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Vietnam Thirty Years after Revolutionary Victory: Capitalism behind the Red Flag

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The struggle for national liberation in Vietnam, which concluded in victory 30 years ago on 1 May 1975, was epic. The Vietnamese people fought with arms against all comers for 35 years, first against Japanese imperialism, then against French imperialism and finally against American imperialism – and defeated them all.

Probably few socialists alive at that time can forget the awesome scenes in Saigon of the final Americans rushing to get on to the last helicopters out, from the top of the US embassy. Or the first North Vietnamese tank smashing down the embassy gates flying the flag of the National Liberation Front.

This victory forced American imperialism onto the back foot; the ‘Vietnam syndrome’ preventing the US from undertaking major military operations overseas for 15 years.

But this was a victory bought at a huge price, probably in the region of two million Vietnamese dead. Thirty years after the victory, what has peace achieved? Sadly Vietnam is today a country in which capitalist social relations are dominant, in which corruption is rampant, where class polarisation is deepening and in which the rural and urban poor – the very people who gave everything for the victory of the revolution – have lost out most.

According to the World Bank, in 2004 the richest 20 per cent of the population consumed 45.9% of personal income, while the poorest 20 per cent consumed 7.8%. The richest 10% consume 30% of personal income. More than 29% of the population were officially deemed ‘poor or very poor’. This is not a country of equality or socialism. Vietnam rates 112th in the UN’s ranking of the ‘human development index’, reflecting poverty and the collapse of health care and education.

In the years immediately following the revolution Vietnam was hit by a US-led world economic boycott. In 1979 Vietnamese troops were sent to Cambodia to overthrow the murderous Pol Pot regime and then had to deal with a Chinese invasion of the north of the country. Recovering from these events in the 1980s, the Communist Party leadership – influenced heavily by events in Russia – proclaimed the policy of ‘Doi Moi’, roughly ‘reconstruction’ or ‘perestroika’. This envisaged a ‘planned market economy’, in which however the market would be the decisive motor of economy growth.

Under the pressure of the IMF and World Bank adopted a series of policies that would ensure the restoration of capitalism. First state subsidies were withdrawn from a series of national services, charges were introduced for health care and schools, and the tax system was reformed at the expense of the poor. In 1994 the IMF stated that Vietnam “has made remarkable progress in the transition to a market economy.”

Most disastrously, priority was given to export industry, so that this country with a prolific rice industry has seen people go hungry, as the rice export quota is maintained, even in years when the

crop has been hit by bad weather.

One of the first government actions in the South in 1975 was to nationalise the privately owned rice mills in the Mekong delta, which had charged ruinous rates to the peasants. These mills have now been re-privatised, and to add insult to injury, handed over to the same families who ran them before.

A socially disastrous step was the dissolution of the peasant collectives, upon which five million poor peasants, including one million demobilised army veterans, depended for their living. Many of these people ended up as hired labourers for the new burgeoning class of richer rural landlords. In fact the party itself positively celebrates the fact that, in its words, "the social structure of the countryside is changing, gradually giving rise to a class of middle peasants."

The withdrawal of subsidies meant that 800,000 workers were sacked from state enterprises between 1989 and 1993. While the party has desperately sought foreign investment, until recently most of it has been of a very special type. The trans-Asian network of Chinese businesses, strongly represented in Vietnam's capitalist class, has prioritised services like tourism that would provide a quick profit.

Thus the government failed to find buyers for many state enterprises, which today still account for up to 15% of GDP. But these enterprises are not 'social property', in even the limited sense of formerly nationalised industries in the West. They are in fact structures that pump part of the social surplus out of the poor and into the hands of regional party and business elites.

A majority of state enterprises are owned by regional governments. To maintain these enterprises, in the absence of foreign investment, the government was compelled to resume state financing. But the centre has lost control to the managers and regional party officials, who through corruption and theft dispose of the 'profits' that these firms make – Vietnam is now one of the most corrupt countries in Asia. This amounts to a formally 'illegal' form of privatisation, and those involved in it are becoming part of Vietnam's new capitalist class. 'Socialist accounting techniques' mean however that the workers in these enterprises are ever more squeezed by low wages and oppressive work regimes.

After the Asian 'crash' of 1987 foreign investment in Vietnam faltered. But after 2001 it picked up again, and now firms like Nike and Fujitsu have huge 'contracted' factories on the outskirts of Ho Chi Minh City (Saigon). Local capitalists own contracted factories but provide their entire product to a particular foreign firm. Wages are low and the shifts are long – 10 hours or more. Through this process, like China, Vietnam is exporting cheap labour and Vietnamese workers are being integrated into the circuits of globalised capital accumulation.

Trade unions are banned in foreign-owned companies and those providing goods for those companies. Only 12% of state employees are in trade unions.

Large numbers of unemployed peasants have drifted to the cities, creating hundreds of thousands who survive precariously in the 'informal' economy. Despite all the publicity about SARS and avian flu, the real health challenge to Vietnam comes from HIV/Aids; Vietnam's capacity to stop the epidemic is hampered by the government's definition of it as a 'social evil' associated with prostitutes and drug addicts – and by the lack of access to health care by the poor.

As the country prepares for the celebration of 30 years since liberation, the ruling Communist Party maintains the myth that Vietnam is a 'socialist' country. As in China, this is said to be guaranteed by 'the leading role of the party' – ie the political monopoly it enjoys. But today this party is for tens of

thousands simply a route to personal advancement, and nothing to do with communism or socialism.

How did it all come to this? For sure, Vietnam was for 15 years after liberation the victim of the vindictive boycott led by American imperialism. However the Communist Party leadership has been incapable of defining a way forward that does not lead to capitalism. Periodic opposition to marketisation among sections of the party leadership and the army has not produced realistic alternatives, because the only alternative they can imagine is a bureaucratically centralised Stalinist state, such as existed in the Soviet Union and eastern Europe.

Just as in China, domination by a 'communist' party is irrational if the society functions according to the rules of capitalism. For the moment the two things can coexist, but we can be sure that the emergent capitalist and middle classes will seek other political forms. An indication of this is that in the last local (one candidate) 'elections', tens of thousands on the party list were not party members.

But today the 30th anniversary of victory will be celebrated behind the red flag. And behind that red flag is capitalism.

P.S.

* From "Marxsite":

<http://www.marxsite.com/capitalISM%20bhrf.htm>