



# Can Vietnam's Military Really Mind Its Own Businesses?

*The debate over the military's role in economic activities continues to rage on.*

By **Nguyen The Phuong** for *The Diplomat*



The land disputes that surfaced recently in Dong Tam and [the debate](#) over whether or not to use the notorious Tan Son Nhat golf course to expand the highly overloaded Tan Son Nhat International Airport has ignited another sensitive but interesting issue within Vietnam: the role of the military in economic activities.

The golf course, which was inaugurated in August 2015, is infamous for occupying an enormous 157-hectare area that many critics say should be instead preserved for expanding the busy airport. Public opinion has been continuously posing questions about how this piece of military-owned land has been used and whether or not it was used properly for “security and defense” purposes (which it is definitely not in this case). Major General Lam Quang Dai, deputy political commissar of the Vietnam's People Air Force, said in an interview: *“the 157-hectare golf course is the military's reserved land to protect Ho Chi Minh City as well as the Tan Son Nhat Airport. While it is idle, the government can use it for economic development. When it is needed, the ministry will recall the land.”* »

The golf course debate and Dong Tam land disputes, which were highly disturbing for both party and military elites, raised a huge debate on social and state media about the role of the military in any economic activities.

As a communist country, there is no doubt that the relationship between the Vietnam Communist Party (VCP) and the Vietnam's People Army (VPA) is a typical symbiotic relationship. The military complies with civilian wishes by supporting the legitimacy of the VCP's single-party rule, while civilians agree to preserve the military's somewhat circumscribed role within the political system.

This mutual connection is enhanced by several factors, and one of those factors is the extent to which the military is to be allowed to conduct and manage economic activities. Apart from the political reasons for doing so, this factor is formalized and acceptable due to the fact that the state would not be able to cover the entire defense budget. In that sense, economic gains from various military-owned companies and enterprises is also strengthening this steady “commercialization” of the VPA.

But the recent controversies show that the debate on the military's role in economic activities continues to rage on in Vietnam. Kicking off the debate this time around was a rarely heard opinion from a somewhat strong voice supporting “de-commercialization”: Colonel General Le Chiem, who is the deputy minister of national defense. As he [elaborated](#) a meeting with Prime Minister Nguyen Xuan Phuc in Ho Chi Minh City: *“the Ministry of National Defense is now considering having the military stop doing business... The provisional policy could be implemented with the military completely divesting from all companies it has a stake in, as well as privatizing all military-run enterprises”*. He also underlined that once the military no longer has a share in those companies, it will “focus on enhancing and modernizing itself to better fulfill its duty of protecting the Party, the state, and the people.”

After this surprising announcement from Le Chiem, public opinion, especially those from economic and epistemic communities, became enthusiastic and excited about the prospect of the military being completely cut off from economic activities.

These voices discussed how to privatize military-owned enterprises by dividing them into two categories. The first set of enterprises, which is currently building weapons and other logistical support for VPA and conducting research and development (R&D) in defense technology, should be completely separated from business-driven incentives. The second set of enterprises, where business activities mostly overlap with their civilian counterparts (in sectors such as telecommunication, banking and finance, and real estate), should be completely privatized. Public opinion also called out for the National Congress to issue resolutions supporting the smooth transfer of this de-commercialization process.

The interest groups within the military supporting commercialization have immediately fought back, and they seem to have the upper hand for now. The official media outlet of the VPA, *The People's Army Newspaper*, published a three-issue editorial defending the rights of the military to do business, calling it "[a long-term strategic policy](#)." Then the newspaper even organized a small conference discussing the importance of the VPA's business activities in defending and developing the country's economy. In another meeting between senior defense and civilian officials with the leaders of Viettel Corporation, one of the biggest military-owned enterprises, Minister of National Defense General Ngo Xuan Lich once again elaborated the rightfulness of the long-term policy that allow the military to do business when he [said](#): "*Participating in economic activities has been and will be an important mission of the military but this is always the factor attacked by reactionary forces... They insist that the military should not be engaged in business activities. Our principle is that the Party is the sole and ultimate leader of the military* ».

Those fierce responses from high-ranking officials in the military are a firm reminder that the VCP will not lose its control over the VPA anytime soon. It is a warning signal to any groups both within and outside the military establishment not to challenge the leadership of the party and pursue "de-commercialization" of the VPA. More importantly, it is also an indication that the pro-modernization and pro-professionalization factions within the military elites are minorities at this time, as they could not exert their influence even in an advantageous environment created by recent events.

Moreover, the strength of the factions supporting business and economic activities is also deeply rooted and ought not to be underestimated. First of all, the military is still getting the necessary level of modernization to tackle external threats, which in turns reduces the urgency of the push for greater professionalization.

Second, there are no serious cases of corruption within the military elites and military-owned enterprises, and therefore no threat to the legitimacy of the military in doing business.

Third and finally, many enterprises run by the military are in fact efficient and bring back many benefits for the state, with some examples including the [Viettel Group](#), the logistics company Saigon New Port, or the Military Bank. The reality of the military being involved in economic activities in Vietnam is also not new and has a historical record that can be traced back decades, which is also one of the arguments of pro-business faction.

More importantly, the Vietnamese military is also implementing its own reformation of economic and business activities. Major General Vo Hong Thang, head of the Economic Department of the VPA, has [mentioned several details](#) about the ongoing reforms, including restructuring all military-run enterprises to reduce unnecessary running costs and raise more benefits, privatizing those not relating to defense and military missions, and accepting the bankruptcy of some of the least efficient companies.

The idea is that the military will only control those enterprises that are highly beneficial or important for the military-industry complex in a number of sectors such as communications, agriculture, shipbuilding, and air services. It is worth noting that as of 2017, 88 military-owned enterprises remain and will be subjected to reform in the future, down from a whopping 300 just few years ago.

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