

January 31, 1961

**Record of Conversation from Premier Zhou Enlai's
Reception of the Vietnamese Government Economic
and Trade Delegation led by Vice Premier Nguyen
Duy Trinh**

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Summary:

Discussion on the Vietnamese agriculture and industrial development. Zhou spoke about Chinese experience on developing socialism during the Great Leap Forward.

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Record of Conversation of Premier Zhou Enlai with Vietnamese Government Economic and Trade Delegation Leader Deputy Prime Minister Nguyen Duy Trinh
(Premier has yet to review)

Time: 6 p.m., 31 January 1961

Location: East Room, Reception Hall, Southern Building, Great Hall of the People

Regional participants: Deputy Delegation Leader Ly Ban, Deputy Delegation Leader Ngo Minh Loan, Ambassador Tran Tu Binh, Counsellor Tran Trong [illegible], Counsellor Dang Thanh Van

Our side's accompanying persons: Vice Premier Chen Yi, Vice Premier Bo Yibo, Minister Ye Jizhu, Vice Minister Li Qiang, Vice Minister Ji Pengfei, Deputy Director Wang Guangwei, Deputy Director Liu Mingfu, Ambassador He Wei, Representative Fang Yi

Interpreters: Zhang Dewei, Chen Deming

Recorder: Feng Kelan

Premier Zhou: Once your work here is done, where are you going? Do you still have to go to Eastern Europe?

Deputy Prime Minister Nguyen: We still have to go to five countries.

Premier Zhou: Are you going to the Soviet Union or not?

Deputy Prime Minister Nguyen: We have finished our talks with the Soviet Union. We still have to go to Poland, Czechoslovakia, Albania, Bulgaria, and Romania.

Premier Zhou: Are you going to East Germany and Hungary, or not?

Deputy Prime Minister Nguyen: We have already had talks with them in Hanoi, so this time we are not going.

Premier Zhou: Was it all talks on the five-year plan?

Deputy Prime Minister Nguyen: The five-year plan, equipment, and trade.

Premier Zhou: Was that long-term trade?

Deputy Prime Minister Nguyen: It was long term, five years.

Premier Zhou: How much is your total volume of trade with the Soviet Union?

Deputy Prime Minister Nguyen: Our total volume of trade with the Soviet Union for five years is 1.25 billion rubles, with less than 100 million rubles of imports and exports in the first two years. Unilateral trade volume with Hungary will be 15 million

rubles.

Premier Zhou: Are those new rubles or old rubles? How many years?

Deputy Prime Minister Nguyen: They are old rubles, and it is for five years. In a year one side is less than 100 million rubles□

Deputy Delegation Leader Ly: In the past few years, the Soviet Union's trade volume has been less than 100 million rubles. In the next few years it will increase to over 100 million rubles.

Premier Zhou: It is 1.25 billion rubles in five years, so is it not over 200 million rubles a year?

Deputy Delegation Leader Ly: The 1.25 billion rubles comprises the total volume for both sides.

Premier Zhou: This is trade. Did you discuss loans, or not?

Deputy Prime Minister Nguyen: We also discussed loans.

Premier Zhou: How much will you borrow?

Deputy Prime Minister Nguyen: 450 million rubles.

Premier Zhou: (asks Vice Minister Li Qiang) How much is our trade with Vietnam?

Vice Minister Li Qiang: Our imports this year are 80 million rubles.

Premier Zhou: The Soviet Union will help you in how many projects?

Deputy Prime Minister Nguyen: With large and small ones, there are 43 projects all together.

Premier Zhou: Are they all new projects?

Deputy Prime Minister Nguyen: There are new ones and there are also expanded ones.

Premier Zhou: The Soviet Union helped you before with how many projects?

Deputy Prime Minister Nguyen: Before they gave us aid gratis for 25 projects.

Premier Zhou: At present it is for 43 projects.

Deputy Prime Minister Nguyen: These projects include power generation, mining, and machine manufacturing and repair.

Premier Zhou: How much does Eastern Europe help?

Deputy Prime Minister Nguyen: Very little. Hungary helps with some surveying tools

and power-generation equipment. Romania in the new agreement helps us with the expansion of an apatite mine.

Premier Zhou: Does Eastern Europe's aid all together come to 10 projects?

Deputy Prime Minister Nguyen: It goes beyond 10 projects, but I do not recall the detailed figures.

Premier Zhou: Henceforth how much will each country of Eastern Europe help you?

Deputy Delegation Leader Ly: That has not been calculated yet.

Premier Zhou: I am asking this in that I would like to understand the total number of projects. These projects add up to a considerably large number. Although the projects are small in scale, they are large in number. When Vice Premier Chen Yi and I visited Vietnam last year, there was also Comrade Wang Guangwei's planning work team; we saw that your five-year plan's projects were not few. Seeing it now, their number has not grown. I would like to have discussions again, with our country's experience, to give you for your reference.

Since our country's founding, the Soviet Union has helped us with 304 projects, by the end of last year completing 122 projects, with 182 projects still to complete. Their unfinished state is not all the same. Some leave a tail, some are at the installation of equipment, and some have still not started. Of course, the scale of these projects is large in comparison to yours, but our country is big and our population is large. The ratio of our country's population compared to yours is over 40 to 1. If you divide by 40, your projects are not few. Perhaps the state of the trade side, too, is like this.

How much is your import total? Does it come to 300 million rubles?

Deputy Delegation Leader Ly: It is 500 million rubles.

Premier Zhou: Imports of 500 million rubles are a great deal. If you multiply by 40, it is far larger than ours. Our imports in one year at most reach 6.5 billion rubles. If we were like you, we would import 20 billion rubles. In any event, we cannot afford to import so much. Your exports are not a problem, and you have loans. Comrade Vice Minister, how much are your exports?

Deputy Delegation Leader Ly: The 1961 plan is for the export of 350 million rubles.

Premier Zhou: If we multiply that by 40 we would have 14 billion rubles.

We recognize that your natural conditions are good. Vietnam is richly endowed in comparison to our country. But Vietnam and our country are alike: the extent of mechanization is low, the level of technology is poor, and while we are rich in natural resources, we can only use them after extracting them. Your exports of industrial goods are also not many, including only such items as iron. Under such conditions, such a scale of construction and your burden are not small. Of course, this is speaking from experience. It could also be empiricism, but we have learned from bitter experience, so now I am telling you this in looking back. If industry develops too much, it will then affect agriculture.

Because industry is developing a great deal, there is a great need for labor, and the market supply is also great, which then affects agriculture. Agriculture in fact is the economic foundation of all us socialist countries, yet it is industry that is in the lead. If

the foundation is unstable, industry will also be unstable. But agriculture in all the socialist countries, including the Soviet Union, at present has yet to pass the test. Of course, the agriculture of the Soviet Union is the best among the socialist countries. When this time the Soviet Central Committee Plenum discussed the agriculture issue, Comrade Khrushchev in his report also recognized this point, in particular for the livestock industry. In a letter that he gave to the Plenum, he severely criticized agriculture's backward phenomenon. They have not published this letter, but they told us confidentially. The German comrades who recently came for trade talks also recognized that their agriculture has yet to pass the test; Germany relies for food on imports from the Soviet Union. They know that our famine these past two years has been great, but still they propose to import from us several tens of thousands of tons of soy nut butter. Albania last year suffered a severe state of disaster. We also had to send them a great amount of food. Poland, Czechoslovakia, and Bulgaria, too, all import food. Since our country's founding 11 years ago, each year we have exported, never imported, food. This year, we have been compelled to import food. Our Ministry of Foreign Trade has signed a contract for the import of 2.4 million tons of food, and this year the plan is to import 3 million tons. This is tantamount to half of your total annual output. How much food do you produce in a year?

Ambassador He: It was 5.2 million tons last year.

Premier Zhou: It is more than half of your annual production. Fortunately, capitalist countries have excess food that we can buy. We mainly purchase from Australia and Canada. Of course, this is a temporary phenomenon for the purpose of meeting an emergency. The cause of our importing food is we suffered major disasters last year and the year before that. But there is also a second cause, which is that our industry is developing a great deal. From the people's communes to the Central Committee, everything has been for industry, with much of the labor force coming into the cities and the rural labor force decreasing. Comrade Le Duan said to Ambassador He that China calling so many people a labor force is insufficient and that it is not something easy to understand. In fact, it is not so hard to understand. When our country had just been liberated, the urban population accounted for 10 percent of the total population and the rural population accounted for 90 percent of it. Now the urban population accounts for 20 percent and the rural population for 80 percent; the urban population has decreased and the rural population has decreased. The extent of our country's mechanization remains low, yet now we calculate that the area of land on which we are using machinery is only at 6.5 percent. If it were in accord with the standard requirements of mechanization, it would be even lower, so the feeling is that the labor force is insufficient for agricultural production.

As for the extent of our water resource systems, in the past several years we have carried out not a little repair, but to develop water resources still requires a long period of effort. Fertilizer now still requires mainly the use of compost. There is very little chemical fertilizer, and electrification is still more out of the question. In brief, our country's agriculture at present is mainly one that relies on people and spares no effort for production. In these past two years of famine, livestock development has also been affected and the labor force has further decreased. By comparison with the United States, this kind of country with a high degree of agricultural mechanization, we are still far behind. Taking agriculture as the foundation, we must mainly consider the following four issues:

□ How much agriculture can produce food (including meat and non-staple foods) and supply the cities;

. How much the rural areas can save labor and support industry;

. How much agriculture can produce agricultural products and provide them as industrial raw materials;

. How much the rural markets can sell industrial products, including capital goods and consumer goods. This is also a calculation of the domestic market's consumption ability.

□□

In brief, a country must always calculate in starting from the domestic market.

In the three years of the Great Leap Forward, industry has had a great deal of development, but there have emerged new imbalances and agriculture has lagged, so this year our slogan is: adjustment, consolidation, replenishment, and raising standards. We must lower the speed of industrial development and increase the speed of agricultural development.

You have done a three-year plan. This year you have also started a five-year plan. Therefore, I will tell you on the basis of our experience. If I were not to tell you, I would be an inadequate friend. I would not be a comrade. This is a new experience. Last year when I visited Vietnam, we did not discuss it. If one does not plan well, later one must revise and adjust. Calculating like this, one starts to develop relatively quickly and later must pause for a time and then develop. In fact this is not rapid, and one must take some time. There are many capital construction projects, which inevitably must have an effect in shortages in the labor force and in market supply. Comrade Fang Yi, who has returned from Vietnam, has discovered that Vietnam is starting to experience shortages in the areas of labor force and market supply.

Last year Comrade Wang Guangwei had talks with Prime Minister Pham Van Dong, saying that planning requires two accounts. It seems at present that one account is still good. With two accounts it is easy for them to grow larger the more you do. In addition, planning work requires paying attention, having a thorough understanding, then building. Our country in the past had the experience of succeeding in building while planning, as well as the experience of failure. In building while planning, when we would discover after construction that resources were insufficient, we would then scrap the constructed factory.

You must pay even more attention. First, you should have a clear grasp of the situation, then build. You will then not come to grief. We suffered much grief in this respect. Your country is small. If you failed, the loss would be even greater. All you see in our area are successful experiences.

In brief, one cannot slight agriculture. One must place it first. One must also attach importance to light industry. Heavy industry is in the lead, steel and iron are both important, but one cannot do too much. Light industry does not cost much, has relatively quick yields, and profits are also great.

At present loans, agreements, trade, and such are all settled, so you can sign them as they are. But, after returning to Vietnam, you can examine them well and calculate in order to achieve balance.

You, like Korea, have the advantage that you can do a bit less in manufacturing weapons. That is a burden and a bottomless pit, and you can neither eat nor use what you produce. [Part of one line and all of the next one are blacked out.]

I only want to say this to give you something for your reference.

Deputy Prime Minister Nguyen: We accept your ideas and after we go back will study them well. There are many kinds of projects in which the Soviet Union has helped us, but there are only 20 that they have immediately started. The other projects will start after we have a clear understanding of the resources.

Premier Zhou: If there are other matters, please inform Chairman Ho and Prime Minister Pham that Comrade Fang Yi is suffering from a tropical disease and will be unable to return to Vietnam. We will send another person in his place.

Deputy Prime Minister Nguyen: Vice Premier Bo Yibo has already spoken to me of this.

Premier Zhou: Well, then, let us go sign!

Carbon copies: Chairman [Mao Zedong], [Liu] Shaoqi, [Zhou] Enlai, Zhu De, Chen Yun, Lin Biao, [Deng] Xiaoping, Peng Zhen, [Li] Fuchun, [Li] Xiannian, [Bo] Yibo, [Wang] Jiaxiang, [Yang] Shangkun, [illegible], Central Committee Office of Confidential Secretaries, Office of Foreign Affairs (5), International Liaison Department (5), Foreign Trade Commission, State Planning Commission, State Economic Commission, Chen, Zhang, Luo, Ji, Zeng, Geng, Qiao, General Office (3), Soviet and East European Affairs Department, 2nd Asian Affairs Department (2), Information Department, Protocol Department, Ambassador He, 3 file copies, 47 copies printed in total

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