

Present but not Powerful: Neoliberalism, the State, and Development in Vietnam

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ABSTRACT *Through a case study of Vietnam, this paper explores what happens to neoliberal ideas about development when they encounter the very different political and cultural context of a developing country. The paper argues that although much scholarship tends implicitly or explicitly to emphasise the very great power of neoliberal institutions in our world today, an analysis of continuity and change in Vietnam during two decades of extensive engagement with neoliberal actors suggests that the influence of neoliberalism on the working of the Vietnamese state has been relatively small. The paper seeks both to document and explain this through an account which is attentive to both structure and agency and which in turn sheds new light on the nature of power in our world.*

En este artículo se explora qué sucede con las ideas neoliberales, cuando el desarrollo se enfrenta a contextos culturales y políticos muy diferentes en países en vías de desarrollo, con base en un estudio de caso en Vietnam. El documento argumenta que aunque la academia tiende a enfatizar de manera implícita o explícita el gran poder de las instituciones neoliberales en nuestro mundo actual, un análisis de continuidad y cambio en Vietnam durante dos décadas de compromiso extenso con los actores neoliberales, sugiere que la influencia del neoliberalismo en el estado vietnamita ha sido relativamente débil. Este artículo busca documentar y explicar a través de un análisis cuidadoso, tanto de la estructura como de las intervenciones de desarrollo, que a su vez resalta una nueva perspectiva sobre la naturaleza del poder en nuestro mundo.

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通过对越南的个案研究，本文探究在发展中国家遭遇非常不同的政治和文化背景时，新自由主义的发展观将会如何。本文认为，尽管很多学术研究或隐或显地倾向于强调新自由主义制度在当今世界影响巨大，但对越南连续性和变动性的分析表明，虽然二十年来与新自由主义行为者有广泛接触，越南国家的运作受新自由主义的影响较小。本文通过既关注结构也关注能动者对此加以记述和解释，而这反过来显示了我们这个世界中权力的性质。

Keywords: neoliberalism, state, development, Vietnam, reform

Introduction

While the literature on neoliberalism is varied and diverse, it is not an exaggeration to say that the tendency in much Western scholarship is to emphasise—implicitly or explicitly—the very great power of neoliberalism in our world today. Dag Einar Thorsen and Amund Lie, for instance, describe how neoliberalism has been viewed as the ‘dominant ideology shaping our world today’, adding that for others we live in ‘an age of neo-liberalism’ (Thorsen and Lie, 2006). Meanwhile, Jamie Peck and Adam Tickell are in no doubt of the power of neoliberalism, arguing that the ‘transformative and adaptive capacity of this far-reaching political-economic project has been repeatedly underestimated’ (Peck and Tickell, 2002). Not everyone, of course, takes this perspective (see, for example, Hadiz and Robison, 2005; Hibou, 2004; Thirkell-White, 2007 for authors who adopt a contrasting position) but as the authors cited above indicate, the ‘neoliberalism as powerful’ camp is an influential one nevertheless.

My research on Vietnam dating back to the very early reform years places me firmly in the camp of those who question the power of neoliberalism, specifically leading me to argue that despite 20 years of reform, which has involved extensive engagement with a wide range of neoliberal actors, the state in Vietnam remains little changed in terms of its underlying political philosophy and many of its practices. This is in stark contrast to large swathes of the literature on Vietnam, which while acknowledging that the Communist Party is still in power, sees reform instinctively as being synonymous with change, including political change.¹ Now, obviously, we need to be very precise regarding the balance between continuity and change but in the view of this author there is at least enough of a sense of continuity to suggest a puzzle which needs explaining. That is, what does it say about this ‘dominant’ ideology we call neoliberalism, if its impact on one developing country is at best marginal?

In the article I first look at how neoliberalism is understood, paying particular attention to its perspective on the state. I then introduce the Vietnamese case, providing some background on the character of its reforms before turning to the tricky issue of continuity versus change in respect of the state. The final section prior to the conclusion seeks to make sense of my findings. I argue that while at least part of the explanation for the relatively small impact of neoliberal ideas about development on the Vietnamese state lies in the way in which it has fashioned the nature of its engagement with external institutions to its advantage, a more complete account lies in exploring the way in which elite interests both inside and outside Vietnam converge. This emphasis on a convergence of elite interests both inside and outside Vietnam is important, and forms part of the article’s claim to originality, since this point is often missed in the literature, which places the emphasis on elite resistance (see, for example, Dixon and Kilgour, 2002). Moreover, in terms of explaining the outcomes we observe, the article offers fresh insights based on close ‘ethnographic’ style observation of Vietnamese and international donor elites.

Neoliberalism Unpacked

Neoliberalism is one of those terms which is frequently deployed but rarely defined. In left-leaning academic circles, it often serves as catch-all for all the supposed ills of the World Bank and the IMF (i.e. neoliberalism as a term of abuse) (see, for example, Cammack, 2004; Fine, 2006; Pincus and Winters, 2002). I understand neoliberalism in relation to ideas about development associated with both the so-called Washington and post-Washington Consensuses (Gore, 2000). In particular, I am interested in the transition which occurred between the two consensuses as offering a useful window onto one way in which we may conceptualise power in the world.

As is well known, the heyday of the Washington Consensus, which occurred during the 1980s, was associated with a radical emphasis on the market as the ultimate arbiter of how goods and services are allocated. This, therefore, was the era of fiscal discipline, floating exchange rates, trade liberalisation, deregulation, and, of course, privatisation (Williamson, 1989). The state, by contrast, was required to take a backseat role, ensuring the conditions for development by providing public goods and maintaining macroeconomic stability but not 'intervening' or 'distorting' the market (Hoogvelt, 2001).

In 1997, the World Bank published its flagship World Development report with the title 'The State in a Changing World' (World Bank, 1997). For an organisation that had in recent years scarcely talked about the state this marked a turning point, since it seemed to signal that what the state did mattered to the Bank after all. The debate which emerged in the report's wake centred on the extent to which the so-called post-Washington Consensus was really different from the early Washington Consensus (Fine, 2006). For reasons which I will explain, I view the post-Washington Consensus not as a retreat or a watered down version of neoliberalism but rather as a more invasive form of neoliberalism made possible in part by the end of the Cold War. Thus, no longer concerned that developing states might 'go over' to the now collapsed Soviet Union, mainstream development agencies could now afford to push developing countries harder in terms of the attachment of stringent conditions to aid. Phrases such as 'local ownership', which emerged with the post-Washington Consensus, or the end of contentious structural adjustment programmes (SAPs), did not mark the end of adjustment. Rather, adjustment remained but it was now dressed up in new language. Furthermore, renewed interest in the state on the part of leading development agencies was not simply a benign interest designed to 'make development happen' but rather created the foundations for a more invasive form of intervention whereby domestic politics, or governance, which once had been beyond the remit of such agencies, was now clearly within their purview.

Kanishka Jayasuriya (2001) suggests that in the post-Washington Consensus era a new kind of 'regulatory state' capable of protecting the market from the perceived 'corrosive influence' of politics such that market 'order' has emerged:

Governance projects suggest a deeply antithetical attitude to politics as conflict or rational deliberation, and instead substitute a version of politics as the effective implementation of agreed technical procedures. (Jayasuriya, 2001, p. 1)

According to this view of politics, special emphasis is placed on the role of juridical processes in safeguarding and creating market order (i.e. the now familiar emphasis on 'rule of law' in mainstream aid agency governance programmes). Moreover, in order to keep the political executive out of the economy, the emphasis is on indirect rather than direct regulation. It is in this context that we see the rise of 'independent' central banks as the preferred policy received wisdom.

However, the point to make is that this is not a watered down form of neoliberalism. Instead, it represented an attempt to build a state capable of shoring up, among other things, global capitalism (McMichael, 2000). That it represents a more invasive form of neoliberalism can be seen in developments which saw the World Bank, and other agencies, become involved in a whole range of activities, including anti-corruption programmes, under the umbrella of governance programmes (Marquette, 2004).

It is in relation to this understanding of neoliberalism (i.e. post-Washington Consensus neoliberalism, seeking to uphold and advance the original neoliberal project by manufacturing a particular kind of state) that the article seeks to assess the changes which have occurred in Vietnam. It is to this I now turn, first making some comments about Vietnam's reform process and its relationship to these wider ideas about development which I have just outlined.

Vietnam and Reform

Following the victory of the Communist-led North Vietnam over the US-backed South Vietnam in April 1975, Vietnam, which was reunified the following year, entered a period of political and economic isolation from the West. In the late 1970s and in the first half of the 1980s, Vietnam's economic relations were almost entirely with the Soviet Union and its satellite states as the Vietnamese leadership presided over a distinctive version of central planning—distinctive in outcome if less so in design (Fforde and de Vylder, 1996). In Vietnam, where state authority was relatively scattered, the plan was never implemented as robustly as in the Soviet Union and China, and in the context of much poverty and discontent, officials, farmers, and workers soon started to take matter into their own hands engaging in unsanctioned off-plan activities, and in some cases leaving the country in boats (the so-called boat people).

It was against this backdrop that the Vietnamese Communist Party sought to rescue matters by launching reforms (so-called *doi moi* or renovation), which is officially dated to the Sixth National Communist Party Congress in December 1986 even though there were various partial reform attempts prior to this. The rise to power in the Soviet Union of Mikhail Gorbachev in 1985 placed pressure on Vietnam to mend fences with the West and adopt reforms. The Soviet Union's collapse in 1991 turned this into a necessity. Underlining that a thaw in Vietnam's relations with the West was occurring, the then French president, François Mitterrand, visited Vietnam in February 1993—the first Western leader to do so since the end of the war. In December 1993, the Paris Club of creditor nations rescheduled Vietnam's hard currency debts. Two months later, the US government lifted its trade embargo before establishing diplomatic relations with Vietnam in 1995 (Rama, 2008).

Having missed out on the high tide of Washington Consensus era international aid, Vietnam experienced from the 1990s onwards the full complement of multilateral, bilateral, and international non-government organisations associated with the international donor community set up offices in the country. While there are clearly some differences of emphasis and outlook between the various aid agencies operating in Vietnam, the dominance of post-Washington Consensus era neoliberal policies is plain to see. Thus, in relation to the governance field, all the mainstream agencies are operating in a narrow range of areas which include public administration reform, anti-corruption, legal reform, and civil society development, all reflecting post-Washington Consensus era goals.

While the relationship between the Vietnamese state and the international donor community is complex—and is discussed in detail later in the article—there is no denying the country's extensive exposure to post-Washington Consensus neoliberal institutions, their ideas and practices.

Since the mid-1990s, aid pledges have regularly been in the region of US\$3–4 billion annually while Vietnam is currently the second largest borrower after India from the World Bank's concessional lending arm, the International Development Association (Rama, 2008, p. 35). In turn, billions of dollars have been disbursed and an army of international consultants deployed.

The question is what difference this activity has made, and importantly, how do we explain the outcomes we observe? In particular, I am interested in this question in respect of the impact engagement with the international donor community has had on the Vietnamese state. This is addressed in the next section.

Conceptualising Change

The question which immediately comes to mind when thinking about continuity and change is change in relation to what? There are two possibilities: first, change in relation to a conceptualisation of how the state was prior to reform; and second, change in relation to neoliberalism, in particular Jayasuriya's writing on the regulatory state. That is, does the Vietnamese state today in any way show signs of resembling a regulatory state?²

In trying to pin down the balance between change versus continuity, I pursue a combination of these two approaches. I first paint a picture of the Vietnamese state on the eve of reform focusing on the state's self-image, its relations with its citizens, the role of patronage and money in political life, and the extent to which power was centralised. I then consider the extent to which any of this has changed over the last 15–20 years. Secondly, I will look at the key features of the regulatory state as described by Jayasuriya, asking whether the Vietnamese state today bears any resemblance to it.

The Pre-Reform Vietnamese State

In seeking to characterise the Vietnamese state in the period after 1975 but before the reforms kicked in, it is necessary to proceed quite carefully in part because much of the writing from this period was conducted through the lens of a Cold War historiography, which in retrospect can be seen to be distorting. Part of the problem was a tendency for scholars to interpret what they saw through a narrow 'state security' lens such that even policies which had an economic rationale were viewed as solely as being about the social control or state repression. Bound up with such perspectives was also a post-war, anti-communist view whereby those on the 'losing side' did not miss an opportunity to show that they were right after all by highlighting the difficulties faced by the Vietnamese state. In addition, some of the pre-reform literature shows a tendency to overstate the extent of state control in Vietnam possibly because of the influence of US Cold War perceptions of Soviet-type politics on scholarship on Vietnam, and we need to be mindful of this too.³

Such caveats aside, there are a number of points which can usefully be made in terms of characterising the pre-reform state in Vietnam. The first observation is simply that power was relatively concentrated in those days (even allowing for some overstating of this in the literature). This is not to say that in all situations it was concentrated, or that there was no institutional particularism, but it is simply to emphasise that in the post-war period the Communist Party was a relatively authoritative institution (for a review of some of the early positions, see Kerkvliet, 1995). This can be seen with reference to the Party's own critique of politics which emerged at the Sixth Congress in 1986 when it spoke out against the tendency of Party institutions to 'control the whole show' (Thayer, 1992). Implicit in this comment is the idea that the Party

did everything and that government institutions were relatively undeveloped. Moreover, while informal processes of consultation did occur in the wider state and society, decision-making was quite centralised and in the hands of a narrow political elite. The National Assembly, meanwhile, was a rubber stamp parliament (Thayer, 1993).

The state's relationship with its citizens during the pre-reform period was formally managed via the Party-controlled mass organisations, which sought to mediate the interests of various different social groups, such as farmers, women, and youth. While it would be mistaken to suggest that no independent social organisation occurred at this time (see, for example, Koh, 2004), the establishment of social organisations outside of the mass organisation structure was not permitted. More than this, the state played a key part in people's lives. In the 1970s and first half of the 1980s most people were employed by the state, either in collective agriculture, in the bureaucracy, or for state-owned enterprises. There was also food rationing. There was tight restriction on people's movement both within the country and outside. What media people were permitted to read or listen to was also tightly controlled, and generally the tentacles of the security apparatus ran deep (Canh, 1985; Long and Kendall, 1981).

At one level, the state's self-understanding was bound up with the war and a belief that the Party's legitimacy rested on having liberated the country from foreign occupation. However, elements of the state's self understanding ran much deeper than this. For example, the state was strongly paternalistic, which manifested itself in a strong belief that 'the party knows best'. It also extended to the Party's attitude to criticism, such that those who engaged in criticism or sought to organise outside the confines of Party structures, quickly put themselves beyond the pale, thereby surrendering any rights they might otherwise have had (Gainsborough, 2002).

In the planning era, the state was heavily involved in the economy not only through the allocation of goods and services but also through the operating of state enterprises. However, more than this, that the state did these things was regarded as the morally right thing to do such that the notion that the economy might be in the hands of non-state forces was anathema. While much can be said about the origins of these ideas, they go a long way to explain the state's hostility to the private sector during this period.

Finally, in respect of contemporary analyses of Vietnamese politics which tend to emphasise the growth of 'corruption' in the reform era, it is worth emphasising that money, patronage, and connections were an integral part of the operating of the Vietnamese state in the pre-reform period. The whole history of 'fence-breaking', whereby people started operating clandestinely outside of the central plan, engaging in markets as a precursor to 'reform', testifies to this (Fforde, 1993). Moreover, recent writing has highlighted the way in which even in the so-called state subsidy period, as the pre-reform era is often referred to, there emerged a 'new class' from within the elite who has access to resources and materials that ordinary citizens did not.⁴ Thus, any notion that Vietnamese society was entirely flat socially during this period is mistaken. The question which arises in relation the pre-reform state in Vietnam is to what extent the state is still like this, or has it changed?

The Post-Reform Vietnamese State

In the post-reform Vietnamese state we see both continuity and change. In terms of the extent to which decision-making is concentrated in the hands of a narrow elite, power is more scattered now although it was never especially concentrated in the pre-reform period. Clearly, the Communist Party is still the ruling party, and there are no legally tolerated opposition parties

(for a discussion of recent challenges to one-party rule, see Thayer, 2009a). The National Assembly has emerged as a centre of new institutional interests even if this is tempered somewhat by the fact that as with the government nearly all National Assembly deputies are party members (Salomon, 2007).

Decision-makers in the post-reform era have had to be more attentive to a greater plurality of interests than previously even if the way in which this occurs is generally not institutionalised. This is evident in at least two areas. First, the reform era has been associated with a significant expansion of the economy, which has led to the emergence of new business interests, some only loosely connected to the state, and de facto if not always de jure decentralisation to the provinces (Gainsborough, 2004; Malesky, 2004). Very often, these new business and/or provincial interests operate with little regard to what the formal rules say again pointing to a diffusion of power (Kerkvliet and Marr, 2004). Second, societal interests are more diverse and vocal than they were in the pre-reform era and this too is having an impact on decision-making. For example, the still formally state-controlled media today represents a far greater variety of perspectives than it did a decade and half ago, and at times it can be influential in pushing politicians to respond to a perceived public mood (Heng, 1999; McKinley, 2009).

In terms of the state's relationship with its citizenry, there are signs of both continuity and change. The Party-controlled mass organisation structure still persists, and the Party continues to argue that it operates effectively both as a channel of communication between the state and the society and as a source of valued development activity. However, the mass organisations are now rather out of date in the context of rapid social change which has accompanied the reform era. Vietnam's population is not easily categorised as either farmers, workers, or intellectuals—the terminology referred to in the country's constitution (Constitutions of Vietnam 1995, p. 155). Equally, it is doubtful that all youth, women, and businesspeople feel adequately represented by Party-regulated groups such as the Youth Union, the Women's Union, or the Vietnam Chamber of Commerce and Industry. The proliferation of a wide variety of non-governmental organisations suggests an increasing number of individuals and groups which fall outside Party-sanctioned organisational structures (Kerkvliet et al., 2003).

Tight state control over Vietnam's citizenry, including invasive day-to-day surveillance by the security apparatus, is much less in evidence today but the notion that the reform years have seen a lessening of security apparatus control across the board is mistaken. While the state has been scaling back its activities in some areas, it has been expanding them in others. A good example is the government's involvement in tackling human trafficking, which in tandem with global developments in this area and against the backdrop of significant international donor community support has expanded massively in recent years. Moreover, while there is evidently a humanitarian dimension to anti-trafficking activities, operating in this area also provides scope for the state to police the population more generally.

Indeed, the state remains strongly paternalistic despite two decades of engagement with international donors. The state's continued unwillingness to countenance opposition parties is evidence of this while the Party's tolerance of non-governmental organisations remains grudging at best (Fforde, 2004a). Evidence for this can be seen in relation to the tortuously slow advance, and then shelving, of legislation dealing with the regulation of civil society (i.e. the Law on Associations), which remains highly sensitive (Thayer, 2009b, p. 7).

In respect of the state's involvement in the economy, there has been some change in the reform era both in terms of practice and the ideas which underpin it. In large areas of the economy, for example, the state evidently has taken a step back, including presiding over a

significant expansion of the private economy that two decades ago would have been unthinkable. Nevertheless, it would be mistaken to suggest that the state's view that it should play a pre-eminent role in the economy has disappeared completely. After dipping initially, the state share of economic output has remained relatively constant since 2002 at 37–40% of GDP (IMF, 2007). This is explained in large part by the fact that economic reform in Vietnam is not just to be associated with a retreat of the state. State actors or those with close connections to the state have led the way in terms of the expansion of Vietnam's business sector such that the state remains an important *direct* player in the economy (Cheshier and Penrose, 2007; Gainsborough, 2003; Painter, 2003; UNDP, 2006). Equally, increased cross-border trade during the reform era has seen not the retreat of the state but the emergence of new forms of state regulation and gate-keeping (Gainsborough, 2009a).

In relation to so-called 'non-Weberian' features of the state—patronage, personal relations, and centrality of money in politics—there is scarcely any evidence of change in the reform era with such features as entrenched as ever. This is as true for set piece political events, such as the five-yearly Party Congresses when patronage in the form of public office is circulated, as it is for citizens' everyday dealings with the bureaucracy where connections and the ability to pay are crucial in order to get things done (Gainsborough, 2007, 2009b). Moreover, nepotism rather than meritocracy is the norm in appointments to the government and civil service, which are themselves governed by informal, discretionary rules rather than 'rule of law' (Salomon, 2008). It is, of course, worth considering whether there are some subtle differences between such practices today and in the pre-reform period. For example, some would say that the sums of money involved in paying off office-holders are much larger today and that some practices which might have raised eyebrows a decade or more ago do not today. However, I would argue that we are dealing with questions of scale or extent here and the basic practices are as they have always been (Gainsborough et al., 2009).

I now turn to the question of whether the Vietnamese state bears any resemblance to the 'neo-liberal' regulatory state.

Vietnam and the Regulatory State

The notion that the market is free of the corrosive influence of politics in Vietnam, or that politics is understood as the implementation of agreed technical procedures, is anathema. Equally, while the Vietnamese state does talk at length about building a state ruled by law, the reality is very different. While decision-making involving the State Bank of Vietnam—the central bank—is far from transparent, it would be a mistake to suggest that the State Bank is independent of the executive. Rather, its decisions are heavily influenced by politicians. Furthermore, the state has been very reluctant to fully liberalise interest rates or the exchange rate, although there has been some movement in this direction in the period since the Asian financial crisis of 1997–1998 (IMF, 2008).

A post-Washington Consensus view of politics is certainly very noticeable in an influential publication about Vietnam's reforms produced by the World Bank's chief economist, Martin Rama, who offers a characterisation of politics in Vietnam as being non-confrontational, faction free, and ultimately about the government simply 'collecting feedback on [citizens] issues and concerns' (Rama, 2008). While the report is by a World Bank economist, and we might question whether such ideas have been internalised by Vietnam's elite, it is worth noting that Rama's account offers a portrait of reform which is very flattering to Vietnam's leadership, and in many ways tallies with their presentation of reform (Gainsborough, 2007).

Beyond this, some scholars have drawn attention to ways in which neoliberalism may be having a more direct influence on the Vietnamese state. Thaveeporn Vasavakul, for instance, has highlighted the way in which the Party appears to have been delegating certain functions that it once carried out itself to other institutions of the government (for example, to the former science and technology union, VUSTA, which has been developing an oversight role in relation to civil society) (Vasavakul, 2003). While Vasavakul does not say this, it is striking how this bears some resemblance to the shift from direct to indirect rule highlighted in the governance literature (Pierre and Peters, 2000). Others have noted how the introduction of ‘user fees’, and other reforms, in Vietnam’s health and education sectors bear at least some resemblance to neoliberal policy prescriptions even if actual practice is shot through with the more indigenous features which characterise the everyday working of the Vietnamese state (Painter, 2006). Moreover, even if clearly observable practices mirroring the features of the regulatory state are hard to come by, it may be that change is occurring at a more subtle level. Following severe flooding in Hanoi in 2008, the secretary of the city party committee, Pham Quang Nghi, was quoted in the media as saying that ‘the trouble with people today is that whenever there is a problem, they expect the state to fix it’. He suggested that citizens ought to be more ready to solve problems themselves (DPA, 2008). The remarks proved controversial and he later apologised but they clearly point to the way in which attitudes in the state may be changing.

So, what does this add up to in terms of an understanding of continuity and change in respect of the state in Vietnam?

To suggest that the state in Vietnam has been entirely unaffected by its encounters with neoliberal actors is an exaggeration. Reforms in health and education bear something of the imprint of market-oriented New Public Management. Moreover, it is striking how the language and practice of indirect rule—delegating certain responsibilities—appears to have extended even to the Communist Party of Vietnam, even if this may have occurred subliminally. Nevertheless, any suggestion that this represents ‘neoliberalism incorporated’, or an unmediated form of neoliberalism, would be mistaken. Much more likely is that we are witnessing the emergence of a hybrid state form not uninfluenced by neoliberal ideas and practices but where indigenous thinking and modes of operating remain dominant. It is in this context that we find that very little change has taken place in terms of the state’s self-image, what it regards as the correct relationship between the state and its citizens, and in relation to what I have referred to as the non-Weberian features of the state (money, connections, patronage, nepotism, etc.).

Explaining Outcomes

If neoliberalism is as powerful as some claim, then should we not expect to see institutions like the World Bank, and other like-minded donors, having greater impact in encouraging and cajoling the Vietnamese state in new directions? And yet, we do not. So, how do we explain this?

The answer offered in this article is that on the ground in ‘developing’ countries far away from Washington, London, or Brussels, neoliberalism looks far less powerful than is often thought. The interesting question is why, which is what the remainder of the article sets out.

The Vietnamese state has also recognised that at times it is not possible to resist external pressure. However, on such occasions, it has proved adept at managing such pressure by appearing to sign up to things without then moving to implement them (a kind of ‘take the money and run’ approach). This comes across clearly in relation to donor activities in the field of anti-corruption. For a long period, corruption was a taboo subject in Vietnam such that it could scarcely be mentioned. However, in 2005, the National Assembly passed the

country's first anti-corruption law following extensive donor engagement, notably by the Swedish development agency, SIDA (Central Committee of Internal Affairs, 2005). While a case can be made that there are aspects of the anti-corruption legislation which can be used to bolster sections of the Vietnamese state, it is also the case that important parts of the law, which follows a liberal approach to fighting corruption, sit uncomfortably with the state's self-image or outlook (Davidson et al., 2008). However, in the context of whether to pass the law or not, this does not seem to have been of major concern in part because, pressure to implement the law is not especially strong while in the context of Vietnamese politics, there are clear benefits to be had for domestic organisations tasked with working with the donors in respect of corruption, who are then able to access donor money and enjoy the political cachet associated with doing so. A good example is the Government Inspectorate which has a leading role in fighting corruption in Vietnam.⁵

How it is possible for the Vietnamese government to operate in this way is particularly relevant to an understanding of the true nature of Vietnam's relations with the international donor community. In part the answer lies with the fact that the expatriate staff who work in the donor community are very often out of their depth in a political and cultural context they understand only poorly.⁶ The fact that expatriate postings are only for a few years does not help in this respect, since it means that just as people are beginning to make sense of the context in which they are working they leave, and the learning process has to start again. For expatriates, confusion is often greatest in respect of their understanding of the motives of members of the Vietnamese elite for wishing to collaborate with them. In particular, there seems to be little understanding of the way in which elite-donor engagement plays in relation to domestic politics, particularly the part aid plays in servicing domestic patronage networks (see Gainsborough et al., 2009).

That said, it is not simply that the donors have the wool pulled over their eyes. Also relevant is the importance placed in international donor community on the disbursement of aid money—the so-called 'shifting budgets'—such that project quality or implementation is less important than hitting disbursement targets.⁷ Also important is the fact that Vietnam is viewed as a 'success story' among the donor community (for an example, see Rama, 2008). It is therefore quite hard—and not necessarily good for one's career—to look too closely or to highlight problems. Consequently, what we see then is a marriage of convenience between Vietnamese and external elites whereby their interests converge *albeit for very different reasons*. Poor implementation or insufficient attention to project quality, points further to the way in which neoliberalism's influence is weakened.

Furthermore, the notion that the reforms being proposed by the international donor community are all necessarily threatening to Vietnam's elite and hence need to be resisted is also mistaken. Rather, many of the donor-backed projects which the Vietnamese government is involved in can be seen to be broadly supportive of elite power, particularly but not exclusively at the central level. Earlier in the article, I highlighted the potential gains to institutions involved in anti-trafficking and in fighting corruption. For example, better financial management has the potential to strengthen the extractive capacities of the Ministry of Finance both in relation to wider society and other parts of the state, which is clearly something the Ministry of Finance would welcome.⁸ That there is indeed a convergence of interests between the donors and Vietnam's elite can be seen in relation to what at times appears to be a very cosy relationship between the two sides (e.g. at the annual Consultative Group meeting of the Vietnamese government and donor organisations).⁹ Against the backdrop of ever-growing elite Vietnamese embroilment in the global economy through trade, investment, and other financial relations, that relations

between the donors and Vietnam's elite might be moving closer together should not come as a surprise although given Vietnam's history it is perhaps ironic (for analogous arguments, see Sklair, 1995).

Conclusion

In this article, I have argued through a case study of Vietnam that neoliberalism is not as powerful a force in world politics as is sometimes implied in some Western scholarship. Moreover, I have suggested that this is the case even in relation to a more invasive form of 'post-Washington consensus' neoliberalism which has seen multilateral and bilateral donors become more involved in the domestic politics of recipient states through the governance agenda. I have substantiated this argument with reference to an analysis of the Vietnamese state, highlighting a significant degree of continuity in its ideas and practices despite nearly two decades of neoliberal-inspired donor engagement. A more tricky issue—and one which requires further research—concerns the extent to which change is occurring at the margins in respect of the Vietnamese state and its encounter with neoliberalism. Here, I have argued that it is not a case of no change at all but that it is still quite subtle and embryonic.

Elite interests in Vietnam have moved closer to those of external elites, such as those working within the international donor community. This makes sense in relation to Vietnam's growing integration in the global economy, a process where Vietnamese elites have led the way both as regulators of the market economy and as direct players. It is not the case that elite interests in Vietnam are now the same as those of external actors. Nevertheless, there has been some convergence such that elite Vietnamese and donor actors are able to work together while pursuing very different agendas (i.e. a marriage of convenience).

By highlighting the way in which elite interests both inside and outside Vietnam converge, we are able to go some way towards transcending some of the binaries which typically govern the way we talk about power (inside/outside, national/international, global/local, etc.) even if in some ways the very language we use fails us. Viewed in this way, it is possible to conceive of neoliberalism as *both* weakened as a force in global politics (i.e. elites with interests which converge but are not the same, turning a blind eye to what the other is doing) *and* strengthened as the interests of elites in Vietnam genuinely become bound up with that of global capitalism such that there is a real convergence of interests with external elites (see Barnett, 2004 for some analogous ideas in this respect). Seen like this, it is not beyond the bounds of possibility that Vietnamese elites might one day genuinely internalise aspects of the regulatory state discourse as serving a kind of a market order they could support.

In the final analysis, we are dealing with a moving target here. The mixing of 'external' or 'indigenous' ideas and practices will continue to occur with both buffeting and influencing the other—as they have always done. What we can be certain of, however, is external forces will never completely swamp internal ones. Instead, we will continue to see the emergence of state hybrids drawing on diverse inputs.

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Notes

- 1 The point I am making here is that at the level of *discourse* the emphasis is on reform as change. This is not to say that scholars do not offer caveats to the change discourse—they do—but the default position is always that Vietnam is undergoing a process of change. I believe this ‘default’ discourse, which is evident in nearly all scholarship on Vietnam is ultimately distorting of the record.
- 2 When I talk about the state in Vietnam, I am referring to what is often referred to as the Party-State (i.e. an agglomeration which includes both the Communist Party and the government). For background on Vietnamese politics, see Vasavakul (2001).
- 3 For examples of literature which falls into this category, see Duiker (1989) and Pike (1978).
- 4 Strikingly, this came across in an exhibition organised by the Museum of Ethnology in Hanoi in 2006 on the state subsidy period where it was evident that access to superior foodstuffs, goods, and services for members of the elite was officially sanctioned.
- 5 Personal observations while working as a Senior Technical Advisor for UNDP (2005–2006) and later as a UNDP consultant (2008).
- 6 Ibid.
- 7 Ibid.
- 8 This is based on interviews I conducted in 2005 on intergovernmental fiscal relations in Hanoi and four provinces at the central provincial and district level. I also spoke informally with staff at the IMF’s Hanoi office and international consultants working in this area.
- 9 Personal observations.

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