our hotel staff, and an assortment of blue and white collar workers (ranging from farmers and cyclo drivers (pedicabs) to store owners in Hanoi and Saigon, as to their reaction to the boat people and their prospects for a return to Vietnam.

I also questioned the Vietnamese on conditions in their country before and after the new government policy of Doi Moi (progress) was instituted three years ago along the lines of the Soviet Union's Perestroika and Glasnost.

To begin with, Doi Moi has been a far more successful policy than the Soviet model, in as much as growing consumer needs in terms of food and clothing is abundant everywhere - certainly enough to meet everyone's basic needs.

With the exception of the minority tribes, people in the Central Highlands of the country, I found no-one underfed or underclothed.

Even in the smallest villages in which I stopped in my



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journey from North to South for meals, there were fresh fruits, vegetables, chicken, fish, meat, and of course rice, which is their staple diet.

Over the past two years, a majority of the homes in the country have been converted from straw to brick from materials made in home-made kilns.

One is overwhelmed by an economy which is trying to improve itself on the basis of self-reliance and self-determination. It is not a dictatorial communist state in the classic Stalinist sense, rather it is a highly nationalistic state which was forced to turn to communism for the last 40 years because the West refused to support its post-world war II aspirations for independence.

Vietnam is fundamentally a Chinese community with an innate sense of free enterprise, looking for the opportunity to capitalise on its human and intellectual potential. This is apparent in every small village where people line the roads to sell cigarettes, candy, beer, as well as vegetables from their private allotment gardens.

In the major cities, Hanoi, Danang, Hue and Saigon, there are stores selling almost any consumer product available in Asia.

While many of these products are old models that are discontinued lines by Bangkok, Singapore or Hong Kong standards, they more than meet the needs of the Vietnamese. These products are all available for local currency at moderate prices by Western standards.

Although officially Vietnam has a per capita income of US\$168 that figure is very misleading. In the past four years, I have visited 19 Asian nations, and the quality of life in Vietnam is far higher than many of the other countries in the region. Rather than the vast disparity between poverty and wealth that is evident in the Philippines, Indonesia or India, there is a uniformity of subsistence level existence in Vietnam. Since Vietnam is 85% rural, in times of good harvest, as they have had the last two years, the majority of the population are able to live off the land.

This is not to say that they could not improve their lot in life, but they are at the moment better off for example than the residents of Beijing even today, with 15 years of open-trade with the West.

In short, the boat people of the last two to three years are economic refugees, (mainly from the North), not political refugees, who were casualties of their allegiance to the Americans prior to April 1975. To their own people, I often heard that they would be welcomed back "as long as they were willing to work hard like the rest of us".

The Vietnamese are a proud and patriotic people. They hold no anger towards those who left in the past and are openly encouraging to those who did resettle in the US, Canada and Australia to come back and visit their families and re-invest their hard earned dollars back in local businesses. In 1989 Vietnam had 210,000 overseas visitors, two-thirds of whom were returning Vietnamese.

During my visit, I was also struck by how cordial the people were towards foreigners, especially Americans, like myself. But I found out that they have been educated with the notion that their wars of liberations were against the French and American governments - not their people.

While it is true that during the immediate 10 years following re-unification (1975-85) there was a great deal of political repression, or re-education as the Vietnamese would prefer to term it, that period has passed. While there is a local party headquarters in every village or neighbourhood, there are no signs of armed militia or police keeping order. People are free to talk to foreigners, invite them to their homes, and openly criticise the government. Much of the self restraint on the part of the people is the fear that Doi Moi may not succeed and the regime may revert to its former hard-line ways. But in my view, this seems unlikely, especially in view of events in Eastern Europe and the Soviet Union.

Given the opportunity, I'm sure that any person in the Third World who had a chance to settle in the West would take it. But this is not because their own country has nothing to offer, it is more due to the mistaken belief that life in the West is a guarantee to an abundance of wealth.

It is my personal belief that if the British government wants to ensure that the repatriated boat people return to an environment in which they can prosper, and not just survive, then Her Majesty's Government should seize the initiative during this unique moment in world history, when barriers based on out-moded beliefs are crumbling around us, and encourage greater trade and economic assistance with Vietnam.

If trade sanctions are lifted and Vietnam is welcomed back into the political and economic community of free-trading nations, it could well achieve a sustainable economic growth rate which could put it on a par with other ASEAN nations by the end of this decade.

By encouraging trade, and even more importantly, sharing with them our teaching and technical skills, there is indeed a future for the Vietnamese, and the returning boat people who will be part of that society.

In my estimation, the Government in Hanoi is not looking for a quick-fix solution to the problem of the refugees in Hong Kong. They are taking a long-term view which will benefit their country, and will use the problem as a bargaining chip.

They start their negotiations from the premise that they already defeated the world's most powerful nation, so no other obstacles are insurmountable.

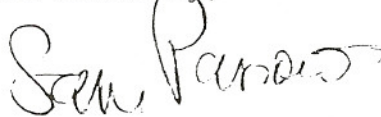
They are keenly aware that you are under tremendous media pressure to quickly resolve this situation and that democratic governments are always accountable to the capricious nature of voters - two key components which will not effect their decision-making process.

Nevertheless, I believe they can be moved by offering incentives which will allow them to appease the demands of their own people while they strive to come up with a face-saving political system which can make the transition from a hard-line state controlled economy to a pluralistic, free-market one.

I'm sure you will find your trip to Hanoi on Feb 18-21 extremely enlightening, and I hope very much that the results of your negotiations are mutually beneficial to both nations.

If you need a debriefing in person, I would be delighted to give it. In the meantime, I wish you the very best of luck.

Yours sincerely,

A handwritten signature in cursive script that reads "Sam Passow". The signature is written in dark ink and is positioned above the typed name and title.

Sam Passow  
Publisher