

Transforming Asian Socialism

China and Vietnam Compared

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Commonalities in China and Vietnam's Prior Experience

Vietnam and China both commenced their paths to economic reform from a broadly similar point of departure, in the obvious sense that they had previously adopted from the Soviet Union a common Marxist-Leninist ideology and a Leninist political framework. They were, of course, akin to the socialist countries of Eastern Europe in both this respect and (with the partial exception of Yugoslavia) in the fact that they maintained command economies. So too, in the image of the Soviet Union of the 1930s, both countries had sought to embark on programs of forced industrialization. And again like the countries of Eastern Europe, the two Asian socialist countries had shared in a rhetoric of both nation-building and "class struggle".

Chinese and Vietnamese Trade Law", Working paper no.143, Center for Applied Research, Pace University, 1995.

¹⁰ E.g., Paul Collins (ed.), "Reforming Public Sector Management in Centrally-Planned and Transitional Economies", *Public Administration and Development*, vol.13 (October 1993), pp.323-451.

But at the same time, China and Vietnam stood apart from the European socialist experience. Both countries, as Woodside discusses in these pages, shared long historical traditions of Confucianism, of rulership and bureaucracy that were unlike the historical traditions of the European socialist states. Both countries also shared a somewhat parallel experience of revolution this century that differed from the experience of any part of Europe. And after consolidating power, both of their new Communist governments had adopted organizational patterns in the countryside that differed considerably from what held for Eastern Europe. In all of these important ways, Vietnam and China did hold to a distinctively "Asian socialist experience".

The persisting traditional intellectual and political legacies of both countries were, of course, also overlaid by the Marxist ideology that arrived in Vietnam and China in the second decade of this century. The young intellectuals who were attracted to Marxism had been disturbed by the dominance of Western power, the humiliating "backwardness" that had befallen their own lands, and the poverty of most of their compatriots. The new Marxist-Leninist credo taught them that through revolution and the establishment of socialism, they would be able to leap-frog the capitalist Western imperial states into a more advanced stage of history. This vision of renewed national pride through Communist revolution became a beacon that was not extinguished in many loyalists' minds until the 1970s or 1980s.

Such an ideology could readily be turned to purposes of nation-building, and the Communist Parties of China and Vietnam came to embody a nationalist thrust. They swept to power through long wars of liberation that enabled them to establish effective governments-in-waiting long before they occupied the capital city and could claim nationwide power. In all these respects, their histories were unlike the raft of East and Central European countries that were occupied by the Red Army at the close of World War II. The two Asian Communist Parties came to symbolize national identity and thus enjoyed a status and source of legitimacy that in Europe was comparatively weak. In a country like Poland, it was the Church, not the Party, that became identified with patriotic pride. Even in the Soviet Union, which was more successful in building a nationalist identity for the Party through its leadership in the resistance to German invasion in World War II, the non-Russian nationalities within the USSR continued to hold to their own separate loyalties and historical symbols, and in the longer run these have proven stronger than the bonds that Party rule tried to cement. And among the Russian population, a great many people continued to harbour loyalty to a separate Russian identity that came readily to the fore when the Soviet Union broke apart in 1991. None of this applied to China and Vietnam, countries which, numerically, are overwhelmingly dominated by a single ethnic group and whose Communist Parties could readily wrap themselves in the national flag. This has provided these two Asian Parties with greater staying power: they not only face far weaker potential challenges to Party rule than in a Poland or an ethnically-divided Soviet Union, but also hold a far stronger

confidence in their right and capacity to rule than was the case in much of Eastern Europe.

The wars of liberation in China and Vietnam were, notably, rural-based revolutions, again quite unlike Russia, the fount of Communist revolutions, whose Bolshevik Revolution resembled more an urban coup than a protracted revolutionary struggle. The new Bolshevik government nurtured a suspicion of the rural areas and of the farming population, and imposed collectivization almost as a war against the countryside. The regimes that were implanted elsewhere in Eastern and Central Europe after World War II generally followed their mentor's perception. This suspicion of the peasant was entirely lacking in China and Vietnam, where, if anything, the villages were perceived as bastions of support for the revolution. The leadership in both countries believed that they could introduce a far larger degree of administrative decentralization in their countrysides, entrusting local rural Party cadres to loyally pursue the national Party line.

Furthermore, the socialist era arrived in China and Vietnam at a different point of economic development than in most of the Warsaw bloc. Even decades later, at the point of the introduction of reforms in the early 1980s, most of the population in both Asian countries lived in villages and farmed mainly by hand. This contrasted with a country like Russia, where by the 1980s only a relatively small proportion of the work-force remained in the countryside and where the agricultural economy was mechanized and bound almost as tightly into the central "command economy" as industry was. In sharp contrast, Chinese state employees never reached 20 per cent of China's total work-force, whereas in the USSR over 95 per cent of the work-force were essentially employed in the state sector.¹¹ Almost all were covered by the net of state public services: not so in China and Vietnam, where only the minority who lived in urban areas were covered and where local villages and rural families themselves were responsible for their own welfare. All of these factors affected the prospects for a return to family farming. With a history of local rural economic initiative and of self-reliance in welfare services, and in circumstances where small labour-intensive family farms could be viable, the countrysides of the two Asian socialist states held similar distinct advantages over the former Soviet Union and most of the other East European states.

On the other side of the ledger, both China and Vietnam possessed less fully-developed labour markets in urban areas than was common in Eastern Europe. Whereas employees in the European socialist nations were accustomed to switching jobs in quest of better opportunities (in the USSR during the 1970s and early 1980s, *every year* one industrial worker in five transferred employers),¹² both Asian countries alike have tended to retain

¹¹ Fan Gang, "Facing the Next Stages of Incremental Reform: Successes and Problems in the Case of China", *Structural Change in Contemporary China* (monograph series), no.5 (Yokohama: Yokohama University International Cultures Department, 1997), p.36.

¹² Rudra Sil, "The Russian 'Village in the City' and the Stalinist System of Enterprise

urban workers at a single enterprise up through retirement. With exit from a job difficult, the Asian socialist workers became quite dependent upon the good graces of their work-place superiors. Again unlike Eastern Europe, this has provided the two governments with significant indirect control over much of the urban populace during the period of transition. Yet at the same time, this legacy of a permanent employer-employee bond built inflexibilities into the state-owned industrial sector and into the urban labour market as a whole. Within the past few years, the two Asian countries have belatedly begun to jettison this system of job security. The resulting layoffs and cutbacks, however, are painfully wrenching to blue-collar families, and social and political discontent at what they see as an unfair betrayal of their interests could spell trouble for the two governments in the years ahead.

A final respect in which China and Vietnam have differed from some of the Central and East European states is that the two Asian nations do not have any historical legacy of political democracy. In this they stand in contrast to a country such as the Czech Republic, but closer to Russia with its Czarist past. Building upon indigenous traditions of autocracy, the first decades of the Chinese and Vietnamese Parties' dictatorial rule were premised on the need for a strong state to carry out modernization via revolution. The Parties have sought to cast off much of the ideological side of this premise during the most recent decade and a half; but in doing so they have been able to fall back upon the residual notion that they are "developmental" states that continue to require the strong hand of single-party rule in order to push their nations forward into prosperity. The Communist governments in Eastern Europe in the 1980s held far less hope of reshaping their rule in this fashion, since they had to contend with the pull of the prosperous Western European example of democracy.

In all of these respects, both Asian countries were broadly similar on the eve of their reform eras, and at variance with much of the East European experience. The implications for the ongoing period of reforms will be observed in the chapters that follow.

Differences within the Similarities: Comparing the Reforms

Notwithstanding the commonalities in the recent histories and circumstances of the two nations and in the broad outlines of the reform programs that they have now embarked upon, comparative studies will almost inevitably fasten largely upon the differences that are found. This lies in the very nature of comparison, and there are strong benefits to be gained from such an approach. Delineating the differences enables us to comprehend in a more nuanced way, and from new perspectives, what has been under way in each of the countries, and why.

Management: The Origins of Worker Alienation in Soviet State Socialism", in Xiaobo Lu and Elizabeth J. Perry (eds), *Danwei: The Changing Chinese Workplace in Historical and Comparative Perspective* (Armonk: M. E. Sharpe, 1997), p.131.

One underlying political difference between these two Leninist states was that Vietnam's Communist Party regime was generally less ideologically strident and its system of rule less divisive than its Chinese counterpart.¹³ Ho Chi Minh and other Vietnamese leaders did not denounce and persecute intellectuals in the same relentless way as Mao Zedong. There was more room in Vietnam to consider and highlight the positive aspects of Confucianism for the country. Land reform was not as violent, and class warfare against former landlords did not drag on for as long in Vietnam as in China. Neither were rival Party leaders in Vietnam purged and jailed after the revolution, as occurred in China's Cultural Revolution. The greater collegiality of the national leadership in Vietnam facilitated a less antagonistic transition to reform-oriented leaders in the 1980s than in China, where this transition was possible only after Mao's death in 1976 and the arrests of the 'ultra-leftist' faction, the Gang of Four and their supporters. This difference between the two countries' political regimes helps to explain why, when economic and political reforms began in the late 1970s and early 1980s, Ho Chi Minh as a symbol still remained positive in Vietnam whereas Mao Zedong's image became tarnished, especially among intellectuals. Even officially, Mao was judged to have been responsible for the disastrous consequences of the Great Leap Forward and the excesses of the Cultural Revolution. Vietnam had been spared such extreme campaigns and turmoil.

Whereas in terms of political stability Vietnam was in better shape at the start of the reform process, economically China was better off. China's rate of domestic savings and its economic development were far higher. Chinese agricultural output was able to provide an expanding population with a subsistence livelihood while a significant proportion of rural production was being mobilized by the state for industrialization. Living conditions for a majority of Vietnamese villagers, by contrast, had fallen to low subsistence food levels; and the state had long been unable to accumulate savings to invest much in industrialization. Fforde argues in Chapter 3 that China's better economic situation of the late 1970s and early 1980s helps to explain why its economic reforms started in the rural sector and only later in the state-owned enterprises, which it could afford to continue to subsidize. Vietnam had to begin the economic reforms by tackling first the state-owned enterprises, which it could no longer subsidize. It would be fair to say that China authorized experiments with market reforms in order to reinvigorate a stagnating economy, whereas Vietnam began reforms in an effort to pull the country back from the brink of a looming disaster.¹⁴

¹³ Others have made this observation. See Georges Boudarel, "Influences and Idiosyncrasies in the Line and Practice of the Vietnam Communist Party", in William S. Turley (ed.), *Vietnamese Communism in Comparative Perspective* (Boulder: Westview Press, 1980), pp.158-66; and Brantly Womack, "Reform in Vietnam: Backwards Towards the Future", *Government and Opposition*, no.27 (Spring 1992), p.185.

¹⁴ Also see Womack, "Reform in Vietnam", pp.185-6.

To be sure, many of Vietnam's economic difficulties were directly or indirectly due to the fact that the country had been at war virtually non-stop from 1945 to 1975. Enormous amounts of labour power, capital, lives and resources were consumed by the wars, leaving the country considerably poorer than it otherwise would have been. Meanwhile, from 1953 onward, China experienced no major wars and was able to invest more of its resources in social and economic infrastructure. Further, the fact that Vietnam was divided until 1975 meant that, unlike China, the socialist planned economic structure had never taken root in the south. Agricultural collectivization, for example, was never fully implemented throughout the country. In fact, objections to the central leadership's effort to extend socialism southward helped to stimulate the economic reforms.

This point is best illustrated in the comparison that Turley and Womack make between Ho Chi Minh City and Guangzhou. Ho Chi Minh City's economic and political "weight" in Vietnam is much heavier than Guangzhou's in China simply because Vietnam is a tiny country compared to China, with far fewer large cities. Consequently, integrating Ho Chi Minh City into the economy after re-unification in 1975-76 was crucial to the Vietnamese national leaders' project of reunifying the country and expanding the socialist economy. Yet by the late 1970s, those national policies were not in place and economic conditions in the city had deteriorated. When the city's local leaders took measures that deviated from the national model and began to turn the local economy around, central authorities could not afford to squash the city's local initiatives.

Neither country made a wholesale, quick shift from a state-planned economy to a market economy. There was no "big bang" transformation.¹⁵ The process in both has stretched over more than a decade, from about 1979 into the 1990s. The tentative, experimental, drawn-out nature of these transitions to a market economy has been in keeping with the general orientation of policy makers and administrators in both countries. Part of that process involved local initiatives that deviated from the national economic plan and from central directives and policies, some of which were sanctioned by the central authorities, while others were unauthorized. This is discussed and analysed comparatively in the chapters by McCormick, Woodside, Kerkvliet and Selden, Turley and Womack, Luong and Unger, and Fforde.

The economic reform processes in both nations included similar phases but the sequencing and duration of each phase were different. According to Fforde, the initial experimentation phase for national economic reforms in Vietnam was 1979-1980, whereas in China the rural reforms occurred between 1978-1983; and the beginning of the transition toward an urban market economy began earlier in Vietnam (1981) than in China (1984). At the level of

¹⁵ Zuo Xiao Lei comes to a similar conclusion, though several particulars of this author's analysis are at odds with chapters in our book. Zuo Xiao Lei, "Development of an Open-Door Policy: Experiences of China and Vietnam", *Singapore Economic Review*, vol.39, no.1 (1994): pp.17-32.

Ho Chi Minh City and Guangzhou, according to Turley and Womack, the timing was somewhat different. Because the reforms in China initially emphasized agriculture, Chinese farming families were enjoying the early fruits of the reforms by the time national government policies started to push state-owned enterprises toward a market economy. In Vietnam, on the other hand, while experimentation in the countryside continued, this had only limited positive results for rural producers, and Vietnam's initial policy reforms were focused more on the state enterprises. Consequently, as Fforde points out, by the time a concerted national program to decollectivize farming was developed in the late 1980s, market-oriented state enterprises dominated the economic landscape. This account differs from a widely held view that China and Vietnam both started with reforms to the agricultural sector, and that this sequencing was a precondition to the later economic success of the two countries.¹⁶

China has retained more features of the state planned economy in part because that system was more completely in place at the outset of economic reforms than in Vietnam. Nonetheless, as the market economy has taken hold in both countries, the hand of the central state over an array of economic activities has been relaxed considerably, contributing in turn to an environment that allows, even encourages, a devolution of economic and political initiatives downward into localities. This is not to say that both states now hold little influence over local affairs: they in fact retain a considerable capacity to design and carry out policies. At the same time, though, room for local manoeuvring has expanded markedly.

Having abandoned the command economy, neither China nor Vietnam is likely to return to it.¹⁷ But at the same time, both countries' leaders seem intent on allowing only modest changes in the political system so as to maintain the Communist Party's domination. Yet it remains to be seen how long the *status quo* will last when so much else in each country is changing rapidly. One possible political scenario might be liberal democracy, but this does not seem on the horizon in either country. Another possible scenario would entail authoritarian corporatism, a direction in which both countries do seem to be evolving, whereby the Communist Party-dominated political apparatus manages to control sectoral interest representation.¹⁸ Alternatively,

¹⁶ For discussions of this argument, see Richard Pomfret, *Asian Economies in Transition: Reforming Centrally Planned Economies* (Cheltenham: Edward Elgar, 1996), p.73; Pradumna B. Rana, "Reforms in the Transitional Economies of Asia", Asian Development Bank, December 1993, pp.9-10.

¹⁷ Another analyst has made the same prediction. See Robert A. Scalapino, *The Last Leninists: The Uncertain Future of Asia's Communist States* (Washington, D.C.: The Center for Strategic and International Studies, 1992), p.38. He holds the same expectation for other Communist Party-dominated countries in Asia such as Laos, Cambodia and Mongolia.

¹⁸ Jonathan Unger and Anita Chan, "Corporatism in China: A Developmental State in an East Asian Context", in Barrett L. McCormick and Jonathan Unger (eds), *China After*

as some prognosticators have darkly warned, serious turmoil and upheaval could erupt, in which one or both countries get ripped apart by social explosions and/or nationalist extremism. McCormick points to signs of increasing reliance on unilateral arbitrary rule, which could yield serious problems down the track.¹⁹ He believes that of the two countries, China is the more politically volatile.

Both Communist Parties have re-emphasized the imperative to maintain a hold on the political system lest their countries degenerate into chaos like the former USSR and Yugoslavia, that third possible scenario.²⁰ They hope to rein in what they consider excessive civil-society pressures as economic reforms deepen.²¹

Even though the institutions of the central state have not changed dramatically, each country has experienced considerable political changes as the economic reforms have gained ground. With decollectivization has come a significant shift in power, eroding a state-centric apparatus that used to command agricultural production and the distribution of goods and services. Similarly, in manufacturing and the other non-farming sectors of the economy, workers and entrepreneurs have considerably more freedom of movement, scope to produce, and opportunities to buy and sell their services and wares.

Economic liberalization has also opened up much more freedom in the social, personal and private spheres. As Marr and Rosen observe, a generation of young Vietnamese and Chinese has emerged who are different from their parents. The inroads of a consumer mentality, the opening up to the West, and the spread of mass media, in particular the electronic media, have allowed young people to live a more "modern" and free-wheeling lifestyle. With the termination of the system of assigning jobs to new graduates, authorities have less control over the behaviour of students and young graduates. In both countries, Communist Youth League memberships are in decline and the old-style campaigns launched against "social evils and cultural poison" and "peaceful evolution" seem to yield not positive responses but cynicism. Labour laws governing labour unions and working conditions have given trade unions a greater role in both countries than previously allowed.

But, again, there are noticeable differences. As Chan and Norlund show, unions in Vietnam are more independent of industrial management than are their counterparts in China. Vietnamese workers have the legal right to strike

and in other respects are less constrained by the central authorities than in China. The cumulative effect of these and other differences is that more room is opening up in Vietnam than in China for labour unions to be advocates for workers' interests and rights.

Despite the expanding private sector and the retreat of the state's commitments to social welfare programs, officially socialism continues to be the ideological goal. Much of the reform policies in both countries have been couched in terms not of dismantling socialism but of protecting and reinforcing it. State-owned enterprises and the rapid expansion of publicly-owned township and village enterprises in China are evidence of the continuing role of the socialist premise. Also indicative is that land is not private in the usual Western sense of the word. Though households privately control the use of fields and their children inherit this control, the land legally belongs not to individuals or even families but to hamlets and village neighbourhoods in China and "the people" in Vietnam.

But how much longer can socialism last as an ideology? Indeed, what, if anything, is left of it? Many defining characteristics such as a class-oriented perspective and appeals to social justice have been watered down; others such as central planning and collectivized production have nearly vanished. Both countries' leaders seem to be searching for a coherent set of beliefs to fill the ideological vacuum created by the withering of the Marxist-Leninist credo. Nationalism may be a viable substitute; developmentalism is another — though both have potentially negative aspects. Developmentalism resonates with Woodside's suggestion that a "latecomer theory" in both countries dramatizes the need for a strong state and a planning intelligentsia to choose the right path to development.

Nationalism and patriotism are corollaries to developmentalism. Having opened up their countries to foreign penetration, both Chinese and Vietnamese leaders are now having second thoughts about the effects on their young people of Western "cultural pollution". Some Chinese youth are receptive to the media campaigns against "foreign" countries, i.e., the developed world, particularly the United States. As Marr and Rosen note, public opinion surveys in China reveal strong anti-Americanism even while visits to McDonald's, the symbol of Americanism, remain unabatedly popular. Despite the long history of wars against foreign domination, Vietnamese patriotism by contrast seems more subdued and less anti-foreign.

The chapters that follow help to identify those areas in which shifts are country-specific, and those that are common to both countries as they attempt to reform their systems. A casual observer might jump to the conclusion that Vietnam is taking its lead from China's experience — this time in terms of how to implement reforms. That may be the case in some policy areas such as Vietnam's "social evils" campaign in the mid-1990s, which Marr and Rosen's chapter refers to. But no author in this volume suggests that Vietnam has followed consciously in China's footsteps except in such minor ways. Turley and Womack conclude from their two-city study that China's experience was

Socialism: In the Footsteps of Eastern Europe or East Asia? (Armonk: M. E. Sharpe, 1996), pp.95-129.

¹⁹ Brantly Womack has raised the remote possibility of internal dynamics generating forces that might split south Vietnam from the north. Womack, "Reform in Vietnam", p.186.

²⁰ Scalapino, *Last Leninists*, pp.66-7.

²¹ Elsewhere, Brantly Womack has written that the Communist Parties in China and Vietnam have the capacity to survive a Party-led transition to a more democratic political system, but are unlikely to risk the attempt. Instead, he surmises that "indefinite liberalization may be more attractive to reformers". "Asian Communism: Enigma Variations" (Miller Center Occasional Paper, University of Virginia, 1993), pp.59, 63.

no more than an important referent for Vietnamese policy making. Fforde concludes from his study of the sequencing of economic reforms that Vietnam did not in any sense “emulate” China. Chan and Norlund note that, while both countries promulgated new labour legislation during the same period, 1992-1994, they did so independently of each other. Among some Chinese trade union officials, in fact, the influence may quietly be from Vietnam to China, as Chinese trade union officers look with envy at Vietnam’s new labour regime. As China and Vietnam navigate uncharted terrain in shifting toward a market-based economy under Communist Party rule, they are moving in similar directions, but separately. It makes for illuminating comparisons.