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COMMUNIST PARTY OF VIETNAM

*'Group Interests' and 'Relative and
Friend Capitalism' – A Threat Warning*

The Resolution of the 4th Plenum of the Central Committee of the Communist Party of Vietnam, 11th Tenure, "On urgent issues on Party building at present" identified one of the important task is to fight against "group interests." This is because "group interests" (by negative meaning, roughly translates to cronyism - Editor) will weaken national development, interests and the country and cause serious loss; the people will be stripped off power and interests; revolutionary achievements and the socio-political regime will not be protected hence collapse.

Legitimate interest (of a person, a group) is the interest conforming to common interest of their nation, country, contributing and supplementing the common interest without contradicting or causing harm to the common interest. Legitimate interest is always the goal and motive force of people's activities which should be respected, protected and encouraged. If it is forgotten, prevented or neglected, social management and leadership can hardly be successful and sooner or later is doomed to failure.

On the contrary, "group interests" (in negative meaning) contradict with the common interest of the nation and country, causing harm to the common interest and community, weakening and causing serious loss to the common interest. "Group interests" are the direct reason to the formation of "interest groups." "Interest groups" are featured by the combination of interest objectives, action and share among the wealthy and those with power in the state apparatus and ruling party. Money transforms into power. Power transforms into money. Those who have money will have power and those who have power will have money. They take join action to have more power and money. Money and power generate power to control and manipulate organizations and society. Aware of the importance of information, they connect with, "admit," gang up with some unhealthy communication groups to influence and manipulate public opinion in their favor, distort and accuse people and enterprises outside their groups to compete for power and interests. "Group interests" will lead to and accompany with power and money ambition.

In Viet Nam's leadership, the first person to bring into open and emphasize the necessity to fight against "group interests" is Party General Secretary Nguyen Phu Trong during his speech at the 3rd Plenum of the Central Committee, 11th Tenure. After the Party General Secretary, some other leaders of the Party and State also touched upon this issue in general and there has been no resolute guidance in prevention of "group interests." Among the scientific circle, there are some general theoretical studies which do not relate to the situation of Viet Nam. Researchers in the world have published many studies on this topic which closely relate to the development process of some countries. The Resolution of the 4th Plenum of the Central Committee, 11th Tenure of the Communist Party of Viet Nam "On some urgent issues on Party building at present" identified important tasks to fight against "group interests."

Nowadays, "group interests" and activities of "interest groups" have been found in almost all key sectors of Viet Nam, namely management of state-owned enterprises, investment projects especially in public investment, budget, taxes, banking-credit, capital and social investment programs, assets, land, real estate, mineral resources, import and export, management of cadres, employees, issuance of licenses, even in legal incidents, advice on lines, policies and execution. Further studies into organized negative and corruption cases and in controversial cases will provide detail information on "group interests" in Viet Nam. This situation which has alarmingly ramified and become rampant, serious and relatively brazen.

What harm do "group interests" and "interest groups" bring about? First, they make the country suffer resource losses, low efficiency of investment. The country is held back from rapid development or even normal development. The economy will be crippled and malformed. "Underground" economy, "virtual" market, wild practices, control and "elimination" of each other to snatch monopoly have sabotaged healthy development and equal environment for all businesses. Many countries have fallen into the "middle-income trap" for many decades, even centuries, at a loss how to get out to become developed countries due to "group interests," the direct and primary cause of this situation. Under the influence of "interest groups," national resources will be allocated and used not for national common interests but for "group interests." This also happen in investment and project arrangement, policy promulgation and work execution.

After dozen of years of industrialization, social labor productivity in Viet Nam is still low (lowest in East Asia). So is its investment efficiency. Debts are high and it's unclear how to pay these debts while investment efficiency (the use of loans) and income are low. Programs on localization of products fail. It is common that laborers hire themselves out and ground is rented. Viet Nam's economy is falling into the "middle-income trap." It is worrying to look at the causes that make countries fall into that trap and at Viet Nam's economy.

The second consequence of "interest groups" is the ultimate deviation from genuine objectives of socialism (and also alien to modern capitalism). The country will follow another path to "relative and friend capitalism" which is without future and extremely dangerous, without freedom and democracy because "interest groups" monopolize economically, control politically and leave long lasting consequences to the country. We wish to build a society based on values of personality, "interest groups" advocate for ruling position by using money and power. In reality "interest groups" are money (capital) controls power, directly take part in wresting power from the people, and go away from genuine socialist objectives. "Group interests" and "interest groups" emerged early, at least in the early stage of feudalism and developed more complicatedly in the period of capitalism in terms of level, scale and characteristics. In "wild" and "obscure" capitalism, "interest groups" operated openly, accumulated and concentrated capital by all means even violence and killing.

On this occasion, before elaborating on the 3rd consequence of "interest groups", let's discuss 'relative and friend capitalism' (Crony capitalism – Editor). For hundreds of years, in the process of competition, social struggle, under impacts of objective socio-economic laws, capitalism is forced to make continuous adjustment. Currently, modern capitalism has made remarkable adjustments leading to achievements and some countries have reached high level of development, production socialization, creating new elements for future society (socialist society). Along side that natural evolution, in the capitalist world, there appears other trend which is not healthy, abnormal, decadent called "relative and friend capitalism", detrimental to the development of countries. Countries falling into this "relative and friend capitalism" cannot rise up. "Relative and friend capitalism" in reality is the expansion, change and high degradation of "interest groups." This is a backward model and far from modern capitalism with several progressive features that we need to study its experience and of course strange to civilized socialism.

This type of capitalism is also called "interest capitalism," and "factional capitalism." It is not a stage of capitalism but a phenomenon, a malformation and degradation of capitalism. This is a model of "development" in which businesses rely on the advantage of their relations with people with power to gain profits for a person or a unit. These businesses invest in "relations," and "executives" so that they can use power to generate super profits. It is typically characterized by joining and mutual economical and political integration of privileged groups. Businessmen also invest in power and people with power also do businesses and climb to high positions to get rich. They together "softly" exploit society and country, get hold of financial resources, wealth and power, turn the state apparatus into their tool (on behalf of the state and ruling party) and monopolize economically and politically. They are said to "softly" exploit society because

they do not organize production and business to directly exploit surplus value of laborers. Their exploitation is more sophisticated but more harmful, causing serious consequences. That exploitation is through the implementation of investment projects and programs, mechanisms, policies (not for social interests but for interests of groups) and through execution and management which are ambiguous, not transparent and corruptive. They make profits through their "backyard" companies, subsidiary companies of families, "friends and relatives" which are established and associated with "wild" and "brutal" capitalism not with civilized capitalism.

It is noticeable that "relative and friend capitalism" does not only exist in less developed and degraded capitalist societies but also in other societies, in transitional countries to market economy when "group interests," "interest groups," factional groups," "relative and friend relation for interests" are emerging and prevailing, when ruling parties and states under the parties' leadership are morally degrading; corruption is rampant and laws are not abided by in governance (meaning national governance is ineffective). Reality shows that "relative and friend capitalism" restrains national development, pushing it to the "middle-income trap" for centuries, distorting lines and policies, causing ethical collapse (due to value gaps), discrepancies to economy and society and long-term consequences. That kind of capitalism is rooted from negative "group interests", mafia, organized corruption, ethical degradation of people with authority, lack of power control mechanism hence degraded power. There is not good mechanism for people to exercise their mastery and real power. National governance capacity is low. There are gaps in legislation. Law enforcement is not effective. Mistakes and errors are not strictly punished. That kind of capitalism will emerge, exist unavoidably and willy nilly wherever and whenever "interest groups" are not effectively and efficiently prevented, but develop widely and the role of healthy state is nullified.

So far, the Communist Party of Viet Nam has many a time warned against deviation. Which direction will it deviate? It deviates neither to feudalism as development level surpasses feudal stage nor civilized capitalism because Viet Nam's development level has not reached that level. Some say that this is not dangerous for Viet Nam as Viet Nam will get closer to socialism. The biggest, potential and threatening possibility is deviation of "relative and friend capitalism," detrimental to national development and socio-economic regime.

Back again to the consequence of "interest groups," the third consequence caused by "interest groups" is degradation of culture and ethics as value system is turned upside down (money and power play the highest and central position while personality is marginalized and downscaled) due to power corruption (the strongest factor). Increasing rich and poor stratification has caused inequality and social contradiction. Decadent culture and social contradictions have exerted unprecedented deep and spreading

consequences in all aspects of life, affecting social foundation and internal strength of the country.

The fourth consequence caused by "interest group" is mixing the good and the bad, the right and the wrong and difference in words and deeds. Correct policies are not implemented. People lose confidence in the ruling party and state; political foundation is being sabotaged, leading to political instability and loss of national strength. External aggressive forces can take advantage of the opportunity to encroach upon territory, impede development threatening national independence and existence.

The fifth consequence caused by "interest groups" is distorted policies on cadre management. The practices of "running for positions," and "authority", recruitment of staff based on "relations, money and descendants of leaders" not on talent criteria have rotten staff, increased factional activities, sown discord, broken organizational principles and activities of the ruling party hence the ruling party will lose its leadership, dissolve or be manipulated by "interest groups" to such an extent that it will no longer be the party for the interests of the people. The state will also corrupt, change its nature and will not be the state of the people but a ruling, corrupt and exploiting machine and thus it will lose its political role and political instability from within.

What is the situation of "interest groups" in Viet Nam? Where has it been heading to? Where will it go? As we have known, the country's history has many times witnessed the collapse of feudal dynasties or national division caused by "interest groups." Though there has not been any complete and scientific study at national level on group interests in Viet Nam," through information gathering, public opinion, and research of some specialists as well as many people's feelings, the "group interests" situation is rather serious and spreading at all levels. The higher the level, the more serious the situation. It can be found in all aspects even in areas said to be transparent and solemn. "Group interests" are the gravest type of corruption and organized corruption. The Vietnamese Party and State have exerted great efforts in struggle, and prevention of negative phenomena. However, the situation is alarming. There is possibility that Viet Nam is transited to "relative and friend capitalism" caused by "interest groups." Some opinions say that Viet Nam has deeply fallen into "relative and friend capitalism." (?) In other countries, state management and economic operation are clearly separated and they have less number of state-owned businesses. Nevertheless, in Viet Nam, the State is in charge of state governance while directly executing economy. State-owned businesses and enterprises are large in number. Their management capacity is low. In quite a few cases, businesses belong to private owners under the cover of state. Thereby, it is more complicated to prevent "group interests" in Viet Nam if drastic and effective measure are not taken. This is the biggest danger which is looming large, threatening healthy development of the country and the existence of the (healthy) socialist-oriented regime. This danger is overarching, and most

worrying than any others, creating conditions for other dangers to develop and cause harm. This is the biggest and core issue of the struggle on viewpoints and the focus of the fight against "self-evolution." If the Party and State fail to prevent activities of "interest groups", let it develop and increasingly manipulate the country, national development will be at risk, and the political regime will negatively change its nature not in the direction of genuine socialism but towards "relative and friend capitalism." The aspiration of millions of communist party members and the people who struggled and sacrificed their lives for the country will become remote and hopeless. Uncle Ho's earnest desire will not be fulfilled. The genuine Party will not exist and the State will change its nature. The people will be exploited; their power and assets will be taken away; the social regime will have no democracy, freedom and equality.

Fighting against "group interests" is an extremely difficult and complicated task as "front" is not clear. Apart from comprehensive and deep understanding of situation and threat, it is necessary to conduct broad discussions within the Party and the wider public. The Party and the whole political system must resolutely fight against "group interests," considering it a key, crucial and urgent task. Leadership from the highest level should adopt political will and be exemplary in the struggle against "group interests," use all possible means, urgently study, supplement and revise power control mechanisms (by the state, people and public opinion power). It is necessary to exercise broad democracy, transparency, accountability, create stringent legal corridor for the media to monitor and for the people to participate in power, renovate fundamentally the work of cadres, implement recruitment process of people-elected management positions, introduce monitoring mechanism, remove, dismiss and replace cadres when their stay in the positions is no longer beneficial to the fight against "group interests."