



HARISH C. MEHTA

Soviet Biscuit Factories and Chinese Financial Grants: North Vietnam's Economic Diplomacy in 1967 and 1968*

The centerpiece of this article is new evidence from the archives in Hanoi that revises—in two significant ways—existing historical accounts of a critical period during the Vietnam War when the North Vietnamese urgently needed economic aid from their Communist allies in order to prepare for the Tet Offensive in January 1968 and to help the North Vietnamese economy survive President Lyndon B. Johnson's bombardment of North Vietnam under Operation Rolling Thunder from March 1965 to November 1968. First, the article shows that China—not the Soviet Union—was the biggest provider of economic aid to the Democratic Republic of Vietnam (DRV, or North Vietnam) in 1967 and 1968. Despite an improvement in DRV-Soviet relations, China remained the biggest provider of economic aid to North Vietnam during the same period.

Secondly, the new evidence suggests that American intelligence estimates of economic aid flowing into the DRV from China, the Soviet Union, and other Communist countries were incorrect, and, as a result, Johnson administration officials were misinformed about the actual strength of the North Vietnamese economy. Misled by the inaccurate data, U.S. officials failed to understand the remarkable resilience of the DRV economy to survive U.S. bombardment. An accurate understanding of Communist bloc aid arrangements might

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have strengthened the arguments of those American officials advocating early negotiations with the DRV.

Some scholars of the Vietnam War and the Cold War believe that by 1967 the Soviet Union was far and away the biggest donor of economic aid to the DRV. Historical studies based on data from the Soviet, American, and Chinese archives suggest that China reduced its aid to the DRV in 1967 and 1968 because Hanoi had improved its relations with China's strategic and ideological rival, the Soviet Union. American intelligence estimates also claim that Moscow provided the most economic aid to Hanoi during this period.¹ These excellent historical studies and intelligence reports of the conflict in Vietnam are, however, vague in assessing Chinese and Soviet economic assistance. Scholarly accounts lack comparative Chinese and Soviet data on economic aid to the DRV and provide sketchy data from Soviet, Chinese, and American sources.² However, to their credit, CIA and State Department estimates have compared the contributions of both aid givers.³

The new economic evidence—housed at National Archives Center Number 3 (Trung Tam Luu Tru Quoc Gia 3) in Hanoi—forms part of the collection of economic documents of the DRV, which changed its name to the Socialist Republic of Vietnam in 1976. The collection includes the files of the Office of the Prime Minister (Phong Phu Thu Tuong) that contain important memorandums exchanged between the prime minister's office, the vice prime minister, and the foreign trade ministry. The collection also includes reports and recommendations written by the DRV Government Planning Committee on matters, such as negotiating tactics, to be employed during meetings with Chinese and Soviet officials, and the state of the DRV economy.

This article presents four principal arguments based on the new evidence. First, DRV government correspondence reveals that North Vietnamese negotiators played a dominant role at aid negotiations with their Communist allies and that they exercised considerable agency at these encounters during which they articulated their economic agenda and economic needs. The new evidence

1. "Assessment of a Postulated Agreement on U.S. and Soviet Actions in North Vietnam," Intelligence Memorandum, August 4, 1967, National Security File, Country File, Vietnam 3/67-6/67, Southeast Asia, Special Intelligence Material, vol. XI, box 51, Lyndon Baines Johnson Library, Austin, Texas (hereafter LBJ Library).

2. See Ilya V. Gaiduk, *The Soviet Union and the Vietnam War* (Chicago, 1996); Chen Jian, *Mao's China and the Cold War* (Chapel Hill, NC, 2001); King C. Chen, "Hanoi vs. Peking: Policies and Relations—A Survey," *Asian Survey*, 12, no. 9 (September 1972):815; Douglas Pike, *Vietnam and the Soviet Union: Anatomy of an Alliance* (Boulder, CO, 1987); Timothy J. Lomperis, *From People's War to People's Rule: Insurgency, Intervention and the Lessons of Vietnam* (Chapel Hill, NC, 1996); Daniel S. Papp, *Vietnam: The View from Moscow, Peking, Washington* (Jefferson, NC, 1981); Brantly Womack, *China and Vietnam: The Politics of Asymmetry* (Cambridge, 2006); Jan S. Prybyla, "Soviet and Chinese Economic Aid to North Vietnam," *China Quarterly*, 27 (1966): 92-93.

3. In this article, economic aid denotes nonmilitary supplies such as food, medicines, fuel, and industrial and agricultural raw materials, etc. Military aid denotes weapons, and military training and logistics.

fills a gap in the historical literature that lacks both qualitative and quantitative details of the economic negotiations from the DRV perspective. North Vietnamese documents show that DRV negotiators bluntly told Soviet and Chinese officials that some of the aid being offered was not appropriate for the needs of North Vietnam's wartime economy. They told Moscow officials that they should reduce the number of biscuit factories that the Soviet Union was keen to build in the DRV, and they told Chinese officials that they should withdraw their offer to set up units to produce fishing nets. They requested their Communist allies to set up cement factories and oil storage depots instead. Moscow and Beijing complied with these requests as each attempted to establish their sphere of influence in Vietnam.

Many excellent studies have argued that Hanoi successfully conducted a foreign policy independently of Moscow and Beijing.⁴ However, absent in the existing literature are President Ho Chi Minh's instructions to his diplomats in 1963 not to side with either Beijing or Moscow in their ideological dispute and to ensure that the DRV maintained good relations with both its allies. New Vietnamese evidence reveals the language Ho used to admonish his diplomats: when speaking to the Chinese, the diplomats should not criticize the Soviets, and vice-versa.

Attached to the North Vietnamese correspondence is a series of seven statistical tables (presented below under the section "New Economic Evidence from the Hanoi Archives") that compare the economic aid, loans, and grants given by the Communist allies in 1967 and 1968. The evidence provides fresh insights into the strength of the DRV economy and its diversified sources of economic sustenance. These materials are reliable because they were produced as a collective effort by at least four North Vietnamese government entities participating in economic aid negotiations: the prime minister's office, vice prime minister's office, foreign trade ministry, and government planning committee.

Secondly, this article argues that in 1967 and 1968, China was in fact the most important source of economic aid for the DRV. Although the Soviet Union remained an important donor of sophisticated military aid, China provided most of North Vietnam's economic aid in the form of money, food, medicines, and industrial and agricultural supplies that helped sustain North Vietnam. DRV officials thanked Beijing for providing grants rather than loans, while griping privately about the stringent conditions attached to Soviet loans. The new data reveal that twelve Communist countries provided economic aid to North Vietnam during this period.

4. See Gaiduk, *The Soviet Union and the Vietnam War*, 3; Ang Cheng Guan, *Vietnamese Communists' Relations with China and the Second Indochina Conflict, 1956-1962* (Jefferson, NC, 1997), 233; Mari Olsen, *Soviet-Vietnam Relations and the Role of China, 1949-64: Changing Alliances* (London, 2006), 1; and W. R. Smyser, *The Independent Vietnamese: Vietnamese Communism Between Russia and China, 1956-1969* (Athens, OH, 1980), 4.

The DRV relied on its allies because its underdeveloped industry could not have independently supported military campaigns as ambitious as the 1968 Tet Offensive, the 1972 Easter Offensive, and the final 1975 Ho Chi Minh Offensive that caused the fall of Saigon. The new evidence provides novel insights into the dynamics of the Sino-Soviet split and explains how Beijing and Moscow competed with each other to provide economic aid to the DRV in an attempt to extend their sphere of influence in Vietnam.⁵ For these reasons, it is important to rectify the record on the actual flow of Communist aid to the DRV.

Thirdly, this article argues that President Johnson did not receive accurate intelligence information about the economic aid flowing into the DRV. This lapse caused American officials to underestimate the extent of Chinese economic support for North Vietnam on the eve of the Tet Offensive. The failure to take into account the provision of large-scale Chinese economic aid led American officials to presume that the DRV economy was so weak that U.S. bombardment of its petroleum, oil, and lubricant facilities, and its fledgling industrial factories would suffice to make Hanoi's leaders beg for peace. To the contrary, North Vietnamese accounts show that many DRV factories surpassed their annual production targets ahead of time despite American bombardment in 1968.⁶ The new evidence from Hanoi suggests that U.S. intelligence agencies and policy-makers failed to notice important nuances in Soviet and Chinese aid to the DRV in 1967 and 1968. This article offers important nuances in North Vietnam's foreign relations with its allies in order to help scholars gain a fuller understanding of the Tet Offensive, and the Vietnam War.

A proper appreciation of the fact that the DRV economy was well supplied by its Communist allies—principally to withstand the impact of the Rolling Thunder bombing campaign—would have enabled U.S. officials to understand that bombardment would not bring Hanoi in a weakened state to peace talks. Based on these conclusions, the arguments of U.S. officials advocating early peace negotiations with the DRV might have been strengthened. It is these aspects of Communist bloc assistance to the DRV that make the years 1967 and 1968 so important in the history of the Vietnam War.

For their part, the DRV leaders obtained the result they aimed for—that the Tet Offensive should create conditions for peace talks that were favorable to Hanoi. The decision to launch the Tet Offensive should properly be seen as an integral part of the DRV's "fighting and talking" strategy that was formalized at the Thirteenth Plenary of the Central Committee, which met in Hanoi in late January 1967. The plenary set three foreign policy goals for the DRV: Gain

5. See Qiang Zhai, *China and the Vietnam Wars, 1950–1975* (Chapel Hill, NC, 2000), 149. Qiang Zhai demonstrates that during Soviet Premier Alexei Kosygin's visit to Hanoi in February 1965, the Soviets not only promised material aid to the DRV, but the Soviet delegation also included missile experts, which showed that "the Soviets were competing with the Chinese to win the allegiance of the Vietnamese Communists." Also see, Gaiduk, *The Soviet Union and the Vietnam War*, 68.

6. "Many Plants, Mines Fulfill 1968 Plans Early," *Nhan Dan*, December 6, 1968.

support from the international community in order to turn world opinion against the U.S. intervention in Vietnam; combine fighting with negotiation; and “bring into play our aggregate strength to defeat the United States.”⁷ DRV diplomat Luu Van Loi explains that the Thirteenth Plenary elevated the “diplomatic struggle” to the same level as the political and military struggle.⁸

Finally, this article revises the prevailing view that China reduced its economic aid to the DRV because Sino-DRV relations had worsened following the Tet Offensive in early 1968 because of Hanoi’s desire to explore the possibility of negotiations with the United States. Documents from the office of the prime minister of the DRV reveal that Sino-DRV economic relations thrived and were conducted in an atmosphere of trust. Beijing opposed negotiations mainly because Moscow, in pursuit of its “peaceful coexistence” policy with the United States, was at the time urging Hanoi to negotiate with Washington. Beijing feared growing Soviet influence in Vietnam would lead to the strategic encirclement of China. Driven by these concerns, Beijing continued providing large-scale economic aid to the DRV. The article also demonstrates, through empirical data, that although Soviet-DRV relations improved in the late 1960s, the Soviet Union was not the largest giver of economic aid to the DRV in the critical years of 1967 and 1968, just ahead of—and after—the Tet Offensive.

HANOI’S DIPLOMATIC STRATEGY

This article argues that China’s emergence as the biggest donor of economic aid to the DRV coincided in 1967 with a massive purge of a section of the Lao Dong party (Vietnam Workers’ party) cadre that espoused pro-Soviet views.⁹ Le Duan, the first secretary of the Lao Dong party, ensured that the DRV adhered to Chinese advice to fight the United States. Chinese Prime Minister Zhou Enlai told Le Duan during his visit to Beijing in late 1966 that North Vietnam must continue the war. Le Duan assured Zhou that Hanoi intended to end the war with “maximum advantages for itself.”¹⁰ DRV officials kept China informed about their intention of launching a major attack in 1968, but they did not give them precise details of the forthcoming Tet Offensive. China, in return, increased economic aid to show its approval of DRV policy. The roots of the Tet Offensive lie not only in the schisms within the Lao Dong party, but also in

7. Luu Van Loi, *Fifty Years of Vietnamese Diplomacy, 1945–1995* (Hanoi, 2006), 183; “A Brief Chronology of the Communist Party of Vietnam,” *75 Years of the Communist Party of Vietnam, (1930–2000): A Selection of Party Documents from Nine Party Congresses* (Hanoi, 2005), 1281.

8. See Luu Van Loi’s comments in Robert McNamara et al., *Argument without End* (New York, 1999), 287.

9. Lien-Hang T. Nguyen, “The War Politburo: North Vietnam’s Diplomatic and Political Road to the Tet Offensive,” *Journal of Vietnamese Studies* 1 (February 2006): 4–58.

10. See Qiang Zhai, *China and the Vietnam Wars, 170–71*. While China and the DRV agreed that the Vietnamese revolutionaries must fight the United States, they disagreed on the military strategy to be used. Beijing disapproved of DRV military strategy of seeking a relatively speedy victory, and wanted Hanoi to pursue protracted war.

China's aggressive economic aid deliveries that enabled the DRV economy to sustain a military campaign as ambitious in scope as the Tet Offensive.

Communist bloc aid was critically necessary for the survival of the DRV economy. North Vietnam's "resistance economy"¹¹—a phrase used by the Lao Dong party to describe the troubled wartime economy—faced prolonged crisis from 1965 to 1975, as annual industrial production grew at only 3.9 percent, and the agricultural sector stagnated as the DRV government told young people to serve in the war front.¹² In 1960, the DRV saw its economy as "an integral part of the world socialist economic system" and candidly admitted that it needed economic assistance from the Soviet Union, China and other Communist countries.¹³ In telegrams to Soviet and Chinese leaders, in speeches at the National Assembly, and at congresses of the Lao Dong party, the leaders in Hanoi regularly praised their Communist allies for extending economic aid. These gestures were necessary because from 1965 to 1967 the DRV depended on foreign aid for 60 percent of its annual budget.¹⁴ Hanoi officials thanked Beijing for providing economic aid in the form of grants rather than loans, while griping privately about the tough conditions attached to Soviet loans that required repayment.

At the same time, DRV leaders believed that the Soviet Union was undermining the Vietnamese revolution by carrying on its own rapprochement with the United States. As for China, the DRV leaders were aware of Beijing's tacit agreement with the United States that both sides would exercise restraint.¹⁵ In April 1965, Chinese Premier Zhou sent a message to the Johnson administration saying that China would not provoke a war against the United States. Zhou said, "We Chinese mean what we say," but he also warned, "China is prepared."¹⁶

The leaders of the DRV worried that the Sino-Soviet split that erupted in the late 1950s had hurt Hanoi's interests. Le Duan speculated that had the Soviets and the Chinese been on better terms, the United States might not have

11. *75 Years of the Communist Party of Vietnam, (1930–2000): A Selection of Party Documents from Nine Party Congresses*, 172.

12. *Ibid.*, 51.

13. *Ibid.*, 203–04.

14. Thu, Hoang Van Diem, Phong Phu Thu Tuong, den Pho Thu Tuong Pham Hung, trang 16, ho so 8306, v/v phai doan kinh te chinh phu Viet Nam do Pho Thu Tuong Le Thanh Nghi lam truong doan di dam phan kinh te voi cac nuoc XHCN nam 1968, Phong Phu Thu Tuong (PPTT, Prime Minister's Office), Trung Tam Luu Tru Quoc Gia 3 [Memorandum, Hoang Van Diem, Prime Minister's Office to Vice Prime Minister Pham Hung, undated, p. 16, folder 8306, Economic Delegations of the Government of Vietnam led by Vice Prime Minister Le Thanh Nghi to Negotiate with Socialist Countries in 1968], TTLTQG3, National Archives Center Number 3, Hanoi, Vietnam (hereafter National Archives Center).

15. See "Document: Comrade B on the Plot of the Reactionary Chinese Clique against Vietnam," Army Library, Hanoi, Vietnam (hereafter Army Library). Document translated by Christopher E. Goscha, in *Behind the Bamboo Curtain: China, Vietnam, and the World beyond Asia*, ed. Priscilla Roberts (Washington, DC, 2006), 477.

16. Discussion between Zhou Enlai and Ayub Khan, April 2, 1965, The Vietnam (Indochina) War(s), Cold War International History Project, Virtual Archive, <http://www.wilsoncenter.org> (accessed December 10, 2008).

embarked on the military adventure in Vietnam. Le Duan suggested that if the two Communist giants had united to help the DRV, the United States might not have “dared to have fought us in the way in which they did. They would have balked from the very beginning. They would have [acted] in the same way during the Kennedy period.” Le Duan implied that during the Kennedy years North Vietnam, China, and the Soviet Union supported Laos, and the United States immediately signed the Geneva Agreement on Laos in July 1962, which called for a peaceful, neutral and independent Laos.¹⁷

Over the course of the Vietnam War, North Vietnam’s diplomatic relationship with China and the Soviet Union wavered turbulently. Never naïve, North Vietnamese leaders were realists who shared with the people of Vietnam feelings of distrust for China that stemmed from ten centuries of Han Chinese rule over Vietnam. The relatively smaller North Vietnam could not afford to remain on bad terms with the much larger China, and DRV leaders used Chinese assistance to their advantage in the war against the United States. As for the Soviet Union, Ho revered Lenin and considered Leninism his country’s guiding star. However, the outbreak of the ideological dispute between Moscow and Beijing placed Ho in a difficult position. The North Vietnamese leadership came under pressure from the Soviet Union and China to follow their advice on issues such as how the DRV should deal with the United States and whether the DRV should align itself with Soviet or Chinese Communist policies. Ho could not afford to take sides in the dispute because it could jeopardize the flow of aid from the side that he neglected. Ho attempted to straddle the middle most of the time; however, he would occasionally tilt toward one side or the other.

The North Vietnamese leadership needed the assistance of their Communist allies as the DRV confronted the daunting task of reconstructing the north and unifying the south following the Geneva Conference in July 1954. China was willing to provide economic aid to revive the north’s paralyzed transportation system, revive agriculture and the urban economy, and upgrade the armed forces. During Ho’s official visit to Beijing as the DRV head of state in June and July 1955, China agreed to provide the DRV with an 88 million yuan grant in order to build eighteen projects such as the Haiphong cement factory, the Hanoi electricity generating station, and the Nam Dinh cotton mill.¹⁸ Premier Zhou assured Ho of continued Chinese aid, but he advised Ho that the DRV should also seek assistance from other Communist countries because of China’s own development needs and limited resources. In July 1955, Ho visited the Soviet Union where he won a 400 million-ruble grant to construct twenty-three industrial and public service projects.¹⁹ At this stage in the Vietnamese struggle, the Soviet Union wanted Hanoi to pursue a peaceful path to reunification by

17. “Document: Comrade B on the Plot of the Reactionary Chinese Clique against Vietnam,” 477, Army Library.

18. Qiang Zhai, *China and the Vietnam Wars*, 70–71.

19. *Ibid.*, 73.

scrupulously adhering to the terms of the Geneva Agreement. Soviet leader Joseph Stalin wanted to avoid deeper involvement in Vietnam because he did not think Ho Chi Minh had bright chances of success. Moreover, Stalin was preoccupied with events in Europe (principally the Greek Civil War and Soviet difficulties in Europe resulting from the application of the Truman Doctrine), and he expected Beijing to play the leading role as a “foreign policy subcontractor” in Vietnam.²⁰ China also wanted Vietnamese reunification, but Chinese leaders accepted the reality that reunification would not be peaceful.²¹

By 1956, the North Vietnamese leaders believed that their country could only make progress through industrialization and that in order to earn hard currency, it must export what was produced by the domestic industry. As a result, they could no longer rely entirely on China for aid, so they turned to the Soviet Union because China alone could not meet the DRV's massive needs for technical assistance. When the Lao Dong party discussed the shift, sharp differences erupted between proponents of a peaceful struggle and advocates of armed struggle at the Ninth Plenary Session of the Lao Dong party Central Committee in April 1956. The Lao Dong party was in turmoil following the Twentieth Congress of the Communist Party of the Soviet Union in February 1956 when Soviet leader Nikita Khrushchev advocated “peaceful coexistence” with the capitalist West. In a speech to the closing session of the plenary on April 27, Ho voiced concern about differences within the party leadership, which could weaken collective leadership if left unresolved.²² Riven by ideological and policy-oriented disputes, the DRV relied principally on Moscow and Beijing (and to a lesser extent on other Communist bloc nations) for financing more than 50 percent of the annual budget in 1957.²³ Vietnamese documents reveal that the DRV's reliance on Chinese and Soviet financial aid grew substantially, to the point that these two countries financed 60 percent of the DRV budget from 1965–67.

A moderate “North-first” group advocated strengthening communism in the north as the proper way to peacefully unify the country. A radical “South-first” faction demanded that the country be unified using military force combined with a “fight and negotiate” strategy. The “South-first” group, led by Le Duan, the prominent leader of the revolution in the south, believed that Hanoi officials prioritized the long-term interests of the north ahead of the liberation of the south.²⁴ The “South-firsters” argued that for the “fight and negotiate” strategy

20. See Olsen, *Soviet-Vietnam Relations and the Role of China*, 4, 55; Pike, *Vietnam and the Soviet Union: Anatomy of an Alliance*, 34, 71; Womack, *China and Vietnam: The Politics of Asymmetry*, 165; Qiang Zhai, *China and the Vietnam Wars*, 73.

21. Womack, *China and Vietnam: The Politics of Asymmetry*, 173.

22. Qiang Zhai, *China and the Vietnam Wars, 1950–1975*, 78; Ang Cheng Guan, *Vietnamese Communists' Relations with China and the Second Indochina Conflict, 1956–1962*, 26; N. Khac Huyen, *Orbis*, Vol. 13, no. 4 (1970): 1188.

23. Olsen, *Soviet-Vietnam Relations and the Role of China*, 77.

24. Ang Cheng Guan, *The Vietnam War from the Other Side: The Vietnamese Communists' Perspective* (London, 2002), 138.

to succeed, the fighting must be sustained so that the DRV improved its position at negotiations. The “South-first” group enthusiastically accepted China’s advice that the DRV pursue a military strategy against the United States in preference to Soviet advice to negotiate a settlement.²⁵ Hanoi used negotiations for three purposes: to gain international support, make Washington halt its bombing, and to conceal its military plans. For instance, DRV Foreign Minister Nguyen Duy Trinh said on the eve of the Tet Offensive that Hanoi was willing to hold negotiations.²⁶

The “North-first” group, consisting of senior party leaders such as Truong Chinh and Hoang Van Hoan, argued that because the DRV had already sustained heavy losses in the war against France, a protracted war was better.²⁷ Although details of the debates and membership of the two factions are still unclear, there is much evidence to show that the party made a concerted effort to resolve internal differences. For instance, at the Eleventh Plenary of the Lao Dong party in December 1956, the party leadership decided that the concerns of both groups should be integrated. The party explained that any policy that neglected development in the north for the sake of liberating the south, or focused on consolidating the north without paying attention to winning over the south, was bound to harm the entire revolution. At the same time, the party’s theoretical journal, *Hoc Tap*, provided the rationale not to postpone the socialist transformation of the north until after the “liberation” of the south. The journal argued that because the economic and political development of the north was the key task, the party must not allow the liberation of the south to detract from the requirement of consolidating the north.²⁸ Truong Chinh—who lost his position as first secretary of the Lao Dong party at the end of 1956 due to his involvement in the disastrous land reform program but still retained his politburo post—reiterated in a speech in May 1968 that the task of building a socialist economy in the north was both urgent and crucial.²⁹

In order to accommodate the concerns of both factions, the North Vietnamese leaders adopted a policy of implementing both revolutions, in the north and the south. Ho announced specific goals to build the northern economy despite the war against the United States in a speech to the Third Congress of the Lao Dong party in September 1960. Ho set a series of economic targets for the First Five Year Plan (1961–65): raising industrial production by 148 percent during the five-year period over the 1960 level, and increasing agricultural production

25. “The Militant and Moderate Elements in the North Vietnamese Communist Party,” CIA Memorandum, December 1, 1965, online database of CIA declassified documents at the National Archives and Records Administration, College Park, Maryland (hereafter NARA).

26. Qiang Zhai, *China and the Vietnam Wars, 1950–1975*, 168.

27. Ang Cheng Guan, *The Vietnam War from the Other Side: The Vietnamese Communists’ Perspective*, 138.

28. Carlyle Thayer, *War By Other Means: National Liberation and Revolution in Viet Nam, 1954–60* (Sydney, Australia, 1980), 101.

29. Ang Cheng Guan, *The Vietnam War from the Other Side: The Vietnamese Communists’ Perspective*, 138.

by 61 percent over the 1960 level. Ho also announced plans to restructure the northern economy: while in 1960 agriculture made up 60 percent of the economy and industry 40 percent, by 1965 industry's share was targeted to rise to 51 percent, and the share of agriculture was supposed to decline to 49 percent.³⁰

In the early years of the factional dispute within the Lao Dong party when Ho still exercised authority, Ho tutored DRV diplomats that they must not get drawn into the Sino-Soviet dispute. But this did not mean that the DRV leaders kept silent. For instance, DRV Defense Minister Vo Nguyen Giap praised the Soviet Union for resolving the Cuban missile crisis in 1962, and even though he had no love lost for China, he praised Beijing for solving the border dispute with India in the same year.³¹ At the Ninth Plenary Session of the Lao Dong party's Third Central Committee in 1963, Ho stressed the importance of solidarity, and to not "pass on blame," and to "ensure that within the party and the people, everyone will preserve the love and gratitude of our fraternal countries." At the same time, he added: "We must not consider that disharmony is something unusual."³²

Ho attempted to prevent Sino-Soviet rivalry from adversely affecting Communist economic and political support for the DRV, which would hinder the DRV's goal of reunification. According to *Ngoai Giao Viet Nam, 1945–2000* (Diplomacy of Vietnam), an official diplomatic history released in 2005, an axiom of North Vietnamese diplomacy was that in order to fight against a "powerful imperialist power," such as the United States, Vietnam needed Communist countries to provide economic aid and political support. To maintain solidarity between the Soviet Union and China, Ho directed his ambassadors posted in foreign countries to "talk to the Soviet diplomats but absolutely not make any negative comments about China." At the same time "when talking with Chinese diplomats our ambassadors absolutely must not make any negative comments about the Soviet Union. They should talk about the contribution to the solidarity of the Soviet Union and China." Ho even instructed DRV diplomatic personnel how they should behave in the presence of Soviet and Chinese diplomats. The Vietnamese diplomats, Ho insisted, "should be calm and not have an unfavorable attitude."³³

Through these diplomatic efforts, North Vietnam received grant aid from China and interest-free loans from the Soviet Union. In particular, North Vietnam relied on sophisticated military aid from the Soviet Union and the Communist bloc, while southern China served as a rearguard for training troops, logistics, and transport. As Moscow and Beijing competed for influence

30. 75 *Years of the Communist Party of Vietnam, (1930–2000) A Selection of Party Documents from Nine Party Congresses*, 222–29.

31. N. Khac Huyen, *Orbis* 13, no. 4 (1970): 1193–94.

32. Nguyen Dy Nien, *Ho Chi Minh Thought on Diplomacy* (Hanoi, 2004), 123.

33. *Ngoai Giao Viet Nam, 1945–2000* (Hanoi, 2005), 210–12.



Figure 1: Chinese Communist Party Chairman Mao Zedong (right) sharing a personal moment with North Vietnamese President Ho Chi Minh (left) in Beijing during Ho's visit to China for rest and recuperation in 1961. Photo courtesy of the Vietnam News Agency, Hanoi.

in Vietnam and the wider Southeast Asian region, Hanoi exploited their rivalry to obtain the support both of the Soviet “revisionists” and Chinese “hegemonists.”³⁴

When the United States intensified the war in early 1965, Chinese aid became crucially important to the DRV as did Chinese assurances that Beijing would intervene on the side of the DRV if the United States expanded its operations above the demilitarized zone. Chinese Communist Party (CCP) Chairman Mao Zedong considered the widening war in Vietnam a useful opportunity to mobilize revolutionary zeal in China to support his domestic policies at a time when Mao was embroiled against his pragmatic rivals in the CCP (Figure 1). So, when Ho visited China in May 1965, Mao readily agreed to provide everything the DRV needed to build roads connecting China and North Vietnam, and improve the Ho Chi Minh Trail.³⁵

As long as Ho played an active role in the party, the internal divisions rarely threatened the stability of the party, government, or the military largely because Ho refused to identify himself with any party faction, and personally remained neutral in the Sino-Soviet dispute. Ho achieved a semblance of neutrality by exploiting his immense personal popularity and carefully balancing one group against the other.³⁶ By 1963, as an ailing Ho withdrew himself from decision making, the militant faction grew powerful under the guidance of Le Duan, who

34. Gaiduk, *The Soviet Union and the Vietnam War*, 68.

35. William J. Duiker, *Ho Chi Minh* (New York, 2000), 546.

36. See *75 Years of the Communist Party of Vietnam, (1930–2000) A Selection of Party Documents from Nine Party Congresses*, 324. The Congress urged the party cadre to consolidate the “unshakeable friendship between our country and the brother Socialist countries.” Also see

packed the central committee with his followers, thereby establishing control over the party's propaganda and training departments.

As a result, there was much discontent in the pro-Soviet faction that included ministers, central committee members, national assembly delegates, officers of the People's Army of Vietnam, journalists, doctors, and professors. Arrests of these elements began in 1967 under the so-called Revisionist Anti-Party Affair.³⁷ Many were singled out for their pro-Soviet views. The historian Lien-Hang T. Nguyen has argued that the purge caused the Soviets to ease their pressure on Hanoi to enter into negotiations with the United States and reassured the Chinese who feared the DRV was leaning heavily toward Moscow. The purge prepared the ground to launch the Tet Offensive because it enabled Le Duan to gather the party's support for his policy to launch a general uprising in the south.³⁸

The DRV felt it necessary to launch a massive military campaign because its leaders were worried that large-scale American intervention had dealt a blow to Hanoi's timetable for victory and had imposed huge demands on its human and material resources. The historian George Herring has argued that the intensity of the Sino-Soviet split raised fears among DRV leaders that should the military stalemate between the forces of North Vietnam and the United States be prolonged, the Chinese or the Soviets might intervene.³⁹ This would force the DRV into dependence on one or the other Communist ally, both of whom sought to advance their own interests, not the interest of Hanoi. Le Duan spelled out the strategy underlying the Tet Offensive in a January 1968 letter to southern Communist comrades: the primary objective of the offensive was to "deal him [the United States] thundering blows so as to change the face of the war, further shake the aggressive will of U.S. imperialism," and compel the United States to change its strategy, and deescalate the war.⁴⁰ For the DRV, the offensive was both military disaster and psychological triumph to the extent that it shattered the illusion created by U.S. officials that a U.S. victory was imminent.

Historians have shown that China criticized the DRV's decision to negotiate with the United States in April 1968 and that Beijing characterized the peace talks as a fraud and accused Moscow of colluding with the United States to

Nguyen Dy Nien, *Ho Chi Minh Thought on Diplomacy*, 123; Qiang Zhai, *China and the Vietnam Wars, 1950-1975*, 86-91.

37. Lien-Hang T. Nguyen, "The War Politburo: North Vietnam's Diplomatic and Political Road to the Tet Offensive," *Journal of Vietnamese Studies* 1, no. 2 (2006): 4-58.

38. Lien-Hang T. Nguyen, "'Between the Storms': North Vietnam's Strategy during the Second Indochina War (1955-1973)" (PhD. diss., Yale University, 2008), in *Dissertations and Theses: A&I* [database online], <http://www.proquest.com.libaccess.lib.mcmaster.ca> (publication no. AAT 3317185) (accessed January 27, 2009), 12.

39. *The Secret Diplomacy of the Vietnam War: The Negotiating Volumes of the Pentagon Papers*, ed. George C. Herring (Austin, TX, 1983), 520.

40. Ang Cheng Guan, *The Vietnam War from the Other Side: The Vietnamese Communists' Perspective*, 126-27.

betray the North Vietnamese.⁴¹ Chinese newspapers deliberately omitted news of U.S.-DRV peace talks in Paris, and China tried to dampen Hanoi's determination to negotiate by obstructing Soviet trucks and trains carrying aid to the DRV across Chinese territory.

The DRV kept Beijing and Moscow in suspense about Hanoi's support for their policies. On the one hand, Hanoi publicly approved of the Soviet invasion of Czechoslovakia in August 1968 on the grounds that Moscow could not tolerate the revisionist regime of Alexander Dubcek that was implementing liberal reforms to challenge the domination of the Communist party of Czechoslovakia and because Hanoi could not accept a challenge to the authority of the Communist party in power. On the other hand, the DRV was deeply skeptical of the Soviet claim to universal supervisory rights over other Communist parties.⁴² The Soviet leaders took Hanoi's public support of Moscow as a reorientation of DRV policy toward a closer alliance with the Soviet Union and greater independence from China, whose leaders had strongly condemned the Soviet invasion.⁴³ As a result of Hanoi's loyalty, Moscow actively promoted the idea that the Paris talks would be a success.⁴⁴ Although they supported the Soviet invasion of Czechoslovakia, the DRV leaders kept pursuing a difficult policy of maintaining harmonious relations with both Moscow and Beijing.

In mid-1968, Le Duan began arguing against Soviet advice that the DRV negotiate with the United States. In articles published in North Vietnamese journals, Le Duan warned against the dangers of "modern revisionism," while at the same time supporting Beijing's continuing nuclear tests in opposition to the partial nuclear test ban treaty.⁴⁵ After Ho's death the following year, Le Duan continued Ho's tradition of pursuing a foreign policy line independent of Moscow and Beijing, while attempting to maintain good relations with both. Hanoi had been able to effectively play one ally against the other during the Sino-Soviet split from 1957 to 1971 in order to ensure support from both; however, Hanoi was not able to accomplish this difficult task during the post-1971 period of Soviet and Chinese détente with the United States. Regardless of the improvement in U.S. relations with Hanoi's allies, the DRV leaders were able to maintain their independence from the two major Communist powers.

NEW ECONOMIC EVIDENCE FROM THE HANOI ARCHIVES

As many as twelve Communist countries provided economic aid to the DRV in 1967 and 1968, but senior DRV economic officials rejected some types of aid

41. Gaiduk, *The Soviet Union and the Vietnam War*, 168; Smyser, *The Independent Vietnamese: Vietnamese Communism between Russia and China*, 100.

42. Smyser, *The Independent Vietnamese: Vietnamese Communism between Russia and China*, 105.

43. Qiang Zhai, *China and the Vietnam Wars, 1950-1975*, 174.

44. Gaiduk, *The Soviet Union and the Vietnam War*, 177.

45. "Le Duan and the Post-Ho Chi Minh Leadership," CIA Intelligence Report, April 1974, online database of CIA declassified documents, NARA.

that they judged did not meet North Vietnam's needs. Hoping to attract the more appropriate kind of economic and technical assistance, DRV officials informed the Communist allies of their plans to build both heavy and light industrial infrastructure in the north.

North Vietnamese economic officials bluntly told their Communist allies that some of the aid being offered was not appropriate for the needs of the DRV's wartime economy. Vice Minister of Foreign Trade Hoang Van Diem told Vice Prime Minister Pham Hung that the Soviet offer to build several biscuit factories ought to be reduced to just three. Diem argued that the DRV needed Soviet help to build factories to make engines, develop metallurgy, and an agricultural university (Figure 2). Diem informed Hung that the Soviet Union would build two oil storage tanks of 50,000 cubic meters and 25,000 cubic meters.⁴⁶ Soviet reluctance to provide big-ticket projects stemmed from worries that they might be destroyed by U.S. bombardment. The Soviets initially complied with DRV requests for urgent supplies of industrial equipment to restore factories destroyed by U.S. bombing. Eventually, the Soviets began rejecting such requests because the DRV stored much of the equipment for future use, ignoring that it might become obsolete. However, it is unlikely that the equipment would become outdated in just a couple of years. Soviet officials also objected to industrial supplies, such as machine tools and electric turbines, being improperly stored in the open where they were rusting into junk.⁴⁷ Soviet negotiators refused to accept DRV requests for fuel, iron, and electrical wiring.⁴⁸ From their perspective, most of the proposed projects were too costly and would not contribute to economic development.

North Vietnam gladly accepted China's offer of spare parts worth 20 million rubles, as well as assistance to build an insecticide factory. However, North Vietnam rejected a Chinese offer to build two factories to produce fishing nets, which could be imported from "capitalist countries." Taking note of the German Democratic Republic's technological prowess, Diem reported that East Berlin would help Hanoi set up factories to make paper and textile machinery. He recommended scaling down—from thirty to ten—a Polish offer to set up bread-making factories, and proposed instead that Poland include a cement factory. Hungary would build ten bread factories, Diem said. In order to boost commercial links, the DRV and Poland signed an agreement on trade and payments in February 1965 in Warsaw. Under this barter arrangement, the

46. Thu, Hoang Van Diem, Phong Phu Thu Tuong, den Pho Thu Tuong Pham Hung, trang 6-8, ho so 8306, v/v phai doan kinh te chinh phu Viet Nam do Pho Thu Tuong Le Thanh Nghi lam trung doan di dam phan kinh te voi cac nuoc XHCN nam 1968 [Memorandum, Prime Minister's Office to Vice Prime Minister Pham Hung, undated, pp. 6-8, folder 8306, Economic Delegations of the Government of Vietnam led by Vice Prime Minister Le Thanh Nghi to Negotiate with Socialist Countries in 1968], PPTT, TTLTQG3, National Archives Center.

47. Gaiduk, *The Soviet Union and the Vietnam War*, 70.

48. *Ibid.*, 88-95.



Figure 2: Soviet Prime Minister Alexei Kosygin (left) delivering a speech at an official banquet in Hanoi on February 6, 1965, in a display of solidarity with President Ho Chi Minh (center), and Prime Minister Pham Van Dong (right). Photo courtesy of the Vietnam News Agency, Hanoi.

DRV would deliver to Poland anthracite, tin, groundnuts, processed agricultural products, textiles, handicrafts, and items of art. In exchange Poland would supply Vietnam with iron, steel, machinery, vehicles and spare parts, chemicals, and medicines.⁴⁹ Moreover, in 1967 the German Democratic Republic (GDR) and the DRV “intensified” their cooperation, according to DRV Foreign Trade Minister Phan Anh. The GDR supplied transportation and communication equipment, machine tools, electricity generators, and precision engineering machines.⁵⁰

DRV officials were displeased with Czechoslovakia’s offer to produce bicycles in the DRV because they were counting on receiving Czech assistance to build a freshwater plant, an electricity plant, and an engine-making factory. But DRV officials decided not to impose requests on Czechoslovakia, which was unable to provide the required aid owing to internal economic problems. Rumania had offered to build ten wineries and ten biscuit factories in the DRV, and Bulgaria would set up honey-making farms. Aid from these countries helped

49. Trade, Payments Agreement with Poland Signed, February 23, 1965, Records of the CIA, Record Group (RG) 263, FBIS [Foreign Broadcast Information Service] Daily Reports, 2/1/65–2/26/65, Far East, box 2, NARA.

50. Trade Minister Says East German Aid Effective, December 29, 1967, CIA, RG 263, FBIS Daily Reports, Far East, box 145, NARA.

Table 1: Aid and Loans Received by the Democratic Republic of Vietnam⁵¹

COUNTRY	1967 (million rubles)	1968 (million rubles)
Soviet Union	115	150
China	157	205
North Korea	5.3	5.7
Poland	15.1	28.4
German Democratic Republic	32	39
Hungary	9	17
Czechoslovakia	8	14
Rumania	21.5	25
Bulgaria	5.5	9
Albania	2	2
Mongolia	1	1
Cuba	3	7

the North Vietnamese economy survive U.S. aerial bombardment of its fledgling petroleum, oil, and lubricant facilities, as well as its modest engineering and cement factories.

Chinese economic aid in 1967 and 1968 far exceeded the combined aid given by ten other Communist countries, including North Korea, Poland, the German Democratic Republic, Hungary, Czechoslovakia, Rumania, Bulgaria, Albania, Mongolia, and Cuba. The ten allies collectively contributed more than 102 million rubles in 1967, and more than 148 million rubles in the following year (Table 1). In these two years, the economic aid given by these ten countries almost matched Soviet aid. Contrary to existing historiography—which either claims the Soviet Union was the biggest aid donor to the DRV, or neglects to provide comparative data on Soviet and Chinese economic aid to Vietnam—Chinese economic aid and loans to North Vietnam exceeded Soviet economic aid by about 37 percent, from 1967 to 1968.

In 1967, China gave North Vietnam 157 million rubles in new economic aid, while the Soviet Union gave only 13 million rubles (Table 2). The following year, China gave 205 million rubles in aid, while the Soviet Union gave a paltry 2 million rubles. It is important to note that most of the Chinese economic aid was in the form of grants that did not require repayment. While the Soviet Union gave loans worth 102 million rubles and 148 million rubles in

51. Ban do kinh te, trang 10, ho so 8306, v/v phai doan kinh te chinh phu Viet Nam do Pho Thu Tuong Le Thanh Nghi lam trung doan di dam phan kinh te voi cac nuoc XHCN nam 1968 [Economic table, p. 10, folder 8306, Economic Delegations of the Government of Vietnam led by Vice Prime Minister Le Thanh Nghi to Negotiate with Socialist Countries in 1968], PPTT, TTLTQG3, National Archives Center.

Table 2: Aid and Loans Given by Communist Countries to the Democratic Republic of Vietnam, and Foreign Trade between Them (in million rubles)⁵²

COUNTRY	NEW AID		NEW LOANS		FOREIGN TRADE	
	1967	1968	1967	1968	1967	1968
Soviet Union	13	2	102	148	18	10
China	157	205	0	0	13	4.2
North Korea	5.3	5.7	0	0	1	0.3
Poland	0	6	15.1	22.4	3.3	3.6
German Democratic Republic	20	30	12	9	3.3	4
Hungary	0	4.5	9	30	1.5	0.8
Czechoslovakia	0	9	8.7	5	5.4	3.2
Rumania	21.5	25	0	0	0.5	0.2
Bulgaria	1.2	1.2	4.3	7.8	1.4	1.3
Albania	2	2.3	0	0	0.13	0.3
Mongolia	1	1	0	0	0.6	0.6
Cuba	3	7.2	0	0	1.3	0.4

1967 and 1968, respectively, China did not extend loans but generously gave grants.

The only area where the Soviet Union had a slight edge over China was in foreign trade. Chinese trade with the DRV suffered a slump due to turmoil in China caused by the Cultural Revolution from 1966 to 1969. The Soviet Union traded more goods and commodities with the DRV than China in 1967 and 1968. Trade between the Soviet Union and the DRV in 1967 amounted to 18 million rubles, or 5 million rubles more than trade between China and the DRV. The following year, trade between the DRV and the Soviet Union fell to 10 million rubles, while trade with China declined further to about 4 million rubles.

What is significant, but often underestimated, is the contribution of ten other Communist allies, such as Czechoslovakia, Poland, and East Germany, whose collective two-way trade with the DRV was more than 18 million rubles in 1967 and more than 14 million rubles the following year. Collectively, their trade exceeded both Soviet and Chinese trade with the DRV. For their part, the Soviets gave double the number of engines that China did, but both countries contributed almost the same volume of metals. Soviet superiority existed only in volume and not in ruble value. China sent fibers, food, and medicine to North Vietnam, while the Soviets shipped fertilizer (Table 3).

52. Ban do kinh te, trang 11, ho so 8306, v/v phai doan kinh te chinh phu Viet Nam do Pho Thu Tuong Le Thanh Nghi lam truong doan di dam phan kinh te voi cac nuoc XHCN nam 1968 [Economic table, p. 11, folder 8306, Economic Delegations of the Government of Vietnam led by Vice Prime Minister Le Thanh Nghi to Negotiate with Socialist Countries in 1968], PPTT, TTLTQG3, National Archives Center.

Table 3: Aid to the Democratic Republic of Vietnam from the Soviet Union and China⁵³

Unit		SOVIET UNION			CHINA		
		1965–66	1967	3 Years' Total	1965–66	1967	3 Years' Total
Engines	Nos.	272	200	472	262	0	262
Electric engines	Nos.	811	315	1,126	250	200	450
Autos	Nos.	2,971	5,173	8,144	1,300	520	1,820
Metals	Tons	86,600	53,000	139,600	69,796	40,000	109,796
Fibers	Tons	3,250	4,000	7,250	17,250	17,250	34,500
Textiles	Million meters	12	9	21	13	15	28
Fertilizer	Tons	107,000	120,000	227,000	0	0	0
Food	10,000 tons	NA	20	20	25	45	70
Medicine	Million rubles	1.6	4	5.6	4.7	2.4	7.1
Fuel	Tons	250,000	170,000	420,000	NA	NA	NA

The DRV relied heavily on foreign aid from its Communist allies to finance its annual budget. China again contributed more than the Soviet Union. According to a note attached to the above-mentioned memorandum by Vice Minister of Foreign Trade Hoang Van Diem, economic aid and loans from Communist countries financed 60 percent of the DRV government budget over a three-year period from 1965 to 1967. Of this amount, China financed 24 percent of the budget, while the Soviet Union doled out 20 percent.

Financial aid given by the major Communist allies falls into a similar pattern. Between 1965 and 1967, China gave North Vietnam more than 461 million rubles, 140 percent more than what the Soviets gave in the same period (Tables 4 and 5). Putting these figures into context, Soviet economic aid to North Vietnam from 1955 to 1964 amounted to 311.62 million rubles, while Chinese aid was worth 360.23 million rubles. Even though Soviet loans and grant aid from 1965 to 1967 soared to 192.17 million rubles (or 61 percent of the previous ten years), Chinese loans and aid in the same period were worth 461.51 million rubles (or 128 percent of the previous ten years).

Scholars have not sufficiently acknowledged North Vietnam's own efforts to increase its exports despite many difficulties such as a lack of materials, manufactures, and transportation. Exports, which stood at 96 million rubles before 1954, fell to 90 million rubles by 1965, before bottoming out at 45 million rubles in 1967. North Vietnam's aid-dependent economy was mired in trade deficits as

53. Ban do kinh te, trang 16, ho so 8306, v/v phai doan kinh te chinh phu Viet Nam do Pho Thu Tuong Le Thanh Nghi lam trung doan di dam phan kinh te voi cac nuoc XHCN nam 1968 [Economic table, p. 16, folder 8306, Economic Delegations of the Government of Vietnam led by Vice Prime Minister Le Thanh Nghi to Negotiate with Socialist Countries in 1968], PPTT, TTLTQG3, National Archives Center.

Table 4: New Aid from the Soviet Union to the Democratic Republic of Vietnam in 1965–67 (in million rubles)⁵⁴

YEARS	NEW AID	NEW LOANS	TOTAL
1965	33.7	0	33.7
1966	42.5	13.97	56.47
1967	—	102	102
TOTAL	76.2	115.97	192.17

Soviet aid and loans from 1955 to 1964 were 311.62 million rubles. Soviet aid and loans from 1965 to 1967 were 192.17 million rubles.

Table 5: New Aid from China to the Democratic Republic of Vietnam in 1965–67

YEARS	NEW AID	NEW LOANS	TOTAL
1965	1 billion yuan	0	1 billion yuan (230 million rubles)
1966	0	85 million rubles	85 million rubles
1967	630 million yuan	—	630 million yuan (146.51 million rubles)
TOTAL	1.630 billion yuan	85 million rubles	461.51 million rubles

Chinese aid and loans from 1955 to 1964 were 1.54 billion yuan (360.23 million rubles). Chinese aid and loans from 1965 to 1967 were 461.51 million rubles.

total imports of 974 million rubles from 1965 to 1967 surged ahead of exports that were scarcely above the 100 million-ruble mark.⁵⁵

Nor have historians described the internal process by which DRV economic planners prepared for aid negotiations with Communist countries. As a result, DRV officials appear to have had no voice in the negotiations. The new evidence shows that North Vietnamese diplomats and senior economic officials entered into negotiations well prepared. The DRV's chief concern was meeting the urgent need for imported goods and materials in 1968 and preparing economic plans for 1969. Immediate plans called for signing long-term aid agreements with the Soviet Union and Eastern European countries at a time when DRV officials expected the war in South Vietnam and the bombing of North Vietnam to continue more aggressively. Vietnamese officials anticipated that the request for aid to be made upon the Soviet Union and China would increase by 10 percent, while the request on other Communist countries would remain the same, in view of the parlous condition of many of those countries.

54. Ban do kinh te, trang 17, ho so 8306, v/v phai doan kinh te chinh phu Viet Nam do Pho Thu Tuong Le Thanh Nghi lam truong doan di dam phan kinh te voi cac nuoc XHCN nam 1968 [Economic table, p. 17, folder 8306, Economic Delegations of the Government of Vietnam led by Vice Prime Minister Le Thanh Nghi to Negotiate with Socialist Countries in 1968], PPTT, TTLTQG3, National Archives Center.

55. Thu, den Hoang Van Diem, Phong Phu Thu Tuong, 21.3.1967, trang 18–29, ho so 8306, v/v phai doan kinh te chinh phu Viet Nam do Pho Thu Tuong Le Thanh Nghi lam truong doan di dam phan kinh te voi cac nuoc XHCN nam 1968 [Memo, to Hoang Van Diem, Prime Minister's Office, March 21, 1967 pp. 18–29, folder 8306, Economic Delegations of the Government of Vietnam led by Vice Prime Minister Le Thanh Nghi to Negotiate with Socialist Countries in 1968], PPTT, TTLTQG3, National Archives Center.

The DRV Government Planning Committee made three important points about the state of the economy in a June 1967 document entitled "Report on Economic Issues to be Negotiated with Socialist Countries in 1968."⁵⁶ First, after the U.S. bombing of North Vietnam started, aid provided by Communist countries had increased two-and-a-half times compared to three years earlier. Food deliveries by these countries, which had a 20 percent share of total imports over the past few years, had helped stave off hunger. Secondly, the report stressed the need to ask the Soviet Union for financial support to the tune of 4.5 million rubles a year, plus another 10 to 12 million rubles a year to support Vietnamese agricultural cooperatives, and a 12 million ruble loan to achieve coal production of 1.8 million tons a year. Thirdly, the report commented that in 1967, only China, the GDR, Rumania, and Cuba had offered grant aid. Other nations gave Vietnam long-term loans. At the end of 1966, the DRV had a trade deficit of more than 30 million rubles, which rose to 60 million rubles the following year.⁵⁷ According to North Vietnamese calculations, China, North Korea, Rumania, Cuba, and Albania were emerging in the late 1960s as reliable allies because they offered grant aid, while most other allies only offered loans.⁵⁸

North Vietnamese negotiators succeeded in getting almost all the funds they had asked for, although actual deliveries fell slightly short of the agreed amount. Because China offered the DRV grant aid, it is not surprising that North Vietnamese negotiators asked for more assistance from China than the Soviet Union. In 1967, China delivered aid for industry and construction worth 170 million rubles against Soviet aid worth 140 million rubles (Table 6). The following year, the North Vietnamese and the Chinese negotiated aid valued at 244 million rubles, compared to aid worth 230 million rubles negotiated with the Soviets. For their part, the other Communist bloc countries also complied with North Vietnamese requests for aid for industry and construction. In particular, the GDR, Poland, and Rumania were most generous.

In actual aid deliveries in 1968, China again stood ahead of the Soviet Union. The Chinese gave North Vietnam grant aid in 1967 and 1968, while the Soviet Union merely offered interest-free loans in the same period. The DRV Government Planning Committee noted that among Communist countries, the Soviet Union mainly gave loans for economic development, while China, the GDR, Rumania, North Korea, Cuba, Albania, Bulgaria, Hungary, and Mongolia gave grants (Table 7). Other Eastern European nations gave "half-grants,

56. Uy ban ke hoạch Chinh phu, Bao cao tren kinh te van de thuong luong voi nuoc chu nghia cong san, nam 1968, 2.6.1968, trang 54-68, ho so 8306, v/v phai doan kinh te chinh phu Viet Nam do Pho Thu Tuong Le Thanh Nghi lam truong doan di dam phan kinh te voi cac nuoc XHCN nam 1968 [Government Planning Committee, Report of Economic Issues to be Negotiated with Socialist Countries in 1968, June 2, 1968, pp. 54-68, folder 8306, Economic Delegations of the Government of Vietnam led by Vice Prime Minister Le Thanh Nghi to Negotiate with Socialist Countries in 1968], PPTT, TTLTQG3, National Archives Center.

57. *Ibid.*, 54-68.

58. *Ibid.*

Table 6: Requests for Aid for Industry and Construction made by the Democratic Republic of Vietnam on the Communist Allies (in million rubles)⁵⁹

COUNTRY	1967 ACTUAL	1968 PROJECTED	1968 NEGOTIATED	1968 ACTUAL
Soviet Union	140	190	230	160
China	170	244	244*	209*
North Korea	6.5	10	11.5	6
German Democratic Republic	35	43	43	43
Poland	17	22	32.5	31
Czechoslovakia	14	14	34	17.2
Hungary	12.3	15	23	18.3
Rumania	17.5	20	29	25.2
Bulgaria	7	10	15.5	10.3
Cuba	4.7	4.5	—	7.6
Albania	2.2	2.2	2	2.6
Mongolia	1.8	1.5	1.5	0.6
Total	428	576.20	666	530.8

*China partly supported the building of a railway system with funds worth 34 million rubles (150 million renminbi).

half-loans.”⁶⁰ Interest fees coming due in 1968 were worth 50 million rubles, of which 35 million rubles was to be repaid to the Soviet Union, 8 million rubles to China, and 7 million rubles to other Communist countries. Although the deadline for repayment was extended to 1970 and 1971, North Vietnam needed to increase its exports in order to repay on time.⁶¹

A DRV government report dated November 1967 reveals that negotiations with Moscow did not go well. Hanoi made three key requests on the Soviet Union: First, increase the number of ships and volume of commodities being transported to North Vietnam. Second, increase the capacity at Haiphong port to receive foreign aid shipments. Third, intercede with China to allow Vietnamese cargo ships to enter ports in southern China so they could collect Soviet aid

59. Ban do kinh te, trang 90, ho so 8306, v/v phai doan kinh te chinh phu Viet Nam do Pho Thu Tuong Le Thanh Nghi lam truong doan di dam phan kinh te voi cac nuoc XHCN nam 1968 [Economic table, p. 90, folder 8306, Economic Delegations of the Government of Vietnam led by Vice Prime Minister Le Thanh Nghi to Negotiate with Socialist Countries in 1968], PPTT, TTLTQG3, National Archives Center.

60. Bao cao, 6.11.1967, trang 88–95, ho so 8306, v/v phai doan kinh te chinh phu Viet Nam do Pho Thu Tuong Le Thanh Nghi lam truong doan di dam phan kinh te voi cac nuoc XHCN nam 1968 [Report, November 6, 1967, pp. 88–95, folder 8306, Economic Delegations of the Government of Vietnam led by Vice Prime Minister Le Thanh Nghi to Negotiate with Socialist Countries in 1968], PPTT, TTLTQG3, National Archives Center.

61. Bao cao, 2.6.1967, trang 54–68, ho so 8306, v/v phai doan kinh te chinh phu Viet Nam do Pho Thu Tuong Le Thanh Nghi lam truong doan di dam phan kinh te voi cac nuoc XHCN nam 1968 [Report, June 2, 1967, pp. 54–68, folder 8306, Economic Delegations of the Government of Vietnam led by Vice Prime Minister Le Thanh Nghi to Negotiate with Socialist Countries in 1968], PPTT, TTLTQG3, National Archives Center.

Table 7: Grants and Interest-Free Loans Received by the Democratic Republic of Vietnam (million rubles)⁶²

COUNTRY	1967		1968		TOTAL OF 1967 & 1968
	GRANTS	INTEREST-FREE LOANS	GRANTS	INTEREST-FREE LOANS	
Soviet Union	13	109	2	148	272
China	157	—	205	—	362
North Korea	5.5	—	5.7	—	11.2
German Democratic Republic	20	10	30	9	69
Poland	—	14	6	22.4	42.4
Czechoslovakia	—	8.7	9	5	22.7
Hungary	1.8	9	4.5	13	283
Rumania	17	—	25	—	42
Cuba	3.4	—	7.2	—	10.6
Bulgaria	1.2	4.5	1.2	7.8	14.7
Mongolia	1.2	—	—	—	1.2
Albania	2	—	2.3	—	4.3

delivered at Chinese railway depots.⁶³ The talks yielded mixed results for North Vietnam: Soviet officials complained that complicated handling and clearing procedures at Haiphong port in North Vietnam were delaying the shipments of aid. However, Moscow promised to help build two other ports in Haiphong, and a 100 kilometer-long oil pipeline from the North Vietnamese coast to the interior. Unwilling to intercede with China, Soviet officials instructed Vietnam to negotiate directly with China to gain access to its southern ports.

North Vietnamese negotiations with China achieved better results than with the Soviet Union. First, China agreed to help the DRV improve its railway system. Second, despite bottlenecks at North Vietnamese ports, the Chinese military promised to make its scheduled deliveries on time. Third, China accepted North Vietnam's request for its ships to enter China's southern ports. DRV officials voiced disappointment that China failed to provide the expected communication and medical equipment, but they appreciated that China did ship hundreds of tons of food, cotton, and iron.

62. Ban do kinh te, trang 91, ho so 8306, v/v phai doan kinh te chinh phu Viet Nam do Pho Thu Tuong Le Thanh Nghi lam trung doan di dam phan kinh te voi cac nuoc XHCN nam 1968 [Economic table, p. 91, folder 8306, Economic Delegations of the Government of Vietnam led by Vice Prime Minister Le Thanh Nghi to Negotiate with Socialist Countries in 1968], PPTT, TTLTQG3, National Archives Center.

63. Bao cao, 6.11.1967, trang 88–95, ho so 8306, v/v phai doan kinh te chinh phu Viet Nam do Pho Thu Tuong Le Thanh Nghi lam trung doan di dam phan kinh te voi cac nuoc XHCN nam 1968 [Report, November 6, 1967, pp. 88–95, folder 8306, Economic Delegations of the Government of Vietnam led by Vice Prime Minister Le Thanh Nghi to Negotiate with Socialist Countries in 1968], PPTT, TTLTQG3, National Archives Center.

By November 1967, U.S. officials believed that many North Vietnamese really did not want to fight a long war. According to a U.S. intelligence report, a Chinese resident of Haiphong claimed that three-fourths of the local population of that port city, both Vietnamese and Chinese, was fed up with the war because of the scarcity of food, high prices, and low wages.⁶⁴ While most rural North Vietnamese demonstrated a “fanatical determination” to pursue the war to its ultimate conclusion, the report said, there were discontented elements in the cities, especially among foreign-trained intellectuals. Several chemists, doctors, and engineers worried that the war would “bleed North Vietnam white” if it continued. They felt that the presidium of the Lao Dong party, which was staffed with party elders, should be rejuvenated.⁶⁵ U.S. officials concluded that North Vietnamese morale was low because most foreign aid shipments sent through Haiphong never reached their destination because of the effectiveness of American air strikes. Chinese residents complained that corruption existed among higher officials in Haiphong port, and lower-level party members pilfered partially damaged aid shipments at that port. In December 1967, the Special Assistant for National Security Affairs, Walt Whitman Rostow, sent President Johnson a report showing what a high-ranking North Vietnamese trade official really felt about the war.⁶⁶ According to the report, the North Vietnamese trade official had recently told a European diplomat in Beijing that Hanoi’s talk about winning the war was propaganda and “boasting necessary to cheer up the spirit—a mental defense.”

North Vietnamese accounts have challenged the claims made by American intelligence reports that American bombardment irreparably damaged North Vietnamese industrial production. North Vietnam claimed that its industrial and handicraft enterprises actually fulfilled and even surpassed their half-year production target in 1968.⁶⁷ A Hanoi official said, “In harmony with the general [Tet] offensive . . . an offensive in the field of production has been spreading among the Vietnam workers.” The Kien An Engineering Factory employed technical innovations to raise output by 30 percent, and coal factory X in the Quang Ninh coal mining area achieved its production target well in advance by raising worker productivity. By October 1968, a soap factory in Hanoi had fulfilled its production target for the full year.⁶⁸

64. “Comments of Chinese Residents of Haiphong Concerning Corruption and Low Morale,” November 20, 1967, CIA Information Cable, December 30, 1967, National Security File, Country File, Vietnam, Difficulties in the North, 3K(1), 2/67–12/67, box 85, LBJ Library.

65. “Regarding Discontent among Intellectuals in North Vietnam,” CIA Intelligence Information Cable, November 21, 1967, National Security File, Country File, Vietnam, NVN Leadership Attitudes, 3L(1), 3/65–11/67, box 86, LBJ Library.

66. Memo, Rostow to Johnson, December 26, 1967, National Security File, Country File—Vietnam, 3/67–6/67, Southeast Asia, Special Intelligence Material, vol. XI, box 51, LBJ Library.

67. Many Enterprises Over-fulfill Half-Year Plan, June 29, 1968, *Nhan Dan*, CIA, RG 263, FBIS, Microfilm Copies of Daily Reports, Far East, box 146, NARA.

68. Many Plants, Mines Fulfill 1968 Plans Early, December 6, 1968, *Nhan Dan*, CIA, RG 263, FBIS, Microfilm Copies of Daily Reports, Far East, box 146, NARA.

As the aerial war intensified, DRV aid requests grew enormously. In February 1968, an official of the Government Planning Committee alerted the government to the need for more economic support from Communist countries, particularly in transportation and communications.⁶⁹ The committee's wish list included 200,000 tons of fuel, of which the Soviet Union and Rumania were requested to give 180,000 tons and 20,000 tons, respectively. The Soviet Union and China were each asked to contribute 100,000 tons of food.⁷⁰

AMERICAN ESTIMATES OF COMMUNIST AID TO THE DRV

The new evidence from Vietnam suggests that President Johnson did not receive accurate intelligence reports about Communist aid delivery to the DRV. As a result, Johnson administration officials misunderstood Communist economic arrangements. The lapse impaired Johnson's understanding of how far China would go to help the DRV, and which of the two main Communist allies was, in fact, the bigger supplier of economic aid. Accurate intelligence estimates of Communist bloc aid flows might have strengthened the arguments of those American officials advocating early negotiations. U.S. officials who opposed military escalation included both "formal" and "informal foreign policy advisers," as the political scientist David M. Barrett has referred to them. The Vietnam doves providing "formal advice" to President Johnson were Undersecretary of State George Ball, and presidential counsel Clark Clifford who advised Johnson against escalation in 1965. Clifford, however, advocated military escalation when he succeeded Robert McNamara as secretary of defense on January 19, 1968—twelve days before the North Vietnamese launched the Tet Offensive.⁷¹ The dovish "informal foreign policy advisers" were White House Press Secretary Bill Moyers, and Senators Mike Mansfield and William Fulbright, all of whom advocated a negotiated settlement. Ball and Moyers, in particular, made considerable efforts to mobilize antiescalation sentiments within the Johnson administration to counter the proescalation view of influential advisers such as McNamara and National Security Adviser McGeorge Bundy.

69. Thu, Dang Thi, Uy ban ke hoach Chinh phu, den Chinh phu, 16.2.1968, trang 96–97, ho so 8306, v/v phai doan kinh te chinh phu Viet Nam do Pho Thu Tuong Le Thanh Nghi lam trung doan di dam phan kinh te voi cac nuoc XHCN nam 1968 [Dang Thi, Government Planning Committee to the Government, February 16, 1968, pp. 96–97, folder 8306, Economic Delegations of the Government of Vietnam led by Vice Prime Minister Le Thanh Nghi to Negotiate with Socialist Countries in 1968], PPTT, TTLTQG3, National Archives Center.

70. Ibid., 96–97.

71. David M. Barrett, *Uncertain Warriors: Lyndon Johnson and His Vietnam Advisers* (Lawrence, KS, 1993), 59, 162, 195. Also see Larry Berman, *Planning a Tragedy: The Americanization of the Vietnam War* (New York, 1982); George C. Herring, *LBJ and Vietnam: A Different Kind of War* (Austin, TX, 1994); Michael H. Hunt, *Lyndon Johnson's War: America's Cold War Crusade in Vietnam 1945–1968* (New York, 1996); Melvin Small, *Johnson, Nixon, and the Doves* (New Brunswick, NJ, 1988); Fredrik Logevall, *Choosing War: The Lost Chance for Peace and the Escalation of the Vietnam War* (Berkeley, CA, 1999).

There is substantial evidence showing that President Johnson was regularly receiving, reading, and discussing U.S. intelligence reports, and that these reports informed presidential decision making. Rostow routinely forwarded CIA and State Department intelligence estimates to the president. In one cover memo, Rostow wrote, "Mr. President, CIA has done this study on French involvement in Vietnam. They haven't come up with much solid proof of direct support of the Viet Cong. I've asked [CIA director] Dick Helms to dig deeper."⁷² A second Rostow memo said, "Mr. President, herewith another intelligence report that the North Vietnamese are hurting due to our attacks in the Hanoi/Haiphong area."⁷³ In a third memo, Rostow urged the president to read the attached report: "Mr. President, this is a report about how a North Vietnamese trade official really feels about the war—more pessimistic than [sic] their propaganda would suggest."⁷⁴

David M. Barrett has shown that President Johnson sometimes requested detailed explanations of CIA statistics and questioned the reliability of the methods employed to collect them. In July 1967, the president asked Helms for a report on bombing casualties in the DRV and further requested an analysis of the methods used to estimate the casualties so that he could be sure that "we are in the right ball park in these estimates." Helms explained that the president exhausted all existing sources of information.⁷⁵

The misunderstanding about Communist aid delivery among American policymakers made a difference in the way President Johnson managed the war. Accurate intelligence estimates would have helped U.S. officials understand that even intensive bombardment could not force the DRV to sue for peace because the north's economy was the beneficiary of extensive economic aid from the Communist allies. The intensive bombardment of North Vietnam was also a futile policy because the Communist allies would continually inject economic aid to replenish supplies destroyed by American bombardment.

Because President Johnson thought of the bombardment of North Vietnam as a "tool of coercive diplomacy," as the historian Mark Jacobsen has argued, the inaccurate intelligence estimates misled Johnson administration officials into believing that the DRV economy was weaker than it was and that the bombardment would make Hanoi beg for peace.⁷⁶ President Johnson had said in his San Antonio speech in September 1967 that he was willing to stop bombing the DRV when the bombardment would lead "promptly to productive discussions"

72. Memo, Rostow to Johnson, June 18, 1966, National Security File, Country File—Vietnam, 1/66–5/66, Southeast Asia, Special Intelligence Material, vol. IX, box 51, LBJ Library.

73. Memo, Rostow to Johnson, May 18, 1967, National Security File, Country File, Vietnam, Difficulties in the North, 3 K(1), 2/67–12/67, box 85, LBJ Library.

74. Memo, Rostow to Johnson, December 26, 1967, National Security File, Country File, Vietnam, 3/67–12/67, Southeast Asia, Special Intelligence Material, vol. XI, box 51, LBJ Library.

75. Barrett, *Uncertain Warriors: Lyndon Johnson and His Vietnam Advisers*, 89.

76. Mark Jacobsen, "President Johnson and the Decision to Curtail Rolling Thunder," in *The Tet Offensive*, eds. Marc Jason Gilbert and William Head (Westport, CT, 1996), 227.

with Hanoi. The Rolling Thunder bombing campaign failed to persuade Hanoi to come to the negotiating table. A well-provisioned DRV, having decided to go for broke, upset American calculations by launching the Tet Offensive.

The historian Gabriel Kolko has argued that U.S. intelligence in 1967 was in an “especially poor condition” because essential information was buried under “mounds of chaff and false reports,” and “the general inability to use it accurately allowed various sectors of the executive to utilize whatever data reinforced their preconceptions or bureaucratic interests.”⁷⁷ When read against the new evidence from Vietnam, the American intelligence estimates give the impression that they were based not only on tracking Chinese supply ships delivering cargo at Haiphong port, but also on the presumption of American analysts that the Soviets were always the bigger provider of economic aid to the DRV.

A proper understanding of the resilience of the North Vietnamese economy would have led American officials to accept Hanoi’s standpoint that it would not negotiate under bombardment. Because Johnson also desired a negotiated settlement to the conflict, correct assessment of Communist aid to the DRV would have shown the futility of relentless bombardment of the DRV. Successive CIA reports showed that the Rolling Thunder bombing campaign was not having much impact on the DRV economy and that the Hanoi leadership viewed the bombing losses as “tolerable.”⁷⁸

Although Johnson believed that the bombardment would persuade the North Vietnamese leaders to negotiate, scholars have convincingly demonstrated that Rolling Thunder was a failure.⁷⁹ Secretary of Defense Robert McNamara later admitted in his memoirs that Rolling Thunder did not achieve its basic goals, and he told the president as early as October 1966 that bombardment had not “cracked the morale of Hanoi.”⁸⁰ At the time, however, Johnson administration officials mistakenly believed that by attacking economic and communication targets in the DRV, the North Vietnamese government would either collapse in some way or be forced to accept American demands. U.S. officials adhered to a deterministic view, ignoring the fact that there was no logical connection between economic collapse and political surrender. The economic collapse of the DRV was never achieved because any shortfall in production caused by bombing was made good by imports and aid from abroad.⁸¹

77. Gabriel Kolko, *Anatomy of a War: Vietnam, the United States, and the Modern Historical Experience* (New York, 1985), 306–07.

78. William Conrad Gibbons, ed., *The U.S. Government and the Vietnam War: Executive and Legislative Roles and Relationships, Part IV: July 1965–January 1968* (Princeton, NJ, 1995), 527.

79. See Mark Clodfelter, *The Limits of Air Power: The American Bombing of North Vietnam* (New York, 1989), 97, 117; John T. Smith, *Rolling Thunder: The Strategic Bombing Campaign Against North Vietnam, 1964–1968* (Walton on Thames, UK, 1994), 214.

80. Robert S. McNamara, *In Retrospect: The Tragedy and Lessons of Vietnam* (New York, 1995), 244, 263.

81. Smith, *Rolling Thunder: The Strategic Bombing Campaign Against North Vietnam, 1964–1968*, 208–09.

Shocked by the audacity of the Tet Offensive, Johnson administration officials were unable to pursue a coherent policy and initially adopted a fighting while negotiating strategy. After Tet, some of the president's advisers saw their folly. At a meeting on March 26, 1968, Johnson's former National Security Adviser McGeorge Bundy told the president that he now agreed with George Ball, who had consistently opposed the American military escalation in Vietnam. Ball, who was also present at that meeting with the president, said that the bombing should be stopped. Ball reiterated that he had "felt since 1961 that our objectives [in Vietnam] are not attainable."⁸² By March 1968, Johnson did a complete turnaround and became more optimistic about a peace initiative because he had a plan to sweeten the deal by announcing that he would retire from politics at the end of his term in order to convince the U.S. Congress, Americans, and even Hanoi that he wanted to strike a deal to end the war.⁸³ And by October 1968 the president opted for a bombing halt.

Historians have demonstrated the Johnson administration's failure to fully comprehend the complexities posed by Vietnam. George Herring has shown that neither Johnson's peace moves nor his military actions produced the outcome he wanted.⁸⁴ Michael Hunt has argued that Johnson alone must bear primary responsibility for the Vietnam War because he proceeded deliberately and acted "largely ignorant of Vietnam itself."⁸⁵ Herring agrees that although Johnson's leadership was deeply flawed, he alone is not responsible for America's failure in Vietnam because U.S. war managers faced uniquely complex challenges both within Vietnam and in the international arena that made the problem beyond their control.⁸⁶

In this context, it is worth examining the details of CIA and State Department estimates of Communist bloc aid to the DRV and how far off the mark they were. According to a CIA study dated August 1967, the Soviets provided economic aid worth \$85 million to the DRV in 1965, while the Chinese gave only \$50 million. The following year, the Soviets delivered \$150 million in economic aid, while the Chinese gave just \$75 million.⁸⁷ The study claims that from 1954 to 1967, the Soviets gave \$604 million in economic aid to the DRV, while the Chinese provided \$582 million.

A State Department estimate claimed that Hanoi had received economic aid worth \$240 million from Moscow and \$100 million from Beijing in 1968 (Table 8). According to the department, from 1954 to 1968, the Soviets provided

82. Barrett, *Uncertain Warriors*, 149.

83. *Ibid.*, 154.

84. Herring, *LBJ and Vietnam: A Different Kind of War*, 151–77.

85. Hunt, *Lyndon Johnson's War: America's Cold War Crusade in Vietnam 1945–1968*, 106–07.

86. Herring, *LBJ and Vietnam: A Different Kind of War*, 185–86.

87. "Assessment of a Postulated Agreement on U.S. and Soviet Actions in North Vietnam," Intelligence Memorandum, August 4, 1967, National Security File, Country File, Vietnam 3/67–6/67, Southeast Asia, Special Intelligence Material, vol. XI, box 51, LBJ Library.

Table 8: Value of Communist Economic Aid to North Vietnam⁸⁸ (in million US\$ at Soviet foreign trade prices)

	1954–1964	1965	1966	1967	1968*	1954–1968
Soviet Union	365	85	150	200	240	1,040
China	455	50	75	80	100	760
East Europe	130	15	50	90	120	405
Total	950	150	275	370	460	2,205

*Preliminary estimates, subject to modification as additional information becomes available.

\$1.04 billion in economic aid to the DRV, while China gave \$760 million in the same period.⁸⁹

The State Department's estimate of Communist aid deliveries by sea tells a similar story. Soviet ships supplied 627,000 metric tons of economic aid to the DRV in 1967, while Chinese ships delivered 502,000 tons at Haiphong port in the same period. The following year, Soviet ships delivered 843,000 tons, while Chinese vessels supplied 691,000 tons. Both in value and volume, the CIA and State Department's estimates placed the Soviets as a bigger provider of economic aid than the Chinese.

However, supplies by rail reveal a different picture. State Department estimates show that in 1967 China delivered 185,000 tons by rail to the DRV, while the Soviets supplied only 55,000 tons by rail via China (Table 9). The following year, Chinese trains delivered 172,000 tons, while Soviet rail wagons delivered only 68,000 tons. Although China delivered more aid by rail, the Chinese overland deliveries were a small fraction of the aid delivered by sea.⁹⁰

In sharp contrast to American estimates, North Vietnamese data—based on actual deliveries of Communist aid—show that Chinese economic aid to the DRV was greater than Soviet aid during this period. North Vietnamese economic statistics of actual aid deliveries suggest that the estimates of the CIA and the State Department were wrong. Moreover, the State Department's estimate that East European Communist countries provided the DRV with economic aid worth \$120 million in 1968 was an underestimation. DRV data show that East European aid almost matched the Soviet Union's economic aid to the DRV. Contrary to the State Department's view that East European aid was insignificant, the new evidence from Vietnam shows that the East Europeans actively supported DRV economic reconstruction programs in 1967–68.

88. Table 1, "Value of Communist Aid to North Vietnam," Research Memorandum, U.S. Department of State, December 19, 1968, National Security File, Country File, Vietnam, Aid to NVN, [CIA Intelligence Memos], 3 M[3], 1/68–1/69, box 87, LBJ Library.

89. "Communist Aid to North Vietnam in 1968," Research Memorandum, U.S. Department of State, December 19, 1968, National Security File, Country File, Vietnam, Aid to NVN, [CIA Intelligence Memos], 3 M[3], 1/68–1/69, box 87, LBJ Library.

90. *Ibid.*

Table 9: Volume of Communist Economic Aid to North Vietnam⁹¹ (in thousand metric tons)

	1967	1968*
BY SEA		
ECONOMIC		
USSR	627	843
China	502	691
Eastern Europe	157	263
North Korea	41	80
Cuba	42	46
BY RAIL**		
ECONOMIC		
USSR/East Europe	55	68
China	185	172

*Preliminary estimates, subject to modification as additional information becomes available.

**The volume of rail deliveries is computed on the basis of inventory changes, ammunition expenditures, estimated requirements and other information.

Although the CIA misinterpreted the relative importance of China to the DRV, it nonetheless gave an accurate account of the broad trends in Communist aid. The CIA study of August 1967 correctly observed that the DRV's industrial sector was "almost entirely dependent" on foreign assistance because Hanoi produced no military hardware. Hanoi's dependence on foreign aid had risen after the start of the Rolling Thunder bombing campaign and the build-up of U.S. forces in South Vietnam in 1965. This particular study informed the Johnson administration that the DRV depended on the Soviet Union and China for two-thirds of its imports, more than 80 percent of economic aid, and almost 100 percent of military aid. However, it did not say how much each ally gave the DRV.

The CIA study argued that Communist aid reflected the respective capabilities of Moscow and Beijing. For instance, the Soviets tended to provide assistance in heavy industrial projects such as mining, manufacturing, and power generation. Chinese aid, however, focused on light industry and agriculture, with the notable exceptions of the Chinese-supported iron and steel complex at Thai Nguyen and a few projects in the power and chemical industries. This trend in Soviet and Chinese aid patterns is corroborated by new Vietnamese evidence which shows that the Soviets provided more engines, automobiles, and metals than the Chinese.⁹²

91. Ibid.

92. Thu, Phong Phu Thu Tuong, den Pho Thu Tuong Pham Hung, trang 11, ho so 8306, v/v phai doan kinh te chinh phu Viet Nam do Pho Thu Tuong Le Thanh Nghi lam truong doan di damphan kinh te voi cac nuoc XHCN nam 1968 [Memorandum, Prime Minister's Office to

Although the CIA failed to identify vital nuances in economic aid to the DRV, it still kept the Johnson administration well informed about Communist aid flowing into sectors such as transportation, construction, and power generation. The CIA was fairly accurate in observing that the Soviet Union provided 200,000 tons of petroleum and 118,000 tons of fertilizer in 1966. Vietnamese data show that Moscow provided 250,000 tons of petroleum and 107,000 tons of fertilizer in that year.⁹³ For its part, China provided telecommunications equipment, and coal. East European Communist bloc countries supplied vehicles, construction equipment, and pharmaceuticals to North Vietnam.

CIA estimates of food supplies to the DRV correctly identified the general trend but did not give the complete picture. According to the agency, the Chinese provided about 38 percent of the DRV's food requirement, the Soviets gave 30 percent, and East European countries less than 10 percent, from January to June 1967. CIA estimates are challenged by the new Vietnamese data, which show that in 1967, the Chinese gave more than twice as much food to the DRV than the Soviets.⁹⁴ In a September 1967 report, the CIA said that Communist countries were continuing to supply Hanoi with economic aid despite North Vietnam's rapidly declining ability to repay.⁹⁵

Because the CIA used its own "estimates" and did not have access to data on actual deliveries of economic aid to the DRV, the agency reinforced its presumption that the Soviet Union was always the larger provider of aid to Hanoi. The CIA said that the new aid agreements signed between the Soviet Union and the DRV in 1967 "probably" call for an increase in economic aid, a comment that reveals the lack of certainty inherent in the CIA's estimate.⁹⁶ From this generalization, the CIA reached the conclusion that the Soviet Union "continues to be the prime supplier" to the DRV, providing equipment for road building, mining, and manufacturing, as well as petroleum and food. The CIA reckoned that China was not the largest supplier, even though the Chinese concentrated their aid effort on light industry and agriculture.

Missing in CIA reports is important information on the role DRV officials played in aid negotiations. These reports portray Soviet and Chinese officials as decision makers, and DRV officials seem to lack agency because they never articulate what kind of supplies they needed. The CIA admitted "little is known about the new agreements" that were signed between the DRV and its allies,

Vice Prime Minister Pham Hung, undated, page 11, folder 8306, Economic Delegations of the Government of Vietnam led by Vice Prime Minister Le Thanh Nghi to Negotiate with Socialist Countries in 1968], PPTT, TTLTQG3, National Archives Center.

93. *Ibid.*

94. *Ibid.*

95. "Communist Aid to North Vietnam," Special Report, Weekly Review, September 29, 1967, National Security File, Country File, Vietnam, Aid to NVN [CIA Intelligence Memos], 3 M[2], 1964-1968, box 87, LBJ Library.

96. *Ibid.*

which explains that some of the agency's conclusions were based more on educated guesswork than on hard data.

To its credit, the CIA got the big picture right. It correctly noted that the character of aid to the DRV had changed since the bombing began. Before 1965, Soviet economic aid emphasized Hanoi's economic development program toward which Moscow helped set up major industrial units such as the Thac Ba hydroelectric power plant and the Lam Thao superphosphate fertilizer plant. Since the commencement of U.S. bombardment in early 1965, the emphasis of Communist aid switched to meet current consumption, maintenance, and reconstruction needs. The CIA noted, "Economic development has for all practical purposes been shelved."⁹⁷ It added that one exception was the continuing expansion and modernization of the anthracite mines in the Hon Gia-Cam Pha area. Soviet technicians, the agency said, were working at several mines in these areas, and at the Vanh Danh coal processing plant.

Some CIA estimates were partially correct. The agency accurately concluded that North Vietnam's economic plan for 1967 called for increasing coal production. North Vietnamese coal was "the one hard currency export readily marketable in the free world," the CIA argued. However, the CIA did not seem to have been aware that the DRV could not export coal because domestic demand for coal had increased due to the escalating war. Nor did the CIA explain the nature of DRV exports, the problems afflicting trade, and the country's trade priorities.

These ambiguities are clarified in a series of directives issued by the DRV prime minister's office on January 5, 1968, defining trade policy with capitalist countries. One of the directives explains that owing to the "fierce war" in 1968, the export of coal—and other commodities—was reduced because domestic demand for coal had increased. The prime minister recommended that the government should concentrate on exporting other valuable commodities, such as coffee, beans, and tea, so that the country could earn revenue to import much-needed raw materials to support the war as well as supply the manufacturing and transportation sectors. The prime minister specifically instructed the government to increase exports to Hong Kong and explore the markets of Singapore and Cambodia. These instructions show that North Vietnam was not only relying on the Communist bloc to keep its economy running, but it was also exploring trade opportunities with the capitalist world.⁹⁸

The State Department correctly observed that the composition of Communist aid was changing. It said in a December 1968 research memorandum that

97. *Ibid.*

98. Thu, Hoang Van Diem, Phong Phu Thu Tuong, den Bo Ngoai Thuong, 02TN/tm, 5.1.1968, trang 1-2, ho so 8295, van ban cua PTT duyet ke hoach xuất nhập khẩu voi thi trường tu ban nam 1968 cho bo ngoai thuong [Letter, Hoang Van Diem, Prime Minister's Office to the Foreign Trade Ministry, 02TN/tm, January 5, 1968, pp 1-2, folder 8295, Official Documents of the Prime Minister's Office Examining the Foreign Trade Ministry's Plan of Import and Export to Capitalist Markets in 1968], PPTT, TTLTQG3, National Archives Center.

Communist economic aid to the DRV, which accounted for about one-third of total assistance in 1965–67, had continued to rise in 1968 and represented 45 percent of the total.⁹⁹ Not only did military assistance decline proportionately in 1968, but also in absolute terms. This trend was in sharp contrast to previous years and was expected to continue if peace talks made progress or if the United States did not resume bombing. The State Department forecast that economic aid from the Soviet Union and Eastern Europe would continue to rise but made no mention of China's future role as aid giver.

The State Department erred seriously in the same research memo. It said that annual Soviet economic aid, valued at \$200 million in 1967, had risen to \$240 million the following year. It added that Chinese annual economic aid had increased from \$80 million in 1967 to \$100 million in 1968.¹⁰⁰ In this way, both CIA and State Department analysts routinely understated China's role in supporting the DRV economy at a crucial period ahead of the Tet Offensive.

American officials were unaware of the precise timing of a major DRV offensive. They knew from captured DRV military documents that Hanoi had ordered a general offensive be launched in South Vietnam in the winter of 1967 or the spring and summer of 1968. U.S. officials knew that Hanoi planned to launch strong military attacks aimed at liberating Saigon.¹⁰¹

Just ahead of the Tet Offensive on January 30, 1968, U.S. military officials in Saigon worried about the quality and quantity of Communist aid to North Vietnam. General William C. Westmoreland, commander of Military Assistance Command, Vietnam, informed the Joint Chiefs of Staff on January 2, 1968, that North Vietnam would seek increased political and economic aid from China and the Soviet Union in the following year. He did not specify the amounts of aid or explain the source of his information.¹⁰² A few days later U.S. Commander of the Fleet Marine Force, Pacific, Lt. Gen. Victor H. Krulak, was troubled by the lack of reliable information. Would the Soviet Union provide North Vietnam with thousands of new technicians, replace lost MiG fighter planes, and supply trucks, radars, and oil? Or would Moscow grow "weary of changing her Five Year Plans, back off and let Ho Chi Minh and the Chicoms [Chinese Communists] go it alone?" Another frightening scenario was that the DRV, emboldened by the inflows of Communist aid, might send divisions to seize a part of South Vietnam. Would the enemy then "use the forces in the vicinity of the DMZ

99. "Communist Aid to North Vietnam in 1968," Research Memorandum, U.S. Department of State, December 19, 1968, National Security File, Country File, Vietnam, Aid to NVN [CIA Intelligence Memos], 3 M[2], 1964–1968, box 87, LBJ Library.

100. Ibid.

101. Captured Enemy Document, "South Vietnam, General Counter Offensive and Uprising 1967–68, December 16, 1967, National Security File, Country File, Vietnam, box 153, LBJ Library.

102. Telegram, Westmoreland to Wheeler, January 2, 1967, U.S. Department of State, *Papers Relating to the Foreign Relations of the United States, 1964–1968* (Washington, DC, 2002) 5: doc. 2 (hereafter *FRUS*).

[demilitarized zone] to try and make a Dien Bien Phu out of Khe Sanh?"¹⁰³ On January 18, 1968, a CIA memo argued that one of the two Communist giants would insist that Hanoi take a clear-cut stand in the dispute, which would eventually force Hanoi to alienate one ally.¹⁰⁴ However, the agency underestimated the sagacity of North Vietnamese diplomats, who avoided falling into the bear trap. DRV leaders never lost sight of their primary goal to reunify the two halves of Vietnam. And, although they eschewed violent social experiments such as Mao's Cultural Revolution, they were careful not to criticize the Chinese leader publicly, which could have led him to cut off aid to the DRV.

COMMUNIST AID AFTER TET

The fact that Beijing was willing to provide so much economic aid to the DRV in the late 1960s challenges the notion that the Chinese reduced their aid to the DRV because bilateral Sino-DRV relations had begun to deteriorate because of Hanoi's desire to explore peace talks with the United States soon after the Tet Offensive. In reality, a series of high-level diplomatic meetings between Hanoi and Beijing officials testify to a continuing Chinese commitment to provide assistance despite DRV peace diplomacy with the United States. In August 1969, a DRV delegation led by politburo member Le Thanh Nghi visited Beijing to request economic and military aid for the following year. Chinese Vice Premier Li Xiannian welcomed Nghi, and assured him of China's determination to support the Vietnamese people until all "the U.S. aggressors are driven out from Vietnamese soil."¹⁰⁵

Admittedly, the gap between China and the DRV grew wider in September 1969 with the death of Ho Chi Minh, who had adroitly balanced relations with the Soviet Union and China. Although North Vietnam and China may no longer have been as close as "lips and teeth" through the late 1960s, China moved quickly to increase aid to the DRV in order to counter the DRV's new pro-Soviet policy and to prevent North Vietnam from falling under a Soviet sphere of influence. In December 1970, Chinese Premier Zhou told the DRV ambassador to China, Ngo Thuyen, that China fully supported the resistance of the Vietnamese people against American aggression.¹⁰⁶

The new archival evidence revises the prevailing view that China reduced its aid to the DRV from the 1960s to the mid 1970s. The historian Shu Guang Zhang has shown that China's hard currency transfers to the DRV increased from 1965 to 1975. Sixteen out of nineteen items provided by China increased in volume over this time period, including grain, cotton, chemicals, gasoline,

103. Krulak to McNamara, January 4, 1967, *FRUS*, 5: doc. 6.

104. CIA Board of National Estimates, CIA to DCI Helms, January 18, 1968, *FRUS* 6: doc. 19.

105. DRV Economic Delegation Feted in Beijing, August 20, 1969, *Nhan Dan*, CIA, RG 263, FBIS, Microfilm Copies of Daily Reports, Far East, box 147, NARA.

106. PRC Premier Zhou Receives DRV Ambassador, December 12, 1970, *Nhan Dan*, CIA, RG 263, FBIS, Microfilm Copies of Daily Reports, Far East, box 148, NARA.

asphalt, steel, coal, paper, and trucks. Only tractors, locomotives, and railroad cars decreased in volume.¹⁰⁷ According to Zhang, the Chinese actually supplied more economic aid to the DRV between 1970 and 1975 than between 1965 and 1970, which demonstrates that although the political relationship between the two had become strained in the 1970s, their economic links remained strong.

Be that as it may, the cumulative Chinese aid data from 1970 to 1975 obscures the fact that Chinese aid to the DRV fluctuated sharply from year to year. The government of Vietnam made several stunning revelations in a white paper issued after Vietnam fought a brief border war with China in 1979. The tangible consequence of the border war was a sharp reduction in Chinese aid. The white paper disclosed that in 1968, when planning the aid program for 1969, China reduced its aid to the DRV by 20 percent.¹⁰⁸ China took this step because it was displeased with the DRV's desire to negotiate with the United States. Chinese "threats by coarse words were accompanied with threats by deeds," the white paper revealed. In August 1969, the Chinese "brazenly" told the DRV, "You want to continue fighting or to make peace? China must know the answer when considering the question of aid." Consequently, the Chinese reduced aid for 1970 by more than 50 percent compared to the aid they gave in 1968. But in 1971-72 China reversed its position and gave the DRV an "unprecedented" amount of aid in order to gain DRV support for China's scheme of normalizing relations with the United States.¹⁰⁹ During his visit to Hanoi in March 1971, Chinese Premier Zhou reassured the Vietnamese of the close ties between the two countries. No agreements were signed during Zhou's visit, which was aimed at solidifying the joint Chinese-DRV commitment to resist the United States.¹¹⁰ In June and July 1971, a delegation of Chinese bankers visited North Vietnamese factories, businesses, and agricultural cooperatives to scout for investment opportunities.¹¹¹ In July, Beijing inked a protocol to provide additional military aid to Hanoi in 1971. During Chinese Vice Premier Li Xiannian's visit to Hanoi in September 1971, China and the DRV signed an economic aid agreement for 1972.¹¹² DRV Vice Premier Le Thanh Nghi met Chinese Premier Zhou in Beijing in November 1972, in a bid to obtain more aid.¹¹³ During Nghi's visit,

107. Shu Guang Zhang, "Beijing's Aid to Hanoi and the US-China Confrontation," in *Behind the Bamboo Curtain: China, Vietnam, and the World Beyond Asia*, 271-73.

108. *The Truth about Vietnam-China Relations over the Last Thirty Years* (Hanoi, 1979), 37. Also see Qiang Zhai, *China and the Vietnam Wars*, 179.

109. *The Truth about Vietnam-China Relations over the Last Thirty Years*, 41.

110. Zhou Enlai Heads PRC Delegation in Visit to North Vietnam, March 8, 1971, *Nhan Dan*, CIA, RG 263, FBIS, Microfilm Copies of Daily Reports, Far East, box 149, NARA.

111. Chinese Bank Delegation Concludes Visit to DRV, July 13, 1971, *Nhan Dan*, CIA, RG 263, FBIS, Microfilm Copies of Daily Reports, Far East, box 149, NARA.

112. 1972 Agreement on PRC Aid to DRV Signed in Hanoi, September 26, 1971, *Nhan Dan*, CIA, RG 263, FBIS, Microfilm Copies of Daily Reports, Far East, box 149, NARA.

113. Zhou Enlai-Le Thanh Nghi Meeting, November 18, 1972, *Nhan Dan*, CIA, RG 263, FBIS, Microfilm Copies of Daily Reports, Far East, box 195, NARA; DRV Economic Delegation Signs Aid Accord in Beijing, Departs, November 27, 1972, *Nhan Dan*, CIA, RG 263, FBIS, Microfilm Copies of Daily Reports, Far East, box 195, NARA.

China agreed to provide nonrefundable economic and military aid to the DRV during 1973. In the white paper, the North Vietnamese labeled the new Chinese aid offer as an attempt to “cover up their betrayal” of the DRV.¹¹⁴ Hanoi’s display of anger against China in the white paper reflected a reorientation of Vietnam’s China policy following the Sino-Vietnamese border war in 1979.

China, too, was reviewing its relationship with the DRV. In the 1979 white paper, Vietnam said that although China promised to give aid for five more years equal to the level of aid it gave in 1973, in reality China stopped providing military aid altogether. Economic aid was scaled back as China only restored Chinese-financed factories damaged in American bombardment, and China delayed or completely stopped reconstruction in some economic sectors.¹¹⁵

At the same time, Soviet aid did not give the Kremlin commensurate leverage over the DRV. Declining Soviet influence over the DRV was evident in the DRV’s rejection of Soviet advice not to fight the United States. Still, Moscow did not want to risk jeopardizing relations with Hanoi by pushing it too hard toward a settlement with the United States. As Vietnam loomed larger in Soviet diplomatic calculations, Moscow aimed to play a bigger economic role in Vietnam in the 1970s. On a visit to the DRV in July 1971, a Soviet trade union delegation toured a Hanoi engineering plant, the Hanoi polytechnic, the Yen Duyen agricultural cooperative, and the Hanoi trade union cadre school.¹¹⁶ During Soviet President Nikolai Podgorny’s visit to Hanoi in October 1971, Soviet officials announced they would provide the DRV with large shipments of equipment, commodities, weapons, and capital goods to strengthen the DRV’s ability to defend itself.¹¹⁷ During DRV Vice Premier Le Thanh Nghi’s visit to Moscow in December 1972 to secure more Soviet aid, Moscow signed an agreement to provide nonrefundable economic and military aid, and extend long-term loans to the DRV in 1973.¹¹⁸

The new economic evidence from Vietnam has shown that North Vietnamese diplomats strove to build important connections with their Communist allies, and maintain neutrality in the Sino-Soviet dispute, in order to win vital economic aid. It demonstrates that an internal power struggle in the DRV politburo, and the difficulty of managing relations with Moscow and Beijing, did not detract from the goal of liberating the country. North Vietnam’s economic diplomacy proved successful by not taking sides in the Sino-Soviet dispute and by staying focused on surviving U.S. bombardment so that the goal of reunification would not be jeopardized.

114. Qiang Zhai, *China and the Vietnam Wars, 1950–1975*, 196.

115. *The Truth about Vietnam-China Relations over the Last Thirty Years*, 43.

116. Soviet Trade Union Delegation Visits Hanoi, July 15, 1971, *Nhan Dan*, CIA, RG 263, FBIS, Microfilm Copies of Daily Reports, Far East, box 149, NARA.

117. Importance of Podgorny Visit to DRV Stressed, October 4, 1971, *Nhan Dan*, CIA, RG 263, FBIS, Microfilm Copies of Daily Reports, Far East, box 193, NARA.

118. DRV Economic Delegation Signs Accord on Soviet Aid, Trade, December 10, 1972, *Nhan Dan*, CIA, RG 263, FBIS, Microfilm Copies of Daily Reports, Far East, box 195, NARA.