

Reviewing Karl Marx's Revolutionary scorecard from the 20<sup>th</sup> century one finds very few active players on the roster. Non-industrialized East Asian nations, where communism was not supposed to work, have defied theory and survived as hybrid states. The Socialist Republic of Vietnam has been evolving into such an enigma. The economic opening up of a one-party state has allowed new problems to seep in. Vietnam has always lived in the shadow of fear of her behemoth neighbor to the north, China. The implemented changes in the centrally controlled market economy has in the past few decades followed those of their communist brethren to the north. The benefits and problematic issues will be the focus of this country study.

Currently the government leaders are 66 year old President Nguyen Minh Triet (a ceremonial chief of state) and 59 year old Prime Minister Nguyen Tan Dung (head of government ) of the National Assembly (Quoc Hoi). The National Assembly voted them in on June 27<sup>th</sup>, 2006. After winning control over the northern half from the French in 1954 and overrunning the south in 1975, the Vietnamese Communist party (VCP) is still firmly in control. The civilian government may run the day to day operations but the VCP cadres parallel it at all levels. Prime minister Dung is the 4<sup>th</sup> ranking member in the VCP, President Triet was the former party leader in Ho Chi Minh City (Saigon). Since 2001, the general secretary of the VCP's 14 member politburo is 68 year old Nong Duc Manh. Gen Sec Nong is the only of the three leaders who attended a university in Soviet Russia.

Vietnam constitutionally functions as a traditional Socialist Republic. The main characteristics being; communist party given a central leadership role, the 492 seat unicameral National Assembly as the highest representative organ, and the executive branch wielding governmental

power. The communist party is official name, Vietnamese Fatherland Front, yet oddly lost 42 assembly seats to non-party candidates. The current constitution, Vietnam's third, was adopted in 1992. The last amendments in 2001 were to Article 2, which now allows the National Assembly to hold votes of confidence on its elected leaders, and Article 16 officially recognizes foreign investment as part of governmental economic planning. Unfortunately, these modern adaptations have not affected the citizen's rights, as individual obligations are still to national duties over personal liberty. The hybrid civil code system, based on communist legal theory and French civil law system, has not accepted International Court of Justice jurisdiction<sup>1</sup>

The communist ideology as a front for true nationalist intentions had succeeded in uniting Vietnam. However, with a population of over 86 million concentrated on 128 thousand square miles, it is taking more than theory to insure its survival. The population density is 655 persons per square mile, 100 times the US average, compacted in an area the size of the State of New Mexico. To overcome an undernourished and impoverished society, in 1986 the government instituted a policy of economic reforms called Doi Moi (New Changes). One may suspect after seeing that Deng Xiaoping's Four Modernization in 1978 did not bring the collapse of the Chinese Communist Party's control, Vietnam followed a similar path. Economic organization is still formulated in a Stalinist 5 year plan.

The economic sectors of agricultural exports and manufacturing have seen the greatest gains. The major agricultural exports are cashew nuts, rice, and coffee. Ranked globally as number one on the former, and second in the latter two. The extensive coastline and the 80,000 fisherman employed in the fishing industry is a major source for the nation's protein and another major

1 *World Fact Book*. (Washington, D.C.: The Central Intelligence Agency, 2008).

export product with the USA being the leading consumer. Unfortunately, the Pacific monsoons can drastically effect these cash crops. This month, two major storms raged across Vietnam in the middle of coffee harvest season. Not only affecting the robusta coffee beans, used in producing instant coffee and its second largest cash crops, but halted work for the entire fishing fleet. The expected coffee harvest was already downgraded to 18% below last year's level.<sup>2</sup> So critical is this export in raising hard currencies that 93% of the beans are exported.

Manufacturing industry has and is still influenced by foreign states. When the French pulled out of Indochina in 1954 they stripped all manufacturing equipment from factories in North Vietnam. In the 1970's, Soviet Russia's 1970's economic assistance arrived with the command economy which attempted to develop socialist mega-projects at the expense of developing expertise. Currently, the Japanese are cooperating on transnational ventures due to Vietnam's abundant, motivated, and inexpensive workforce. A major development which will be discussed later.

The two former superpowers that fought over the political soul of the Southeast Asian peninsula have new roles. The Russians are now a major source for tourists and enjoy reunions with their former alliances. The Americans are now recipients of exported goods and the importers of fast food chains like Kentucky Fried Chicken.<sup>3</sup> China's industrial surge has only caused international disputes with Vietnam over ownership rights to oil deposits in the South China Sea. Once an aggressive pariah, Vietnam has ascended to membership in ASEAN and has reached an agreement in sharing development with the China and other regional states of the Spratley Islands' petroleum reserves.

2 Bruce Meng. "Vietnam's 2007/2008 coffee exports fall 17.5 pct."(Alibab.com. September 24<sup>th</sup>, 2008).

3 "KFC exec speaks on the growth of fried chicken." (Saigon Times Online. March 4<sup>th</sup>, 2006).

The 9% economic growth rates have trailed just behind China, but Hanoi recently downgraded this to 7% . The dependency on trade as a vehicle for economic expansion has reached phenomenal levels. The influx of foreign direct investment has raised.... living standards dramatically. Land prices have skyrocketed and inflation has outpaced GDP by 4%. A major factor in this developing nation is rising fuel costs. The government had been subsidizing gasoline prices but with this removed, prices recently surged up 36%. However, a price cap on the upper limits is enforced at a current rate of \$4.35 per gallon.<sup>4</sup>

The explosive growth is a double edge sword. Life expectancy in 1970 was a low 49 years yet today stands at 74.<sup>5</sup> With more workers reaching retirement age, mandatory retirement is age 60, inflation is eroding retirement savings.<sup>6</sup> However, with 50% of the population under age 25, future taxpayers insure a healthy social security system for the near future. The economic progress is creating additional stresses on the average Vietnamese citizen.

The communist party is slowly replacing the traditional family as the central focus of daily life. To wean Vietnamese society away from this historic economic unit, government planning developed many successful programs for its own and the public needs. The social security system doubles as a internal spy network.<sup>7</sup> Local cadres hand deliver retirees monthly payments to check up on the elderly.<sup>8</sup> Family planning has had a tremendous impact on controlling population growth through available and affordable contraceptives to over two-thirds of the

4 "Vietnam raises domestic fuel prices by up to 36 percent." (International Herald Tribune July, 22<sup>nd</sup>, 2008).

5 "At a glance: Viet Nam." (UNICEF: United Nations Population Division and United Nations Statistics Division.)

6 (UNICEF: United Nations Population Division and United Nations Statistics Division.)

7 New Law On Gender Equality Will greatly Improve Viet Nam's Legal Regime." (United Nations General Assembly: WOM/1593. January 17<sup>th</sup>, 2007)

8 Viet Nam Social Security. "Paying Social Security Benefits through Pay-Agents at Commune Level."(Hanoi).

population.<sup>9</sup> Average children per family has dropped from seven in 1970 to a current rate of slightly over two. Papa-san will most likely be watching television in retirement rather than his grandchildren.

The daily life of the average citizen, which is 90% ethnic Vietnamese, is affected in both positive and negative aspects. After energy, the great global concern is usable fresh water. Safe water is available to over 85% of the nation.<sup>10</sup> Literacy rates are at 90% and a 1995 government proclamation requiring all state employees under age 45 must be conversant in the English language has had an impact on more than just international relations.<sup>11</sup> Vietnam is flush with daily newspapers published in English. While an unofficial second language and 17% of the populace with internet may appear to be good for the influx of information and hopes for changing political values there is a flip side. The one-party stay heavily censors access to websites especially targeting critics of the government, expatriate political parties, and international human rights organizations.<sup>12</sup>

But who would complain against such a regime when in the past five years unemployment has dropped from 25% to today's 5%.<sup>13</sup> Additionally, workers also have the benefit of a 5 day-40 hour work week, reduced in 1999 from the 6 day-48 hours.<sup>14</sup> Finally, urban areas have a lower rates of air pollution than most Asian cities though the future calculations emphasize this will

9 Dominique Marie-Annick Haughton. *Health and Wealth in Vietnam, An Analysis of Household Living Standards*, p.23. (Singapore: Institute of Southeast Asian Studies, 1999).

10 Data Statistics. (World Bank 2008)

11 Kate Brown. "Courses in English Flourish in Vietnam." (International Herald Tribune, February 14<sup>th</sup>, 1995).

12 OpenNet Initiative. (Joint Project between Centre for International Studies-University of Toronto, Berkman Center for Internet & Society-Harvard Law School, Cambridge Security Programme-University of Cambridge, Internet Governance and Regulation-Oxford University, 2008).

13 *World Fact Book*. (Washington, D.C.: The Central Intelligence Agency, 2008).

14 Li Qi, Bill Taylor, and Stephen Frost."Labour Relations and Regulations in Vietnam: Theory And Practice." (City University of Hong Kong: Southeast Asia Research Centre, Working Papers No. 53-3.8, 2002).

change without attention.

The negative aspects are accepted as the status quo, mainly corruption and governmental control, which are preferred if stability is maintained. One aspect is promotion to the higher echelons of society places an emphasis on party membership or military experience with past national liberation forces over merit. Even with the food inflation rate at 26%, which would have a democratic society up in arms, protests against the regime are minimal. Vietnam is ranked 121<sup>st</sup> worst nation for corruption.<sup>15</sup> The bureaucracy keeps a watchful eye on startups as it takes 50 days and 11 forms to open the doors of a new business.<sup>16</sup> An additional hurdle is the 11.8% interest rate on loans.<sup>17</sup> Previously mentioned reduced work hours are negated by the fact there are only nine holidays in Vietnam.<sup>18</sup> If the work does not kill, then the traffic will. Government regulations to license drivers and require helmet use has failed, but as a population reducer the annually fatal accident rate is soaring at 300% per year.<sup>19</sup> Safety organization base it on vehicle operator's attitudes regarding safety.<sup>20</sup>

One word synonymous with Southeast Asia is motor scooter, the essential heartbeat of daily living. Vietnam presently has 300 scooter operators for every one mile of paved road.<sup>21</sup> The dominant form of transportation places Vietnam as the 2<sup>nd</sup> largest market. The demand, which increased 30% from last year, is being used as an opportunity to develop manufacturing.<sup>22</sup> The

15 Corruption Perceptions Index 2008 (Berlin: Transparency International, 2008).

16 Doing Business 2008. "Country Briefing- Vietnam." (World Bank, 2008)

17 International Monetary Fund. "International Financial Statistics." (October 2008).

18 Neighboring Cambodia enjoys 28 governmental holidays, the USA has 10 federal holidays.

19 Joshua Jake Levine. "A Lesson In Driving." (The Vietnam Business Journal. August 1997).

20 Only 3% of motorcycle operators wear helmets and only 50% are licensed. Kate Johnson. "Under the Wheels." (Time Magazine, October 28<sup>th</sup>, 2002).

21 In comparison, the USA has 1.5 two-wheeled vehicles per paved mile of road. Dr. Phan Le Binh, "Statistic Data on Transport Sector in Vietnam." (Japan International Cooperation Agency-Vietnam, March 3<sup>rd</sup>, 2008).

22 Reuters News Service. "UPDATE 1-Yamaha to boost Vietnam motorcycle output 50 pct." (July 29<sup>th</sup>, 2007).

market is dominated by Japanese brands assembled in Japanese funded plants by Vietnamese workers. Hanoi has allowed this to capture the knowledge and expertise in manufacturing these vehicles. Combined with investment in educating engineering students, it plans to soon have the research and development capabilities to produce and market domestic brands. Oddly, Vietnamese consumers prefer the Japanese models which are typically 60% more expensive than a Chinese import. One may surmise that the 1978 Chinese invasion is the reason enough, but most Vietnamese consumers when interviewed stated the Sino-scooters are crap.<sup>23</sup>

The ascension as partner to the global community has raised Vietnam's living standards but still leaves it lacking in the area human rights violations and human trafficking violations. Once seeing itself as an ideological leader in the region, the collapse of the Soviet Union and the 3 million dollars a day it was receiving, has caused this fallen domino to loose its spots in order to sustain itself. Admitted to the UN in 1977, Vietnam currently holds a seat as a non-permanent two year member on the UN Security Council until January 1<sup>st</sup>, 2009. It's current report card shows membership in Food and Agriculture Organization (FAO), the World Bank, the International Civil Aviation Organization, the International Monetary Fund, the UN Development Program (UNDP) , the UN Educational, Scientific, and Cultural Organization (UNESCO), the World Health Organization (WHO), the World Intellectual Property Organization, the Asian Development Bank, and Association of Southeast Asian Nations (SEAN). The new direction of the Socialist Republic of Vietnam can be summarized by quoting an extract from at The Party's 10th National Congress, "Push ahead foreign economic activities, integrate more deeply and fully in global, regional and bilateral economic institutions, with

23 Kohei Mishima. "Motorcycle Industry in Vietnam, Thailand and Indonesia." (Tohoku University: April 3<sup>rd</sup>, 2004).

national interests as the highest objective.”<sup>24</sup>

24 Vietnam Ministry of Foreign Affairs . “Vietnam Foreign Policy.” (Hanoi: The Political Report of The Central Committee, September 28<sup>th</sup>, 2007)