

Bloomberg: Vietnam Following in the Footsteps of Musk and Milei?



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Bloomberg surprise readers a few days ago with the headline: “Vietnam’s Communists Join Musk, Milei in Slashing Government.”

The article states: “As Elon Musk und Argentina’s Javier Milei champion ambitious plans to dramatically slash the size of government, a similar effort is getting underway across the globe from political leaders with a completely different ideology: Vietnam’s Communist party.”

The ruling party in Vietnam calls itself communist, but it embarked on the path to market economy reforms as long ago as 1986. It has been many years since Vietnam – at least as far as the economy is concerned – had anything in common with socialism and communism. Vietnam’s communists are as communist as North Korea is democratic – in name only.

The Bloomberg article continues: “Vietnamese officials are targeting a roughly 20% reduction in the size of ministries, government agencies, and civil workforce ... The plans would see five ministries abolished and the merger of ministries such as finance and planning and investment. Four government agencies, including the State Capital Management Committee, will be eliminated ... It’s not yet clear how many jobs will go, but civil servants are clearly stressed – one deputy prime minister said 100,000 jobs would be affected, another former parliament official said hundreds of thousands of party members and public employees will be worried.”

These developments are all the more remarkable when you compare what is happening in Vietnam with what is happening in China. In the 1980s,

China also initiated market economy reforms under Deng Xiaoping. However, under the leadership of Xi Jinping, China is unfortunately moving back toward more state and less market. This shift has had consequences. While growth in China fell to less than five percent last year, it rose to over seven percent in Vietnam.

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It will be interesting to see how Vietnam ranks in the *2024 Index of Economic Freedom*, which will be published next month. Last year, Vietnam climbed 13 (!) places compared to the previous year, where it was 72nd. In a long-term comparison since 1995, Vietnam has gained 21 points, more than any other country of comparable size in the world (the United States has lost more than 6 points over the same period).

I was in Saigon and Hanoi in December again and spoke with many entrepreneurs. I was struck by the strong capitalist and entrepreneurial spirit prevalent among the people of Vietnam. My personal impressions from talking to people in Vietnam have been confirmed by an opinion poll:

From 2021 to 2023, the polling institute Ipsos MORI conducted a survey on my behalf in 35 countries to find out what people in different countries feel about capitalism. In Vietnam, the [public opinion research](#) institute

Indochina Research conducted a representative survey between October 19 and November 7, 2022.

In most of the surveyed countries, negative attitudes toward capitalism dominated. In Vietnam, in contrast, people tend to associate “capitalism” with positive features, such as “progress” (81 percent), “innovation” (80 percent), “a wide range of goods” (77 percent), “prosperity” (74 percent) and “freedom” (71 percent).

In addition to this associations test, respondents in the 35 countries were also presented with 18 positive and negative statements about capitalism.

In Vietnam, the statement that attracts the most agreement (78 percent) is: “Capitalism means economic freedom.” Only in Japan and South Korea did this statement also come in first place. The second highest level of agreement, 74 percent, is for the statement: “Capitalism has improved conditions for ordinary people in many countries.” In only one other of the 35 countries where we have conducted the survey did this statement rank among the Top Five.

The statement “Capitalism encourages people to do their best,” which was the third most frequently selected statement in Vietnam, also attracted very strong support (71 percent). Only in three of the 35 surveyed countries did this statement make it into the Top Five. In fifth place in Vietnam is the statement: “Capitalism ensures prosperity” (64 percent). Again, there is only one other of the 35 countries in which this statement also makes it into the Top Five. In sixth place in Vietnam, we have the statement: “Capitalism may not be ideal, but it is still better than all other systems” (59 percent).

Only time will tell whether Vietnam’s party leader Tô Lâm will be able to effectively implement his proposed reforms to reduce the size of the state. There is still a lot to do in Vietnam: there are too many state-owned enterprises and corruption is still a major problem. We can therefore only hope that Vietnam continues on its path towards a more market-oriented economy. After all, this has already resulted in a substantial decrease in the

proportion of the Vietnamese population living in poverty, which has plummeted from nearly 80 percent in the early 1990s to just three percent today.

Rainer Zitelmann is the author of the books How Nations escape Poverty. Poland, Vietnam and the Origins of Prosperity *and* The Origins of Poverty and Wealth.