

## 1 Introduction

*Đổi mới* is Vietnam's<sup>1</sup> revolution from state socialism. Literally translated as “change,” *đổi mới* was officially endorsed at the Sixth National Congress of the Vietnamese Communist Party (VCP) in December 1986. The Congress highlighted an urgent need for changes in thinking (*đổi mới tư duy*) and leadership style (*đổi mới phong cách lãnh đạo*). It endorsed the rethinking of the notion of “socialist transition” (*thời kỳ quá độ lên chủ nghĩa xã hội*), reviewing persistent bureaucratic bottlenecks, reducing stagnation and waste, placing practical reliance on the people, and measuring success through results (Đặng Phong, 2009b; 287–385). Official documents indicate that *đổi mới* is still ongoing (Đinh Thế Huynh et al., 2015).

That Vietnam's transition from state socialism has brought about positive economic and political results is undeniable. In the decade prior to 1998, Vietnam performed comparatively better than all other socialist transition economies except for China, reducing its total number of poverty cases by half (Van Arkadie & Mallon, 2003: 6). Measured in current US dollars, Vietnam doubled its *per capita* GDP from \$413 in 2001 to \$836 in 2007, and passed the \$1,000 milestone of a middle-income country ahead of the target date set for it by the Socio-Economic Development Plan of 2006–2010 (World Bank, 2008: 3–4). Since 1986, Vietnam has embarked on regional and international integration: it became the Association of Southeast Asian Nations' seventh member in 1995 and re-established diplomatic relations with the United States, implemented a US–Vietnam Bilateral Trade Agreement in 2001, and joined the World Trade Organization (WTO) in 2007. Politically, Vietnam's one-party state has remained relatively stable throughout *đổi mới*. The VCP has confronted neither a major political challenge from within nor large-scale popular resistance like China's in 1989. That *đổi mới* has yielded considerable economic and political success is no exaggeration.

However, from a state-building perspective *đổi mới* has been inhibited by state ineffectiveness, bureaucratic corruption, and periodic public protest. The state apparatus has been ineffectual at formulating and implementing coherent policy, while state officials have indiscriminately used state offices for private gain. Small-scale protests have erupted in objection to land management, industrial labor relations, plunder of natural resources, environmental degradation, and Vietnam–China foreign and economic relations. Individual protests against the *đổi mới* state have also emerged. In 2017, a petitioner at the Office of the Central Complaint Handlings reportedly assaulted an official over the Office's inaction. Similarly in 2018, another citizen, barred from

<sup>1</sup> For consistency, the spelling Vietnam has been used in this Element rather than Viet Nam.

voicing grievances during a meet-the-public session, hurled a shoe at the Chair of the Ho Chi Minh City People's Council. Overall, though Vietnam has succeeded in transitioning away from a centrally planned economic system, its success in building a post-central-planning state has not kept pace with emerging governance challenges.

Indeed, records on Vietnam's state-building efforts reveal some peculiar phenomena. In the 1990s Vietnamese newspapers coined the adage "the emperor's edicts stop at the provincial gate" (*phép vua thua lệ tỉnh*) to highlight dysfunction within state hierarchies. Such dysfunction continued under Prime Minister Phan Văn Khải (1997–2006), who at one point lamented that even he did not have the power to appoint or dismiss ministers. Similarly, Vietnamese citizens deprecated public administration with the quip that "public administration is public misadministration" (*hành chính chính là hành dân*).<sup>2</sup> Recently, as the state arena itself has degenerated into a vast marketplace for corruption, the pejorative term "interest groups" (*nhóm lợi ích*) has been used for coalitions of vested interests with influential backing within the state structure. Such dispersal of state power and seeming breakdown of the state apparatus are especially peculiar given that Vietnam's one-party state under the leadership of the VCP is so frequently described as "authoritarian."

This Element examines the state's transformation during Vietnam's shift away from state socialism, specifically the transition's drivers and their impact on the socialist state, and the emergent *đổi mới* state's nature, accountability, and legitimacy. Focusing on the interrelationship between drivers and the nature of the state will enhance an understanding of the process of regime change and the political economy of change. Tracing accountability and legitimacy will shed light both on evolving state and societal relations and on conditions for political and ideological mobilization.

There are good reasons to focus on the state in Vietnam. Existing studies of *đổi mới* rarely maintain a systematic focus on the Vietnamese state, and when they do, the term "state" alternately indicates an institutional structure, an arena of contention, a set of interest group relations, and various components of government (Kerkvliet, 2001; Kerkvliet & Marr, 2004; Koh, 2006; Gainsborough, 2010; Thayer, 1994 and 2014). The lack of a consistent focus and definition is curious given that the notion "state" (*nhà nước*) is not new in Vietnam's political writings but has been used in such stock terms as "state apparatus" (*bộ máy nhà nước*), "state management" (*quản lý nhà nước*), and "state management agencies" (*cơ quan quản lý nhà nước*). Additionally,

<sup>2</sup> These observations are drawn from local newspapers; *Tuổi Trẻ*, *Thanh Niên*, *Lao Động*, *Đại Đoàn Kết*, and *Tiền Phong*, which in the 1990s were considered progressive.

regardless of the particular definition, practical concerns have also emerged over the effectiveness of the Vietnamese state. A series of studies from the Fulbright Economics Program based in Ho Chi Minh City, for example, attributes the ineffectiveness of the Vietnamese state to fragmentation and weak accountability (Vietnam Executive Leadership Program, 2012, 2013, and 2015). Adam Fforde and Lada Homutova (2017), in turn, highlight inefficiency in formal political institutions of Soviet origin, institutions through which the VCP still rules, as a factor hampering state effectiveness.

Bringing a focus on the state back into an analysis of Vietnam's path from state socialism, this Element looks at the state as a set of organizations with specific regulative, extractive, repressive, and ideological functions in varying relation with non-state actors. This definition is predicated on the assumption that states express the combined domination of classes and fractions of classes over the rest of their society at particular points in time although no state is reducible to domination by such actors (Therborn, 1978; Anderson, 1983).

Unpacking the transformation of Vietnam's socialist state under *đổi mới*, I examine three interrelated processes: transition from plan to market, state-building, and evolving accountability and legitimacy. In tracking the transition from plan to market, I identify key state socialist structures that developed prior to *đổi mới* as well as drivers for change and the change process. In discussing state-building, I examine the impact of transition on the structure of the state apparatus and its power, the redefinition of authority relations within the state structure, and the political economy of state policy. I situate the discussion of accountability within the context of the VCP and various government responses to emerging legitimacy challenges to the one-party state.

I argue that despite the label "one-party rule," the party-state apparatus that channels that rule has become fragmented thirty years after the launch of *đổi mới*. This fragmentation is a legacy of thriving commercialized interests at the provincial level during Vietnam's transition from plan to market in the 1980s. While provincial "fence-breaking" practices propelled a successful economic transition, they had the systemic effect of undermining the power of the central state. State-building that has followed has required negotiating to redefine authority relations within the state structure. The balancing of commercialized interests within the state apparatus has led to the institutionalization of a decentralized state apparatus. Vietnam's accountability projects have reflected attempts on the part of the VCP, successive governments, and even citizens to curb the specific self-aggrandizing tendencies of state agencies, state policies, and the use of state power in the context of decentralization and fragmentation. Economic success and political stability under the one-party state in the era of

*đổi mới* have, to a considerable degree, been shaped by the interplay between fragmentation and accountability.

This Element's arguments and empirical discussion are in four sections, the first of which discusses the state socialist regime prior to *đổi mới* and the process of transition. The second focuses on the development of the *đổi mới* state apparatus and its political economy, and the third focuses on evolving accountability. The Element concludes in the fourth section by reflecting on Vietnam's *đổi mới* from a regime change perspective and scenarios for further change.

## 2 From State Socialism to Transition

Hồ Chí Minh declared the independence of the Democratic Republic of Vietnam (DRV) in 1945. The years that followed until 1975 were characterized by protracted military conflict with France and later with the United States. At the end of the war with France in 1954, the Geneva Conference mandated a temporary division of Vietnam at the seventeenth parallel pending a national election, but the United States' intervention in support of the Republic of Vietnam prolonged that temporary division until 1975 (Kahin, 1986).

The Vietnamese communist leadership north of the seventeenth parallel adopted core Marxist-Leninist principles for state-building: leadership by the Communist Party, democratic centralism, public ownership of the means of production, and central planning. Vietnam scholars have used various labels to capture the political and economic system that developed under the DRV north of the seventeenth parallel and was later imposed on the liberated Republic of Vietnam after 1975: “bureaucratic socialism” (Porter, 1993); “the DRV model” (Fforde & de Vylder, 1996); and a “centralized planning and bureaucratic subsidy mechanism” (*cơ chế kế hoạch hóa tập trung quan liêu bao cấp*) (Đăng Phong, 2009b). In this Element, I use the term “state socialism” to discuss the state and the socialist regime prior to *đổi mới* in order to highlight, on the one hand, the prominent role of the state under the leadership of a communist party in creating an egalitarian society by means of public control of the means of production coupled with economic planning and a social security system, and on the other, individual responses to incentives that system created (Kornai, 1992).

At the same time, Vietnam is unique in that state-building evolved there in the context of protracted military conflict, first with France (1946–1954) and later with the United States (1954–1975), Cambodia (1975–1989), and most recently the People's Republic of China (1979 and throughout the 1980s and 1990s). Including the years from 1956 to 1975 when the nation was divided in two. Prolonged military conflict and political division

fostered a link between socialism and nationalism on the one hand and the regime's orientation toward the masses on the other.

In this section, I first discuss key features of the socialist state and then examine the drivers for transition.

## 2.1 Key Features of the State Socialist Regime

Under the DRV-controlled northern area, the VCP, renamed the Vietnam Workers' Party (*Đảng Lao Động Việt Nam*) in 1951,<sup>3</sup> institutionalized state socialist political, economic, and social institutions under one-party rule. Politically, the Vietnam Workers' Party formulated party lines that served as the basis for state management, placed party and state personnel, and carried out socialist ideological education. It adopted democratic centralism as the main principle in decision making: decisions agreed upon by the majority had binding authority. In principle, the National Party Congress, the highest institution within the party structure, met regularly to approve party lines, amend party statutes, and elect members to the Central Committee. The war years from 1951 to 1975, however, saw only two national party congresses: the Second Congress in 1951 and the Third Congress in 1960. Between the party congresses, the Political Bureau, the Secretariat, the Central Committee, and Central Committee departments handled decision making. The Vietnam Workers' Party, through the 1959 Constitution, endorsed a structure of executive, legislative, and judicial institutions. The Council of Government was headed by the prime minister, whose decisions, in principle, ministries, state commissions, departments at the central level, and provincial-level administrative units carried out. The Constitution granted the National Assembly considerable authority, although in practice it served more as a symbol of national unity than a legislative, representative, or supervisory institution. Under the DRV, the judiciary system only had limited independence (Beresford, 1988). To link the communist party and society, the Party relied on mass organizations. At the core were the Vietnam General Confederation of Labor, the Women's Union, the Ho Chi Minh Communist Youth Union, and the National Peasants' Union, originally set up at the founding of the Indochinese Communist Party/Vietnamese Communist Party in 1930 (Huynh Kim Khanh, 1982). In the 1950s and 1960s, the Party supported the building of the Vietnam

<sup>3</sup> Founded in 1930 at a conference in Hong Kong, the communist party was named the Vietnamese Communist Party by Hồ Chí Minh before being renamed the Indochinese Communist Party (ICP) to reflect the Communist International's strategic concerns. After the August Revolution in 1945, the ICP dissolved itself to encourage participation in an anticolonial united front. The ICP/VCP was revived as the Vietnam Workers' Party in 1951 until 1976 when the name VCP was restored.

Fatherland Front (VFF) as a united front organization, and also set up wide-ranging professional, cultural, and religious associations. All these organizations had the dual function of implementing Party doctrine and communicating feedback from members to the Party. Under the DRV regime, the Party controlled other political institutions either by placing party members in leadership positions or through the VCP's corresponding committees. Party statutes placed the People's Army of Vietnam under the party's Central Military Party Committee (Thayer, 1994). Dang Phong and Beresford (1998) use the term "partification" to characterize communist control of other institutions.

Economically, the Vietnam Workers' Party institutionalized state socialist economic principles: state ownership of the means of production, central planning, and distribution of labor. Between the Second National Party Congress (1951) and the Third Congress (1960), the Party carried out land reform (White, 1981; Moise, 1983; Vickerman, 1986). The following Three-Year Plan (1958–1960) introduced "production cooperatives" to replace the family as a basic agricultural production unit. Land and all means of production were owned collectively, with five percent of cooperative land allocated to households as private plots. Income was distributed according to labor. The Three-Year Plan also transformed private enterprises engaged in trade and industries into mixed private–state entities. The Third National Party Congress (1960), following the socialist bloc's emphasis on socialist industrialization and the need for economic self-sufficiency, prioritized the development of heavy industry (Beresford 1989; Chử Văn Lâm, 1990).

In terms of economic mechanisms, the Party adopted centralized planning and administrative pricing. Given that Vietnam was an agrarian society, these mechanisms were applied mostly to the agricultural sector. The state invested in infrastructure and supplied means of production such as fertilizer and tools to cooperatives at lower than market prices. In return, cooperatives delivered agreed targets at below-market prices. Cooperative members were paid "work points" according to the amount of time expended on each task after state quotas had been met and collective funds set aside (White, 1985; Vasavakul, 1999a). This system was predicated on the assumption that surpluses from collectivized agriculture would serve as inputs for state-led industrialization (Truong Chinh, 1959; Fforde & Paine, 1987). Studies on the industrial sector in the DRV are sparse, but available literature suggests that central planners set targets for state-owned enterprises (SOEs) while supplying required inputs, increasingly with foreign assistance, for those targets. These SOEs were managed by central, provincial, and district-level state agencies generally known as "managing agencies" or *chủ quản* (Fforde & de Vylder, 1996; Vasavakul, 1999a).

In addition to political and economic institution-building, the Vietnam Workers' Party institutionalized an extensive system of public and social services, ranging from health care and education to infrastructure and public utilities. In rural areas, cooperatives were the key agencies responsible for delivering health care and education (Houtart & Lemerminier, 1984). Trade unions, acting on behalf of SOEs, distributed goods to workers, organized social and cultural activities, allocated housing, and guaranteed worker welfare (Chan & Norlund, 1999). Prior to the intensification of the war with the United States in the mid-1960s, the Vietnam Workers' Party had, to a large extent, put in place the key structures of Vietnam's state socialist political, economic, and social institutions.

Under state socialism, party and state political power depended upon their ability to control and allocate economic resources. The system's legitimacy also depended on growth and improved livelihoods. Central planning in the DRV, however, was not without its challenges. Agricultural cooperatives suffered from low state investment, low procurement prices, and inadequate compensation. As a result, cooperative members increasingly turned their attention to their personal 5% of cooperative land, which yielded some 60% of cooperative member incomes (White, 1985; Đặng Phong, 2009a). Industries also suffered due to the mechanics of central planning. To improve efficiency, planners set higher targets while lowering input and performance pay. In response, enterprises underreported capacity and performance to negotiate planned targets and increase their inputs. At the systemic level, central planning in the DRV gave rise to a practice of "asking-giving" (*xin cho*) between planners, managers, cooperative producers, and workers across sectors. This tacit resistance to central planning and the resulting "everyday negotiation and bargaining" developed within the socialist state structure itself (Vasavakul, 1999a).

That the system persisted without any official call for "*đổi mới*" derives from the unique features of the DRV regime. Politically, VCP leadership was cohesive. Despite internal party conflict, there was no purge of key party leaders. At its worst, internal conflict manifested in the 1960s in an internal debate known as "revisionism" and the defection of a top party member in the 1970s (Hoàng Văn Hoan, 1986; Bui Tin, 1995; Huy Đức, 2012). Economically, the DRV's "forced modernization" did not lead to forced rapid collectivization or a cataclysmic "Great Leap Forward" as in the Soviet Union or China. Assistance from the Soviet Bloc and China also took economic pressure off of rural cooperatives to deliver surpluses for industrialization efforts. Although the regime-society relationship had at times been strained prior to the American war, especially with peasants during the land reform period from



1953 to 1956 and with intellectuals from 1951 to 1958, the Party was able to mobilize various strata of the society during the war, when the socialist economic framework and state–peasant relations were also sustained through nationalism (Vasavakul, 1995 and 2000).

The path to *đổi mới* originated in the imposition of the expanded DRV model on a reunified Vietnam. The Fourth National Party Congress (1976) endorsed the large-scale socialist development model General Secretary Lê Duẩn advocated. The Second Five-Year Plan (1976–1980) accordingly expanded the socialist agricultural cooperative structure from the commune to the district level while setting up high targets to be achieved across sectors (Đặng Phong, 2009a: 25–7). The 1980 Constitution of the Socialist Republic of Vietnam (SRV) enshrined the socialist model of development and state-building patterned after the Soviet Bloc. It confirmed the leading economic role of the state and collective sector while endorsing centralized planning mechanisms and a foreign trade monopoly. Politically, the Constitution codified the development of a centralized state apparatus. It endorsed the State Council that acted simultaneously as the collective presidency and the standing body of the National Assembly and established a Council of Ministers to function as the collective leadership of the executive branch. These new institutions reflected VCP leaders' vision of a full-fledged, centralized socialist state for the reunified Vietnam.

The imperative for *đổi mới* resulted from a combination of domestic and international factors working simultaneously. In the newly liberated South, the VCP's collectivization of agriculture and its nationalization of industry and commerce met with vehement resistance (Duiker, 1989). Challenges to the regime also mounted as a result of international factors such as the United States embargo that led to shortages of industrial inputs, the diversion of resources to Vietnam's engagement in Cambodia, the end of Chinese aid by 1977, and reduced aid from the Soviet Bloc. From a structural perspective, systemic problems evident in both the North and the South before reunification had consequences. The South's total dependence on aid from the United States prior to the Saigon regime's collapse created a vacuum that necessitated the DRV's self-sufficient economy to produce a North–South transfer of resources that precipitated an economic crisis (Paine, 1988; Beresford, 1989). Ultimately, such numerous and diverse impairments to economic control in the reunified Vietnam compounded to undermine the VCP's legitimacy, prompting it to rethink its socialist development model.

## 2.2 Transition from Plan to Market

The transition from socialism in Vietnam is an exemplary case of socio-economic and political forces playing a role in driving regime change, especially



considering its beginnings, the agents of change, and the change strategy. While the Sixth National Party Congress of the VCP officially endorsed *đổi mới* in 1986, practices fitting that description had already been taking place by then. The transition experience also indicates that *đổi mới* has been neither a top-down process with changes initiated by particular leaders, nor a bottom-up experience driven by grassroots-level actors. Rather, it was the outcome of interactions among networks of commercialized interests from the central to the local level and across sectors within a decentralized state socialist structure. This experience shows that the transition away from central planning was a separate process from the institutionalization of a post-central-planning regime, and it should be noted that while endorsing *đổi mới*, the Sixth Party Congress did not elaborate a master plan for the process of institutionalization; measures to build institutions were discussed only by subsequent party congresses and further elaborated by subsequent governments.

### 2.2.1 Beginnings and Process

There are at least two historical periods that could be considered the onset of transition: 1966–1968, when Vinh Phuc Province, a province in the Red River Delta, experimented with a contract system in agriculture, and 1979–1989, when the VCP allowed production units to carry out both planned and unplanned activities simultaneously.

The 1966–1968 experiment, generally known as “household contracting” (*khoán hộ*), was credited to Kim Ngọc (1917–1979) who served as Party Secretary of Vinh Phuc province from 1959 to 1977. Kim Ngọc supported an alternative approach for reorganizing agricultural cooperatives based on three types of contract. Cooperatives could contract individuals, households, and groups to carry out work packages and could re-allocate collectivized land or other production materials to producers. There was no restriction on contract duration. This experiment, however, ended in 1968 after just two years when Trường Chinh, a Politburo member and party ideologue, criticized it as a case of undisciplined management potentially leading to privatization (Đặng Phong, 2009a). According to the former chairperson of a participating agricultural cooperative, the criticism did diminish the extent of the practice but did not completely end it. With Party Secretary Kim Ngọc’s tacit consent, one cooperative continued to apply the household contract system discreetly (*làm chui*) (*Dân Việt*, September 15, 2017). Kim Ngọc’s initiative was officially recognized in 2009 when he was posthumously granted the prestigious Hồ Chí Minh Prize. The VCP newspaper, upon reporting the commemoration of the 100th

anniversary of Kim Ngọc's birth, called Kim Ngọc's approach representative of *đổi mới* (*Nhân dân Điện tử*, October 3, 2017).

The 1979–1989 experiment represents another landmark for transition. To address economic crises, the VCP re-prioritized Vietnam's economic development focuses and moved towards the decentralization of production activities. The Sixth Plenum of the Central Committee, in August 1979, passed two resolutions that promoted agricultural, consumer, and export production, a key departure from the traditional emphasis on heavy industry. The Plenum also encouraged the involvement of all economic sectors, including the state, collective, public-private, individual, and even capitalist sectors. The consumer goods industry and the provincial-level industrial enterprises would take the lead in delivering consumer and export goods based on inputs from the agricultural sector.

Following the deliberations of the Sixth Plenum of the Central Committee came a set of landmark frameworks that paved the way for Vietnam's transition away from central planning. In 1981, Directive 100 expanded output contracts (*khoán sản phẩm*) to both groups of farmers and individual farmers in agricultural cooperatives, effectively reviving family farming. That same year, Decision 25-CP institutionalized a three-plan system consisting of an official plan to deliver state targets, a second plan on horizontal connections among enterprises meant to address supply shortages, and a third plan based on the enterprise's own market efforts. From 1982 to 1985, the VCP supported experiments with price reform. In 1986, the Sixth National Party Congress of the VCP officially endorsed *đổi mới*. In 1987, the VCP further reduced differences between free-market and official prices, abolished rationing for select commodities, removed checkpoints for internal trade, and passed a liberal Foreign Investment Law. In 1988, Resolution 10 further de-collectivized agriculture, reducing the role of agricultural cooperatives and strengthening the household sector. In accord with the *đổi mới* spirit, the Council of Ministers in March 1988 issued two important documents to legalize the private economy and the family economy. Throughout the 1980s, the VCP also endorsed the liberalization of domestic and international trade. In 1989, the VCP abolished the two-tier price system, raised interest rates to realistic, positive levels, devalued the currency nearly to the market rate, relaxed foreign exchange and trade rules, and equalized tax rates across economic sectors (Beresford & Fforde, 1997; Đặng Phong, 2009a). The abolition of the two-price system, according to Adam Fforde and Stephan de Vylder in their path-breaking study (1996), marks the end of central planning.

The official frameworks the VCP enacted between 1979 and 1989 should not obscure the fact that most of these frameworks developed out of