Executive Summary

Vietnam’s history is one of foreign domination and struggle for independence. It is thus a surprise that Vietnam has become a poster child for the success of international integration, and even more so that the communist leadership is solidly behind regional and global economic integration, even where that means a retreat of national sovereignty.

This paper asks what mechanisms are at work to turn the leaders, many of whom have given years of their lives fighting capitalism and foreign domination, into supporters of globalization. It concludes that globalization is in fact a critical – liberating – discourse, in spite of the fact that many critical theorists decry its hegemonic qualities. As a consequence of technological changes and increased interpersonal exchanges, local elites no longer can use tradition in their attempts to maintain the status quo that benefits them to the same degree they historically used to. The discourse of old, “If you are poor it is the nature of things” is no longer tenable. Globalization’s main effect was to provide even the poor with what Appadurai calls “capacity to aspire.”

The paper concludes with an evaluation how Vietnam can continue to be successful in its quest for further integration when it becomes clear that integration has become a must.
Introduction

The Socialist Republic of Vietnam’s prime foreign policy goal for 2005 is to be admitted into the World Trade Organization (WTO). To achieve this goal, Vietnam is changing its laws, selling off state-owned enterprises and even providing licenses for foreign service providers in economic sectors that do not yet exist in Vietnam (Chien 2005). How can such a dramatic turnaround be explained in a country whose leadership was mentally and ideologically formed in the jungles and deltas of the Mekong and Red rivers fighting capitalism and imperialism?

The answer, this paper argues, is best sought through the lens of critical theory. Trade and its bedfellows, WTO membership and globalization, are discourses that are challenging the prevailing dominant tradition provided by Confucian culture and re-interpreted by communist and nationalist ideology in recent decades. Vietnam is a particular case where globalization and trade are critical, liberating discourses, due to the spectacular and rapid success of the economy. Within the span of only half a generation, market liberalization has made virtually everyone better off and left an entire population feel positive and hopeful about the power of the market. While there are doubtlessly bigger and smaller winners, very few Vietnamese consider themselves losers of trade or globalization as of yet.

To be sure, losers will emerge as Vietnam moves along the path of international integration. Schumpeter (1975) told us so much in his image of the power of “creative destruction” in a free market. This paper does not argue that globalization will always be a liberating discourse. But a critical discourse challenges a dominant, hegemonic one in a certain temporal and spatial context, just like Marx applauded the victory of the bourgeoisie over the nobility without claiming that this new structure would serve progress forever. In today’s Vietnam – and doubtlessly in many other developing nations, the discourse of globalization challenges and unmask the dominant discourses of tradition, which tend to tell people that their poverty and submissive position is natural or god-willed. Thus, in this situation, globalization, this paper argues, is liberating. As
globalization becomes the new meta-narrative, however, critical theorists will then be justified in challenging it by presenting new liberating discourses.

At present, the discourse of trade integration and globalization is pushed from the bottom up in Vietnam, while parts of the elite remain unconvinced, for ideological reasons as well as due to their inability to see how they can maintain their advantaged status in a system that rejects the ideology that has brought them to power. But the majority in the Communist Party, the monolithic elite in Vietnam, has decided that it will be better to swim with the flow of the river rather than against it, and embraces the new discourse. This part of the elite remembers the old traditions of the political structures that prevailed under the mandarinate: the state’s legitimacy derives from the performance of the tasks expected from it. This Mandate from Heaven once implied defending the people from their external enemies and from the wrath of nature, drought and flood. Today, the first indicator of state performance is the provision of a steady increase in material well-being – except in situations of severe crisis, such as war or cataclysmic catastrophes, when the priorities shift to survival. So the Vietnamese elite espouses the discourse of the market and provides economic growth as well as a socially equitable distribution of the gains. Poverty rates indeed have declined from over 70% in 1986, the year of economic restructuring, to just over 20% today.

Amartya Sen discussed the question of famine and latent hunger in similar terms of legitimization of elite rule (Sen 1983). In India, Sen argues, it will almost be impossible for a famine to take place under the present political system. The pressure of the media and opposition parties will assure that the state (i.e.: the elite in power), in order to survive, will immediately move heaven and earth to provide relief. The endemic hunger that afflicts a large part of the Indian poor, however, because of its permanent nature and the sense of normalcy, does not create an outcry and hence goes unrelieved. In China, the situation is almost the exact reverse. The political commitment of the elite (the Party) is to provide for its people, so access to basics is key to legitimate rule. A sudden catastrophe, on the other hand, will be hushed up and information suppressed, to avoid the risk that the population begin to feel that the elite has lost its Mandate from Heaven, or whatever may be the modern equivalent term that legitimizes its right to rule.
Singapore’s Lee Kuan Yew has claimed repeatedly that democracy is not an Asian concept; instead, government is legitimized by its performance (for example Yew in Rohwer 1995). The Vietnamese government is much less able to contain the spread of damaging information than the Chinese, due to the smaller size of the country, the traditional ability of Vietnamese to travel throughout the country at will and the widely spread-out family networks. The government’s legitimacy must thus be based primarily on real performance, not its ability to manipulate information.

This situation represents an interesting circumstance in which the elite does not fight a bottom-up critical theory that challenges the old hegemonic discourses, used to maintain the structures assuring that the uppers stayed up and the lowers low (and docile). Instead, the elite tries to adapt the critical discourse and merge it with the old discourse that justifies its rule, trying to employ new and old to its own benefit, at least for the time being. Ironically, the opposition to this development comes from critical theorists in the West, a majority of whom is anti-globalization. These critical theorists see trade and the WTO as the tools of the Western elites who conspire with the elites of the developing world in a Wallersteinian compact to assure their dominance over the masses (Wallerstein 1974).

This paper looks at critical theory and its position to globalization, arguing that in the case of Vietnam’s position vis-à-vis globalization, the opponents are on the wrong side of the issue from a critical theory point of view. Then, it applies critical theory to Vietnam’s attempts to gain membership in the WTO, pointing out that strong support for trade and WTO may not be exclusively positive in the accession negotiations. It concludes by providing policy recommendations for Vietnam through the lens of two-level game theory (Putnam 1998).

**Traditional Elite Economic Discourse: The Challenge of Globalization**

Critical theory argues that many widely held beliefs about personal interest are based on false consciousness. Individuals believe a certain discourse to be in their interest, while in reality it is framed by an elite for its own benefit, to maintain its privileged position in society. Robert Cox framed it well when he said that every theory is always for someone and for some purpose (Cox 1981). In the case of globalization, this translates into the
belief that the national economic structures are set up to defend the privileges of the elites, political or economic. The same is true on the global level. Global hegemons use their economic and military power to stack the system in their favor. Since critical theorists are especially interested in the power of discourse, they would add cultural power as well, arguing, for example, that Hollywood popularizes certain ways of living, hence giving Western products an edge over others.

Critical theory attempts to unmask the hidden functions of the construct and in the process to allow the bearers of the false consciousness to discover their true interests. In the case of globalization, a number of critical theorists argue that globalization is a hegemonic discourse that persuades people to engage in economic behavior that is in fact to the benefit of the elites, not the masses. In this view, free trade, globalization and its institutions, such as WTO, form a meta-narrative designed to obtain unquestioning allegiance by the masses to a structure that benefits the few over the many, or, in the case of international relations, the core states over the peripheral ones.

Undoubtedly, capitalism is the dominant global narrative of the day, and globalization is one of its expressions. Hence one would expect critical theorists to take aim at this narrative. But in contrast to capitalism and in spite of its exposed position in academia, globalization still suffers from the childhood disease of very unclear definitions. Some scholars have argued that there is nothing new to globalization; that it has occurred for as long as human society exists, or even longer, if one takes the spreading of pre-settled humans across the globe as a first expression of globalization (Anderson 2001, Rifkin 2004). Others claim that the phenomenon arose in the 1980s, through a collapse of time and space, as technology allowed faster interconnection than ever before, markedly altering the way humans interact (Held 1999), or that globalization is the novel interplay between the traditional power of the state and the globalizing forces of the free market (Mittelman 2000, 1997). Given the differing views on as basic a question as the age of the phenomenon, tens, hundreds or thousands or years, one can be forgiven if one believes, as Peter Marcuse does, globalization to be a simple catalogue of everything that seems different between the global order of today and the pre-1970s (Marcuse 2000).
What appears to drive all these definitions, however, is the exposure of people and, more broadly, cultures or peoples, to outside ideas and goods. It is certainly true that medieval travelers penetrated unknown empires and brought back ideas as well as material goods. The late 19th and early 20th century saw more international exchange of goods as a percentage of GDP than most of the second half of the 20th century. And while international investment has soared in recent years, the era of colonialism and especially the 19th century saw massive overseas investment by Western companies (Polanyi 1944, Lenin 1939). What is new about the world and the interactions between the people, cultures or civilizations living in it is the inevitability of exposure to other ideas, with their troubling as well as their attractive aspects. The troubling aspects include the undermining of cultural certainties, which can lead to loss of self-confidence and retreat into fundamentalism (Ahmed 2003). The attractions of this touching of cultures include the opportunity to broaden one’s horizons, learn about alternative life styles and possibilities. The broadening of horizons allows people to increase their “capacity to aspire” (Appadurai 2004) and ultimately to challenge the traditions and world views that keep them in a lowly place by denying them social mobility. Thus, this aspect of globalization is what I see as the liberating aspect of the globalization discourse.

One conclusion that can be drawn early from this definition is about the question whether globalization is inevitable or a state-created phenomenon that could also be stopped or reversed by the state. Palacios (2001), for example, says that globalization is not a natural, inexorable process, but one of deliberate policy choices by governments and corporations. If globalization manifests itself, as is asserted here, through the ever-increasing inevitability of getting in contact with foreign ideas, then states did not really start the movement, and can buck the trend only by the most restrictive crackdown on access to information. North Korea with its prohibitions of internet use, its radios that can be tuned to only one station and virtually total control of foreign travelers and their access – or non-access – to the population would be an example of a state that indeed stands up to globalization. The results, however, are dire. As Hoffman (2002) pointed out,
In this universe, a state choosing to stay closed invariably faces decline and growing discontent among its subjects, who are eager for material progress. But if it opens up, it must accept a reduced role that is mainly limited to social protection, physical protection against aggression or civil war and maintaining national identity.

Vietnam, India, China and any number of other developing countries could of course keep their currencies inconvertible, bar foreign companies from opening up factories or offices and restrict travel through cumbersome visa requirements. But they would pay a high price in terms of economic welfare. Only if they choose a totalitarian system of information control will they be able to avoid the political backlash that comes with the bottom-up demand for material improvements that in turn follows from the increased capacity to aspire that knowledge of opportunities brings.

Nike and Ford can obtain investment incentives in Vietnam not because the government is part of a global elite conspiracy, but thanks to globalization’s effects having offered information to a very large number of people in almost all corners of the world. This information tells people that there is nothing natural about their poverty; that it is not the god-given order of things that they should go hungry while the brahmins eat; that they should suffer from rain and cold in their leaky houses while their party-member neighbors enjoy the luxury of a tin roof and central heating. As people learn that they could live differently, they demand changes. Nike and Ford become symbols for these changes, and it is the bottom-up demands from ordinary people that force governments to lure corporations, provide a better life and offer alternatives. The Vietnamese (and Chinese, or Indian) leftist governments did not ‘globalize’ for ideological reasons, they did not deploy the dominant capitalist discourse. They joined the rest of the world not because they were ideologically so predisposed, but because they realized that the groundswell of popular demand made them necessary. Hence it is true that globalization is inevitable, yet not because of the dominant discourse of corporations and the West, but because of the groundswell of demands that comes from people who now have the information to make choices.

This puts on its head the idea that critical theorists ought to be opposed to globalization. In fact, globalization discourse is the quintessentially critical theory in certain historical circumstances, like those prevailing in Vietnam today. It challenges that
age-old dominant discourse that poverty is the natural order of things. In all societies that reached a scale large enough to stratify social functions, the elites imposed discourses that would keep them in their privileged place while the ‘lowers’ were told that they were in their underprivileged situation by force of the natural order of things. Most often, such discourse was cloaked in religious prescriptions. What better way of assuring compliance than a million gods watching over the lower castes, assuring punishment for even a thought of social change? Since in all societies, the ‘lowers’ were more numerous than the ‘uppers,’ it was essential to assure compliance with the prevailing order through legitimacy other than force. In an era before high-tech weaponry, when clubs, pitchforks and swords were the weapons of choice, numbers were important, and the ‘lowers’ always had the numbers on their side. They had to be made to accept their fate without rebellion. When the Catholic church colluded with the feudal lords in the Middle Ages, its message to the poor was that feudalism was the order of things, rebellion thus a sin punished with eternal hellfire. Similar discourses exist in Hindu, Confucian and, I would venture to say, in every culture. The globalization discourse tells people that this is not true, that life can be better than the promises of that old discourse.

What makes the globalization discourse dominant today is not that it comes from the West and is endowed with the power of mass culture. If that were the case, the dominant discourse at least in South Asia would be that of India’s Bollywood, which churns out more movies and has many more adherents than Hollywood. Rather, the dominance of the globalizing discourse is found in human nature itself. Wendt (1999) argues that human nature is based on five material needs, physical security, ontological security, sociation, self esteem and transcendence. While many argue with this statement, it seems empirically obvious that humans have historically exhibited a drive towards transcendence, that is, a need, or at least a desire, to move forward, to improve their condition. Unlike animals, humans have throughout their history developed, changed their society to make things better, easier, more comfortable, more practical and so on. Once disabused of the idea – stoked by the elites interested in the status quo – that their situation in life is the natural order of things, people try to better themselves. Globalization with its message of economic improvement, with its information technologies that penetrate all corners of the world, is the critical theory of the time,
challenging the traditional discourse that emphasizes the old ways, imposed by elites of bygone eras, which lock people, entire categories of people indeed, in a static position, denying them their natural desire for transcendence.

Diamond (1997) speaks about an encounter with an aboriginal man of New Guinea, who asks him why the white man invented so much cargo (the Guinean way of saying ‘useful stuff’), while Guineans had developed so little of their own. “Yali’s question,” as Diamond calls it, exemplifies the problems with some of the critical theory and especially its particular expression in postmodern thought. Postmodernists reject the idea of human nature or material bounds to historical developments. For them, any sense of universalism is explained away by power relations – Yali likes cargo because he has been pushed to liking it by Western domination, cultural hegemony and colonial power. Yet what coincidence would it be that societies without any communications developed remarkably similar structures merely coincidentally? The Incas and the Chinese developed a state – not identical, yet remarkably similar. The Greeks and the Navajos developed family structures, different yet similar enough to warrant the question how this could have happened without some sort of materialist underpinnings, common desires, common brain functions, in short, something in common one could call human nature. To emphasize the point, an anthropological data base, the Human Relations Area Files, lists sixty-seven cultural universals that have been observed in several hundred societies around the world, including incest taboo, but also dancing, funeral rites and gift-giving (Murdock 1945).

Moreover, under the theory that universal desires are false consciousness based on hegemonic discourses by the powerful, dominated peoples would have to accept all the discourses brought to them by their dominators. Yet in Vietnam, for example, it is clear that people accept some ‘Western’ discourses while rejecting others. Hence, a theory that stresses hegemonic interest-creation does not conform to the evidence.

For most of history, a large part of the world’s population had little knowledge of the world outside of their villages. For them, their village was the world. It is no surprise that rebelling against an order that was passed down through countless generations was not an option, especially as there was nothing particular to rebel for. One can rebel against a leader, but without a vision of a better future, motivation is lacking. With
modern communication technologies and increased travel, both of which bring people in their villages in contact with the world, it became obvious that the village was only a tiny speck of the world, and that the village’s traditions were only one of many ways of living. The power of globalization is that it provides to the vast majority of human beings a vision that other ways of living exist, and that their lives do not inevitably have to be as they are – often solitary, poor, nasty, brutish and short (Hobbes 1651).

One can imagine the impact when a Vietnamese farmer whose hut has a leaking grass roof, whose children are malnourished and who has no access to the market learns that Thai farmers only one generation ago lived the same way, but today many of them have enough food, electricity and access to a hospital. Or that the American homesteader-farmer of the mid-1800s had leaking roofs and mud floors, but today all American farms have running water, tractors, cars and other consumer goods. The narrative of the natural order of things that the rich used to tell the poor loses its force. The discourse of globalization challenges it, unmasks the underlying hegemonic relations between the creators and the consumers of the discourse. The globalization discourse brings to light the false consciousness the masses have suffered for so long.

If theory is always for someone and some purpose, then the theory of globalization gives power to those who in the past were kept in a social position they did not choose and would not have chosen had they had a choice. This is not to argue that the West, Hollywood, or multinational corporations do not have power, nor that they do not have their own interests in mind. But at the present historical moment in the present economic and social situation in Vietnam, the discourse of globalization allows people to make choices that they would not have been able to aspire to without globalization. They can leave the farm and work for Nike in Ho Chi Minh City. Or they can choose to stay on the farm and grow the food that the increasing number of city dwellers require, driving prices up and providing a better life even for those who do not join the migration into the cities. Key to the liberating aspect of globalization in this context is that they can choose.

Of course, looking at the ghost towns in rural America, at some point globalization may take these choices away (although in America the slow yet steady demise of the family farm predates globalization in the definition here used). At that point, the social situation will have changed and a new critical discourse will emerge. In
Marxian terms, the qualities of globalization will have come undone through the antithesis of its internal contradictions, requiring a new synthesis in the form of a new challenge to the meta-narrative of the day. In Vietnam today, the free market discourse has not yet reached the dimensions of a meta-narrative. Vietnamese like the market because they genuinely perceive it has helped them. This contrasts markedly from American discourse, where criticizing the free market is apostasy. So Americans erect trade barriers against Vietnamese catfish in the name of the free market, claiming that they have to defend the free market against distortions. And they do so by erecting barriers against free trade. Yet again, they destroy the village to save it. The reason is that they cannot think outside the meta-narrative of free markets.

The Vietnamese are not there yet. When the Vietnamese destroy a village, it is because the village belongs to the enemy – pure and simple. They are still able to espouse a free market when it helps them and reject it when it does not. Deputy Prime Minister (and former Trade Minister) Vu Khoan expressed it well when he wrote (Vu Khoan 2005):

“FDI accounts for 14-15% of GDP and approximately 30% of industrial output and export volume. As a result, economic integration in general and WTO accession in particular has become an inherent demand of the Vietnamese economy.”

Vietnam wants WTO not because of a meta-narrative that has taken hold of the subconscious of the Vietnamese communal psyche, but because it helps at the present juncture in history. For the very same reasons, the Vietnamese WTO negotiators try to obtain transition periods for the opening of certain sectors. They clearly express the reasons: Vietnam needs more time, or else certain sectors will not be competitive and people will lose their work and livelihood. No need to couch the issue in free-market rhetoric, as did the United States on Vietnamese catfish and shrimp or Russian steel. That is why Vietnam does not need a critical discourse opposing the free market yet. Globalization has just given the average Vietnamese the capacity to aspire to a free market. Only when that aspiration is overtaken by a meta-narrative that holds captive
their thoughts and prevents them from seeing the next turn in the road of their aspirations will it become necessary to unmask anew.

**Making WTO Work for Vietnam**

This section does not discuss the benefits of WTO membership from the point of view of the textile or the catfish industry. It does not provide hard numbers and facts. Instead, it looks at the negotiations and how to make accession work for the Vietnamese economy from the point of view of bargaining being driven by a bottom-up demand for integration and free trade. Obviously, when it becomes clear to the negotiators of one side that their Vietnamese counterparts face strong pressures for success at home, the Vietnamese negotiating position is weakened. Under such conditions, the strong support for WTO described above could disappear very fast. This section is thus an attempt to apply international relations theory to real world situations.

The way humans think is strongly influenced by historical context. The Vietnamese context is dominated by centuries of foreign domination and the struggle against it. The latest episode of national independence in a unified country spans the period between September 2, 1945, when President Ho Chi Minh proclaimed independence from France and the creation of the Democratic Republic of Vietnam, and 1975, with the fall of Saigon to North Vietnamese troops and the departure of the U.S. military from Vietnam. While these events rang in political independence for Vietnam, they certainly did not lead to freedom from want. Vietnam depended on Soviet food aid for the next decade. The absolute poverty rate, defined by food deficiency and severe deprivation, hovered above 70%. In 1986, the government decided to embark on *doi moi*, economic restructuring with the main goal of privatizing agricultural production again. The Vietnamese tradition of family and one’s own plot of rice land never squared with collective farming, working and eating.

*Doi moi* was a smashing success. A decade after its introduction, the formerly food-deficient country was a major food exporter. In 1997, Vietnam climbed to second spot in the ranking of the world’s top rice exporters, trailing only Thailand. The feat was accomplished without forced conversion from subsistence to export crops. Unlike other export-led-growth models, in Vietnam, farming continued to be a family occupation and
<table>
<thead>
<tr>
<th>Law</th>
<th>Responsible Agency</th>
<th>Deadline</th>
<th>Passage (expected)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law on signing, joining and implementing international treaties</td>
<td>Ministry of Foreign Affairs</td>
<td>Submitted</td>
<td>May</td>
</tr>
<tr>
<td>Amended Trade Law</td>
<td>Ministry of Trade</td>
<td>Submitted</td>
<td>May</td>
</tr>
<tr>
<td>State Auditing Law</td>
<td>State Auditing Authority</td>
<td>Submitted</td>
<td>N/A</td>
</tr>
<tr>
<td>Amended Marine Law</td>
<td>Ministry of Communications and Transport</td>
<td>Submitted</td>
<td>May</td>
</tr>
<tr>
<td>Railway Law</td>
<td>Ministry of Communications and Transport</td>
<td>Submitted</td>
<td>May</td>
</tr>
<tr>
<td>Amended Education Law</td>
<td>Ministry of Education and Training</td>
<td>Submitted</td>
<td>May</td>
</tr>
<tr>
<td>Drug Law</td>
<td>Ministry of Health</td>
<td>Submitted</td>
<td>May</td>
</tr>
<tr>
<td>Amended Customs Law</td>
<td>Ministry of Finance</td>
<td>Submitted</td>
<td>May</td>
</tr>
<tr>
<td>Amended Civil Law</td>
<td>Ministry of Justice</td>
<td>Submitted</td>
<td>May</td>
</tr>
<tr>
<td>Investment Law</td>
<td>Ministry of Planning and Investment</td>
<td>June</td>
<td>October</td>
</tr>
<tr>
<td>Amended Civil Aviation Law</td>
<td>Ministry of Communications and Transport</td>
<td>April</td>
<td>October</td>
</tr>
<tr>
<td>Tourism Law</td>
<td>Vietnam National Administration of Tourism</td>
<td>Submitted</td>
<td>October</td>
</tr>
<tr>
<td>Amended Law on Export and Import Taxes</td>
<td>Ministry of Finance</td>
<td>Submitted</td>
<td>October</td>
</tr>
<tr>
<td>Intellectual Property Law</td>
<td>Ministry of Science and Technology</td>
<td>Submitted</td>
<td>October</td>
</tr>
<tr>
<td>Law on Executing Court Rulings</td>
<td>Ministry of Justice</td>
<td>September</td>
<td>October</td>
</tr>
<tr>
<td>Enterprise Law</td>
<td>Ministry of Planning and Investment</td>
<td>June</td>
<td>October</td>
</tr>
<tr>
<td>Amended Law on Value-Added Tax and Luxury Goods Tax</td>
<td>Ministry of Finance</td>
<td>July</td>
<td>October</td>
</tr>
<tr>
<td>Amended Law on Complaints and Denunciations</td>
<td>State Inspectorate</td>
<td>July</td>
<td>October</td>
</tr>
<tr>
<td>Law on Legal Practice</td>
<td>Ministry of Justice</td>
<td>August</td>
<td>October</td>
</tr>
<tr>
<td>Ordinance on Foreign Exchange</td>
<td>State Bank of Vietnam</td>
<td>July</td>
<td>October</td>
</tr>
<tr>
<td>Ordinance on Tenders</td>
<td>Ministry of Planning and Investment</td>
<td>Submitted</td>
<td>May</td>
</tr>
<tr>
<td>Ordinance on Standardization</td>
<td>Ministry of Science and Technology</td>
<td>July</td>
<td>September</td>
</tr>
</tbody>
</table>
poverty rates fell to just above 20% in 2004. In addition to remaining the second-biggest rice exporter, Vietnam was the number one black pepper exporter, the number two tea and coffee exporter and a major seafood exporter in 2004.

Vietnam’s agricultural growth was constrained by material limits. Vietnam, due to its mountainous geography flanked by only two fertile deltas in the north and the south, has severe limitations on arable land. Per capita farm size is the smallest in SE Asia. The traditional way of farming was primogeniture. The oldest son would inherit the farm, the other sons would create a new farm on virgin land. With arable land being exhausted, this system is no longer sustainable, and surplus labor needs to be absorbed in the non-farm economy. Since the population is still growing due to the effects of the demographic pyramid – in spite of an effective two-child policy, the large number of young people entering child-bearing age adds numbers to the population – jobs need to be made available at a significant rate. Vietnam’s population stood at 81.5 million in 2004. Estimates for 2025 put the population at a total of approximately 110 million. Urbanization is in full swing, with rural population falling from 85% to 75% between 1990 and 2000.

These demographic and geographical facts make both agricultural intensification and job diversification a necessity. Diversification can be accomplished in various ways, with international economic integration, free trade, export-led growth and WTO only one possible path. That Vietnam has chosen this path is no coincidence, as argued above. But what are the implications of the bottom-up support for WTO membership on the negotiations?

Vietnam has improved its economic situation rapidly. There is hardly a Vietnamese over 20 years of age who does not have a vivid memory of poverty. Equally, there is hardly a Vietnamese today who would not perceive the last decade as one of great progress, not just in general terms for the country, or in abstract terms of GDP growth, but in personal terms for him- or herself. The vast majority feel better off today than before doi moi and market opening. This perception of rapid progress that leaves everybody better off has created an inflation of aspirations. A broader range of job opportunities, a better life, international integration and personal mobility have all become associated with foreign trade and investment. Vietnamese associate a job in a
foreign company with a better life. Indeed, these companies tend to pay better and work their employees no harder, if not less so, than domestic firms. Even in the early stages of the Vietnamese success story, families would tighten their belts to send their children to foreign – mostly English – language classes. Fluency in English was considered quasi-equivalent with a good life. Backpack tourists along the tourist trail were regularly approached and asked whether they would like to teach at one or the other English language school, at salaries of $15 or more a day at a time when the average annual salary was below $300.

But the bottom-up discourse that demands continued and increasing opportunities in the export market, in foreign firms or export processing zones known as industrial parks, puts the government in a position of severe pressure to continue the trend of ever-greater economic integration with the rest of the world. WTO membership, under these conditions, is not an option, but a must. An estimated 200,000 to 300,000 jobs depend on export agriculture, 500,000 people are employed in light manufacturing, and around 1 million are expected to be working in export-oriented industrial parks soon.

In negotiations, each side attempts to get the best deal possible, idealistic talk about aid for development and special attention for the poorest notwithstanding. The way the United States imposed non-tariff barriers against Vietnamese catfish imports and then slapped tariffs on top of these barriers when they did not work made it clear that support for development or issues of poverty alleviation do not come into play when power
politics is played with trade. Catfish tend to be raised by family farmers in poor parts of the Mekong delta who, worst of all, often sold their farm because they had bought into the U.S. rhetoric of the power of trade and the opportunities that come with access to the American market. But when domestic politics called, first the U.S. Congress, then the Commerce Department had no problem finding the right rhetorical tools to declare free trade in catfish in opposition to the requirements to free trade.

How can the Vietnamese WTO delegates negotiate on the one hand the pressures from home, which tell them that WTO membership is an absolute must, and on the other the pressures from Washington and Tokyo – the two toughest partners that need convincing? These two know about their powers. Each has a veto over Vietnam’s accession, and both know about the discrepancies between the relative importance of the Vietnamese market for Japan and the United States versus the latter two markets for exporters in Vietnam. In 10 years since normalization and just over three years since a bilateral trade agreement between Hanoi and Washington, the United States has already become the most important export market for Vietnam, and Japan is one of the top investors.

Ironically, although WTO is a rules-based trade body, membership candidates must accept further concessions known as WTO-plus to get the nod from powerful members. The applicant is thus in a significant disadvantage during accession negotiations. Of course, the powerful states are supporters of WTO and have an interest
to bring as many nations as possible into the fold of the regime. But in the case of an applicant that has such a strong pro-accession discourse at home, it is easier for a powerful country to hold out, since there are few lobbies to push equally hard in the major economic power. The consequences of failed negotiations in terms of political fallout would be dramatically more severe in Vietnam than in the United States or Japan.

Both these countries have already made significant WTO-plus demands. First of all, the United States has demanded that the provisions of the bilateral trade agreement be rolled into Vietnam’s WTO commitments. Since the bilateral agreement is significantly more demanding on Vietnam than WTO rules would be, Vietnam is losing on this front. More importantly, due to WTO’s most-favored nation principle, any WTO member can demand to be treated equally to the best conditions extended to any member. The bilateral trade agreement’s tough conditions on tariff ceilings for the highly indebted, low-income country Vietnam, which would qualify for multiple WTO transition periods and protective measures, could thus be multilateralized and applied to all WTO members who so ask (Oxfam 2004).

Furthermore, the United States, Australia and New Zealand are demanding that Vietnam reduce its agricultural tariffs significantly below those of other regional countries, even though these are at a much higher level of economic development than Vietnam. Vietnam has offered a ceiling tariff on agricultural products of 25%, but has been rebuffed. Thailand and the Philippines have been accepted into WTO with tariff ceilings 10% higher than Vietnam’s offer. Oxfam further argues that a country with a solid track record of economic liberalization and socially equitable development should not be required to open its markets at breakneck speed when the outcome is almost certainly going to lead to entire sectors’ becoming non-competitive, absent a reasonable transition period. Vietnam, Oxfam says, should not be forced into agreements that run counter to its proven development policies (Oxfam 2004). Again, WTO rules allow for transition periods.

The United States has a track record of pushing applicants to the limit. While China has significantly more economic power than Vietnam, Washington insisted on declaring China a non-market economy in return for allowing China into WTO. As a result, the United States – and any other WTO member, under the most-favored nation
rule – can block Chinese imports as soon it feels that these imports threaten to disrupt the American market (for 12 years from accession); limit textile imports if they harm the orderly development of textile trade (for seven years from accession); and reverse the burden of proof in dumping suits (for 15 years from accession) (Oxfam 2004, McCarty and Kalapesi 2003).

Given these empirical data, how can Vietnam overcome – or use – the dominant discourse in Vietnam and the free-market meta-narrative in the United States to join WTO on pro-developmental terms?

First, Vietnam has to determine internally what commitments the country is willing to make. This in itself is problematic, since the popular demands for trade may put the government in a position where they are willing to go farther than they think prudent. But Vietnam has done well in its socio-economic development policies since doi moi and political leaders have made it clear that they feel it is imperative that growth continue to be shared by all strata of society. The existence of an anti-integration wing in the Party should serve as a safety valve against those who would be willing to go too far. But once the leadership has determined where it wants to draw the line, how can international behemoths like the United States be brought to accept any deal that they do not fully support? In the end, trade with Vietnam is a minute drop in the bucket for the U.S. or Japanese economy, but a large part of total trade in the case of Vietnam.

Successful negotiations weigh more for Vietnam than for their larger, more diversified developed partners. Yet the fact that the United States and Japan would invest significant time and effort in multiple rounds of bilateral negotiations is in itself a sign that there is interest in success. The interest may not be in Vietnam itself, but in the achievement of creating a global trade-regulating and promoting body. And, as argued above, there exists a meta-narrative of free trade in the United States. If the United States had no interest in Vietnam’s accession, it could either have foregone bilateral talks, arguing that the small amount of trade from Vietnam is not worth the effort, or could have laid down its demands and made them a take-it-or-leave-it proposition. Neither happened.

Vietnam knows that its negotiating partners are interested in bringing Vietnam into WTO, even if that interest is not as keen as Vietnam’s interest in joining. To
overcome this discrepancy, which puts Vietnam’s negotiators in a weaker position, a two-level game model can be employed. As a challenge to realism, the two-level game model (Putnam 1998) recognizes that different interests in the domestic as well as the international sphere play into decision-making in international treaty negotiations. Level I represents the negotiations themselves, where actors attempt to poker for their best possible outcome. Level II is the home audience, be it a Congress or an industry lobby, or in the case of Vietnam a popular demand made of a government that sees itself as legitimized by providing economic advancements for its people. Putnam does not actively concern himself with discourse analysis or critical theory. His challenge to realism comes from the liberal side of international relations theory. He rejects the idea that states are unitary actors where decisions are made based on an amorphous concept of ‘state interest’ that is devoid of domestic contestation. But the forms this contestation can take includes the dominant discourses and meta-narratives discussed in this paper.

In a two-level game, negotiators can allow themselves to be ‘pushed into’ making deals that they would have wanted to make anyhow, but could not have pushed through domestically in the absence of international pressure. The use the foreign pressure to sell the deal at home as the best they could get. Alternatively, negotiators in a weak position at the bargaining table can increase their power by making a credible claim that they would like to compromise but could never get such a compromise through their domestic Level II, hence a compromise would falter and nobody would be served. In short, Level II can provide bargaining power for a weak negotiator at Level I; Level I can help negotiators to push a deal that runs against public opinion or the political mainstream through at home by claiming international ramifications if a compromise reached in the negotiations were to be rejected.

For Vietnam, the key aspect of two-level games is that they can be used to gain bargaining strength even when facing an overwhelmingly powerful opponent. Key is the relative power of the dominant discourses. In Vietnam, free trade is a powerful discourse for the reasons mentioned above – so many Vietnamese have seen their lives improve within such a short time that they demand more of the same. But free trade is not a meta-narrative that has entered the common psyche and needs to be defended no matter what. Hence, negotiating strategy number one for the Vietnamese government must be to
reiterate in the state-run press that WTO must not lead to a weakening of state sovereignty. As much as the Vietnamese like their new economy, their common history is one of struggle for liberation. All myths and tales they grow up with and that form their national identity turn around independence, especially from China, but also from France, Japan and the United States. A WTO agreement that runs at counter-current to this narrative could very well lead to a serious clash. In a radio program, internet café owner Nguyen Minh Toan, who resides at the Chinese border in the trading town of Lang Son, summed the schizophrenic feeling up well:

Our ancestors have warned us that the Chinese are cunning and dangerous. We all know that. But we also know that we have to put development before everything else. I just hope that the peace will last (Sullivan 2005).

Throughout history, people have opted for a meta-narrative of independence in a common culture over the promises of material gains. In fact, much of what Anderson calls “imagined communities” has to do with the victory of the imagined ties over the material world (Anderson 1991). But psychology also tells us that humans will fight much harder in defense of what they have come to appreciate than to obtain something they have never possessed (Wendt 1999) – progress is less fought over than the avoidance of regress. A similar belief underlies the golden arches theory by Friedman: two nations that have a McDonalds do not go to war (Friedman 1999). This is obviously not due to the physically debilitating characteristics of junk food, but the fact that McDonalds only sets up in countries that have attained a certain level of wealth. They have something to lose by going to war, so they will try to avoid it. This is actually a quite classical liberal concept. War was prevalent in the days of absolute rulers, liberals argue, because these rulers would fight wars without paying a heavy price themselves. As soon as their subjects got the right to participate in the decision-making, they objected to being used as cannon-fodder in war. We do not know how the Vietnamese would react if their nationalism was stirred against a system of trade they consider enriching. Would their nationalistic feelings, based on imagined ties of community, win out over the discourse of protecting the achievements of the recent past? Could nationalist discourses of a WTO that costs Vietnam part of its independence undermine the attraction of global
integration? These questions remain unanswered empirically, but for the purpose of making independence a meta-narrative that can be opposed to the demand for global integration, it does not matter. All that is needed is the ability to convince the other side across the negotiating table that such an outcome is possible and indeed likely.

Second, integration and WTO are popular in Vietnam for a reason. Trade has brought a better life, and integration has been a liberating discourse, not an oppressive one imposed by an elite with an interest of its own. If the government signs a bad agreement under the pressure of Level II, the globalization discourse will rapidly experience a reversal of fortunes. Since nobody will be better off under that scenario, the international negotiators, who genuinely want a global WTO, have an interest to avoid such an outcome. Even more so the Vietnamese government, which supports the globalizing discourse because it feels that it will provide it with the legitimacy to maintain its rule. Failure to reach a WTO deal can probably be dealt with (see above and below), but a bad deal that overturns the positive opinion the Vietnamese have about trade and integration could spell the end of the Mandate from Heaven for the present elite.

Lastly, in the run-up to the WTO negotiations with the toughest negotiators, Vietnam has found new friends and allies around the world. In fact, U.S. rhetoric about free trade was found in such blatant discrepancy to America’s actions that some trading partners took a second look at Vietnam’s product line. Before the United States began its campaign against Vietnamese catfish, almost all the fillets went to the U.S. and Japanese markets. Since the U.S. Congress decided against all scientific evidence that there was no catfish in Vietnam, and therefore none may legally be exported to the U.S. market, Vietnamese catfish found domestic markets as well as export markets in Europe. The trade war over catfish was the best advertisement for Vietnam, according to the Vietnamese ambassador to Washington (Chien 2005).

Similarly, if the Vietnamese perceive the treatment they receive from Japan and the United States as blatantly unfair, making that case loudly and internationally could end up a winning strategy. Vietnam has signed trade agreements with several of its trade partners bilaterally in preparation for a WTO deal, including an agreement with the European Union. These agreements have the force of treaties and remain in place with or
without WTO accession. Vietnam can point to the outcome in the catfish row and tell the United States that WTO is important for Vietnam’s continued economic development, but only under conditions that will allow continued economic development. If such conditions are not fulfilled, for example if regional competitors like Thailand and the Philippines get a much better deal, then WTO would backfire. Under those conditions, Vietnam would try to live with the bilateral agreements it already has. Nobody could stop Vietnam from preferring to buy Airbus jetliners from Europe rather than America’s Boeing.

Such a course of action allows Vietnam to use both their own and the American Level II. Their own in telling their own population that they did everything they could to continue trade and international integration, which have done so well in moving Vietnam forward, while not abandoning national independence, a meta-narrative potentially even more revered in Vietnam than business. The U.S. Level II is made up of the American business lobbies that would be unhappy if they saw a good market closing to them only due to negotiators’ intransigence. In the end, globalization has gotten into trouble, economists say, because its benefits are diffused while its costs are concentrated (Gilpin 2001). In the case of Vietnam, the opposite is arguable. Vietnam is too small to pose a serious threat to U.S. industry in most sectors. Where it can, closing the door to Vietnam would simply divert business to China or other low-cost countries. But the burgeoning market that arose in Vietnam for some specific products, such as aircraft or agricultural inputs, has concentrated the benefits of trade in few hands, thus creating a lobby for Vietnam in the United States, and especially in a few key states. Properly managed, Level II can clinch the deal for Vietnam.
REFERENCES


