

Hanoi, Many Experts Say, Can Sustain

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Special to The New York Times

WASHINGTON — North Vietnam's economy — bolstered by what are said to be significant food-production increases last year, the rebuilding of some of its industries destroyed in the American bombings between 1965 and 1968 and the annual flow of more than \$1-billion in aid from its Communist allies — appears to be relatively sound, according to sources in Washington.

In the judgment of many United States economic specialists, North Vietnam is, therefore, capable of sustaining indefinitely the war effort.

Thus, during 1970, the Hanoi leadership is believed here to have been able to concentrate on improving North Vietnam's living standards, emphasizing to some extent the production and importation of consumer goods and slowly liberalizing the whole economic system through cash incentives to workers and the creation of a limited free market in foodstuffs.

Soviet Aid Changed

Another sign of North Vietnam's mounting interest in economic improvement — and a corresponding de-emphasis in defense needs — is that reports of Soviet assistance to Hanoi, estimated by American sources at \$500-million last year in Soviet foreign-trade prices, has drastically changed in character. Whereas 60 per cent of this aid was said to be military in 1968, it has reportedly dropped to 30 per cent in 1970.

Communist China is be-

lieved here to have provided about \$200-million in aid last year, evenly divided between military and economic supplies. Other Communist countries are said to have sent a total of \$100-million in aid, mostly economic.

This adds up to \$800-million in over-all Communist assistance, but when allowances are made for the difference between arbitrary Soviet trade prices and world market prices, the current total aid is calculated by American sources at more than \$1-billion.

American economic analysts, many of whom always doubted that prolonged bombing could destroy the North

Vietnamese economy and force Hanoi to sue for peace, now believe that, except for manpower, North Vietnam could allocate most of its own resources to civilian economy tasks. External Communist aid is considered by these analysts sufficient to support the war effort.

With North Vietnam's gross national product estimated by American sources at \$1.8-billion in 1970 — the per capita share for the 20 million North Vietnamese runs around \$90 annually — and external aid still believed to be at high levels, comparatively little of North Vietnamese productivity is thought to be harnessed to the war machine. For this

reason, American specialists point out, Hanoi can maintain the war for the foreseeable future.

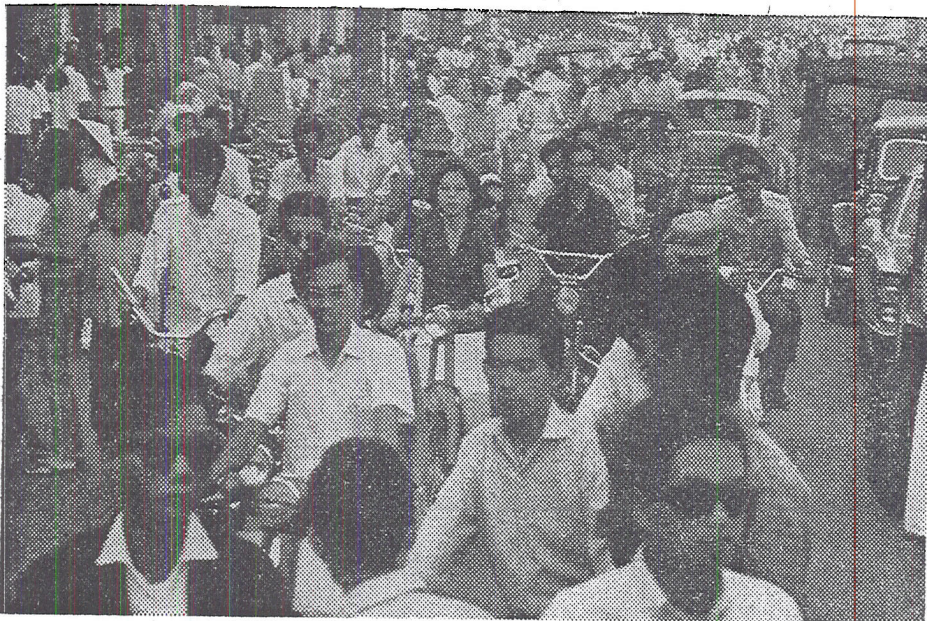
Probably the most spectacular North Vietnamese economic success in the last two years came, sources in Washington say, in the production of rice, the basic staple. Whereas the annual production during the bombings was said to be near three million tons, the estimates here for 1970 are for a harvest between four million and 4.5 million tons. Never self-sufficient in rice — it is South Vietnam's Mekong Delta that is the region's principal rice-growing area — North Vietnam was believed to be no more than 500,000 tons short of its requirements in 1970. This shortfall was said to have been made up by imports of rice from China and cereals and grain from the Soviet Union.

Ironically, it is believed here that North Vietnam has also begun planting the so-called "miracle rice," a high-yield variety developed by the United States for South Vietnam. It is presumed that "miracle rice" seeds or cuttings were brought north by the Vietcong.

North Vietnamese rice rations are said to be strict but adequate. They are believed to range from about 30 to 45 pounds a month, which is said to be more than in 1969. Under a "grain distributions" decree of last May, American sources say, families growing their own rice on private plots alongside collectives and cooperatives may sell excess production to other families. A law on "the protection of socialist proper-



Cyclists in Hanoi. North Vietnamese are rebuilding industries that were destroyed during bombing by United States.



Jammed street in Saigon. Demand for goods from air conditioners to heavy cranes is growing in South Vietnam.

Endless War

ty," reportedly approved last October, is said to prevent officials from seizing excess rice and selling it on their own. This law is believed to be part of the wider anticorruption and anti-black market campaign.

Rationing Said to Go On

Rationing, according to sources in Washington, continues to apply to most consumer items. Thus a North Vietnamese is believed to be able to buy monthly 4½ pounds of sugar, 20 to 45 pounds of foodstuffs including rice and two packs of cigarettes. Meat is said to be available on the free market but is reportedly in short supply.

North Vietnamese troops in South Vietnam, Laos and Cambodia procure their own rice locally, United States sources say, though special rations are reportedly given to units as they begin infiltrating south. Most of the harvest therefore is thought to be for the civilian population and the 400,000 troops stationed in North Vietnam.

Where North Vietnam has done the least to recover from the American bombings is in

the reconstruction of industry, sources here say,

The Thainguayen steel and iron complex north of Hanoi, for example, is believed to remain almost entirely out of production. But the entire cement industry in Haiphong is said to be operating fully again. The electric power industry, reportedly badly hit by bombing raids, is operating at 60 per cent of capacity, American sources say.

Most of the damaged highways and railroads have reportedly been repaired and a new railway line is said to be in the process of being built between Hanoi and the Hongay coal mines.

North Vietnam's reported shift toward greater economic liberalism was expressed last Feb. 20 by Le Duan the First Secretary of the Vietnamese Workers' (Communist) party, when he declared that "the realities in building the economy in our country prove that in economic management we must correctly use levers, prices, wages, profits and loans and properly apply the economic auditing system and socialist trade formulas."

