

THE UNIVERSITY OF HULL

**The Regulation of Tourism Business Activity
in the Transitional Vietnamese Economy**

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Doctor of Philosophy**

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by

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ABSTRACT

This thesis examines the extent to which regulation theory provides an appropriate theoretical framework for analysing the development of capitalist economic relations and activities in transitional economies. The investigation uses secondary sources and information gained from interviews conducted with tourism business owners and managers in three Vietnamese cities: Hanoi, Hue and Ho Chi Minh City. I find that through its recognition of firstly, the path dependent nature of regulatory processes and secondly, national and local scales as key sites in the regulation of global economic processes, regulation theory can be utilised in analysing the development of capitalist economic relations and activities in transitional economies.

Nevertheless, the findings in this thesis also challenge and offer new perspectives on a number of the key concepts contained within regulation theory. Firstly, my findings illustrate how political imperatives play a much more significant role in the regulation of economic activity than acknowledged in regulation theory. In Vietnam, as a way of maintaining the state as the leading institution in the Vietnamese socio-economy, the central Vietnamese state has historically ceded a significant degree of regulatory control over economic space to the local state. As a consequence, the local state has traditionally constituted the key institution regulating economic activity in local space. In the transitional Vietnamese economy, I illustrate that political imperatives are continuing to inform the practices of the central state in regulating nascent capitalist economic processes. I find that this is chiefly being articulated through the informal regulatory practices and capacity of the central state as it seeks to mediate capitalist economic relations between supra and sub-national actors and institutions. This runs counter to assertions within regulation theory where the regulatory power of the central state is chiefly derived from its capacity to enact a formal framework of regulatory forms to guide global economic processes throughout national space. Secondly, I highlight the importance of the social regulation of economic activity and how in Vietnam the cultivation of social ties with local state officials has historically constituted an important institutional mechanism regulating economic activity in local spaces. In the transitional Vietnamese economy, I find that among private tourism business owners interviewed in Hanoi, Hue and Ho Chi Minh City, the cultivation of social ties with local state officials has continued to play an important role in the establishment and running of their businesses.

Out of these findings, I adapt the conceptual framework provided in regulation theory and build a more appropriate analytical framework that can be utilised in examining how regulatory processes and relations are evolving in regulating capitalist economic activity in transitional economies.

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CHAPTER ONE

INTRODUCTION

Attempting to analyse the organisation and operation of nascent capitalist economic activities in the transitional Vietnamese economy in a sufficiently rigorous manner requires an approach which allows for consideration of the extraordinary complexities and uniqueness of Vietnam's social and political history. Regulation theory claims to offer just such an approach by integrating the structural dynamics of capitalism with the institutional forms of society through its recognition that capitalist economic relations and activities are embedded in distinct social, cultural and political institutional structures and practices (Painter & Goodwin, 1995:339; Boyer, 2000: 276).

However, in relation to analysing transitional economies such as the Vietnamese economy "regulation theory remains underdeveloped" (Smith & Swain, 1998:32). Nevertheless, authors such as Smith and Swain contend that, as the conceptual framework of regulation theory builds upon the premise that regulatory processes which help to secure processes of capitalist accumulation evolve out of political and economic institutional structures and practices, "regulation theory can provide a strong theoretical understanding of the economic dynamics and transformation of ECE political economies" (Ibid:47).¹ They argue that "what is required is the specification of the particular social relations structuring a political economy and how these relations work out, in terms of the conjunction of accumulation and regulation" (Ibid:32).

¹ ECE stands for Eastern and Central Europe

Consequently, in this thesis I seek to address the above points, firstly, by examining the extent to which regulation theory can provide a strong theoretical basis for understanding and analysing the development of capitalist economic relations and activities in transitional economies. Secondly, addressing the need highlighted by Smith and Swain to investigate the role of social relations in processes of regulation, I examine the role of social capital in regulating nascent capitalist economic relations and activities in transitional economies.

Moreover, the current research output on the regulation of capitalist economic activity in the contemporary Vietnamese economy is only limited. As a result, in addition to advancing an important theoretical enquiry, I also aim to provide the most substantive account produced in recent years of how the social, economic and political geography of Vietnam is evolving in transition.

1.1 PRINCIPAL RESEARCH AIM AND QUESTIONS IN THE THESIS

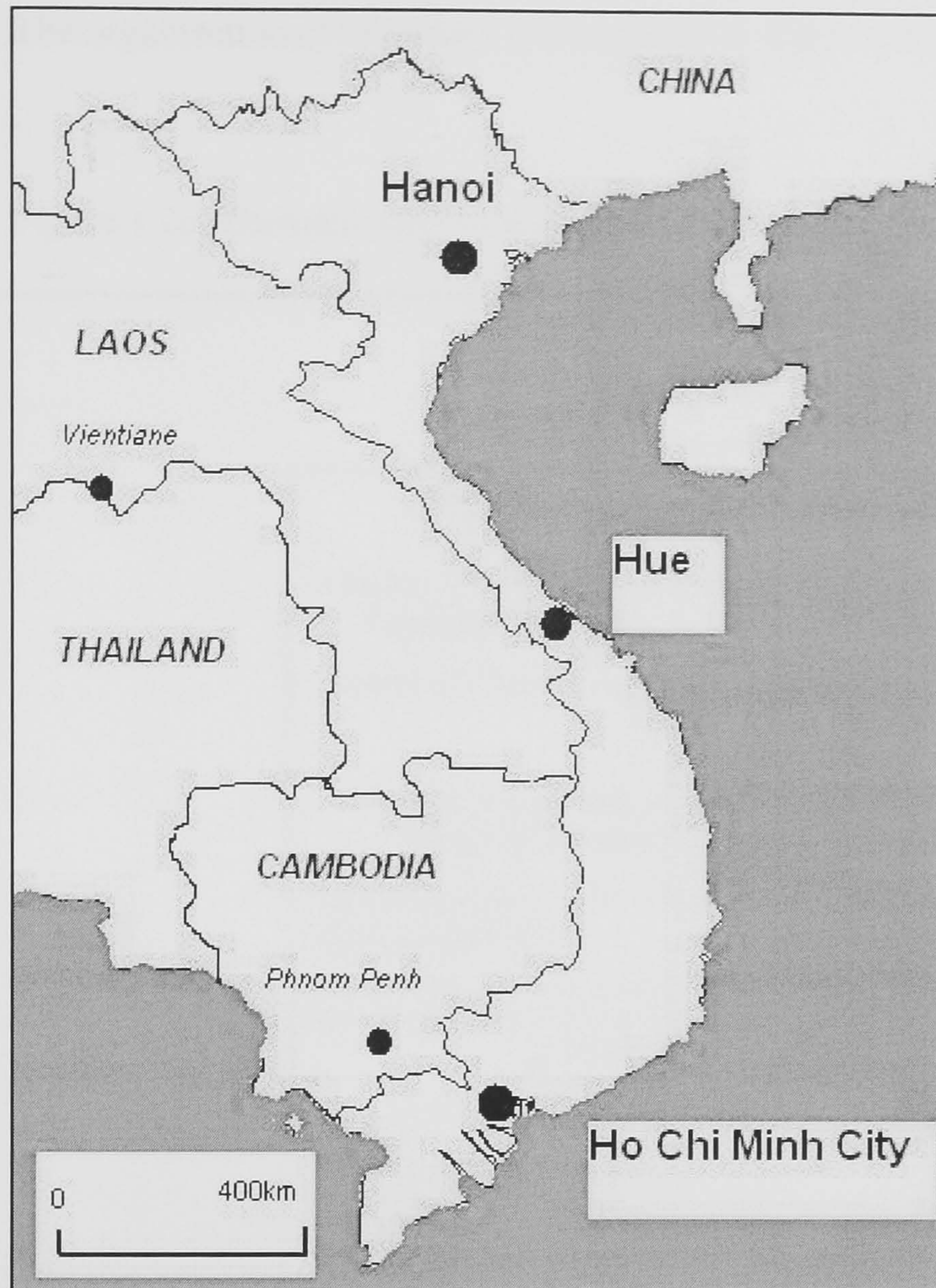
The principal research aim in this thesis is:

To examine the extent to which regulation theory can provide a strong theoretical basis for understanding and analysing the development of capitalist economic relations and activities in transitional economies.

This aim is explored by addressing the following five research questions:

1. *To what extent does regulation theory provide a useful conceptual framework with which to examine how nascent capitalist economic processes are being regulated in transitional economies?* (investigated in Chapter 2, discussed in Chapter 8)
2. *What evidence is there from other transitional economies to support the utilisation of the key analytical concepts identified in regulation theory to examine how nascent capitalist economic processes are being regulated in transitional economies?* (examined in Chapter 3)
3. *To what extent does the local scale constitute the key site at which nascent capitalist economic activities are being regulated in the transitional Vietnamese economy?* (analysed in Chapter 5)
4. *To what extent does the central state remain a key institution through which global economic processes are being mediated in regulating nascent capitalist economic activities in the transitional Vietnamese economy?* (analysed in Chapter 6)
5. *To what extent does the notion of social capital constitute an important institutional mechanism regulating private capitalist economic activity in the transitional Vietnamese economy?* (analysed in Chapter 7)

Figure 1.1. Map of Vietnam

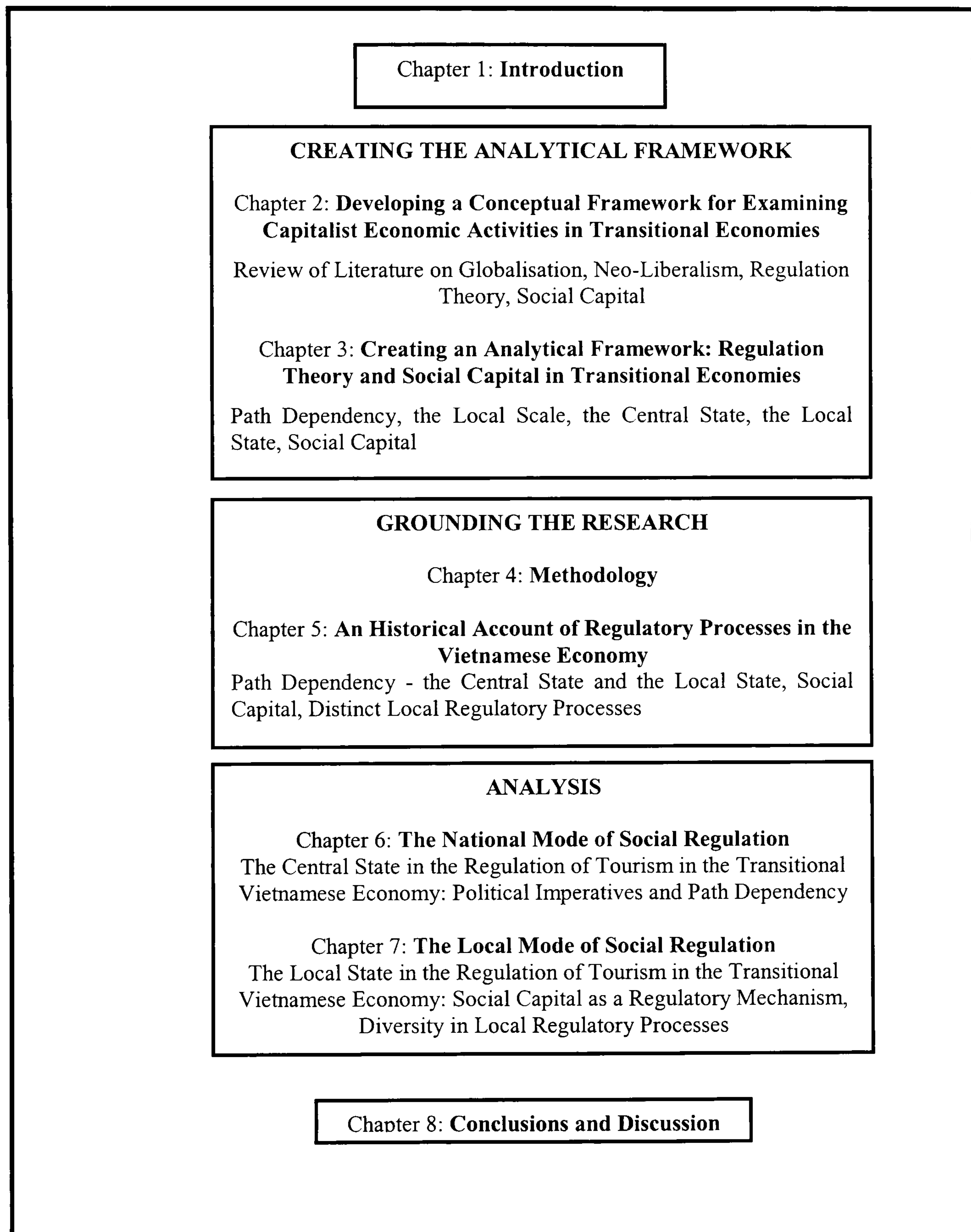


These questions are approached in two ways: firstly, by conducting reviews of regulation theory literature and of literature exploring key analytical concepts and themes outlined in regulation theory and written in the context of transitional economies; and secondly, by conducting qualitative field research in Vietnam, primarily interviews with tourism business owners and managers in three Vietnamese cities - Hanoi, Hue and Ho Chi Minh City - and the subsequent analysis of data gathered from the field.

1.2 SCHEMATIC STRUCTURE OF THE THESIS

The organisation of the thesis is illustrated in Figure 1.2 and outlined thereafter.

Figure 1.2. Schematic structure of the thesis



In Chapter 2, I lay the theoretical foundations for the thesis. I first briefly discuss the notions of economic globalisation and neo-liberalism before moving on to focus on the extent to which the analytical tools and conceptual framework in regulation theory provide a useful foundation for constructing an analytical framework for carrying out a research investigation into the regulation of nascent capitalist economic activities in transitional economies. Towards the end of this chapter, I introduce the concept of social capital into the theoretical discussion and identify its potential utility as a tool with which to examine the role and importance of pre-existing relations between social, economic and political actors in regulating nascent capitalist economic relations and activities in transitional economies.

Chapter 3 develops the themes discussed in Chapter 2 through a review of literature written in the context of the regulation of nascent capitalist economic processes in transitional economies which identify and utilise key analytical concepts introduced in Chapter 2. These include path dependency in regulatory processes, the local scale as a site of distinct regulatory practices, the changing role of the central state and the local state as regulatory institutions as well as the notion of social capital. This discussion is used to inform our understanding of regulatory processes in transitional economies and thus in developing the analytical framework constructed in Chapter 2. From this, a more rigorous framework is created, on which the subsequent research investigation and analysis are based.

In Chapter 4, I outline the different methodologies employed throughout the research process, with a particular emphasis on the strengths and shortcomings of those employed during the fieldwork stage, in undertaking qualitative research in Vietnam.

Building on a number of the key analytical tools of regulation theory discussed in Chapters 2 and 3, Chapter 5 provides a historical and contextual account of regulatory processes in Vietnam. The chapter focuses on the path dependent nature of regulatory processes and relations evidenced historically in Vietnam with a particular emphasis on how relations between the central state and the local state have evolved through time.² I then turn to examine how the control of the central vis-à-vis the local state has shifted in regulating nascent capitalist economic processes in the transitional Vietnamese economy. In the final two parts of this chapter, I first examine the role that social ties has historically played in regulating socio-economic processes, before moving on to discuss how distinct historical legacies in particular local spaces within Vietnam have informed contemporary attitudes in the transitional economy with regard to the regulation of nascent capitalist economic activities.

In Chapter 6, focusing on national space, I analyse the extent to which the VNAT, the central state tourism body in Vietnam, constitutes a key institution in the regulation of tourism in the transitional Vietnamese economy.³ Drawing on themes discussed in Chapters 2 and 3 and thereafter incorporated into the analytical framework, I examine the extent to which the regulatory practices of the VNAT have reflected, firstly, political imperatives and secondly, path dependency as evidenced in what I see as the historical and ideological suspicion and antipathy of the central state towards capitalist economies.

² Path Dependency refers to the notion that social, economic and political processes evolve out of the experience of past practices rather than being constituted by radical breaks and departures from established processes.

³ VNAT stands for the Vietnam National Administration of Tourism or Tổng cục Du lịch. I am primarily concerned with analysing the ways in which tourism as a global economic process is being negotiated in national and local spaces. Therefore, tourism in this thesis is taken to refer to the provision of hotel and tour operator services for foreign visitors not domestic tourists.

In Chapter 7, the focus of the analysis shifts to a consideration of local space. Based on findings from interviews with private tourism business owners and managers, I examine the extent to which the local scale constitutes the key site at which tourism activity is being regulated in the transitional Vietnamese economy. Again based on findings from the field research, I analyse the extent to which social capital is a defining characteristic of the regulatory environment for private tourism business owners in the transitional Vietnamese economy. Throughout the chapter, in addressing the theme of diversity in local regulatory processes identified in Chapter 3, I examine the extent to which similarities and differences in regulatory practices and arrangements were revealed from interviews with private tourism business owners and managers in Hanoi, Hue and Ho Chi Minh City. In particular, addressing a recurring theme throughout the thesis, I analyse how the social and historical connectedness of actors in the Ho Chi Minh City economy with the international arena has in the transitional economy facilitated development of tourism business for private tourism business owners to a much greater extent than in Hanoi and Hue.

In Chapter 8, the key findings from this thesis are discussed: namely that regulation theory can provide a strong theoretical basis for understanding and analysing the development of capitalist economic relations and activities in transitional economies, but that greater consideration should be directed at how political imperatives as well as social ties impact on the regulation of economic activity.

CHAPTER TWO

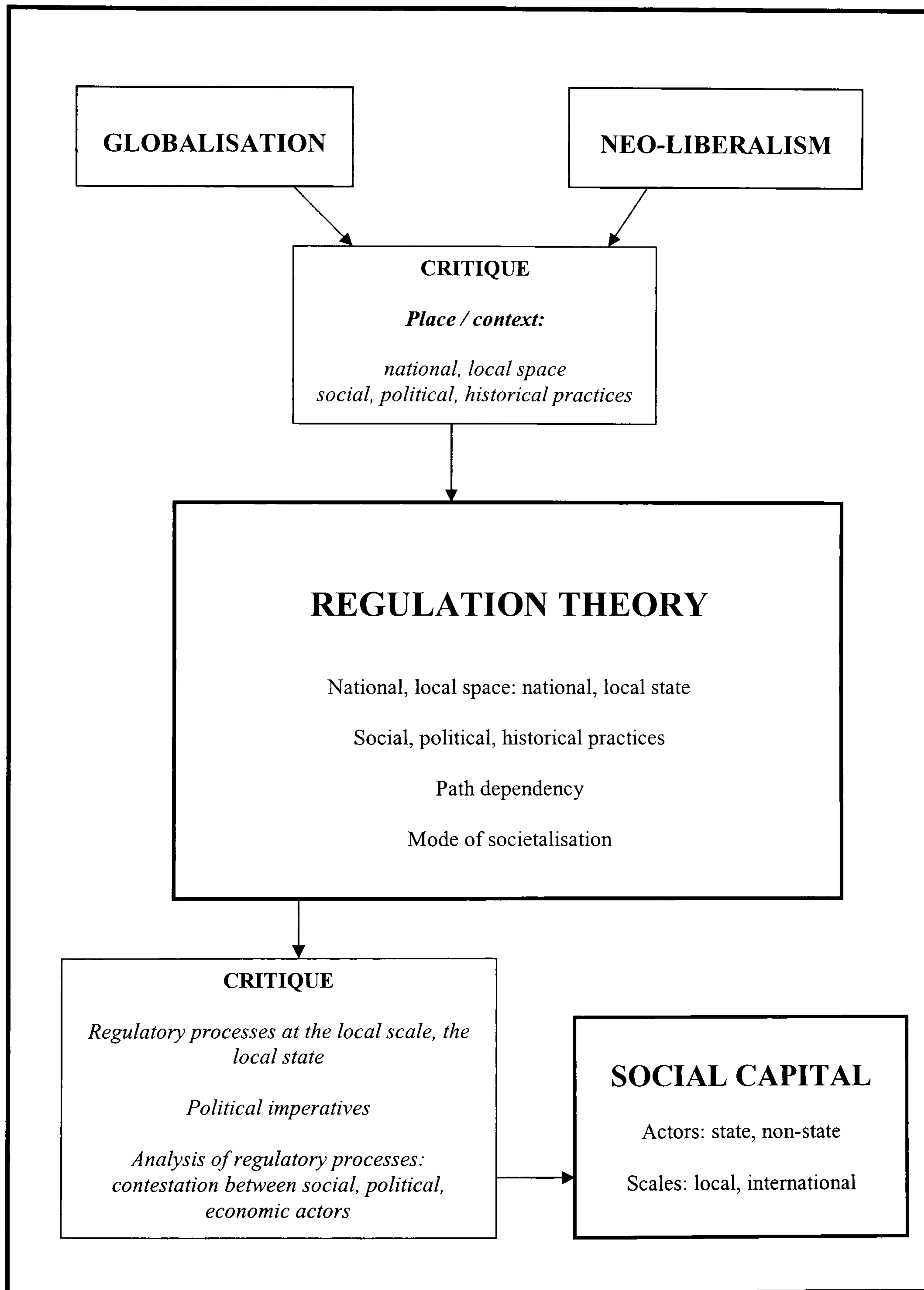
DEVELOPING A CONCEPTUAL FRAMEWORK FOR EXAMINING CAPITALIST ECONOMIC ACTIVITIES IN TRANSITIONAL ECONOMIES

This chapter lays a theoretical foundation for investigating the organisation and operation of nascent capitalist economic activities, such as tourism, in the transitional Vietnamese economy.

To start the theoretical journey, illustrated in Figure 2.1, I first examine how the processes inhering in **economic globalisation** and **neo-liberalism** help to inform our understanding of how capitalist economic relations and activities are being articulated in the contemporary global economy. Nevertheless, as theoretical constructs, the notions of economic globalisation and neo-liberalism are of limited utility for my investigation as they tend to oversimplify and under-differentiate processes by which global economic activity is being conducted. In particular, they fail to address satisfactorily issues relating to the specificities of place and the role that social, cultural, historical and political practices operating across national and local contexts play in organising economic activity.

As a result, through its claims of offering a conceptual framework which recognises the embeddedness of capitalist economic activity, I introduce **regulation theory** into the theoretical discussion. I examine how the key analytical tools and conceptual framework provided in regulation theory do indeed provide a useful foundation in

Figure 2.1. The theoretical journey taken in this chapter



building an analytical framework for carrying out the research investigation. However, I also identify a number of gaps in the regulation theory framework. In addressing one of these deficiencies – the lack of a tool to analyse the struggles and contestation between actors through which regulatory processes evolve - I introduce in the final part of this chapter the concept of social capital into the theoretical discussion.

2.1 ECONOMIC GLOBALISATION

The re-integration of the Vietnamese economy into the international capitalist economy towards the end of the 1980s, and the development of economic activities such as tourism oriented towards the international capitalist economy, coincided with heightened discourse regarding the concept of **economic globalisation**, which proponents such as Ohmae (1990) claimed were leading to substantive changes in global economic activity.

The concept of economic globalisation has invoked the notion of increasing time-space compression and the expansive and accelerated mobility of economic activity. This it is argued is leading to a substantive reconfiguration in the global economy with economic activities increasingly being conducted in global markets and in accordance with global norms and standards. At the same time, it is claimed that processes of economic globalisation are undermining the pre-eminent role of the nation state as the key constituent in the global economy and rendering conventional notions of national economic space increasingly irrelevant (Martin & Sunley, 1997: 281). Processes of economic globalisation have been facilitated by rapid developments in communications and information technology which have been responsible for the creation of a global economic system in which economic

activities can be conducted in all four ‘corners’ of the world, as distance and location are no longer pre-eminent as determinants of economic operations (Ohmae, 1990:172; Hoogvelt, 1997:121).

Epitomising changes in global economic activity has been the rapid growth which has occurred in the tourism industry, the object of study in this thesis, and which is often accorded the status as the world’s largest and most globally interconnected industry (Wackermann, 1997). Rapid developments in aviation and information technology have led to a ‘stretching’ of tourism activity to encompass much of the globe. Time-space compression exemplified by increases in distances between source and destination markets has resulted in the rapid accessing and drawing in of new and peripheral locations into global tourism circuits, particularly countries in the Developing World such as Vietnam (Mowforth & Munt, 1998:43).

However, during the 1990s, a huge body of literature emerged to analyse claims that fundamental restructuring was occurring in the global economy due to processes of economic globalisation. While acknowledging that significant changes were at work in the functioning of the global economy, most writers challenged the view of economic globalisation as a homogenising and hegemonic force and argued instead that the actual effects of economic globalisation had been over-exaggerated and undifferentiated across individual spaces throughout the global economy. Critics such as Kelly and Olds contended that the concept of economic globalisation as an inexorable and universalising force was functioning more as an economic and political ideology than as an expression of the restructuring and intensification of connections in the global economy (Kelly & Olds, 1999:12; Glick Schiller, 1999:203).

Instead, it was argued that the economic and technological processes which have engendered global shifts in economic activity are interacting with existing institutions and structures in highly uneven ways. This is producing significant variations and divergent outcomes in particular **national** and **local** contexts, consequent of a wide range of political, economic, cultural and historical processes influencing such spaces. National and local spaces are thus shaping as well as responding to global processes and, consequently, the contextualisation of place remains fundamental in analysing all forms of socio-economic activities (Dicken, 1998:xiv; Parnwell & Rigg, 2001:205).

When global economic activities, such as tourism, interact with national and local spaces, they become grounded and mediated through the distinctive social, cultural, institutional and political practices contained within particular spaces. Central in these processes of mediation is the role that key national and local actors and institutions, with competing priorities, objectives and power, and complex historical and social backgrounds, play in appropriating national and local spaces in redefining strategies and imperatives in regulating economic activity within and across national and local spaces in response to global processes (Dicken, 1998:82; Mittelman, 2001:212; Parnwell & Rigg, 2001:206; Elmhirst, 2001:285, 286).

In this thesis, it will therefore be important to analyse how the points raised in the discussion above have been reflected in Vietnam in the development of a tourism industry oriented towards the international capitalist economy. Firstly, who are the key actors and institutions at both the national and local scales involved in mediating global tourism processes? Secondly, how effective are these actors and institutions

in mediating such processes? Thirdly, to what extent are strategies of mediation by these actors and institutions premised on historical, social, cultural, institutional and political practices distinctive to national and local spaces.

One additional theme which is used to challenge the notion of economic globalisation as a homogenising force is that global economic activities and processes such as tourism continue to interact with local spaces, less as a result of purely economic considerations and more due to the embeddedness of global actors in the social, cultural and historical contexts of distinct local spaces (Jessop, 1994:270). Thus, not only between but even within particular national spaces, the degree of interconnectedness between global and particular local spaces displays wide disparities. Consequently, global economic activities are interacting with particular localities within national spaces in highly uneven ways.

This theme is potentially of particular utility in the case of Vietnam, where the northern, central and southern regions have evolved out of distinct social, cultural, political and historical contexts, which in turn has been reflected in widely varying degrees of interconnectedness between these spaces and global spaces. In particular, in contrast to Hanoi and Hue, the Ho Chi Minh City economy, in the south of Vietnam, is deeply connected with actors in the international capitalist economy, as a result of social ties firstly between the ethnic Chinese communities in Ho Chi Minh City and around the world and secondly between local Vietnamese actors and the Vietnamese diaspora, who fled Vietnam predominantly after the War in 1975.

Consequently, one question I seek to address in this thesis, is the extent to which distinct social and historical contexts have influenced the contemporary

development of tourism in particular local spaces within Vietnam. In particular, how has the social and historical connectedness of actors in the Ho Chi Minh economy with actors in the international capitalist economy facilitated the development of tourism in Ho Chi Minh City vis-à-vis local spaces in the north - in Hanoi, and in the centre - in Hue.

2.2 NEO-LIBERALISM

While the development in Vietnam of capitalist economic activities such as tourism was occurring as substantive changes in the functioning of global economic activities were taking place, the collapse of the socialist system at the end of the 1980s and the re-integration of former socialist economies such as Vietnam into the international capitalist economy also acted to boost significantly the credibility and hegemonic status of **neo-liberalism** as the dominant ideology in the economic and political governance of the international capitalist economy. Consequently, since that time, **transitional**, fledgling capitalist **economies**, such as the Vietnamese economy, have entered and integrated into an international capitalist economy in which economic relations between capitalist nations in economic activities, such as tourism, are being increasingly constructed in stricter accordance with neo-liberal ideology and global market forces (Peck & Tickell, 1994:319; O'Neill, 1997:290).

Neo-liberalism is being supported and proselytised by de facto US-led institutions, such as the IMF, the World Bank and the World Trade Organisation (Jessop, 2002:454). These institutions have sought to universalise the adoption of neo-liberalism as the basis of economic transactions among all nations in the international capitalist economy (Agnew & Grant, 1997:227; Tickell, 1998:3; Jessop, 2002:454). Similarly, in the tourism sphere, global institutions such as the

World Tourism Organisation, the World Tourism and Trade Council, the Pacific-Asia Travel Association (PATA) as well as United Nations institutions, such as the UNDP, have sought to apply neo-liberal principles in their governance of the global tourism industry. This has been particularly evident in tourism development plans designed by these institutions in building tourism industries in developing countries such as Vietnam, which have generally revolved around the deregulation of national tourism industries in advocating that tourism business activity be largely conducted by private actors in accordance with market principles.

In the case of Vietnam, the World Tourism Organisation and the UNDP were responsible for drawing up the ‘Tourism Development Master Plan for the Socialist Republic of Viet Nam’ published in 1991 (Jansen-Verbeke, 1995:317; Theuns, 1997: 306; Smith & Bui, 1998:74; Thai Binh, 1998:28). The Plan constituted the blueprint for the development of the tourism industry in the transitional economy. However, almost all policy prescriptions contained in the Plan reflected the generalised and ideological principles of the institutions involved rather than consideration of contextual issues specific to the case of Vietnam. In particular, recognising that the state was involved as both an administrator as well as an actor in the Vietnamese tourism industry, the Plan recommended the “separation between public policy functions and commercial activities” (WTO, 1991) with the state advised to divest itself of its tourism business interests and instead function primarily in an administrative capacity, transferring the bulk of tourism business activity into the hands of private actors (EIU, 1991:18).

2.2.1 Critique

It is undeniable that since the mid to late 1980s, in the construction of economic relations between capitalist nations, neo-liberalism has become more pervasive as

the operating ideology or system regulating these relations. Nevertheless, as with the concept of economic globalisation, as an inexorable and universalising force, neo-liberalism functions more as an economic and political ideology than as an expression of how relations between economic actors are in reality being articulated. In reality, neo-liberalism as the *modus operandi* in capitalist economic relations is being mediated, negotiated and contested by actors and institutions, operating at all spatial scales, including the **national** and **local** scales of nation states, as they seek to optimise their gains and minimise their losses from participating in the contemporary international capitalist economy (Jessop, 1999:23; Peck, 2001:449). The diversity and distinctiveness of 'local' responses in particular spaces has underscored the continued importance of the specificity of social, cultural, political and institutional practices in shaping socio-economic activity (Hay, 2000:511).

Economic activity in practice does not simply function as neo-liberal ideology postulates in accordance with inexorable economic rationale and laws. Instead, all economic activity is grounded in socially and culturally embedded systems, institutions and forms of regulation, which operate at all spatial scales, including the **national** and **local** scales (Bienefeld, 1996:426; Barnes, 1997:234; Yang, 2002:467,468). This misconception in neo-liberal logic has been most brutally illustrated by the failed restructuring in the former socialist economies of Eastern and Central Europe and the Soviet Union. The dismantling of socially and culturally embedded institutional practices and the imposition of neo-liberally-conceived market-supporting institutional mechanisms in these economies patently failed to take account of the embeddedness of social, economic and political institutions (Jessop, 2002:470).

As a result, in order to analyse the development, in the transitional Vietnamese economy, of nascent capitalist economic activities, such as tourism, I need instead to utilise an approach which recognises that capitalist economic relations and activities are embedded in social, cultural and political institutional structures and practices, operating at the **national** and **local** scales of nation states. This will then allow me for example to investigate the extent to which actors and institutions, operating at the national and local scales of the Vietnamese state have been able to mediate and contest neo-liberal processes of tourism activity emanating from the global economy, such as the policy recommendations made by the World Tourism Organisation and the UNDP in the Tourism Development Master Plan.

Regulation theory is put forward as just such an approach. Indeed, one of the principal claims of regulation theory lies in its recognition that capitalist economic activity is embedded in distinctive political, social and cultural institutional structures and practices (Painter & Goodwin, 1995:339; Boyer, 2000: 276). In the next section, I examine the key conceptual tools outlined within regulation theory in order to start building an analytical framework to investigate the development of the tourism industry in Vietnam.

2.3 REGULATION THEORY

Regulation theory aims to integrate the structural dynamics of capitalism with the institutional forms of society. It claims to offer a functionalist approach, as opposed to simply a collection of abstract concepts, in examining the regulation of processes of capitalist accumulation in real space. Indeed, it provides a useful set of analytical tools and a conceptual framework to carry out this task (Goodwin, Duncan &

Halford, 1993:68; Jessop, 1995:317; Painter & Goodwin, 1995:335, 337; Gibbs, 1996:5).¹

Concurring with themes introduced in the discussion on neo-liberalism in the last section, regulation theory builds on the premise that while in the contemporary international capitalist economy the role of global institutions in the regulation of economic activity has been heightened, **national** and **local** scales within individual nation states remain key sites in the regulation of global economic processes, such as tourism (Dunford, 1990:309).

Regulation theory analyses how hegemonic global **systems of capitalist accumulation**, currently neo-liberalism, are mediated through the conduits of **national** and **local** spaces by **modes of social regulation (MSR)** operating in these spaces.

The **MSR** consists of the ensemble of socially, politically and culturally embedded institutional forms and practices, including: the institutional structures and political practices of the state, formal laws and regulations as well as informal constraints, such as norms of behaviour (Tickell & Peck, 1992:193; Peck & Tickell, 1994:284; Painter & Goodwin, 1995:340; North, 1995:23).

Changing institutional forms and practices help to secure relative and temporary institutional fixes, which have the effect of guiding and stabilising the capitalist

¹ The term 'regulation' comes from the French language as the concept of regulation theory was first discussed in the late 1970s and early 1980s by academics within the Parisian regulation school. Consequently, when talking about 'regulation' the meaning intended is not the English meaning of regulation as in control or restrict. Instead, in the English language, the French word 'regulation' translates as regularisation or normalisation (Jessop, 1995:309). This is the meaning I wish to convey throughout this thesis.

accumulation process (Aglietta, 1979:382; Tickell & Peck, 1992:192; Peck & Tickell, 1994:285; Jessop, 1995:317; Gibbs, 1996:5). According to regulation theorists, it is the MSR which helps to mediate processes of capitalist development in creating a temporary resolution to contradictions and instability, which are seen to be inherent in the capitalist accumulation process (Barnes, 1997: 238)

2.3.1 Path Dependent Nature of Regulatory Processes

In the search for a reconfigured MSR to guide the accumulation process, one important concept highlighted in regulation theory is that capitalist social relations evolve in a **path dependent** manner with the residues and legacies of former modes of regulation shaping the options in future configurations (Hay, 1995:399; Smith & Swain, 1998:26; Aglietta, 1998:44). Consequently, an evolving MSR is more likely to constitute a simple re-alignment than a radical departure from the previous mode, arising out of contestation and struggles between and shifts in the balance of power among social and political actors and institutions (Hay, 1995:399).

Citing evidence from a number of points in Vietnamese history, the universalism and oversimplification of evolving capitalist social relations can nevertheless be challenged by arguing that this is not necessarily the case when a transformation rather than a simple shift occurs in the power and influence of actors and institutions on regulatory processes.

First, the colonisation of Vietnam by the French saw the imposition of a capitalist accumulation process, oriented towards the international capitalist economy, on, in particular, the southern Vietnamese economy, together with the emergence of, first,

French companies and thereafter the ethnic Chinese as new, major socio-economic actors in the southern economy.

Second, in the north of Vietnam, after the abolition of the monarchy in 1945 and after regaining independence in 1954, the Hanoi regime introduced the socialist accumulation system of central planning throughout the northern economy. This dismantled traditional social, economic and political institutional networks and relations and a socio-economic hierarchy, which had previously been based on ties to positions of power in the monarch system. Under the central planning system, the socio-economic hierarchy was transformed and now depended on ties to positions of power in the state economic management and political administrative system (Porter, 1993:57; Templer, 1998:57; Phong & Beresford, 1998:25).

Nevertheless, throughout the majority of Vietnamese political history, what evidence is there to support the notion of **path dependency in regulatory processes** with socio-economic and political relations evolving as the political economy has shifted between the four broad 'isms' of feudalism, colonialism, socialism and capitalism? In particular, in the current transition from a socialist to a capitalist-oriented accumulation process, to what extent have global capitalist economic processes such as tourism been mediated by the ensemble of socially, politically and culturally embedded institutional forms and practices, which have evolved and which evoke legacies of former socio-economic systems? At the same time, has the current 'transformation' in the socio-economic system in Vietnam transformed socio-economic and political relations and produced entirely new sets of actors and institutions and the displacement of old actorial and institutional forces or, rather, shifts and re-alignments in the roles and balance of power of actors and institutions

in the regulation of nascent capitalist economic activities such as tourism? Furthermore, what evidence is there to support the claim in regulation theory that in the regulation of nascent capitalist economic activities such as tourism, regulatory processes and arrangements are evolving and being reworked through contestation and struggles between existing social and political actors and institutions?

2.3.2 The National Scale: The National State as a Regulator of Global Economic Processes

According to regulation theory, the national state, as the primary institution capable of exerting its authority across the whole of its territory, remains a key conduit through which global economic processes are mediated and negotiated in regulating capitalist economic activities across national spaces (Hay, 1995:403; Hirst & Thompson, 1995:431,432; Painter & Goodwin, 1995:345, 347; Bienefeld, 1996:427). One of the main ways in which the national state achieves this is through the enactment of formal regulatory norms - laws, policies and directives - which seek to mediate the prevailing global system of capitalist accumulation in articulating social and political specificities and priorities and the interests and views of powerful social, political and economic actors and institutions within the national constituency (Hirst & Thompson, 1995:431). In this way, the national state remains a key regulatory conduit as it acts as a bridge in mediating capitalist economic relations and activities between both supra and sub-national actors and institutions impacting on national space (Ibid:431).

In the context of Vietnam, I therefore need in this thesis to address how this assertion has been borne out in the development of a tourism industry oriented towards the international capitalist economy. In what ways does the national state tourism institution in Vietnam - the VNAT - constitute a key conduit regulating

tourism activity? How has it attempted to maintain regulatory control over tourism activity in Vietnam? How effective has it been in achieving this? Furthermore, linking up with the previous section on path dependency, what evidence is there to suggest that in reconfiguring relations and arrangements in orienting the tourism industry towards the international capitalist economy, the regulatory practices of the VNAT have evolved in a path dependent manner, evoking legacies of former socio-economic systems?

2.3.3 The Local Scale

At the same time, regulation theory highlights the fact that distinct processes of regulation not only operate between national spaces, but also within national spaces.

2.3.3.1 Relations between Local Actors and Institutions

In regulation theory, differentiated local spaces of regulation arise due to distinct local configurations of economic, social, political and cultural institutional forms and practices. Within these spaces, key local actors and institutions possess the capacity to interpret and mediate global and national regulatory processes (Amin, 1994:8; Nielsen, 1991:22; Agnew & Grant, 1997:221; Goodwin, Duncan & Halford, 1993:69). One local institution in particular in regulation theory afforded a pivotal role in mediating global and national regulatory processes in regulating processes of capitalist accumulation in local space is **the local state** (Painter & Goodwin, 1995: 345, 347).

According to regulation theory, the restructuring of a local MSR to sustain processes of capitalist economic activity, such as tourism, takes place through struggles and

contestation between those social, economic and political actors and institutions participating in local economic activity. The balance of political and economic forces and interests at any given time will result in the emergence of one set of dominant interests, institutions and regulatory practices. This will in turn lead to the establishment of a temporary and relative degree of coherence and the restructuring of a distinct local mode of regulation to sustain the prevailing system of accumulation (Goodwin, Duncan & Halford, 1993:71, 72, 73, 75, 83, 84).

2.3.3.2 Relations between Local and Extra-local Actors and Institutions

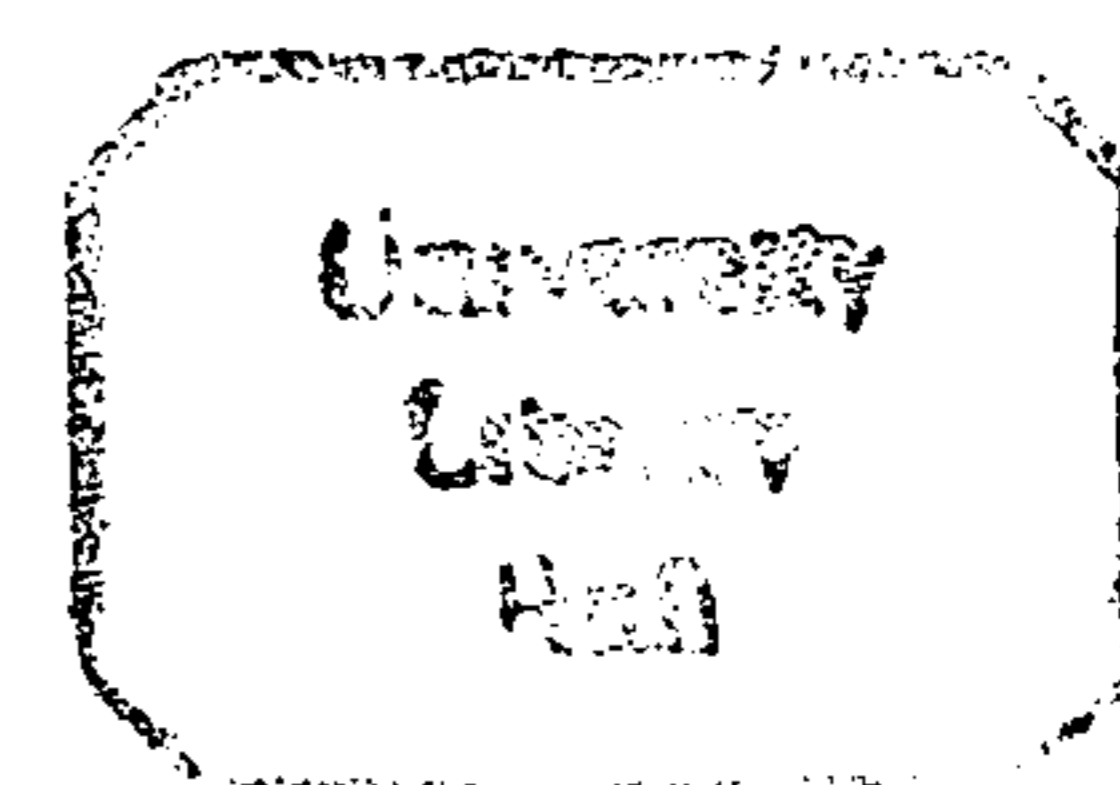
In regulation theory, distinct local processes of regulation also evolve from ties between actors and institutions in individual local spaces and extra-local scales (Goodwin, Duncan & Halford, 1993:83; Smith, 1995:761; Goodwin & Painter, 1996:636). Building on the discussion in Section 2.1, is the idea that in the contemporary global economy, differentiation in local regulatory processes is being heightened as social, cultural and historical legacies and ties between actors and institutions in particular local spaces and international spaces are being invoked in conducting economic activities, such as tourism (Goodwin & Painter, 1996:646; Aglietta, 1998:65). According to authors such as Jessop, national regulatory practices are often mediated in such arrangements (Jessop, 1999:22). Consequently, building on the issues and questions raised in Section 2.1, how has the social and historical connectedness between actors in the Ho Chi Minh City economy and actors in the international capitalist economy been invoked in developing international tourism business? How significant have these ties been in facilitating the development of tourism in Ho Chi Minh City? At the same time, what evidence is there to support the claim that in tourism business arrangements between actors in

Ho Chi Minh City and international actors, the regulatory control of the national scale is being undermined and mediated by regulatory processes at the local scale?

2.3.3.3 Relations between National and Local Actors and Institutions: The Mode of Societalisation

While acknowledging the existence of distinct local MSR, one conceptual tool in regulation theory, which helps to explain why such MSR do not necessarily lead to divergence and ultimately fragmentation within national spaces, is the **mode of societalisation**. This refers to the national state's role in instituting and enforcing regulatory practices across the whole of its territory (Jessop, 1990:179; Goodwin, Duncan & Halford, 1993:70). This involves a series of **political compromises**, **social alliances** and **regulatory practices**, which operate across scales and assist in affirming institutional integration and social cohesion. This complements the prevailing system of accumulation and the national mode of social regulation and thereby secures the conditions for their acceptance within the wider society (Amin, 1994:8; Jessop, 1994:252).

Nevertheless, within regulation theory, the mode of societalisation has remained conceptually and empirically under-researched. Consequently, in this thesis, I seek to build on the body of research conducted about the mode of societalisation by analysing the processes by which the national state attempts to maintain regulatory control over national economic space in the face of competing and contesting processes of regulation in local spaces.



The investigation is carried out by examining how the Vietnamese national state has remained the primary institution capable of exerting its authority across the whole of

its territory. This is despite the considerable geographical space of the Vietnamese territory with the northern, central and southern regions having evolved out of distinct social, cultural, political and historical contexts. What evidence is there to support the claims postulated by Jessop (1990) of modes of societalisation evolving through political compromises, social alliances and regulatory practices between national and local actors and institutions? Similarly, in the current transition from a socialist to a capitalist-oriented accumulation process in Vietnam, in what ways has the national state attempted to maintain regulatory control over the development of global capitalist economic processes such as tourism, operating within national Vietnamese space? How effective has it been in achieving this?

2.3.4 Political Imperatives in Regulatory Practices

Incorporating the mode of societalisation as a tool into the conceptual framework, and thereby introducing political issues into the framework, also requires us now to address one further area where regulation theory has remained deficient – namely in the consideration of **political imperatives in regulatory practices**.

In research invoking regulation theory, the focus of analysis has tended to be on economic imperatives in regulatory practices. Indeed, as I discussed in Section 2.2, since the end of the 1980s, consideration of economic exigencies in regulatory practices has intensified. Nevertheless, the attainment of non-economic objectives such as **political and ideological imperatives** still remain as potentially significant factors on processes of regulation (Painter & Goodwin, 1995:343). However, regulation theory is generally of limited utility in considering the extent to which regulatory processes are driven by these non-economic factors (Hay, 1995:401-2). Indeed, Robert Boyer has argued that “one of the current main themes of Regulation

School research” is that “more consideration should be given to interrelations between the political and the economic” (Boyer, 2000: 275).

As a way of accepting Boyer’s challenge, in this thesis I seek to address issues such as, firstly, to what extent have political imperatives historically mediated economic considerations in the regulation of economic space? In what ways has this affected the relative capacities of the national and local states in regulating local economic spaces? Similarly, in the transitional Vietnamese economy, how have political exigencies been reflected in the regulation of global capitalist economic processes? How has this affected the development of capitalist socio-economic relations in activities such as tourism?

2.3.5 Critique: Gaps and Weaknesses in the Regulation Theory Research Project

2.3.5.1 The Local Scale and the Local State

While the fact that processes of regulation operate in local spaces is conceptualised in regulation theory, it remains one area of the regulation theory research project which has been neglected and inadequately discussed. The bulk of analysis has concentrated on national space as the primary site in the regulation of capitalist processes with the forming of a national MSR. As a result, it has largely been assumed that changes in regulatory processes in national space are similarly translated into changes in local spaces (Goodwin, Duncan & Halford, 1993:68-70, 83; Hay, 1995:394; Smith, 1995:761). Consequently, the ability, capacity and efficacy of key actors and institutions within local spaces to mediate global and national regulatory processes have tended to be downplayed and under-researched (Hay, 1995:394, 402).

In particular, as mentioned in Section 2.3.3.1, while regulation theory recognises the importance of **the local state** in mediating global and national regulatory processes of capitalist accumulation in local space, besides studies by Painter and Goodwin (Goodwin, Duncan & Halford, 1993; Painter and Goodwin, 1995; Goodwin and Painter, 1996) into the changing nature of local governance in Britain, the role of the local state has rarely been examined (Goodwin, Duncan & Halford, 1993:68; Hay, 1995:394). Consequently, in this thesis I seek to address this deficiency by investigating the role that the local state has played in regulating economic processes in local space both historically and in the transitional economy in Vietnam.

Linking up with the conceptual tools of **path dependency** and the **mode of societalisation** introduced earlier in Section 2.3, I first need to provide a historical account and examine the extent to which the regulatory role of the local state has evolved as the political economy has shifted between feudalism, colonialism, socialism and capitalism. In particular, with the national state attempting to societalise regulatory practices across the whole of its territory, in what ways has the local state acted as a facilitator or a mediator in this process? At the same time, what evidence is there to suggest that the support of the local state in affirming national regulatory practices has been achieved through political compromises and concessions by, and social alliances between, the national and local states?

Similarly, in the contemporary transitional economy in Vietnam, in what ways have the capacities of the national state vis-à-vis the local state to regulate nascent processes of capitalist accumulation such as tourism shifted? Again, in what ways has the local state acted as a facilitator or a mediator of national regulatory

practices? Furthermore, with the reconfiguration of regulatory practices in local economic spaces to support nascent processes of capitalist accumulation, to what extent do the regulatory arrangements emerging reflect the interests of local actors and institutions, including the local state, vis-à-vis national institutions?

2.3.5.2 Analysing Regulatory Processes

One final shortcoming of the conceptual framework of regulation theory concerns its analysis of local regulatory processes. In regulation theory, regulatory practices in local spaces evolve out of struggles, contestation and negotiation between social, economic and political actors and institutions. These include not only state but also non-state actors and institutions. However, analysis of the actual processes through which the interests and priorities of these actors and institutions have shaped local MSRs has remained insufficient (Goodwin, Duncan, Halford, 1993:69; Hay, 1995:394; O'Neill, 1997:293; Smith & Swain, 1998:29). To start to overcome this deficiency, in the following section I introduce the concept of social capital into the theoretical discussion. I discuss how the concept of social capital, which highlights the importance of social ties in the regulation of economic activity, provides us with a useful tool with which to analyse regulatory processes in local economic spaces.

2.4 SOCIAL CAPITAL

As with regulation theory, the concept of social capital is premised on the recognition that capitalist economic relations are embedded in distinctive social, political and cultural institutional structures and practices. However, it builds on this theme with the notion, as Granovetter contends:

most economic action is closely embedded in networks of interpersonal relations (Granovetter, 1985:594).

Although within the literature social capital is defined in numerous ways and invoked in order to analyse a diverse range of processes, definitions broadly coalesce around an understanding that social capital originates:

from the web of social ties, connections, networks and relationships based on shared values and norms of behaviour, which individuals in a community or society are embedded in and which are invoked by these individuals as a way of obtaining temporal objectives

Justification for incorporating social capital as a conceptual tool in the analytical framework for the present research investigation is provided in the literature in a number of ways. First, linking up with themes outlined in Section 2.2 is recognition among authors such as North (1995:25) of the growing penetration of neo-liberal institutional forms and practices on national and local socio-economic spaces. The concept of social capital is, as a result, being utilised to analyse how local social norms and institutional practices, more fixed in concrete space, are mediating such institutional forms and practices in the reconfiguration of regulatory processes in local economic spaces.

Similarly, of particular relevance to my research investigation is the recognition among authors such as Portes and Landolt (2000:530) that, with the expansion in capitalist economic relations, one way in which individuals and small groups in communities are currently attempting to harness new and growing economic opportunities, such as tourism, is by **invoking social ties and networks as a means of entering and operating in new or existing economic activities**. This provides an implicit acknowledgement that while social ties can augment market-rational strategies, not all goods and services are available through market transactions, i.e.

on the basis of sufficient economic capital. Access to other goods, services or markets instead relies on the possession of sufficient social capital (Bourdieu, 1986: 252). This in essence is at the heart of discourse on social capital with the assertion that “**social capital is productive, making possible the achievement of certain ends that in its absence would not be possible**” (Coleman, 1988: S98).

2.4.1 Sites in Creating Social Capital

While the primary site for the accumulation of social capital is the family, other sites, which invoke a sense of **shared affiliation** - for example, **kinship, school, workplace** or **hometown** - can also constitute important sites in creating and cultivating stocks of social capital (Coleman, 1988: S99; Putnam, 1995:73). In the context of transitional nations, such as Vietnam, one further site which could be added here is **political affiliation** as members of the Communist Party.

Shared affiliation in social networks constitutes the primary mechanism through which trust and norms of reciprocity are engendered among members (Granovetter, 1985: 490; Grootaert, 1998: 2; Portes & Landolt, 2000:532). These, in turn, facilitate co-operation among actors in social networks for **mutual material benefit**, as agreements are ‘embedded’ within a larger structure of personal relations and social networks (Coleman, 1988, S98; Putnam, 1993a:172, 177; Putnam, 1995:67).

Within the above discussion, there is an implicit recognition of the exclusionary nature of social capital (Coleman, 1988:S98; Putnam, 1993b:11). Benefits and opportunities available to individuals or small groups within certain social networks may be unobtainable to individuals and groups outside these networks (Portes, 2000:4; Portes & Landolt, 2000:532-533). Such benefits can include privileged

access to resources, lucrative business opportunities or opportunities to circumvent laws. This raises a number of questions in the context of this thesis. Firstly, how do individuals with limited stocks of social capital overcome their lack of ties and connections in accomplishing material objectives such as establishing and running a tourism business? Conversely, among individuals deeply embedded in networks of social ties, how and to what extent has this facilitated the processes of establishing and operating businesses?

2.4.1.1 Vertical and Horizontal Ties: The Creation and Cultivation of State-Private Ties

Social capital can be accumulated through the cultivation of both **horizontal ties**, between actors of equivalent status and power, and **vertical ties**, linking actors with differential status and power, as long as these social ties produce benefits for both parties (Putnam, 1993a:173; Shivakumar, 1998:8). Among sites recognised as important for invoking vertical ties is that between civil society and the state, where differentials in access to power and opportunities exist (Woolcock, 1998:154, 155).

The issue of **vertical ties** is of particular significance in the context of Vietnam, where, as discussed earlier in this chapter, social, economic and political relations and the socio-economic hierarchy have traditionally been configured around ties to positions in the state bureaucratic system. As a consequence, one important question which needs to be addressed in this thesis is the role that social capital **between state and non-state actors** has historically played in regulating economic space in Vietnam.

Linking up with this theme is the notion within the literature on social capital, as in regulation theory, of **path dependency**. Thus, it is argued that in societies such as

Vietnam, social capital is historically and institutionally grounded. Through particular institutional contexts, the nature and function of social ties, for example between state and non-state actors, have evolved in a path dependent manner (Putnam, 1993b:3; Woolcock, 1998:157, 185). Thus, in the context of Vietnam, what evidence is there to demonstrate how the form and function of social capital between state and non-state actors have evolved through particular historical and institutional contexts? Similarly, in the transitional Vietnamese economy, how have social ties between state and non-state actors been reconfigured and invoked in regulating nascent capitalist economic processes such as tourism?

Within the literature on social capital, the discussion on vertical ties has tended to focus, as I have so far, on the cultivation of ties by non-state actors with state actors. However, of significance in transitional economies, where economic activity has traditionally been configured within bureaucratic and hierarchical state administrative systems, is to investigate the extent to which vertical ties have been cultivated **between state actors**. Once again in acknowledging the path dependent nature of social capital, in this thesis, first, I will need to provide a historical account of vertical ties cultivated between state actors. I will then move on to examine how social ties between state actors have evolved in regulating tourism activity in the transitional Vietnamese economy.

2.4.2 Scales in Creating Social Capital

In much of the literature on social capital, **the local scale** is accorded the primary scale at which social capital is both accumulated through the bulk of social relations formed and cultivated at that scale, and invoked in the pursuit of material objectives. Nevertheless, there is also the recognition that social capital can be cultivated in

social ties and networks which operate across a range of scales from the local to the global (Woolcock, 1998:164, 186; Grootaert, 1998: 4; Narayan, 2000:103, 118). This ties in with issues raised in Sections 2.1 and 2.2, where I discussed how there is growing recognition of the embeddedness of global actors in the social, cultural and historical contexts of distinct local spaces. In contemporary global economic processes, such as tourism, social, cultural and historical legacies and ties are being invoked between actors and institutions in particular local spaces and international spaces. I will seek to address this issue by investigating the extent to which social connectedness between tourism business owners in Ho Chi Minh City and overseas have facilitated tourism business activity. At the same time, in addressing the theme of scale, I will also need to examine the importance for tourism business owners of social ties with actors at the local versus the international scale in the development of their businesses.

2.4.3 Cultivating Social Capital

One final theme within the social capital literature is that stocks of social capital are not constant but need to be invested in and built up. Social ties, connections and networks are maintained and cultivated through investment constituted by regular social interaction and exchange between actors in which recognition is reaffirmed. Such social interaction implies the expenditure of time and money, in the form of gifts, including financial gifts and entertainment (Bourdieu, 1986: 250). This is aimed at cultivating lasting, useful social relationships that can be used in the short and long term to secure a regular flow of temporal benefits (Ibid, 1986: 249). Actors continue to invest in social ties and relations as long as these ties produce material benefits (Coleman, 1988: S105).

Therefore, with regard to my own research investigation, it will be useful to incorporate the mechanism of cultivating social capital into the research framework, and informative to examine in what ways the social investment strategies of actors in the tourism industry in Vietnam conform to those identified in the social capital literature.

2.5 CONCLUSION

While capitalist economic activities such as tourism have become even more globally-interconnected and have ‘stretched’ to encompass much of the globe, they are interacting with and being mediated in particular spaces in highly uneven ways due to the distinctive social, cultural, and political institutional structures and practices contained within these spaces.

Regulation theory provides a useful set of analytical tools and a conceptual framework to analyse such processes. It builds on the recognition that **national** and **local scales** remain key sites responding to as well as regulating global economic processes, such as tourism, and that **the national state** and **the local state** remain key conduits mediating and negotiating these processes. At the same time, regulation theory contends that regulatory processes and socio-economic and political relations, through which these processes are reworked, evolve in a **path dependent** manner out of the residues and legacies of former modes of regulation.

As an analytical framework, there are nevertheless a number of gaps in the regulation theory approach, which I need to address in this thesis. First, inadequate analysis and discussion has been conducted about **the local scale** as a key site and the role of **the local state** in the regulation of capitalist economic processes. Second,

there has been inadequate consideration of the extent to which regulatory processes evolve out of **political imperatives** as well as economic priorities and exigencies. Finally, regulation theory does not provide a conceptual tool with which to allow us to analyse the struggles and contestation between social, political and economic actors through which regulatory processes evolve. As a result, I have incorporated the concept of social capital into the conceptual framework of the regulation theory approach. This will allow me to investigate the extent to which social capital between state and non-state actors, at local, national and international scales, has constituted an important institutional mechanism in the regulation of economic activity, both historically and currently in the transitional Vietnamese economy.

In the following chapter, I start to examine and operationalise some of the key analytical concepts identified in this chapter in a review of the literature on transitional economies which, like Vietnam, are currently moving from a socialist to a capitalist-oriented socio-economic system. This will allow the development of an analytical framework informed by the experiences from these economies with which to examine how nascent capitalist economic activities, such as tourism, are being regulated in the transitional Vietnamese economy.

CHAPTER THREE

CREATING AN ANALYTICAL FRAMEWORK: REGULATION THEORY AND SOCIAL CAPITAL IN TRANSITIONAL ECONOMIES

In the last chapter, I started to construct an analytical framework out of the framework provided by regulation theory. In this chapter, I develop this framework further through operationalising a number of the key analytical concepts and themes introduced in Chapter 2 in a review of literature written about **transitional economies**. This will help, firstly, to inform discussion on these themes, secondly, to address a number of the gaps and weaknesses identified in the last chapter in the regulation theory framework and, thirdly, to identify areas which require further investigation. From this I aim to produce a more informed analytical framework with which to carry out my research investigation.

The chapter initially explores a number of the key analytical concepts and themes highlighted within regulation theory and discussed in Chapter 2. First, I examine the extent to which evidence from transitional economies supports the notion of **path dependency** in regulatory processes and socio-economic and political relations. I then move on to explore the changing regulatory role of actors and institutions at **the local scale** in transitional economies. Issues discussed include the shifting regulatory power of **the central vis-à-vis the local state** in local space and the heightened **differentiation in local regulatory processes**, which is perceived to be occurring in local spaces as a result of distinct **historical experiences** and **socio-cultural ties with international spaces**. Particular emphasis is placed on the power and control

of **the local state** in regulating nascent capitalist economic activities in the transitional economy.

The second part of the chapter focuses on the extent to which the literature supports the notion of social capital as an important institutional mechanism regulating relations between social, economic and political actors and institutions historically, but in particular, in regulating nascent capitalist economic activities in the transitional economy. I focus on the extensive body of literature which has been written in recent years on **guanxi** and the role that social ties between social, economic and political actors are playing in regulating nascent capitalist economic activities in the transitional Chinese economy. I examine the role that **vertical ties** with local state officials as well as **horizontal ties** with family, friends and colleagues are playing for entrepreneurs in facilitating the establishment and running of private businesses. I also discuss the key **sites** involved in creating guanxi, the role of social ties at **the international scale** and the ways in which guanxi is being cultivated.

3.1 PATH DEPENDENCY

Legacies are a central component of the possibilities and limits to transition (Smith & Pickles, 1998:15).

The transition in the post-socialist economies is not one characterised by epochal breaks but by a transformation of social relations, forms and practices that carries important traces of the legacy of the previous forty years (Pickles, 1998:174-5).

As discussed in Section 2.2 in Chapter 2, literature on the transitional economies of Eastern and Central Europe (ECE) broadly supports the view that the imposition of neo-liberal processes of capitalist accumulation on ECE nations has neglected to

consider the “particularity and complexity” of political and economic institutional structures and practices (Smith & Pickles, 1998:10; Smart, 1998:429). As a result, processes of capitalist accumulation are currently being mediated by regulatory processes, which are evolving in complex and highly differentiated ways, at both **national** and **local scales** in ECE nations (Smith & Swain, 1998:47; Smith & Pickles, 1998:20).

These regulatory processes are evolving, much as described in regulation theory, in a **path dependent** manner, out of the legacies of politically, economically and socially-embedded institutional structures and practices from the former socialist system (Smith & Pickles, 1998:1-2). Consequently, the introduction of capitalist economic institutional structures, rather than resulting in the elimination of those institutional structures and practices that existed in the former state socialist system, is instead leading to a complex reworking of both sets of institutional structures and practices (Smith & Pickles, 1998:11-12). Regulatory processes are emerging which reflect a reconfiguring of the old in the context of the new (Smith & Pickles, 1998:13; Smith & Swain, 1998:39; Smart, 1998:434).

Consequently, how this is reflected in the current transition from a socialist to a capitalist-oriented accumulation process in Vietnam remains an area for investigation in this thesis. As discussed in Chapter 2, I need to examine the extent to which in the regulation of global capitalist economic processes such as tourism, regulatory processes are evolving out of the ensemble of socially, politically and culturally-embedded institutional forms and practices from the former socialist system.

3.2 ACTORS

According to authors writing about transitional economies, **regulatory processes** are evolving in a path dependent manner due largely to the fact that key **actors and institutions** span both former and current socio-economic systems. Thus, addressing questions raised in Section 2.3.1 in Chapter 2 is evidence from the literature on transitional economies illustrating how socio-economic and political relations from the former socialist era are being reconfigured rather than dismantled in the regulation of nascent capitalist economic activities. Authors such as Smith and Pickles also highlight the fact that in the regulation of nascent capitalist economic activities the roles and balance of power of key social, economic and political actors and institutions from the former socialist system are being struggled over (Smith & Pickles, 1998:10, 11, 13, 16). This again provides support for assertions made in regulation theory discussed in Section 2.3.3 in Chapter 2. Nevertheless, according to most authors, key actors and institutions from the socialist era continue to play pivotal roles in regulating economic activities in the transitional economy.

How has this been reflected in Vietnam? In a similar way to questions asked in Chapter 2, to what extent have key actors and institutions from the former socialist system maintained regulatory control over economic activities in the transitional economy? In addition, what evidence is there of contestation and struggles taking place between key social and political actors and institutions from the former socialist era in reconfiguring regulatory power and control in the transitional economy?

3.2.1 Private Business: Entrepreneurs

With regard to **establishing private businesses**, Grabher and Stark (1998), Dunford (1998), Smith (1995), Pickles (1998) and Smart (1998) all describe similar processes occurring in transitional economies in which entrepreneurship “has been driven by **key actors in the old formal and informal networks**” (Grabher & Stark, 1998:65).

Grabher and Stark (1998:61) illustrate this with studies from Hungary, the Czech Republic and Eastern Germany which support the view that “the new economic elite as entrepreneurs is likely to come from the ranks of the socialist cadre” with “the continuing prominence of elite groupings, which have straddled the party and now entrepreneurial classes” (Ibid:61). Smith and Pickles contend that the Czech economy continues to be dominated by institutions with close ties to the state (Smith & Pickles, 1998:1). Similarly, in China, Smart illustrates the rise of “cadre entrepreneurship” in the transitional economy (Smart, 1998:435). In all cases, actors have taken advantage of their positions in or ties with the state to gain access to resources and property in developing “recombinant” business interests in the nascent capitalist economy (Grabher & Stark, 1998:65). These business activities, while nominally private, rely on ties with the state in order to gain political protection and support, through access to information and economic privileges (Grabher & Stark, 1998:66; Dunford, 1998:96).

The above findings provide invaluable insight to utilise in the research investigation in analysing the extent to which similar processes are occurring in Vietnam. To what extent are private tourism business owners emerging out of positions in or ties with state institutions? How have ties with state institutions facilitated the development of a private tourism business? In particular, how significant a role has social capital

between state actors and private tourism business owners played in regulating tourism business activity?

3.3 THE LOCAL SCALE

3.3.1 Ceding of Regulatory Control from the Centre down to the Local Scale

One area where the literature on transitional economies and regulation theory do diverge is in the regulatory power and control accorded to the central state in the contemporary international capitalist economy. Whereas in regulation theory the central state remains a key conduit regulating capitalist economic activities within national spaces, authors writing about transitional economies argue instead that transition in these economies has been accompanied by significant restructuring and diminution in the role of the central state as a regulatory institution (Smith, 1995:768; Smith & Swain, 1998:46; Smart, 1998:435). For these authors perhaps the most important manifestation of transition lies in the reterritorialisation of regulatory processes downwards to the local scale. They contend that the central state has ceded significant functional power and autonomy to local institutions in regulating local economic spaces as it is no longer able to perform the task as the primary supplier of financial and material resources (Lin, 1995:304). Consequently, for these authors, the local scale has come to constitute the key site at which nascent processes of capitalist accumulation are being regulated in transitional economies (Lin, 1995:304; Smart, 1998:432, 438).

How is this reflected in the transitional Vietnamese economy? In what ways have shifts in the power and control of national and local spaces in the regulation of a

tourism industry oriented towards the international capitalist economy reflected the arguments of authors writing on other transitional economies and regulation theory?

One reason for the disparity in treatment of the central state may lie in the absence of the mode of societalisation in the analytical framework of authors writing about transitional economies. Consequently, examining the mode of societalisation as an appropriate conceptual tool with which to analyse processes of regulation by the central state continues to constitute one area I address in this research investigation. In particular, what evidence is there of the VNAT attempting to maintain regulatory control over tourism activity operating within national Vietnamese space through political compromises and regulatory practices between national and local actors and institutions? How effective has it been in achieving this?

3.3.2 Historical Experiences: Distinct Local Regulatory Processes

Linking up with the theme of path dependency are findings from authors such as Smith and Pickles which support the notion in regulation theory of **distinct local regulatory processes**, which are evolving in transitional economies out of the legacies and diversity of **historical experiences** (Smith & Pickles, 1998:10).

Adrian Smith examines how processes of capitalist accumulation in the industrial sector of the transitional economy in Slovakia are being mediated regionally, due to the embeddedness of economic activities at that scale with current regulatory processes evolving out of “the form of regional regulation and integration established prior to 1989” (Smith, 1995:761). These legacies “affect the ability of industries and regions to transform themselves into emergent forms of local capitalism” together with the specific strategies being formed in the transitional

economy (Ibid: 761, 762, 770). As a result, Smith contends that this is resulting in the emergence of distinct and divergent regulatory processes articulated regionally among industrial enterprises (Ibid: 767).

In particular, Smith cites the example of a set of “diversified regional industrial economies” (Ibid: 765) established during the socialist era, which were locally-integrated and owed their diversified structures to the role they played in the capitalist industrialisation of Slovakia before 1939. With the imposition of processes of capitalist accumulation, “these regional economies have been best able to react flexibly” (Ibid: 765) in realigning regional economic activity and integrating into the international capitalist economy in accessing international markets and capital.

The articulation of regional regulatory processes is also supported by Smart (1998:429), who contends that the socialist system in China has left different regions with a great diversity of economic and social resources and institutional forms and practices, through which distinct regulatory processes are evolving in the transitional economy.

Similar diversity in historical experiences to that depicted in Slovakia and China also exists with regard to socio-economic differentiation between local spaces in Vietnam. In particular, from the colonisation of Saigon in 1859 until the reunification of Vietnam in 1975, the economy in the south of Vietnam effectively functioned as a distinct regional economy, integrated into the international capitalist system of accumulation (Nguyen, 1993: 381; Forbes, 1995:801). On the other hand, during this period the development of capitalist economic relations in the northern economy remained extremely limited. Consequently, one question I seek to address

in this thesis is how differential historical experiences of capitalist economic processes in the Hanoi and Ho Chi Minh City economies have been reflected in the development of tourism in these localities in the transitional Vietnamese economy. Has, as in Smith's case study of Slovakia, the Ho Chi Minh City economy, as the local economy historically most imbued with capitalist practices and relations, been best equipped in the transitional economy to develop tourism, establish international relations in the tourism sphere and integrate tourism activity into the international capitalist economy?

3.3.3 Relations between Local and International Actors and Institutions

The literature on transitional economies also provides evidence supporting the assertion made in regulation theory that distinct local regulatory processes are also evolving due to the extent of social and cultural ties between actors and institutions in particular local spaces and international spaces, what Smith and Pickles term **“modes of insertion”** in the international capitalist economy (Smith & Pickles, 1998:11). As a result, processes of international capitalist economic activity are interacting with local spaces within individual transitional economies to highly varying degrees.

Nan Lin (1995: 308-9) illustrates this, in the context of the transitional economy in China, where socio-cultural ties have been reignited between actors in Junjiang in Fujian province and overseas Chinese communities with the latter providing foreign investment and access to overseas markets in stimulating traditional handicraft production in Junjiang. Similarly, in the Pearl River Delta region in Guangdong and the coastal region of Fujian, socio-cultural ties with overseas Chinese in Hong Kong, Taiwan and South-East Asian countries have been utilised as a way of accessing

foreign investment in order to develop export-oriented economic activity (Ibid:309). By contrast, local spaces in regions in the Chinese interior with few socio-cultural ties overseas have been constrained in moving into new capitalist economic areas of the transitional economy (Ibid:309).

The above discussion helps to inform and develop the issues and questions raised in the last chapter, regarding how social and cultural ties between actors in Ho Chi Minh City and the overseas Vietnamese and overseas Chinese communities have facilitated the development of tourism activity in the transitional Vietnamese economy. In light of Nan Lin's analysis, firstly, how significant has capital provided by overseas Vietnamese and Chinese actors been in enabling actors in Ho Chi Minh City to establish private tourism businesses? Secondly, to what extent has the greater social connectedness of actors in Ho Chi Minh City with actors overseas facilitated access to international tourism markets and thus developed the international tourism business conducted by these businesses vis-à-vis businesses in Hanoi and Hue? ¹

3.3.4 The Local State

Despite the acknowledgement of diversity in local regulatory processes, one point of consensus expressed throughout the literature on transitional economies is the emergence of **the local state** as the key regulatory institution, mediating global and national regulatory processes in local space.

Smart (1998: 432, 435-6) in his analysis of transition in the Chinese economy, illustrates that the central state acted as the key conduit through which processes of

¹ International tourism is specifically tourism business organised in source countries, bringing foreign visitors to Vietnam.

capitalist accumulation were initially mediated. However, since then, the central state has ceded considerable regulatory power to the local state to initiate and experiment with nascent capitalist processes. Consequently, in the transitional Chinese economy, the local state has been conferred as the key institution regulating processes of capitalist economic activity. Moreover, while the central state continues to issue broad policy directives and enact resolutions regulating national economic space, it has conferred on the local state a significant degree of power and autonomy in mediating and adapting its directives and resolutions in line with local interests and priorities (Ibid: 443). This therefore serves to weaken the assertion made in regulation theory, discussed in Section 2.3.2 in Chapter 2, concerning the primacy of the central state as a regulatory institution through its role in enacting laws, policies and directives which regulate capitalist economic processes across national space. As a result, diversity in local regulatory processes, arising out of historical experiences and social and cultural ties at the international scale is being accentuated by the distinct regulatory practices of the local state. This is leading to “the growth of multiple and diverse forms of local capitalism” (Smith and Pickles, 1998:15).

The power of the local state in regulating local economic space in the transitional Chinese economy has been achieved in two main ways. First, local state institutions control the bulk of productive activities, enterprises and resources in local space. Second, local state officials and institutions retain a significant degree of control over bureaucratic and administrative levers, such as in the issuing of licences, thereby regulating the entry of actors into capitalist economic activities arising out of the transition (Lin, 1995:304, 307; Smart, 1998:434, 441). As a result, Lin maintains that in the transitional Chinese economy, local state institutions and officials have been able not only to maintain their traditional dominance in local

economic space, but also to extend their control over lucrative new activities in the nascent capitalist economy (Lin, 1995:304).

The preceding discussion helps to operationalise and situate the local state more firmly within the conceptual framework of the regulation theory approach, by augmenting our understanding of the role of the local state in regulating processes of capitalist accumulation and in mediating global and national regulatory processes. This is a theme which in the last chapter I had identified as under-researched. Nevertheless, building on the themes introduced in this section, in my research investigation I firstly need to examine to what extent the findings of Smart and Lin writing in the context of the transitional Chinese economy are relevant also to Vietnam. Furthermore, by incorporating the mode of societalisation into my analytical framework, I also seek to investigate the extent to which regulatory control over tourism space in the transitional Vietnamese economy has been negotiated over, rather than simply ceded, by the central state to the local state. Within this investigation I need to consider issues such as the role of **political imperatives** in the reconfiguration of regulatory processes between the central and the local state.

Connected to the above point, in the context of the regulation of international tourism, is the need to investigate the extent to which the central state tourism institution - the VNAT - continues to play an important role in regulating **international tourism space** by acting as a conduit between international and local tourism actors and institutions, including local state tourism institutions.

Nevertheless, within **local spaces** in the transitional Vietnamese economy, has the local state, as Lin depicts in China, emerged as the key institution regulating nascent capitalist economic activities, such as tourism? At the same time, with the sanctioning of private economic activity in the transitional Vietnamese economy, what capacity have local state institutions and officials had in regulating the entry of private tourism actors and the development of private tourism businesses in local spaces? Moreover, what evidence is there that in the regulation of private tourism activity in local spaces in the transitional Vietnamese economy, social capital between local state institutions and officials and private tourism business owners has constituted an important mechanism? I return to consider this theme in more detail in the next section when I review the literature on social capital in the context of transitional economies.

One final question to consider is what evidence is there to support the claim of Smith and Pickles (1998:15) that in transitional economies not only are diverse local regulatory processes emerging out of historical, social and cultural specificities, but also out of the distinct regulatory practices of individual local states? I will seek to address this question by examining the practices of local state institutions and officials in Hanoi, Hue and Ho Chi Minh City in regulating tourism activity in the transitional Vietnamese economy.

3.4 SOCIAL CAPITAL IN TRANSITIONAL ECONOMIES

Within the literature on transitional economies there is a considerable body of evidence demonstrating the role social capital has played in regulating relations

between social, economic and political actors and institutions for the purposes of obtaining material objectives and in the carrying out of economic activity.

Demonstrating the **path dependent** nature of social capital is recognition that during the socialist era, social capital constituted an important mechanism through which scarce basic consumer goods were procured in transitional economies (Wu, 2001:33; Yang, 2002:463, 464; Fan, 2002:377). The existence of social capital in the former Soviet Union can be illustrated by the fact that in the Russian language there is a term – blat - which describes many of the characteristics inherent in social capital (Xin & Pearce, 1996:1642; Wu, 2001:28 from Walder, 1986:179). Similarly in China, during the Cultural Revolution, social capital represented an important mechanism in overcoming institutional impediments and achieving material objectives (Smart, 1998:433). In fact, **guanxi**, the term used in China to describe the invoking of social relations for the purposes of obtaining material objectives, has according to authors such as Wu Jieh-Min (2001:29) functioned for hundreds of years as a set of values that emphasise instrumental personal ties in the ordering of socio-economic and political life.

Of particular significance to my own research investigation is the fact that **guanxi** is culturally and historically rooted in the Confucian ethics of interpersonal kinship relations, where the rule of Man has traditionally been privileged over the rule of law and where the cultivation of social ties has been instrumental in structuring relations between the state and civil society (Guthrie, 1998:257; Pye, 1999:776; Fan, 2002:376). Consequently in Vietnam, with socio-economic and political institutional structures similarly originating in the doctrine of Confucianism, to what extent has

this also resulted in social ties playing an important institutional role regulating social and political relations in Vietnamese society?

3.4.1 Social Capital in Transitional Economies

Among authors writing about transitional economies in ECE and China, most highlight the role that social ties and relations are currently playing in regulating economic activity and in particular nascent capitalist economic activities arising out of the introduction of the capitalist economy. In the context of socio-economic transformation, the introduction of capitalist market institutions, the restructuring of governance mechanisms and re-integration into the international capitalist economy, it is argued that social capital is adapting and shaping new configurations of socio-economic institutional practices and finding new fertile ground in which to thrive (Smart, 1998:433; Yang, 2002:459, 460).

While the literature on transitional economies recognises the role that **horizontal ties** between entrepreneurs and **vertical ties** between entrepreneurs and state managers are playing in regulating nascent capitalist economic activities, it is at the **entrepreneur - local state official** nexus on which the bulk of analysis is concentrated (Lin, 1995:310; Fan, 2002:374). This is due to a number of contextual issues.

First, as I mentioned in Section 3.3.1, a number of writers contend that in the transitional economy local state institutions and officials have been afforded key roles in regulating nascent capitalist economic activities in local spaces. For example, through their control over bureaucratic and administrative levers, such as the issuing of licences, local state officials constitute key regulatory conduits

through which entrepreneurs must interface and negotiate in order to participate in new capitalist economic activities such as tourism (Sum, 1999:142; Peng & Luo, 2000:488; Wu, 2001:34; Yang, 2002:464, 465).

Second, while capitalist market institutional structures such as transparent and coherent business laws are being introduced in transitional economies, they remain weak and opaque (Smart, 1993:404; Wank, 1996:822; Peng & Luo, 2000:486, 487; Wu, 2001:36). Consequently, entrepreneurs are cultivating social ties with local state officials, as a substitute for dealing with these undeveloped formal institutional structures. In the transitional Hungarian economy, Stark (1996:1016) describes how similar processes are occurring as a way of overcoming “the blurring and ambiguity in legitimating principles and property rights” as entrepreneurs seek to take advantage of burgeoning business opportunities in the nascent capitalist economy (Stark in Smart, 1998:433; Rose-Ackerman, 2001, 563).

Third, while capitalist market institutional structures are being reworked by the central state into a framework of formal rules and laws for regulating capitalist economic activity, local state institutions have themselves been vested with considerable discretionary powers in interpreting and enforcing these rules and laws in local space (Davies et al., 1995:211; Sum, 1999:139; Wu, 2001:28 from Walder, 1986:26-27). In particular, where the central state has attempted to streamline regulatory processes and hollow out cumbersome and complicated bureaucratic arrangements from the former socialist system, these have been fiercely contested and mediated by local state institutions and officials as they seek to retain control over bureaucratic levers and the privileges which this control affords them (Davies et al., 1995:211). Consequently, as mentioned at the beginning of this chapter, varied

and arbitrary regulatory processes are emerging out of the fusion of old and new institutional structures and practices which have again motivated entrepreneurs to cultivate social ties with local state officials.

Fourth, formal legal institution structures and practices are also being contested and mediated by state and non-state actors, as they represent an attempt to displace more culturally and socially-embedded informal norms, which have traditionally functioned to order social, political and economic relations (Pye, 1995:37). The notion of *guanxi* could be cited as an example here.

All of the above factors have therefore produced an institutional environment characterised by uncertainty, significant distrust, unpredictability in the enforcement of rules and arbitrary bureaucratic intervention. As a result, social ties have been cultivated by entrepreneurs with local state officials as an alternative to formal bureaucratic processes and procedures in regulating economic activity in transitional economies (Smart, 1993: 398, 404; Xin & Pearce, 1996: 1645; Guthrie, 1998: 257; Peng & Luo, 2000: 486,487).

The above discussion has provided invaluable insight into the role of institutional and contextual factors in the unfolding of regulatory processes and the role that social ties between entrepreneurs and local state officials are playing in regulating economic activity in the transitional economies of ECE and China. To what extent are similar processes occurring in Vietnam? In particular, in establishing and running a private tourism business, to what extent has the cultivation of social ties by entrepreneurs with local state officials constituted an important institutional mechanism regulating business activity?

3.4.2 Social Capital in Practice

Informing and augmenting the discussion in Chapter 2 on social capital is the significant body of academic literature written in the last few years in particular about guanxi, in which the role that social ties have played in regulating capitalist economic activities in the transitional Chinese economy is analysed. Reviewing the literature on guanxi introduces a number of useful themes for my research investigation.

3.4.3 Sites in Creating Social Capital

The key sites in which guanxi is created mirror those identified in the social capital literature by authors such as Coleman (1988) and Putnam (1995), namely sites which evoke a sense of **shared affiliation** through: **family, kinship, school, university, workplace, home village, town or province** (Smart, 1993:399 from Yang, 1988:411; Bell, 2000:135).

Building on this, a number of authors, such as David Wank (1996), have illustrated how in the transitional Chinese economy, guanxi has been invoked by entrepreneurs as a way of participating in nascent capitalist economic activities. Authors such as Wank reinforce the idea that **entrepreneurs** cultivating **vertical ties with local state officials** constitutes a key mechanism regulating nascent capitalist economic activities. Wank (1996) in particular identifies a number of important sites through which entrepreneurs are invoking social ties. Friendships formed during childhood and adolescence, particularly through shared affiliation as **school mates** or **university friends**, are being invoked by entrepreneurs in cultivating social ties with former classmates now working as state officials (Wank, 1996:829, 830).

Entrepreneurs are also utilising previous experience working in state institutions in cultivating social ties with **former colleagues** (Ibid: 831).

In invoking guanxi, Wank found that the stronger the guanxi tie, the stronger the obligation between actors. Thus, in terms of support, the bigger the favour available to an entrepreneur with smaller if indeed any pecuniary reward required by the state official (Ibid: 828). The higher a state official's rank, the greater the discretionary power able to be wielded by the official with regard to the extent of the favour afforded to an entrepreneur (Ibid: 826). Moreover, a tie with a high-ranking official also provides an entrepreneur with access to the official's network, thus significantly reducing the time and money an entrepreneur needs to spend cultivating a network (Ibid: 826).

3.4.4 Benefits

3.4.4.1 Vertical Ties

Authors writing about guanxi identify how vertical ties with local state officials are being cultivated by entrepreneurs as a way of achieving two key objectives: firstly, in facilitating the process of **establishing a private business**, and secondly, in facilitating the **running of a private business** (Peng & Luo, 2000:486,487,490).

With regard to establishing a private business, as discussed in Section 3.4.1, in the transitional economy local state officials retain significant control over bureaucratic levers, such as the issuing of licences. Consequently, they possess considerable discretionary power in **approving or rejecting applications to establish a private business**. Moreover, they constitute key regulatory conduits through which

entrepreneurs must interface in **navigating the potentially cumbersome bureaucratic process** of applying for a multitude of licences which still exist and are required in establishing a new business (Davies et al., 1995:212; Xin & Pearce, 1996:1643; Wank, 1996:829; Sum, 1999:139; Peng & Luo, 2000:489; Fan, 2002:378).

In facilitating the running of a private business, authors writing on guanxi identify how ties with local state officials can assist an entrepreneur with **the smooth completion of administrative tasks**, carried out periodically by local state officials (Davies et al., 1995: 212; Wank, 1996:820,823,829; Sum, 1999:139; Fan, 2002: 378). It is also claimed that in the absence of any guanxi tie, local state officials may use their control over administrative levers to **cause significant disruption to particular businesses** or to profit by levying arbitrary fines, whether there has been any wrongdoing or not (Wank, 1996:825; Xin & Pearce, 1996:1641, 1643, 1654). Furthermore, as local state officials also retain considerable discretionary powers in **interpreting and enforcing rules and laws**, for an entrepreneur close ties with relevant officials can also be cultivated with the objective of **circumventing rules and laws** as a way of enhancing business performance and profitability (Davies et al., 1995:211; Wank, 1996:820, 824; Wu, 2001:36; Fan, 2002:374,376).

Social ties cultivated with state officials can also facilitate access to **information** for entrepreneurs, useful in the development and planning of an entrepreneur's business. Sources of information could relate to market trends, business opportunities as well as forthcoming changes in central and local state rules and laws and in the case of central state rules and laws, the local state's interpretation of them (Smart, 1993:400; Davies et al., 1995:211; Wank, 1996:825; Wu, 2001:36; Fan, 2002:378). The issue

of access to information is particularly relevant in transitional economies, in the context where one of the legacies of the former central planning system is how information has traditionally been concentrated within the state apparatus and disseminated down vertical channels from the centre to local state institutions with limited access for non-state actors and institutions (Wank, 1996:825).

3.4.4.2 *Horizontal Ties*

Within the guanxi literature the cultivation of **horizontal ties** by entrepreneurs is also recognised as currently playing an important role in establishing and running a private business in the transitional Chinese economy. Reviewing this literature both informs the discussion on social capital in Chapter 2 and provides a number of useful themes to investigate in the context of Vietnam. First, in establishing a private business, invoking **family and friendship ties** has been identified as essential for an entrepreneur as a way of **raising sufficient capital** to set up a private business. This occurs in the context of a Chinese financial system, dominated by state banks, where lending continues to be skewed towards the state rather than the private sector (Xin & Pearce, 1996:1643 from Nee, 1992). Connected to this point and linking up with ideas discussed in Section 3.3.3 as well as in Section 2.4.2 in Chapter 2 is how authors such as Yang (2002:463) identify how growing interconnectedness between local and international spaces is expanding the **scale** in which guanxi is being cultivated in the transitional Chinese economy. In particular, entrepreneurs are cultivating ties with blood relatives living overseas as a way of obtaining capital to set up a business.

According to writers such as Mike Peng and Yadong Luo (2000: 489, 497) cultivating horizontal ties is also proving vital in **running a private business**,

allowing entrepreneurs to compete effectively, to counteract intense **competition** and to sustain business operations. Wank too identifies how **horizontal ties** with former **school mates**, **university friends** and **colleagues** are being cultivated in providing market support for an entrepreneur's new business (Wank, 1996:829; 831).

Similar findings have also been revealed in a study by Kuczi and Mako of a local community in Hungary and discussed by Grabher and Stark (1998:68). Kuczi and Mako found how in the transitional Hungarian economy, social ties are being cultivated between actors with **shared affiliation** as **colleagues** in local state enterprises during the socialist era. Ties are “reducing the liability of newness” (Ibid: 1998:68) i.e. reducing the uncertainties and risks in the setting up of new businesses by, for example, introducing and providing customers.

In my research investigation, I will therefore need to examine how the above points are reflected among private tourism business owners in Vietnam. Moreover, as well as ties at **the local scale**, as I discussed in Section 3.3.3, **horizontal ties** are also being cultivated at **the international scale** by entrepreneurs with blood relatives overseas in developing private business operations. Consequently, I will also seek to investigate the importance of horizontal ties at the local scale vis-à-vis at the international scale in running a private tourism business.

3.4.5 Cultivating Guanxi

The mechanics of cultivating guanxi closely mirror those described in the section on social capital in the last chapter. As with social capital, the cultivation and strengthening of guanxi ties is articulated through **regular social interaction** and the

exchange of **gifts, favours and invitations for meals and drinks** (Guthrie, 1998:256 from Yang, 1994:6; Fan, 2002:372). The cultivation of guanxi requires a **regular investment of time and money** through social interaction and/or financial remuneration. In this way, relationships are maintained and strengthened resulting in **a stream of mutual benefits** over the long term (Smart, 1993:400, 402, 403; Wank, 1996:831; Xin & Pearce, 1996:1645; Lovett, Simmons & Kali, 1999:232; Wu, 2001:30). Regular social interaction also helps in **regularising the behaviour and expectations of each party**, for example, with regard to the extent of the gift required by officials (Wank, 1996:822). The cultivation of social ties continues as long as both parties continue to benefit from the relationship.²

The mechanics of cultivating guanxi in producing benefits for socio-economic and political actors in the transitional Chinese economy provide a number of useful themes for my investigation. I will therefore seek to examine the extent to which social ties are similarly being cultivated in the Vietnamese tourism industry, in particular, ties cultivated by private tourism business owners with local state officials in facilitating the processes of establishing and running tourism businesses.

3.5 CONCLUSION

Within the literature written on the processes of transition occurring in the economies of ECE and China, there is a substantial body of evidence which supports the utilisation of the key analytical concepts and themes introduced in Chapter 2 in my research investigation.

² Thus, guanxi can be distinguished from a bribe in that in the former the cultivation of a personal relationship over the long term, albeit for business purposes, is implicitly privileged above purely commercial considerations (Davies et al., 1995:210). A bribe, on the other hand, is not embedded in any social relationship, but is intended only as a one off payment for a service immediately rendered (Smart, 1993:399, 403).

As in regulation theory, authors writing about transitional economies recognise the role of **path dependency** in the reconfiguration of relations among socio-economic and political actors involved in regulating nascent capitalist economic processes in these economies. They also support the notions that, firstly, **the local scale** has emerged as a key scale, secondly, that **distinct local regulatory processes** are evolving and, thirdly, that **the local state** constitutes a key regulatory institution and **local state institutions and officials** pivotal actors in regulating nascent capitalist economic processes.

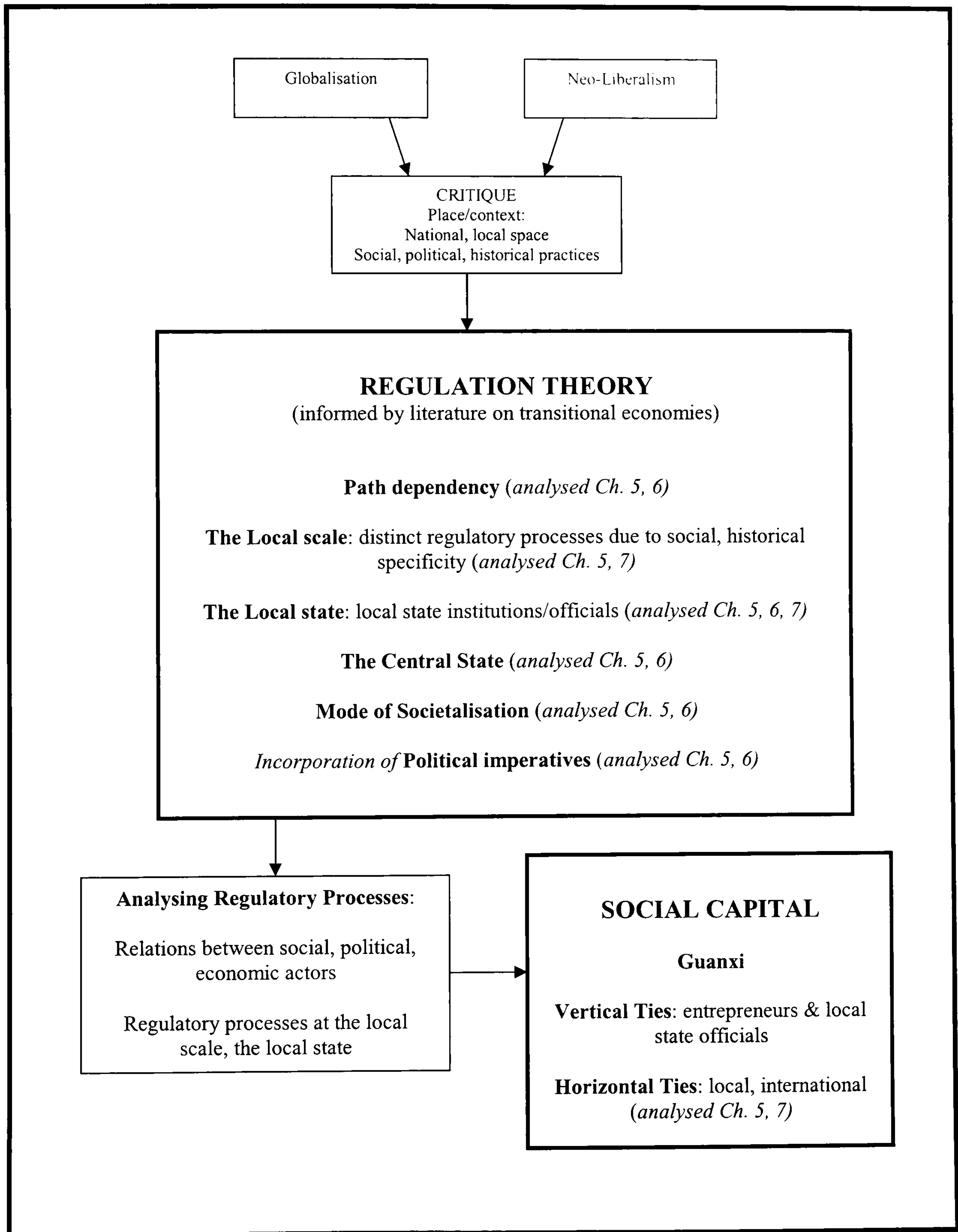
Nevertheless, discourse on regulatory processes in transitional economies fails to address the extent to which regulatory control over nascent capitalist economic activities is being negotiated over rather than simply ceded by the central state to the local state. Again as I have already discussed, this is in part due to an inadequate consideration of the role of **political imperatives** in the reconfiguration of regulatory power and **relations between the central and the local state**. As a result, there is a significant need for further investigation of these two themes.

Reviewing the literature on transitional economies also provides substantial support for utilising the notion of **social capital** in my research investigation. In particular, examining the role of **guanxi** in the regulation of private economic activity in the transitional Chinese economy with the cultivation by **entrepreneurs** of **vertical ties** with **local state officials** and **horizontal ties** with **local and international actors** provides a number of useful themes to incorporate into the analytical framework. These are utilised in Chapter 7 to examine the extent to which the notion of social

capital constitutes an important institutional mechanism regulating private tourism activity in the transitional Vietnamese economy.

The concepts and themes introduced and discussed in Chapter 2 and developed further in this chapter now allow me to construct an informed analytical framework, illustrated in Figure 3.1. This framework is utilised in Chapter 5 where I provide an historical account of regulatory processes in the Vietnamese economy, and throughout my investigation into the regulation of tourism in the transitional Vietnamese economy in Chapters 6 and 7. Before starting to analyse the findings from my research investigation, first in Chapter 4, I outline how this research was undertaken and discuss the different methodologies employed in order to carry out qualitative research on Vietnam.

Figure 3.1. An analytical framework informed by literature on transitional economies to examine the regulation of tourism in the transitional Vietnamese economy



CHAPTER FOUR

METHODOLOGY

In this chapter I outline the different methodologies I employed in undertaking this research as well as examining the strengths and shortcomings of these, in particular in the context of carrying out qualitative research in Vietnam.

Having identified from the literature the main concepts and themes relevant to my research investigation, I then carried out another review of the literature in order to operationalise these concepts in the context of transitional economies. For this, as well as utilising the library at the University of Hull to access relevant material, I also made use of inter-library loans as well as the British Library. From this, having constructed an analytical framework, I then attempted to start to build on and fine tune this framework in the context of Vietnam. However, due in large part to a dearth of literary sources, particularly in relation to contemporary issues in Vietnam including my object of study, tourism, I was unable to accomplish this satisfactorily. At the same time, having decided that my research investigation would be best carried out on an individual firm basis and that an interview schedule would represent the optimal way of gaining information, the lack of relevant material also hindered construction of an interview schedule, informed by contextual issues (Robson, 1993: 229).

Consequently, having already made the decision to go to Vietnam in order to conduct interviews with tourism business owners and managers, I realised that the initial phase in Vietnam would be taken up accessing literary resources and gathering material in order to develop my knowledge of social, economic and

political issues relevant to my research topic as well as to be able to construct an interview schedule, sufficiently informed by these issues (Scott, 1990; Punch, 1998: 190-1).

4.1 PREPARATION FOR CARRYING OUT FIELD WORK IN VIETNAM

I lived in Vietnam for 30 months. For most of this time I lived and worked in Hanoi. During the interview stage, I stayed in Hue and Ho Chi Minh City for two and a half months in each location. Spending such a considerable amount of time in Vietnam had been my deliberate intention before leaving the UK for two main reasons: first, as explained above in order to gather information. However, perhaps of greater importance was that spending such an amount of time ‘in the field’ would allow me the opportunity to develop my understanding of socio-economic issues affecting the process of transition in Vietnam to a sufficiently deep and nuanced level. This, I knew, could only be achieved by working on and raising the standard of my Vietnamese language skills to a very high standard. In particular, as the main emphasis of my research was on the collection of qualitative, opinion-based data, I knew that my knowledge of the native language needed to be good enough so as to pick up nuances made in responses, which is a significant feature of the Vietnamese language.

At the same time, while it may equally be true in other countries, from previous experience in Vietnam I had already observed how one’s ability in the native language creates a number of significant advantages for a foreigner, which would be extremely useful in carrying out field research for this thesis. First, the ability to read Vietnamese would allow me to make use of a much wider variety of literary

sources, written in the Vietnamese language, rather than relying on material translated into the English language and often sanitised in the process. Second, with a high standard of spoken and listening competence, I would be able to maximise the amount of control I had over the research process, by conducting the whole process in the Vietnamese language, rather than losing a significant degree of control by relying on translators and interpreters. Thirdly and perhaps most importantly of all for the research process would be the respect and/or greater acceptance I would gain in the eyes of the majority of Vietnamese people, in being seen as a foreigner who had made an effort to master the mother tongue.

In comparison with what I have observed even in neighbouring countries in South East Asia, in Vietnam, few foreigners speak the native language to a reasonable standard. Moreover, in contrast to anecdotal evidence from China, Vietnamese people do not expect foreigners to know their language. Consequently, conducting the research process in the Vietnamese language proved invaluable not only in terms of making contact with actors, but more importantly I consider it significantly enhanced the depth and integrity of the responses given by respondents and informants alike (Burgess, 1984). On a number of occasions, after carrying out an interview, a day or so later I would receive a call from a respondent inviting me out for a meal. While the essence of the invitation was social, as I discuss throughout this thesis, the building of social relations through a meal acted as a precursor to more frank conversations on a range of issues, including issues connected to the research. Among the majority of respondents interviewed, there seemed to be the perception of a symbiosis between language and understanding and that as I spoke the Vietnamese language well, then I must equally understand well about the

complexities and nuances of social, cultural, economic and political life in Vietnam, which in a number of cases I did not.

Therefore, for the first nine months in Vietnam, I concentrated on raising the standard of my Vietnamese language, not by attending formal, structured classes, but by self-study, targeting areas of specific utility in the context of my own particular research topic and by maximising “real experiences” and interaction with Vietnamese people, in particular on the street. At the same time, I carried out a comprehensive review of literature published in Vietnam relating to my research topic, written both in Vietnamese as well as in English, which in itself served to activate and enhance my Vietnamese vocabulary. This included books and articles from the National Vietnamese library, the UNDP library, state bookshops, back copies of the *Vietnam Tourism Review* - a journal published by the VNAT, newspapers and academic journals published in Vietnam as well as internet websites relating to general economic and tourism issues in Vietnam.

4.2 USING DATA

It is a fact of life in Vietnam that the truth is often without hard evidence, but the hard evidence is also often without truth (Phong & Beresford, 1998:8).

Throughout the research process, for example in building the analytical framework, in carrying out the literature review after arriving in Vietnam, in constructing an interview schedule and in presenting the findings from my research in chapters 5, 6 and 7, I have focussed on the collection and presentation of qualitative data. By contrast, I have attempted to use official numerical and written data sparingly, cross-referencing data sources wherever practicable. While my chosen research

topic naturally lent itself to an emphasis on the collection and presentation of qualitative, opinion-based data, this in part also reflected my own reservations, supported among other writers on Vietnam about the use of official, published data as illustrated in the following quotes and comments.

...we have had to rely largely on the methods of oral history. Researchers on Vietnam understand only too clearly that reliance on documentary sources to support one's arguments and analyses, especially on official decrees and documents, is likely to produce contrary results. One will not be able to understand the hidden truths within the process since, in most cases the official documents simply do not reflect the real relations involved. In this study, therefore, we have relied heavily on our own observations, on unofficial documents and on interviews (Phong & Beresford, 1998:7-8).

The Party has traditionally manipulated information to serve its own ends (Porter, 1993:139).

It is widely known that the Party releases inaccurate data in order to claim success in the implementation of specific economic policy initiatives (Kolko, 1997:104).

The unreliability of official statistics in Vietnam has been compounded by firstly, a lack of experience in the collection of transparent and accurate data. Official statistics have only been widely disseminated since 1987, when the statistical annual, *Niên Giám Thống Kê* was first published (Forbes, 1995:794). Secondly, institutionalised circumspection and ambivalence towards the disclosure of data by private individuals to state institutions as well as information sharing by and between state institutions also inhibit the process.

Both the above shortfalls have affected the reliability of data collected on the tourism industry. Consequently, I have been reluctant to use official tourism data to any significant degree throughout this thesis in presenting and supporting

arguments. As the two quotes below illustrate, regarding the unreliability of official tourism statistics:

The basic problem facing the researcher seeking to reconstruct patterns of tourism in Vietnam is the consistency and reliability of the available statistics. This is confirmed by Anonymous (1997) where the statistics on international arrivals do not tally. This is a historical problem related to the secrecy which surrounded tourist arrivals during the socialist regime. It also reflects internal disagreement between the immigration and the tourism departments over what and who should be recorded in tourist arrivals (Cooper, 2000: 170).

As international tourism is a new phenomenon in Vietnam, it is only in the last few years that statistical data have been collected on a regular basis. One problem affecting the gathering of data is that government authorities are not keen on information sharing. Information collection on a national scale is as yet poorly developed in Vietnam (Aderhold, Twining-Ward, July 1995:28).

I encountered a similar problem to the one cited by Cooper above when accessing the official Vietnam Tourism website www.vietnamtourism.com to look at statistical data on visitor arrivals to Vietnam in 2000. I thought the breakdown of the visitor numbers into nationalities seemed a little low compared to the previous year, despite having an 'others' category. When I added up the individual nationality figures plus the 'others', the total was 367,000 short of the 2,140,100 total.¹

Similar reservations have been expressed in the media exemplified by the following comments:

*Official figures from 815,000 to 1.3 million have been called into doubt and even in the government-controlled press...
At a recent conference of hard-pressed hotel managers and tour organizers, there were complaints that those numbers had been falsified ... and included more than 200,000 Viet Kieu staying with*

¹ Accessed on 25 January 2002

relatives (New Frontiers, V2 No.9, September 1996:7 from Bangkok Post, 29.8.96).

Vietnam's tourist figures are inflated because they include large numbers of Chinese traders who cross the border in the north every day (Backpacker's Alley, Source: Los Angeles Times <http://www.saigonnet.vn/dulich/data/backpacker.htm>) (accessed on 20 January 2002).

Tour operators point out that figures for foreign visitors include huge numbers of Viet Kieu, business visitors, Chinese traders and diplomats, "making it very difficult to work out how many actual tourists have arrived" (VIR, 21-27 May 2001:4).

Similarly, when cross-referencing data, particularly quantitative data, to verify reliability, I often came across alternative sources which deviated significantly from the original source, thus making me circumspect in using any of the data. Examples were as follows:

According to the Saigonnet website, in 2001, **around 700,000** foreign visitors came to Hanoi, an increase of 40% on 2000, whereas in year 2000 statistical annual for Hanoi, the figure for foreign visitors is only **320,000** (<http://www.saigonnet.vn/dulich>, 2 January 2002 viewed 1 February 2002; Cuc Thong ke, Ha Noi, Nien Giam Thong Ke Hanoi 2000: 135).

In the March 1996 edition of the *Vietnam Tourism Review*, it is quoted that in 1995, Saigontourist received 245,701 foreign customers, more than double the 1994 figure. However, two months later in the same journal, the same figure is only 32,476 (*Tap chi Du lich*, March 1996:37; *Tap chi Du lich*, May 1996:32).

With regard to the poor disclosure of accurate data in particular by private businesses, concurring with the comments made by Gates below, it was repeatedly

mentioned to me about the difficulties state officials and institutions have in collecting reliable statistical data from private businesses, as almost all private business owners understate revenue earned in order to reduce their tax liabilities.

Quantitative analysis is not fruitful particularly with regard to statistics of private businesses due to the sensitivity of financial data: revenue, profits, taxes etc. (Gates, 1996: 215).

Furthermore, as I illustrate in Chapter 7, official data disseminated about private businesses also has to be treated with circumspection as complicity between local state officials and business owners also results in the underreporting of data in particular, relating to revenue earned by individual businesses as owners attempt to reduce their tax liabilities.

On the other hand, complicating the situation even more were comments made to me by a foreign tourism consultant with a number of years experience in Vietnam, who told me to be particularly cautious of quantitative data provided to me during interviews as tourism business owners and managers would tend to exaggerate performance figures, for example, customers served or revenue earned, in order to suggest that their businesses were performing better than was actually the case (KI2, 18.06.01).

4.3 THE INTERVIEW PROCESS

With the collection and assimilation of literary as well as anecdotal material in the initial period in the field, I was then ready to start designing an interview schedule greatly informed by this material.

4.3.1 Designing the Interview Schedule

As can be seen in Appendix 1, the first part of the interview schedule contained a ‘Supplementary Questionnaire’, which was used to garner general background and statistical information relating to businesses and business owners. In line with the objectives of the field research discussed earlier in this chapter, the main part of the interview schedule contained predominantly open-ended questions as my priority was to gather qualitative, subjective and opinion-based information and data (Fowler, 1993; Oppenheim, 1996: 112-3). With this in mind, the interview schedule was designed in a way that lent itself to the carrying out of semi-structured interviews. While interviewers were to follow a prepared schedule of subject areas and questions, the design of the interview schedule allowed them a degree of flexibility in probing more deeply by asking follow-up questions on interesting issues and opinions arising in the course of conducting an interview with a tourism business owner or manager (Gilbert, 1993: 136; Mason, 1996).

The ‘main interview schedule’ was divided into 8 sections, broadly reflecting the stages in developing a business and similar to the structure of Chapter 7. In line with one of the objectives of the research investigation, for private businesses, the main focus in the sections on **‘establishing a tourism business’**, **‘running a business’** and **‘business development’** was on the existence, origin and nature of social ties cultivated by business owners and the extent to which these ties; both vertical and horizontal, had facilitated the establishment process and were currently facilitating the running and development of the tourism business. In doing so, I would then be able to determine the importance of social capital as a regulatory norm and the

impact of ties at particular spatial scales for the regulation of tourism business activity in the transitional Vietnamese economy.

In the section on **running a business**, questions were also asked to elicit information and opinions from respondents concerning how the official and unofficial regulatory environments for tourism businesses had evolved since the establishment of their businesses. In particular, in relation to my research framework, tourism business owners and managers were asked questions concerning changes in the influence of institutions and actors situated in local and national space on regulatory processes in the transitional economy. This was done in order to examine how the regulatory control of national and local actors and institutions has shifted during the process of transition.

Connected to this, the section on **international tourism promotion** sought to identify how institutions at the national scale, in particular the VNAT, and at the local scale were cultivating ties and promoting the Vietnamese tourism industry in the international capitalist economy. This would allow me to examine to what extent, in promoting Vietnam as an international tourism destination, the practices of these institutions were evolving in a path dependent manner and out of historical legacies from previous socio-economic systems.

While private tourism businesses constituted the main focus of the investigation, state tourism business managers were also interviewed in part as a way of examining how, in the transitional economy, the regulatory practices of both national and local state institutions have impacted on the development of these businesses vis-à-vis private tourism businesses. In designing separate interview

schedules for both state and private tourism businesses, I tried to minimise any differences between the two schedules, in order that reliable comparison could be made between the different types of businesses. Only the section on establishing a business exhibited significant variance between the schedules, reflecting the obvious differences in the processes of setting up a state and a private business.

The interview schedule drafted in English was then, to make more efficient use of time translated into Vietnamese by a Vietnamese colleague, an academic. I then reviewed the completed translation, annotating any parts where I considered that the translation failed to convey the exact meaning and nuance I wanted. I then discussed these points with my colleague and made any changes that were necessary. I then asked a friend, a failing entrepreneur, to review the Vietnamese translation and to make any suggestions regarding alterations. It was quite surprising how many changes my entrepreneur friend recommended to the interview schedule translated by a fellow Vietnamese, as a way of clarifying the meaning of questions and making the interview schedule linguistically more “business savvy” to respondents, the majority of whom like him were going to be business people and not academics. It served to illustrate how the same questions and statements could be interpreted by different people in different ways (Hoinville and Jowell, 1978: 42; Fowler, 1993). This is a theme I discuss in Chapter 5 in relation to the interpretation of official regulations by state officials. For the purposes of the interview process, this was something therefore to be mindful of in conducting interviews to ensure that consistency in the interpretation of questions by respondents was maintained.

Before conducting face to face interviews, the interview schedule was piloted on 10 tourism businesses owned or managed by friends and business relations of my

entrepreneur friend, after which time a few of the questions were modified (Oppenheim, 1996).

4.3.2 Finding a Research Assistant

It had been my intention that during the interview stage, I would hire an assistant to help in sharing this work. At the time I envisaged someone who, with good English language skills, could both carry out interviews and then translate their findings into English for me to analyse. However, my search for a research assistant initiated a pattern which was to continue throughout the interview stage in both Hanoi and Hue of candidates emerging, who at the outset seemed both qualified and comfortable in doing the tasks involved. However, as they started to comprehend the full extent of the interview, in particular the depth of enquiry required, and consequently the demands placed on them, candidates became less enthusiastic and one by one made excuses or simply disappeared from the picture.

An acquaintance, a Vietnamese academic who has conducted extensive collaborative research with a UK university, contended that the academic traditions in the UK and Vietnam are very different. According to him, in the UK enquiry is comparatively deep and rigorous, with researchers requiring a thorough knowledge of their object of study and always probing in order to understand why. Whereas in Vietnam, he asserted that in large part due to social, cultural and political traditions, academic research is relatively superficial and much less questioning with enquiry concentrating on what with little interest in how or why. Therefore, he considered that it would be difficult for most Vietnamese people to comprehend the amount of detail and depth I required in my own particular research investigation.

In Hanoi, candidates who fell by the wayside included: my colleague, who had translated the original questionnaire, who held a Bachelor's degree and a Master's degree and at the time was also studying for a PhD; and a man, recommended by a foreign friend at the UNDP in Hanoi, who had extensive experience working on projects for institutions such as the UN. I finally had to advertise for a research assistant in the *Vietnam News*. Unfortunately once again, the successful applicant, having seemed capable in preliminary discussions, was, as more detailed instruction of the research task was given, able to grasp only a fraction of what was required, despite being given repeated instruction in both English and Vietnamese.

4.3.3 Semi-Structured Interviews

4.3.3.1 Snowball Sampling

The only individual who seemed able to assimilate the issues and objectives relating to the interview thoroughly and deeply was my entrepreneur friend, Thang.² While I was looking for a research assistant, he had agreed to initiate the interview stage by approaching connections of his working in tourism businesses in Hanoi. Thus, employing snowball sampling, Thang was able to conduct semi-structured interviews with tourism business owners or staff, with whom he had pre-existing relations, some of whom, in turn, introduced him to relations of theirs working in other tourism businesses. I was nevertheless mindful of a possible bias in the snowball sample, with business owners and managers interviewed then introducing respondents from within their social networks with similar backgrounds and opinions (Gilbert, 1993: 74; Oppenheim, 1996: 43; Lee, 1999: 66-7). Thang and I therefore monitored and assessed the profiles of respondents to ensure the inclusion

² I have used a pseudonym to protect the anonymity of my research assistant.

of a diverse and representative sample of respondents, of different ages, backgrounds and from as full and representative a range of tourism businesses as possible, i.e. hotels and tour operators under state, private and joint-venture ownership (Gilbert, 1993: 74; Lee, 1999: 68).

The disadvantage of snowball sampling was that it was slow in generating a large quantity of respondents and data. However, the major advantage of this technique came about out of the pre-existing personal ties and social networks in which Thang and respondents were embedded. In a similar way to that discussed in the section on social capital in Chapter 2, this facilitated co-operation between Thang and respondents. At the same time, Thang was “*able to vouch for the researcher’s bona fides*” (Lee, 1999: 67). As a result, interviews were in the main conducted in an atmosphere of informality, friendliness, conviviality and most importantly trust, in which opinions could be freely expressed. This I consider allowed a wealth of authentic and subjective qualitative data to be collected. This was thankfully in contrast to the experience of many other foreign writers and researchers, who have found that in Vietnam “*acquiring information is sometimes like extracting teeth. There still seems to be deep-rooted suspicions if someone asks questions*” (Coomber, 2000: 29).

I was fortunate that the period in which I was unsuccessfully looking for a suitable research assistant coincided with the dissolution of Thang’s two failed businesses. As a result, we managed to negotiate terms by which he became formally involved in assisting me. The only downside in his appointment was that he did not speak English. As a result, the whole interview process was conducted in Vietnamese. A lot of my time was therefore then assigned to translating data, from Vietnamese into

English, from interviews Thang had carried out, work which I had anticipated being done by a research assistant.

At one stage, we did attempt to hire a translator to translate information from completed interviews into English. However, despite only being given the remit to translate word for word, she insisted on omitting to translate large chunks of the Vietnamese text. When questioned about this, she responded that she did not consider it useful. In fact, a lot of the omitted material contained salient and extremely useful data. After this experiment had failed, I decided to do the translation myself. Although translating the interview schedules completed by Thang from Vietnamese into English was extremely time consuming and reduced the amount of time I was able to devote to conducting interviews myself, as I was personally responsible for reviewing all completed interview schedules, this allowed me to retain a high degree of control over the quality of information generated during the interview process. At the same time, translating interview schedules during the interview phase, as well as reducing the amount of time I would need to spend completing this task at the end of the interview process, was also of particular importance as it allowed me to identify trends and pick up on themes emerging from interviews completed. These could then be raised in subsequent interviews.

One further issue was that the interview schedule drafted was 38 (font size 8) typed pages long. Thus, Thang and I were concerned about the length of time it would take to complete one interview, and, in particular, the length of time a respondent would be required to answer questions. We first attempted to reduce the actual interviewing time by obtaining the background, personal and statistical data required in the supplementary questionnaire outside of the core interview; either

over the telephone, in a brief meeting at the respondent's office or by leaving a supplementary questionnaire for the respondent to complete in their own time.

However, during piloting, completion of the main interview schedule still took an excessive amount of time, well over two hours. Thang and I agreed that the optimum time we should aim for was around one hour and certainly no more than one and a half hours. In order to achieve this, we first attempted to use a Dictaphone when carrying out interviews. However, although most respondents raised no objections when we asked and explained why we wanted to record the interview, we still felt that in using the Dictaphone there was a sense that we were taking control over the information produced from the interview, and making respondents a little wary and overall creating a more formal atmosphere to the possible detriment to the quality of responses. As a result, in subsequent interviews, we dispensed with the Dictaphone and instead while following the interview schedule we took down notes ensuring that this did not affect to any significant degree the flow or informality of the interview. From these notes, we then completed the schedule in greater detail as soon as possible after the interview.

In other cases, having pre-existing ties or developing relations with respondents provided us with greater flexibility in carrying out interviews. In a lot of cases an interviewer only has one chance to meet a respondent. However, where we already had social relations with respondents, more than one meeting could be arranged, giving us the opportunity to follow up on issues raised in previous meetings. Alternatively, where respondents were constrained by time in completing a whole interview at one time, more than one meeting could be arranged at which parts of the interview were conducted. Again, as I mentioned earlier, pre-existing social ties

between Thang and respondents acted to enhance the level of co-operation between ourselves and respondents and in the majority of cases, instilled a high level of trust between both parties; for respondents, our pledge to keep all identities anonymous, for which I consider respondents generally provided detailed, open and truthful responses.

Again articulating the discussion on social capital, after an interview had been completed, to show our gratitude and as a way of cultivating social relations with respondents or as described in Chapter 2 as a “social investment strategy”, we generally invited respondents out for a meal and a few beers or occasionally (rice) wine. In most cases, invitations were accepted, for lunch, if an interview had taken place in the morning; or for a few drinks and snacks at the end of an afternoon interview. On occasion, entertaining could take up an entire afternoon or evening, if the respondent indicated that he wanted this. As well as a way of cultivating social relations, entertaining a respondent also gave us an opportunity to finish asking questions, if we had not quite managed to finish an interview or to probe for more details on particularly interesting points or issues arising from the interview, in a more informal setting. As mentioned in the previous paragraph, developing relations also enhanced opportunities to meet respondents more than once.

After Thang had conducted an interview and completed an interview schedule, I reviewed it, annotating any areas for which I needed clarification. In line with the comments I made earlier in this chapter, regarding the superficiality in Vietnamese analysis, I had emphasised to Thang the amount of depth I required when giving instruction on the interview schedule. Nevertheless, this was usually the area in which I sought greater clarification. Again reviewing information from an interview

conducted by Thang was at times extremely arduous as I tried to extract as much useful data as I could from every interview. The process of reviewing one schedule did at times take several hours to complete, sometimes causing severe exasperation on my part or on the part of Thang, exhausted by my incessant demands for disclosure of every sinew of potentially useful data. But probing further did at times produce extremely useful additional information which had been omitted from the completed schedule.

4.3.3.2 Simple Random Sampling

As well as utilising snowball sampling and approaching tourism business owners and managers with whom we had pre-existing relations, using a list of tourism businesses I had compiled from a range of sources, including local business directories, newspaper advertisements and guide books, we also employed a simple random sample to select owners of small, private hotels with whom we had no pre-existing relations. These were located predominantly in the Old Quarter of Hanoi (36 phố phường), the area where the bulk of small, private hotels serving foreign backpackers has been set up in the last few years. I anticipated that the simple random sample would complement the snowball sample by generating a greater quantity of data at a faster rate than we were achieving with the snowball sampling, if not as rich a supply of qualitative data. I envisaged that approaching and interviewing owners of small, private hotels would be relatively straightforward and uncomplicated by cumbersome bureaucratic procedures, such as obtaining letters of introduction and getting official permission, often required in approaching state institutions.

However, after trialing the random sampling method for about one month, this was largely abandoned as results were in the main disappointing, not only in terms of the quality of data obtained, but also in the slow rate at which interviews were being completed. While initial contact with the majority of private hotel owners was on the whole encouraging and seemed to offer the promise of co-operation, arranging to conduct interviews proved more difficult. Owners seemed to use a wide variety of excuses to avoid being interviewed. Again it sought to underline the importance of social capital and how while pre-existing ties with respondents, in the snowball sample, seemed to create an obligation to co-operate; with the private hotel owners approached in the random sample, as there were no pre-existing ties, there was therefore no obligation to assist and be interviewed. As a consequence, during the remaining time spent interviewing in Hanoi, we concentrated on utilising the snowball sample. As mentioned previously, while this limited the number of interviews we were able to carry out, I consider that this was more than compensated for by the quality of data obtained.

The interview process in Hanoi was undertaken between the middle of May and the end of August 2001. Before moving to Hue at the beginning of September 2001, we decided to mailshoot tourism businesses in Hue and sent letters to fifty-two businesses, introducing my study to them, informing them about our intention to come to Hue and asking for their co-operation in allowing us to conduct interviews, providing an email address for them to reply to. We hoped that by doing this, we would save time in having to introduce ourselves and the study after arriving in Hue. However, our initiative was not at all successful. In total, before we arrived in Hue, we had received only two replies from tourism businesses. Similarly, once we had arrived in Hue and started making contact with tourism businesses, the response

was again relatively poor, with only around 40% of tourism business owners and managers agreeing to be interviewed. It seemed that our lack of connections was inhibiting the process.

As a result, instead, we started to focus more on utilising Thang's relations, living in and around Hue and as in Hanoi employing snowball sampling. Thang's parents' homeland (quê hương) was a district just outside Hue. Consequently, Thang had a lot of blood relatives still living and working in and around Hue. These included an uncle who was the manager of a general state company in Hue, with businesses including a hotel, and a cousin, who was the manager of a tourist boating company belonging to a local state tourism company. Through the connections of Thang's relatives, we were introduced directly to tourism business owners and managers, which greatly improved our opportunities to conduct interviews with them. At the same time, the husband of one of Thang's cousins, who worked in the Hue statistical office, and his colleague, both of whom had an extensive network of connections in the locality, agreed to carry out interviews with tourism businesses with which they had connections. Both these men quickly assimilated the depth of enquiry demanded in conducting interviews and, combined with having pre-existing relations with respondents, their interviews produced a wealth of invaluable qualitative data. Again as we did in Hanoi, to counter any possible bias in the representativeness of the snowball sample, after interview schedules had been completed, Thang and I analysed details regarding respondents and their businesses to ensure that a diverse range of respondents, of different ages, backgrounds etc. was being interviewed. Using tourism statistics from the provincial state statistical office also ensured that a representative sample of both state and private hotels and tour operators was being included.

The interview process in Hue was completed in two and a half months from the beginning of September to the middle of November 2001. Thereafter, we moved to Ho Chi Minh City. From the outset, using the experience gained in Hanoi and Hue, we utilised snowball sampling and made use of friends of Thang, who like Thang were originally from the north of Vietnam, who had primarily met each other while studying together at university in Hanoi and who were now working in Ho Chi Minh City. Thang's friends introduced us to tourism businesses in which they had connections. In turn, the owners, managers or staff at these tourism businesses introduced us to relations of theirs who owned or worked in other tourism businesses. Again based on our experience in Hanoi and Hue, Thang and I monitored respondents and businesses interviewed to ensure representativeness in our sample. The interview process in Ho Chi Minh City was conducted from the middle of November 2001 until just before Tết (Vietnamese New Year), at the beginning of February 2002.

In total, interviews were conducted with owners and staff at 117 private, state and foreign-invested joint-venture tour operators and hotels: 40 in Hanoi, 31 in Hue, 2 in Hoi An and 44 in Ho Chi Minh City. A profile of these businesses can be found in Appendix 2.

4.4 DATA ANALYSIS

After the end of the interview phase and after I had finished translating the interview schedules arising out of these final interviews into English, I set about devising a method to analyse the data collected. As I had deliberately set out to

collect predominantly qualitative data with an interview schedule largely comprised of open ended questions, I did not then simply want to convert, represent or confine the data collected into boxes and numbers. However, it was difficult to know how to deal systematically with the qualitative data collected when “*there are no prescriptive formulae for this task*” (Robson, 1993: 370). I eventually decided to design three two-dimensional matrices in order to analyse the responses made by business owners and managers to questions regarding, firstly, background information and the establishment process, secondly, the running of the business and, thirdly, business development (Robson, 1993). Separate matrices were used to analyse data and compare private versus state tourism businesses and between businesses interviewed in the three locations at which interviews were conducted: Hanoi, Hue and Ho Chi Minh City.

Down the vertical axis, I listed a series of subject headings which corresponded to points I had identified when constructing the analytical framework in chapters 2 and 3. As a brief example, Appendix 3 illustrates part of the matrix designed to analyse the establishment process, for private tourism business owners in Hanoi. As a way of determining the existence, origin and nature of social ties cultivated by business owners, points in this matrix included: the birthplace of business owners, the years at the current business location, education, experience, ties and relations with particular institutions and the origin of these ties etc. This is illustrated in the matrix by initials and abbreviations representing a guide to the responses obtained from each business owner or manager interviewed. Completing the matrices was a relatively painstaking process, taking approximately two months. After this time, I was then in a position to analyse and interpret the data obtained in addressing the key themes in the analytical framework constructed for the research investigation.

At the same time, by collecting data comprising long, opinion-based responses to open-ended questions, as well as presenting my findings in the form of an overview based on the responses of tourism business owners and managers, I also have a wealth of quotations which I have extensively utilised to support my findings particularly in chapters 6 and 7 which I consider really inform the discussion and personalise the points raised.

4.5 RELATIONS WITH THE VNAT

During the first year of the PhD, while I was still in the UK, a colleague from the Centre for South-East Asian Studies in Hull, who was conducting research in Vietnam, approached the VNAT on my behalf to introduce my research. Thereafter, I was officially invited by the Institute for Tourism Development Research (ITDR) (Viện Nghiên cứu Phát triển Du lịch), the research institution of the VNAT, to come and conduct research in Vietnam. The ITDR acted as my sponsor in applying for a visa.

During my time in Vietnam, relations between myself and contacts at the ITDR closely reflected what I was discovering about relations between private tourism business owners and local state officials. While tourism research was officially encouraged by the VNAT, particular officials at the ITDR who were responsible for “supporting” me and facilitating my research investigation possessed considerable discretionary and arbitrary powers in interpreting this policy.

Initially, I attempted to cultivate close relations with my contact, the ironically titled Head of the International Co-operation Section at the ITDR, by emphasising how I wanted my study to be more a collaborative research project, providing an opportunity for both parties to co-operate and benefit. I also stressed that through the invaluable opportunity I had to approach tourism businesses throughout Vietnam, if while carrying out my own study, I could assist the ITDR in any way, then I would be most happy to do this (Gilbert, 1993: 159; Lee, 1999).

Most points were however largely met with blank expressions and in the case of requests, including access to the ITDR library to review tourism literature related to my research topic, generally rejection. I did attempt on a number of occasions to invite my contact out for drinks and meals as a way of cultivating social relations, but these were always turned down with excuses. At Tét, I gave my contact a carton of cigarettes hoping that this might herald improved relations the following year, but this never happened.

I did however gain access to back copies of the *Vietnam Tourism Review (Tap chí Du lịch)* a journal published by the VNAT, going back to 1993. This was useful as a source of background material on the development of tourism, in particular with regard to the changing nature of actors and institutions involved in the tourism industry as well as changing trends and attitudes in the industry. As a sign of my gratitude as well as in an attempt to cultivate closer relations with the ITDR and with the sub-editor of the journal, I accepted a request from her to contribute an article to the journal (see Appendix 4).

As the initial information gathering phase was coming to an end and as I started to draft the interview schedule, I began to think about and anticipate any problems which I would encounter at the interview stage. I had been told by a number of friends and informants that adhering to traditional protocol, most tourism owners and managers I approached would require proof that I was being sponsored by the VNAT, in the form of an official letter of introduction from the VNAT. This they said would greatly facilitate the interview process. Therefore, in June 2000, I met my contact at the ITDR to discuss this matter. He advised me that I needed to go through the Head of the International Co-operation Department at the VNAT. Consequently, at the beginning of July 2000, I met the Head of the International Co-operation Department and had an extremely positive meeting. He agreed to help me and simply asked me to compile a list of all tourism businesses I wanted to conduct interviews with. He said he would then send a letter to them asking for their assistance in this.

After completing the list, I briefly met the Head again. This time on seeing the large number of businesses I wanted to interview, he told me that he would draft a letter for me to copy and send, instead. When after a few weeks I still had not received the letter, I started to try and get in touch with him. When I eventually did manage to speak to him, he told me that he had delegated the task of drafting the letter to my original contact at the ITDR and was surprised to hear that I still had not received it. When I got in touch with my contact, he informed me that he had been seconded to the VNAT from the ITDR and as a consequence I should no longer liaise with him but with the deputy head of the ITDR.

This initiated the reforming of relations from scratch, both face to face and by submitting a whole range of documentary evidence and testimony, which was extremely time-consuming to produce, to support what I had been doing in Vietnam up until then and what my future plans were. Included amongst this documentation was a polite request for the letter of introduction. Once again, this led to protracted attempts at securing the letter, including numerous visits to the ITDR to ask politely how my letter was progressing and after a request from the deputy head for me to submit a new list of tourism businesses that I wanted to conduct interviews with. All these delays and bureaucratic requests simply served to demonstrate how little assistance the ITDR were prepared to provide me and how many obstacles they were prepared to put in my way to hinder my progress.

Eventually in the middle of April 2001, I was asked to come to the ITDR to receive the letter by an assistant of the deputy head. On receiving it, I queried the fact that the letter was not sealed as authenticated, official letters always were. I was told incorrectly that this was not required with the type of letter such as mine. In fact, what I had waited ten months for (see Appendix 5) was a letter which officially was barely worth more than the paper it was printed on! Thankfully although questioned a number of times by tourism business owners about the lack of a seal, in the majority of cases this did not seem to act as a stumbling block in approaching potential respondents.

The lack of support by officials at the ITDR of the kind described in previous paragraphs, made me reluctant to ask for assistance in other matters relating to the research. For example, informants at times suggested I meet with officials working in particular local and central state institutions, relevant to my study, the Hanoi

Bureau of Tourism, for instance. However, officially in Vietnam, a meeting with officials from a state institution must be supported by a letter of introduction from the institution, generally a state institution, sponsoring an individual. Therefore, the tardiness of my contacts at the ITDR in procuring a letter of introduction to conduct interviews tended to deter me from asking for further letters of introduction to enable me to meet up with individual state officials.

My final dealings with officials at the ITDR occurred when my visa was about to expire. This occurred at a time when my research assistant and I were in the process of completing interviews in Hanoi and were preparing to go to Hue, a move which although outlined in plans submitted to the ITDR on numerous previous occasions seemed to unnerve officials as it would mean that I would be out of their immediate geographical sphere of control. This time, I found that my latest contact, the deputy head, was about to be suspended for involvement in a scandal (vụ bê bối). Therefore, in asking for my visa to be renewed, this time, I had to approach the Head of the ITDR. In supporting my visa extension, once again I had to submit a considerable amount of documentary evidence, which again wasted a considerable amount of time.

My research assistant advised me to circumvent the official process and suggested that if I paid my original contact a visit at his home with an envelope containing say VND500,000 then he thought the visa application would be successful. We had nevertheless already found that in the event of the application being unsuccessful, a friend of ours, who was a partner in a private tour operator, would be able to issue a new visa, although this would be a more expensive alternative to the envelope method. My Protestant sensibilities however would not allow me to pursue the

envelope option. I could not go to the house of a man, who instead of assisting my research investigation as he had officially been charged to do, had instead at every opportunity attempted to obstruct its progress. I could not face him and pretend to be on friendly terms with him, when in fact all I wanted to do was offer him some money in exchange for the renewal of my visa. Furthermore, having compromised myself in this manner, I had also been told there was still no guarantee that this method would be successful. Consequently, when the ITDR refused to support my visa application, I turned to the alternative, albeit more expensive way and obtained a new visa through the friend working at the private tour operator in order to stay in Vietnam and continue the research.

4.6 MY POSITIONALITY IN THE FIELD

As a ‘western’ researcher in Vietnam, the degree to which I was perceived as an ‘outsider’ or ‘the other’ varied with each individual interaction (D’Amico-Samuels, 1991). As such, it is impossible to generalise about my position in each and every situation. Instead, each interaction was uniquely defined by the collective social and cultural backgrounds of both respondent and researcher resulting in the extent or lack of fusion between both parties.

One possible advantage I had over other researchers in ‘a foreign field’ was my chosen object of study – tourism. Thus, I was investigating a topic in which I also played a role as an actor rather than researching about a topic that I was interested in, but in which I could have no possible connection with. Consequently, this created a natural bridge and point of convergence between respondent and researcher and so in the majority of cases my investigation was perceived as a

plausible and comprehensible enquiry rather than an irrational and illogical inquisition.

Another factor in nullifying the effects of ‘otherness’ may have resulted from a trait of Vietnamese people in social interactions to seek out points of commonality as a way of defining and distinguishing differences and otherness. As I discussed in chapters 2 and 3 with regard to sites in the creation of social capital, in the establishing of otherness, place constitutes a primary site. Differentiation with regard to place exists across a full spectrum of geographical scales from local to global and so as such the fact that I was an ‘occidental’ researcher interviewing an ‘oriental’ respondent was not any more alien than differences created out of national, provincial, municipal or even district otherness, for example Vietnamese v Thai, Hung Yên v Hoa Bình provinces, Hanoi v Hue or Hai Bà Trưng v Hoàn Kiếm districts.³

At the same time, as the majority of my time in Vietnam was spent in Hanoi, I naturally assimilated a number of social, cultural as well as linguistic mores of the locality. Consequently, I perceived that this mitigated the effects of occidental v oriental otherness and helped to create a sense of commonality and familiarity in the majority of interactions. Correspondingly, when I moved to Hue and then Ho Chi Minh City, I felt that my lack of social, cultural and linguistic experience in these locations accentuated my otherness in a lot of interactions with respondents, particularly in Hue. As a result, I felt more reliant on Thang, his friends and his relations.

³ Hung Yên and Hoa Bình are two provinces adjacent to Hanoi. Hai Bà Trưng and Hoàn Kiếm are two districts in Hanoi.

As I have discussed throughout this chapter, in employing snowball sampling by selecting respondents with whom my research assistant, Thang, had pre-existing social relations, I was aware that I myself was reactive in this initial selection process by the fact that I relied on the social ties of Thang. However, once again articulating themes discussed in the section on social capital in Chapter 2, due to my friendship with Thang, I was therefore embedded within his network of social ties and personal relations within which respondents were also directly connected or indirectly connected through other friends and/or blood relatives of his. Consequently, I perceived that in the majority of interactions with respondents, this shared affiliation once again mitigated my sense of ‘otherness’.

4.7 OTHER METHODOLOGIES

4.7.1 Informants

In the time I lived in Vietnam, I had the opportunity to meet a wide variety of people from different backgrounds and with different perspectives and opinions on contemporary issues affecting Vietnamese life. A small percentage of these individuals acted as informants in the research and are listed in Appendix 6. In the initial stages, they enabled me to gain thorough background knowledge of a number of key issues connected to my research, for example, the structure of the tourism industry, the national and local actors and institutions involved in regulating tourism activity and the realities of the business environment for entrepreneurs. Throughout my time in Vietnam, they provided a wealth of anecdotal and qualitative data to enrich the thesis. During the phase of carrying out interviews, informants were extremely useful, firstly in discussing and cross-referencing issues arising out of

particular interviews and secondly, as a way of confirming, validating or refuting points arising from interviews.

4.7.2 Personal communication

As well as informants with whom I maintained relationships throughout my time in Vietnam and in many cases continue to do so up to the present, I also came into contact with a plethora of individuals with whom relations extended in most cases for a brief period only: during a meal, a drink, on a bus, on the beach, for example. Once again, the fact that I spoke Vietnamese facilitated the vast majority of these encounters. This initiated a number of unstructured interviews and free flowing conversations in which, while respondents naturally raised points of particular interest to themselves, I was also able to bring up issues and ask questions directly connected to my own research investigation. In these exchanges, respondents seemed to derive great satisfaction in having met a foreigner who had made a considerable effort to learn their native language and with whom they were able to converse freely. In addition, they met someone who genuinely wanted to learn about their culture and their society. For me, these interactions produced invaluable additional sources of reference and information to supplement the semi-structured interviews being carried out during the same period. At the same time, through these unstructured interviews, I was also able to gain a rich supply of anecdotal material from which a number of the case studies presented in this thesis originated (Johnson, 1978).

4.8 CONCLUSION

A wide range of methodologies was utilised throughout the research process both in the UK and Vietnam: during the literature review, the drafting of the interview schedule, the interview and the analysis stages.

During the period of the research in Vietnam, the methodologies utilised were greatly informed by the social and cultural contexts in which every aspect of Vietnamese life is played out and consequently in which the research was also situated. Both relative successes and failures were registered in this regard. With regard to the former, the personal ties and social networks in which both respondent and researcher were embedded allowed a full and candid disclosure of qualitative data to analyse the impact of social ties in regulating tourism business activity in the transitional Vietnamese economy. Conversely, an inability to cultivate social ties and close personal relations with the particular state officials responsible for facilitating my investigation inhibited the smooth completion of my field research.

Before discussing the results of the analysis of the data collected on tourism businesses in Vietnam, I first turn in the next chapter to provide an historical and contextual account of regulatory processes in Vietnam, utilising information collected from secondary sources in the UK and Vietnam as well as from primary sources: interviews and informants in Vietnam.

CHAPTER FIVE

AN HISTORICAL ACCOUNT OF REGULATORY PROCESSES IN THE VIETNAMESE ECONOMY

Before starting to investigate the regulatory environment in which nascent capitalist economic activities such as tourism are currently situated, it is first imperative to provide an historical and contextual account of regulatory processes in Vietnam, as a way of informing our understanding of contemporary economic, political and socio-cultural processes.

In this chapter, I analyse a number of the key analytical tools identified within regulation theory and outlined in Chapter 2, which were then developed in the context of transitional economies in Chapter 3.

The main part of this chapter focuses on the **path dependency** of **regulatory processes** and examines the extent to which socio-economic and political relations have evolved as the Vietnamese political economy has shifted between the four ‘isms’ of feudalism, colonialism, socialism and presently capitalism. In particular, invoking the concept of the **mode of societalisation**, I analyse how relations between the **central state** and the **local state** have evolved historically.

I then turn to examine how this is currently being translated in the transitional Vietnamese economy in terms of the regulatory power and control of the local state vis-à-vis the central state over local economic space, in particular in regulating nascent **private business activities**. Finally, in this part, I examine the regulatory role of local state officials historically up to the present in local spaces.

In the second part of the chapter, I examine the role that **social ties** have traditionally played in regulating socio-economic processes in Vietnam and how the form and function of social ties have adapted and evolved through particular historical and institutional contexts.

In the final part of this chapter, I augment the discussion on path dependency by considering the role of **local context** in examining how distinct social, cultural and historical legacies in Ho Chi Minh City and Hanoi, have informed contemporary attitudes in the transitional economy with regard to the regulation of internationally-oriented capitalist economic activities, such as tourism, in these distinct local spaces.

5.1 PATH DEPENDENCY

5.1.1 Overview

Analysing the political history of Vietnam provides **two key** and enduring **institutional norms** around which socio-economic and political relations have been reconfigured in a **path dependent** manner throughout much of Vietnamese history.¹

With the reconfiguring of socio-economic and political relations in the transitional Vietnamese economy, these norms continue to influence regulatory arrangements governing the introduction and development of capitalist economic activities, such as tourism.

¹ As recognised in the section on regulation theory in Chapter 2, there are however exceptions to this, where socio-economic and political relations have been transformed rather than evolved. These include the colonisation of the southern economy by the French and the introduction of the central planning system after 1954 in the north of Vietnam.

The first norm concerns **the authoritarian tradition in Vietnamese political history**. Throughout history, the central state (chính quyền trung ương) has attempted to regulate national economic space by centralising power and decision-making within the central state apparatus and then disseminating edicts down hierarchical political institutional structures to the local state (Porter, 1993:xiv).

Nevertheless, by contrast, the second norm relates to how **throughout history**, the central state, in order to achieve **political imperatives** in maintaining the hegemony of the state throughout the whole of Vietnam, has been forced to **cede a significant degree of regulatory control down to its agent in local space, the local state** (chính quyền địa phương) (Kolko, 1997:4, 152). Consequently, **historically**, with the **societalisation** of central state regulatory practices, the local state has been afforded significant power and autonomy and, as a result, has emerged as the key institution regulating local economic space. This therefore challenges the position taken within both neo-liberal discourse and the literature on transitional economies, where shifts in the regulatory control of the central state vis-à-vis the local state are only discussed with reference to contemporary processes of capitalist accumulation occurring in the global economy including the adoption of neo-liberal processes in transitional economies.

In particular, a focal point in this research is how officials (quan chức nhà nước) in local state institutions (cơ quan nhà nước ở địa phương), although charged with implementing central state edicts in local spaces, have also been conferred significant discretionary powers in carrying out this task. As a result of their control over economic and administrative levers, **local state officials** have emerged as pivotal actors in the regulation of local economic space.

In Section 5.2, I describe how the regulatory role of local state officials has been reconfigured in the transitional Vietnamese economy. In particular, with the sanctioning of private economic activities, local state officials have emerged as key conduits through which entrepreneurs (*thuong gia*) must negotiate in order to enter lucrative new sectors of the capitalist economy, such as tourism.

In summary, throughout much of Vietnamese history resistance on the part of state actors and institutions to the relinquishing of control over political and administrative levers constitutes one important explanation why regulatory processes have evolved in a path dependent manner. At any one historical juncture, conflict and struggle has resulted in a reworking of social, political and economic relations rather than the dismantling of these relations. How this translates in the transitional Vietnamese economy is analysed first in Chapter 6 with regard to the central state VNAT, and thereafter in Chapter 7 with regard to actors and institutions within the local state.

5.1.2 The Authoritarian Tradition in Vietnamese Political History

Even before Vietnam was colonised by the Chinese at the beginning of the first millennium, traditional Vietnamese village life was already organised according to strict authoritarian and hierarchical socio-political structures (Porter, 1993:2). The subsequent imposition of the doctrine of Confucianism by the Chinese in the regulation of all social and political relations in Vietnamese society, including in the administration of the state, therefore perpetuated existing rather than introduced new hierarchical socio-political institutional structures (Nguyen, 1993: 21, 22, 52, 123).

The strict and authoritarian socio-political hierarchy in Confucianism centred around the absolute authority of and loyalty to the monarch (Nguyen, 1993: 21, 22, 52, 123). It was therefore not surprising that the Confucian doctrine was readily adopted by the first Vietnamese monarch – Ly Thai To - after Vietnam had regained its independence at the beginning of the 11th century, and was reaffirmed thereafter by successive Vietnamese dynasties until the abolition of the monarchy in 1945 (Nguyen, 1993:239). Confucianism served the monarchy as a useful ideological tool in centralising and consolidating its power and authority in society through the tight control and ordering of social relations (Leifer & Phipps, 1991:18; Nguyen, 1993:52).

Similarly, after 1954, with the introduction of the central planning system (chế độ bao cấp) in the north of Vietnam, the institutional forms and structures through which the system was regulated closely evoked legacies of the former monarchical system (Porter, 1993:17; Phong & Beresford, 1998:33). All decisions relating to the issuing of orders and plans and the allocation of resources were concentrated at the centre and transmitted down an administrative hierarchy to the local state.

5.1.3 The Societalisation of Central State Regulatory Practices: Ceding of Regulatory Control to the Local State

The authoritarian pretensions of the central state have however historically come up against the Vietnamese tradition of isolated, self-sufficient and autonomous communities with socio-economic and political norms and structures more locally-integrated (Porter, 1993:2). In regulating political and economic space, local customs and communal law (luật tục, tục lệ) have been privileged over rules and edicts emanating from the central state, which have traditionally been contested and mediated (Nguyen, 1993:21). This evokes the often quoted Vietnamese adage that:

The rule of the king yields to the law of the village

(phép vua thua lệ làng)

While contestation between the central state and local spaces was prevalent in the original heartland of the Vietnamese state - present day northern Vietnam - these tensions were exacerbated as the territory of the Vietnamese state was extended into present day central Vietnam at the end of the 15th century and into the present day south of Vietnam more than 1700 kilometres from the central state at the end of the 17th century (Nguyen, 1993: 88,119; Porter, 1993:1; Le, 1997:43, 44; Templer, 1998:35). As a consequence, throughout history the considerable physical space of the Vietnamese territory, combined with the diverse socio-cultural, economic and political traditions of the central and southern regions, have limited the capacity of the central state to enforce its authority across the whole of its territory (Porter, 1993:1; Kolko, 1997:152).

As a way of achieving its paramount goal of maintaining the hegemony of the state over national space, the **central state** has been forced to compromise on its authoritarian pretensions and has ceded a significant degree of control to the **local state** in the regulation of **local economic space** as a way of retaining the local state's political support for the central state.² The significant power and autonomy afforded the local state has established it as the key regulatory institution in local economic space and with considerable discretionary powers in interpreting, mediating and implementing central state directives in accordance with local

² By local state, I am referring in particular to provincial and municipal people's committees. I do however acknowledge the regulatory power and autonomy possessed by the local state at lower administrative levels. Figure 5.1 illustrates the state administrative structure in Vietnam.

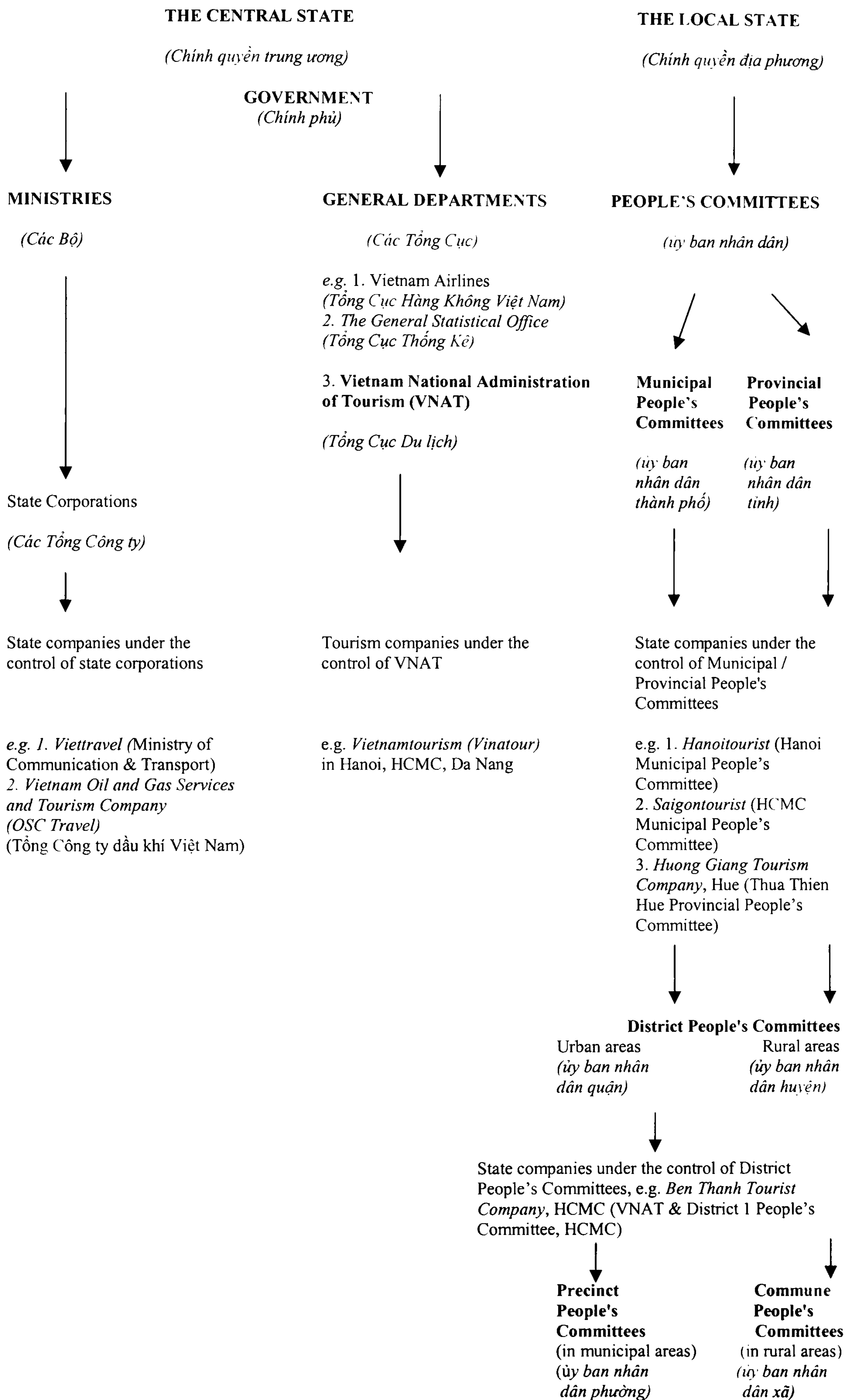
specificities and priorities. The way in which the central state has throughout Vietnamese history attempted to maintain regulatory control over national economic space as depicted in this discussion clearly establishes the important role played by the **mode of societalisation** in these processes.

5.1.3.1 *The Central Planning System (Chế độ bao cấp)*

The ceding of regulatory power to the local state was perpetuated after Vietnam had regained its independence in 1945. Once again reflecting political imperatives, on this occasion in seeking to facilitate political cohesion across national space following the coming to power of the Ho Chi Minh Government, the central state enacted administrative reform by promulgating Decree 63, which set up ‘People’s Committees’ (ủy ban nhân dân) at all administrative levels from the province (tỉnh) and municipality (thành phố) to the commune (xã) (Nguyen, 1993:245). This administrative structure, which has continued up to the present, is illustrated in Figure 5.1. In this structure, the local state at each administrative level was afforded a significant degree of autonomy in regulating local economic space (Phong & Beresford, 1998:21, 23).

The introduction of the central planning system from 1954 in the north of Vietnam similarly demonstrated the path dependent nature of regulatory processes with the mechanics of the system perpetuating the two institutional norms cited at the beginning of this chapter, namely the co-existence of both authoritarian yet decentralised regulatory processes. While, in the central planning system, decision-making with regard to the issuing of orders and plans and the allocation of resources was concentrated at the centre, implementation of central state directives was largely

Figure 5.1. Administrative structure of the Vietnamese State



in the hands of the local state, as state enterprises were in the main under the control of provincial and municipal people's committees (ủy ban nhân dân thành phố / tỉnh) (Porter, 1993:17; Kolko, 1997:47; Riedel & Turley, 1999:16; Vasavakul, 1999:169).

The central planning system, in particular, led to an enhanced regulatory role for provincial and municipal people's committees. In part, this came about as an important by-product of the central planning system had been to create provincial industrial economic structures, self-sufficient in the production of basic products and consumer goods by using raw materials indigenous to each region (Nguyen, 1993: 313). As a result, provincial and municipal people's committees were assigned significant functional powers in regulating local economic spaces as they acted as important conduits between the centre and lower levels in disseminating orders, plans and resources (Kolko, 1997:47; Riedel & Turley, 1999:16; Vasavakul, 1999:169). The regulatory and mediatory role of provincial and municipal people's committees in local space was further consolidated through the regulatory powers afforded to them in being conferred authority, not only in interpreting central state directives, but also in enacting their own decrees (Phong & Beresford, 1998:19, 53, 59).³

The regulatory power and autonomy of provincial and municipal people's committees were consolidated further with the onset of war with the United States. Once again in order to achieve its political imperatives, this time in mobilising local support for the war effort combined with the physical and infrastructural limitations for communicating orders from the centre, the central state assigned provincial and municipal people's committees enhanced decision-making powers in the regulation

³ The 1960 constitution afforded provincial and municipal people's committees equal status with central ministries (Riedel & Turley, 1999:13).

of economic production as well as with regard to military matters in local spaces (Beresford & McFarlane, 1995:54-55; Kolko, 1997:5, 47; Le, 1997:283; Phong & Beresford, 1998:19).

5.1.3.2 *After 1975*

As a way of achieving political imperatives, the central state continued to cede regulatory powers over local economic space to the local state after the end of the war in 1975 until the end of the 1970s.

Initially, for a brief period after 1975, the central state attempted to claw back some of the regulatory powers it had ceded to the local state during the war by revitalising the central planning system. However, a series of pernicious domestic and international factors conspired in leading to irreversible crisis in the central planning system as the central state was no longer able to provide sufficient resources into the system. These included repeated typhoons which led to large declines in rice production, the adverse effects of domestic policies, falling aid levels, conflict with China and Cambodia as well as the political and economic isolation of Vietnam from much of the world (White, Murray & White, 1983: 243; Nguyen, 1993: 395; Fforde & de Vylder, 1996: 12).

With the central state largely comprising political ideologues rather than rational economic decision-makers, it was unable to devise policy initiatives out of the economic impasse (Fforde & de Vylder, 1996: 12; Vasavakul, 1999:168). Instead, crisis in the central planning system led to a growth in spontaneous, anti-regulatory 'fence breaking' (phá rào) activities within local spaces. Local economic actors attempted to solve resource deficiencies, by in particular, engaging in market

activities by diverting state supplied goods and resources from the plan onto the free market, allowing farm produce to be purchased at prices above official prices, increasing production outside the plan and by establishing illegal check-points taxing inter-provincial trade (Fforde & de Vylder, 1996: 12; Phong & Beresford, 1998:60).

As a way of re-imposing a degree of regulatory control in economic space, but in particular in order to stem the erosion of political legitimacy, which had ensued from the economic crisis, the central state was forced to cede further power and autonomy to the local state in the regulation of local economic spaces. In the context of a relative vacuum of lucid policy initiatives emanating from the central state, the local state was increasingly relied upon as the key site in devising solutions out of the economic impasse, which in turn would help to safeguard the hegemony of the Party-State. In this context, the central state tolerated experimentation by the local state with market initiatives as a way of temporarily solving local resource deficiencies (Fforde & de Vylder, 1996: 12; Phong & Beresford, 1998:70, 79; Vasavakul, 1999:168).

At the same time, the local state, as well as being conferred greater regulatory control over local economic space through its capacity to issue local economic policy directives, was also afforded considerable space in negotiating the vague directives emanating from the central state. Throughout this period, the local state further undermined the regulatory authority of the central state by foot-dragging, liberally interpreting or simply ignoring implementation of central state directives (Fforde & de Vylder, 1996: 12; Phong & Beresford, 1998:60, 70, 79). The heightened regulatory power and autonomy afforded to the local state during this

period combined with the diminution of control by the central state in local space culminated in what Beresford and McFarlane describe as “*the creation of self-sufficient fiefdoms and the establishment of 400 little SRVs*” (Beresford & McFarlane, 1995:52, 69).⁴

The ceding of regulatory power to the local state in the regulation of local economic spaces from the end of the 1970s was seen by the central state as a necessary but temporary solution to the economic crisis. At the beginning of the 1980s, the central state, still dominated by socialist ideologues, firmly believed that at a suitable time in the future it would be able to re-assert its regulatory control over economic space by eradicating market activity and resurrecting the central planning system (Porter, 1993:140, 141). However, instead, during the first half of the 1980s, continued policy paralysis within the central state further undermined the central state’s regulatory control of economic space, while consolidating that of the local state (Phong & Beresford, 1998:86). The period also witnessed a significant expansion in capitalist economic activity.

However, by 1985 the piecemeal regulatory concessions made by the central state to the local state were failing to stem a rapidly deteriorating economic situation. Pressure for more fundamental reform from the local state intensified (Porter, 1993:142). In the absence of any feasible alternatives, the central state was therefore forced to accede to these demands and initiate a programme of major structural economic reform (Kolko, 1997:26). As with previous concessions, the central state’s principal priorities were political with the fact that its failure to stimulate the

⁴ SRV stands for the Socialist Republic of Vietnam.

economy was seriously eroding its political legitimacy and hegemony and if not remedied could ultimately lead to the collapse of the Party.

5.1.3.3 Since 1986

Since the *Đổi Mới* (Renovation) programme was initiated in 1986, the regulatory role of the central state vis-à-vis the local state over local economic space has continued to diminish. In order to achieve its overriding political objective of maintaining the hegemony of the state, the central state has ceded further regulatory power and control to, in particular, provincial and municipal people's committees (Nguyen, 1993: 383; Jerneck, 1993:5; Jerneck & Nguyen Thanh Ha, 1995:160; Gates, 1996: 215; Kolko, 1997:26, 48, 152; Phong & Beresford, 1998:85, 104). Consequently, very much concurring with the views of authors writing on transitional economies discussed in Chapter 3, the local state in Vietnam has similarly emerged as the key institution regulating nascent processes of capitalist economic activity in local space in the transitional Vietnamese economy. Again in a similar way to that outlined by Nan Lin in the context of the transitional Chinese economy and discussed in Section 3.3.4 in Chapter 3, for local states in the transitional Vietnamese economy, their control over political, economic and administrative levers has been irresistible in strengthening the local state's regulatory role in local economic space. Municipal and Provincial People's Committees, acting as both economic actors and economic regulators in local space, have consequently used their regulatory powers in creating a favourable playing field for the development of businesses under their control vis-à-vis other businesses in the local economy: both other state businesses belonging to state institutions other than the municipal or provincial people's committee as well as new private businesses (Dollar, 1996:181; Riedel & Turley, 1999:34; Gainsborough, 2002: 354).

In particular, with Vietnam's reintegration into the international capitalist economy, the local state has sought to take advantage of its pivotal position as both actor and regulator to extend its business interests into lucrative, new internationally-oriented economic activities, such as tourism (Riedel & Turley, 1999:33).

5.1.3.3.1 *The Local State as an Actor*

In developing its business interests in the transitional economy, the local state, has enjoyed preferential access to local resources, including land and infrastructure, loan capital through the local state banking sector and foreign investment capital through its privileged position in forming joint-ventures with foreign companies (Kolko, 1997:58; Levine, 1998:1; Templer, 1998:144; Scholtes, 1998:194; Riedel & Turley, 1999:32). These factors have contributed to the rapid growth in local state enterprises in the transitional economy. By 1995, more than 70% of all state enterprises were under the control of local state institutions (Riedel & Turley, 1999:33). Similarly in the development of tourism in the transitional economy, municipal and provincial people's committees have come to dominate local tourism spaces, in terms of the number and scale of hotels and tour operators under their control (*Vietnam Business Report*, Vol.2, No.11, August 1995:12).

After 1986 in the construction and upgrading of tourism infrastructure, the biggest obstacle faced by potential investors was capital. For local state institutions, as mentioned above, this was readily accessible through local branches of state banks. By contrast, for private businesses this was in the main not available (*Tap chi Du lich*, October 1995:10).

This bias in lending to state institutions has continued to the present with a recent report by the Ministry of Planning and Investment asserting that Vietnam's financial sector continues to be characterised by the intertwining of state-owned commercial banks with state-owned enterprises, with the former providing the latter with cheap loans at preferential rates with analysis regarding the risk or viability of the loan largely absent. The bias towards the state sector has at the same time crowded out lending to private businesses, which has remained minimal (EIU Country Report, July 2000: 23). This mirrors the situation in the financial system in the transitional Chinese economy, where as discussed in Section 3.4.4.2 in Chapter 3, entrepreneurs are in response invoking family and friendship ties as an essential means of obtaining capital to start a business. To what extent similar processes are occurring in the establishment of private tourism businesses in the transitional Vietnamese economy is discussed in Chapter 7.

At the same time, for non-state businesses, access to loan capital through the state banking system continues to be difficult, in part due to the regulatory hurdles constructed by the state with "strict requirements on collateral (*ký quỹ*) which are almost impossible for non-state firms to meet" (Duong Phong, 2001:1).

The comments made above regarding privileges accruing to the local state in the setting up of tourism businesses in the transitional Vietnamese economy were similarly affirmed by an informant and managers of a number of state tourism businesses interviewed at each of the three locations at which interviews were carried out: Hanoi, Hue and Ho Chi Minh City. Their comments are summarised below.⁵

⁵ In the case of the tourism businesses quoted, pseudonyms are used in order to protect the anonymity of these companies.

State firms have easy access to loans sponsored by the state institutions managing them. Often no collateral is needed to secure loans as these are guaranteed by the relevant state institution. On the other hand, private firms often have to put forward collateral of between one and a half to two times the loan amount required. This makes it extremely difficult for them to borrow (KI1, 18.03.02).

With regard to borrowing money, state businesses need only draw up a business development plan outlining the reasons they want to borrow money. The bank will examine the plan and if they find it feasible, they will approve the loan application. For private businesses, the process is much more onerous. Private businesses are required to offer collateral with a value more than the value of the loan they are applying for (Thanh Tuu Hotel, HCMC, a state hotel, under the control of the HCMC Municipal People's Committee).

In 1994, we were lent 3.6 billion đồng (USD\$325,000) to extend and renovate the guest house; including the building of 37 new bedrooms and an international standard restaurant. There are small privileges given to state businesses under the control of the provincial state ...preferential loans, land etc...our hotel in particular has been supported by the provincial state in Hue in borrowing money to develop the business (Hong Ngoc Hotel, Hue, a state hotel, belonging to the Thua Thien Hue Provincial People's Committee).

Hanoi municipal state institutions have created very good conditions to develop the hotel's business operations. In particular, in recent years, the authorities have supported us in borrowing money on favourable terms to upgrade the hotel ... to meet the ever-increasing demands for a higher standard of tourism in Vietnam from foreign tourists (Hoang Tu Hotel, Hanoi, a state hotel, under the control of the VNAT).

State businesses receive the additional assistance of the state authority institutions. For example, the Hue Provincial People's Committee (PPC) and the Bureau of Planning and Investment will examine the applications of state businesses wanting to enter the tourism sector quickly and help the business enter the sector and start operations as quickly as possible...

... moreover, the Hue PPC and the Bureau of Planning and Investment assist state businesses in providing incentives for state businesses to borrow investment capital to improve the operations of the business. The Hue PPC also creates favourable business conditions for state companies in helping to develop relations and networks with companies in other fields in and outside the province.

... the Bureau of Tourism supports state tourism businesses in finding a suitable location for the business and in introducing contacts to provide sources of guests for state businesses in the initial stages of operations (A Dong Tourism Company, a state tour operator, under the control of the Thua Thien Hue Provincial People's Committee).

In Hue, the dominance of the local state, the Thua Thien Hue Provincial People's Committee, in the local tourism market can be illustrated by the fact that in 2000, 66% of the total revenue earned from tourism in the local market accrued to tourism businesses under the control of the local state, compared to only 2% earned by central state businesses and 15% by private businesses.⁶ The proportion of revenue earned by the local state in the local tourism market has in fact been increasing steadily in recent years, from 59% in 1996 to 65% in 1999 before reaching 66% in 2000 (Cục Thống Kê Tỉnh Thừa Thiên Huế (Thua Thien Hue Provincial Statistical Office), Niên Giám Thống Kê Tỉnh Thừa Thiên Huế (Statistical Yearbook for Thua Thien Hue Province) 2000, Hue: Cục Thống Kê Tỉnh Thừa Thiên Huế: 272).

Similarly, in Ho Chi Minh City, the dominance of the local state in the local tourism market in the transitional economy can be illustrated with reference to Saigontourist, a state tour operator under the control of Ho Chi Minh City (HCMC) Municipal People's Committee, which has developed into the largest tourism company in Vietnam (Cooper, 2000: 173; <http://www.saigonnet.vn/dulich>, 28 December 2001 viewed 31 January 2002). Founded in 1975, Saigontourist was the first tourism company established in the south of Vietnam after reunification (*Tap Chi Du lich* July 1998: 5, 15). As the flagship tourism business under the control of the local state, Saigontourist rapidly gained control over a significant proportion of prime land holdings and tourism property in Ho Chi Minh City (Moore, 1997: 28).

⁶ Of the remainder, around 8% of total revenue was earned by foreign-invested businesses and 9% by mixed businesses.

Initially, this was through acquiring the stock of hotels of capitalist owners created during the French and US colonial periods, including some of the city's most historic hotels, such as the Majestic, opened in 1925, the Caravelle, built in 1959 as well as the Continental and Rex hotels (Sheehan, 1992:100; Moore, 1997: 28, 30; *Tap chi Du lich*, April 1999:9; *VIR*, 25-31 October 1999:20; *Tap chi Du lich*, August 2000:27). In addition, from 1977 with the launch by the Hanoi regime of the campaign to eliminate all capitalist activity through the appropriation of private property and enterprises, many hotels belonging primarily to the ethnic Chinese were also placed under the control of Saigontourist (Sheehan, 1992:78; Storey, 1995:23; Kolko, 1997:24; Templer, 1998:306).

From the late 1980s, recognising the potential of tourism in the transitional economy, the HCMC Municipal People's Committee afforded Saigontourist privileged access to capital to invest in developing its tourism services, including in the construction and upgrading of its hotels. As a result, it was able to meet the initial demands of the lucrative foreign visitor market, achieve rapid returns on its capital and reinvest profits into expanding its tourism interests further (*Tap chi Du lich*, April 1995:20).

At the same time, Saigontourist used its unrivalled political as well as economic leverage in the Ho Chi Minh City tourism industry when negotiating with potential foreign joint-venture partners. For example, the first foreign-invested, joint-venture project, the Saigon Floating Hotel, opened in 1990, was a joint-venture between Saigontourist and companies from Australia and Japan (Cooper, 2000: 173). It was the first international-standard hotel to operate in the nascent tourism industry in

Vietnam (EIU Country report, No.2, 1990:19; Gonsalves, 1995b: 224; Gilbert, Nguyen & Vu, 1998:4).

Consequently, in the transitional economy, Saigontourist has developed into one of the largest and most powerful state businesses in Ho Chi Minh City (*Tap chi Du lich*, April 1995:20). Its dominance in the local Ho Chi Minh City tourism market can be gauged by the fact that before 1997 it controlled over half of all international-standard hotel rooms in the city (Moore, 1997: 29).

5.1.3.3.2 *The Local State as a Regulator*

The very political nature of the Politburo makes rational economic decision making problematic (Kolko, 1997:27).

As I have emphasised throughout this chapter, the local state in Vietnam has historically been vested with the authority and capacity to interpret and mediate central state directives and policies in regulating local space. Throughout Vietnamese history during the monarch system, the socialist system and during wartime, this has served political imperatives in maintaining the hegemony of the state over national space. Similarly, in the transitional Vietnamese economy, the capacity of the local state to interpret and mediate directives and policies emanating from the central state, in a similar way to that depicted by Smart in Section 3.3.4 in the context of the transitional Chinese economy, has been premised on prevailing political realities and the attainment of political objectives as I discuss below.

5.1.3.3.3 *Vague Wording of Central State Resolutions*

During the *Đổi Mới* era, an increasing number of overlapping (*chồng chéo*) and shifting political alliances and factions, linking central and provincial constituencies within the Party-state, have emerged (Kolko, 1997: 66, 68). These have arisen largely out of competition over business interests in the nascent capitalist economy and the maintenance and consolidation of control over resources and gate-keeping positions in lucrative areas of the transitional economy (Templer, 1998:90, 91; Riedel & Turley, 1999:35; Gainsborough, 2002:360; Dixon & Kilgour, 2002:608).

Within the central state, this has contributed to a crisis in national policy and decision-making as it has been extremely difficult for the central state to broker policy consensus among the competing and polarised interest groups, alliances and factions and their constituencies within the Party-state (Leifer & Phipps, 1991:10; Williams, 1992:24; Kolko, 1997:27, 43; Phong & Beresford, 1998:58; Templer, 1998:97; Riedel & Turley, 1999:6; Dixon, 2000:293; Dixon & Kilgour, 2002:611). As a result, in attempting to maintain a relative degree of political cohesion among these disparate groups, the central state has been compromised in its construction of a coherent regulatory framework to guide nascent capitalist economic processes in the transitional economy. Instead, the policies and directives issued by the central state have been watered down and become intentionally vague, opaque and ambiguous, generally expressing only broad intentions and occasionally containing contradictory statements. Once again this demonstrates the important role being played by the mode of societalisation in regulatory processes evolving through struggles between social, political and economic actors in the transitional Vietnamese economy.

Consequently, interpreting central state directives has been largely left to individual state institutions and officials, which has heightened levels of inconsistency in interpretation and arbitrary and haphazard implementation (Kolko, 1997:125; *VIR*, 17-23 July 2000:10; Dixon & Kilgour, 2002:610). At the level of the local state, through their control over bureaucratic levers, these processes have as a result acted to consolidate and expand the regulatory control of local state institutions and officials over nascent capitalist economic processes in the transitional Vietnamese economy.⁷

The lack of clarity by the central state in building a formal legislative framework to regulate private economic activities such as tourism is reflected in an article in the *Vietnam Investment Review*, entitled ‘Anyone Know Which Law To Follow?’ in which the writer Diệp Anh outlines how:

There is widespread confusion in the business community about the meaning of rules and regulations and what exactly is required under the law. At the same time, the legal system is neither transparent, consistent nor stable. Conflicting requirements are laid out under different decrees and regulations undergoing alteration. Even if a private business takes considerable care to follow the law and attempts to fulfil all requirements, it is not certain that it actually has (*VIR*, 19-25 June 2000:6).

⁷ This continues regulatory norms and practices in which the local state has traditionally been afforded considerable space to interpret central state policies and resolutions. While policy-making has traditionally been centralised, decision-making, however, has been extremely decentralised. Central State resolutions have traditionally been disseminated down bureaucratic and hierarchical lines with the highest levels receiving comprehensive details of the new resolutions, lower levels only a general outline and non-Party-state members receiving little or no information. Resolutions are disseminated in a range of meetings comprising central and lower level institutions: ministries, provincial leaders or branches or local levels etc. Therefore within each administrative level there is considerable scope for interpretation in accordance with local conditions and the priorities of particular administrative levels or institutions. After the discussions, a circular is issued by each institution, which guides implementation of a new directive by an institution’s officials. The circular also reflects an institution’s particular interpretation of the new central directive. This may be significantly different from the interpretation intended by the central state (Phong & Beresford, 1998:73-78; *VIR*, 17-23 July 2000:10).

The processes described in this section closely mirror those discussed in Section 3.4.1 on social capital in transitional economies. Consequently, to what extent they have similarly resulted in a heightened role for the invoking of social ties by entrepreneurs wanting to participate in nascent capitalist economic areas of the transitional Vietnamese economy with local state officials is a theme I will start to discuss in the context of Vietnam later in this chapter in Section 5.3. In Chapter 7, I address this issue by analysing the findings from interviews with private tourism business owners in Hanoi, Hue and Ho Chi Minh City.

5.1.3.3.4 Vague Wording of Tourism Directives

With regard to the regulation of tourism business activity in the transitional economy, the lack of clarity in the regulatory environment for tourism businesses has been further complicated and compounded by the fact that there is a wide variety of components in the tourism industry. Different aspects of the industry fall within the remit of different central state institutions, which as discussed in the previous section have been competing to maintain their control over regulatory processes. For example, the VNAT is responsible for the drafting of laws and directives relating directly to tourism activity, for example, criteria required for businesses to obtain an international tour operator licence permitting them to conduct tourism business in the international market. However, policy-making relating to general business aspects of a non-state tourism business is carried out by other central state institutions, such as the Ministry of Trade and the Ministry of Planning and Investment, as non-state tourism businesses are subject to general business laws, such as the Company Law, the Law on Private Enterprise and the Foreign Investment Law (Tong Cuc Du lich, 1997:70).

In the transitional Vietnamese economy the role played by the mode of societalisation, as the VNAT has attempted to societalise regulatory practices in developing a tourism industry oriented towards the international capitalist economy, closely mirrors that described in the previous section with reference to the regulation of general economic processes. As the following two examples illustrate, the VNAT has been compromised and constrained in enacting a clear and coherent regulatory framework to guide tourism activity. Instead, as a way of societalising the broad social, economic and political aims and imperatives inherent in its policies among state institutions and officials across national space, the wording in laws and directives emanating from the VNAT has remained intentionally vague and opaque. As in the general economy, this has consequently afforded state institutions and officials considerable discretionary power in interpreting and mediating VNAT directives and, as a result, key roles in the regulation of tourism activity in the transitional Vietnamese economy.

Decree (Nghị định) 02/CP enacted in January 1995 formalises the legal requirements which an entrepreneur has to satisfy in order to establish a private hotel or tour operator business. However, the list of requirements detailed under the Decree is vague and imprecise, simply comprising minimum standards relating to infrastructure, equipment, the quality of services, environmental health and safety conditions, a suitable location, as well as minimum standards of professional expertise and training for any potential business owner (*Tap chi Du lich*, October 1995:2; Tong Cuc Du lich, 1997:76). As I discuss in Section 5.2 and in Chapter 7, as a consequence of the vague wording of decrees such as Decree 02, entrepreneurs are reliant not only on the often arbitrary interpretation of opaque central state directives

by individual local state officials but also their “support” in negotiating the regulatory environment and establishing a tourism business.

Similarly, while the ‘Tourism Law’ (Pháp lệnh Du lịch), enacted at the beginning of 1999 was hailed as “*creating a clear legal framework for tourism activities*” (“*tạo hành lang pháp lý cho chúng ta tiến hành lập lại trật tự trong hoạt động du lịch*”) (Tran Van Dan, 1999:7), most of the articles in the 27 page document are vague, outlining general pronouncements and objectives with imprecise instructions regarding implementation or information on how objectives contained in the Law are to be realised.⁸ For example, under Article 31 of the Law, for the VNAT to issue an international tour operator licence, a tourism business is required to satisfy the following minimum criteria: personnel with good professional knowledge and health conditions appropriate with the tourist business line(s) and scope, a feasible tourist business plan, adequate material foundations and facilities suited to the tourist business line(s) and scope, a business location compatible to the tourist business line, tourist programs for foreign tourists, tourist guides compatible to the tourist programs provided for foreign tourists and collateral according to government stipulations. Once again these vague conditions provide relevant state institutions and officials with considerable space in interpreting, mediating and implementing particular aspects of the Article.

At the beginning of the next chapter I continue the discussion by examining how the roles of the central state - VNAT vis-à-vis the local state - municipal and provincial people’s committees in regulating tourism activity have been formally reconfigured in the transitional Vietnamese economy.

⁸ The Ordinance on Tourism - the Tourism Law (11/1999/PL-UBTVQH 10) was approved and promulgated under (02L/CTN) on 20 February 1999.

5.1.3.3.5 Struggle and Contestation between the Central and Local States in the Regulation of Private Business Activities

As I discussed in Chapter 2, within regulation theory there is the notion that in the restructuring of regulatory practices to sustain processes of capitalist economic activity, struggle and contestation takes place between social, economic and political actors and institutions involved in these processes. In Chapter 3, I discussed how authors such as Smith and Pickles recognise how in the regulation of nascent capitalist economic activities in the transitional economies of ECE, such struggles are taking place between key social and political actors and institutions from the former socialist era. Similarly, in the transitional Vietnamese economy, struggles and contestation are being evidenced in particular between the central and local states in reconfiguring regulatory power and control over nascent capitalist economic activities.

Since 1986, in order to facilitate the development of capitalist economic processes and integration into the international capitalist economy, the central state has been attempting to create a framework of formal regulatory norms and legislative forms (điều lệ) to guide and stabilise private capitalist economic activities, including tourism, in the transitional Vietnamese economy. The rights and status of private business were initially recognised with formal decrees enacted by the central state in 1988 (Porter, 1993:43, 45, 149; Gates, 1996: 215). At the beginning of the 1990s, with the enactment of the ‘Law on Private Enterprise’ and the ‘Company Law’, the central state formally established the legal equality of non-state businesses with all other forms of economic ownership (Nguyen Nhu Binh & Brennan, 2000:7).

Throughout the 1990s, as illustrated in the quote below from the owner of a private tour operator business in Hanoi, in enacting new legislation and amending existing legislation, the central state sought to create a clearer and more transparent formal regulatory framework in facilitating the establishment and running of private businesses.⁹ In particular, the central state has attempted to reduce excessive and cumbersome bureaucratic procedures administered, in particular, by local state officials, and encountered by entrepreneurs in the course of setting up and running a private business.

Changes in the economy, the opening up of systems of control and management by state institutions together with the ever increasing demands of the tourism industry for a more favourable environment in which to develop a tourism business have all led to many changes in the powers of local institutions and overall a diminution in the responsibilities of local authorities. This has been chiefly manifested in a less bureaucratic regulatory system in local institutions with a reduction in the quantity and scale of regulations and licences, and in the number of bridges needed to be crossed by businesses

Những sự chuyển biến [thay đổi] trong nền kinh tế, sự triển khai hệ thống kiểm soát và quản lý bởi các cơ quan nhà nước, cùng với các đòi hỏi [nhu cầu] không ngừng tăng lên của ngành du lịch về một môi trường ưu ái hơn cho ngành du lịch phát triển đã dẫn đến nhiều sự thay đổi về quyền hạn của các cơ quan nhà nước ở địa phương và trên hết là sự giảm bớt trách nhiệm của các cơ quan nhà nước ở địa phương. Vấn đề này cơ bản đã được thể hiện ở hệ thống quản lý hành chính [điều khiển] ít quan liêu hơn trong các cơ quan nhà nước ở địa phương với sự giảm bớt số lượng và phạm vi điều chỉnh và giấy phép, và sự giảm bớt số lượng các rào cản mà các doanh nghiệp phải vượt qua (Nam Sao Tourism Company, Hanoi, a small private tour operator).

Not surprisingly, where central state legislation has had the effect of emasculating the control of the local state over local economic space, such legislation has been contested by local state institutions and officials in a similar way to that described in

⁹ For example, the Law on the Promotion of Domestic Investment in 1994 aimed to create a more favourable and secure investment environment for Vietnamese individuals (Nguyen Nhu Binh & Brennan, 2000:7).

Section 3.4.1.¹⁰ In particular, central state resolutions have been mediated where they threaten to undermine the local state in the two roles ascribed to it throughout this section: firstly, as the dominant economic actor in local space by facilitating the establishment and running of non-state businesses and thus heightening competition for local state businesses and, secondly, where they attempt to undermine the regulatory power of local state institutions and officials through their control over bureaucratic levers.¹¹

In line with comments made at the beginning of Section 5.1.3.3, the local state's contestation of central state legislation has been all the more intense as it has sought to consolidate its control over the enlarged and expanding economic space of the transitional capitalist economy, in particular, in lucrative, internationally-oriented economic activities, such as tourism.

Overall, during the transitional period, contestation and struggle between the central and local states regarding the respective regulatory role of each institution has been reflected not in a linear process of continual diminution in the role of one institution relative to the other, but rather incremental changes and 'successes' achieved by both the central and local states. While the central state has made gains in streamlining bureaucratic processes, the local state has been successful in largely resisting many of these measures emanating from the central state. Consequently, as I demonstrate in Chapter 7, for an entrepreneur, in establishing and running a private

¹⁰ Updating the traditional Vietnamese adage quoted at the beginning of this chapter "Vietnamese newspapers have reported cases in which 'the emperor's edicts stopped not only at the village gate but also at the provincial gate' (phép vua thua không chỉ lệ làng mà cả lệ tỉnh)" (Vasavakul, 1999:167).

¹¹ Even the Minister of Planning and Investment Tran Xuan Gia admits that although a formal legal framework exists in regulating the private sector, the main problem remaining is in the implementation of these laws by state officials. "I have to admit that some public servants are not respecting their responsibilities. They are not following the laws" he conceded (*VIR*, 26 June-2 July 2000:1).

tourism business, fulfilling and complying with official regulatory criteria contained within formal legislation enacted by the central state provides little guarantee that business objectives will be accomplished. Instead, an entrepreneur has to engage with and negotiate the informal regulatory environment constructed by local state institutions and officials.

5.1.3.3.6 *The Enterprise Law*

Epitomising the struggles and contestation occurring between the central and local state has been the unfolding of the Enterprise Law (Luật Doanh nghiệp). The Enterprise Law came into effect at the beginning of 2000 (Nhà Xuất Bản Lao Động, 2000:6). It constitutes the latest revision made by the central state to the formal legislative framework regulating the establishment of private businesses. The main aims of the Enterprise Law are firstly, to assist in the construction of a more coherent formal legislative business framework, and secondly to create a more favourable operating environment for entrepreneurs, by streamlining both formal and informal bureaucratic procedures in the setting up of private businesses (*VIR*, 12-18 June 2000:10). In particular, the Law aims to streamline formal bureaucratic procedures by reducing the number of licences that an entrepreneur is required to obtain in setting up a business (*Vietnam Economic Times*, October 1999:12). It also aims to restrict the space in which the unofficial and arbitrary decision-making powers of local state officials in approving or blocking licensing applications can be invoked (*VIR*, 4-10 April 2000:13).

Under the Enterprise Law, a steering committee, whose members come from a number of relevant ministries, was set up to review the licensing system and to recommend the abolition of any licences deemed incompatible with the spirit of the

Enterprise Law (*Vietnam Economic Times*, October 1999:12).¹² Based on the findings and recommendations of the Steering Committee, in February 2000, the central state enacted Decision (Quyết định) 19, which formally abolished (bãi bỏ) 84 licences and sub-licences, including three sub-licences directly pertaining to the tourism sector (*Thời báo Kinh tế Việt Nam*, 16 February 2000:12; *VIR*, 4-10 April 2000:13; EIU Country Report, July 2000: 14). However, since then, Decision 19 has been fiercely resisted by both central state ministries and, in particular, local state institutions (*VIR*, 31 January-13 February 2000:12; *VIR*, 4-10 April 2000:9; *VIR*, 26 June-2 July 2000:4). Implementation of the Decision by the local state has been poor with a large number of licences and sub-licences abolished under the Decision continuing to be effective (*VIR*, 12-18 June 2000:10; *VIR*, 18-24 June 2001:1).

Ministries and local state institutions claim that their foot-dragging with regard to the scrapping of licences is due to a lack of clear guidelines issued by the steering committee (*VIR*, 13-19 March 2000:2; *VIR*, 4-10 April 2000:9). However, it is obvious that the real reason for blocking the abolition of licences lies in reluctance on the part of state institutions and officials to relinquish control over administrative levers (*VIR*, 31 January-13 February 2000:12; *VIR*, 4-10 April 2000:9). One official at the Ministry of Trade, ironically complained that with the loss of sub-licences, he would “*have no businesses to manage*” (www.mekongresearch.com, 22-27 May, 2000 viewed 30/05/00). By this, as I discuss in Section 5.2, the official is implying that with the loss of each successive licence, one regulatory hurdle for entrepreneurs and one potential source of “gifts” required by an official from an entrepreneur for issuing the licence is being removed.

¹² The Enterprise Law steering committee recognised that 305 sub-licences needed to be submitted in order to set up a new business of any kind (*VIR*, 4-10 April 2000:13).

Central and local state institutions and officials have mediated the Enterprise Law in a variety of ways, as they seek to maintain control over bureaucratic levers in the regulation of private businesses. Ministries have been engaging in foot dragging in compiling lists of licences for review by the Enterprise Law steering committee (*VIR*, 6-12 November 2000:5). Central and local state institutions have been continuing to issue licences already abolished. Local state institutions are continuing to ask entrepreneurs for documents no longer required and are refusing to approve licences unless they receive these obsolete documents (*VIR*, 16-22 July 2001:13). Central and local state institutions have also been “*trying to reintroduce abolished licences through the back door*” (EIU Country Report, July 2000: 14) by replacing abolished licences with certificates (*VIR*, 16-22 July 2001:13; *VIR*, 18-24 February 2002). There are also fears that ministries will start to create new sub-licences to replace those abolished (*VIR*, 21-27 August 2000:7).

As discussed in the last section, in the case of the local state, in mediating the Enterprise Law in the ways described above, it is firstly aiming to insulate local state businesses from competition from private businesses by continuing to exert significant regulatory control over the process of establishing a private business and secondly, ensuring that state officials continue to profit from their control over bureaucratic levers in the regulatory environment.

In Chapter 7, based on the findings of my research, I analyse how the struggles and contestation between the central and local state discussed above have been reflected in the evolving regulatory environment in establishing a private tourism business. In particular, I examine to what extent local state institutions and officials have been successful in mediating the formal regulatory environment constructed by the

central state in the establishing of a private tourism business and thus how, in the transitional economy, the informal regulatory environment, constructed at the local scale by local state officials with entrepreneurs continues to play a pivotal role in the process of establishing a private hotel or tour operator business.

One additional way in which local state officials, such as tax officials and the police, have been seeking to compensate for the threat of a loss of regulatory control over bureaucratic levers in the setting up of a private business engendered by the Enterprise Law has been by increasing bureaucratic interference on businesses already operating by carrying out excessively frequent and thorough inspections (*VIR*, 6-12 November 2000:5; *VIR*, 8-14 January 2001:1). A survey, undertaken by the Enterprise Law Steering Committee, found that the number of inspections undertaken by local state officials on private businesses had increased to an average of five a year when only one inspection a year was officially stipulated (*VIR*, 27 November-3 December 2000:5).

Again in Chapter 7, based on the findings from interviews with private tourism business owners, I examine to what extent inspections of private tourism businesses by local state officials, such as tax officials and the police, are similarly performing an informal regulatory role in the running of a business. At the same time, I illustrate how, as a way of minimising interference and disruption in the running of their businesses, private tourism business owners are attempting to cultivate social ties with those local state officials responsible for carrying out inspections.

The case of the Enterprise Law provides one contemporary illustration of the traditional regulatory capacity of the local state in negotiating and mediating policies

and directives emanating from the central state, in line with the interest and priorities of local state actors. It is also interesting with regard to the regulation of capitalist economic activity, how the attitude of the local state vis-à-vis the central state regarding the opening of economic space has fluctuated over time. As was illustrated earlier in this chapter, up to 1986 the local state liberally mediated central state directives in regulating for much greater reform in local economic activity than the central state was at that time prepared to allow. However, currently, as exemplified by attitudes towards the Enterprise Law, this has been reversed. This is encapsulated in the comment made by Nguyen Minh Phu, a director of a Hanoi-based private business:

I was given a fishing rod, and sometimes even bait, but the lake where I could fish is not fully opened. The (central) government is making efforts to improve the business climate, but the pace has slowed right down because local people are trying to delay the process (VIR, 18-24 February 2002:4).

5.2 ACTORS: LOCAL STATE OFFICIALS

The discussion so far in this chapter has established how throughout history, as a way of societalising its regulatory practices and thus achieving its overriding imperative of maintaining the hegemony of the state, the central state has been forced to cede a significant degree of regulatory control down to the local state. Consequently, through this process, the local state has emerged as the key institution regulating local economic space and **local state officials** (quan chức nhà nước ở địa phương) key actors involved in regulating local economic space.

Thus addressing and supporting themes discussed in chapters 2 and 3, is the notion that throughout Vietnamese history, even as the politico-economy has shifted from

monarchy to socialism and presently from socialism to capitalism, local state officials have remained key actors regulating processes emerging out of successive systems. Historically, through their control over local resources and bureaucratic levers, local state officials have sought to regulate local economic space in large part by translating their political and administrative powers into economic power. They have firstly sought to exploit the privileges which control over local resources affords them in acquiring material assets and economic enrichment (Nguyen, 1993:74; Templer, 1998:143). Secondly, through their control over bureaucratic levers, they have constituted key conduits in regulating local economic space for non-state actors. Thirdly, although charged with implementing central state edicts in local spaces, local state officials have been conferred significant arbitrary and discretionary powers in interpreting and implementing central state directives in local economic space. At the same time, having gained control over economic and administrative levers, local state officials have traditionally fiercely resisted any attempts by, in particular the central state, to rein in their powers and undermine the economic privileges their positions have afforded them (Nguyen, 1993:74; Templer, 1998:143).

5.2.1 The Monarch System

During the monarchical system, the monarch governed through a complex mandarin bureaucracy. Mandarins (quan), who acted as the agents of the monarch in local spaces, were able to exploit their power and control over local spaces, in particular to appropriate land from the peasantry as well as afforded special privileges with regard to property and special clothing (Nguyen, 1993:71, 89, 97). They also derived significant financial privileges through their control over the administering and collection of taxes and land rent from the peasantry (Ibid: 69, 74). Furthermore,

in the regulation of foreign trade, with the state exercising monopoly control, mandarins, acting as the state's gatekeepers, were able to accrue significant economic privileges in negotiating with both foreign and Vietnamese merchants (Ibid:99).

The considerable physical space of the Vietnamese territory, which hindered the task of disseminating orders from the centre, enhanced the regulatory capacity of the mandarins in local spaces, while constraining the capacity of the monarchy to enforce its authority across the whole of its territory. Orders issued from the central state often did not reach the localities or were liberally interpreted. Taxes collected from localities often did not reach the monarch (Nguyen, 1993:88). Similarly, mandarins engaged in the arbitrary collection of tax in amounts far in excess of that legislated by the centre (Ibid: 98).

The inability of the monarchy to enforce its authority over mandarins in local spaces was most clearly illustrated in attempts by the monarchy to enact land reform in the face of the appropriation of land by local mandarins and other notables. In both central and northern Vietnam, the appropriation of land culminated in the severe impoverishment of the peasantry. In 1613, the Nguyen Lords, the rulers of central and southern Vietnam at the time, attempted to intervene by establishing a register, so as to limit the amount of communal land being appropriated and turned into private holdings. Landowners and notables, however, with the complicity of mandarins ignored the central state's directive. This was followed in 1669 by a total ban on the appropriation of communal land. However, central state intervention was again largely ignored in local spaces and increasing amounts of communal land continued to be appropriated (Nguyen, 1993:98).

Similarly, towards the middle of the eighteenth century (1740), the Trinh, the rulers in the north of Vietnam at the time, attempted to devise laws nationalising land to rent out to peasants. However, due to the strong resistance of the mandarin bureaucracy and landowners, the legislation was never enacted (Nguyen, 1993:89, 96).

5.2.2 The Central Planning System

The introduction of the central planning system from 1954 in the north of Vietnam also provided state officials with a pivotal role in the regulation of local economic space. Under the central planning system, control over all administrative levers and resources was assigned to state officials in the state administrative bureaucracy (Porter, 1993:137; Phong & Beresford, 1998:35; Vasavakul, 1999:170). Although under the central planning system, the central state regulated economic activity through its control over the issuing of orders and plans and through its allocation of resources to state enterprises, the majority of enterprises were in the hands of local state institutions (Kolko, 1997:47; Riedel & Turley, 1999:16; Vasavakul, 1999:169). As a consequence, through their control over administrative levers and by acting as a key conduit between the central state and local state enterprises, local state officials were afforded a significant role in regulating productive activity in local spaces (Porter, 1993:15, 137; Phong & Beresford, 1998:35; Vasavakul, 1999:168, 170).

One way this was achieved was through manipulating production statistics and results and through compiling inaccurate production reports. Local state officials were known to produce three different reports, one for higher levels, one for

members of co-operatives and another for cadres in co-operatives. Through discrepancies in the figures between the three reports, local officials were able to make substantial economic gains by falsifying records to both members of co-operatives and the central state (White, Murray & White, 1983: 258). Circumvention in the planning system by state officials as a result of their control over planning levers and resources contributed to disrupting the flow and allocation of resources and consequently undermined the capacity of the central state to regulate the central planning system effectively.

5.2.3 After 1975

The mediation of central state regulatory power by local state officials was similarly evidenced in the Saigon economy from 1975. After reunification, the central state in Hanoi sought to integrate the southern economy into the national economy by eliminating capitalist socio-economic relations and transforming the southern economy into a socialist socio-economy (Nguyen, 1993: 394).¹³ This was, however, fiercely contested by the local Vietnamese political elite in Saigon (Sheehan, 1992:77; Forbes, 1995:801; Templer, 1998:115). In large part, this was due to the significant economic benefits local Saigon state officials gained from regulatory arrangements in the Saigon economy, constituted by politico-economic ties between local Vietnamese state officials and local ethnic Chinese entrepreneurs.

Nevertheless, in 1977, the central state initiated a campaign and directed the local state in Ho Chi Minh City to eliminate all capitalist activity through the

¹³ This was initiated at the National Assembly (Quốc hội) in April 1976. It was also at this assembly that the name of Saigon was changed to Ho Chi Minh City (Nguyen, 1993: 457-8).

appropriation of private property and enterprises, predominantly from ethnic Chinese capitalists and to transfer it into state hands (Sheehan, 1992:78; Storey, 1995:23; Kolko, 1997:24; Templer, 1998:306). While this campaign resulted in the closure and appropriation of significant numbers of private enterprises and prompted the exodus of between one third and one half of the ethnic Chinese community in Ho Chi Minh City; commerce and trade continued to be regulated largely through existing, albeit temporarily clandestine, private, capitalist structures and networks (Thrift & Forbes, 1985:300, 301; Porter, 1993:33, 47; Nguyen Khac Vien, 1995: 49; Templer, 1998:305). The continuation of prevailing capitalist practices and the mediation of central state directives to transfer whole areas of the southern economy into state hands were accomplished by the local Ho Chi Minh City political elite. They continued to support regulatory arrangements under which the ethnic Chinese were allowed to maintain their control over commerce and trade in the local economy (Thrift & Forbes, 1985:300, 301). The significance of politico-economic ties cultivated between the ethnic Chinese and the local Vietnamese in regulating economic activity in the Ho Chi Minh City economy is discussed in more detail later in Section 5.3.3.

Similarly, with the crisis in the central planning system towards the end of the 1970s, the central state was forced to concede further regulatory control to the local state as a way of resolving the economic impasse. The regulatory role of local state officials, which under the central planning system had been constituted through their control over administrative levers, was now extended to economic levers, including resources (Porter, 1993:61-62; Phong & Beresford, 1998:66; Riedel & Turley, 1999:15; Vasavakul, 1999:188). Local state officials in economic management, production or trading positions, with access to state goods and resources were

therefore able to derive substantial economic benefits through appropriating or purchasing these goods and resources at subsidised prices and then diverting and selling them onto the emerging black market or by distributing to friends and relatives (Porter, 1993:61-62; Riedel & Turley, 1999:15; Vasavakul, 1999:188).

5.2.4 Since 1986

As discussed in Section 5.1.3.3, since the launch of the *Đổi Mới* reform programme, with the central state ceding power and control down to the local state in regulating nascent capitalist economic activities, the economic space over which the regulatory control of local state officials now extends has expanded significantly. In particular, with the emergence of capitalist economic actors, such as entrepreneurs in new economic activities, such as tourism, local state officials have sought to maximise the potentially lucrative gains their regulatory control over bureaucratic levers affords them in a similar way to that depicted by Lin in the context of the transitional Chinese economy, discussed in Section 3.3.4.

In the transitional Vietnamese economy, the key role traditionally played by local state officials in regulating economic activity in local space has been consolidated in their regulation of nascent capitalist economic activities. As identified within other transitional economies and discussed in Section 3.4.1, this is taking place as institutional and legislative forms are currently being restructured and reconfigured in the process of transition from a socialist to a capitalist oriented economy.

First, as discussed in the previous section, with the central state constrained in creating a coherent framework for regulating private business, the discretionary and arbitrary powers of local state officials in interpreting and implementing central state

directives has been increased. This has resulted in not only different interpretations by officials working in different institutions, but also officials working in the same institution (Williams, 1992:24; Kolko, 1997:153; Phong & Beresford, 1998:74; Templer, 1998:151; Vasavakul, 1999:167; Dixon & Kilgour, 2002:608, 610).

At the same time, while the central state is attempting to create a formal regulatory framework with a clear and transparent delineation of responsibilities between state institutions, administrative processes continue to be both bureaucratic and cumbersome, evoking legacies of the former central planning system. Moreover, administrative processes are still complicated by the overlapping jurisdictions of various state institutions; both between central institutions - ministries and between municipal and provincial authorities, where officials at different institutions act contrary to one another (*VIR*, 8-14 January 2001:1). As a result, the bureaucratic and arbitrary nature of interpreting regulations is manifested in inaccurate and incomplete decision-making. A decision made by one official is subject to overrule by another official in another institution or even from the same institution, as a result of different interpretations. Moreover, as the regulatory environment for private business is continually evolving as changes and amendments are made to regulations, this has in turn exacerbated uncertainty and unreliability for entrepreneurs (Gates, 1996: 213; Levine, 1998:1; Templer, 1998:136).

All these factors have compounded the difficulties for entrepreneurs attempting to enter and operate in the nascent private economy. Despite having been officially sanctioned by the central state since 1988, entrepreneurs have in reality encountered a hostile regulatory environment. In large part this has been due to the fact that local

state officials retain significant control over administrative levers, acting as conduits, entrepreneurs must negotiate before setting up and running a business.

In the course of setting up or operating a private business, the regulatory environment allows for a large number of gatekeepers: officials from local state institutions with significant arbitrary and discretionary powers over the bureaucratic process. Each individual official has considerable capacity to facilitate or hinder any stage of the setting up or operating process (Scholtes, 1998:194; Templer, 1998:135; Levine, 1998:1). Entrepreneurs are consequently reliant on local state officials to negotiate smoothly through the establishment and operating process.

In the mid-1990s, it was found that:

...setting up a small guesthouse in Ho Chi Minh City required the submission of forty different documents that were stamped with eighty-three official chops and signed by 107 bureaucrats from twenty-six different offices. At almost every step, officials would demand a 'fee'. Officials have almost unlimited discretion to block licenses...(Templer,1998:137).

Thus, perhaps unsurprisingly, it has been found that as a result of the difficulties faced by entrepreneurs in dealing with the bureaucratic system, the vast majority of private businesses which have emerged in new economic activities, such as tourism, since 1988 have grown out of connections with the Party-state (Kolko, 1997:124; Dixon & Kilgour, 2002:603, 612). Very much supporting the evidence of authors such as Grabher and Stark (1998) discussed in Section 3.2.1 is the fact that in the transitional Vietnamese economy most private businesses have been set up by relatives of state and party officials or by entrepreneurs cultivating ties with state and party officials (Kolko, 1997:122; Riedel & Turley, 1999:49).¹⁴

¹⁴ Until March 2002, it was officially illegal for Party members to engage in private business activity (Abrami, 2003: 96).

The themes discussed in this section are explored further in chapters 6 and 7 where I analyse the extent to which ties cultivated by entrepreneurs with state officials are facilitating the establishment of private tourism businesses in the transitional Vietnamese economy. In particular, I examine the extent to which social capital, with the cultivation of pre-existing social ties by entrepreneurs with local state officials, constitutes an important institutional mechanism regulating the establishment and running of a private tourism business. In the next section, I initiate this discussion by examining the role that social capital has historically played in regulating socio-economic processes in Vietnam.

5.3 SOCIAL CAPITAL

As in the transitional economies of ECE and China discussed in Chapter 3, in Vietnam there is a considerable body of evidence supporting the notion that social ties (*quan hệ xã hội*) have historically played an important role in regulating socio-economic processes in Vietnamese society and that throughout history the nature and function of social ties in regulating socio-economic processes have evolved through particular institutional contexts. In particular, throughout history, cultivating social ties with the state has constituted a key mechanism in negotiating the regulatory environment prevailing at any one time.

More specifically, due to their control over administrative levers and resources, **state officials** have traditionally played a pivotal role in regulating economic space. Through this control, state officials have throughout Vietnamese history sought to regulate economic space for the benefit of themselves, their families and their relatives (Nguyen, 1993:74, 88; Templer, 1998:143). For individuals and groups

without family or kinship ties to the state, social ties with state officials have been created and cultivated as a way of negotiating regulatory processes.

5.3.1 The Monarch System: The Mandarin Bureaucracy

In Chapter 3, I discussed how the fact that *guanxi* is rooted in the Confucian ethics of interpersonal kinship relations could help to inform our understanding of the role of social ties between the state and civil society in Vietnam where socio-economic and political institutional structures similarly originate in the doctrine of Confucianism. One illustration of the influence of Confucianism in structuring socio-economic and political relations between the state and civil society in Vietnam both historically and currently can be revealed from the old Vietnamese adage, conceived during the monarch system, but which is equally invoked in the contemporary, transitional economy that:

một người làm quan, cả họ được nhờ

(Once a man becomes a mandarin, his whole family can rely on him)

As the above expression implies, social capital created through shared affiliation as family members has historically played an important role in structuring socio-economic and political relations between the state and civil society. For example, in the monarch system, having attained their positions in the bureaucratic hierarchy, mandarins, the equivalent of local state officials during the monarch system, were able to utilise the significant privileges their positions afforded them: material rewards, including land and property, and financial rewards, through their collection of land rents and taxes, for the benefit of themselves and their entire families (Nguyen, 1993:74).

At the same time, providing an example of the exclusionary nature of social capital, discussed in Chapter 2, mandarins fiercely sought to preserve their positions in the bureaucratic hierarchy, not only in order to safeguard privileges accruing to them at that time, but also for the benefit of future generations of their families, by, for example, restricting access to mandarin competitions to the sons of mandarins and aristocratic families (Nguyen, 1993:36).

5.3.2 Vertical State - State Social Ties

While the focus of the discussion on social ties is on the creation and cultivation of vertical ties by private actors with state actors, as mentioned in Chapter 2, vertical ties between state actors have also played a regulatory role. The cultivation of state to state social ties with ties cultivated between actors with shared political affiliation as state officials emerged with the introduction of the central planning system. The abolition of the monarchy in 1945 and the introduction of the central planning system in the north of Vietnam from 1954 transformed the socio-economic hierarchy and consequently regulatory relations in economic space. Control over all regulatory levers - administrative levers and resources - was assigned to state officials in the state bureaucracy (Porter, 1993:137; Phong & Beresford, 1998:35; Vasavakul, 1999:170).

Under the central planning system, plans, orders and resources flowed down a cumbersome bureaucratic hierarchy from the centre to localities. At each stage in the planning system, a state official at a higher level in the hierarchy exerted total regulatory control over the flow of resources down to the next level in the hierarchy. To ensure that resources moved smoothly down the planning hierarchy towards their

destination, the state enterprise, lower level state officials cultivated ties with higher level officials by offering gifts (Porter, 1993:129, 137-8; Templer, 1998:144; Gainsborough, 2003: 73). The creation of vertical ties by lower level state officials with higher level officials in the planning system became known as the “umbrella” (ô dù) or connections system.¹⁵

The mechanics of the umbrella system were similarly evidenced in the operation of the tourism industry in the north of Vietnam at that time. With the development of foreign relations by the Democratic Republic of Vietnam (North Vietnam) with socialist countries, including China, Korea, East Germany and Poland throughout the 1950s, in 1960, the Vietnam Tourism Company (VTC) was established as the central state institution responsible for regulating the flow of foreign visitors, almost exclusively from these socialist countries, coming to Vietnam (Nguyen, 1993: 273).¹⁶

The VTC exerted total regulatory control over the allocation of foreign visitors to one or more of the handful of state tourism companies under its authority, operating at that time (Pham Trung Luong, 1995:114; Tran Van Dan, 1999:7; Cooper, 2000: 170). Therefore, as a way of receiving preferential consideration with regard to foreign visitors, these state tourism companies cultivated ties with officials at the VTC, as illustrated in the quote below by a manager at one of these companies:

For state companies such as ours before 1990 our operations including customers and capital were wholly dependent on the allocation of tourism work given to our company by the VTC. Under the old planning system when our company was still a unit of the

¹⁵ The term ‘umbrella’ system was used due to the ‘protection’ afforded from above by higher level officials down to lower level officials.

¹⁶ Officially until 1993, the Vietnam Tourism Company (VTC), although under different names, regulated all foreign visitors to Vietnam.

VTC, there were a number of officials at the VTC who caused difficulties in the running of the company and, in particular, problems in the allocation of foreign tourists to our company. If our company had "good relations" with the official at the VTC in charge of allotting tourists, he could provide us with information relating to forthcoming visitors. With this information we could ask the VTC to distribute this work to us. Thus, overall the VTC would distribute a larger amount of tourists to our company, bringing about a higher level of revenue for our company (Thuy Tien Tourism Company, Hanoi, a state tour operator).

The example above, as well as illustrating the mechanics of vertical state to state ties, also demonstrates how the central state VTC was able to retain regulatory control over flows of foreign visitors coming to Vietnam and the allocation of this business to tourism companies. In Chapter 6, I examine the extent to which in the transitional Vietnamese economy, these processes have been perpetuated in the VNAT retaining a significant degree of regulatory control over international tourism activity. Similarly, I examine to what extent this has correspondingly provoked the cultivation of ties by state tour operators with officials at the VNAT as a way of receiving preferential access to international tourism space.

5.3.3 Vertical Private - State Social Ties

The cultivation of vertical ties by entrepreneurs with local state officials as a mechanism regulating capitalist economic activities in local space, discussed in Chapter 3, was initially recognised when political and economic relations were reconfigured in the Saigon economy after 1954. Before that time, in the south of Vietnam, under the French colonial administration, the regulatory powers of the mandarin bureaucracy had remained largely intact. In extending its patronage to the colonial administration, the mandarin bureaucracy had served the administration by maintaining a repressive grip over the rural peasantry. In this way, mandarins had

consolidated their traditional privileges through appropriating land and collecting crippling levels of taxes from the peasantry (Nguyen, 1993:182).

However, after the withdrawal of the French colonial administration, the local Vietnamese assumed control over the political apparatus of the local Saigon state. The local ethnic Chinese (người Hoa), who, during the colonial period, had moved into and increasingly dominated commercial and trading activities in the Saigon economy, yet who had remained politically marginalised, started to cultivate ties with the new local Vietnamese political elite in order to maintain their economic hegemony in the local economy.

Social ties were however formed and constructed by ethnic Chinese entrepreneurs with local Vietnamese state officials rather than created out of shared affiliation and cultivated out of pre-existing ties as illustrated in Chapter 3. Nevertheless, since 1954, the ethnic Chinese entrepreneur - local Vietnamese state official nexus has perpetuated as the key institutional mechanism regulating economic space in Ho Chi Minh City (Templer, 1998:305). Moreover, the nature, stream and mutuality of benefits obtained by ethnic Chinese entrepreneurs and local Vietnamese state officials during this time and discussed below is closely identifiable with the notion of social ties portrayed in chapters 2 and 3.

Social ties were cultivated through the offering of fees by ethnic Chinese entrepreneurs to local Vietnamese state officials. In return, Chinese entrepreneurs benefited through the protection and support provided for their businesses by local state officials. This included bureaucratic support, preferential access to licences and the evasion of tax. Furthermore, local state officials occasionally acted as the

nominal ‘owners’ of businesses owned by the Hoa, particularly in sectors of the economy where the central state barred foreigners from operating, thus providing an example where local state officials mediated and transgressed central state directives (Barton, 1983: 48; Kolko, 1997:45; Templer, 1998:303).

As I discussed in Section 5.2.3, the embedded nature of politico-economic ties between ethnic Chinese entrepreneurs and local Vietnamese state officials was instrumental in mediating attempts by the central state to eliminate capitalist economic structures and introduce socialist institutional structures into the southern socio-economy after 1975. Local state officials in Ho Chi Minh City underpinned regulatory arrangements under which the Hoa were allowed to maintain their control over commerce and trade in the local economy. In a number of cases, ties between ethnic Chinese entrepreneurs and local state officials allowed a proportion of the productive activities of the Hoa to be nominally transferred into state hands, while ownership remained in Chinese hands (Thrift & Forbes, 1985:300, 301).

After 1979, with the crisis in the central planning system, traditional regulatory processes in the Ho Chi Minh City economy resumed unadulterated by the socialist pretensions of the central state (Porter, 1993: 34, 61; Kolko, 1997:25, 26). Significant numbers of enterprises were handed back to their former Chinese owners (Thrift & Forbes, 1985:301; Kolko, 1997:52). Local state officials continued to provide political protection to Chinese entrepreneurs and support for businesses, for example, in allowing businesses to conceal revenue earned in order to evade tax (Porter, 1993:132). At the same time, with the unravelling of the planning system, local state officials in Ho Chi Minh City, whose positions in the planning system afforded them access to state goods and resources, expanded market activities by

appropriating these goods and resources and diverting them to ethnic Chinese entrepreneurs and businesses to dispose of on the burgeoning black market (Porter, 1993:61). This appropriation of state goods and resources for selling in the market was replicated in other major urban centres throughout Vietnam and the first half of the 1980s witnessed the growth in ties between state and private actors to a point where they played an increasingly significant regulatory role in economic space (Porter, 1993:61).

In the transitional Vietnamese economy, politico-economic ties between ethnic Chinese entrepreneurs and local Vietnamese state officials have continued to constitute the key nexus regulating economic activity in the Ho Chi Minh City economy. However, as I discuss in the following section, the scale of economic activity conducted through this nexus has expanded significantly as international capitalist economic activity has officially been sanctioned in the national economy.

Similar politico-economic regulatory arrangements between entrepreneurs and local state officials have also emerged in other commercial centres in Vietnam as nascent capitalist economic activities have developed. As discussed in the context of transitional economies in general in Chapter 3, for entrepreneurs throughout Vietnam, cultivating social ties with state officials has in part helped to counter uncertainty in a rapidly changing regulatory environment in the transitional economy. As depicted in Chapter 3 and in the social ties cultivated by ethnic Chinese entrepreneurs with local Vietnamese state officials in Ho Chi Minh City, ties cultivated by entrepreneurs throughout Vietnam with local state officials have afforded both parties economic benefits. For an entrepreneur, benefits obtained again mirror those identified by David Wank (1996) and discussed in Chapter 3, including in the running of a business, bureaucratic support and non-interference in

the operations of a business. Again as identified by Wank (1996) and similarly illustrated in the ties cultivated by ethnic Chinese entrepreneurs with local Vietnamese state officials in Ho Chi Minh City, ties cultivated by entrepreneurs throughout Vietnam with local state officials have also served to engender complicity between entrepreneurs and local state officials for mutual benefit with the partial or complete circumvention of central state regulations, for example in tax evasion (Kolko, 1997:56; Templer, 1998:146).

In Chapter 7, I analyse to what extent similar politico-economic arrangements between private tourism business owners and local state officials have also emerged in regulating tourism business activity in the transitional Vietnamese economy. I examine to what extent social ties cultivated by private tourism business owners are facilitating the processes of establishing and running a private tourism business in the ways described by Kolko and Templer. I also analyse to what extent the mechanics of cultivating social ties so far discussed with reference to the Ho Chi Minh City economy are similarly being replicated in Hanoi and Hue by entrepreneurs with local state officials. In particular, I examine to what extent my research findings support the notion that social capital, with the invoking of pre-existing ties by private tourism business owners with local state officials, constitutes an important institutional mechanism regulating the establishment and running of a private tourism business in the transitional Vietnamese economy.

5.4 LOCAL CONTEXT: HANOI AND HO CHI MINH CITY

The discussion so far in this chapter has highlighted how the local scale has emerged as the key scale at which nascent capitalist economic activities are being regulated in

the transitional Vietnamese economy. However, individual local spaces have faced varying capabilities and constraints in regulating capitalist economic activities and relations, in particular, with regard to establishing links in the international capitalist economy and developing internationally-oriented activities such as tourism. Out of this, distinct regulatory processes are evolving in particular local spaces in regulating nascent capitalist economic activities in the transitional Vietnamese economy. In large part, as in other transitional economies discussed in Chapter 3, such distinct regulatory processes appear to be resulting from the legacies and diversity of historical experiences in particular local spaces.

Examining the diverse **historical experiences** of Ho Chi Minh City vis-à-vis other urban centres in Vietnam, in particular Hanoi, provides two key legacies, which have informed contemporary attitudes and arrangements in the regulation of capitalist economic activities in these spaces. With the integration of the Vietnamese economy into the international capitalist economy, these legacies have had a significant impact on the regulation of internationally-oriented economic activities, such as tourism.

The first legacy concerns the “*insertion*” of the Saigon economy into the international capitalist economy during the colonial period.¹⁷ In particular, the emergence of the ethnic Chinese as major socio-economic actors in the Saigon economy during this period, initiated the development of social and economic ties and networks by the ethnic Chinese in Saigon with kinship groups overseas. As I describe later in this section, these ties have been pivotal in stimulating the

¹⁷ A term used by Smith and Pickles and discussed in Chapter 3.

development of capitalist economic activities, including tourism, in the transitional Ho Chi Minh City economy.

Conversely, the second legacy relates to the historical antipathy of the Vietnamese state towards commerce and international trade. Among, in particular, northern elements of the Party-State, the experience of colonialism significantly reinforced such traditional prejudices and engendered a deep-seated resentment of capitalism and capitalist economies (Nguyen, 1993:164,166; Storey, 1995:13). As a result, the degree of “insertion” historically of local economic spaces, outside of the southern economy, including Hanoi and Hue with the international capitalist economy, has been stifled. In the transitional economy, in contrast to the internationally-integrated Ho Chi Minh City economy, it is claimed that the lack of connectedness with the international capitalist economy combined with continued ambivalence towards capitalist economies in these localities has acted as a serious constraint on the capacity of these local economic spaces to develop internationally-oriented capitalist economic activities, such as tourism.

Continued suspicion of and antipathy towards, in particular, western capitalist economies among conservative, northern factions within the central state in Hanoi have resulted in circumspection regarding the degree to which the national economy should integrate into the international capitalist economy. This has been evidenced in the slow process of re-establishing and developing relations with, in particular, western capitalist economies. At the same time, indecision within the central state regarding policy initiatives which forge closer international integration has been exacerbated as the central state, as mentioned earlier in this chapter, attempts to broker a policy consensus which satisfies disparate and competing interests and

factions including both pro- and anti-integration lobbies within the Party-State. In Chapter 6, I examine to what extent similar attitudes have pervaded the VNAT as it has integrated the Vietnamese tourism industry into the international tourism economy.

5.4.1 Social and Historical Ties between Actors in Ho Chi Minh City and the International Capitalist Economy

Regarding the first legacy, from the colonisation of Saigon in 1859 until the reunification of Vietnam in 1975, the southern economy effectively functioned as a distinct regional economy outside the orbit of the Vietnamese state (Nguyen, 1993: 381; Forbes, 1995:801). Saigon was turned into the colonial centre for commercial and international trading activities. Socio-economic relations throughout the local economy were regulated largely in accordance with capitalist principles (Williams, 1992:8; Pelzer, 1993:315; Nguyen, 1993: 382; Beresford & McFarlane, 1995:53; Nguyen Khac Vien, 1995: 50; Templer, 1998:211).

However, in the colonial economy in Saigon, it was the ethnic Chinese who came to the fore as a capitalist class rather than the indigenous Vietnamese who remained marginal. For socio-cultural reasons, reinforcing the prejudice in Confucianism against commercial activities, the Vietnamese preferred to take up bureaucratic positions in the colonial administration or to maintain their control over land in the rural economy (Williams, 1992:8; Nguyen, 1993:167, 169, 182, 183, 187; Porter, 1993:5-6; Templer, 1998:186).

The precursor to economic dominance by the Chinese in the southern economy evolved from the time the Vietnamese moved and settled into the south at the end of

the 17th century (Storey, 1995:13; Nguyen Khac Vien, 1995: 80; Le, 1997:486). At around the same time, a large group of Chinese migrants arrived in Vietnam seeking refuge (Nguyen, 1993:121; Le, 1997:508). While given permission to stay, the Chinese migrants were allowed to settle only in marginal delta areas. During the French colonial period, these areas developed into centres for commercial and international trading activities, in particular Saigon (Nguyen, 1993:121; Le, 1997:508). At the same time, the Chinese migrants were denied rights over land or any political role in the colonial administration. Consequently, trading provided their only viable option.

Trading activities nevertheless suited the Chinese as capital remained relatively liquid and generated quick returns, allowing savings to be repatriated back to the homeland. This was attractive for the migrant community, expecting their stay in Vietnam to be only temporary (Lim, 1983: 2). Over time, such investment priorities have been reinforced by uncertainties regarding the tenure of the Chinese community, historically subject to varying degrees of acceptance, scrutiny and repression by the Vietnamese State. By acting as intermediaries for the French in the domestic economy, during the colonial period, the ethnic Chinese were able to move into and increasingly control commercial and trading activities throughout the southern economy (Lim, 1983:2, 3; Williams, 1992:8; Porter, 1993:6; 33; Nguyen, 1993:169, 388; Nguyen Khac Vien, 1995: 50).

Of particular relevance to socio-economic relations in the transitional economy was that the colonial period also initiated the building of economic and trading ties and networks by the ethnic Chinese community in Saigon with kinship groups overseas,

initially in South-East Asian countries, similarly involved with colonial administrations and companies (Nguyen, 1993:187).

During the American War, the scale of these ties intensified. Investment capital from ethnic Chinese communities, predominantly in East and South-East Asia, flowed into the Saigon economy as capitalist economic relations in the southern economy expanded significantly as huge volumes of goods were imported by the US (Barton, 1983: 47; Nguyen, 1993: 388; Kolko, 1997:52).¹⁸

For a short time after 1975, as the central state in Hanoi initiated its campaign to eliminate capitalist economic activity throughout the southern economy, discussed earlier in this chapter, economic and trading ties and networks between the ethnic Chinese community in Ho Chi Minh City with kinship groups overseas were temporarily suspended. However, again as previously discussed, with the crisis in the central planning system towards the end of the 1970s, the local state regained control over the regulation of local economic space. In Ho Chi Minh City, one of the main initiatives proposed by the local state to reinvigorate the local economy at that time was to recreate a conducive business environment encouraging the return of those ethnic Chinese who had left after 1975 and stimulating capital inflows from ethnic Chinese communities overseas back into the Ho Chi Minh City economy.¹⁹ As part of these proposals, property seized from ethnic Chinese owners was returned

¹⁸ Before 1975, Taiwan and Hong Kong were among the largest investors in the southern economy (Nestor, 1997: 190).

¹⁹ One example of this is the case of Chau Hong, an ethnic Chinese businessman, who prior to the clampdown on capitalist economic relations, owned and operated several private enterprises in Ho Chi Minh City. On 24 March 1978, policeman and youth volunteers seized Chau Hong's factories and he left Ho Chi Minh City. However, he returned in 1981, where he was approached by Nguyen Thi Thi, who had permission to set up a capitalist enterprise, to co-operate in the venture (*Far Eastern Economic Review*, 4 August 1988:21).

to them (Kolko, 1997:52). As a result, in the first half of the 1980s, capital started to trickle back into the Ho Chi Minh City economy.

Since 1986 with the formal commitment from the Vietnamese Central State to establish a capitalist-oriented economy and integrate into the international capitalist economy, in the more secure and open politico-economic environment, ties between ethnic Chinese communities in Ho Chi Minh City and, in particular South-East Asia, have been reignited and expanded significantly.²⁰ This mirrors the situation described by Nan Lin (1995) in the transitional Chinese economy discussed in Chapter 3. At the same time, the case of Ho Chi Minh City largely supports comments made by Adrian Smith (1995) discussed in Section 3.3.2 regarding how particular regional economies historically most imbued with capitalist practices have been better able to develop capitalist economic activities and integrate into the international capitalist economy. However, the case of Ho Chi Minh City illustrates a greater role for historical, socio-cultural ties between economic actors in embedding capitalist economic processes in particular local spaces than recognised by Smith.

In the transitional Vietnamese economy, the bulk of official foreign investment and international trade in Vietnam has flowed from kinship groups in Singapore, Taiwan and Hong Kong to ethnic Chinese entrepreneurs in the Ho Chi Minh City economy (Nestor, 1997: 167, 191; Kolko, 1997:52; Templer, 1998:302). In addition, at least equivalent amounts of capital and trade have been channelled into and out of the Ho Chi Minh City economy through unregulated, informal family networks located

²⁰ While figures vary, it is estimated that in excess of half a million Hoa, live in Cho Lon (District 5 in Ho Chi Minh City) another half a million in other districts in Ho Chi Minh City and a further one million throughout Vietnam, mostly in the Mekong Delta (Le, 1997:112; Templer, 1998:302).

worldwide (Kolko, 1997:45; Templer, 1998:302).²¹ A significant proportion of this capital has flowed into the hotel sector in Ho Chi Minh City, as investment in the sector has perpetuated the traditional preference among ethnic Chinese investors for projects and activities where capital remains liquid yet generates high and rapid returns (Kolko, 1997:52).²²

Investment in the hotel sector was initially due to renewed investor interest after 1986 in the general Ho Chi Minh City economy, predominantly from ethnic Chinese communities overseas. This resulted in investment capital flowing into the renovation and development of tourism infrastructure including hotels to accommodate the increasing number of foreign, predominately ethnic Chinese, investors coming to Ho Chi Minh City at the end of the 1980s and investors more generally from East and South-East Asia, in the first half of the 1990s.²³ With the growth in tourist numbers to Vietnam from the mid-1990s, the investment in tourism infrastructure made after 1986 has significantly facilitated the development of the Ho Chi Minh City tourism industry. Consequently, ties between the ethnic Chinese community in Ho Chi Minh City and kinship groups overseas have played a vital role in the development of capitalist economic activities in the Ho Chi Minh City economy in the transitional economy.

²¹ It is estimated that two thirds of ethnic Chinese in Ho Chi Minh City have family connections in western or other Asian countries (Kolko, 1997:45; Templer, 1998:302).

²² This is illustrated by the fact that the bulk of official investment from the ethnic Chinese in Hong Kong has flowed into trade and services, including hotels (Nestor, 1997: 180).

²³ During the early 1990s, the growth in Taiwanese and Japanese visitors was largely responsible for overall increases in visitor numbers. Taiwanese visitors accounted for 45% of total visitor numbers in Ho Chi Minh City (Cooper, 2000: 171).

5.4.1.1 *Viet Kieu*

As well as being “inserted” into the international economy as a result of kinship ties with the ethnic Chinese community overseas, the Ho Chi Minh City economy has also been uniquely connected through kinship ties with the overseas Vietnamese (Việt Kiều) communities, around 40% of whom are in fact ethnic Chinese, who left Vietnam predominantly after the end of the war in 1975 (Dorais, 2001:3, 24).²⁴ As the vast majority of Viet Kieu were originally from in or around Ho Chi Minh City, they have facilitated growth chiefly in the Ho Chi Minh City economy through remitting increasing amounts of investment capital back into the local Ho Chi Minh City economy (Sheehan, 1992:67; Nestor, 1997: 167).²⁵

Significant amounts of investment capital from the Viet Kieu have been flowing into the Ho Chi Minh City economy since private economic activities were officially sanctioned by the central state in 1988. These flows have predominantly been channelled informally through family networks into the Ho Chi Minh City economy (Nestor, 1997: 167; Templer, 1998:303). As in the discussion in Section 3.4.4.2, this has provided entrepreneurs in Ho Chi Minh City with sources of capital to set up private businesses.²⁶ More specifically, a significant proportion of remittances have been invested in the construction of hundreds of small, private hotels in Ho Chi Minh City as the potential of tourism was recognised (Templer, 1998:303; Dorais, 2001:11-12; Cohen, 16 Jan 2003: 48).

²⁴ The overseas Vietnamese (Viet Kieu) population is currently estimated at around 2.7 million including the children of Viet Kieu born outside Vietnam (Dorais, 2001:3, 24; Cohen, 16 Jan 2003: 48).

²⁵ The majority of remittances are sent from the US, followed by Canada, Australia, France, Germany and Japan. (Cohen, 16 Jan 2003: 48).

²⁶ Official figures underestimate foreign investment... it is estimated that half of the private businesses in Ho Chi Minh City operate with foreign capital (EIU, Vietnam: Country Report, 4th quarter, 1997:20).

In Chapter 7, based on the findings from my own field research, I analyse how important social, cultural and historical ties between actors in the Ho Chi Minh City economy and the international capitalist economy have been in facilitating the development of tourism activity among private tourism business owners. I first examine the extent to which my findings support those of authors such as Templer (1998) in the role that social ties with actors in the international capitalist economy have played in providing capital enabling entrepreneurs in Ho Chi Minh City to set up tourism businesses. I then move on to examine, how in a similar way to that discussed in Section 3.3.3, with the majority of Viet Kieu living in western countries, how important ties cultivated with family members overseas have been for private tourism business owners in Ho Chi Minh City in facilitating access to western markets in developing their tourism business operations by providing customers for their businesses.²⁷

5.4.2 Antipathy towards Capitalism and Capitalist Economies in the Hanoi Party-State

The second legacy concerning the historical antipathy of the Vietnamese state towards commerce and international trade originated from the doctrine of Confucianism, adopted during the monarch system, which afforded private business a very low status (Templer, 1998:186). This was compounded by a state administrative system which, as mentioned earlier in this chapter, gave local state officials, as a result of their control over administrative levers and resources, substantial regulatory powers in local economic space. Consequently, the development of private economic activity was stifled and private economic actors

²⁷ Around a half of Viet Kieu live in the US; 400,000 in France, 200,000 in Australia and 200,000 in Canada (Templer, 1998:312; Dorais, 2001:3).

largely emerged out of ties and connections with local state officials (Nguyen, 1993:108, 109).

At the same time, one important characteristic of feudal monarchy was the monopoly control exercised by the state in regulating international economic space as illustrated in the following quote (Nguyen, 1993: 34, 71).

Foreign trade was strictly controlled by the state; transactions could be conducted only with government authorization and in specified places. Many foreign trading vessels were banned from entering port (Nguyen, 1993: 71).

During the French colonial period, unlike Saigon, Hanoi was only marginally integrated into the colonial economy, instead functioning primarily as an administrative centre. Consequently, the development of capitalist economic relations in the local Hanoi economy during this period remained limited (Thrift & Forbes, 1985:292; Williams, 1992:8; Womack, 1993:283; Nguyen, 1993: 296; Beresford & McFarlane, 1995:53).

At the same time, anti-colonial sentiment and the growth of nationalism were at their strongest in the north (Nguyen, 1993:194). Particularly in the north, colonialism was perceived as exploitative associated as it was with the establishing of capitalist socio-economic relations in an export-driven economic system in which economic space was appropriated by French companies, through their exploitation of the Vietnamese resource base and their exploitation of the majority of the Vietnamese population, which became increasingly impoverished (Nguyen, 1993:164,166, 187; Storey, 1995:13).

The culmination of ‘colonial exploitation’ occurred during the Second World War, when further demands were exacted by the colonial administration in supporting the war effort (Nguyen, 1993:222,225,227). In the north, rice farmers, whose livelihoods had traditionally been precarious, were required to increase supplies of rice at the same time as the amount of land under rice cultivation decreased as more land was requisitioned for industrial crop production (Nguyen, 1993:227; Nguyen Vinh Phuc, 1995:58; Templer, 1998:49). This policy was largely blamed for the ensuing famine in 1944 and 1945, in which approximately two million people in the north died (Templer, 1998:48-49; Porter, 1993:9-10). The legacy of colonialism and the famine has engendered deep-seated political and ideological suspicion and circumspection which has persisted to the present, among northern elements of the Party-State towards, in particular, major European and North American capitalist economies.

Until 1986, the degree of “insertion” of the Hanoi economy in the international capitalist economy was extremely limited as from the 1950s international ties had been forged almost exclusively with socialist nations (Nguyen, 1993: 273). With the collapse of the socialist system, these ties were, therefore, of limited utility in facilitating integration of the Hanoi economy into the international capitalist economy. However, since 1986, traditional ideological suspicion and circumspection have persisted among more conservative, northern elements within the central state regarding the opening of the Vietnamese economy and the forming and cultivation of closer, substantive economic relations, particularly with major western capitalist economies. Compounded by, in comparison with the Ho Chi Minh City economy, a lack of international connectedness, it is claimed that this has consequently acted as a serious constraint on the capacity of economic actors in the

Hanoi economy to develop internationally-oriented capitalist economic activities. At the same time, this has impacted not only on the degree of international integration of the Hanoi economy, but also the national economy, in the context where the central state acts as a conduit regulating economic relations in international space. In part, this reflects a fear that integrating into the international capitalist economy will result in an excessive loss of national economic sovereignty and the import of a neo-colonial form of exploitation (Dixon & Kilgour, 2002:605). It also reflects inexperience on the part of members of the Party-State in negotiating with foreign actors on capitalist economic issues, which potentially compromise the central state's control over national economic space. Moreover, it is also in response to the privileging of political exigencies by the central state, in regulating international capitalist economic relations in the interests of businesses belonging to the central, but, in particular, the local state, as a way of ensuring that the state remains the hegemonic institution in the transitional Vietnamese economy, a theme I have emphasised throughout this chapter (Dixon & Kilgour, 2002:605).

5.5 CONCLUSION

Utilising the key analytical concepts and themes identified and discussed in chapters 2 and 3 provides a useful framework for analysing how regulatory processes and relations between social, economic and political actors have evolved, not only in the transition from a socialist to a capitalist-oriented economy, but throughout Vietnamese history.

Throughout Vietnamese history, the path dependent nature of regulatory processes has been evinced in three important ways:

Firstly, as a way of maintaining the hegemony of the state across national space, the central state has traditionally ceded a significant degree of regulatory control over local economic space to the local state. As such this challenges much of neo-liberal discourse where there is the notion that contemporary economic changes in the global economy are chiefly responsible for the reconfiguration and heightened significance of the local scale as a regulatory scale. Furthermore, it extends the discussion within the transitional economy literature, where it is generally argued that the process of transition occurring in these economies has similarly been responsible for a significant diminution in the regulatory role of the central state and the corresponding heightened significance of the local scale as a regulatory scale.

Nevertheless, in the transitional Vietnamese economy, as in other transitional economies, the ceding of regulatory control by the central state over economic space down to the local state has allowed the local state to emerge as the key actor and regulator of nascent capitalist economic activities in local space. However, in Vietnam in doing so, this has only to a small extent resulted from prevailing global economic realities, but rather once again reflects the political imperative of the central state to maintain the hegemony of the state throughout national space.

Secondly, through their control over resources and bureaucratic levers, local state officials have historically constituted key actors regulating economic activities in local spaces. Similarly, in the transitional Vietnamese economy, as institutional and legislative structures for regulating nascent capitalist economic activities are being reconfigured, through their control over bureaucratic levers, as identified in other transitional economies, local state officials are emerging as key conduits economic

actors must negotiate with in order to participate in nascent capitalist economic activities.

Correspondingly, the third feature of regulatory processes throughout Vietnamese history has been the cultivation of social ties in particular by private economic actors with local state officials as a way of negotiating the regulatory environment in local space. Historical evidence in Vietnam however points to social ties constituted not only through pre-existing ties between actors and based on shared affiliation as I have been focussing the discussion on up until now, but also as in the case of ties created by ethnic Chinese entrepreneurs with local Vietnamese state officials in Saigon after 1954 where no shared affiliation exists. However, in both cases, ties have been similarly premised on mutual and regular benefits. In the transitional Vietnamese economy, as in other transitional economies, for entrepreneurs, cultivating social ties with local state officials has in part helped to counter uncertainty in a rapidly changing regulatory environment.

Combined with the identification of distinct local regulatory processes evolving in the transitional economy out of particular historical experiences in Ho Chi Minh City and Hanoi, the material in this chapter very much supports the claims made by authors writing on other transitional economies that in the transitional economy, the local scale has come to constitute the key scale at which nascent capitalist economic processes are being regulated and the local state, the key regulatory institution.

Consequently, what role is left for the central state in regulating nascent capitalist economic activities such as tourism in the transitional Vietnamese economy? This is a theme I turn to examine in Chapter 6.

CHAPTER SIX

THE NATIONAL MODE OF SOCIAL REGULATION

In this chapter I analyse the role of the VNAT – the central state tourism institution - in the regulation of tourism activity in the transitional Vietnamese economy.

I first briefly examine to what extent processes identified in chapters 3 and 5, with the ceding by the central state of regulatory control over economic activity in local spaces to the local state, have been evinced in the regulation of tourism activity in the transitional Vietnamese economy.

In the second part of the chapter I turn to examine the extent to which my findings support the assertion made in regulation theory regarding the key regulatory role played by the central state as a conduit mediating global economic processes across national spaces. I focus on the capacity of the VNAT to regulate international tourism activity through mediating access for Vietnamese tourism businesses to the international tourism market and for foreign tourism businesses to the Vietnamese tourism market.

In the final part of the chapter, addressing the theme of path dependency, I investigate to what extent the practices of the VNAT have been informed by the legacies of historical experiences and former socio-economic systems.

6.1 REGULATION OF NATIONAL TOURISM SPACE

Supporting the discussion in chapters 3 and 5, in developing a tourism industry oriented towards the international capitalist economy, the VNAT has, in the transitional Vietnamese economy, similarly ceded a significant degree of regulatory control over tourism activity in local spaces to the local state. In part, as discussed in Chapter 5, this has been through the vague wording of directives issued by the VNAT. This has consequently afforded local state institutions and officials considerable capacity to mediate and interpret VNAT directives in local spaces. Furthermore, as I discuss in this section, control has also been formally ceded with the enactment of successive laws and resolutions transferring regulatory power from the VNAT to the local state. This therefore serves to challenge the claim made in regulation theory that the central state remains a key regulatory conduit through its capacity to enact laws and directives which guide capitalist economic processes throughout national space.

As discussed in the last chapter, from its inception in 1960 up to 1986, the central state Vietnam Tourism Company (VTC), renamed the General Department of Tourism after reunification, had possessed total regulatory power over the entry of all foreign visitors coming to Vietnam, allotting foreign visitors and groups to the state tourism companies under its control.¹ However, with the introduction of *Đổi Mới* after 1986, tourism was immediately recognised and highlighted as an

¹ In June 1978, the General Department of Tourism came into being as the central state tourism institution managing the tourism industry throughout the whole of newly reunified Vietnam (Anonymous (DLVN), *Tap Chi Du lich* July 1998, 'Vietnamese tourism on the road to restructuring and development (Du lịch Việt Nam trên đường đổi mới và phát triển): 5, 15).

economic sector offering considerable potential in the transitional economy.² Consequently, as with other potentially lucrative economic activities emerging out of the transition to a capitalist economy, powerful municipal and provincial constituencies within the Party-state, in particular in Ho Chi Minh City, supported by allies within the central state exerted considerable political pressure for much greater regulatory control over the development of tourism activity in local spaces (KI7, 20.12.00).

The central state has acceded to the demands of these political constituencies and significant institutional restructuring has taken place in the regulation of tourism. The pattern of restructuring closely mirrors that occurring throughout the transitional economy with the VNAT relinquishing its previous monopoly control over tourism activity and ceding a significant degree of regulatory power down to, in particular, the local state - provincial and municipal people's committees. This was evinced as early as April 1987 with the enactment of Central State Resolution 63, with the recommendation to:

quickly reorganise the system of tourism management from the centre to the local and on the basis of moving towards the abolition of centralised management, transfer entirely to self-financing socialist businesses; clearly differentiating the state management functions of the General Department of Tourism with the independence of tourism businesses

(Nhánh chấn chỉnh hệ thống quản lý du lịch từ Trung ương đến địa phương và cơ sở theo hướng xoá bỏ tập trung quan liêu bao cấp chuyển hẳn sang hạch toán kinh doanh xã hội chủ nghĩa; phân biệt rõ chức năng quản lý Nhà nước của Tổng cục Du lịch với quyền tự chủ kinh doanh của các tổ chức kinh doanh du lịch)(Anonymous, Những

² At the seminal 6th Communist Party Congress in December 1986, which launched the Đổi Mới reform programme, one announcement made was to “Quickly make good use of the favourable conditions of the country to expand tourism by mobilising domestic investment capital and by co-operating with foreign countries” (Nhánh chóng khai thác các điều kiện thuận lợi của đất nước để mở rộng du lịch bằng vốn đầu tư trong nước và hợp tác với nước ngoài) (Anonymous, Những ngày tháng và sự kiện đáng ghi nhớ (Dates and events worth remembering) *Tạp chí Du lịch*, 1999: 4).

ngày tháng và sự kiện đáng ghi nhớ (Dates and events worth remembering) (*Tạp chí Du lịch*, 1999: 6).

However, it was not until the early 1990s that the proposals contained within Resolution 63 were acted on. First, in October 1992, Decree 05/CP established the Vietnam National Administration for Tourism (VNAT), as the new central state institution charged with regulating the Vietnamese tourism industry in the transitional economy (EIU, Indochina: Vietnam, Laos, Cambodia, 1996-7; Tổng cục Du lịch, 1997: 47; Anonymous, Những ngày tháng và sự kiện đáng ghi nhớ (Dates and events worth remembering) *Tạp chí Du lịch*, 1999: 4,6; Nguyen Nhu Binh & Brennan, 2000:17; Cooper, 2000: 175).³ This was followed by the dissolution of the Vietnam Tourism Company which, as previously discussed, up until then had constituted both the key regulator of international tourism activity and the key actor through the state tourism companies under its control. At the same time, the majority of these companies were transferred from the control of the central state to municipal and provincial people's committees (Nguyen Nhu Binh & Brennan, 2000:8). In June 1993, the limited role to be played by the VNAT as an actor, operating tourism businesses, was reaffirmed when Resolution 45/CP further diminished the number of tourism businesses under its control.

Finally, in February 1994, with the enactment of Decree 09/CP, the central state ceded further regulatory control to provincial and municipal people's committees conferring them as the key institutions regulating tourism activity in local space. Under the Decree, the VNAT assigned total regulatory control to provincial and municipal people's committees in implementing tourism directives enacted by the VNAT in approving the setting up and administering the running of tourism

³ 'CP' as in Decree 05/CP stands for chính phủ which signifies the central state government

businesses: hotels and domestic tour operators in local spaces (EIU, Vietnam: Country Report, 1st quarter, 1995:29; Tổng cục Du lịch, 1997:71).

Consequently, with the enactment of decrees such as Decree 09, the formal regulatory framework created for the tourism industry in the transitional economy has conferred provincial and municipal people's committees as the key institutions regulating tourism activity in local space. This has occurred in a context where provincial and municipal people's committees act both as the key tourism actors in local space, through the hotels and tour operator businesses directly under their control and as the key institutions regulating the establishment and running of tourism businesses in local space, both businesses under the control of state institutions other than provincial and municipal people's committees, but in particular, private tourism businesses.

6.2 REGULATION OF INTERNATIONAL TOURISM SPACE

While the VNAT has ceded a significant degree of regulatory control over tourism activity to local spaces, in this section I discuss how it has however retained considerable regulatory control over international tourism activity. The VNAT acts as the key institution regulating access for Vietnamese tourism businesses to the international tourism market and for foreign tourism businesses to the Vietnamese tourism market (www.batin.com.vn viewed 04.02.00). These powers were formally conferred on the VNAT with the enactment of Resolution 45 in June 1993. This assigned the VNAT as the sole regulatory institution responsible for issuing and revoking licences for Vietnamese and foreign businesses to conduct international tourism activity in Vietnam.

As such, the findings presented in the rest of this chapter go a long way towards reinserting the central state back into the regulatory picture as a key institution regulating global economic processes, as claimed in regulation theory. The evidence presented in this section also serves to demonstrate how the claims made by authors writing about transitional economies regarding the extent to which the central state has relinquished regulatory control in the transitional economy have been exaggerated. Instead, where capitalist economic activities are internationally-oriented as in the case of tourism, the central state remains a key regulatory conduit mediating capitalist economic relations and activities between local and international tourism actors and institutions, as contended within regulation theory.

6.2.1 Political Imperatives in the Regulatory Practices of the VNAT

In regulating access for Vietnamese tourism businesses to international tourism markets, political imperatives have clearly shaped the regulatory practices of the VNAT. As a way of, firstly, preserving the role of the state as the leading institution in the Vietnamese tourism industry, secondly, retaining its role as the key political institution in the transitional Vietnamese tourism industry, and, thirdly, as a way of societalising the broad social, economic and political aims and imperatives inherent in its policies, the VNAT has regulated access to international tourism space for state tourism companies, belonging to, in particular, municipal and provincial people's committees. This has allowed a handful of tourism companies, primarily under the control of the Hanoi and Ho Chi Minh City Municipal People's Committees, to develop into dominant economic actors in the international tourism industry in the transitional economy.

The priorities and objectives of the VNAT have been most clearly illustrated in the access it has afforded Vietnamese tourism businesses to:

- international tour operator licences (ITOLs)
- membership of international tourism associations and
- international tourism trade fairs.

I will discuss each of these in turn.

6.2.2 International Tour Operator Licences

Perhaps the most effective way by which the VNAT regulates access to international tourism space for Vietnamese tour operators is in its role as the sole institution responsible for issuing international tour operator licences (ITOLs) (giấy phép kinh doanh lữ hành quốc tế).

These licences are a vital requirement for Vietnamese tour operators in developing their international tourism operations. Having an ITOL officially allows a Vietnamese tour operator to approach and establish relations directly with foreign institutions. With an ITOL, a tour operator is authorised to sign agreements with foreign tour operators to receive tour groups; to arrange tour business to Vietnam with foreign companies; to participate in international tourism trade fairs; and to become a member of international and regional tourism organisations. At the same time, foreign tour operators wanting to develop business relations in Vietnam are officially required to go through an international tour operator (ITO) - a Vietnamese tour operator with an ITOL.

Since being conferred with total regulatory authority over the issuing of ITOLs in 1993, the regulatory practices of the VNAT have clearly demonstrated its overriding objective to achieve the political imperatives cited earlier in this section. ITOLs have been issued almost exclusively to tour operator businesses belonging to municipal and provincial people's committees as well as a number of central state institutions. This can be illustrated by the fact that by the end of 1993, the VNAT had issued ITOLs to 65 Vietnamese tour companies of which almost all were state businesses under the control of municipal and provincial people's committees as well as central state institutions (*Tap chi Du lich*, August 1994:12, 15).⁴

6.2.2.1 Regulation of ITOLs for Private Tourism Businesses

Conversely as a way of concentrating the building of ties with foreign tourism actors and institutions in the hands of local state tourism companies, the VNAT has issued very few ITOLs to private tourism businesses. For a number of years, as the following quote from the Nam Sao Tourism Company illustrates, the VNAT argued that they were only issuing ITOLs to a handful of state tourism companies in order that they could effectively maintain the quality of tour programmes as well as guarantee security for foreign tourists. This was despite the fact that, as I discuss in Chapter 7, state tour operators often sell tour programmes, which they themselves do not run but instead buy from private tour operators.

The VNAT only issues licences for companies to conduct tourism business overseas to state companies... the government and the VNAT want to keep a reasonable level of control on the tourism industry as in all other economic sectors generally, saying that they want to

⁴ Despite the transformation and rapid development of the international tourism industry between 1993 and 2001, in particular with the huge growth in private tourism businesses, by the beginning of 2001, the number of Vietnamese tour operators with ITOLs had only increased to a little over 100 (*Tap chi Du lich*, March 2001:18).

guarantee the quality of tourism business for the sake of foreign tourists, while it can be argued that they really want to preserve a leading role for state companies in the tourism industry by preventing most private companies from conducting the higher end, more lucrative tour business booked from overseas, preserving this business in the hands of state companies and a select few, well-connected private businesses (Nam Sao Tourism Company, Hanoi, a private tour operator).⁵

In addition, in regulating access to ITOLs, the VNAT has created a formal regulatory environment which discriminates against small scale tourism businesses, which includes the overwhelming majority of private businesses. Pronouncements contained within Decree 66 in April 1995, later amended with the enactment of the Tourism Law in February 1999, combined with unofficial policy guidelines, have created a framework of stringent conditions which all tour operator businesses, both state and private, officially have to fulfil before being eligible to apply for an ITOL (*Tap chi Du lich*, October 1995:2; Tổng cục Du lịch, 1997:598, 737-738; Nguyen Nhu Binh & Brennan, 2000:7). For the vast majority of private tour operators, these requirements far surpass their capabilities.

First, tour operator businesses have to satisfy a number of minimum financial requirements as a respondent outlined as follows:

To establish a tourism business authorised to market for international business from outside Vietnam is very difficult as the government together with the VNAT only want to provide these licences to state businesses which can meet certain criteria such as having 3 years of tourism experience, annual turnover of VND1 billion (US\$67,000) and a fixed level of collateral stipulated by the VNAT at VND300 million (US\$20,000) (Tran Xuan Soan Tourism and Trade Company, Hanoi, a private tour operator).

⁵ Throughout this chapter, with tourism businesses from which quotes are illustrated, pseudonyms are used in order to protect the anonymity of these companies.

In particular, the requirement regarding a minimum annual turnover of VND1 billion is extremely high, far exceeding the average annual revenue of the vast majority of private tour operators. Among all tour operator owners I interviewed, apart from the large state tour operators, only one respondent, a private tour operator in Hanoi with an ITOL, generated turnover of over VND1 billion.

Second, after obtaining an ITOL, a tour operator must continue to fulfil minimum financial criteria and satisfy minimum requirements regarding the amount of tourism business generated in the international market. For example, one year after obtaining an ITOL, a business must have signed at least one tour agreement involving at least 500 foreign tourists a year with a tourism company or individual in the international market. In addition, at least 20% of a tour operator's customers must have come from foreign tour business (*Tap chi Du lich*, April 1995: 16-17; www.mekongexpress.com 'October-December 1996' viewed 02.11.01; *Tap chi Du lich*, September 1997:23; *Tổng cục Du lịch*, 1997:607; www.batin.com.vn viewed 04/02/00).

Consequently, as the quotes below illustrate, while in the last ten years, the regulatory environment in establishing and running a private tour operator business in the domestic market has become more favourable, the VNAT, through its control over the issuing of ITOLs, has been extremely effective in regulating access to the international tourism market, severely constraining private businesses from establishing formal ties with foreign actors and institutions.

As the tourism industry started to develop, the policies of the government and the tourism authorities assisted state companies only and restricted the development of private businesses. While in recent years, policy changes have eased the restrictions on the establishment

of private businesses, restrictions still apply in the issuing of international tour operator licences to private tourism businesses (Thuy Tien Tourism and Trade Company, Hanoi, a state tour operator, under the control of the VNAT and the Hanoi Municipal People's Committee).

It's difficult for a private business to obtain an international tour operator licence ...as the government only wants state institutions to be responsible for doing tourism business overseas and arranging for foreign tourists to come to Vietnam...(Au Lac Tourism Company, Hanoi, a private tour operator with an ITOL).

The only point which constrains the business is the policy of the VNAT in issuing ITOLs almost exclusively only to state companies and a few well-connected private businesses. This has constrained the running and development of our business quite considerably. For example, we have cultivated a number of relations with institutions in China, Australia and France, through our relations with the General Steel Corporation and the Ministry of Trade. When these institutions introduce customers who want to come to Vietnam, we aren't allowed to conduct business with them directly but instead have to go through an authorised business, in our case Hanoitourism. By having to do this, organising the tour becomes complicated and time-consuming, which leads to the loss of these relations as they feel the process is too complicated. Instead they start dealing directly with a company like Hanoitourism when they want to come to Vietnam. Thus, we lose overseas customers, current revenue and potential revenue in the future and generally become ineffective in doing business with overseas customers (Hang Bac Tourism Trade and Investment Company, Hanoi, a private tour operator).

Obtaining an international tour operator licence ... is practically impossible for private businesses... a private business must have the support of the VNAT and the owner of the business must have very good relations with officials at the VNAT (Danh Du Tourism and Trade Company, Hanoi, a private tour operator with an ITOL).

Accordingly, access to ITOLs and international tourism markets has largely been the preserve of a handful of local state tour operators. As illustrated in Table 6.1, formal ties with tourism institutions overseas have been concentrated among a handful of, in particular, state tour operators belonging to the Hanoi and Ho Chi Minh City Municipal People's Committees. Consequently, in large part due to the extensive network of formal ties these state tour operators have been able to create

with foreign counterparts, they have come to dominate international tourism activity in Vietnam, in terms of the number of foreign visitors served as well as the revenue generated from this business. This is again shown in Table 6.1.

Comments made in the last two quotes above do however illustrate for “*a few well-connected private businesses*” (Hang Bac Tourism Trade and Investment Company, Hanoi, a private tour operator) with “*very good relations with officials at the VNAT* (Danh Du Tourism and Trade Company, Hanoi, a private tour operator with an ITOL), the discretionary power possessed by officials at the VNAT with regulatory control over the issuing of ITOLs has nevertheless allowed these businesses to obtain ITOLs. The example above also highlights how officials from the VNAT have retained significant control over international tourism processes in the transitional tourism economy, in particular through their capacity to mediate VNAT directives. In this context, it is therefore not surprising that private tourism business owners are invoking pre-existing social ties with officials at the VNAT as a way of negotiating the regulatory environment in, for example, obtaining an ITOL.

This was confirmed among all private ITO owners interviewed in Hanoi and Ho Chi Minh City with all respondents citing good relations with officials at the VNAT - in the case of private tour operator owners interviewed in Hanoi or, with officials at the Ho Chi Minh City Bureau of Tourism (Sở Du lịch thành phố Hồ Chí Minh), in the case of private tour operator owners interviewed in Ho Chi Minh City - as the principal means by which their businesses had obtained ITOLs.⁶ As previously mentioned, only one of these businesses had actually fulfilled the official requirement of generating an annual turnover over VND1 billion.

⁶ Bureaux of Tourism act as agents for the VNAT, outside Hanoi, with responsibility for overseeing the implementation of VNAT policies in local spaces.

The significant control and discretionary power possessed by officials at the VNAT in regulating international tourism is similarly being evidenced as private tourism businesses, which have obtained ITOLs, have then attempted to develop their international tourism activities. While obtaining an ITOL officially allows an ITO to approach the international tourism market directly, to cultivate relations with foreign tour operators and to arrange tour business with foreign companies, approval by officials at the VNAT is still however required before an ITO can carry out any of these tasks, as the quotes below illustrate (*Tap chi Du lich*, September 1997:23; Danh Du Tourism Company, Hanoi, a private tour operator with an ITOL).

Before a Vietnamese ITO can receive a group of foreign tourists, it must first send a report (báo cáo thực hiện tour) to the VNAT giving detailed information about the participants and the schedule of the tour programme and ask the VNAT for permission to allow this tour group to come to Vietnam (Hang Bac Tourism Trade and Investment Company, Hanoi, a private tour operator).

When an ITO wants to receive foreigners, it must first report to the VNAT and the office of immigration to complete the necessary procedures (Thuy Tien Tourism and Trade Company, a state ITO under the control of the Hanoi Bureau of Tourism).

Consequently, this again affords officials at the VNAT with considerable control over international tourism processes through the discretionary power they possess in approving requests made by individual ITOs to carry out any tourism activity in the international market. As the quote below illustrates, in the absence of pre-existing ties, private tourism business owners are cultivating ties with officials at the VNAT so that the procedures involved in, in this instance, organising and conducting tour

Table 6.1. The effects of the VNAT's regulation of international tourism space on local state tour operators

	Founded	Under the control of	Membership of international tourism associations	International Tourism Trade Fairs	Alliances overseas	Representative offices	Results of overseas alliances
HANOITOURISM Hanoi	1963	Hanoi Municipal People's Committee (Hanoi Bureau of Tourism)	PATA JATA ASTA	Including: the Amazing Thailand Trade Fair, the Brussels Trade Fair and the ITB 2000 Trade Fair in Germany	Signed agreements with 55 tour operators in 20 countries: Japan, China, France, the USA, Korea, Thailand, Singapore, Malaysia etc.	2 offices: In the USA and Germany	South-East Asia responsible for 75% of total customers, both outbound & inbound Total foreign tourists in 1996 amounted to 10,534; in 1999, 8,406 and in 2000, 8860, of which 32% were French and 25% from the USA and Germany
VINATOUR Hanoi	1960	VNAT	PATA ASTA JATA ⁱ	-	Co-operates with more than 100 foreign relations of VNAT: tour operators in 26 countries in Europe, including France; North America, Asia, including Hong Kong, Thailand. 11 tour operators in China and Australia ⁱⁱ	Bangkok and Moscow ⁱⁱⁱ	43% of customers come through members of PATA, ASTA and JATA 43% of customers are European, the largest share are French followed by German, Austrian and Swiss In 1999, total foreign tourists amounted to 7976
SAIGONTOURIST HCMC	1975	HCMC Municipal People's Committee	PATA ASTA ^{iv}	Including in 2001 in France, Japan, Germany, the United Kingdom and Scandinavia ^v	136 foreign tour operators in over 30 countries ^{vi}	France, Germany, Japan, Singapore, the US, Canada, Australia ^{vii}	Major markets for the company include Europe, Japan, the US and China. ^{viii} In 1999, the tour operator arm of Saigontourist received 69,828 foreign customers. ^{ix} In 2001, the number of foreign guests at Saigontourist-owned hotels in Saigon amounted to 225,049. ^x
FIDITOURIST HCMC	1994	Saigontourist (HCMC Municipal People's Committee)	PATA ASTA	Through Saigontourist and the VNAT when they participated in ITB in Germany, VITFA in Hanoi and tourism trade fairs in Japan and Switzerland ^{xi}	34 tour operators overseas, inbound with 19 firms from countries such as Thailand, Singapore, Canada, Germany, the US, Korea, Japan, Israel, and France ^{xii}	-	57% of revenue comes from inbound business from tour operators overseas 33% revenue from outbound tourism to tour operators overseas In 1999, total foreign tourists amounted to 9662, of which 40% were Japanese. In 2000, the number of foreign tourists increased sharply to 12,000
BEN THANH TOURIST COMPANY HCMC	1989	VNAT and HCMC District I People's Committee ^{xiii}	PATA ASTA JATA	In 1999, the ITA international tourism fair in Hong Kong and the JATA fair in Japan. Also tourism trade fairs in Germany and Singapore. ^{xiv}	More than 50 tour companies in 30 countries ^{xv}	the US, France, Japan and Australia ^{xvi}	In 2000, total foreign tourists amounted to 13,000 of which 27% were French, 20% Japanese and 19% Korean.

Sources: i KH11, 26.06.01, ii Vietnam Economic Times, September 2000:29, iii Tap chi Du lich, October 1998:6, iv Tap chi Du lich, July 1994:33, v Tap chi Du lich, October 1998:6, vi Tap chi Du lich, April 1995:21, vii VIR, 25-31 December 2000:2, viii Tap chi Du lich, August 2000:25, ix Tap chi Du lich, April 1995:20; Storey, 1995:48; Tap chi Du lich, September 1998:9, x VIR, 9-15 August 1999:9, xi Tap chi Du lich, August 2000:27; Vietnam Economic Times, September 2000:29, xii Saigontourist internal report, xiii KH12, 19.01.02, xiv KH12, 19.01.02, xv Aderhold, Twining-Ward, July 1995:52, xvi Tap chi Du lich, August 1999:19, xvii Tap chi Du lich, January 1999:9, xviii Tap chi Du lich, January 1999:9

group business from overseas, can be competed smoothly. As I found in Chapter 5, ties cultivated provide regular and mutual benefits.

We have cultivated good relations with an official at the VNAT as a way of easing and speeding up the completion of administrative tasks. When we require the quick completion of any procedures or relevant paperwork arising from our work of receiving foreign tour groups, a member of staff at our company deals with this particular official at the VNAT. Our member of staff only has to provide some benefit (a sum of money) for the official at the VNAT (Hoa Ma Tourism and Trade Company, Hanoi, a private tour operator with an ITOL).

Nevertheless, while the example above illustrates where a private ITO has successfully negotiated the informal regulatory environment, the arbitrary decision-making power exercised by officials from the VNAT was equally in evidence among a number of other private ITO owners interviewed in Hanoi and Ho Chi Minh City. For example, the owner of the Tu Hai Tourism Company in Ho Chi Minh City explained to me how although officially permitted to approach and carry out tourism business in the international market directly, he had failed to negotiate the informal regulatory environment.

We have faced a lot of difficulties in trying to conduct tour business. There are still a lot of cumbersome procedures and obstacles to overcome to be able to do this. In the international market, our relations in France, Canada and Denmark introduce our business to a number of tour operators in the cities where they live. However, we co-operate with the Hoa Binh Tourism Company to carry out tour business and receive tour groups directly. Although, we have a licence to do this, in reality we use Hoa Binh to facilitate bringing foreign tour groups to Vietnam (Tu Hai Tourism Company, HCMC, a private tour operator with an ITOL).⁷

⁷ Hoa Binh Tourism Company is a large state ITO in Ho Chi Minh City.

Demonstrating the important regulatory role played by officials at the VNAT was illustrated by the fact that turning down requests made by particular private ITOs interviewed in Hanoi and Ho Chi Minh City to carry out international tourism activity had, as in the case of Tu Hai Tourism, had the effect of circumscribing development of international tourism operations among these businesses.

6.2.3 Membership of International Tourism Associations

For a Vietnamese tourism business, membership of international tourism associations, in particular the Pacific Asia Travel Association (PATA), provides it with an invaluable opportunity to tap into the network of tourism actors and institutions in these associations and establish business ties and relations with fellow members, throughout the international tourism market, particularly in lucrative and competitive markets in Europe, the United States, Australia and Japan.⁸

The VNAT possesses total regulatory control over the process of nominating Vietnamese tourism businesses and approving applications for membership of international tourism associations. As with the issuing of ITOLs, in regulating access to membership of international tourism associations, the VNAT has demonstrated its overriding objective to maintain the leading role for the state in the tourism industry by

⁸ Other international tourism associations important for Vietnamese tourism businesses in building ties with foreign tourism actors and institutions include the American Society of Travel Agents (ASTA) and the Japan Association of Travel Agents (JATA) (www.bttvn.com).

nominating, in almost all cases, tourism businesses under the control of municipal and provincial people's committees as well as the VNAT itself.

Consequently, as with ITOLs, for a handful of state tourism businesses in particular under the control of the Hanoi and Ho Chi Minh City Municipal People's Committees, this has further facilitated the building of relations with tourism actors and institutions overseas. As a consequence, the bulk of formal international tourism ties have been concentrated among these tourism businesses. This has enabled them to become dominant actors in the international tourism industry in Vietnam as illustrated in Table 6.1.

As an illustration of the regulatory support afforded by the VNAT to these state tourism businesses, substantive and formal integration between Vietnamese and foreign tourism businesses was initially manifested when, in January 1994, the first branch of PATA in Vietnam was established.⁹ At that time, 18 state tourism businesses were nominated by the VNAT to become members of the Association (thành viên Chi hội PATA Việt Nam) (*Tap chi Du lich*, January 1994:36).¹⁰ This enabled these businesses to initiate the building of ties and relations in the international tourism market with the estimated 17,000 members of PATA in 40 countries and to sign tourism agreements with foreign tourism companies (*Tap chi Du lich*, April 1994:6).

⁹ Vietnam became a member of PATA in 1990 (*Tap chi Du lich*, January 1994:36).

¹⁰ By 2001, 128 Vietnamese tour operators and hotels, almost all state tourism businesses, were members of PATA Vietnam ('More to Do', 06/08/01: www.mekongsources.com viewed 07/08/01).

Due in large part to the regulatory support afforded to state tourism businesses by the VNAT in attaining, in particular PATA membership, by the end of 1994 state tour operators had signed agreements with 473 foreign tour operators in 45 countries to bring foreign visitors to Vietnam (*Tap chi Du lich*, December 1994:5).¹¹ The majority of these agreements were signed by tour operators under the control of the Ho Chi Minh City and Hanoi Municipal People's Committees as well as the VNAT itself. For example, in that initial period of international integration, Saigontourist, under the control of the Ho Chi Minh City Municipal People's Committee, established relations with 133 foreign tourism firms, while by July 1994 the Vietnam National Travel Agency (VINATOUR), under the control of the VNAT, had cultivated relations with more than 100 foreign tour operators in markets such as France, Thailand, Hong Kong, China and Russia (*Tap chi Du lich*, July 1994:33; *Tap chi Du lich*, April 1995:21).

In particular, membership of international tourism associations allowed local state tour operators to initiate and subsequently develop the most formal and extensive ties with tourism actors and institutions in important and lucrative source markets for Vietnamese tourism, including in Europe, North America and Japan. As an example, in 1993, Ben Thanh Tourist Company in Ho Chi Minh City, under the control of the District 1 People's Committee in Ho Chi Minh City and the VNAT, signed tourism agreements with 35 foreign tour operators in 16 countries to co-operate in bringing foreign visitors to Vietnam. Of these 35 companies, 19 were from Europe and North America, including five from the United States (*Tap chi Du lich*, December 1994:19).

¹¹ By 2001, the number of relations officially established between Vietnamese and foreign tourism companies had risen to more than 820 in 55 countries (*Tap chi Du lich*, January 1999:3; *Tap chi Du lich*, May 2001:23).

The importance of membership of international tourism associations in developing ties in the international tourism market can be illustrated in the following comments made by managers of a number of local state tour operators interviewed in Hanoi and Ho Chi Minh City and again in Table 6.1.

Our foreign customers mainly come from France, Germany, the United States, Japan, Korea, Singapore and Malaysia. This is mainly due to ties we have formed with fellow members of PATA, ASTA and JATA (Song Hong Tourism, Hanoi, a state ITO under the control of the Hanoi Municipal People's Committee).

The most effective marketing has come through our participation in PATA, ASTA and JATA. This has been very successful in terms of developing the company's business and the performance of the business. As a result, we have achieved the status as one of the leading tour operators in Vietnam (Tu Do Tourism Company, HCMC, a state ITO, under the control of the HCMC Municipal People's Committee and the VNAT).

The most successful marketing has been through our membership of the international tourism associations. Through this, we've been able to liaise with many other members, advertise our company and our tourism products and distribute promotional literature (Viet Huong Tourism, Hanoi, a state ITO under the control of the VNAT).

6.2.4 International Tourism Trade Fairs

The VNAT has also demonstrated significant regulatory control over the building of relations and activities between Vietnamese tourism businesses and foreign tourism actors and institutions in selecting and financially supporting a handful of state tourism businesses to accompany it at international tourism trade fairs (triển lãm hội chợ du lịch quốc tế). These constitute a key forum bringing together tourism actors and institutions from international tourism markets, allowing tourism businesses to meet face to face in

building and developing business ties and alliances. As the quotes below from large state ITOs illustrate, for Vietnamese tour operators they provide invaluable opportunities to create business relations with foreign tour operators as a way of expanding international tourism business operations. For foreign tour operators they provide opportunities to develop ties with Vietnamese tour operators as a way of entering the Vietnamese tourism market.

Through taking part in a number of international tourism trade fairs and exhibitions in countries such as Thailand, Belgium and Germany, our company has been able to introduce and promote its activities (Song Hong Tourism, Hanoi, a large state tour operator under the control of the Hanoi Municipal People's Committee).

The ties we have formed with companies in the French and Japanese markets have come about primarily through our participation at tourism trade fairs and through our membership of PATA (Tu Do Tourism Company, HCMC, a large state ITO, under the control of the District 1 People's Committee in HCMC and the VNAT).

The most successful form of marketing has been in being able to prepare promotional programmes and literature and sending these to our controlling institution, Saigontourist and the VNAT to distribute when they participate in international tourism trade fairs such as ITB from Germany, VITFA in Hanoi and tourism trade fairs in Japan and Switzerland. This has resulted in our business being able to form and co-operate with partners from these events in carrying out tourism business (Dong Tay Tourism Company, HCMC, a large state ITO under the control of Saigontourist).

As the quotes below illustrate, in regulating access to international tourism trade fairs the VNAT has again demonstrated its overriding objective of providing support for local state tour operators by, in almost all cases, inviting only a handful of tour operators, under the control of, in particular, the Hanoi and Ho Chi Minh City Municipal People's Committees to participate in international tourism trade fairs.

Only a handful of state companies receive invitations from the VNAT to go to international tourism trade fairs, which can greatly help these businesses introduce their companies in the international market (Le Loi Tourism and Service Company, Hanoi, a state tour operator under the control of a state institution other than the municipal people's committee or the VNAT)

The VNAT, our controlling institution, has given us preferential treatment by inviting our company to attend a lot of international tourism trade fairs and exhibitions...This has been the most effective form of marketing. Through taking part we have been able to introduce our company and sign cooperative agreements with a number of foreign tour companies (Thuy Tien Tourism and Trade Company, Hanoi, a state tour operator, under the control of the Hanoi Municipal People's Committee and the VNAT).

Our business receives more support than other state businesses, one reason being that we are directly managed by the VNAT. When the VNAT participates in international tourism events and exhibitions, it will introduce the Vietnamese tourism industry and also introduce a number of businesses involved in the industry in Vietnam, giving preference to those businesses under its control, including our business (Hoang Tu Tourism and Hotel Company, Hanoi, a state hotel under the control of the VNAT).

In almost all tourism fairs held abroad, joint-venture tour operators were excluded from the list of participants while priority was given to state-owned companies like Saigon Tourist Corp. or Vietnam Tourism (Gilbert Degryse, a tourism consultant from Belgium, working at the ASEAN Hotel, Hanoi, VIR, 1-7 May 2000:12).

As well as requiring an invitation by the VNAT to attend an international tourism trade fair, perhaps a more serious constraint for the vast majority of Vietnamese tour operators, including most of the large state tour operators under the control of the Hanoi and Ho Chi Minh City Municipal People's Committees, is lacking the financial capability to attend. Consequently, they are reliant on the VNAT, not only to be invited, but also to be financially sponsored to attend international tourism trade fairs.

The importance of financial considerations is illustrated in the following quotes made by managers at two state tour operators. The first quote from a manager at Song Hong Tourism, a large state tour operator under the control of the Hanoi Municipal People's Committee, illustrates the preferential access afforded this business to international tourism trade fairs by the VNAT. This has enabled the business to develop ties in the international tourism market through which it has become one of the most important actors in the international tourism industry in Hanoi.

With regard to being invited to take part in international tourism trade fairs and exhibitions, the VNAT decides to take part in some of these and then invites a small number of companies, almost exclusively a number of the original state tourism companies set up in the industry, including ourselves, to attend. Attending these trade fairs is very important and lucrative for all tourism businesses as a significant way in which to promote our business and form ties with foreign companies and organisations. Being sponsored by the VNAT to attend saves a lot of expense for a company, without which most companies wouldn't have the necessary financial capacity to attend (Song Hong Tourism, Hanoi, a large state tour operator under the control of the Hanoi Municipal People's Committee).

Conversely, this second quote from a manager at another state tour operator in Hanoi, but not under the control of the Hanoi Municipal People's Committee, equally demonstrates how the lack of support from the VNAT in being invited and more especially not being financially sponsored by the VNAT to attend international tourism trade fairs has acted as a serious constraint on this business's attempts to develop relations with tourism institutions in the international market.

State tourism companies directly under the control of the VNAT are given a lot more preferential treatment in developing their ties in the international tourism market by being invited to attend tourism trade fairs

and exhibitions with the expenses for these trips financed from the budget of the VNAT. This acts as an effective way in which they can expand their relations and contacts in the international tourism market. Other state companies not under the management of the VNAT but instead under the management of ministries and state corporations would like to attend these trade fairs as well but are unable to because of financial limitations. Instead they have to rely on the relations that their ministries or corporations have in the handful of countries that the government and the VNAT have given permission for these tourism companies to sign tourism agreements with (Le Loi Tourism and Service Company, Hanoi, a state tour operator, under the control of a state institution other than the municipal people's committee or the VNAT)

Nevertheless, while for the majority of Vietnamese tour operators the lack of financial capability does constitute a major constraint on these businesses attending international tourism trade fairs, as the earlier quote from Gilbert Degryse demonstrates, the VNAT is in addition still able to effectively regulate access to international tourism trade fairs in the event that individual businesses do possess sufficient financial capability to attend. Thus, in the example cited by Gilbert Degryse, foreign joint-venture tour operator projects, between foreign and Vietnamese tour operators, which it can be assumed possess sufficient financial capability to attend international tourism trade fairs, are effectively prevented from attending as the VNAT excludes these businesses from a list of businesses it draws up. Instead, as in Gilbert Degryse's example, invitations are reserved for state tour operators such as Saigontourist, under the control of the Ho Chi Minh City Municipal People's Committee and Vietnamtourism, under the control of the VNAT itself.

One additional point arising out of the comments of the manager of Song Hong Tourism concerns how the VNAT almost exclusively invites a number of the **original** state tourism companies to attend international tourism trade fairs. In the case of state

tourism companies in Hanoi, such as Song Hong Tourism, the majority of those companies, which as discussed in Chapter 5 were important actors in the international tourism industry during the socialist era, have in the transitional economy continued to be important actors. As such this provides an answer to questions raised in the discussion on regulation theory in Chapter 2 and support for the claims made by authors writing about transitional economies that, in the transition from a socialist to a capitalist-oriented economy, relations between socio-economic and political actors and institutions are being reworked rather than dismantled. Key actors and institutions involved in regulating economic activities span both socio-economic systems. As is shown in Table 6.1, two of the most powerful tourism actors in the current international tourism industry in Hanoi - Hanoitourism and Vinatour - constituted two of the original state tour operators set up in the tourism industry in 1963 and 1960 respectively. In accounting for the continued prevalence of these institutions, the answer once again lies in how political imperatives have informed socio-economic considerations. During the socialist era, Hanoitourism and Vinatour served as units under the control of the VTC to carry out international tourism which primarily performed a political role through fostering relations between Vietnam and socialist countries. In the transitional economy, the maintenance of institutions such as Hanoitourism and Vinatour as key institutions in the international tourism industry has served political imperatives in maintaining the role of the state as the leading institution in the Vietnamese socio-economy.

Examining the mechanics of the VNAT's control over access to international tourism trade fairs also provides evidence in addressing two additional themes raised in discussions earlier in this thesis: firstly, how local state tour operators have struggled

over and competed for access to international tourism trade fairs and, secondly, how these struggles have been constituted through cultivating social ties with officials at the VNAT.

First, as claimed in regulation theory and by Smith and Pickles (1998) in the context of transitional economies, while tourism institutions from the socialist era continue to play key roles in the regulation of international tourism in the transitional economy, their respective power and control over nascent processes of international tourism are being contested. This has been manifested in attempts by local state tour operators to gain preferential access to international tourism trade fairs. With the VNAT inviting only a small number of state tour operators to attend each international tourism trade fair, competition between local state tour operators for invitations is intense. Local state tour operators have attempted to cultivate social ties with officials at the VNAT in order to increase their chances of receiving invitations, as the following quotes from two state tour operators under the control of the Hanoi Municipal People's Committee illustrate.

With deregulation in the state tourism sector, all tourism companies such as ours have become autonomous units. Therefore, we now have to compete with each other in the new environment. One way is by attempting to develop good relations with officials at the VNAT so that they can assist us by ensuring the smooth administrative running of our company in general and by giving us preferential treatment vis-à-vis other state companies, for example, by being invited regularly as one of a handful of state companies to attend international tourism trade fairs ahead of other state companies as a way of helping in the promotion of our company overseas, meeting and cooperating with tourism companies and organisations overseas, thereby stimulating the development of our business (Thuy Tien Tourism Company, Hanoi, a state tour operator under the control of the Hanoi Municipal People's Committee).

There is stiff competition between tourism companies wanting to be selected to attend international tourism trade fairs. To gain preferential

treatment in being invited to attend tourism trade fairs requires a company to have good personal relations with the leaders at the VNAT. In developing such relations, our company has to incur a certain level of expense although not significant, in providing officials at the VNAT with small gifts including financial gifts, or inviting these officials out for meals and drinks, for example. As a result, when the VNAT is planning to attend a trade fair, we can be informed about their plans through our connections at the VNAT and then prepare an application to attend well in advance which will hopefully improve our chances of receiving the approval of the VNAT (Song Hong Tourism, Hanoi, a state tour operator under the control of the Hanoi Municipal People's Committee).

The cultivation of social ties by local state tour operators with the VNAT very much evokes the umbrella (ô dù) or connections system discussed in Chapter 5 in the context of regulatory arrangements between the central and local states in the international tourism industry during the socialist era. While in the socialist era, local state tour operators cultivated social ties with officials at the VTC as a result of the VTC's regulatory control over the allocation of foreign visitors, in the transitional economy similar ties are being cultivated as a result of the VNAT's regulatory control over access for example to international tourism trade fairs.

Additionally, the second quote illustrates how social ties are in part being cultivated by local state tour operators with officials at the VNAT in order to receive preferential access to **information** regarding plans by the VNAT to attend forthcoming international tourism trade fairs. This was a theme I highlighted in Chapter 3, when discussing how one of the legacies of the socialist system is the concentration of information within the central state. It is therefore interesting to see how in the transitional Vietnamese economy, with officials at the VNAT controlling access to information, officials at local state tour operators are attempting to cultivate social ties as a way of obtaining preferential access to information.

6.3 PATH DEPENDENCY IN THE VNAT'S REGULATION OF INTERNATIONAL TOURISM SPACE

So far in this chapter the discussion has focussed on how the practices of the VNAT in regulating the building of economic ties and relations between local and foreign tourism actors and institutions have been premised on the achievement of political imperatives. I now turn to address the theme of path dependency, introduced and outlined in chapters 2 and 3 and discussed in the context of Vietnam in Chapter 5. I illustrate how the regulatory practices of the VNAT are evolving and being reworked, much as described in regulation theory, in a path dependent manner out of: firstly, **the legacies of historical experiences** and secondly, **regulatory forms and practices evoking former socio-economic systems**.

6.3.1 The Legacies of Historical Experiences

As I discussed in Chapter 5, antipathy towards the development of ties and activity by the central state in Vietnam in the international capitalist economy has been a recurring theme throughout the operation of successive socio-economic systems in Vietnamese history. However, legacies created out of the experience of colonialism have in the transitional economy had a particularly profound effect on the practices of the VNAT in regulating international tourism activity with major capitalist economies in Europe and North America. This has been evinced in the regulatory practices of the VNAT: firstly, in regulating access for Vietnamese tourism businesses in visiting foreign countries as a way of promoting their businesses in international markets; and secondly, in regulating the activities of foreign tour operators in the Vietnamese tourism market.

6.3.1.1 *Regulating Access for Vietnamese Tourism Businesses to Foreign Countries*

Following on from the discussion in Section 6.2.2, the three quotes below illustrate how the VNAT has exerted significant regulatory control over approving applications from tourism businesses - both state and private - to visit foreign countries as a way of promoting their businesses in the international market. This is despite the fact that these businesses are already officially authorised to carry out such tasks.

The VNAT operates an extremely restrictive policy with regard to giving permission required by tourism businesses to carry out promotion in the international market (Thai Binh Hotel, HCMC, a state hotel under the control of Saigontourist).

The VNAT should allow businesses such as our business, with the ability to develop international tourism activities themselves, more opportunity to approach the international market by giving permission for them to co-operate directly and form direct relations with tourism actors overseas, instead of always having to ask the VNAT for permission to do this...

... at present, before conducting promotional work in the international market, businesses have to submit specific details of this work to the VNAT.

... while amendments have been made to these restrictive policies, there are still a lot of complicated procedures which a business needs to comply with in attempting to develop their international tourism activities, for example in attempting to send a member of staff overseas to carry out promotional work on behalf of his company and liaise, co-operate and develop relations directly with tourism actors in the international market (Dong Tay Tourism Company, HCMC, a large state ITO under the control of Saigontourist).

We also face a lot of difficulties in trying to develop our activities in the international market ... going overseas... making contact with potential foreign partners ... and forming alliances as a way of developing and expanding the tourism industry in Vietnam. Again there are a lot of cumbersome procedures and obstacles to overcome to be able to do this. For example, we would like to send a member of staff overseas to contact and liaise with tour companies overseas but institutions such as the VNAT make it difficult for us to do this. They cause problems and waste time for

us in completing procedures. This severely limits the ability of the business to develop in the international market and consequently affects the progress of the business' activities as we are not able to compete effectively with other large tour operators in HCMC (Tu Hai Tourism Company, HCMC, a private tour operator with an ITOL).

The regulatory practices of the VNAT evidenced in the above quotes in part reflect issues already discussed in this chapter. Firstly, they reflect the VNAT's objective of controlling the building of ties between Vietnamese and foreign tourism businesses and providing a handful of local state tour operators preferential access to international tourism markets. Secondly, they reflect the arbitrary decision-making powers of officials from the VNAT. In addition, they evoke legacies from the experience of colonialism which has engendered within the central state in Hanoi suspicion of and antipathy towards major capitalist nations. This is reflected in the VNAT's rejection of requests from tourism businesses to send staff to "western" tourism markets as a way of developing ties with and promoting their businesses in these markets, as illustrated in the following quote. This practice has been informed by the legacy of the period after the end of the war in 1975 when swathes of the Vietnamese population attempted to emigrate to western nations.

The authorities won't give us permission to carry out this work in developed countries, as they are afraid that the individuals who go, won't come back and will try and earn a living in these rich countries. In recent years the VNAT has begun to establish tourism relations in particular with other developing countries in South-East and East Asia. However, while travelling to these poorer, developing countries has become easier, the authorities have still retained tight restrictions on travelling to richer, industrialised countries. This severely limits attempts by companies although authorised to conduct tourism business overseas i.e. having an international tour operator licence, to widen their relations in the international market. Generally permission is only given to companies when they request and gain approval to join a party of Vietnamese tourism businesses going to a tourism trade fair overseas when this party is organised by the VNAT. Independent requests made by companies to

send employees overseas are, however, generally turned down (Au Lac Tourism Company, Hanoi, a private tour operator with an ITOL).

6.3.1.2 *The Regulation of Foreign Tour Operators*

While much of the discussion so far in this chapter has focussed on the regulatory control of the VNAT in affording access for Vietnamese tourism businesses to the international tourism market; the VNAT has also exercised considerable control in providing access for foreign tourism businesses to the Vietnamese tourism market.

Resolution 45 in June 1993 conferred on the VNAT the role as the key institution regulating the activities of foreign tour operators in the Vietnamese market in the transitional economy through assigning it control over the issuing of licences for foreign tour operators to operate in the tourism market in Vietnam. As part of the Resolution, the VNAT was charged with “*creating favourable conditions for foreign tour operators to open representative offices in Vietnam*” (“*chủ động xây cất nhà cho các hãng du lịch nước ngoài thuê để mở văn phòng đại diện ở Việt Nam*”) (Tổng cục Du lịch, 1997: 45). However, in reality, since then the VNAT has demonstrated considerable fiat in restricting access for foreign tour operators in the Vietnamese market.

Officially, there are no restrictions on foreign tour operators running joint-venture tour operators with Vietnamese parties. However, in 1996, the VNAT decided to protect Vietnamese tour operators from competition from foreign tour operators in the Vietnamese market by stopping foreign tour operators from organising visas and tours in Vietnam, as it was deemed that this was creating excessive and unfair competition

and reducing prices and profit margins for local tour operators (EIU, 1st quarter 1997:26).

Then, at the end of 1997, the VNAT issued an official letter (*công văn*), stating that it had an unofficial policy not to authorise 100% foreign-owned tour operators. At the same time, it stated that it would only consider foreign-invested joint-venture tour operator projects as pilot projects. It also devised new terms and conditions for setting up joint-venture projects between Vietnamese and foreign tour operators licensed to bring foreign visitors to Vietnam, which were not considered favourable to foreign parties or likely to stimulate much interest among potential foreign tour operators. Investment capital in the joint-venture projects was set at a minimum of US\$1million. This was criticised by foreign tour operators as unrealistic and excessive for most operators (EIU, 4th quarter 1997:28; *VIR*, 20-26 October 1997:4-5). The shelf life of the joint-venture operation was limited to between seven and ten years for a project with legal capital of between US\$1M and \$1.5 million, and up to 15 years with legal capital of between US\$1.5M and \$2 million, after which time the business was to revert to full Vietnamese ownership (EIU, 4th quarter 1997:28; *VIR*, 20-26 October 1997:4-5). Consequently, as yet no foreign joint-venture tour operator projects have been licensed by the VNAT.

In the forming of joint-venture partnerships, between Vietnamese and foreign parties, the VNAT possesses sole authority for selecting the Vietnamese party with which the foreign partner is authorised to co-operate. Evidence of the arbitrary regulatory powers of the VNAT and its officials is that while projects with private Vietnamese tour operators are not officially excluded under the revised terms of the VNAT's policy, an

informant, working in an investment firm, which acts for foreign parties in joint-venture negotiations, considered that procedures between a foreign and a private Vietnamese tour operator “would be more complicated” (KI1, 10.12.99), i.e. bureaucratic intervention by the VNAT and its officials would make it highly unlikely that applications to form such alliances would be approved.

Until now, no projects with private Vietnamese tour operators have been licensed. Instead, the handful of joint-venture partnerships approved by the VNAT have been between foreign tour operators and ITOs primarily under the control of the local state in Ho Chi Minh City as well as the VNAT itself. These partnerships are on business co-operation contracts, which are less formal and looser arrangements than joint-venture agreements (*Tap chi Du lich*, April 1998:5; KI7, 13.10.00). Of the foreign tour operators, most are from East and South-East Asia.¹²

Conversely, only one European-invested tour operator business alliance has so far been set up in Vietnam. This is Exotissimo, an alliance between the state-owned CESAIS (Centre for Economic and Scientific Applications and Investment Services) (Trung tâm dịch vụ đầu tư và ứng dụng khoa học kinh tế) based in Ho Chi Minh City and Mekong Investments, a French company (*Tap chi Du lich*, May 1996:11). It started operating in January 1993, at a time when the regulatory powers of the VNAT and the official framework in regulating tourism activity were being drawn up. In the intervening

¹² These include the OSC Travel (SMI Group) Company, which is an alliance between the state-owned Vietnam Oil and Gas Services and Tourism Company and the Thai Siam Motor Group International Travel Company and the VTB (Vietnam Travel Bureau) Company, which is an alliance between Vietnamtourism in HCMC and the Thai Travel Bureau. Both the Vietnamese state companies involved in these joint-venture projects are under the control of the VNAT itself.

period, no further European-invested tour operator alliances have successfully entered the Vietnamese tourism industry (www.exotissimo.com viewed 23.06.03).

The regulation of foreign tour operators provides further evidence of the control possessed by the VNAT over international tourism activity in the transitional economy. Once again, it demonstrates the practices of the VNAT in affording a handful of state tour operators, under the control of the municipal state as well as the VNAT itself, privileged access in forming ties with foreign tour operators. By doing so, the VNAT is aiming to ensure that these businesses develop into leading actors in the international tourism industry.

6.3.2 Regulatory Forms and Practices Evoking Former Socio-economic Systems - Tourism Promotion

In promoting Vietnam as an international tourism destination, in this section I demonstrate how the practices of the VNAT are evolving and being reworked in a path dependent manner out of practices from former socio-economic systems. This has been illustrated, firstly, in terms of how the VNAT has organised tourism promotion activities and disseminated information regarding these to actors and institutions in the tourism industry in Vietnam. Secondly, it has been illustrated in terms of the VNAT's lack of experience as an institution operating in the international capitalist economy. This has had an adverse effect on the promotion of Vietnam as an international tourism destination.¹³

¹³ Resolution 45 in 1993 conferred the VNAT as the key institution charged with promoting Vietnam as a tourism destination in the international tourism economy (TCDL VN, 1997: 45). This was reaffirmed in the Tourism Law of 1999 (Anonymous, *Vietnam Economic Times*, April 2000: 28).

6.3.2.1 Dissemination of Tourism Information

As discussed in Section 5.1.3.1, throughout the monarch and socialist systems, policy-making was concentrated at the centre. Information and details regarding orders, plans and policies were simply disseminated down to lower levels in the state bureaucracy. In the transitional economy, similar practices have continued. This has been evidenced, firstly, by the way in which the VNAT designs and disseminates information regarding tourism promotion activities to tourism businesses. Secondly, it has been illustrated in the way in which the VNAT disseminates information regarding its plans to attend tourism promotional events overseas. The quote below - from a manager at an ITO under the control of the Ho Chi Minh City Municipal People's Committee – shows how the VNAT draws up tourism promotional activities with little or no co-ordination, communication or co-operation with other institutions in the Vietnamese tourism industry. It then simply disseminates information regarding these activities down primarily to municipal people's committees and a handful of tour operators under the control of municipal people's committees, instructing them to prepare for these activities.

The tourism authorities: the VNAT, the Ho Chi Minh City Bureau of Tourism and the Ho Chi Minh City People's Committee must change the way they impose tourism promotional campaigns on tourism businesses without due consideration and co-operation with these businesses. We have to spend a lot of money participating in these promotional programmes, yet because of poor co-ordination the benefits derived for companies such as ours from these campaigns are not very great.

Tourism institutions at central and local levels draw up these promotional programmes and instruct leading tourism companies in Ho Chi Minh City such as ours to implement the programme. However, tourism institutions do not prepare the programmes very thoroughly and do not give the companies sufficient time to prepare. Consequently, the companies waste a lot of money and the programmes are not very successful.

For example, at the beginning of 2001, the VNAT and the Ho Chi Minh City People's Committee implemented a promotional programme. They designed a programme introducing tourism in Vietnam and invited representatives from around 40 international tour operators in around 13 countries to come and visit Vietnam. They directly selected a number of large tour operators in Ho Chi Minh City such as Saigontourist, Ben Thanh Tourist and Hoa Binh Tourism to participate and implement a promotional programme for their companies. We had to contribute a lot of expenses to this campaign. However, as there was no co-ordination between the tourism companies and the state institutions, the achievements of the campaign were not very high (Tu Do Tourism Company, HCMC, a state tour operator under the control of the HCMC Municipal People's Committee).

Furthermore, the quote above illustrates how traditional practices have continued with comprehensive details of the VNAT's tourism promotion plans and invitations to tourism promotion activities disseminated down only as far as a handful of tour operators under the control of municipal people's committees. Little or no information is disseminated by the VNAT down to actors and institutions outside the state, in particular private tourism businesses (Le Quang Vu, *Vietnam Economic Times*, April 2000: 26; *VIR*, 11-17 March 2002:12). This is reflected in comments made by Van Anh, a tourism consultant at Red Tours, a private tour operator in Hanoi, when referring to the VNAT's plans for tourism promotion in 2002 "*promotion and marketing is inconsistent. We are part of the industry but we have no idea of the details of the campaign*" (*VIR*, 25 February-3 March 2002:9).

The above discussion once again illustrates the control possessed by the VNAT in its regulation of tourism activity. By providing a handful of tour operators under the control of municipal people's committees preferential access to information, the VNAT has facilitated the development of these businesses into leading actors in the tourism

industry. This has in turn aimed at ensuring that the state remains the most important institution in the transitional tourism economy.

6.3.2.2 Inexperience in Promoting Vietnam as a Tourism Destination in the International Capitalist Economy

One further illustration of how regulatory processes evolve and are reworked in a path dependent manner out of past experiences has been evidenced in the VNAT's promotion of Vietnam as an international tourism destination. Its comparative inexperience in functioning in the international capitalist economy has been manifested in international tourism promotion which while evolving as the VNAT gains more experience in operating in the international tourism economy, remains largely ineffective. This has consequently affected tourism activity in the transitional economy. The above point is supported by the following comments of tourism business owners and managers in Hanoi and Hue.

The government and the VNAT have carried out promotion and advertising campaigns in a number of countries. However, the overall range and effectiveness of these campaigns have been quite limited. This is due to the relative inexperience of these institutions; in the concept of tourism marketing in particular and marketing in general; in understanding how to operate a tourism industry as the tourism market in Vietnam is also relatively new; the knowledge and experience of the authorities with regard to international co-operation with more than a handful of countries is still limited; and their understanding of how the international market works is also limited (Nam Ha Tourism Company, Hanoi, a private tour operator with an ITOL).

The authorities are inexperienced in using marketing as a tool of international business in general and hence in using marketing as a means of promoting Vietnam's tourism industry in particular. Therefore, at the moment the authorities are adopting a cautious approach to international

marketing initiatives (Tran Xuan Soan Tourism and Trade Company, Hanoi, a private tour operator).¹⁴

The ineffective promotion of the Vietnamese tourism industry by the VNAT and the Hue Bureau of Tourism has limited increases in the number of foreign visitors coming to Vietnam and restricted the overall market for foreign visitors. Furthermore, poor promotion has also led to the potential of tourism in Hue remaining unexploited with low increases in both domestic and foreign tourists visiting Hue (Lac Viet Hotel, Hue, a state hotel, under the control of the Provincial People's Committee).

Nevertheless, tourism promotion has evolved throughout the process of transition. The first attempt of any significance to promote Vietnam as a tourism destination in the international capitalist economy occurred when 1990 was declared 'Visit Vietnam Year'. At this time, the process of transition in Vietnam was however at only an embryonic and relatively fragile stage (Porter, 1993:190).

However, 1990 coincided with a resurgence in more conservative views among the Party-State and a temporary reversal in the reform process. This arose out of the political changes which were accompanying economic transformation in former socialist nations in Eastern and Central Europe (Ibid: 192). This alerted the Vietnamese Party-State to the danger that integration into the international capitalist economy and closer economic co-operation with capitalist nations could engender similar political changes in Vietnam and ultimately lead to the unravelling of the Party-State (Ibid: 193). Traditional antipathy towards "western" capitalist nations resurfaced as evinced in the quote below.

Attention was diverted to the issue of safeguarding national security. Claims were made that imperialist subversives were attempting to sabotage the Vietnamese political system and that foreign tourists and

¹⁴ By "the authorities" the respondent is referring to the government and the VNAT.

Viet Kieu were being employed by intelligence agencies to undermine the government and attempt to instigate a military coup (Marr, 1993:353).

Unsurprisingly, in this environment, tourism promotional activities were seriously circumscribed and as a consequence the achievements of 'Visit Vietnam Year' were negligible.

6.3.2.3 The 2000 Tourism Promotion Campaign: 'Vietnam: A Destination for the New Millennium'

Ten years later in 2000, a second international tourism promotional campaign was launched with 'Vietnam: A Destination for the New Millennium' (Việt Nam: điểm đến của thiên niên kỷ mới). While the political context, in which the campaign was launched, was benign in comparison with the situation in 1990, the inexperience of the VNAT in promoting Vietnam as a tourism destination in the international capitalist economy nevertheless remained in evidence.

Despite being a campaign to attract foreign visitors, promotional activities were mainly organised within Vietnam. As a result, knowledge of the campaign outside Vietnam remained negligible. This consequently impacted on the effectiveness in promoting Vietnam as an international tourism destination and on the expansion of international tourism activity (Anonymous, *Vietnam Economic Times*, April 2000: 28). This is reflected in the comments below: firstly, from Denis Colonna, director of Exotissimo and, secondly, from Tran Thi Thuy of Handspan, a private tour operator in Hanoi.

A big irony is the fact that VNAT spends a lot of money on organising festivals and erecting banners locally while the real target was attracting international visitors. It holds 18 cultural festivals annually but fails to promote the country on international TV channels... which is actually part

of its action plan. How can foreigners know about these festivals when they are not provided any information by Vietnam's tourism promoters? The problem is there are not many promotions abroad to make travellers aware of what they can see in Vietnam (VIR, 11-17 March 2002:12).

Tourism fairs and exhibitions organised within Vietnam have little impact on attracting foreign tourists (VIR, 13-19 March 2000:4).

In a survey of business leaders in Vietnam in response to the question: 'How would you rate the success of the 'Vietnam: A Destination for the New Millennium' tourism campaign to date?' only 8% considered the campaign was impressive, compared with 4% who considered it as poor and 48% as only modest (VIR, 3-9 July 2000:2).

Among owners of private tourism businesses, most argued that the promotional campaign had at best only had a marginal effect on their businesses. While tourism numbers had increased, the majority of owners claimed that the VNAT campaign had played little part in this. According to Dang Duc Tri, the manager of Queen Cafe AZ Tours, a private tour operator in Hanoi, most of the increase in tourist numbers was accounted for by the increase in Chinese tourists, who mainly dealt with state tour operators and whose purchasing power was low (VIR, 10-16 July 2000:3, 7).

Denis Colonna, the director of Exotissimo, agreed with these comments and estimated that the campaign had attracted only around 5% of the growth in foreign visitors in 2000. While agreeing with Dang Duc Tri that the growth in foreign visitors was largely due to increases in the number of Chinese visitors, Colonna claimed that the majority of these were not however tourists but in fact traders who crossed the northern border daily to do business in Vietnam. In his opinion, the increase was further due to a rise in the number of Viet Kieu returning to visit Vietnam (VIR, 21-27 May 2001:20).

The opinions expressed above were similarly reflected in comments made by the bulk of owners and managers interviewed in both state and private tourism businesses when asked to comment on the effectiveness of the 2000 promotional campaign in attracting foreign visitors. These comments can be summed up by the quote below from the owner of a small, private hotel in Hue:

The 2000 campaign has had a little effect in making more foreign tourists aware about tourism in Vietnam but not as much as hoped for (Vien Dong Hotel, Hue, a private hotel).

Consequently, the 2000 tourism campaign was largely considered to have been of limited immediate effect in promoting Vietnam as a tourism destination in the international capitalist economy. Nevertheless, among a significant number of respondents, perhaps more important than the actual results achieved from the campaign was that it “*signified a turning point in the development of the Vietnamese tourism industry in the international tourism market*” (“biểu hiện một bước ngoặt trong sự phát triển của ngành du lịch Việt Nam trên thị trường du lịch quốc tế”) (Mai Anh Hotel, HCMC, a private hotel).

To these respondents, ‘Vietnam: A Destination for the New Millennium’ marks the first time, the VNAT has been truly committed to organising a campaign promoting Vietnam as a tourism destination in the international capitalist economy. As such, the campaign provides one further illustration of how regulatory processes are currently evolving and being reworked in a path dependent manner out of past experiences in

regulating tourism activity. To these respondents, lessons will be drawn from the 2000 campaign in organising future campaigns and as the VNAT gains experience and becomes better acquainted with functioning in the international capitalist economy, it will become more effective in promoting Vietnam as a tourism destination in the international capitalist economy. This was reflected in comments made by a large number of respondents similar to the quote below.

The 2000 campaign has not made a significant immediate impact. It will likely make more of an impact in the coming few years (Huy Hoang Hotel, Hue, a state hotel).

6.4 CONCLUSION

As identified in other transitional economies in Chapter 3 and in the general Vietnamese economy in Chapter 5, this chapter has similarly illustrated how in the transitional Vietnamese economy, the VNAT has ceded a significant degree of regulatory control over tourism activity in local spaces to the local state. As discussed in Chapter 5, the discussion in this chapter similarly points to the fact that this is being done primarily as a way of achieving political imperatives: the maintenance of the state as the leading institution in the Vietnamese socio-economy.

The findings presented in this chapter do however illustrate how with regard to the regulation of international tourism, the VNAT has retained considerable regulatory power and control, acting as the key conduit regulating access for Vietnamese tourism businesses to the international tourism market and for foreign tourism businesses to the Vietnamese tourism market. As such, the findings presented in this chapter strongly

support the assertion made in regulation theory that the central state remains a key conduit through which global economic processes are being mediated and negotiated in regulating capitalist economic activities across national spaces. At the same time, they also ascribe a much more important regulatory role for the central state in the regulation of nascent capitalist economic activities than identified by authors writing about other transitional economies.

However, while within regulation theory there is the assertion that one of the main ways in which the central state is able to regulate global economic processes is through the enactment of a formal framework of regulatory forms - laws, policies and directives to guide such processes throughout national space, the findings in this research suggest that only to a small degree does this adequately reflect the full extent of the regulatory powers of the central state.

Instead, the findings presented in this chapter point to the greater significance of the discretionary power and control exercised by the VNAT and its officials in regulating international tourism activity through their capacity to mediate access for Vietnamese tourism businesses to the international tourism market and for foreign tourism businesses to the Vietnamese tourism market. This has been evidenced, firstly, in how the VNAT has afforded privileged access to international tourism space for a handful of local state tour operators primarily under the control of the Hanoi and Ho Chi Minh City Municipal People's Committees. This has facilitated the development of these businesses into dominant actors in the international tourism industry in the transitional economy. Once again, as highlighted throughout the thesis, the regulatory practices of the VNAT have reflected its overriding priority of achieving political imperatives,

ceding economic power over tourism activity to local state tourism institutions as a way of maintaining the state as the leading institution in the transitional economy. It has secondly been evidenced in the discretionary power exercised by officials at the VNAT in their role as regulatory conduits with which Vietnamese tourism businesses have to negotiate in order to access international tourism space and in particular in the capacity of officials to mediate VNAT directives.

At the same time, the findings presented in this chapter support another of the key analytical concepts identified and discussed throughout this thesis, namely the role of path dependency in the regulatory practices of the VNAT. In regulating international tourism activity in the transitional Vietnamese economy, the practices of the VNAT are evolving and being reworked out of the legacies of in particular, the experience of colonialism. This has been manifested in circumspection by the VNAT in regulating international tourism activity with major capitalist economies in Europe and North America. In addition, the practices of the VNAT also evoke regulatory forms and practices from former socio-economic systems together with illustrating the comparative inexperience of the VNAT in regulating tourism activity in the international capitalist economy.

This chapter has firmly reinserted the central state back into the regulatory picture as the key institution mediating global economic processes into national spaces. Nevertheless, as briefly discussed at the beginning of this chapter, in the transitional economy, the VNAT has ceded a significant degree of regulatory control over tourism activity within local spaces to the local state. Consequently, a question which remains

to be addressed is how is tourism activity being regulated within local spaces? This is the theme of the following chapter.

CHAPTER SEVEN

THE LOCAL MODE OF SOCIAL REGULATION

The discussion so far in this thesis has established the local state as the pivotal institution regulating nascent capitalist economic activities within local spaces in the transitional Vietnamese economy. At the same time, it has also been demonstrated how local state officials have maintained their traditional key role in regulating economic activity in local space. In the transitional economy, the control possessed by local state officials in regulating capitalist economic activities has been consolidated. This has been due to two main reasons. First, control over economic activity in local spaces has been formally ceded by the central state down to the local state. Second, the reworking by the central state of institutional structures and legislative forms to regulate capitalist economic activities affords local state officials considerable capacity to interpret and mediate central state directives.

At the same time, as discussed in Chapter 5, through their control over bureaucratic levers, local state officials have retained their historical role as key conduits that private actors must negotiate with in order to conduct economic activity in local space. Again as was illustrated in Chapter 5, as a way of negotiating the local regulatory environment, private economic actors have traditionally cultivated social ties with local state officials both by invoking pre-existing ties based on shared affiliation but also by creating social ties where no shared affiliation exists. This has been perpetuated in the transitional Vietnamese economy by the fact that the vast majority of new private businesses have emerged out of social ties between entrepreneurs and state officials.

In this chapter, based on the findings from interviews conducted with private tourism business owners in Hanoi, Hue and Ho Chi Minh City, I analyse in detail the extent to which the cultivation of social ties has constituted an important institutional mechanism in the regulation of private tourism activity in the transitional Vietnamese economy.

The analytical framework utilised for this purpose draws on the themes identified by authors writing about *guanxi*, discussed in Chapter 3, and supported by the discussion on social ties in Chapter 5. In particular, I examine the extent to which both **vertical ties** with local state officials and **horizontal ties** with actors at the local and international scales have been cultivated by private tourism business owners as a way of facilitating three stages of the business process:

Firstly, in **establishing private tourism businesses**

Vertical Ties: in the approval and navigation of bureaucratic procedures

Horizontal Ties: in obtaining capital

Secondly, in **the course of running private tourism businesses**

Vertical Ties: in the completion of administrative tasks and in the circumvention of official central state regulations

Thirdly, in **developing tourism business**

Horizontal Ties: with international and local actors

Vertical Ties: access to information

At each of these stages, I examine the extent to which ties cultivated by private tourism business owners have been constituted through pre-existing ties based on shared affiliation thus supporting the notion of social capital, or ties created by private tourism business owners where no such shared affiliation exists.

In addition, having conducted research in the north, the centre and the south of Vietnam in Hanoi, Hue and Ho Chi Minh City respectively, throughout this chapter I address the issue of diversity in local regulatory processes by identifying the extent to which differences in regulatory practices at the three stages of the business process were revealed from interviews carried out with private tourism business owners in the three locations. In addition, I examine the extent to which social ties overseas have facilitated the development of tourism activity for private tourism business owners in Ho Chi Minh City vis-à-vis Hanoi and Hue. This is carried out by examining the role that social ties between actors in the Ho Chi Minh City economy and the international capitalist economy are playing firstly, in the process of establishing a private tourism business through providing capital to enable entrepreneurs to set up tourism businesses and, secondly, in developing private tourism business through providing foreign customers for private tourism business owners.

7.1 ESTABLISHING A PRIVATE TOURISM BUSINESS

7.1.1 Pre-existing Vertical Ties with Local State Officials

From the responses of private tourism business owners interviewed in all three locations, there is strong evidence to support the notion that for private tourism business owners, possessing **pre-existing ties** with local state officials has constituted an important regulatory norm facilitating the process of establishing a private tourism business. Such a finding was revealed from the responses given by private tourism business owners, who after initially being asked to outline the extent of their pre-existing ties with local state officials were then asked to assess the importance of these ties with the question:

How important was having relations in the decision of the founders to establish the business?

(Việc có được các mối quan hệ đã ảnh hưởng như thế nào tới các quyết định thành lập doanh nghiệp của những người sáng lập doanh nghiệp?)

where “các mối quan hệ (relations)” implied pre-existing ties with local state officials. 65% of respondents in Hanoi, 60% in Hue and 80% in Ho Chi Minh City considered “relations with local state officials” to have been very (rất) important (quan trọng) and influential (ảnh hưởng) in their decision to establish a private tourism business. An additional 25% of respondents in Hanoi, 15% in Hue and 20% in Ho Chi Minh City considered relations to have been relatively (trung đối) important and influential. Some of the reasons were revealed from the responses given by private tourism business owners in all three locations, and typified in the selection of quotes below to the question:

In what ways do attitudes among particular institutions and individuals vary regarding the amount of support or lack of support in establishing a private tourism business such as yours?

(Nhìn chung, thái độ của các tổ chức và cá nhân cụ thể khác nhau như thế nào dựa vào những gì mà họ đã giúp đỡ hoặc không giúp đỡ đối với việc thành lập doanh nghiệp du lịch mang tính chất tư nhân như doanh nghiệp của quý vị?)

*In theory, according to official regulations, the support given to any business of any type should be the same. However, in reality the level of support differs markedly depending on the extent of pre-existing ties between the owners of a business with the relevant institutions and individuals working in them and the closeness of these ties (Hang Bac Tourism Trade and Investment Company, **Hanoi**, a private tour operator).¹*

It depends on the pre-existing ties that the owners of the business have with the relevant authorities, for example, with the local office of trade when asking for a business licence.

*... If an owner of a business has good pre-existing ties with people working in relevant offices and institutions in the locality of the owner's business, then they will help in the completion of procedures. If the owner doesn't have such good ties then all this work will take longer and be more protracted, i.e. difficult (Hoa Ma Tourism and Trade Company, **Hanoi**, a private tour operator).*

In establishing a private tourism business, the support or lack of support given to entrepreneurs all depends on pre-existing ties and the closeness of ties between the owners of a business and the relevant authorities which results in different levels of assistance and in varying degrees to which these authorities check or interfere in an owner's business, i.e. good ties, less stringent control; not such good ties, greater interference by the authorities (...tùy theo các mối quan hệ và mức độ quan hệ của chủ doanh nghiệp với các cơ quan, tổ chức trợ giúp mà họ có sự trợ giúp khác nhau...)

*For example, if the owner of a business has pre-existing ties with officials at the People's Committee, then decisions relating to the issuing of licences and the establishment of the business will be completed quickly in comparison with the situation where the owner doesn't have such ties (Nếu như chủ DN có quan hệ với cán bộ trong Ủy ban nhân dân thành phố thì giấy phép quyết định thành lập làm rất nhanh so với DN không có quan hệ)(Nam Sao Tourism Company, **Hanoi**, a private tour operator).*

¹ As in previous chapters, throughout this chapter, with tourism businesses and owners from which quotes and case study material are presented, pseudonyms are used in order to protect the anonymity of these companies and individuals.

*With regard to the level of assistance this depends on the pre-existing ties that a business owner has with officials from the relevant authority institutions (Thai Binh Duong Tourism Company, **Ho Chi Minh City**, a private tour operator).*

*It all depends on the extent of pre-existing ties between business owners with officials working in relevant state institutions. For example, if a business owner has good pre-existing ties with an official in the Hue People's Committee then applying for a licence to establish the business will be easier in comparison with another business owner who does not have any ties in that institution (The Gioi Hotel, **Hue**, a private hotel).*

*If an individual has pre-existing ties with officials working in the relevant authorities, the establishment process is easy; if an individual doesn't have ties, then the authorities will cause some degree of difficulty in completing procedures and paperwork, for example, in applying for a licence to establish the business or applying for certificates such as a Fire and Safety Certificate (Ba Na Hotel, **Hue**, a private hotel).*

The quotes above serve to illustrate how, despite the creation by the central state of a formal framework of regulations governing the establishment of private businesses, local state officials retain significant capacity to mediate central state regulations and exercise arbitrary and discretionary decisions. For entrepreneurs, local state officials consequently possess the capacity to facilitate or hinder any stage of the establishment process. As a result, for private tourism business owners, possessing pre-existing ties with officials working in particular local state institutions involved in the approval and establishment of private businesses is considered important. Pre-existing ties facilitate the establishment process by providing a greater degree of certainty and reliability that all procedures required in the setting up of a business can be completed quickly and smoothly.

7.1.2 Sites in the Creation of Pre-existing Ties between Private Tourism Business Owners and Local State Officials

From the responses of private tourism business owners, two sites identified in chapters 2 and 3 as important in creating social capital had also been important in the pre-existing ties cultivated with local state officials. These were **university** and **workplace**.

7.1.2.1 University

In Chapter 3, I discussed how authors such as David Wank recognise the importance of friendships formed at university with, in the transitional economy, entrepreneurs cultivating ties with former classmates now working as state officials as a way of receiving bureaucratic support in moving into nascent capitalist economic activities.

As illustrated in the following quotes, this was supported in my own findings.

*We have very good relations with staff at the VNAT, for example, the Deputy Head of the VNAT and the Head of the Administration Department and also with staff in the Hanoi Bureau of Tourism. These connections are former classmates at school, university, from the tourism course we studied on, as well as business connections. They helped a lot in applying for licences, for building, establishing and carrying out business and in applying for licences in connection with additional functions related to the hotel business. They also helped in introducing guests to the hotel in the initial stages of its operation (Thang Nam Hotel, **Hanoi**, a private hotel).*

*We are long-time friends with a number of people working in the VNAT and the Hanoi Bureau of Tourism. We met and became friends with these people when studying at university. These connections helped a lot in speeding up the process and procedures involved in setting up the business (Hoa Ma Tourism and Trade Company, **Hanoi**, a private tour operator).*

I am friends with a number of staff working in the VNAT and in the Hanoi Bureau of Tourism. We met at university and also studied

*together in the Czech Republic (One of the owners of Nam Sao Tourism Company, **Hanoi**, a private tour operator).*

*I have a lot of friends who studied with me in Russia who work in the Hanoi People's Committee. For example, one of my former university classmates in Russia worked in the Organisation Department at the Hanoi Municipal People's Committee. He helped in completing all the procedures necessary to establish the business (Nam Ha Tourism Company, **Hanoi**, a private tour operator).*

*At the time we set up the hotel, we had relations with a number of former university classmates, one the Head of the General Department at the Thua Thien Hue People's Committee, and others working in the Provincial Police and in the Hue Bureau of Tourism. They helped a lot with administrative procedures required to set up the business (Vien Dong Hotel, **Hue**, a private hotel).*

*I had a number of relations with former university classmates and relations, who work in the provincial taxation office, the city police and in relevant departments in the Provincial People's Committee. They helped with regard to completing all procedures and paperwork related to establishing the business. They introduced and promoted the hotel to their friends and business relations and thus provided the hotel with a supply of guests in the initial stages of operation (Bai Duong Hotel, **Hue**, a private hotel).*

*I had a lot of friends and connections working in the tourism industry, at the Ho Chi Minh City Bureau of Tourism and at the Ho Chi Minh City People's Committee made while at university and while working at Sinh Café. They helped me a lot in deciding to set up the business and in introducing and promoting my business to their relations (Thai Binh Duong Tourism Company, **Ho Chi Minh City**, a private tour operator).*

In addressing my fifth research question, the quotes above serve to support the notion of social capital as an important institutional mechanism in the establishment of private tourism businesses. Ties formed with university classmates at the end of the 1970s and the beginning of the 1980s were, ten, fifteen or twenty years later, able to provide tourism business owners with support in establishing their businesses.²

² Estimated using the mean age of entrepreneurs interviewed of 42, 43 and 38 in Hanoi, Hue and HCMC respectively

7.1.2.2 *Workplace and Work Experience*

In Chapter 3, I discussed how authors such as David Wank have identified how entrepreneurs in the transitional Chinese economy have utilised ties with **former colleagues in state institutions** as a way of engaging in nascent capitalist economic activities. The findings from my own research support the important role of workplace as a site in the creation of social ties by entrepreneurs with local state officials. Almost all respondents mentioned how ties formed with state officials in previous work had been invoked in facilitating the establishment of their current tourism businesses. However, as illustrated in Table 7.1, my findings suggest that ties with state officials were created not only from previous work in state institutions, but also from previous work in private businesses. This serves to introduce one additional site out of which social capital is being created from those so far discussed in the literature. This site has emerged from the private businesses established in the early stages of the transitional economy in the late 1980s and early 1990s. Currently, ‘second generation’ entrepreneurs, who previously worked in these private businesses, are invoking ties with state officials created during this time.

Table 7.1. Sites of work experience cited by private tourism business owners at which ties created with state officials were invoked in facilitating the process of establishing the current private tourism business (in percentages)

Previous work experience in:	HANOI	HUE	HCMC
State			
Tourism businesses or institutions	40	62	60
General businesses or institutions	20	0	0
Private			
Tourism businesses ³	10	0	20
General businesses	30	38	20
	100	100	100

7.1.2.2.1 *Work Experience in State Tourism Institutions*

The highest proportion of respondents: Hanoi (40%), Hue (62%), Ho Chi Minh City (60%) cited ties formed with state officials through previous work at state tourism institutions as having been cultivated when establishing their private tourism businesses. In Hanoi, one respondent had worked for five years in the Hanoi Bureau of Tourism. Another respondent had worked as a tour guide for Hanoitourist for two years. In Hue, one respondent had worked in the Hue Bureau of Tourism and for five years at one of the large state tour operators in Hue. Another respondent had worked as an accountant at one of the large state hotels in Hue for four years. A

³ The low proportion of ties created by private tourism business owners out of work experience in private tourism businesses is most likely due to the fact that at the time the majority of private tourism business owners established their businesses in the mid-1990s there were few private tourism businesses operating.

third respondent had gained a considerable amount of experience as the chief accountant for the provincial state tour operator. In Ho Chi Minh City, one respondent had worked for four years as a tour guide for one of the large state tour operators. Another respondent had been a manager in a large state hotel for three years.

While working at state tourism institutions, respondents had formed ties with officials working in state tourism institutions with direct control over administrative procedures involved in establishing a private tourism business. As is illustrated in the following quotes, for respondents, invoking these ties had significantly facilitated the establishment process by ensuring that all procedures had been completed quickly and smoothly.

As I had worked for the Hanoi Bureau of Tourism before establishing the business, I had good relations with a lot of officials working in tourism institutions, for example, at the VNAT with the assistant director and also with a number of other officials there. At the Hanoi Bureau of Tourism, I knew almost everybody. As a result of these connections, I had extremely favourable conditions in which to set up my tourism business. My relations in the VNAT and the Hanoi Bureau of Tourism helped in applying for and obtaining a licence to establish my business. They helped with all the procedures required to obtain a licence to set up the business. They ensured that my application was dealt with favourably and that the process was quick, straight-forward and problem-free (Hang Bac Tourism Trade and Investment Company, Hanoi, a private tour operator).

...I also formed relations with people in the tourism industry, for example, with officials in the Hanoi Bureau of Tourism, from the time I worked as a tour guide for Hanoitourist.

...These connections helped create good conditions for me when completing the procedures involved in establishing the business and in getting a licence to register the business (...tạo sự thuận lợi cho việc làm thủ tục giấy phép đăng ký kinh doanh)(Nam Sao Tourism Company, Hanoi, a private tour operator).

She obviously has a lot of very close relations with officials working in the state authority institutions connected with the tourism sector ...

... Therefore, there were no difficulties at all in setting up the business. The help of these state institutions was very effective and important. It allowed us to complete all necessary procedures quickly... We didn't waste a lot of time, effort or expense. There was no need to resort to shelling out (xì tiền ra) extra expenses in order to get officials at the relevant authorities on side (Suong Mu Hotel, Hue, a private hotel).

In Hue and Ho Chi Minh City, a significant proportion of respondents - around 25% in Hue and 20% in Ho Chi Minh City - were running businesses while their spouses continued to work in local state tourism businesses or institutions. As the quotes below illustrate, these arrangements had allowed respondents to “tap into” (khai thác) the ties of their spouses with officials in local state tourism institutions once again ensuring that the process of establishing the private tourism business had been completed smoothly. As such, this provides an example illustrating the support provided by family in enabling entrepreneurs to negotiate the regulatory environment and participate in nascent capitalist economic activities.

In setting up the hotel, I had the support of my husband, who was working for the Thua Thien Hue Provincial Tourism Company. Through my husband, I had good relations with a number of officials working in the Hue Bureau of Tourism. These relations are former classmates and colleagues of my husband. These relations facilitated the establishment of the business a lot by completing the approval of applications for licences quickly and without causing difficulties (The Gioi Hotel, Hue, a private hotel).

I wanted to set up a hotel for my wife to run and manage. I myself have been working at the Hue Tourism Company for eight years and continue to work there. Before that I worked in the Hue Bureau of Tourism, part of the Thua Thien Hue People's Committee. As a result of working at these two institutions, I have formed a lot of relations with officials working in local state institutions administering tourism businesses, for example, departments within the Provincial People's Committee such as the Bureau of Planning and Investment and the Bureau of Tourism as well as the provincial taxation department and the City Police. All these connections helped with regard to completing all procedures and paperwork related to establishing the business (Bai Duong Hotel, Hue, a private hotel).

7.1.2.2.2 *Negotiating the Unofficial Regulatory Environment in the Absence of Pre-existing Ties*

The quote above from one of the owners of the Suong Mu Hotel in Hue provides an illustration of the difficulties faced by entrepreneurs in negotiating the regulatory environment in the absence of “*close relations with officials working in the state authority institutions connected with the tourism sector*”. The control possessed by local state officials over administrative procedures involved in the process of establishing a private tourism business is manifested in these entrepreneurs having to “*waste a lot of time, effort or expense*” and needing “*to resort to shelling out extra expenses in order to get officials at the relevant authorities on side*” (“*dùng đến bài xì thêm tiền cho quan chức trong các cơ quan phụ trách để được ủng hộ*”) (Suong Mu Hotel, Hue, a private hotel). This was reflected in comments made by a small number of respondents, who, during the establishment process, had faced difficulties not in negotiating the whole process of establishing a private tourism business but at particular stages of the process.

For example, in the case of the Tu Hai Tourism Company, a private tour operator in Ho Chi Minh City, illustrated in the quote below, ties formed by one of the owners from previous work in a large state tour operator with officials in the Ho Chi Minh City tourism industry had been considered as an important factor in the initial decision of the owners to establish a tour operator business. Indeed, close ties with officials at the Bureau of Tourism in Ho Chi Minh City had enabled the business to negotiate official VNAT regulations and obtain an ITOL. However, a lack of ties with officials with control over administrative procedures at other stages in the establishment process had seriously impeded the smooth completion of these procedures.

Having worked as a tour guide for the Hoa Binh Tour Company in Ho Chi Minh City for four years, I had a lot of friends also working in the industry; including at the Bureau of Tourism in Ho Chi Minh City, the Hoa Binh Tour Company and Saigontourist. My connections at the Bureau of Tourism helped me obtain an international tour operator licence, despite the fact that the business was ineligible under official regulations.⁴ However, as I did not have relations with officials working in other authority institutions, I did not receive any particular assistance from officials in these institutions and the process of setting up the business took a lot of time and money (Tu Hai Tourism Company, Ho Chi Minh City, a private tour operator with an ITOL).

Supporting the discussion in chapters 3 and 5 and comments made at the beginning of this chapter, the evidence presented here illustrates how despite attempts by the central state to streamline the formal regulatory environment, the process of establishing a private tourism business continues to be bureaucratic and cumbersome. Individual local state officials possess considerable arbitrary and discretionary power through their control over particular administrative procedures to facilitate or hinder any stage of the establishment process for an entrepreneur. This explains why social capital - with the invoking of pre-existing ties with these officials - constitutes an important institutional mechanism regulating the establishment of private tourism businesses.

These findings were supported in comments made by one of the owners of the Mai Anh Hotel in Ho Chi Minh City:

As I had good relations with a number of officials working in a number of relevant institutions, I mostly encountered no problems at all with most procedures completed quickly. There was however one problem with a number of officials working in the local department

⁴ In this case due to the insufficient turnover of the business. As mentioned in Section 6.2.2.1 in the last chapter, officially the VNAT will only issue an ITOL to a business achieving an annual turnover of at least VND1 billion. The turnover for the Tu Hai Tourism Company disclosed to me during the interview was only VND250 million in 1998 and VND400 million in 2000.

responsible for environment and safety. When building of the hotel commenced, a number of officials at this department started causing a few problems in insisting that pavements and the surrounding area near the hotel were kept clean and that building materials did not obstruct the pavement. In reality, these officials while threatening to fine me for violating regulations were only interested in getting kickbacks. Our disagreement was therefore eventually resolved with these officials receiving sums of cash (Mai Anh Hotel, Ho Chi Minh City, a private hotel).

7.1.2.2.3 Work Experience in Central State Institutions - Ministries

In Hanoi, as a result of its status as the political and administrative centre of Vietnam, a number of respondents also cited ties formed through previous work at **ministries** as having played an extremely important role in the establishment of their tourism businesses. In these cases, respondents had utilised ties formed with officials in these ministries rather than with local state officials involved in the process of establishing a private tourism business.

As illustrated in the quotes below, possessing such ties had been pivotal in the decisions of respondents to establish their tourism businesses. Ties with ministry officials, as well as ensuring the smooth completion of bureaucratic procedures, had also enabled respondents to circumvent central state regulations. In the case of the Hoang Nu Hotel, it had been able to obtain a licence to operate as a hotel, authorised to receive foreign guests, despite not satisfying state regulations effective at the time regarding size, standard of accommodation etc. This occurred at a time (the beginning of the 1990s) when tourism activity in Vietnam was at only an embryonic stage and where central state regulations and attitudes were severely constraining the role of private entrepreneurship in the development of a tourism industry. In the case of the Danh Du Tourism Company, it had been able to obtain a licence to operate as an international tour operator (ITO) despite failing to comply with official state

regulations regarding the time it had been in operation. These examples demonstrate the important role played by local state officials in the regulation of nascent capitalist economic activities. Local state officials retain the capacity to mediate central state directives, not only in the completion of bureaucratic procedures, but also in the circumvention of directives. Once again, this serves to illustrate why, for entrepreneurs, possessing pre-existing ties with these officials is considered so important in the establishment process. It allows them to complete bureaucratic procedures smoothly, but also to obtain benefits and engage in business activities they are not officially authorised to do.

Through the good relations formed, in particular, with the assistant director at the Hoang Hon Company, part of the Ministry of Public Security, I was encouraged and given a lot of help in establishing the business.⁵

Back in 1992/1993, after I'd thoroughly researched the process of setting up a private hotel business, I saw that it was too onerous to set up independently. So instead, I decided to set up the business under the name of the Hoang Hon Company. My connections there were responsible for applying for the licence to establish and operate the business. With their help, the process of setting up was completed smoothly without any difficulties. The time applying for a licence, building and opening the hotel only took 8 months.

The help of my connections at the Hoang Hon Company was invaluable as it enabled me to get a licence to operate as a hotel. Without this help, it would have been extremely hard to get a hotel licence to serve foreign visitors. Back in 1993 for a small or medium-sized private hotel such as mine with only around 20 rooms, it was very difficult to get a licence to operate as a hotel as generally small scale businesses such as mine could only operate as guest houses for domestic customers only. This was due to the strict regulations existing at the time of the government and state institutions such as the local Police, the local Bureau of Trade, the Fire Prevention Department, the Hanoi Bureau of Tourism and local taxation office. These institutions demanded that hotels satisfy numerous, strict requirements regarding the standard of accommodation, which in reality only larger-scale state businesses could satisfy. For example, the Bureau of Tourism insisted that in order to serve foreign guests a hotel had to have over 20 rooms, otherwise the owner had to set up

⁵ The Hoang Hon Company is a pseudonym I have used in order to protect the respondent's anonymity

as a guest house which couldn't accept foreign guests. Getting a safety licence from the Fire Prevention Department was also very difficult as a hotel had to satisfy many requirements. The local police also carried out extremely rigorous checks on a hotel's foreign visitors. In addition, a potential owner also had to satisfy financial requirements. According to the regulations at the time, an owner had to have at least VND50 million in order to set up a hotel business. As a result, in 1993, the main barriers to entry were the strict regulations of the controlling authorities, which were very effective in preventing private businesses from setting up hotel businesses. Instead, the regulations forced small and medium-sized hotels to set up and operate under the name of a state company.

Similarly, between the setting up of my hotel business in 1993 until 1999, my business went under the name of the Hoang Hon Company. Then, in 1999, as a result of changes in government policy, encouraging small and medium-sized businesses to set up and develop, I changed the status of my hotel to a fully-private company (Hoang Nu Hotel, Hanoi, a private hotel).

For 20 years, I had worked within the organisation of a ministry, latterly as the manager of a commercial and trading business, part of a ministry.⁶ As a consequence of having formed good relations with leaders at the Ministry during that time, I decided to establish the tourism business, as a domestic tour operator principally organising the vacation requirements of employees of the Ministry.

In particular, connections at the Ministry helped in renting me business premises at a very reasonable rate. These connections also helped in providing me with sources of customers in the initial stages after setting up the business. The Ministry also acted as the sponsor for the business. This ensured that the Hanoi Municipal People's Committee quickly completed all procedures approving the application and issuing the licence to establish the business.

Friends and connections at the Ministry also sponsored the business in its application for an international tour operator licence. Despite official regulations of the VNAT which stipulate that before being eligible to apply for an international tour operator licence, a company must have been operating in the tourism field for at least 2 years, as our company was under the sponsorship of the Ministry, the VNAT issued our licence after the company had been in operation for only 7 or 8 months (Danh Du Tourism and Trade Company, Hanoi, a private tour operator with an ITOL).

⁶ I have withheld the actual name of the Ministry to maintain the respondent's anonymity.

One additional point arising out of the interview conducted with the director of the Danh Du Tourism Company reinforces the discussion in Section 7.1.2.2.2 regarding both the significant control possessed by a myriad of officials over particular administrative procedures and as a result the importance for private tourism business owners of possessing pre-existing ties with officials working in those local state institutions involved in the process of establishing a private tourism business. Similar to the case of the Tu Hai Tourism Company in Ho Chi Minh City, illustrated in the previous section, ties formed by the director of the Danh Du Tourism and Trade Company with leaders at a ministry out of previous work had facilitated the establishment process and in addition had enabled the respondent to mediate official VNAT regulations and obtain an ITOL. However, in the absence of pre-existing ties directly with officials responsible for completing bureaucratic procedures, the respondent had been forced to resort to *“shelling out extra expenses in order to get officials at the relevant authorities on side”* (One of the owners of the Suong Mu Hotel in Hue). As illustrated in the quote below, this was accomplished through the cultivation of social ties by the respondent with officials, as depicted in Section 3.4.5 in Chapter 3, by inviting officials out for drinks and meals as well as by offering sums of money.

The main way in which the establishment process in reality differed from the one that I had envisaged was that the level of expenses that I needed to pay throughout the process to complete procedures and when applying for licences to set up the business from the Bureau of Planning and Investment at the People's Committee in Hanoi and, in particular, when applying for the international tour operator licence from the VNAT was much higher than I had anticipated. These expenses were to officials at the relevant authorities who helped me, for example, expenses incurred in inviting these officials out for meals and drinks and some financial gifts (Danh Du Tourism and Trade Company, Hanoi, a private tour operator with an ITOL).

In the case of the significant expenses incurred by the director of the Danh Du Tourism Company in cultivating ties with officials at the VNAT, this suggests that the extent of expenses reflected the lack of close ties with officials together with the extent of the favour required, i.e. the mediation of official state regulations in obtaining a prestigious and invaluable international tour operator licence. This mirrors the situation described by David Wank in the context of the transitional Chinese economy and discussed in Section 3.4.3 in Chapter 3.

7.1.2.2.4 *Work Experience in Private Businesses*

Table 7.2. Sites of work experience in private businesses cited by private tourism business owners at which ties created with state officials were invoked in facilitating the process of establishing the current private tourism business (in percentages)

Previous work experience in:	HANOI	HUE	HCMC
Private General Businesses	30	38	20

As discussed at the beginning of Section 7.1.2.2, previous work in private businesses also constituted a site in which a significant proportion of private tourism business owners had formed ties with state officials. As the following three quotes from interviews conducted in Hanoi and Hue illustrate, in previous work in private businesses, respondents had formed ties with those local state officials with control over administrative procedures involved in establishing a private business. Consequently, after deciding to establish their private tourism businesses, these ties were invoked as a way of once again ensuring that the establishment process was

completed smoothly and quickly and again as mentioned by the owner of the Cay Vang Hotel in Hue as a way of minimising the amount of expense and cumbersome bureaucracy faced by respondents in negotiating the establishment process. Once again, the importance for private tourism business owners of possessing pre-existing ties with those local state officials with control over the process of establishing a tourism business was illustrated in the comments made by the owner of the Tran Xuan Hotel in Hue that pre-existing ties with officials from the Hue Provincial People's Committee, the City Police and the Taxation Department were "*quite an important factor*" in his decision to establish the hotel.

Through our previous business interests, including running a hotel, when we decided to set up the tour company in 1996, we already had relations with the authorities responsible for the procedures and licences required to set up a private business. These connections helped a lot in speeding up the process and procedures involved in setting up the business. To carry out all the necessary procedures took only one month including: choosing a place to rent, registering with the local taxation department, getting a business licence from the local office of trade and getting a tour operator licence from the Hanoi Bureau of Tourism (Hoa Ma Tourism and Trade Company, Hanoi, a private tour operator with an ITOL).

Relations formed with officials at a number of institutions such as the Hue Provincial People's Committee, the City Police and the Taxation Department, through my previous business and trading activities, helped a lot in the establishment process. They completed all procedures quickly allowing the hotel to start operating on time. Having relations was quite an important factor in my decision to establish the business (Tran Xuan Hotel, Hue, a private hotel)

Through my previous business experience, I had formed a lot of relations with individuals working in the Hue People's Committee, the provincial economic arbiter (nowadays the Bureau of Planning and Investment), the Provincial Police ...⁷

This help enabled me to open and start running the hotel in a short time. In particular, it helped to reduce the time in completing all procedures necessary to set up the business ... and also helped to reduce the expenses, which had to be shelled out by the business to the relevant authorities and also reduced the amount of cumbersome

⁷ The respondent had previously been engaged in a number of different professions, including construction and trading.

bureaucracy encountered during the establishment process (Cay Vang Hotel, Hue, a private hotel)

7.1.3 Horizontal Ties

7.1.3.1 Raising Capital to Establish a Private Tourism Business

In Section 3.4.4.2 in Chapter 3, I discussed how within the literature on *guanxi*, in the context of a financial system, dominated by state banks, where lending continues to be skewed towards the state rather than the private sector; cultivating **horizontal ties**, constituted through **family and friendship ties**, has been identified as essential for entrepreneurs as a way of **raising sufficient capital** to establish private businesses in the transitional Chinese economy.

In Section 5.1.3.3.1 in Chapter 5, I discussed how a similar bias persists in the Vietnamese financial system with the consequent difficulties for entrepreneurs in obtaining loan capital from the state banking system. However, in addition, conversations I had with both informants and private tourism business owners also suggested that there was considerable reluctance on the part of entrepreneurs to resort to state banks due to the scrutiny this would engender of an entrepreneur's finances, accounts, past business dealings and tax history, subjects most entrepreneurs preferred to remain private.

The limited recourse of entrepreneurs to the state banking system in raising capital to establish a business was reflected among private tourism business owners interviewed in Hanoi, Hue and Ho Chi Minh City with only one respondent, a hotel owner in Hue, disclosing that he had borrowed money from a local state bank in order to establish the business. This had in large part been due to the fact that the

size of the hotel and consequently the amount of investment capital required by the respondent was much larger in comparison with other private hotels established not only in Hue but in any of the three locations.

While, as I discuss in the following paragraph, the findings from interviews with private tourism business owners did illustrate the importance of family and friendship ties for a significant proportion of respondents in raising capital to establish private tourism businesses, a slightly higher proportion of respondents (just over half of all respondents) in each of the three locations described how they had in fact financed their tourism businesses themselves. As illustrated in the following quotes, in the majority of cases respondents had accumulated sufficient capital from previous businesses to invest in establishing a tourism business.

I financed the hotel myself. The capital to set up the hotel came from money I'd accumulated from previous commercial trading activities: trading in electronic equipment and motorbikes and from running a restaurant (My Anh Hotel, Hanoi, a private hotel).

After doing business in a number of different fields, I had accumulated a sum of capital. At the beginning of the 1990s, the central government started to issue policies encouraging individuals with investment capital to enter the tourism field. In particular, in Hue, the local authorities had also introduced policies specific to the local area encouraging local people to invest and develop hotel businesses (Cay Vang Hotel, Hue, a private hotel).

Therefore, my findings do not entirely support the assertion made by authors writing on the transitional Chinese economy and restated at the beginning of this section that cultivating family and friendship ties has been essential for all entrepreneurs as a way of raising sufficient capital to establish private businesses. They do nevertheless point to their significance with just under half of all respondents interviewed in

Hanoi, Hue and Ho Chi Minh City citing family and friendship ties as having been responsible for raising capital to establish their businesses.

Moreover, as well as being important in raising capital to invest directly into establishing businesses, a number of informants and private tourism business owners also disclosed how family and friends facilitate the establishment process for entrepreneurs by temporarily lending capital. As illustrated in the quote below, this allows entrepreneurs to overcome and satisfy official regulatory requirements, relating to the financial status of entrepreneurs during the process of applying to establish a business.

When private individuals are applying to set up a new business, they have to show proof to the Bureau of Planning and Investment at the People's Committee of a sufficient financial standing to establish and operate the business, before this institution will issue the business licence. In many cases, before applying for the licence from the Bureau, individuals will ask their friends and family for short-term loans to temporarily accumulate sufficient funds to satisfy the requirements of the Bureau of Planning and Investment. After gaining the licence or at an agreed time thereafter they will pay back these loans (KI1, 18.03.02).

Consequently, in the transitional Vietnamese economy, cultivating family and friendship ties is proving important for private tourism business owners, not only in raising capital, but also in negotiating official regulatory obstacles in the process of establishing a business.

7.1.3.1.1 Horizontal Ties between Actors in Ho Chi Minh City and Overseas

In Section 3.4.4.2 in Chapter 3, I discussed how authors writing on the transitional Chinese economy recognise how horizontal family ties are being cultivated by entrepreneurs with blood relatives living overseas as a way of obtaining capital to

establish a business. In Section 5.4.1 in Chapter 5, I examined how this has similarly been borne out in the transitional Vietnamese economy with authors such as Kolko (1997) and Templer (1998) identifying how substantial amounts of capital have been channelled into the Ho Chi Minh City economy through family networks linking ethnic Chinese and Viet Kieu communities overseas and actors in Ho Chi Minh City. Furthermore, I discussed how a significant proportion of this capital has been channelled to family members in Ho Chi Minh City enabling them to establishing private hotel businesses.

Data obtained from interviews with private tourism business owners in Ho Chi Minh City to a large extent supported the findings of authors such as Kolko and Templer, identifying a significant role being played by horizontal family ties between private tourism business owners in Ho Chi Minh City and blood relatives living overseas. 40% of respondents had obtained capital from family members living overseas enabling them to establish tourism businesses. Among respondents, capital had however not only been invested in establishing hotels, as identified by Kolko and Templer, but an equal proportion of respondents had established tour operator businesses.

As with the two businesses illustrated below, in the majority of cases, the original idea of establishing a private tourism business had come from family members overseas, who, recognising the future potential of tourism in Vietnam, had offered to provide capital to family members in Ho Chi Minh City to establish a business. The bulk of family members overseas also recognised the advantages of establishing a tourism business through the important role they could potentially play in facilitating the development of tourism businesses belonging to blood relatives in

Ho Chi Minh City through introducing and promoting the businesses of family members in their adopted countries. This is a theme I discuss in more detail in Section 7.3.1.

My older brother, who lives in the USA, suggested opening a hotel. He predicted that in the future there would be a lot of favourable opportunities to develop a successful hotel as the tourism business would develop very well. Therefore, investing in the tourism industry would be a secure investment with the potential to yield a high level of profitability. He offered to lend me the necessary capital and as a result I decided to set up the hotel (Minh Mang Hotel, Ho Chi Minh City, a private hotel).

My older brother in the USA and my older sister in Australia encouraged me and lent me money to set up the business (Thai Binh Duong Tourism Company, Ho Chi Minh City, a private tour operator).

7.2 RUNNING A PRIVATE TOURISM BUSINESS

7.2.1 The Official Regulatory Environment

In Section 5.1.3.3.5 in Chapter 5, I discussed how since the official sanctioning of private sector activity in 1988, through a continuous process of enacting and amending laws and regulations, the central state has been attempting to create a more favourable regulatory environment in running a private business by reducing the number of, in particular, local state departments and institutions involved in regulating private businesses and by streamlining previously cumbersome bureaucratic procedures administered by local state officials. Among the bulk of private tourism business owners interviewed in Hanoi, Hue and Ho Chi Minh City, as the quotes below illustrate, in this, the central state has achieved some degree of success.

The main changes and the general overhaul of the former regulatory system occurred in the early 1990s... The enforcement of regulations on a business such as mine operating since 1995 has been much less rigorous than the enforcement which existed under the former regulatory system for businesses before 1990.

...the level of enforcement by the controlling state authority institutions has changed in recent years in line with changes in central government policy regarding the management and administration by these institutions. The rigorous enforcement by state institutions on businesses still restricts their operations but only a small number of institutions continue to carry out the enforcement of regulations in such a rigorous way.

*...central government policy changes have reduced the difficulties in the completion of administrative procedures. These are no longer as complicated as before. The changes have created more favourable conditions and opportunities for tourism businesses to develop (Ba Na Hotel, **Hue**, a private hotel).*

The State has had to reform administrative procedures... At the same time, it has tried to eliminate previously prevalent extortion, meddling and excessive interference by officials working in state institutions on individuals and business owners.

... there have also been many changes in the regulatory administrative system ... officials working in these state institutions have less opportunity to cause difficulties for a business while carrying out their duties (KI3, 09.07.01).

*Since the business was established, the influence of institutions such as the Fire Prevention Department, the Hanoi People's Committee and the VNAT with regard to the administrative management of tourism businesses has diminished. These institutions no longer cause difficulties or waste time in inspecting the activities of the business as they did before. The impact of institutions such as the taxation department and the police, when registering guests has however remained the same (Thang Nam Hotel, **Hanoi**, a private hotel).*

*In recent years, the influence of institutions such as the Fire Prevention Department and the administrative management carried out by the Hue Tourism Bureau and the Provincial People's Committee have diminished. These institutions no longer cause so many difficulties when carrying out inspections relating to the activities of the business. Nowadays, only the taxation department and the police are as influential as before. However, even with these institutions, there has been a streamlining and simplification in the number of regulatory procedures. Completing and complying with these procedures no longer wastes as much time as before (Vien Dong Hotel, **Hue**, a private hotel).*

The influence of institutions such as the Fire Prevention Department and the Hygiene and Environment Department, which used to exert a lot of force when inspecting businesses has been completely reduced (Suong Mu Hotel, Hue, a private hotel).

Until recently, private businesses were treated suspiciously by the relevant state institutions, closely monitored and subject to an array of cumbersome procedures and constant supervision which wasted a significant amount of their time as well as expense. This attitude no longer persists and interference by state institutions on the activities of private businesses has been reduced (Cay Vang Hotel, Hue, a private hotel).

Amendments and streamlining of administrative policies regarding the management of private businesses by state institutions have improved the operating environment for private businesses. Private businesses are no longer subject to excessive interference and waste less time and expenses in dealing with state institutions (Thai Binh Duong Tourism Company, Ho Chi Minh City, a private tour operator).

The quotes above suggest that, as outlined in regulation theory, through its capacity to enact a framework of formal regulatory norms - laws, policies and directives – the central state has been able to play a significant role in shaping economic processes in the transitional economy and remains an important institution regulating economic activity throughout national space.

7.2.2 The Informal Regulatory Environment

Nevertheless, despite streamlining in the official regulatory environment, as illustrated in the quotes below and as I discuss throughout this section, within local spaces, there are still a number of local state institutions where officials retain significant control over administrative processes, a private tourism business owner needs to negotiate in order to ensure the smooth running of a business.

Regarding official regulations, these cause no problems in the running of the business. Informal requirements however do cause

some difficulty, i.e. officials working for particular authority institutions, not with the institutions themselves (Hoa Ma Tourism and Trade Company, Hanoi, a private tour operator).

The main difficulties are with informal requirements between particular state officials and our company, not between two institutions (những điểm mập mờ chủ yếu do các yêu cầu không chính thức của hai cá nhân với nhau chứ không của hai tổ chức) (Nam Sao Tourism Company, Hanoi, a private tour operator).

At the same time, as I discussed in chapters 3 and 5, the introduction of capitalist economic processes, the sanctioning of private economic activity and the emergence of private economic actors have significantly expanded the economic space over which, through their control over bureaucratic levers, the regulatory power of local state officials now extends. This has heightened their key role as conduits that private economic actors must negotiate in order to participate in nascent capitalist economic activities such as tourism.

Consequently, as reflected in the quote below and in the findings from interviews with private tourism business owners in Hanoi, Hue and Ho Chi Minh City, presented in this section, the cultivation by private tourism business owners of social ties with local state officials with control over particular bureaucratic procedures constitutes an important regulatory mechanism in the transitional Vietnamese economy. The cultivation of social ties enables procedures to be completed quickly and smoothly, allowing tourism business owners to concentrate on running their businesses.

In the new economic system, transactions are generally from one state institution with the bureaucratic power to an economic unit, a business...

In the new system there is much more leverage for the use of gifts to get procedural tasks completed, as these tasks represent the requests from a business unit functioning on the basis of profit wanting to

complete procedures in the course of running a business for profit with a state institution responsible for giving permission to these business units (KI4, 13.09.01).

My findings from interviews with private tourism business owners in each of the three locations suggest that respondents are cultivating social ties with officials from particular local state institutions as a way of ensuring the smooth completion of two main types of bureaucratic procedure: firstly, bureaucratic procedures regularly undertaken by local state officials, in particular in assessing the tax liabilities of a business and in registering guests and, secondly, administrative procedures required by business owners in order to carry out tourism business, for example, in the processing of visa applications by local immigration offices. I will discuss each of these aspects in turn.

7.2.2.1 The Completion of Regular Bureaucratic Procedures

Contrary to the assertion made in Section 5.1.3.3.6 in Chapter 5, almost all private tourism business owners interviewed considered that officials from the local district taxation department, in the case of private tour operators and the local district taxation department together with the local police, in the case of hotels, continue to exert significant control in carrying out administrative procedures.⁸

The institution which imposes the most rigorous demands is the taxation office in assessing the tax bill and the business activity of my business.

... I consider this is probably similar to all tour operators (Tran Xuan Soan Tourism and Trade Company, Hanoi, a private tour operator).

⁸ Officially, once a month, officials from the local taxation department inspect the accounts and business results of the tourism businesses under their control to assess the level of business tax the tourism business is liable for. With regard to the police, at the end of every day, a hotel is required to submit the details of all guests staying at the hotel for registration purposes. There is overlap between these functions as the tax department refers to the register of guests submitted by the hotel to the police in order to ascertain how many guests have stayed at the hotel in the previous month as an indication of the revenue earned by the hotel.

The impact of institutions such as the taxation department and the police in the process of registering guests has remained the same. These institutions still rigorously inspect the activities of the hotel. However, the administrative procedures involved in this inspection work have become less complicated than before (Thang Nam Hotel, Hanoi, a private hotel).

Enforcement by the taxation department and the police is most thorough. The taxation office carries out thorough checks monthly and every month requires me to send a statement outlining the revenue earned at the hotel in the previous month. The local police also carry out continual checks regarding the registration of guests. At times, they come to the hotel without warning, sometimes in one week they'll come three or four times. If there are any discrepancies then the punishment is severe (Hoang Nu Hotel, Hanoi, a private hotel).

7.2.2.1.1 The Cultivation of Social Ties by Private Tourism Business Owners with Local State Officials

Particular officials from the local taxation office and the police are assigned to tourism businesses in carrying out the bureaucratic procedures outlined at the end of the previous paragraph. This consequently affords these officials significant arbitrary and discretionary powers over the completion of bureaucratic procedures at individual tourism businesses and in a similar way to that discussed throughout Section 7.1 and in Section 5.2.4 in Chapter 5, considerable capacity to facilitate or hinder the completion of bureaucratic procedures. Private tourism business owners are therefore once again reliant this time on officials from the local taxation office and the police in completing bureaucratic procedures quickly and smoothly, allowing owners to concentrate on attracting and serving customers.

Most private tourism business owners interviewed described a situation where after establishing their businesses, in the initial stages of operation, officials from the local taxation office and the police visiting these businesses for the first time or the

first few times carried out procedures in a way which caused considerable inconvenience and disruption for business owners. A number of respondents described how officials would attempt to waste as much of their time as possible in scrutinising documentation and in making repeated and excessive requests for additional paperwork and information. In doing so, for business owners and their staff, more and more time was diverted to dealing with the exacting bureaucratic demands of officials and less time to actually running the business.

Addressing the theme of unofficial inspections discussed in Section 5.1.3.3.6 in Chapter 5, a number of private hotel owners also talked about how police officers had attempted to cause inconvenience and disruption by carrying out frequent, surprise inspections on their businesses. One private hotel owner, interviewed in Hoi An described how in the initial stages of operating the hotel, on a number of occasions, the police officers, responsible for collecting details of the guests staying at the hotel, arrived at the hotel late in the evening and insisted on visiting all the bedrooms in the hotel to verify that the guest figures submitted by the hotel owner corresponded with the actual number of guests staying at that time. This was done to cause considerable inconvenience and embarrassment both to guests, in their rooms at the time of the inspections, and to hotel staff, and ultimately had the potential to damage the reputation of the hotel.⁹

Confronted by the arbitrary bureaucratic interference of officials from the local taxation office and the police described above, among private tourism business owners interviewed, most described as illustrated in the quotes below, how they had attempted to resolve difficulties and minimise the interference and disruption caused

⁹ The interview was carried out in October 2001 at the Minh Hai (a pseudonym) Hotel in Hoi An.

by these officials in the running of their businesses by cultivating social ties with those officials, responsible for carrying out administering procedures on their businesses.

Officials in the City Police and the taxation department used to cause difficulties when carrying out their inspections. However, I have solved these problems and every time officials come to my hotel, I invite them to a meal or give them an envelope containing a little money ...

... with both the Police and the taxation department, the ultimate objective is for both sides to benefit and in helping to develop good relations between our business with these institutions. In this way, these institutions no longer cause any difficulties at all (The Gioi Hotel, Hue, a private hotel).

In cultivating good relations, we only incur a small amount of expense entertaining officials belonging to institutions carrying out inspections of our hotel, in order that their inspection work can be completed without wasting any time and minimising any inconvenience in the running of our business (Thang Nam Hotel, Hanoi, a private hotel).

All difficulties relating to the business can be solved with the right incentives to officials - meals, financial gifts for example. These in turn help to make relationships with these officials comfortable, thereafter causing no further problems in the running of the business (Danh Du Tourism and Trade Company, Hanoi, a private tour operator).

It is important for owners of tourism businesses to have good relations with the relevant authority institutions in order for the running of a business to be smooth (Au Lac Tourism Company, Hanoi, a private tour operator).

Consequently, the findings from interviews with private tourism business owners in Hanoi, Hue and Ho Chi Minh City once again illustrate the importance, in the transitional Vietnamese economy, for private tourism business owners of cultivating social ties with local state officials as a way of negotiating the unofficial regulatory environment, this time in running a private tourism business. However, in contrast to

the establishment process, there is little evidence to suggest that social ties have been cultivated by private tourism business owners out of pre-existing ties based on shared affiliation. Instead, in the absence of shared affiliation, social ties are being created by private tourism business owners with local state officials, in a similar way to the ties formed by ethnic Chinese entrepreneurs with local Vietnamese state officials in Ho Chi Minh City after 1954, discussed in section 5.3.3 in chapter 5.

At the same time, in creating social ties with officials from the local taxation office and the police, the social investment strategies described by private tourism business owners share many of the characteristics identified within the literature on social capital and *guanxi*, discussed in chapters 2 and 3 and exemplified in the nature, stream and mutuality of benefits produced out of ties created by ethnic Chinese entrepreneurs with local Vietnamese state officials in the Ho Chi Minh City economy after 1954.

First, as illustrated in the quote above from the owner of the Hoan Cau Hotel in Hue, there is the notion of a **regular investment of time and money** by private tourism business owners, “every time” officials visit.

Second, the quotes illustrate how ties are cultivated through **regular social interaction** with private tourism business owners offering **meals, entertainment and envelopes (small sums of money)** to local state officials.

Third, there is the idea that cultivating social ties helps to produce and secure a **regular stream of material benefits to both parties**: for officials, the meals, entertainment and financial gifts described above; and for private tourism business

owners ensuring that all bureaucratic procedures carried out by local state officials are completed smoothly without wasting the time of and minimising the difficulties, interference or disruption caused to business owners, thus allowing them to focus on running their businesses and attracting and serving customers.

7.2.2.1.2 Circumvention and Non-Compliance with Official Regulations

As illustrated in the two quotes below, as well as performing an important regulatory role in ensuring the smooth completion of bureaucratic procedures, ties cultivated with local state officials are, in the transitional Vietnamese economy, also allowing private tourism business owners, with the complicity (*thông đồng*) of local state officials, to avoid fully complying with, and in a number of cases, to circumvent completely official, central state regulations (*lách luật*).

*The extent of ties between individual tourism business owners and state officials from the relevant authority institutions responsible for administrative aspects of a business is a determining factor in the level of compliance (*tuân thủ*) with official regulations. The closer and stronger ties are the more concessions and opportunities there are for business owners to circumvent regulatory requirements (Vien Dong Hotel, Hue, a private hotel).*

The level of compliance with central state regulations does not depend on how rigorously an institution carries out inspections. It depends on the extent of ties between business owners and officials. Potentially violations of regulations from any institution no matter how rigorously they carry out inspections could result in fines or the business licence of a business being revoked. However much these matters can be “smoothed over” is the decisive factor in the level of compliance by any business (Mai Anh Hotel, Ho Chi Minh City, a private hotel).

As discussed in Section 3.4.1 in Chapter 3 in the context of transitional economies and demonstrating the continuation of the regulatory practices identified historically in the Vietnamese socio-economy, discussed in Section 5.3 in Chapter 5; in the

transitional Vietnamese economy, despite attempts by the central state to create a framework of formal laws and structures to regulate nascent capitalist economic activities, this is being contested and mediated by both state and non-state actors in local spaces. To these actors, this represents the attempted displacement of more culturally and socially-embedded informal structures and practices such as the cultivation of social ties and social capital, which have traditionally functioned in regulating social, political and economic relations in Vietnam.

With regard to non-state actors, their mediation of central state regulations was evinced in the comments, typified by the quotes below, made by almost all respondents - both state tourism business managers as well as private tourism business owners themselves - who recognised how private tourism business owners poorly comply with official regulations.

Private businesses generally do not comply well with the regulations, especially in under reporting their revenues in order to avoid paying the correct amount of tax (Suong Mu Hotel, Hue, a private hotel).

...Private hotels on the other hand do not comply with regulations very strictly. They generally don't adequately report the number of guests staying at their hotels in order to conceal the actual revenue they earn and hence avoid paying the correct amount of tax (Lac Viet Hotel, Hue, a state hotel).

One important reason cited by a number of respondents as “encouraging” non-compliance by private tourism business owners implied in the quote below as well as illustrated in the quote above from the director of the Mai Anh Hotel in Ho Chi Minh City is that with local state officials responsible for monitoring compliance of central state regulations by private businesses in local spaces, the informal regulatory environment in most cases allows for transgressions of central state

regulations to be “*smoothed over*” (Mai Anh Hotel, Ho Chi Minh City) through ties cultivated with local state officials by private tourism business owners.

The treatment of violations of the regulations carried out by the relevant state institutions is not as yet very thorough and does not deter or set an example for other businesses to comply with the regulations (Thanh Loi Hotel, Hue, a state hotel).

This once again serves to highlight how with local state officials retaining considerable capacity in local spaces to interpret and mediate the official regulations and decrees being enacted by the central state, informal structures and practices, exemplified by the cultivation of social ties by private tourism business owners with local state officials, continue to be privileged over formal structures in the regulation of economic processes in local spaces in the transitional Vietnamese economy.

Similarly, with regard to local state officials themselves, the arbitrary and discretionary powers they possess in contesting, interpreting and mediating central state regulations has been manifested in the transitional economy in the ways they have sought to profit through their control over bureaucratic processes in their role as regulatory conduits for private tourism business owners in the implementation of official state regulations. Once again this illustrates how regulatory practices identified historically in the Vietnamese socio-economy and discussed in sections 5.2 and 5.3 in Chapter 5 have perpetuated in the regulation of nascent capitalist economic processes in the transitional Vietnamese economy.

While, from the responses of private tourism business owners, this is occurring with officials from a number of local state institutions, the majority of respondents focussed on how officials from the local taxation office had exercised their arbitrary

and discretionary powers over the completion of taxation procedures as a way that both private tourism business owners and taxation officials can benefit by acting in complicity to avoid full compliance with official regulations.

As illustrated in the quote below, an informant, talking about how relations between private business owners in general and taxation officials typically unfold, described a situation very similar to the one described in the previous section.

With private businesses, officials from the local tax department will initially make as much trouble as possible scrutinising accounts and generally wasting a lot of time for the business owner. Eventually, the owner and the official from the tax department will come to a mutually beneficial arrangement whereby the procedures for paying tax can be dealt with quickly and the amount of tax owed by the private business in any month can be reduced as long as the official from the taxation department gets a little extra remuneration (KI1, 18.03.02).

This process was supported in comments made by private tourism business owners, as illustrated in the quotes below:

I did have problems in the past with officials from the taxation department in calculating the amount of tax the business was liable for. Now both sides have resolved these problems for mutual interest. We have managed to have the actual amount of tax the business pays reduced and the official has also benefited by pocketing an amount of money. Now we have come to this agreement, the procedures in calculating the business' tax liabilities are carried out very smoothly and amicably (Lan Anh Hotel, Ho Chi Minh City, a private hotel).

I used to have slight difficulties with officials working in the taxation office, with regard to assessing my tax liabilities. We have now resolved these problems and reduced my tax bill for the financial benefit of both sides. At the same time, it has also fostered a better and more comfortable relationship with the completion of tax procedures now done speedily with the official coming to my premises directly (Hang Bac Tourism Trade and Investment Company, Hanoi, a private tour operator).

Thus, as in Section 7.2.2.1.1, as a way of overcoming the arbitrary bureaucratic interference of officials from the local taxation office, for private tourism business owners, the cultivation of ties with these officials is an important regulatory mechanism ensuring that firstly, bureaucratic procedures can be completed smoothly, but in addition, allowing private tourism business owners to transgress official state regulations and benefit financially through avoiding fully complying with tax regulations.

At the same time, in the preceding quotes and in the quotes below there is little suggestion of a 'social' content in the ties cultivated by private business owners with taxation officials, as in the ties discussed in Section 7.2.2.1.1. Ties are instead principally constituted through financial benefits. However, the ties do share a number of the other characteristics identified within the literature on social capital and guanxi, discussed in chapters 2 and 3.

With regard to the taxation department and the local police, my business and officials from these institutions have come to an agreement whereby both sides get financial benefit in return for avoiding fully complying with the regulations, i.e. reducing the amount of tax the hotel has to pay, through the inaccurate registration of guests, i.e. underreporting the number of guests who have stayed at the hotel, as a way of underreporting revenue earned by the hotel in turn in order to reduce the hotel's tax liabilities. These measures have helped to raise the amount of income retained by the hotel's owners (Vien Dong Hotel, Hue, a private hotel).

The only issue I face relates to the taxation official with whom I have a specific way of dealing... I have suggested a way that they have agreed to reduce my tax bill, on the grounds that as my business has only recently been formed it hasn't yet made a profit. As an example, say in theory my business has to pay VND1,500,000 in tax a month. This is reduced to VND900,000 and I give the tax official

VND200,000 (Tran Xuan Soan Tourism and Trade Company, Hanoi, a private tour operator).

...Another instance is say, the official tax bill for our company is VND1,000,000 but one of the owners of our company could negotiate with the official responsible for our company at the local district taxation office to reduce the bill by say VND400,000 and give that official VND200,000. Therefore, our company's tax bill is reduced to VND600,000 and we pay only VND800,000 including the payment to the official (Hoa Ma Tourism and Trade Company, Hanoi, a private tour operator).

First, there is the idea of reciprocity with ties cultivated by private tourism business owners with taxation officials securing a regular (monthly) stream of benefits for both parties: for a private tourism business owner, the smooth completion of taxation procedures and a reduction in the amount of tax paid; and for a taxation official, a fee, consisting of a proportion of the tax saved by the tourism owner, through acting to transgress official state regulations.

Second, is the notion that regular interaction between a private tourism business owner and a local taxation official, in this case constituted by monthly visits by a taxation official to a private tourism business owner's business, helps to regularise the behaviour and expectations of both parties. A private tourism business owner will be comfortable in the knowledge that taxation procedures will be completed quickly and smoothly. As illustrated in the last quote, he will also have an expectation regarding the amount of tax he will be able to save. At the same time, a taxation official will have a reasonable idea regarding the remuneration he is likely to receive.

7.2.2.1.2.1 Heightened competition

According to a number of respondents, one additional factor, which in the contemporary era has heightened the importance for private tourism business owners of cultivating ties with local taxation officials as a way of reducing the amount of tax paid, has resulted from the increasingly competitive nature of the Vietnamese tourism industry.

In the early 1990s, streamlining of the official regulatory environment for private businesses, as discussed at the beginning of this section, coincided with significant growth in foreign visitor numbers together with optimistic projections regarding future growth. This encouraged the establishment of significant numbers of in particular, private tourism businesses. However, in the mid-1990s, while the growth in the number of tourism businesses continued unabated, the growth in foreign visitor numbers slowed down, leading to downward pressures on prices and erosion and squeezing of profits to very low levels. Since that time, tourism businesses have operated in a difficult and intensely competitive business environment. As illustrated in the quote below, this has encouraged private tourism business owners to cultivate ties with local taxation officials in order to reduce the amount of tax paid not only in order to compete with other tourism businesses, but in a lot of cases simply to survive.

The entry of a lot of new tourism businesses, particularly private businesses has created intense and unhealthy competition (cạnh tranh khốc liệt không lành mạnh), which has affected the performance of all tourism businesses. As a result of the deteriorating business situation, tourism businesses are turning to more illicit ways of maintaining their financial situations by for example colluding with taxation officials and avoiding complying

with their legal obligations and responsibilities, in not fully declaring their true revenues in order to withhold paying tax (Thien Quang Hotel, Hue, a state hotel).

Once again as discussed throughout this section, non-compliance of official state regulations in this way has been facilitated by a regulatory environment in which informal structures and practices, such as the cultivation of social ties by private tourism business owners with local taxation officials continue, in the transitional Vietnamese economy, to mediate more formal structures, such as central state regulations, in the regulation of economic processes in local spaces. In addressing the third of my research questions, this serves to illustrate one way in which the local scale constitutes the key site at which nascent capitalist economic activities are being regulated. The impact of competition on the cultivation of ties by private tourism business owners is explored further in Section 7.3.

7.2.2.2 The Completion of Administrative Procedures

The control retained by officials from a number of local state institutions, including departments within the local people's committee, the local bureau of tourism and the local immigration office, in completing a range of bureaucratic procedures required by private tourism business owners in the course of running their businesses was similarly in evidence in the responses given by respondents. As the following two quotes illustrate, once again, as a way of negotiating the informal regulatory environment, cultivating ties with those officials involved in completing particular bureaucratic procedures has constituted an important mechanism for private tourism business owners.

...As an example, one of the owners or a member of staff at our business cultivates ties with an official at a particular state institution

and deals with this official. Thereafter, he only has to give this official a small sum of money to resolve quickly any issues arising from our work, getting a visa issued quickly, at the office of immigration or completing some other procedure quickly, for example (Hoa Ma Tourism and Trade Company, Hanoi, a private tour operator).

...For instance, I have relations with the assistant director of the Administration Department at the Hanoi Bureau of Tourism. He helps me to complete procedures to organise tours quickly. The only uncertainty relates to the scale of the gift – the payment required by him for helping our business (Nam Sao Tourism Company, Hanoi, a private tour operator).

As with the ties cultivated by private tourism business owners with officials from the local taxation office and the police, among the majority of respondents interviewed, ties with officials from, for example, the local bureau of tourism and the local immigration office, are being created by private tourism business owners rather than cultivated out of pre-existing ties based on shared affiliation. As in the ties cultivated by private business owners with taxation officials, discussed in Section 7.2.2.1.2, in the preceding quotes and in the case study below, there is little suggestion of a ‘social’ content. Ties are instead principally constituted through financial benefits. Nevertheless, a number of the characteristics identified within the social capital and guanxi literature are apparent.

Firstly, there is the idea that ties are being created and cultivated to produce lasting, useful relationships rather than simply to carry out one-off business transactions that, secondly, can as a result be invoked in the short and long term to secure a regular stream of material benefits to both parties: for private tourism business owners, ensuring that all bureaucratic procedures are completed quickly and smoothly; and for officials, small sums of money.

The following case study was created out of conversations with an informant working at a local immigration office in Hanoi. It provides a further illustration of the significant arbitrary and discretionary powers possessed by local state officials, in this case at the local immigration office in completing bureaucratic procedures, in this case in processing applications for visa extensions requested by local tour operators. As a result, ties cultivated by private tour operator business owners or members of their staff with individual officials at the immigration office constitute an important mechanism enabling private tour operator business owners to negotiate the informal regulatory environment. Cultivating ties ensures that visa applications can be processed quickly and smoothly.

Figure 7.1. Case Study: Ties created with local state immigration officials

... with a one month visa extension for foreign visitors in Vietnam, the official cost shown on the visa stamped on a passport is US\$10. A tour operator dealing in visa extensions has the discretion to charge foreign customers any amount to complete this service. For example, a tour operator may decide to charge a customer say US\$18. A member of staff at the tour operator will then go to the immigration department. An official at the immigration department will agree to process the application on condition that he is paid a level of remuneration for completing the task. The level of remuneration is generally determined by the extent of the relationship between the official and the member of staff at the tour operator, i.e. the closer the relationship, the lower the amount of remuneration sought.

In the majority of cases, particularly where a tour operator regularly carries out visa extensions for foreign customers, ties between a private tour operator and a particular official at the local immigration office will most probably have already been created and a pre-agreed arrangement or understanding between the official and the tour operator is already likely to exist regarding the level of remuneration, say for example, US\$2 as well as the time required by the official to complete the task (KI5, 22.09.01).

The case study above reinforces the notion that ties between private tourism businesses and local state officials are being created to produce lasting relationships, through which both parties are able to secure a regular stream of material benefits. In the case study above, for the private tour operator, as well as ensuring that visa applications are completed quickly and smoothly, a profit of US\$6 is earned by the tour operator on each visa; while an official at the immigration office profits by US\$2 per visa processed.

In addition, one further characteristic identified within the literature on social capital and guanxi and brought out in the case study above is how regular interaction between private tour operators and officials from the immigration office helps to regularise the behaviour and expectations of each party. As illustrated in the case study above, where ties between a private tour operator and an official at the local immigration office are well-established with the tour operator regularly submitting applications for visa extensions, the expectations of both parties will have become regularised: the private tour operator will be aware of how much time and what level of remuneration is required by the official and the official in turn will have a good idea of the “fee” he will receive for processing the visa application.

Conversely, as is implied in the case study, in the absence of ties between private tour operators and officials from the local immigration office, through their arbitrary and discretionary powers over the process of completing visa applications, officials have considerable capacity to hinder the process for private tour operators. First, officials retain discretion in how quickly or slowly they complete applications, which for tour operators may cause uncertainty and unreliability in the visa services they offer to foreign customers. Second, in the absence of ties, for private tour

operators, the level of remuneration required by an official from the immigration office is likely to be both uncertain and higher than in the case where ties have been created, thus reducing the profit earned by a tour operator on its visa services, in comparison with a tour operator who has created ties with officials. Once again this serves to illustrate the importance for private tourism business owners in the transitional Vietnamese economy of cultivating ties with local state officials as a way of negotiating the informal regulatory environment in smoothly completing bureaucratic processes in the course of running a private tourism business.

7.3. DEVELOPING TOURISM BUSINESS

7.3.1 The International Scale

7.3.1.1 Private Tour Operator and Hotel Owners in Ho Chi Minh City

In Chapter 3, I discussed how socio-cultural ties between actors in particular local spaces within individual transitional economies and the international capitalist economy have been utilised in developing economic activities. As shown in Table 7.3, private tourism business owners in Ho Chi Minh City have similarly utilised their socio-cultural connectedness with actors overseas as a way of facilitating access to international tourism markets in generating foreign customers for their businesses.¹⁰ All private tour operator owners interviewed mentioned having utilised ties with blood relatives overseas and two-thirds mentioned having utilised ties with Viet Kieu friends living overseas. Among almost all private tour operator owners, possessing social ties with family and friends overseas was considered to have been

¹⁰ I initially analysed private tour operators with an ITOL (ITO) and without an ITOL (TO) separately. However, as the findings from both types of business were broadly similar I decided to conflate analysis of the data.

very important in their original decision to establish a tourism business. Among private hotel owners interviewed, two-thirds had invoked socio-cultural ties in the international scale: one third with blood relatives and one-third with Viet Kieu friends.

Table 7.3. Types of actors with whom private tourism business owners in Ho Chi Minh City have cultivated ties as a way of facilitating access to international tourism markets in generating foreign customers for their businesses (in percentages)

	ITOs	TOs	All TOs	Hotels
International Ties	100	100	100	66
Blood relatives living overseas	100	100	100	33
Friends (Viet Kieu)	100	50	66	33
Other International Ties	0	0	0	0

Indeed, as the following quotes illustrate, reinforcing the point made in Section 5.4.1.1 in Chapter 5, with the majority of family and friends overseas residing in North America, Europe and East Asia, in countries constituting important source markets for international tourism in Vietnam, possessing ties with family and friends in these markets provided private tourism business owners in Ho Chi Minh City with significant opportunities to generate tourism business in these markets.

*... we make use of our personal relations: blood relatives and friends in France, Canada and Denmark to assist us in developing the markets, promoting and introducing our business to customers there.
 ... We design and send information about our tour programmes to our relations overseas to distribute and introduce to a number of tourism companies in the cities where they live (Tu Hai Tourism Company, Ho Chi Minh City, a private tour operator with an ITOL).*

My older brother in the USA and my older sister in Australia help in introducing and promoting my business by distributing promotional literature, outlining the tour programmes that we offer to relations of theirs in the cities where they live (Thai Binh Duong Tourism Company, Ho Chi Minh City, a private tour operator).

In the international market, through having the support of my older brother in the USA, I am able to attract business from the US market. I co-operate with my brother by sending him promotional literature. I make use of his connections there to develop my tourism business by introducing US tourists having an intention to visit Vietnam to come and stay at my hotel (Minh Mang Hotel, Ho Chi Minh City, a private hotel).

With regard to the international market, I only operate in this market via friends overseas. I have been friends for a long time with a number of overseas Vietnamese living and working in Australia, South Korea and Japan. They promote and introduce my hotel to customers from these countries who have an intention of coming to Ho Chi Minh City (Mai Anh Hotel, Ho Chi Minh City, a private hotel).

Nevertheless, despite possessing socio-cultural ties with family and friends in important international tourism markets and utilising these ties as a way of developing tourism business in these markets, findings from interviews with private tourism business owners in Ho Chi Minh City revealed a number of factors which severely constrained their attempts to generate significant volumes of tourism business out of these ties and consequently limited the importance of these ties for private tourism businesses in Ho Chi Minh City in developing their international tourism operations. First, as illustrated in the quotes above, among the vast majority of private tourism business owners interviewed in Ho Chi Minh City, family and friends overseas were generating tourism business in only an informal way; simply promoting tourism in Vietnam and the businesses of their relatives or friends in Ho Chi Minh City to friends and connections of theirs in their adopted cities.

Second, both the unofficial and official regulatory environments were constraining attempts by private tourism business owners in Ho Chi Minh City to carry out international tourism business organised from overseas. With regard to the unofficial regulatory environment, as discussed in Section 6.2.2.1 in Chapter 6, even among private tour operator businesses authorised to carry out international tourism business organised from overseas due to having been issued with international tour operator licences (ITOLs) by the VNAT, individual officials at the VNAT still possess considerable arbitrary and discretionary powers in approving requests made by private tour operators to carry out tour business organised from overseas. This was illustrated in Section 6.2.2.1, with the case of the Tu Hai Tourism Company, a private tour operator in Ho Chi Minh City with an ITOL, which, as illustrated in the quote above, had utilised ties with blood relatives and friends in France, Canada and Denmark to introduce the company to and co-operate with tour operators in the cities in these countries where they live in organising tour business. However, it had failed to negotiate the unofficial regulatory environment and having faced insurmountable bureaucratic obstacles in attempting to carry out tour business organised from overseas had instead been forced to resort to the assistance of a large local state tour operator, the Hoa Binh Tourism Company to complete bureaucratic procedures in bringing tour groups from overseas into Vietnam. Failure to negotiate the unofficial regulatory environment and the significant reduction in profit generated from tour business organised from overseas, consequent on having to utilise the Hoa Binh Tourism Company had as a result severely circumscribed the pretensions of the Tu Hai Tourism Company in developing its international tourism business.

Similarly, exemplified in the following quote, for the vast majority of private tour operator businesses in Ho Chi Minh City without ITOLs and therefore not officially authorised to carry out tourism business organised from overseas, the official regulatory environment is effective in preventing these businesses from carrying out business organised by family and friends overseas themselves.

My older brother in the USA and my older sister in Australia help in introducing and promoting my business ... to relations of theirs in the cities where they live. However, we serve most of the foreign customers resulting from this once they have arrived in Vietnam and come to the office in Ho Chi Minh City.

...The regulations of the VNAT make it difficult for a private company such as ours to get an international tour operator licence. This reflects the policies of the government and the VNAT in giving preference to state tourism businesses and in discriminating against private businesses in developing the international tourism market. Consequently, it is difficult for us to organise tour business from overseas...

...we occasionally receive requests to carry out tour business organised from overseas by my older brother and sister for connections of theirs wanting to come and visit Vietnam or from customers who have read the promotional literature of the company, outlining the tour programmes that we offer. However, if there is a demand from a large tour group overseas to organise a tour before the tourists have arrived in Vietnam, we have to go through a tour company, authorised to conduct overseas business, i.e. with an ITOL, in our case, Ben Thanh Tourist, to be able to conduct this business.

However, the procedures for doing this are extremely complicated. We incur a high level of expense and waste a lot of time in arranging this. This makes the cost of the tour much higher than equivalent tours offered by companies with ITOLs. Consequently, it becomes unprofitable for our business.

As a result, the business' activities in the international market are limited and we do not have any plans to exploit this market in the future.

...this part of the business is not very significant to the overall operations of the company. Instead, our main business activity remains the domestic tourism market, serving mainly foreign backpacker tourists who have already arrived in Vietnam and come to our office to book a tour (Thai Binh Duong Tourism Company, Ho Chi Minh City, a private tour operator).

7.3.1.1.1 *The Importance of Socio-cultural Ties for Private Tourism Business Owners in Ho Chi Minh City in Generating International Tourism Business*

As a result of the factors above, while data collected from interviews with private tourism business owners in Ho Chi Minh City revealed relatively wide variations in the contribution of family and friends overseas in generating foreign customers for respondents' businesses, overall the data suggest that for private tourism business owners in Ho Chi Minh City, utilising socio-cultural ties with family and friends overseas has made a small but not a significant contribution in developing their tourism business activities. In the most significant case, the Tu Hai Tourism Company, cited earlier in the section, the owner estimated that approximately 30% of the total foreign customers annually received by his business resulted from family and friends in Denmark, France and Canada introducing and promoting his business to relations of theirs and tourism companies in these markets. Nevertheless, as he himself conceded *"the majority of foreign customers we serve mainly find our office themselves as we are located in the heart of the backpacker area in Ho Chi Minh City"*. As such, even in this example, socio-cultural ties with family and friends overseas are considered as only playing a minor role in developing tourism business operations, with instead the bulk of foreign customers originating from within the local scale in Ho Chi Minh City.

Among the majority of private tour operator owners interviewed in Ho Chi Minh City, comments made by respondents when asked to assess the contribution of ties with family and friends overseas in developing tourism business operations again reflected those made by the owner of the Thai Binh Duong Tourism Company, cited earlier in this section, who considered that the contribution of his older brother in the USA and his older sister in Australia *"is not very significant to the overall*

operations of the company” as these ties were estimated to generate only around 10% of the total foreign customers annually received by his business. As with the owner of the Tu Hai Tourism Company, the owner of the Thai Binh Duong Tourism Company considered that *“my main business activity remains the domestic tourism market, serving mainly foreign backpacker tourists who have already arrived in Vietnam and who come to my office to book a tour”*. The importance for private tourism business owners of cultivating ties in local spaces in developing tourism business is the theme of Section 7.3.2.

Similarly among private hotel owners interviewed in Ho Chi Minh City, again despite wide variations in the contribution of family and friends overseas in generating foreign customers for individual hotels, overall the impact of these ties was not significant with on average, socio-cultural ties estimated to generate only 8% of the total foreign guests received by these businesses.

7.3.1.2 Private Tour Operator and Hotel Owners in Hanoi

As I discussed in Section 5.4 in Chapter 5, in contrast to the socio-cultural and historical connectedness of actors in the Ho Chi Minh economy, the degree of “insertion” historically of actors in the Hanoi economy with the international capitalist economy has been limited. As shown in Table 7.4, in my own study, this was reflected with the fact that among private tourism business owners interviewed in Hanoi, no (0%) owner mentioned having blood relatives overseas, in comparison with all (100%) private tour operator owners interviewed in Ho Chi Minh City, while only 28% of private tour operator owners interviewed in Hanoi mentioned having utilised ties with Viet Kieu friends living overseas, as a way of developing their tourism business operations, in comparison with 67% in Ho Chi Minh City.

Similarly, among private hotel owners interviewed in Hanoi, no ties of any form were disclosed as existing between respondents and actors overseas compared with the one third of hotel owners in Ho Chi Minh City who mentioned having invoked ties with blood relatives and the one third who mentioned having invoked ties with Viet Kieu friends.

Table 7.4. Types of actors with whom private tourism business owners in Hanoi have cultivated ties as a way of facilitating access to international tourism markets in generating foreign customers for their businesses (in percentages)

Figures for Hanoi (in **bold**), figures for Ho Chi Minh City (HCMC) (in brackets)

Hanoi (HCMC)	ITO	TOs	All TOs	Hotels
International Ties	100 (100)	67 (100)	86 (100)	0 (66)
Blood relatives living overseas	0 (100)	0 (100)	0 (100)	0 (33)
Friends (Viet Kieu)	50 (100)	0 (50)	28 (66)	0 (33)
Foreign tour operators through relations overseas	25 (0)	0	14 (0)	0
Blood relatives studying overseas	0 (0)	33 (0)	14 (0)	0
Friends (Vietnamese) living temporarily / working overseas	75 (0)	0 (0)	43 (0)	0
Friends (foreigners) living overseas	25 (0)	33 (0)	29 (0)	0
Relations from previous business interests	50 (0)	33 (0)	29 (0)	0
Friends with officials in Vietnamese state institutions with ties overseas	0 (0)	33 (0)	14 (0)	0
Other International Ties	0 (0)	0	0	0

Nevertheless, in contrast again to private tourism business owners interviewed in Ho Chi Minh City, where ties with the international scale were confined to family members overseas and Viet Kieu friends, in Hanoi, in the absence of socio-cultural ties overseas, as shown in Table 7.4 and illustrated in the following quotes, the majority (86%) of private tour operator owners are instead making use of and utilising pre-existing ties with a range of actors connected to the international scale as a way of developing their tourism business operations and generating foreign

customers for their businesses. These include Vietnamese friends working overseas, foreign friends and relations created out of previous business experience, blood relatives and friends studying overseas as well as former classmates now officials in Vietnamese state institutions with ties overseas. Again as is reflected in the following quotes, these ties have largely been created during the process of transition in the Vietnamese economy with the opening and greater integration of the Vietnamese economy into the international capitalist economy and the expansion of international economic activities affording increased contact between Vietnamese and foreign actors, particularly in an economic, political and cultural hub in the transitional economy such as Hanoi.

In reality, we are only able to approach the overseas market and attract tourists from a small number of countries where we have Vietnamese friends living there. In particular, we co-operate with a number of Vietnamese friends who have been living and working in Japan and Korea for a number of years. They make tour bookings for tourists in those countries who want to visit Vietnam and then our company will complete all the procedures necessary for these tourists to enter Vietnam (Danh Du Tourism and Trade Company, Hanoi, a private tour operator with an ITOL).

Our foreign customers mainly come from Germany, Switzerland and Russia. This is due to having friends and business relations there. We produce literature about the tour programmes we run and send it to our friends in the above countries. They introduce people to tourism in Vietnam and then when these people come to Vietnam, our company will serve them. In Germany, we are friends with a Viet Kieu; in Switzerland; with a man who is operating a bank in Vietnam; and in Russia, from the time we studied and made a lot of friends there.

Since 1998, we've also attracted more customers from Korea, Japan and China. This resulted from the increased economic co-operation between Asian countries and Vietnam towards the end of the 1990s. From about 1997, friends and business relations of ours started going to these countries on business. While there, they made business relations and when any of these relations expressed an interest in visiting Vietnam, our friends and business relations introduced these people to our company (Nam Ha Tourism Company, Hanoi, a private tour operator with an ITOL).

Our foreign customers mainly come from France, Australia, Thailand and Italy. This is due to the business relations developed by our company in these countries from 1992 to 1996 when operating in the clothing manufacture and cleaning business. After we started the tourism company in 1996 we cultivated these relations with regard to our new tourism business (Hoa Ma Tourism and Trade Company, Hanoi, a private tour operator with an ITOL).

A friend of mine studying in Italy contacts tour operators there to organise tours for Italian tourists wanting to visit Vietnam. At the same time, my sister, who is studying at Newcastle University, Australia has helped to organise tour business for students from the university to Vietnam (Huu Nghi Travel and Tour Company Ltd, Hanoi, a private tour operator).

As my business doesn't have an international tour operator licence, I knew that the capacity and scale of my international tourism activities would be limited. Therefore, the range of ties I have formed in order to develop the business' international tourism business operations has also been limited.

... Most of my foreign customers come from China, France and Australia.

This is due to having cultivated ties with friends, former school and university classmates, working as Heads of department at the General Steel Corporation and the Ministry of Trade, in positions through which they come into frequent contact with foreign counterparts. These large institutions conduct business and co-operate a lot overseas, for example in China, France and Australia. When their foreign business relations express an intention of visiting Vietnam, they introduce and recommend my company, inform me of the requirements of their foreign relations and from that I organise a suitable tour (Hang Bac Tourism Trade and Investment Company, Hanoi, a private tour operator).

As a way of creating sources of foreign customers for the business, I have only used my connections with the many friends I made in countries such as China, Australia and Poland, when in my previous work at the Association we went to these countries on business (Tran Xuan Soan Tourism and Trade Company, Hanoi, a private tour operator).¹¹

¹¹ In the above quote the exact details of the respondent's previous work is not specified in order to protect the anonymity of the respondent.

As reflected in the last two quotes, comments among private tour operators without ITOLs interviewed in Hanoi illustrate how the official regulatory environment operates in a similar way to that discussed in relation to private tour operator businesses without ITOLs in Ho Chi Minh City in Section 7.3.1.1. Consequently, this once again limits the effectiveness of pre-existing ties in generating tourism business for these businesses. Among private tour operators without ITOLs interviewed in Hanoi, in the most significant case, a respondent estimated that around 20% of the business' total annual revenue was attributable to these ties.

However, with regard to private tour operators in Hanoi with international tour operator licences, it was significant how, in comparison with private tour operators in Ho Chi Minh City, there was a greater incidence of ties cultivated by private ITOs in Hanoi as a way of developing their international tourism business operations in “neighbouring” regional tourism markets in particular, in generating foreign customers and bringing tourists overland from the Chinese tourism market. In approaching these markets, comments made by private ITO owners suggested that they faced fewer obstacles in negotiating the official regulatory environment in obtaining permission to carry out tourism business organised from these markets in comparison with those faced by private ITOs in Ho Chi Minh City in attempting to carry out tour business organised out of ties with family and friends in “western” markets, discussed earlier in Section 7.3.1.1. As discussed in chapters 5 and 6, this again serves to illustrate the continuing legacy of the state in the transitional economy in maintaining a significant degree of regulatory control over the building of economic ties between Vietnamese actors and actors in major “western” capitalist nations, in this case in affording private tourism businesses in Ho Chi Minh City access to “western” tourism markets.

As a result, again as discussed earlier in Section 7.3.1.1, for private tourism business owners in Ho Chi Minh City, with pre-existing ties utilised in developing their tourism business operations confined to family and friends in these “western” markets, the regulatory practices of the state create the biggest challenges and difficulties for these actors in developing their tourism operations out of ties in the international scale. This may in large part explain why private tourism business owners in Ho Chi Minh City were unable to any significant extent to capitalise on socio-cultural ties with family and friends in “western” markets in developing their tourism business activities.

7.3.1.2.1 The Importance of Pre-existing Ties for Private Tour Operator Businesses in Hanoi in Generating International Tourism Business

The discussion above has gone a long way to explaining how the opportunities accruing to private tourism business owners in Ho Chi Minh City in utilising socio-cultural and historical ties with family and friends in the international capitalist economy as a way of developing their tourism business operations have largely been circumscribed by a regulatory environment, which also continues to be informed by historical legacies. As a result, the limited socio-cultural and historical connectedness of actors in the Hanoi economy with the international capitalist economy has, in the transitional economy, therefore acted less as a constraint on the capacity of economic actors in the Hanoi economy to develop internationally-oriented capitalist economic activities, such as tourism, as was claimed in Section 5.4 in Chapter 5.

Instead, data gathered from interviews suggest that the pre-existing ties utilised by private ITO owners in Hanoi with actors connected to the international scale make a

significant contribution in generating foreign customers for these businesses and have been much more effective than the socio-cultural ties utilised by private tourism business owners in Ho Chi Minh City. This is reflected in the following quotes, a number of which were included in full in the last section, made by respondents at private ITOs in Hanoi when asked firstly where their foreign customers came from and then what the main reasons for this were:

Our foreign customers mainly come from France, the USA, China and Thailand. With regard to France and the USA, this is due to the close and special relations formed with officials working at the Embassies in these countries by a number of our members when formerly high-ranking government officials. These Embassy officials advertise and market our tour programmes and take bookings from customers. In China and Thailand, it is due to having set up offices there (Au Lac Tourism Company, Hanoi, a private tour operator with an ITOL).

From starting the business in 1996 to 1998, customers mainly came from China, Japan and Australia. Since 1999, in addition we have attracted Korean customers.

...This is chiefly the result of having relations in these countries. We ask Vietnamese friends living and working in these countries to cooperate in making tour bookings for tourists in those countries who want to visit Vietnam...(Dan Du Tourism and Trade Company, Hanoi, a private tour operator with an ITOL).

Our foreign customers mainly come from Germany, Switzerland and Russia. This is due to having friends and business relations there.

...They introduce people to tourism in Vietnam...

Since 1998, we've also attracted more customers from Korea, Japan and China. From about 1997, friends and business relations of ours started going to these countries on business. While there, they made business relations and when any of these relations expressed an interest in visiting Vietnam, our friends and business relations introduced these people to our company (Nam Ha Tourism Company, Hanoi, a private tour operator with an ITOL).

Our foreign customers mainly come from France, Australia, Thailand and Italy. This is due to the business relations developed by our company in these countries from 1992 to 1996 when operating in the clothing manufacture and cleaning business (Hoa Ma Tourism and Trade Company, Hanoi, a private tour operator with an ITOL).

One additional point which came out of comments made by respondents in Hanoi which may also help to explain the greater effectiveness of pre-existing ties utilised by private ITO owners in Hanoi with actors connected to the international scale in generating international tourism business was that all private ITO owners interviewed in Hanoi also possessed pre-existing ties with officials at the VNAT. These had been formed at university or through previous work experience. As illustrated in the quote below, a number of respondents explicitly acknowledged how these ties had facilitated the process of carrying out tour business organised from overseas. Therefore, it could also be claimed that private ITO owners in Hanoi are benefiting in carrying out tour business organised from overseas, in comparison with private ITOs in Ho Chi Minh City, through being situated in the same locality as the key regulators of international tourism activity - officials at the VNAT. Due to having grown up and lived in Hanoi, private ITO owners in Hanoi have been able to build ties and become part of social networks with local economic and political actors, including with actors now working as officials at the VNAT. As a result, they have been better able to negotiate the unofficial regulatory environment in carrying out tour business organised from overseas than private ITOs in Ho Chi Minh City such as the Tu Hai Tourism Company, discussed in Section 7.3.1.1.

We are long-time friends with a number of officials working at the VNAT and the Hanoi Bureau of Tourism. We met and became friends with these people when studying at university. As a result of having good relations, they help us with all paperwork and procedures in relation to receiving foreign tourists into Vietnam (Hoa Ma Tourism and Trade Company, Hanoi, a private tour operator with an ITOL).

7.3.1.3 Private Tour Operator and Hotel Owners in Hue

So far in this section, the discussion has focussed on ties between private tourism business owners and the international scale in Ho Chi Minh City and Hanoi. In this discussion, references to Hue have been absent. This is for the simple fact that in interviews conducted with private tourism business owners in Hue, no ties of any form with the international scale were revealed.

As I discussed in Section 5.4 in Chapter 5, as with Hanoi, the degree of “insertion” historically of actors in Hue with the international capitalist economy has been limited. However, in contrast to Hanoi, in the transitional economy, the degree of “insertion” of the Hue economy has continued to be limited by the comparatively slow development of international-oriented activities and by relatively few ties created with the international economy.

7.3.2 The Local Scale

My findings from interviews in Hanoi, Hue and Ho Chi Minh City demonstrate how, for private tourism business owners in all three locations, cultivating horizontal ties with actors and institutions within local spaces is proving vital in developing tourism business. As discussed in Section 7.2.2.1.2.1, cultivating ties has helped private tourism business owners to sustain business operations, compete effectively and counteract the intense competition which has pervaded the Vietnamese tourism industry since the mid-1990s. However, in contrast to authors writing about other transitional economies and discussed in Chapter 3, my findings provide little evidence that the cultivation of **pre-existing horizontal ties in local spaces** is playing an important role in this process. Instead, my findings illustrate how as a

response to economic and market exigencies, private tourism business owners are attempting to create horizontal ties with a range of local actors, with whom no pre-existing ties or shared affiliation exist. For private tourism business owners, these provide the most effective way by which they are attempting to compete with other tourism businesses to attract foreign customers and generate tourism business.

7.3.2.1 *Private Tour Operators*

Among private tour operator owners interviewed, in Hanoi, Hue and Ho Chi Minh City, the key ties created by these businesses, as a way of attracting foreign customers, are primarily with hotels. The nature and mechanics of ties created by private tour operator owners with hotels is exemplified by the quote below.

We have formed ties with a small number of private hotels catering to backpacker tourists who comprise the majority of our customers. ... with hotels, we draw up tour itineraries and send these to a number of hotels on, for example, Hàng Tre, Hàng Bạc and Đinh Liệt streets in the Old Quarter, popular with backpacker tourists. When these hotels get guests who want to go on a tour, they send them to our company. In return, we either reduce the price of the tour by say 5% or give 5% of the price of the tour to the hotels. Conversely, when tourists come to our company and make a request to stay in the Old Quarter of Hanoi, we introduce them to these hotels. The hotel will generally reduce the price of the room ... In both cases, reducing prices acts more as a way to gain a competitive advantage in the tourism market and attract customers than simply generating additional revenue directly through the business introduced (Nam Sao Tourism Company, Hanoi, a private tour operator).

Among private tour operator owners interviewed, as the two quotes below serve to illustrate, there is little evidence to suggest of any social content in the process of creating ties with hotels.

Attempting to form new ties with tourism businesses is usually characterised by intense competition with each side trying to squeeze the prices (ép giá) of services offered by the other side. This leads to a reduction in profit to negligible levels in the procurement of these services...

The success of ties is mainly due to offering competitive rates of commission (hoa hồng) for introducing guests to our company...(Nam Ha Tourism Company, Hanoi, a private tour operator with an ITOL).

Negotiation and mild conflict is centred on competing over the price of rooms at hotels and in competing over the quality and price of tours with tour operators (Hoa Ma Tourism and Trade Company, Hanoi, a private tour operator).

Instead, due to the intense competition within the tourism industries in Hanoi, Hue and Ho Chi Minh City, the successful building of ties depends on the satisfaction of market and economic criteria with little or no mention among private tour operator owners interviewed of the building of social relationships.

The primacy of purely economic rather than social ties cultivated between private tour operators and hotels and regulated according to rates of commission paid in introducing foreign customers is further illustrated in the following case study.

Figure 7.2. Case Study: Son Ha Tourism Company, Hoi An, a private tour operator

Son Ha Tourism Company is a private tour operator based in Da Nang. In a similar way to a number of other private tour operators operating in major tourism centres in Vietnam, it provides a bus service, conveying tourists, predominantly foreign backpacker tourists, between Hue, Da Nang and Hoi An. In recommending hotels in Hoi An to passengers, it receives commission from these hotels of between 10 and 15% of the total revenue earned by the hotel from a tourist, i.e. the price of the room for every night the tourist stays at the hotel. In Hue, it receives a slightly higher rate of commission, averaging around 20%. This reflects the more intense level of competition between hotels in Hue as a result of the oversupply in hotel accommodation in comparison with Hoi An where demand and supply are much more balanced, with maybe even a lack of supply.

Before a tour bus reaches its destination, Hue or Hoi An, staff at the office of Son Ha Tourism Company in the locality ring around the hotels there asking about the availability of accommodation on that particular day. When the tour bus arrives at its destination, it goes to the office and picks up a member of staff, who can direct the bus to particular hotels. The bus first goes to the hotel, which has provided the most business for Son Ha Tourism, i.e. tour and transport tickets sold to its guests in the preceding month, for example. Due to the good volume of business this hotel has generated for Son Ha Tourism, the member of staff will recommend the hotel to passengers. At the same time, passengers will also be given an estimate regarding the prices of rooms. As Son Ha Tourism deals with high and regular volumes of foreign tourists, for hotels, ties with the Company are invaluable. As a result, they will attempt to offer competitive room rates in order to attract Son Ha passengers.

Based on both comments made by the respondent together with my own estimation through participant observation carried out on a number of journeys made to and from Hue and Hoi An, on average, around 80% of tourists travelling on a Son Ha bus won't have made any prior arrangements or decisions regarding where they will stay. Therefore, when the bus stops at the first hotel, tourists are invited to look at the rooms and are informed about the cost of rooms. On average, around 90% of tourists will choose to stay at the first hotel. Any remaining tourists will be taken to a second hotel, i.e. the one which has sold the second highest amount of business for the company in the previous month.

At the same time, hotels in Hue, Da Nang and Hoi An also receive commission from Son Ha Tourism for business they sell to hotel guests on behalf of the Company. The rate of commission varies from around 25% of the cost of a tour or the fare for a journey. In some cases, the rate of commission is much higher. For example, at the time of the interview, as the Son Ha Tourism Company did not have its own office in Hue, but only shared an office with another company, it relied heavily on intermediaries such as hotels, and other tour operators in generating business. As a result, these intermediaries were able to exert a lot of leverage in obtaining exceedingly high rates of commission. For example, while the ticket price on the Son Ha Tourism Company bus from Hue to Hoi An was US\$3 (VND45,000), some intermediaries were able to demand as much as VND25,000 or even VND30,000 of this price (KI6, 3.11.2001).

The primacy of economic rather than pre-existing or social ties as the key mechanism in the regulation of private tourism business development in the transitional Vietnamese economy is further underscored by the following quotes.

Ties enhance the competitiveness of a business in the tourism market as both sides give each other preferential rates on each others services. Without ties, a tourism business wouldn't be competitive in the market. This is an extremely important factor in the ever increasingly competitive tourism market. Therefore, it can be said that ties are essential to the running of a business. Without ties, a tourism business wouldn't be able to guarantee a quality service to its customers and wouldn't be competitive in the market. Thus the business would lose customers and ultimately go out of business. ...At the same time, ties reduce the pernicious effects of competition between tourism businesses for customers (Hang Bac Tourism Trade and Investment Company, Hanoi, a private tour operator).

Ties help to keep the costs of organising a tour low, enabling the business to offer competitive tour prices and to compete effectively with other tour companies in the same location (Tu Hai Tourism Company, Ho Chi Minh City, a private tour operator).

Ties help in running tours and in being able to offer competitive prices to customers in order to compete effectively with other tour companies in the same locality in District 1 in Ho Chi Minh City (Thai Binh Duong Tourism Company, Ho Chi Minh City, a private tour operator).

7.3.2.1.2 Vertical Ties Cultivated between Private Tour Operator Owners and Officials at State Tour Operators and Institutions

Findings from interviews with private tour operator owners in Hanoi and Ho Chi Minh City also revealed a number of ways by which ties between officials at state tour operators and institutions and private tour operator owners are also being cultivated as a way of generating international tourism business for private tour operator owners. However, as with ties created with hotels, in each case, there was little or no mention of pre-existing ties having been invoked or of any social content inhering in the building of these ties. Instead, relations were solely configured

around producing economic benefits for both parties; in the form of fees paid by private tour operator owners to local state officials enabling the former to carry out international tourism business and thus generate additional revenue.

First, as mentioned in Section 7.3.1, ties are being created with officials at large state international tour operators (ITOs) to enable private tour operator owners to carry out international tourism business organised from overseas, which, in the case of private tour operators without ITOs, such as the two companies quoted below, they are not officially authorised to do. In return for a fee, officials will complete all administrative procedures allowing private tour operators to conduct a particular programme for a foreign tour group.

Through ties with officials at HanoiTourist, my business which doesn't have an international tour operator licence, is able to receive foreign tourists who have booked a tour from their home countries (Tran Xuan Soan Tourism and Trade Company, Hanoi, a private tour operator).

We occasionally co-operate with Ben Thanh Tourist to assist us in receiving tour groups our company has arranged from overseas (Thai Binh Duong Tourism Company, Ho Chi Minh City, a private tour operator).

Second, as I discussed in Chapter 6, as a result of the regulatory practices of the VNAT, a small handful of local state ITOs in Hanoi and Ho Chi Minh City organise and control the bulk of international tourism business in the Vietnamese market arranged with tourism actors and institutions overseas. However, according to an informant, himself a foreign actor in the Vietnamese tourism industry and, as illustrated in the quote below, a number of state ITOs, in reality, advertise and sell tour programmes in the international market as their own, but which they themselves do not run but instead buy from private tour operators in Vietnam. Consequently,

private tour operators have attempted to create ties with those officials at local state ITOs responsible for arranging tour programmes for foreign visitors, in order to be considered in carrying out this more lucrative business. Once again, there is however no evidence suggesting any social content inhering in ties cultivated between officials and private tour operator owners with instead relations simply configured through fees given to officials by private tour operator owners for allowing them to carry out tour programmes for foreign tour groups (KI2, 30.05.01).

We have established ties with a number of officials at tour operators, including Hanoitourism, aiming to co-operate on tours where these companies have licences to conduct overseas tour business. Companies such as ours create ties with ITOs in order to get a foothold in the more lucrative international market (Nam Sao Tourism Company, Hanoi, a private tour operator).

A third way in many ways similar to the last example by which ties between private tour operator owners and officials at state tour operators and institutions are being cultivated in response to the regulatory practices of the VNAT is illustrated in the following arrangement described to me by an informant in Hanoi. In this case, ties with officials at local state tourism businesses and institutions are being cultivated by private tour operators as a way of gaining access to information, the preserve of particular state tourism institutions, relating to requests from actors and institutions overseas to organise tour business in Vietnam for foreign visitors. As such, this provides one example illustrating how, with information continuing to be channelled and concentrated within the state, the cultivation of ties with state officials can facilitate access for non-state actors to information, in the example below as a way of enhancing and developing business operations.

According to my informant, a standard procedure in foreign tour group business relates to how officials, at local state tourism institutions, such as the Hanoi Bureau of Tourism, or even at state tour operators, such as Hanoitourism, through which the bulk of international tourism business in Hanoi is arranged, deal with requests. Officials at these institutions in positions through which they receive and are responsible for dealing with requests are able to profit through their privileged access to such information by circumventing the official regulatory environment. Officials mediate requests away from state tourism businesses and illicitly offer private tour operator owners to tender for this tour business.

In most cases, officials approach and invite private tour operator owners with whom ties have already been created in completing such arrangements. However, once again, little or no social content inheres in the ties created between officials and private tour operator owners. Instead, relations are configured around economic benefits produced for both parties with officials receiving a fee from a private tour operator owner successfully tendering for the tour business, while private tour operator owners are provided with opportunities to generate profit from carrying out lucrative international tour business (KI3, 19.07.01). My informant estimated that the approximate financial benefits, accruing to officials and private tour operator owners in such arrangements would be as illustrated in the table below.

Table 7.5. Revenue accruing to officials and private tour operators owners through the mediation of international tourism business

TOTAL TOUR PRICE: \$1000			
	Revenue	Expenses	Profit
The State Official: offering the tour business	\$100	\$0	\$100
The Private Tour Operator: conducting the tour	\$800	\$600 (costs involved in organising the tour; accommodation, transport etc.)	\$200
The State ITO: completing administrative procedures for the private tour operator <small>12</small>	\$100	\$0	\$100

7.3.2.2 Private Hotels

Similarly, while analysing data obtained from interviews with private hotel owners in Hanoi, Hue and Ho Chi Minh City once again illustrates the primacy of horizontal ties created with local actors and institutions in developing tourism business, the role of pre-existing ties or the cultivation of social ties in this process is largely absent.

Among all private hotel owners interviewed, in only three interviews: one semi-structured interview in Hue and two unstructured interviews in Hoi An did respondents mention having invoked pre-existing ties as a way of attracting foreign

¹² After a private tour operator owner has successfully tendered for the international tour business, he would then go to an ITO, a tour company with an international tour operator licence, in almost all cases a state tour operator, in order to complete all administrative procedures and paperwork involved in organising the tour business from overseas. Once again, as illustrated in Table 7.5, a fee would be paid to the ITO for doing this.

guests.¹³ In all three cases, ties had been invoked with fellow private hotel owners: in Hue with a private hotel owner in Hoi An and in Hoi An with private hotel owners in Hue. Ties in all cases were simply manifested in informal recommendations made by hotel owners to guests moving on to Hue or Hoi An of hotels belonging to friends. In each case, guests were given business cards by private hotel owners of their friends' hotels. However, as a way of attracting foreign guests, these ties are of negligible effect. When asked to comment on ties with which actors and institutions were important in attracting foreign guests, the pre-existing ties invoked with private hotel owners did not figure.

Instead, as the quotes below illustrate, for the majority of private hotel owners, ties considered important in attracting foreign guests have been created, firstly as discussed in the previous section, with local tour operators and tourism transport companies conveying foreign tourists. In addition, ties have also been created with taxi, xích lô and xe ôm drivers as well as touts.¹⁴

My business has formed ties with a number of tourism companies in Da Nang, including Da Nang Tourism Company and the Hai Van Tourism Company. Ties with these tour operators are responsible for bringing around 47% of the total number of guests we serve a year.

We have also developed ties with a number of xe ôm drivers and taxi drivers at the airport and the railway station to bring customers to our hotel. These are responsible for bringing around 34% of the total number of guests we serve a year.

¹³ The interview in Hue was conducted with the owner of the Cay Vang Hotel.

¹⁴ A xích lô is a means of transport for conveying passengers similar to a rickshaw, except that the vehicle is powered by a bicycle. A xe ôm is a form of taxi service using a motorcycle. Ôm translates as holding or embracing to depict the situation where the passenger on a motorcycle holds on to the driver for safety. Increases in the number of foreign tourists coming to Vietnam have also spawned the emergence of tourist touts. Touts typically wait at airports, train and bus stations or on the street and approach foreign tourists, who have just arrived, to recommend hotels. Touts may act on behalf of a particular tourism business, a number of tourism businesses with whom the tout has established ties or with any tourism business. Touts are integrated into the tourism industry to varying degrees. For some touts, this is their main occupation. For others, it constitutes an additional activity to their main tourism related occupation, e.g. postcard and souvenir selling. Other touts may simply be opportunist members of the general public.

Ties have been successful because they guarantee a supply of customers for the hotel to be able to develop its business well. Ties also help the hotel compete in the hotel market in Hue (Bai Duong Hotel, Hue, a private hotel).

Our hotel has a reciprocal arrangement with the An Phu Tourist Company whereby we sell tickets to our guests for tours and bus trips organised by this company and in return the An Phu Tourist Company introduces customers travelling to Hue on an An Phu bus to our hotel. This provides 18% of total guests to the hotel.

We have also created an extensive network of local ties with xích lô, xe ôm and taxi drivers at the bus station and the port, which has helped to attract a lot of lone tourists and been responsible for 48% of the total guests at the hotel (Tran Xuan Hotel, Hue, a private hotel).

My business only co-operates with a number of tourism companies here in Ho Chi Minh City and a number of tourism representative offices in the same locality as my business. Ties play an extremely important part in the development of the business of the hotel. They help to maintain the numbers of customers staying at the hotel and to compete effectively with other hotel businesses operating in the local area (Lan Anh Hotel, Ho Chi Minh City, a private hotel).

We have developed ties, in particular, with a number of taxi drivers, xe ôm drivers and touts as well as a number of other intermediaries in district 1, particularly in the local area of Phạm Ngũ Lão, Bùi Viện and Đề Thám.¹⁵ These ties are very important in providing customers. They are responsible for 45% of the total guests we receive.

We have also formed ties with a number of tourism transport companies and tour operators with offices in the local area. They provide 17% of the total guests we receive. The Saigon Transport Tourism Company is also quite important as it is responsible for 15% of the total guests we receive (Mai Anh Hotel, Ho Chi Minh City, a private hotel).

We have formed ties with a number of tour operators and branch offices of tour operators in the Phạm Ngũ Lão area. For example, the branch offices of the Da Lat Tourism Company and the Dong Nai Tourism Company; the Thanh Nien (Youth) Tourism Company and the Saigontourist Transportation and Commercial Company.

We also co-operate with a number of taxi drivers, working for Vietnam Airlines, and a number of motorcycle taxi drivers and xích lô drivers generally working in the Phạm Ngũ Lão area, to introduce

¹⁵ Phạm Ngũ Lão, Bùi Viện and Đề Thám are streets in the heart of the backpacker area in Ho Chi Minh City.

foreign tourists arriving in the area to our hotel. With tour operators, we have a reciprocal arrangement that in return for introducing guests to our hotel, we introduce guests staying at our hotel to these companies to organise tours if any guests have an intention to visit other tourism locations in Vietnam

Ties have been vital for the development of my business. They guarantee stability in the numbers of guests staying at my hotel. If I did not have these ties, I would not be able to receive a stable number of guests (Minh Mang Hotel, Ho Chi Minh City, a private hotel).

However, as the following quotes illustrate, the building of ties between private hotel owners and all important intermediaries: local tour operators, tourism transport companies, taxi, xích lô and xe ôm drivers and touts is centred on the satisfaction of purely economic considerations and agreement between both parties regarding the rate of commission paid by a private hotel owner to an intermediary for introducing foreign guests to the hotel.¹⁶ By contrast, among private hotel owners interviewed there was no mention of any social content in ties created with intermediaries.

At the beginning of the tourism season, in March or April, we appoint a member of staff to go to An Phu Tourism Company and Hai Van Tourism Company and negotiate terms, regarding price, settlement terms etc. and sign an agreement. We generally reduce room rates by between 15 and 17% for these ties. For taxi, xe ôm and xích lô drivers, we offer commission of between 10 and 15% of the room rate the tourist pays (The Gioi Hotel, Hue, a private hotel).

A member of staff regularly works with local tour operators to cultivate relations and co-operation between both sides. For each tie, we offer an 18% commission of the room rate (Lan Anh Hotel, Ho Chi Minh City, a private hotel).

7.3.2.2.1 Competition

Once again, explaining why the invoking of pre-existing ties or the cultivation of social ties with intermediaries is playing such a negligible role in the development of

¹⁶ As described in the case study of Son Ha Tourism Company, commission is equivalent to a percentage of the total revenue earned by the hotel from a guest, introduced by the intermediary.

tourism business for a private hotel owner is the fact that as regulatory mechanisms they have proved to be of limited utility for private hotel owners. Instead, private hotel owners have been forced to consider the building of purely economic ties as a way of operating in local tourism markets which, as with private tour operators discussed in the previous section, are primarily regulated according to market imperatives and increasingly pernicious competitive impulses. As a result, private hotel owners are being forced to engage and compete in the creation of ties with a range of local actors: local tour operators, tourism transport companies, taxi, xích lô and xe ôm drivers and touts, with whom no shared affiliation exists, with ties cultivated around the satisfaction for both parties of purely economic considerations. As the following quotes illustrate, these are nevertheless proving much more expedient for private hotel owners in their attempts to compete with other hotels to attract foreign guests and generate tourism business in the intensely competitive local tourism markets in Hanoi, Hue and Ho Chi Minh City.

We give greater priority to the network of local taxi, xích lô and xe ôm drivers here in Hue that we have created ties with, who bring guests from the airport, the railway station and the bus station to our hotel.

... The biggest constraint faced by our business in attempting to form ties with other tourism institutions is the current intense competition for guests between hotels in Hue which revolves around the rate of commission paid to intermediaries (Cay Vang Hotel, Hue, a private hotel).

Ties with in particular, cyclo, xe ôm and taxi drivers contribute a major part in the development of the hotel and are necessary to maintain the businesses operations of the hotel. As competition in the hotel market in Hue is intense, our business has to make every effort to form ties and consolidate existing ties in order to compete effectively and so as not to be affected by the intense competition between hotels in Hue. However, due to the intense competition, it is difficult to form new ties as other hotel businesses are also trying to maintain, consolidate and expand their ties (Tran Xuan Hotel, Hue, a private hotel).

The biggest difficulty currently in creating and maintaining ties is in looking for ways in which both sides can benefit financially from ties as competition is so intense between hotels.

... Ties are extremely important and impact directly on the performance of the business. The effectiveness of our business largely depends on the success of these ties in providing the majority of the guests we receive at the hotel (Cuc Mai Hotel, Hue, a private hotel).

At present, there is fierce competition in the locality for foreign customers, in terms of prices and the commission paid to third parties introducing guests to hotels. In this, private hotels pay a higher rate of commission to intermediaries in order to gain more guests and they reduce the prices of rooms to very low levels (Lac Viet Hotel, Hue, a state hotel).

In recent years, a lot of hotels and guesthouses have entered the tourism sector in the locality leading to intense competition. Competition from other hotel businesses for guests has centred around offering ever higher rates of commission to intermediaries. This has restricted our hotel in attempting to create ties with other tourism institutions. As a result, the network of ties created by our hotel in the locality is not very extensive (Lan Anh Hotel, Ho Chi Minh City, a private hotel).

The main difficulty faced in creating new and good ties is the current intensely competitive tourism market. Nevertheless, if we don't strengthen ties, then the ties will be less effective, we could lose these ties and our hotel will be affected by the competition in the tourism market and be unable to compete effectively with other hotels.

...Ties have been vital for the development of my business. The tourism sector in Ho Chi Minh City is intensely competitive with a lot of businesses in the sector. As a result, the competitive impulses are extremely strong. If a business wants to survive it has to form ties (Minh Mang Hotel, Ho Chi Minh City, a private hotel).

7.4 CONCLUSION

By carrying out an investigation into the establishment and running of private tourism businesses in Hanoi, Hue and Ho Chi Minh City, in this chapter I have, firstly, aimed to provide a detailed analysis of how the local scale constitutes a key site in the regulation of nascent processes of capitalist accumulation in the

transitional Vietnamese economy. In addition, I have sought to demonstrate how the local state constitutes a key institution in mediating global and national regulatory processes of capitalist accumulation in local space. These are themes I identified in Chapter 2 as being well-conceptualised but inadequately explored and under-researched within the regulation theory research project. One of the conclusions reached in this chapter is that while the central state has achieved some degree of success in creating a formal framework of rules and laws to regulate private economic activity in the transitional Vietnamese economy, local state officials retain significant control in implementing and mediating these rules and laws.

I have, secondly, sought to find answers to the question concerning whether the notion of social capital is a useful tool with which to analyse regulatory processes in local spaces. This was by way of examining the extent to which, for private tourism business owners, the cultivation of social ties has constituted an important institutional mechanism regulating private tourism activity in the transitional Vietnamese economy. The conclusion reached here is that the notion of social capital does provide us with a valid construct with which to analyse the regulation of private economic activity. For private tourism business owners, the cultivation of ties was playing an important role in the establishment and running of their businesses. However, while the function and mechanics of the ties cultivated by private tourism business owners did in most cases closely mirror those portrayed in the discussion on social capital in chapters 2 and 3, the extent to which ties were created out of pre-existing ties, as depicted in the notion of social capital, or were indeed genuinely 'social' displayed significant variation at different stages of the business process.

In **establishing a private tourism business**, possessing **pre-existing ties** with officials working in those local state institutions involved in the approval and establishment of private businesses has constituted **an important prerequisite** in a private tourism business owner's decision to establish a business. Through their control over administrative procedures, local state officials retain considerable arbitrary and discretionary power to facilitate or hinder any stage of the establishment process for private tourism business owners. As a result, cultivating pre-existing ties with local state officials has provided private tourism business owners with a greater degree of certainty and reliability that all procedures required in the setting up of their businesses can be completed smoothly.

In **running a private tourism business**, **social ties** are being **created** by private tourism business owners with local state officials rather than cultivated out of pre-existing ties. Social ties are, firstly, being created with those officials, assigned to individual tourism businesses to carry out administrative procedures, who retain significant capacity to facilitate or hinder the completion of these procedures. The social investment strategies employed by private tourism business owners in creating social ties with local state officials share many of the characteristics identified within the literature on social capital and guanxi. Social ties are being cultivated through regular social interaction and a regular investment of time and money which is helping to produce and secure a regular stream of benefits for both parties - for officials: meals, entertainment and financial gifts, and for private tourism business owners, ensuring that all administrative procedures are completed smoothly.

Ties are also being created by private tourism business owners with local state officials in order to circumvent central state regulations. While there is little suggestion of any 'social' content, ties are nevertheless being constituted through regular interaction between private tourism business owners and local state officials which is helping to regularise the behaviour and expectations of both parties and to secure a regular stream of primarily financial benefits for both parties, characteristics identified within the literature on social capital and guanxi.

Similarly, in ties created by private tourism business owners with, for example, local immigration officials, again there is little suggestion of a 'social' content. Ties are nevertheless being cultivated to produce lasting, useful relationships that can be invoked in the short and long term to secure a regular stream of material benefits for both parties and with regular interaction helping to regularise the behaviour and expectations of each party, characteristics again identified within the literature on social capital and guanxi.

As a way of **developing tourism business** however, for private tourism business owners, the invoking of **pre-existing ties** or **the creation** and cultivation of **social ties** with state and non-state actors at the local scale have played **a negligible role**. Such ties have proved to be of limited utility for private tourism business owners in operating in local tourism markets, which since the mid-1990s have become increasingly regulated according to market imperatives and competitive impulses. In response, private tourism business owners have instead been required to primarily focus on creating purely **economic** rather than social **ties** with a range of local actors. This has represented the best way by which private tourism business owners can develop their business operations and compete with other tourism businesses.

The findings presented above were equally in evidence in Hanoi, Hue and Ho Chi Minh City. As a consequence, I found that there was a significant degree of commonality in the practices of state and non-state actors in these locations in regulating private tourism activity and little evidence to suggest that **distinct local processes of regulation** are evolving as postulated in regulation theory.

Regarding the extent to which socio-cultural ties with the international scale have facilitated the development of private tourism businesses in Ho Chi Minh City, my findings illustrate that ties with blood relatives overseas have played a significant role for private tourism business owners in obtaining capital enabling them to establish tourism businesses. However, in utilising these ties to develop international tourism business, private tourism business owners have faced considerable obstacles in negotiating both the unofficial and the official regulatory environments. Contrary to the assertion of Jessop (1999), outlined in Section 2.3.3.2 in Chapter 2, in attempting to carry out international tourism business organised out of ties with family and friends in “western” markets, private tourism business owners in Ho Chi Minh City have found that the VNAT and its officials maintain a significant degree of regulatory control over the building of economic ties between Vietnamese actors and actors in major “western” capitalist nations. As a result, this has limited the extent to which private tourism business owners have been able to capitalise on socio-cultural ties with family and friends in “western” markets and consequently limited the importance of these ties in developing tourism business.

The conclusions drawn from this and earlier chapters are now explored in Chapter 8.

CHAPTER EIGHT

CONCLUSIONS AND DISCUSSION

This thesis has examined **the extent to which regulation theory can provide a strong theoretical basis for understanding and analysing the development of capitalist economic relations and activities in transitional economies.** In this chapter, in light of the findings from the research, I first re-evaluate the initial research ideas, questions and objectives presented in Chapter 1 before moving on to discuss how the broader findings from the research have contributed to current debates within regulation theory and in the literature on transitional economies. In the final part of this chapter, drawing on the main findings from this research, I develop an analytical framework to utilise in examining how regulatory processes and relations are evolving in regulating capitalist economic activity in transitional economies.

8.1 PRINCIPAL FINDINGS OF THE RESEARCH

In Chapter 2, in addressing the first of my research questions, namely: *to what extent does regulation theory provide a useful conceptual framework with which to examine how nascent capitalist economic processes are being regulated in transitional economies?* I examined the key analytical tools contained within the framework of regulation theory. I found that they could serve as a useful foundation in building an analytical framework for my research investigation.

I found how regulation theory builds on the recognition that the national and local scales remain key sites in responding to as well as regulating global economic

processes, such as tourism, and that the central state and the local state remain key conduits for mediating and negotiating these processes. In addition, I identified how one important notion in regulation theory is how regulatory processes and socio-economic and political relations through which these processes are reworked, are shaped and evolve in a path dependent manner out of the residues and legacies of former modes of regulation.

Nevertheless, I also identified a number of gaps in the framework of the regulation theory approach. First, there has been inadequate analysis and discussion of the local scale as a key site and the role of the local state in the regulation of capitalist economic processes. Second, there has been inadequate consideration of the extent to which regulatory processes evolve out of political imperatives as well as economic priorities and exigencies. Third, within the conceptual framework of regulation theory, while there is an implicit consideration of the social struggles, contestation and processes of negotiation taking place among social, economic and political actors and institutions in defining regulatory practices, regulation theory does not provide a conceptual tool with which to allow us to analyse the actual processes through which regulatory practices evolve. As a result, I introduced the concept of social capital into the theoretical discussion as a potentially useful tool to incorporate into the conceptual framework of the regulation theory approach. This would allow me to analyse the extent to which social capital between both state and non-state actors, at local, national and international scales constitutes an important institutional mechanism in regulating economic activity, both historically and currently in the transitional Vietnamese economy.

In Chapter 3, as a way of addressing the second research question: *what evidence is there from other transitional economies to support the utilisation of the key analytical concepts identified in regulation theory to examine how nascent capitalist economic processes are being regulated in transitional economies?* I undertook a comprehensive review of the literature on transitional economies. I found that there was a substantial body of evidence which supported the utilisation of the key analytical concepts and tools identified in Chapter 2.

As in regulation theory, authors writing about transitional economies also recognise the role of path dependency in the reconfiguration of relations among socio-economic and political actors involved in regulating nascent capitalist economic processes in these economies. Authors writing on transitional economies do however ascribe an even greater role to the local scale in regulating capitalist economic processes than is acknowledged in regulation theory. They claim, firstly, that the local scale has emerged as the key scale, secondly, that distinct local regulatory processes are evolving, and thirdly that the local state constitutes the key regulatory institution, and that local state institutions and officials are pivotal actors in regulating nascent capitalist economic processes in these economies. However, in discussing how the regulatory control of the central vis-à-vis the local state over nascent capitalist economic activities has evolved in the transitional economy, among authors writing on transitional economies, there has still been inadequate consideration of the extent to which regulatory control is being negotiated over rather than simply ceded by the central state to the local state with regulatory processes evolving out of political as well as economic imperatives.

Reviewing the literature on transitional economies also provided substantial support for utilising the concept of social capital. In particular, analysing the important role being played by *guanxi* in the regulation of private economic activity in the transitional Chinese economy with the cultivation of vertical and horizontal ties between social, economic and political actors provided a number of useful themes. These were incorporated into the analytical framework utilised in carrying out my research investigation.

Chapter 5 initiated analysis, in the context of Vietnam, of the key analytical tools identified within regulation theory and discussed in Chapter 2 and informed in the context of transitional economies in Chapter 3, in the process addressing the third research question: *to what extent does the local scale constitute the key site at which nascent capitalist economic activities are being regulated in the transitional Vietnamese economy?* The findings presented in this chapter provided strong support for the notion of path dependency, with regulatory processes and relations between social, economic and political actors having evolved in a path dependent manner throughout Vietnamese history as the Vietnamese politico-economy has shifted from feudalism to colonialism, socialism and in the current transition to a capitalist-oriented economic system.

The findings also substantiated the discourse on transitional economies with the acknowledgement that in the transitional Vietnamese economy, as in other transitional economies, the ceding of regulatory control by the central state over economic space down to the local state has allowed the local state to emerge as the key actor and regulator of nascent capitalist economic activities and the local scale, the key site at which such activities are being regulated.

However, the findings presented in Chapter 5 challenge conventional neo-liberal discourse and discourse on transitional economies. I argue, firstly, that the central state in Vietnam has historically ceded a significant degree of regulatory control over local economic space to the local state. Consequently, processes occurring in the transitional economy simply constitute a continuation of traditional regulatory processes rather than a reaction to contemporary economic changes in the global economy or the process of transition. Secondly, in ceding regulatory control, this has once again only to a small extent resulted from prevailing global economic realities, but rather reflects the political imperative of the central state to maintain the hegemony of the state throughout national space.

One important manifestation of the path dependent nature of regulatory processes and relations identified in Chapter 5 was the key role that has historically been played by local state officials in the regulation of economic activity in local spaces. As a result, it was found that, as a way of negotiating the local regulatory environment, the cultivation of vertical ties with local state officials has traditionally constituted an important mechanism regulating economic activity in local spaces with ties constituted not only through invoking pre-existing ties based on shared affiliation, but in addition through creating ties where no shared affiliation exists.

One additional finding presented in Chapter 5 was how the significance of the local scale as a regulatory site was being heightened in the transitional economy as distinct local regulatory processes were evolving in the regulation of internationally-oriented capitalist economic activities, such as tourism, in local spaces such as Ho

Chi Minh City and Hanoi out of the particular social, cultural and historical legacies inhering within these local spaces.

Chapter 6 analysed the regulatory role of the VNAT – the central state tourism institution in the regulation of tourism activity in the transitional Vietnamese economy - as a way of addressing the fourth research question: *to what extent does the central state remain a key institution through which global economic processes are being mediated in regulating nascent capitalist economic activities in the transitional Vietnamese economy?* It was found that the VNAT has ceded a significant degree of regulatory control over tourism activity in local spaces to the local state. As discussed in Chapter 5, this is being done primarily as a way of achieving political imperatives and the maintenance of the state as the leading institution in the Vietnamese socio-economy.

The findings presented in Chapter 6 did however illustrate how with regard to the regulation of international tourism activity, the VNAT has retained considerable regulatory power and control, acting as the key conduit regulating access for Vietnamese tourism businesses to the international tourism market and for foreign tourism businesses to the Vietnamese tourism market. As such, these findings support the role afforded the central state in regulation theory as a key conduit through which global economic processes are being mediated and negotiated in regulating capitalist economic activities across national spaces. At the same time, they ascribe a much more important regulatory role for the central state in the regulation of nascent capitalist economic activities than identified by authors writing about other transitional economies.

However, the findings presented in Chapter 6 illustrate how only a small degree of the regulatory control of the central state over global economic processes is derived from its capacity to enact a formal regulatory framework to guide such processes throughout national space, as postulated in regulation theory. Instead, the findings point to the much greater significance of the informal regulatory practices and discretionary power and control exercised by the VNAT and its officials in regulating international tourism activity through their capacity to mediate access for Vietnamese tourism businesses to the international tourism market and for foreign tourism businesses to the Vietnamese tourism market.

Once again, the regulatory practices of the VNAT have reflected its overriding priority of achieving political imperatives. In affording privileged access to international tourism markets for a handful of local state tour operators primarily under the control of the Hanoi and Ho Chi Minh City Municipal People's Committees, the VNAT has aimed to facilitate the development of these businesses into dominant actors in the international tourism industry. This has ultimately served as a way of preserving the role of the state as the leading institution in the transitional Vietnamese economy

In Chapter 7, I addressed my final research question: *to what extent does the notion of social capital constitute an important institutional mechanism regulating private capitalist economic activity in the transitional Vietnamese economy?* I found that for private tourism business owners, the cultivation of ties was playing an important role in the establishment and running of their businesses. However, the extent to

which ties conformed to the ‘ideal type’ depicted in the notion of social capital, or were indeed genuinely ‘social’ varied at different stages of the business process.

Such regulatory practices were found to be operating in a broadly similar manner in each of the three locations at which research was carried out. Consequently, my findings served to challenge the notion that in the regulation of private economic activity in the transitional Vietnamese economy, distinct local regulatory processes are emerging out of the particular social, cultural and historical legacies inhering within local spaces.

Therefore, in response to the principal research aim of this thesis, the findings support the notion that, through its recognition of the importance of: firstly, the path dependent nature of regulatory processes and, secondly, national and local scales as key sites in the regulation of global economic processes, **regulation theory can provide a strong theoretical basis for understanding and analysing the development of capitalist economic relations and activities in transitional economies.**

Nevertheless, the findings in this thesis have revealed a number of gaps and weaknesses in the regulation theory approach. By addressing such weaknesses, we can contribute to debates within the regulation theory research project by offering new perspectives on a number of the key concepts contained within regulation theory. This will be useful in informing our understanding of how regulatory processes are evolving in transitional economies. It can also assist us in moving forward debates within regulation theory and in building a more appropriate framework for analysing regulatory processes in transitional economies. The

weaknesses of the regulation theory approach and the new perspectives that have been drawn from the findings of this thesis are discussed in the following section.

8.2 DISCUSSION OF THE FINDINGS

8.2.1 The Central State

In regulation theory, the regulatory powers of the central state over global economic processes are chiefly derived from its capacity to enact a formal framework of regulatory forms - laws, policies and directives - to guide such processes throughout national space. However, during the analysis in Chapter 6, it became apparent that the unofficial practices of the central state were of much greater significance in the regulation of international tourism in Vietnam. These were evidenced through the way in which the VNAT is regulating access for Vietnamese tourism businesses to the international tourism market and for foreign tourism businesses to the Vietnamese tourism market. However, consideration of such unofficial practices has been overlooked in regulation theory.

8.2.1.1 *The Political Imperatives of the Central State*

As I discussed throughout Chapter 6, the chief explanation for the unofficial regulatory practices of the VNAT lay in its objective to achieve **political and ideological imperatives**. By facilitating access to the international tourism market for a handful of local state tour operators, by selecting only state tour operators in joint-venture partnerships with foreign tour operators and by restricting access to the international tourism market for private tourism businesses, the VNAT's primarily objective was to maintain the role of the state as the leading institution in the Vietnamese tourism industry.

However, as I mentioned in Chapter 2, regulation theory has up to now been of limited utility in considering the role of political and ideological imperatives on regulatory processes. This, as I have demonstrated in this thesis, is a serious omission. In Vietnam, the political objectives of the state have been an important factor determining, firstly, the way in which international tourism has developed in the transitional economy and, secondly, the role played by different economic actors. Future research invoking regulation theory needs to take much greater account of the political objectives of the central state. It needs to address questions such as: what are the political objectives of the central state? How do they affect different types of actors – state, private, foreign etc.? In what ways and to what extent do they impact on the regulation of capitalist economic activity?

8.2.1.2 Relations between the Central and Local States: The Mode of Societalisation

By incorporating the political imperatives of the central state into the regulation theory framework, I have also in this thesis been able to provide a much more robust account of the regulatory capacities of the central state vis-à-vis the local state. Underpinning such regulatory capacities, both historically and in the transitional Vietnamese economy, has been the role of the **mode of societalisation**.

As I discussed in chapters 2 and 3, the mode of societalisation has remained under-utilised within regulation theory and overlooked in the analytical framework of authors writing about transitional economies. I would strongly suggest that an analysis of regulatory processes in transitional economies is incomplete without consideration of the important role played by the mode of societalisation.

Throughout the thesis I have provided evidence demonstrating how the regulatory capacities of the central state vis-à-vis the local state have been underpinned by the **societalisation** of central state regulatory practices. As a way of achieving broad acceptance throughout national space for its regulatory practices, the central state has compromised and ceded a significant degree of regulatory control over economic space down to its agent in local space, the local state. Through this, the central state has achieved its aim of maintaining the role of the state as the leading institution throughout the Vietnamese socio-economy by allowing the local state to emerge as the key actor and regulator in local economic space.

By utilising the mode of societalisation in my analysis, I have also been able to show how the ceding of regulatory control over local economic space by the VNAT to the local state in the transitional Vietnamese economy has been less due to the demands of operating in the international capitalist economy and more a response to a national agenda and the political imperatives of the central state. This provides an alternative interpretation to that put forward in conventional neo-liberal discourse and discourse on transitional economies, which I outlined in chapters 2 and 3.

Utilising the mode of societalisation also helps to explain why contrary to the claims of many authors writing on transitional economies, my findings illustrate how in the transitional Vietnamese economy, the national scale remains a key site in the regulation of global economic processes with the central state continuing to act as a key conduit through which global economic processes are being mediated and negotiated in national space. As I illustrated in Chapter 6, the central state continues

to act as a key regulatory institution through its capacity to mediate capitalist economic relations between supra and sub-national actors and institutions.

8.2.2 The Local Scale – the Local State

One of the biggest gaps in the regulation theory research project is its lack of consideration of the local scale as a site in the regulation of economic activity. As I mentioned in Chapter 2, research invoking regulation theory has largely assumed that regulatory processes are formed at the national scale and adopted in local spaces in an unproblematic way. However, I have demonstrated throughout this thesis that this ignores the considerable capacity of actors and institutions in local spaces to mediate national regulatory processes in regulating economic activity.

In particular, again, while conceptualised within regulation theory, this thesis has provided a much more comprehensive account of the role of **the local state** in regulating processes of capitalist accumulation in local space than hitherto discussed within much of the regulation theory research project. I have shown how the central state in Vietnam has historically afforded the local state considerable capacity to mediate national regulatory processes in regulating economic activity in local spaces as it has sought to maintain the hegemony of the state throughout the Vietnamese socio-economy. For the same reason, as I discussed in Chapter 6, in the transitional economy the central state has been providing support for local state tourism businesses to enable them to become important actors in the international tourism industry.

In addition, local state institutions and officials have maintained their traditional role as key regulators of local economic activity through their control over bureaucratic levers and through their capacity to interpret and implement central state directives. As a result, they constitute key actors in the regulation of nascent capitalist economic activities in local spaces, in particular, by acting as conduits private economic actors must go through in order to participate in nascent capitalist economic activities.

All these points have largely been overlooked in regulation theory research. However, the position taken in this thesis is that the role of the local state is pivotal and must be taken into account in an investigation into the regulation of capitalist economic relations and activities in transitional economies.

8.2.2.1 Analysing Local Regulatory Processes: the Role of Social Capital

In Chapter 2, I discussed how within the conceptual framework of regulation theory there is no tool which allows us to analyse regulatory processes in local economic spaces. I therefore introduced the notion of social capital as a possible way out of the impasse.

The findings in this thesis and particularly the analysis in Chapter 7 point to the fact that the notion of social capital does provide us with a useful tool with which to analyse regulatory processes in local spaces. For private tourism business owners in Vietnam, the cultivation of ties was playing an important role in the establishment and running of their businesses, in particular, ties cultivated with local state officials.

Evidence in this thesis therefore provides support for the incorporation of the notion of social capital into the conceptual framework of regulation theory.

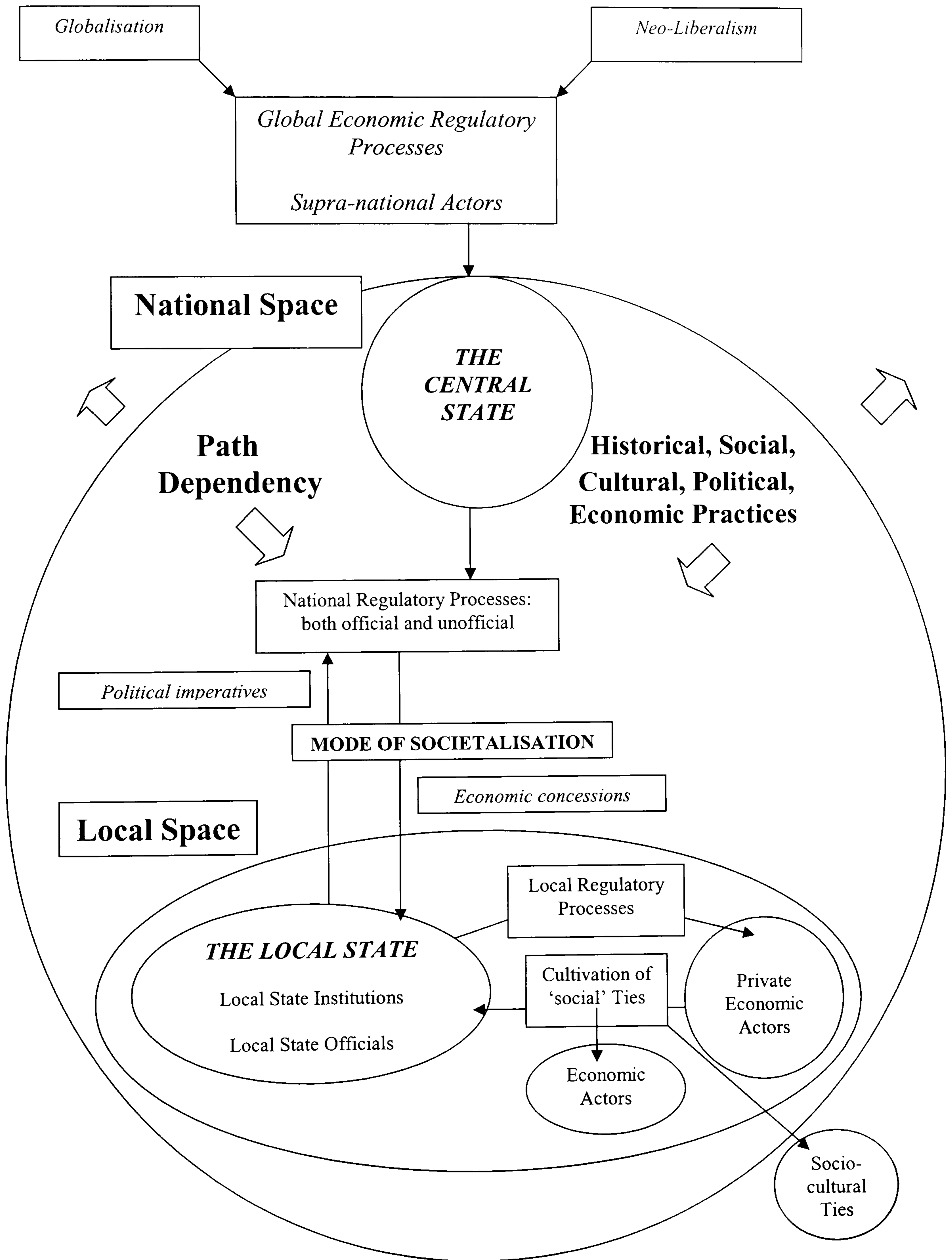
However, the analysis, particularly in Chapter 7, demonstrated that the extent to which the horizontal and vertical ties cultivated by private tourism business owners conformed to the ‘ideal type’ depicted in the social capital literature exhibited significant variation at different stages of the business process. As a result, while utilising the notion of social capital, we must look beyond this ‘ideal type’ and in future research investigate the whole range of ties cultivated by private economic actors. These should include vertical ties within local spaces as well as horizontal ties in local and extra-local spaces. We also need to examine the function and mechanics of these ties in order to ascertain the degree to which they are indeed genuinely ‘social’.

8.3 CREATING AN ANALYTICAL FRAMEWORK FOR EXAMINING THE REGULATION OF CAPITALIST ECONOMIC ACTIVITY IN TRANSITIONAL ECONOMIES

By their very nature, transitional economies constitute exciting and dynamic objects for further study. Following on from the preceding discussion and incorporating the key findings from my research, in the final section in this chapter, I would like to put forward an analytical framework adapted from the one developed at the end of Chapter 3 and employed throughout my analysis of the regulation of tourism in the transitional Vietnamese economy.

As has been identified in this thesis, Figure 8.1 illustrates how global regulatory processes are mediated and negotiated and the activities of supra-national economic

Figure 8.1. An analytical framework informed by the findings from this thesis to examine the regulation of capitalist economic activity in transitional economies



actors are regulated in national space by the central state. As is shown in Figure 8.1, the ensuing national regulatory processes together with all other regulatory processes and relations occurring within national space between social, economic and political actors evolve in a path dependent manner out of historical, social, cultural, political and economic practices. As is illustrated by the arrows pointing out from as well as within national space, path dependency not only influences regulatory processes and relations within national space but also between national and international spaces.

Within national space, one of the key regulatory processes identified in this thesis has been the societalisation of central state regulatory practices. The importance of the mode of societalisation as a conceptual tool in analysing regulatory processes in transitional economies is illustrated in Figure 8.1 by its position at the centre of 'National Space'. In future research on transitional economies, much greater attention needs to be directed to how the attainment of political imperatives constitutes an important factor impacting on the reconfiguration of regulatory processes and relations in regulating capitalist economic activity in transitional economies.

Local spaces of regulation are depicted in Figure 8.1 with the key role afforded the local state in mediating national regulatory processes. Within the local state, local state institutions are afforded pivotal roles through their position as important actors in and regulators of local economic activity. Local state officials are similarly afforded key roles in the framework through their capacity to interpret and implement central state directives in regulating economic activity in local spaces.

Figure 8.1 depicts how the local regulatory processes of local state institutions and officials influence the business operations of private economic actors. Also shown, are the ties cultivated by private economic actors in establishing and running their businesses: vertical ties with local state officials as well as horizontal ties in local and extra-local spaces.

I believe that this analytical framework, developed throughout the theoretical and analytical journey I have undertaken, is robust enough to be utilised as a basis in future research for examining the regulation of capitalist economic activity in transitional economies.

8.3.1 Implications of the Research for the Future Development of Economic Activity in Vietnam

As revealed in this thesis, the political imperatives of the central state lie at the heart to understanding how regulatory processes have evolved in the Vietnamese economy. The ‘transformation’ and restructuring of economic relations which occurred in the mid-1980s came out of an economic crisis, which threatened to undermine the legitimacy of the central state. The radical reform measures subsequently adopted, including the sanctioning of private economic activity, primarily aimed to stem this loss of legitimacy through improving the economic situation.

Since then capitalist economic activities, such as tourism, have developed in the context where three key institutional practices, which have traditionally regulated economic activity in Vietnam remain. First, the central state is the primary

institution responsible for creating a formal framework of laws, policies and directives for regulating capitalist economic activity in national space. Second, the central state however continues to afford local state institutions and officials significant capacity to mediate, interpret and implement its rules and directives in regulating local economic space. Third, as a result, economic actors such as private tourism business owners are reliant on the ‘support’ of local state officials in order to negotiate local regulatory processes in carrying out economic activity. In attempting to gain this support, economic actors are cultivating ‘social’ ties with local state officials.

I firmly believe that these three institutional practices will continue to define regulatory processes in Vietnam in the foreseeable future. As a result, future research must consider these three institutional practices as a starting point in any investigation into the development of capitalist economic relations and activities in the Vietnamese economy.

APPENDICES

APPENDIX 1

THE INTERVIEW SCHEDULE (WITH A TRANSLATION IN ENGLISH)

TUNHÀN

BẢN CÂU HỎI PHỤ

PRIVATE BUSINESSES

SUPPLEMENTARY QUESTIONNAIRE

1) **TÊN CỦA DOANH NGHIỆP:** _____

2) **HOẠT ĐỘNG TỪ:** Tháng _____ Năm _____

3) **HÌNH THỨC SỞ HỮU:**

Chỉ đánh dấu vào 1 ô:

Doanh nghiệp nhà nước	
Doanh nghiệp tư nhân do người Việt Nam quản lý 100%	
Công ty cổ phần	
Liên doanh	
100% vốn nước ngoài	
Các hình thức khác: Đề nghị nói rõ	

4) **CHỦ SỞ HỮU DOANH NGHIỆP**

TT	Họ và tên	Tuổi	Chức vụ trong doanh nghiệp	% cổ phần trong doanh nghiệp	Quê quán	Hiện có cư trú tại đây không (Có/Không)	Thời gian sinh sống tại nơi cư trú hiện nay được bao lâu (năm)	Thời gian tham gia kinh doanh du lịch
1.								
2.								
3.								
4.								
5.								

1) NAME OF BUSINESS: _____

2) OPERATING FROM: *mm* _____ *yr* _____

3) OWNERSHIP

Please tick one only

100% state owned	
100% privately owned by Vietnamese nationals	
Equitised company	
Joint-venture	
100% foreign owned	
Other: please specify;	

4) OWNERS

	Full name of owners	Age	Function in business	Equity share in the business	Place of origin	Currently residing in the same location as the business (Y/N)	Years living in current location	Years involved in this tourism business
1.								
2.								
3.								
4.								
5.								

5) **VỐN**

a) **Vốn của doanh nghiệp**

Đvt: triệu đồng hoặc (USD)

Năm đầu tiên hoặc 1992	
1993	
1994	
1995	
1996	
1997	
1998	
1999	
2000	
2001	

6) **HOẠT ĐỘNG CỦA DOANH NGHIỆP**

A) **HOẠT ĐỘNG CHÍNH:**

Chỉ đánh dấu vào 1 ô thích hợp:

1. Chỗ ở cho du khách nội địa	
2. Chỗ ở cho du khách nước ngoài	
3. Điều hành du khách nội địa ở Việt Nam	
4. Điều hành du khách nước ngoài ở Việt Nam (đối với các tour vào Việt Nam)	
5. Điều hành khách du lịch Việt Nam ra nước ngoài (đối với các tour ra nước ngoài)	
6. Vận chuyển du khách nội địa trong địa phận Việt Nam	
7. Vận chuyển du khách nước ngoài trong địa phận Việt Nam	
8. Các dịch vụ khác: Đề nghị nói rõ	

B) **TẤT CẢ CÁC HOẠT ĐỘNG KHÁC CÓ THAM GIA:**

Đánh dấu vào ô phù hợp

1. Chỗ ở cho du khách nội địa	
2. Chỗ ở cho du khách nước ngoài	
3. Điều hành du khách nội địa ở Việt Nam	
4. Điều hành du khách nước ngoài ở Việt Nam (đối với các tour vào Việt Nam)	
5. Điều hành khách du lịch Việt Nam ra nước ngoài (đối với các tour ra nước ngoài)	
6. Vận chuyển du khách nội địa trong địa phận Việt Nam	
7. Vận chuyển du khách nước ngoài trong địa phận Việt Nam	
8. Các dịch vụ khác: Đề nghị nói rõ	

5) **FINANCING**

a) **Capital in the business** VND million or USD

Year 1 or 1992	
1993	
1994	
1995	
1996	
1997	
1998	
1999	
2000	
2001	

6) **ACTIVITIES OF THE BUSINESS**

A) **MAIN ACTIVITY:**

Please tick one only

1. Accommodation for domestic tourists	
2. Accommodation for foreign tourists	
3. Tour operator for Vietnamese tourists in Viet Nam	
4. Tour operator for foreign tourists in Viet Nam (inbound tours)	
5. Tour operator for Vietnamese tourists travelling overseas (outbound tours)	
6. Tourism transportation for Vietnamese tourists in Viet Nam	
7. Tourism transportation for foreign tourists in Viet Nam	
8. Other tourism services: please specify	

B) **ALL OTHER ACTIVITIES ENGAGED IN:**

Tick any which apply

1. Accommodation for domestic tourists	
2. Accommodation for foreign tourists	
3. Tour operator for Vietnamese tourists in Viet Nam	
4. Tour operator for foreign tourists in Viet Nam (inbound tours)	
5. Tour operator for Vietnamese tourists travelling overseas (outbound)	
6. Tourism transportation for Vietnamese tourists in Viet Nam	
7. Tourism transportation for foreign tourists in Viet Nam	
8. Other tourism services: please specify	

7) **KẾT QUẢ HOẠT ĐỘNG KINH DOANH**

Xin hãy điền đầy đủ mẫu biểu dưới đây:

Đvt: triệu đồng (USD)

NĂM HOẠT ĐỘNG	Năm đầu tiên hoặc 1992	1995	1996	1997	1998	1999	2000
TỔNG THU NHẬP							
TỔNG LỢI NHUẬN							
TỔNG THU NHẬP TỪ:							
KINH DOANH PHÒNG							
Khách trong nước							
Khách nước ngoài: Trong đó							
Tour trọn gói							
Khách du lịch vãng lai (lẻ)							
ĐIỀU HÀNH DU LỊCH							
Khách du lịch nội địa a) ở Việt Nam b) ra nước ngoài (các tour ra nước ngoài)							
Khách du lịch nước ngoài ở Việt Nam (các tour trong nước) Trong đó;							
Tour trọn gói							
Khách du lịch vãng lai(lẻ)							
VẬN CHUYỂN KHÁCH DU LỊCH							
Khách du lịch trong nước							
Khách du lịch nước ngoài Trong đó;							
Tour trọn gói							
Khách du lịch vãng lai (lẻ)							
Các dịch vụ du lịch khác: Xin nói rõ							

7) BUSINESS PERFORMANCE

Please complete the following table:

	GROSS REVENUE				VND MILLION or USD		
	Year 1 or 1992	1995	1996	1997	1998	1999	2000
GROSS REVENUE							
GROSS PROFIT							
GROSS REVENUE FROM:							
ACCOMMODATION							
Domestic tourists							
Foreign tourists:							
Of which							
Package tour							
Independent traveller							
TOUR OPERATOR							
Domestic tourists							
a)in Viet Nam							
b)travelling overseas							
outbound tours)							
Foreign tourists							
In Viet Nam							
(inbound tours)							
Of which;							
Package tour							
Independent traveller							
TOURISM TRANSPORTATION							
Domestic tourists							
Foreign tourists							
Of which;							
Package tour							
Independent traveler							
OTHER TOURISM SERVICES:							
please specify							

8) DU KHÁCH

Xin vui lòng điền bảng dưới đây

NĂM HOẠT ĐỘNG	Tổng số lượng khách nước ngoài	Những quốc tịch chính của khách	Tổng số lượng của những quốc tịch này
Năm đầu tiên hoặc năm 1992			
1995			
1996			
1997			
1998			
1999			
2000			

9) GIẤY PHÉP LỮ HÀNH QUỐC TẾ

Doanh nghiệp của quý vị có giấy phép lữ hành quốc tế không.

Có	
Không	

- Tại sao có tại sao không?

10) LIÊN KẾT VÀ MẠNG LƯỚI KINH DOANH

Doanh nghiệp của quý vị đã cố gắng thử và/ hoặc thành lập mối liên kết với bất cứ tổ chức du lịch khác nhằm phát triển việc kinh doanh du lịch của doanh nghiệp của quý vị?

Chỉ đánh dấu vào 1 ô:

Có	
Không	

8) VISITORS

Please complete the following table

YEAR	Total number of foreign customers	Main nationalities of foreign customers	Total number of customers of each nationality
Year 1 or 1992			
1995			
1996			
1997			
1998			
1999			
2000			

9) INTERNATIONAL TOUR OPERATOR LICENCE

Does your business have an international tour operator licence?

Yes	
No	

- Why/Why not?

10) BUSINESS ALLIANCES AND NETWORKS

Has your business attempted to and/or formed alliances with any other tourism organisations in order to develop your international tourism business? Please tick one.

Yes	
No	

TU NHÂN

BẢN CÂU HỎI CHÍNH

PRIVATE

INTERVIEW SCHEDULE

THÀNH LẬP DOANH NGHIỆP DU LỊCH

1) Xin vui lòng mô tả hoàn cảnh và bối cảnh trước khi thành lập doanh nghiệp du lịch?

Bao gồm:

- *Người khởi xướng thành lập doanh nghiệp du lịch của quý ngài (trách nhiệm)*

- *Tại sao người đó lại quyết định thành lập doanh nghiệp du lịch (động cơ)*

- *Kinh nghiệm của người ấy trong lĩnh vực du lịch (kinh nghiệm)*

- *Kiến thức về công việc trước đây của người đó như thế nào*

- *Tổng số người tham gia/ Họ có còn tham gia không? Họ là ai?*

CÁC MỐI QUAN HỆ

1) Chủ doanh nghiệp có mối quan hệ cá nhân và nghề nghiệp chuyên môn như thế nào với các cá nhân và tổ chức khác trong ngành công nghiệp du lịch?

2) Còn có những mối quan hệ nào khác đã tạo điều kiện thuận lợi cho việc thành lập doanh nghiệp?

ESTABLISHING A TOURISM BUSINESS

1) Describe the circumstances and background before setting up the tourism business? Include:

- who had the original idea of establishing a tourism business (responsible)

- why did he/she/they decide to establish a tourism business (motivation)

- what previous experience did he/she/they have in the tourism field (experience)

- what was his/her/their previous work background

- who else was involved/ are they still involved?

CONNECTIONS

1) What personal and professional connections did the owners have with individuals and institutions in the tourism industry?

2) What other connections helped facilitate the establishment of the business?

- Những mối quan hệ này đã giúp gì cho hoạt động ban đầu của doanh nghiệp?

- 3) Việc có được các mối quan hệ đã ảnh hưởng như thế nào tới các quyết định thành lập doanh nghiệp của những người sáng lập doanh nghiệp?

<i>Rất nhiều</i>	<i>tương đối nhiều</i>	<i>ít</i>	<i>không có gì</i>

- 4) Lý do nào là lý do chính để thành lập doanh nghiệp du lịch của quý vị tại địa bàn này? (*có nghĩa là địa điểm kinh doanh của doanh nghiệp quý vị*)

- 5) Trước khi doanh nghiệp được thành lập, quý vị biết gì về các thủ tục và thể chế có liên quan đến việc thành lập doanh nghiệp du lịch như mô hình doanh nghiệp của quý vị? *Đề nghị cho biết một số chi tiết*

- 6) Quý vị đã dự kiến trước quy trình thành lập doanh nghiệp như thế nào?

Xin nêu một vài chi tiết

Ví dụ: không phức tạp, phức tạp, lường trước được những khó khăn

- How did these connections help in starting the tourism business?

3) How important was having connections in influencing the decision of the founders to establish the business?

<i>very much</i>	<i>quite a lot</i>	<i>not very much</i>	<i>not at all</i>

4) What were the main reasons for establishing the tourism business specifically *in this location in Ha Noi*?

5) Before the business was established, what did you know about the procedures and institutions involved in setting up a tourism business? *Some detail not one-word answers*

6) How did you perceive the establishment process? *Some detail not one-word answers i.e. straight-forward, complicated; anticipate particular problems etc.*

QUY TRÌNH THÀNH LẬP DOANH NGHIỆP

- 1) Phác họa các giai đoạn liên quan đến việc thành lập doanh nghiệp du lịch theo trình tự thời gian. (các thủ tục liên quan đến việc thành lập doanh nghiệp) **Bao gồm:** Thể chế có liên quan, ngày tháng, chi tiết của từng giai đoạn; phạm vi và lý do không phù hợp/ mâu thuẫn, các vấn đề này được giải quyết như thế nào, ví dụ: thỏa hiệp, nhượng bộ . . .

Với cơ quan _____ Ngày/Tháng/Năm _____

Mục đích chung: _____

Thời gian của giai đoạn này: _____

Chi tiết _____

Với cơ quan _____ Ngày/Tháng/Năm _____

Mục đích chung: _____

Thời gian của giai đoạn này: _____

Chi tiết _____

Với cơ quan _____ Ngày/Tháng/Năm _____

Mục đích chung: _____

Thời gian của giai đoạn này: _____

Chi tiết _____

Với cơ quan _____ Ngày/Tháng/Năm _____

Mục đích chung: _____

Thời gian của giai đoạn này: _____

Chi tiết _____

Với cơ quan _____ Ngày/Tháng/Năm _____

Mục đích chung: _____

Thời gian của giai đoạn này: _____

Chi tiết _____

PROCESS OF SETTING UP THE BUSINESS

1) Outline the stages involved in establishing the tourism business in time order. Include: the institutions involved, date, details of each stage; areas and reasons for disagreement, how these were resolved *i.e. through compromise, concessions etc.*

With _____ Date(mm/yr) _____
General purpose: _____
Length of this stage: _____
Details: _____

With _____ Date(mm/yr) _____
General purpose: _____
Length of this stage: _____
Details: _____

With _____ Date(mm/yr) _____
General purpose: _____
Length of this stage: _____
Details: _____

With _____ Date(mm/yr) _____
General purpose: _____
Length of this stage: _____
Details: _____

With _____ Date(mm/yr) _____
General purpose: _____
Length of this stage: _____
Details: _____

With _____ Date(mm/yr) _____
General purpose: _____
Length of this stage: _____
Details: _____

Với cơ quan _____ Ngày/Tháng/Năm _____

Mục đích chung: _____

Thời gian của giai đoạn này: _____

Chi tiết _____

Với cơ quan _____ Ngày/Tháng/Năm _____

Mục đích chung: _____

Thời gian của giai đoạn này: _____

Chi tiết _____

Với cơ quan _____ Ngày/Tháng/Năm _____

Mục đích chung: _____

Thời gian của giai đoạn này: _____

Chi tiết _____

Với cơ quan _____ Ngày/Tháng/Năm _____

Mục đích chung: _____

Thời gian của giai đoạn này: _____

Chi tiết _____

Với cơ quan _____ Ngày/Tháng/Năm _____

Mục đích chung: _____

Thời gian của giai đoạn này: _____

Chi tiết _____

Với cơ quan _____ Ngày/Tháng/Năm _____

Mục đích chung: _____

Thời gian của giai đoạn này: _____

Chi tiết _____

With _____ Date(mm/yr) _____
General purpose: _____
Length of this stage: _____
Details: _____

With _____ Date(mm/yr) _____
General purpose: _____
Length of this stage: _____
Details: _____

With _____ Date(mm/yr) _____
General purpose: _____
Length of this stage: _____
Details: _____

With _____ Date(mm/yr) _____
General purpose: _____
Length of this stage: _____
Details: _____

With _____ Date(mm/yr) _____
General purpose: _____
Length of this stage: _____
Details: _____

With _____ Date(mm/yr) _____
General purpose: _____
Length of this stage: _____
Details: _____

With _____ Date(mm/yr) _____
General purpose: _____
Length of this stage: _____
Details: _____

VỀ DOANH NGHIỆP CỦA QUÝ VỊ

1) Các cơ quan và cá nhân nào đã tạo điều kiện thuận lợi cho việc thành lập doanh nghiệp của quý vị?

- Cách thức mà các cơ quan hoặc cá nhân đã giúp đỡ?

- Sự giúp đỡ của các cơ quan hoặc cá nhân có hiệu quả như thế nào?

2) Các cơ quan và cá nhân nào đã cản trở về việc thành lập doanh nghiệp của quý vị?

- Cách thức mà các cơ quan hoặc cá nhân đã cản trở doanh nghiệp của quý vị?

ABOUT YOUR BUSINESS

1) Which institutions or individuals facilitated the establishment of your business?

- in what ways did these institutions or individuals help?

- how effective was the help of these institutions or individuals?

2) Which institutions or individuals hindered the establishment of your business?

- in what ways did these institutions or individuals hinder your business?

- Sự cản trở thành lập doanh nghiệp của quý vị từ các tổ chức và cá nhân có ảnh hưởng/ tác động như thế nào?

VỀ DOANH NGHIỆP NÓI CHUNG

- 1) Nhìn chung, thái độ của các tổ chức và cá nhân cụ thể khác nhau như thế nào dựa vào những gì mà họ đã trợ giúp/ giúp đỡ hoặc không giúp đỡ đối với việc thành lập doanh nghiệp du lịch mang tính chất *tư nhân, nhà nước, liên doanh* như doanh nghiệp của quý vị?

- Xin nêu các ví dụ:

- Theo quan điểm của quý vị thì nguyên nhân của việc này là gì?

- 2) Theo quan điểm của quý vị, việc thành lập một doanh nghiệp du lịch mang tính chất *tư nhân* ở địa phương của quý vị là dễ hay khó? Dễ như thế nào? Khó như thế nào?

- 3) Theo quan điểm của quý vị thì việc các loại hình doanh nghiệp khác thành lập một doanh nghiệp du lịch ở địa phương của quý vị có dễ dàng hơn hay khó khăn hơn? Như thế nào?

- Nguyên nhân của việc này là gì?

- how effective were these institutions or individuals in hindering the setting up your business?

ABOUT BUSINESSES IN GENERAL

- 1) Overall, in what ways do attitudes among particular institutions and individuals vary regarding the amount of support or lack of support in establishing *a private tourism business* such as yours? Please give examples.

- in your opinion, what are the reasons for this?

- 2) In your opinion, how easy or difficult is it to establish *a private tourism business* in your locality?

- 3) In your opinion, in what ways is it easier or more difficult for other business types e.g. *state, joint-venture businesses* to enter the tourism sector in your locality?

- what are the reasons for this?

4) Theo quan điểm của quý vị thì cái gì là nhân tố chủ yếu để tạo điều kiện cho doanh nghiệp của quý vị tham gia vào ngành kinh doanh này?

Hãy chú ý đến môi trường kinh doanh tại địa phương - thông thoáng/ khép kín;

ảnh hưởng từ bên ngoài địa phương: trung ương, quốc tế đối với địa phương cũng như nhân tố đặc thù của địa phương

Lưu ý là bản thân thị trường - ví dụ: động lực rộng rãi của du lịch tại địa phương - có thể chịu trách nhiệm chủ yếu đối với việc tạo điều kiện tham gia . . . , chứ không phải môi trường điều lệ/ thuận lợi.

5) Theo quan điểm của quý vị thì cái gì là nhân tố chính cho phép các công ty khác ở địa phương của quý vị tham gia vào ngành kinh doanh này?

6) Cái gì là nguyên nhân chính cản trở chủ thể tham gia vào ngành kinh doanh này tại địa phương của quý vị?

ví dụ: những rào cản chính đối với việc gia nhập/ tham gia

7) Các công ty hiện nay có tạo điều kiện hay cản trở các công ty mới tham gia không? Như thế nào? (về vấn đề cản trở trước khi Cty mới thành lập)

- Việc cản trở của các công ty hiện nay có ảnh hưởng như thế nào đối với việc tham gia vào ngành này của các công ty mới?

4) What were the main factors which enabled your firm to enter the sector?

- i) consider the business environment in the locality - open/closed;
- ii) influences from outside the locality: central, international on the locality as well as locally specific factors
- iii) bear in mind that the market itself — i.e. the wider dynamics of tourism in the locality — may be principally responsible for ease of entry, etc, not just the regulatory/facilitatory environment.

5) In your opinion, what are the main factors which allow other firms in your locality to enter the sector?

- i) consider the business environment in the locality - open/closed;
- ii) influences from outside the locality: central, international on the locality as well as locally specific factors
- iii) bear in mind that the market itself — i.e. the wider dynamics of tourism in the locality — may be principally responsible for ease of entry, etc, not just the regulatory/facilitatory environment.

6) What are the main reasons preventing any actor from entering the sector in your locality? *i.e. the main barriers to entry*

7) In what ways do existing firms in the sector facilitate or hinder the entry of new firms into the sector?

- how effective are existing firms in preventing the entry of new firms into the sector?

- cái gì là nhân tố chính quyết định việc những công ty đó có thành công trong việc cản trở, ngăn chặn các công ty mới tham gia vào ngành kinh doanh này?

Lưu ý đến tình hình cạnh tranh tại địa phương/ trong nước

- 8) Những cách thức chủ yếu nào mà theo đó quá trình thành lập doanh nghiệp trong thực tế lại khác với những gì mà quý vị đã dự tính trước khi quá trình này bắt đầu?

Những việc gì đã xảy ra không như quý vị dự tính?

- 9) Thực tế diễn ra trong quá trình thành lập doanh nghiệp có làm thay đổi những kỳ vọng của quý vị, liên quan đến hiệu suất kinh doanh của doanh nghiệp trong tương lai so với những dự tính trước khi quá trình thành lập bắt đầu?

- what are the major factors determining whether these firms are successful in preventing new firms entering into the sector? Consider the local competitive situation

- 8) What were the main ways in which the establishment process in reality differed from the one that you envisaged before starting the establishment process? What things happened that you did not expect?

- 9) How has the experience of establishing the business changed your expectations with regard to the future performance of the business compared to your expectations before starting the establishment process?

ĐIỀU HÀNH QUẢN LÝ DOANH NGHIỆP
TRÁCH NHIỆM HÀNG NGÀY CỦA DOANH NGHIỆP
MÔI TRƯỜNG ĐIỀU TIẾT

NHỮNG CƠ QUAN TRỢ GIÚP - đối với doanh nghiệp của quý vị:

1) Những tổ chức chính thức, không chính thức và các cá nhân nào trợ giúp, tạo điều kiện điều hành và xây dựng, phát triển doanh nghiệp của quý vị?

- Nêu ví dụ trợ giúp chỉ đối với doanh nghiệp của quý vị thôi

<i>Tên tổ chức/ Cá nhân</i>	<i>Trợ giúp</i>	<i>Lý do trợ giúp</i>

- Nêu ví dụ việc trợ giúp đối với các doanh nghiệp khác nói chung

Ví dụ: đối với tất cả các doanh nghiệp, các doanh nghiệp kinh doanh du lịch, hoặc tất cả các doanh nghiệp tư nhân du lịch

<i>Tên tổ chức/ cá nhân</i>	<i>Trợ giúp những doanh nghiệp nào</i>	<i>Trợ giúp</i>	<i>Lý do trợ giúp</i>

2) Nhìn chung, sự trợ giúp của các tổ chức và cá nhân có tầm quan trọng như thế nào đối với việc điều hành và phát triển doanh nghiệp của quý vị?

<i>Rất quan trọng</i>	<i>Tương đối quan trọng</i>	<i>Không quan trọng lắm</i>	<i>Không quan trọng gì cả</i>

RUNNING THE BUSINESS

**DAY TO DAY RESPONSIBILITIES OF THE BUSINESS
THE REGULATORY ENVIRONMENT**

FACILITATORS - for your business

1) Which formal and informal institutions and individuals support and facilitate in the running and development of the business?

- Give examples of the support to your business only

<i>Name of institution/ Individual</i>	<i>support given</i>	<i>reason for support</i>

- give examples where support is / was given more generally? *e.g. to all businesses, all tourism businesses or all other private tourism businesses*

<i>Institution/ Individual</i>	<i>Support to which businesses</i>	<i>Support given</i>	<i>Reason for support</i>

2) How important overall has the support of institutions and individuals generally been in the running and development of your business?

<i>Very important</i>	<i>Quite important</i>	<i>Not very important</i>	<i>Not important at all</i>

- 5) Theo quan điểm của quý vị sự trợ giúp mà doanh nghiệp của quý vị có được so với sự trợ giúp này đối với:
- i) những doanh nghiệp *tư nhân* khác
 - ii) các loại hình doanh nghiệp kinh doanh du lịch khác là như thế nào

Ví dụ: ít / nhiều hơn so với loại tổ chức nào; trợ giúp từ tổ chức nào

- Theo quan điểm của quý vị thì cái gì là nguyên nhân chính đối với các mức độ trợ giúp khác nhau này?

- 6) Trong tương lai những khởi xướng nào từ các tổ chức và cá nhân cụ thể nào có thể giúp ích cho việc phát triển các doanh nghiệp du lịch *tư nhân*?

- Tại sao những biện pháp này chưa được chấp nhận?

NHỮNG CƠ QUAN ĐIỀU CHỈNH- đối với doanh nghiệp của quý vị

- 1) Những tổ chức và các cá nhân chính thức hoặc không chính thức kiểm soát công việc điều hành, quản lý và phát triển của doanh nghiệp?

- Nêu ví dụ kiểm soát chỉ đối với doanh nghiệp của quý vị thôi

<i>Tên tổ chức/ cá nhân</i>	<i>Hình thức kiểm soát</i>	<i>Lý do</i>

5) In your opinion, how does the support given to your business compare with the support given to other *private* tourism businesses and b) other types of tourism business? (*less / more than which kind of institutions: support from which institutions to*)

- in your opinion, what are the main reasons for different levels of support?

6) What initiatives from particular institutions and individuals could further stimulate the development of *private* tourism businesses?

- why have these measures not been adopted yet?

REGULATORS

1) Which formal and informal institutions and individuals constrain the running and development of the business?

- Give examples of constraints on your business only

<i>Name of institution/ Individual</i>	<i>Constraints imposed</i>	<i>Reason for constraint</i>

- Quý vị có cảm nhận gì về những kiểm chế này?

- Nêu ví dụ mà việc kiểm chế thường diễn ra đối với các doanh nghiệp du lịch khác

Ví dụ: đối với tất cả các doanh nghiệp, tất cả các doanh nghiệp kinh doanh du lịch hoặc tất cả các doanh nghiệp du lịch tư nhân

<i>Tên tổ chức/ cá nhân</i>	<i>Kiểm chế đối với doanh nghiệp nào</i>	<i>Kiểm chế</i>	<i>Lý do</i>

- 2) Ảnh hưởng của những kiểm chế này đối với việc điều hành quản lý và phát triển doanh nghiệp ở mức độ như thế nào?

<i>Đáng kể</i>	<i>Tương đối</i>	<i>ít</i>	<i>Không</i>

- 3) Những kiểm chế của các tổ chức và cá nhân cụ thể có tầm quan trọng như thế nào (cũng như theo cách thức cụ thể nào) đối với việc điều hành quản lý và phát triển doanh nghiệp?

<i>Tên tổ chức/ cá nhân</i>	<i>Rất quan trọng</i>	<i>Tương đối quan trọng</i>	<i>Không quan trọng lắm</i>	<i>Không quan trọng gì cả</i>	<i>Ảnh hưởng đối với doanh nghiệp</i>

- what do you feel about these constraints?

- give examples where constraints have been imposed more generally e.g. on all businesses, all tourism businesses or all other *private* tourism businesses

<i>Institution/ Individual</i>	<i>Constraints imposed on which businesses</i>	<i>Constraints imposed</i>	<i>Reason for constraint</i>

2) How significantly have these constraints affected the running and development of the business?

<i>Very much</i>	<i>Quite a lot</i>	<i>Not very much</i>	<i>Not at all</i>

3) How important and in what concrete ways have the constraints imposed by particular institutions and individuals been in the running and development of the business?

<i>Institution/ Individual</i>	<i>Very</i>	<i>Quite</i>	<i>Not very</i>	<i>Not at all</i>	<i>Effect on the business</i>

- 4) Việc này được phản ánh thái độ truyền thống hiện nay của các tổ chức và cá nhân cụ thể như thế nào
- i) tại địa phương của quý vị
 - ii) từ trung ương tới các doanh nghiệp du lịch *tư nhân* như doanh nghiệp của quý vị

Ví dụ: như sự phân biệt đối xử và/ hoặc ưu tiên cho các loại hình doanh nghiệp cụ thể

- Theo quan điểm của quý vị, cái gì là cơ sở cho thái độ này bắt nguồn từ đâu?

Ví dụ: nhân tố văn hoá, xã hội, địa phương

- 5) Theo quan điểm của quý vị những kiểm chế mà doanh nghiệp của quý vị có được so với những kiểm chế đối với
- i) những doanh nghiệp *tư nhân* khác
 - ii) các loại hình doanh nghiệp kinh doanh du lịch khác là như thế nào

Ví dụ: ít / nhiều hơn so với loại tổ chức nào; những kiểm chế từ tổ chức nào

- Theo quan điểm của quý vị thì cái gì là nguyên nhân chính đối với các mức độ những kiểm chế khác nhau này?

- 6) Quan điểm của quý vị như thế nào về môi trường điều tiết tổng thể ở khía cạnh ảnh hưởng của nó đối với môi trường phát triển doanh nghiệp kinh doanh du lịch? Đề nghị nêu ví dụ chứng minh quan điểm này

- 7) Theo quan điểm của quý vị thì những khía cạnh nào mà cơ quan ở cấp trung ương và cấp địa phương kiểm chế sự phát triển các doanh nghiệp du lịch *tư nhân* cần được hủy bỏ?

4) How does this reflect/respond with traditional or current attitudes by particular institutions and individuals i) in the locality and ii) at the centre to *private* businesses such as your business? *i.e. in the discrimination and/or preference given to certain business types*

- in your opinion, what is the background to this attitude/ where is this attitude rooted? *i.e. cultural, social, local factors*

5) In your opinion, how do the constraints imposed on your business compare with the constraints imposed on other *private* tourism businesses and b) other types of tourism business? (*less/more than which kind of institutions; constraints imposed by which institutions on*)

- in your opinion, what are the main reasons for different levels of constraints?

6) What is your opinion of the overall regulatory environment in terms of its effect on the tourism business development environment? Please give examples to support this opinion:

7) In your opinion, which aspects of national and local institutional activity which constrain the development of *private* tourism businesses should be lifted?

8) Tại sao những biện pháp này chưa được thực hiện?

TUÂN THỦ

1) Chính sách của các tổ chức chủ quản đối với doanh nghiệp của quý vị có phức tạp, gây khó khăn để doanh nghiệp của quý vị tuân thủ không? Tại sao?

2) Bộ máy hoạt động của các tổ chức chủ quản có gây khó khăn để cho doanh nghiệp của quý vị hoạt động không? Tại sao?
Nghĩa là: cá nhân trong bộ máy đấy có (ví dụ tham nhũng, hối lộ v.v.)

Ví dụ: mập mờ - có thể liên quan đến sự tăng sinh; hoặc có thể liên quan đến việc doanh nghiệp không hiểu được mâu chốt của quy tắc - giải thích không rõ ràng - diễn giải theo các cách khác nhau của các quan chức hoặc quy tắc chỉ áp đặt mà không tham khảo ý kiến hoặc không có hướng dẫn thi hành cụ thể?

- Có những điểm nào mập mờ trong các yêu cầu chính thức/ pháp lý hoặc không chính thức?

- Đề nghị nêu ví dụ những điểm mập mờ và với những tổ chức và cá nhân nào?

<i>Tên tổ chức / cá nhân</i>	<i>Điểm chưa rõ/ mập mờ</i>

8) Why are these measures still in place?

COMPLIANCE

1) How difficult is it to comply with your responsibilities and duties to all institutions and individuals?

2) Do the relevant authorities cause any difficulties in the running of your business?

- are the main points of confusion with formal/legal or informal requirements?

- Please give examples of the main points of confusion and with which institutions and individuals

<i>Institution/individual</i>	<i>point of confusion</i>

- Doanh nghiệp của quý vị đã nỗ lực như thế nào để làm rõ những khía cạnh mập mờ liên quan đến trách nhiệm của doanh nghiệp của quý vị đối với các tổ chức và các nhân?

- 3) Quý vị đã cố gắng giảm tối thiểu ảnh hưởng những yêu cầu tiêu cực tới doanh nghiệp của quý vị như thế nào và trong trường hợp nào?

CÓ

- tại sao quý vị đã cố gắng làm việc này?

- quý vị đã thành công như thế nào trong việc giảm tối thiểu các ảnh hưởng này và tại sao quý vị lại thành công?

- quý vị đã thành công hay không tại sao?

Ví dụ: cái gì là lý do chính để xác định thành công hay thất bại trong việc giảm tối thiểu những ảnh hưởng này?

KHÔNG

- tại sao quý vị đã không cố gắng làm việc này?

- how does your business attempt to clarify confusing aspects relating to the business' responsibilities to institutions and individuals?

3) How and in what situations have you tried to minimise the effect of and/or avoid/circumvent requirements which negatively affected your business?

YES

- why has your business attempted to do this? e.g. financially or administratively too burdensome to take them seriously; wilful non-compliance, corruption, mistrust, loopholes, connections etc

- how successful have you been in minimising these effects?

- why have you been successful or not? what have been the main reasons determining success or lack of success in minimising these effects? loopholes, connections; social constraints which underpin compliance - reputation, trust, sanction, gossip etc

NO

- why has your business not attempted to do this? risks, lack of knowledge of loopholes, lack of connections etc social constraints which underpin compliance - reputation, trust, sanction, gossip etc

- 4) Theo quan điểm của quý vị thì tác động của việc tuân thủ khác nhau như thế nào giữa các doanh nghiệp du lịch *tư nhân* khác so với các loại hình doanh nghiệp du lịch khác ở địa phương của quý vị?
thí dụ: các doanh nghiệp du lịch liên doanh, nhà nước

- Theo quan điểm của quý vị thì cái gì là nguyên nhân chính đối với các mức độ tuân thủ khác nhau giữa các loại hình doanh nghiệp du lịch khác ở địa phương của quý vị?

- 5) Nhìn chung, việc tuân thủ trách nhiệm của doanh nghiệp của quý vị có ảnh hưởng gì đối với công tác điều hành, quản lý và phát triển doanh nghiệp của quý vị?

<i>Rất đáng kể</i>	<i>tương đối đáng kể</i>	<i>không đáng kể lắm</i>	<i>không đáng kể gì cả</i>

- Đề nghị nêu ví dụ những hình thức cụ thể trong đó việc tuân thủ trách nhiệm của doanh nghiệp của quý vị đối với các tổ chức và cá nhân ảnh hưởng đến công tác điều hành, quản lý và phát triển doanh nghiệp của quý vị?

<i>Tên tổ chức/ cá nhân</i>	<i>Trách nhiệm</i>	<i>Ảnh hưởng</i>	<i>Tầm quan trọng Rất - tương đối - không quan trọng lắm - không quan trọng gì cả</i>

- 6) Việc các tổ chức và cá nhân đòi hỏi doanh nghiệp phải thực thi trách nhiệm và nghĩa vụ nhằm phục vụ mục đích gì?

4) In your opinion, how do the affects of compliance vary among other *private* tourism businesses vis-a-vis other tourism business types in your locality? *e.g state, joint-venture* tourism businesses etc.

- in your opinion, what are the main reasons for different levels of compliance among different tourism business types? *e.g* aspects relating to wilful non-compliance, corruption, mistrust, loopholes, connections, social attitudes/constraints which underpin compliance - reputation, trust, sanction, gossip etc

5) Overall, how significantly does compliance with the business' responsibilities to particular institutions and individuals affect the running and development of your business?

<i>very much</i>	<i>quite a lot</i>	<i>not very much</i>	<i>not at all</i>

- Please give examples of the concrete ways in which compliance with the business' responsibilities to institutions and individuals affect the running and development of your business?

<i>Institution/ individual</i>	<i>Responsibility</i>	<i>Effect</i>	<i>Importance (very much, quite a lot, not very much, not at all)</i>

6) What purposes do the imposition of duties and responsibilities on the business by outside institutions and individuals serve?

- Quý vị nghĩ gì về việc này?

7) Các tổ chức và cá nhân cụ thể đã tiến hành và thúc ép nghiêm ngặt như thế nào để thi hành những yêu cầu của họ đối với doanh nghiệp của quý vị?

- Đề nghị cho ví dụ việc thi hành là chặt chẽ và không chặt chẽ

- Tổ chức, cá nhân nào thực hiện chặt chẽ nhất và tổ chức, cá nhân nào thực hiện không chặt chẽ nhất?

- theo quan điểm của quý vị, tại sao các mức độ thi hành lại khác nhau? Ví dụ: những nhân tố ảnh hưởng đến tính hiệu quả, tuân thủ, hoặc trốn tránh điều lệ, quy tắc

- Cách thức mà các mức độ thi hành lại khác nhau ảnh hưởng mức độ tuân thủ của doanh nghiệp của quý vị?

- theo quan điểm của quý vị.

i) việc thi hành hợp lý và

ii) việc thi hành không hợp lý

có tác động tích cực hoặc tiêu cực như thế nào tới doanh nghiệp của quý vị nói riêng và các doanh nghiệp du lịch nói chung tại địa phương của quý vị?

- what do you think about this?

7) How rigorously do particular institutions and individuals carry out and enforce the requirements they impose on your business?

- give examples where enforcement is thorough and where it is not.

- which institutions and individuals are most and least thorough?

- in your opinion, why does the level of enforcement vary? i.e. the factors which influence effectiveness, compliance or avoidance of regulations.

- in what ways does this affect the level of compliance by your business?

- in your opinion, how does a) good enforcement and b) bad enforcement positively or negatively serve your business in particular and tourism businesses in general in the locality?

THAY ĐỔI ĐIỀU CHỈNH

- 1) Từ khi doanh nghiệp của quý vị thành lập đến nay, những sự thay đổi nào trong môi trường điều tiết đã
- i) có tác dụng tốt, tạo điều kiện và
 - ii) kìm hãm sự điều hành quản lý và phát triển doanh nghiệp?

- những sự thay đổi này có tác động như nhau đối với các doanh nghiệp du lịch khác không?

- những sự thay đổi này đã có những ảnh hưởng khác nhau như thế nào tới
 - i) các doanh nghiệp du lịch *tư nhân* và
 - ii) các loại hình doanh nghiệp du lịch khác

- cơ sở nào để những sự thay đổi này được đưa ra?

- những sự thay đổi này nhằm mục đích gì?

- ai có lợi/ hưởng lợi từ những sự thay đổi này

- quý vị có cảm nhận gì từ những sự thay đổi này?

- theo quan điểm của quý vị, những sự thay đổi nào là cần thiết và những sự thay đổi nào là không cần thiết?

- what purposes do the changes serve?

- who benefits from the changes?

- what do you feel about the changes?

- in your opinion, which changes have been necessary and which have not?

NHỮNG THAY ĐỔI ẢNH HƯỞNG MANG TÍNH TỔ CHỨC TRONG MÔI TRƯỜNG ĐIỀU TIẾT

- 1) Kể từ khi doanh nghiệp của quý vị được thành lập đến giờ ảnh hưởng của các tổ chức và cá nhân cụ thể ở cấp địa phương, trung ương và quốc tế ảnh hưởng tới doanh nghiệp của quý vị đã thay đổi như thế nào?

Đề nghị nêu ví dụ:

- cái gì là nhân tố chính đối với ảnh hưởng giảm đi hoặc tăng lên từ các tổ chức và cá nhân khác nhau?

- 2) Theo cách nào mà việc này đã thay đổi tiến trình và vai trò của quan hệ giao dịch, đàm phán và ra quyết định giữa doanh nghiệp của quý vị với các tổ chức và cá nhân cụ thể trong quá trình hoạt động của doanh nghiệp?

Ví dụ: nghĩa là giảm/ tăng phạm vi/ các tổ chức thông qua quyết

định kinh doanh nào được đưa ra;

tăng/giảm quyền lực của các tổ chức và cá nhân ở cấp địa

phương để giao dịch trực tiếp;

tăng cường/ làm suy yếu các tổ chức ở cấp trung ương v.v .

- và ảnh hưởng đến sự phát triển doanh nghiệp của quý vị?

CHANGES IN INSTITUTIONAL INFLUENCE IN THE REGULATORY ENVIRONMENT

1) Since your business was established, how has the influence of particular institutions and individuals at local, central and international scales affecting your business changed? Please give examples.

- what have been the main factors responsible for the increased or decreased influence of different institutions and individuals?

2) In what ways has this changed the processes and roles of dealing, negotiating and decision-making between your business and particular institutions and individuals in the course of business operations? *e.g. reduced/increased the stages/ institutions through which business decisions are made, increased/decreased the power of local institutions and individuals to deal directly, reinforced/weakened regional/central institutions etc.*

- and consequently affected the development of your business?

3) a) Những sự thay đổi mang tính tổ chức này có ảnh hưởng như nhau đối với các doanh nghiệp du lịch khác?

b) Những sự thay đổi này có tác động theo nhiều cách khác nhau đối với các doanh nghiệp khác trong lĩnh vực du lịch như thế nào?

4) Nhìn chung, những sự thay đổi ảnh hưởng mang tính tổ chức đã ảnh hưởng thế nào đến sự phát triển của các doanh nghiệp du lịch ở địa phương của quý vị?

Ví dụ: sự phân quyền trong việc ra quyết định trong ngành du lịch đã dẫn đến thành tựu to lớn hơn của việc phát triển công bằng hay tập trung lợi ích vào người dân về kinh tế, chính trị xã hội ở các địa phương như thế nào?

5) Theo ý kiến của quý vị, việc phát triển của ngành công nghiệp du lịch ở địa phương của quý vị đã phản ánh, hiện thân và đáp ứng quyền lợi và ảnh hưởng các tổ chức địa phương, trung ương và quốc tế và các cá nhân tham gia vào ngành công nghiệp này ở mức độ như thế nào và bằng cách nào?

3) a) Have these changes in institutional influence equally affected other tourism businesses?

b) How have the changes impacted in different ways on other business types in the tourism sector?

4) Overall, in your opinion how have changes in institutional influence affected the development of tourism businesses in your locality? *e.g. has decentralisation of tourism decision-making led to greater achievement of equitable development or greater of concentration of benefits in hands of local elites in localities?*

5) In your opinion, how much and in what ways does the development of the tourism industry in your locality reflect, represent and respond to the interests and influence of local, central and international institutions and individuals participating in the industry?

LIÊN KẾT VÀ MẠNG LƯỚI KINH DOANH

- 1) Doanh nghiệp của quý vị đã cố gắng thử và/ hoặc thành lập mối liên kết với bất cứ tổ chức du lịch khác để phát triển việc kinh doanh du lịch của doanh nghiệp của quý vị?

CÓ xem trang **30**

KHÔNG xem trang **34**

BUSINESS ALLIANCES AND NETWORKS

- 1) Has your business attempted to and/or formed alliances with any other tourism organisations in order to develop your tourism business?

Yes go to page **30**

No go to page **34**

CHIẾN LƯỢC LIÊN KẾT KINH DOANH CỦA DOANH NGHIỆP CỦA QUÝ VỊ

1) Doanh nghiệp của quý vị đã thử thiết lập liên kết kinh doanh với:

- các loại hình kinh doanh cụ thể?

Ví dụ:

- chức năng kinh doanh như nhau, ví dụ: khách sạn với khách sạn
- hoạt động kinh doanh (bù trừ, bổ sung) ví dụ khách sạn với lữ hành du lịch
- với các tổ chức du lịch nhà nước, tư nhân, liên doanh, các tổ chức du lịch quốc tế
- với các tổ chức du lịch nằm trong hoặc ngoài địa phương của quý vị
- ở địa phận cụ thể ...

hoặc

- với bất cứ doanh nghiệp du lịch nào

- Lý do của việc này là gì?

2) Những trở ngại nào mà doanh nghiệp của quý vị đã/ đang phải đối mặt khi thử liên kết kinh doanh với các tổ chức du lịch khác là gì?

Ví dụ: mang tính tổ chức, liên hệ, kiến thức, thông tin, mạng lưới, cạnh tranh v.v...

YOUR BUSINESS' ALLIANCE STRATEGY

1) Has your business attempted to form alliances with:

- particular types of businesses
e.g.
- *same business function e.g. hotel with hotel*
- *complementary business function e.g. hotel with tour operator;*
- *with state, private, JV businesses, international tourism organisations*
- *in or outside the locality*
- *in particular locations etc;*

or

- with any tourism businesses

- What are the reasons for this?

2) What constraints has/does your business face(d) in attempting links with other tourism organisations? *e.g. institutional, contacts, knowledge, information, networks, competition etc*

3) Các loại hình doanh nghiệp và/hoặc địa điểm cả trong nước cả quốc tế cụ thể nào mà việc đó dễ dàng/ khó khăn hơn trong việc xây dựng và phát triển liên kết kinh doanh?

- Tại sao lại như vậy?

4) Chiến lược của doanh nghiệp của quý vị đối với loại hình doanh nghiệp này đã tiếp cận sự thay đổi kể từ khi thành lập doanh nghiệp như thế nào?

- Sao điều đó lại thay đổi?

Ví dụ: hoàn cảnh, động cơ, khả năng, cơ hội

- Loại hình tổ chức nào mà quý vị đã và đang a) bỏ nhiều công sức hơn, b) bỏ ít công sức hơn khi tiếp cận

- Sao lại như vậy?

3) Which particular types of business or locations has it been easier/more difficult to develop alliances with?

- Why is that?

4) How has your business' strategy regarding the type of business approached changed since establishing the business?

- Why has it changed? *e.g. circumstances, motivations, abilities, opportunities*

- Which types of organisation have you made; a) more effort and b) less effort at approaching?

- Why is that?

- Trong những năm gần đây, quý vị có bỏ nhiều công sức để thiết lập quan hệ với các doanh nghiệp và tổ chức quốc tế và toàn cầu hơn trước đây?

- Tại sao / Tại sao không?

- 5) Mỗi liên kết kinh doanh có tầm quan trọng như thế nào đối với kết quả kinh doanh nói chung của doanh nghiệp của quý vị?

<i>rất quan trọng</i>	<i>tương đối quan trọng</i>	<i>Không quan trọng lắm</i>	<i>không quan trọng gì cả</i>

- 6) Phác họa tầm quan trọng của mỗi liên kết kinh doanh cụ thể đối với kết quả kinh doanh nói chung của doanh nghiệp của quý vị

<i>Đối tác liên kết</i>	<i>Rất quan trọng</i>	<i>Tương đối quan trọng</i>	<i>Không quan trọng lắm</i>	<i>Không quan trọng gì cả</i>	<i>ảnh hưởng đối với doanh nghiệp của quý vị:</i> <i>ví dụ: lượng khách hàng tăng, doanh thu, lợi nhuận v.v...</i>

- 7) Nhìn chung, tại sao các mối liên kết này lại thành công hay không thành công trong sự phát triển doanh nghiệp của quý vị?

Ví dụ: dung lượng cạnh tranh quá lớn ...

- In recent years, have you made more effort at establishing links with international and global businesses and institutions than before?

- Why/ why not?

5) How important are business alliances in the overall performance of your business?

<i>very much</i>	<i>quite a lot</i>	<i>not very much</i>	<i>not at all</i>

6) Outline the importance of particular alliances in the overall performance of your business

<i>Alliance Partner</i>	<i>Very</i>	<i>Quite</i>	<i>Not very</i>	<i>Not at all</i>	<i>Effect on your business e.g. in terms of client growth, turnover, profitability etc.</i>

7) Overall, why have they been successful or not successful in the development of your business? *e.g. competitive impulses too strong*

KHÁCH DU LỊCH

1) Doanh nghiệp của quý vị đón khách từ những nước đặc thù?

Có

Không

- Khách du lịch tới doanh nghiệp của quý vị từ những nước nào?

- Lý do chính của việc này là gì

2) Từ khi doanh nghiệp của quý vị thành lập đến giờ, đã có sự thay đổi đáng kể về quốc tịch của khách du lịch chưa?

Có

Không



Nhiều hơn : _____

ít hơn: _____

3) Bằng cách nào doanh nghiệp của quý vị phải chịu trách nhiệm về những thay đổi này? Ví dụ: sáng kiến về: marketing, liên kết kinh doanh, quan hệ v.v.

4) Bằng cách nào mà các tổ chức và cá nhân khác phải chịu trách nhiệm về những thay đổi này? Bao gồm: cả các biện pháp khuyến khích và hạn chế, ví dụ như tạo điều kiện cấp visa, các chiến dịch quảng cáo tại địa phương/ cấp quốc gia v.v ..

VISITORS

(Q1, 2,4 - REFER TO SUPPLEMENTARY QUESTIONNAIRE TABLE RE FOREIGN CUSTOMERS)

1) Does your business receive foreign customers from particular countries?

YES	
NO	

- Which countries do your foreign customers come from?

- What are the main reasons for this?

2) Since your business was established have there been any significant changes in the nationality of your customers?

YES

NO



More: _____

Less: _____

3) In what ways has your business been responsible for these changes? *e.g. through marketing, business links, contacts etc.*

4) In what ways have other institutions and individuals been responsible for these changes? *Include both measures to promote and restrict e.g. easing of visa restrictions, local/national promotion campaigns etc.*

QUẢNG CÁO DU LỊCH QUỐC TẾ

CẤP TRUNG ƯƠNG

1) Theo quan điểm của quý vị, việc xúc tiến quảng cáo về Việt nam là một điểm đến của du lịch quốc tế trong thời gian vừa qua có hiệu quả như thế nào trong việc thu hút khách du lịch nước ngoài vào Việt nam?

Tại sao/ Tại sao không hiệu quả?

- và Việt nam năm 2000: chiến dịch quảng cáo Việt nam - điểm đến của thiên niên kỷ mới

- Doanh nghiệp của quý vị đã có ảnh hưởng như thế nào bởi chiến dịch này?

2) Theo ý kiến của quý vị, phải tiến hành như thế nào để việc quảng cáo về Việt nam có thể hữu hiệu hơn?

- tại sao điều này vẫn chưa được tiến hành?

- những thể chế và hoạt động gì đã ảnh hưởng tiêu cực đến hình ảnh về Việt nam như là một điểm đến của khách du lịch nước ngoài?

INTERNATIONAL TOURISM PROMOTION

NATIONAL

1) In your opinion, how effective is the overall promotion of Vietnam as an international tourism destination in attracting foreign visitors?

Please give reasons for your answer

- and the 'Viet Nam 2000: Destination for the new millennium' promotion campaign

- how has your business been affected by the campaign?

2) In your opinion, how can Viet Nam be promoted more effectively?

- why hasn't this been done yet?

- which institutions and what activities have adversely affected the image of Viet Nam as a destination for foreign visitors?

ĐỊA PHƯƠNG

1) Địa phương của quý vị đã được ai, và quảng cáo như thế nào như một điểm đến cho khách du lịch quốc tế?

- chương trình quảng cáo này đã ảnh hưởng như thế nào tới doanh nghiệp của quý vị cũng như hoạt động kinh doanh du lịch tại địa phương của quý vị?

- tại sao thành công hoặc không thành công và có tác dụng hay không có tác dụng tại sao?

2) Theo ý kiến của quý vị, phải làm như thế nào để địa phương của quý vị được quảng cáo có hiệu quả hơn?

- tại sao điều này vẫn chưa được thực hiện?

- những thể chế và hoạt động gì đã ảnh hưởng tiêu cực đến hình ảnh về địa phương của quý vị như là một điểm đến của khách du lịch nước ngoài?

LOCAL

1) How and by who is your locality promoted as a destination for international tourism?

- how has this promotion affected your business and tourism activity in your locality?

- why successful or not?

2) In your opinion, how can your locality be promoted more effectively?

- why hasn't this been done before?

- which institutions and what activities have adversely affected the image of your locality as a destination for foreign visitors?

BẢN THÂN DOANH NGHIỆP

1) Doanh nghiệp của quý vị đã tiếp cận thị trường và quảng cáo các dịch vụ của mình nhằm thu hút khách du lịch quốc tế như thế nào?

- đã hay chưa

- công tác marketing mà doanh nghiệp quý vị tiến hành đã thành công ở mức độ nào để phát triển doanh nghiệp của mình?

- hãy nêu ví dụ những trường hợp nào công tác marketing quý vị tiến hành lại có hiệu quả và thành công, trường hợp nào công tác marketing quý vị tiến hành lại không có hiệu quả và không thành công
Bao gồm: cách thức, nguyên nhân và hiệu quả cụ thể

OWN BUSINESS

1) How does your business market and advertise its services to attract foreign visitors?

- how successful has marketing by your business been in developing your business?

- give examples where marketing was successful and where it was not *include how, why, the concrete effects*

APPENDIX 2

PROFILE OF TOURISM BUSINESSES

HANOI

Name ¹	Type	ITOL	Ownership	Established	Gross Revenue ²
Le Loi Tourism Company	Tour Operator	N	State	1967	2Bn
Mai An Tourism Company	Tour Operator	Y	State	1961	18.8Bn
Nuoc Ta Tourism Company	Tour Operator	Y	State	1992	12.5Bn
Song Hong Tourism	Tour Operator	Y	State	1963	49Bn
Thanh Truong Tourism Company	Tour Operator	N	State	1994	1.4Bn
Thuy Tien Tourism and Trade Company	Tour Operator	Y	State	1990	7.5Bn
Viet Huong Tourism	Tour Operator	Y	State	1960	26Bn
Yen Sang Tourism Company	Tour Operator	Y	State	1992	8.6Bn
Au Lac Tourism Company	Tour Operator	Y	Private	1992	2Bn
Danh Du Tourism and Trade Company	Tour Operator	Y	Private	1996	900m
Hang Bac Tourism Trade and Investment Company	Tour Operator	N	Private	1996	750m
Hoa Ma Tourism and Trade Company	Tour Operator	Y	Private	1996	650m
He Thong Tourism Company	Tour Operator	N	Private	1998	400m
Huu Nghi Travel and Tour Company Ltd	Tour Operator	N	Private	2001	200m
Nam Ha Tourism Company	Tour Operator	Y	Private	1989	950m
Nam Sao Tourism Company	Tour Operator	N	Private	1992	800m

¹ Pseudonyms are used in order to protect the anonymity of the businesses.

² For the year 2000 in Vietnamese Dong

Planet Tourism Company	Tour Operator	N	Private	1995	750m
Thanh Ha Tourism Company	Tour Operator	N	Private	1998	550m
Tran Xuan Soan Tourism and Trade Company	Tour Operator	N	Private	1998	600m
Van Mieu Tourism, trade and investment Company	Tour Operator	N	Private	1996	700m
Yen Sao Tourism Company	Tour Operator	N	Private	1999	300m
Bac Viet Hotel	Hotel	-	State	1992	6.8Bn
Hien Dai Hotel	Hotel	-	State	1990	12.3Bn
Hoang Tu Tourism and Hotel Company	Hotel	-	State	1975	11Bn
Huy Dinh Hotel	Hotel	-	State	1995	5.6Bn
Le Duan Hotel	Hotel	-	State	1980	17.5Bn
My Thuyet Hotel	Hotel	-	State	1992	4.5Bn
Thien Quang Hotel Tourism Company	Hotel	-	State	1961	29Bn
Crown Hotel	Hotel	-	Private	1994	1.4Bn
Dong Khanh Hotel	Hotel	-	Private	1998	750m
Hai An Hotel	Hotel	-	Private	1994	450m
Hoang Nu Hotel	Hotel	-	Private	1993	200m
Minh Khue Hotel	Hotel	-	Private	1995	400m
My Anh Hotel	Hotel	-	Private	1994	200m
Quan Minh Hotel	Hotel	-	Private	1998	600m
Thang Nam Hotel	Hotel	-	Private	1995	13.5Bn
Tien Thong Hotel	Hotel	-	Private	1994	950m
Xuong Bai Hotel	Hotel	-	Private	1995	1.2Bn
Indochine Hotel	Hotel	-	Foreign-invested joint-venture	1993	61Bn
Thuy Van Hotel	Hotel	-	Foreign-invested joint-venture	1997	27Bn

HUE

Name	Type	ITOL	Ownership	Established	Gross Revenue
Bac Ma Tourism Company	Tour Operator	N	State	1994	1.8Bn
Bong Sen Tourism Company	Tour Operator	Y	State	1975	27.7Bn
Vang Trang Tourism Company	Tour Operator	N	State	1994	600m
Perfume River Tourism Company	Tour Operator	N	State	1995	800m
Suong Mu Tourism Company	Tour Operator	N	State	1996	350m
Thanh Xien Tourism Company	Tour Operator	N	State	1997	550m
Trung Uong Tourism Company	Tour Operator	N	State	1995	2.2Bn
Vu Truong Tourism Company	Tour Operator	N	State	1975	1.3Bn
Anh Dong Tourism Company	Tour Operator	N	Private	1998	150m
Hong Ngoc Tourism Company	Tour Operator	N	Private	1999	200m
My Linh Tourism Company	Tour Operator	N	Private	1995	300m
Thanh Xuan Tourism Company	Tour Operator	N	Private	2000	250m
Tu Chang Tourism Company	Tour Operator	N	Private	1998	400m
A Dong Tourism Company	Hotel	-	State	1993	36Bn
Hong Ngoc Hotel	Hotel	-	State	1980	2.9Bn
Huy Hoang Hotel	Hotel	-	State	1994	2.8Bn
Lac Viet Hotel	Hotel	-	State	1998	20Bn
Ngoc Ha Hotel	Hotel	-	State	1972	4Bn
Thanh Loi Hotel	Hotel	-	State	1990	2Bn
Thien Quang Hotel	Hotel	-	State	1996	1.4Bn
Tu Duc Hotel, Hue	Hotel	-	State	1980	3.4Bn

Ba Na Hotel	Hotel	-	Private	1995	160m
Bai Duong Hotel	Hotel	-	Private	1994	470m
Cay Vang Hotel	Hotel	-	Private	1995	275m
Cuc Mai Hotel	Hotel	-	Private	1990	3.4Bn
Dong Xuan Hotel	Hotel	-	Private	1998	300m
Suong Mu Hotel	Hotel	-	Private	1994	410m
The Gioi Hotel	Hotel	-	Private	1993	430m
Tran Xuan Hotel	Hotel	-	Private	1994	2.2Bn
Truong Quanh Hotel	Hotel	-	Private	1998	350m
Vien Dong Hotel	Hotel	-	Private	1994	380m

HOI AN

Name	Type	ITOL	Ownership	Established	Gross Revenue
Son Ha Tourism Company	Tour Operator	N	Private	1995	350m
Minh Hai Hotel	Hotel	-	Private	1997	550m

HO CHI MINH CITY

Name	Type	ITOL	Ownership	Established	Gross Revenue
Dong Tay Tourism Company	Tour Operator	Y	State	1994	42Bn
Nam Thanh Tourism Company	Tour Operator	Y	State	1992	4.5Bn
Quoc Te Tourism Company	Tour Operator	Y	State	1993	19Bn
Song Que Tourism Company	Tour Operator	Y	State	1984	25Bn
Thang Cong Tourism Company	Tour Operator	Y	State	1992	7.8Bn
Tien Thanh Tourism Company	Tour Operator	Y	State	1993	2.4Bn
Tu Do Tourism Company	Tour Operator	Y	State	1989	27Bn
Viet Hanh Tourism Company	Tour Operator	N	State	1990	1.8Bn
Bac Nam Travel and Tourism Company	Tour Operator	N	Private	1994	400m
De Tham Tourism Company	Tour Operator	N	Private	1995	550m
Dong Nam Tourism Company	Tour Operator	N	Private	1996	650m
Green Dragon Tourism Company	Tour Operator	N	Private	1997	450m
Hai Huong Tourism Company	Tour Operator	N	Private	1993	320m
Hong Huong Tourism Company	Tour Operator	N	Private	1994	540m
Lan Khanh Tourism Company	Tour Operator	N	Private	1998	380m
Long Duc Travel and Tourism Company	Tour Operator	N	Private	1996	840m
Mekong Tourism Company	Tour Operator	N	Private	1992	350m
Nam Ha Tourism Company	Tour Operator	N	Private	1997	400m
Thai Binh Duong Tourism Company	Tour Operator	N	Private	1994	530m

Tran Viet Tourism Company	Tour Operator	N	Private	1998	760m
Tu Hai Tourism Company	Tour Operator	Y	Private	1996	450m
Van Anh Tourism Company	Tour Operator	Y	Private	1996	250m
Minh Anh Hotel	Hotel	-	State	1992	14.7Bn
Nguyen Hue Hotel	Hotel	-	State	1994	18.6Bn
Pan-Asia Hotel	Hotel	-	State	1997	7.7Bn
Thai Binh Hotel	Hotel	-	State	1994	16.2Bn
Thang Long Hotel	Hotel	-	State	1989	35Bn
Thanh Tuu Hotel	Hotel	-	State	1994	8.5Bn
Thien Thai Hotel	Hotel	-	State	1995	13.8Bn
Victory Hotel	Hotel	-	State	1992	24.8Bn
Chi Ha Guest House	Hotel	-	Private	1995	450m
Guest House 245	Hotel	-	Private	1992	1.3Bn
Lan Anh Hotel	Hotel	-	Private	1994	920m
Mai Anh Hotel	Hotel	-	Private	1995	870m
Minh Mang Hotel	Hotel	-	Private	1993	1.89Bn
Nang Linh Hotel	Hotel	-	Private	1995	2.2Bn
Phan Anh Hotel	Hotel	-	Private	1998	800m
Quang Truong Hotel	Hotel	-	Private	1994	3.1Bn
Sung Hung Hotel	Hotel	-	Private	1998	500m
Tan Thinh Hotel	Hotel	-	Private	1992	1.6Bn
Thai Quan Hotel	Hotel	-	Private	1993	1.9Bn
Thanh Yen Hotel	Hotel	-	Private	1995	3.4Bn
Tom Yung Hotel	Hotel	-	Private	1996	750m
Truong Vang Hotel	Hotel	-	Private	1994	4.4Bn

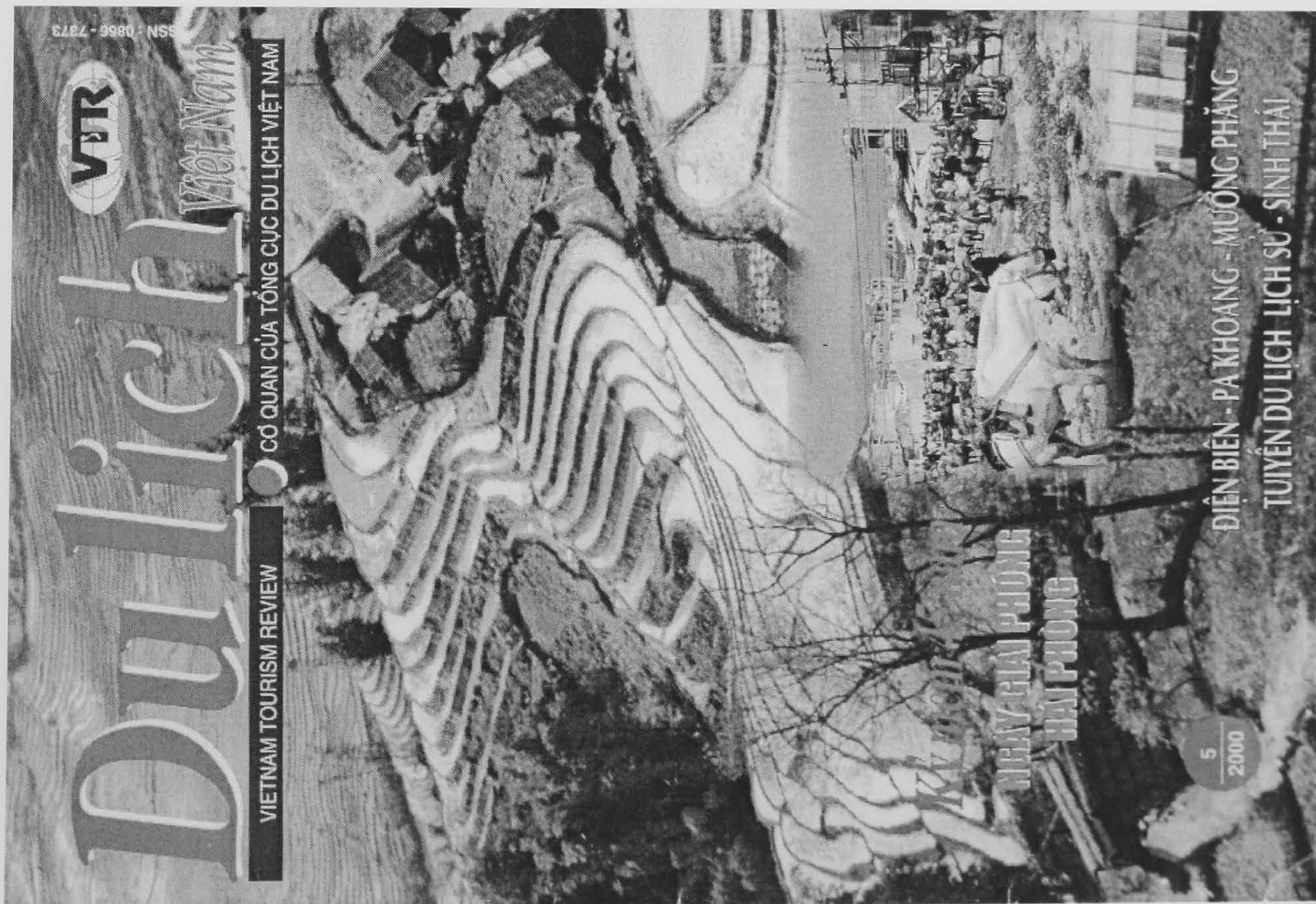
APPENDIX 3

PART OF A MATRIX USED TO ANALYSE DATA COLLECTED FROM INTERVIEWS

Name	Thang Nam 12/95	Hoa Ma 96	Danh Du 6/96	Au Lac 12/92	Me Kong 1990	Nam Sao 92	My Anh 7/94	Hoang Nu 93	Nam Ha 89
Loc	HN	HN	HN	HN	HN	HN	HN	HN	HN
Type	H	TO	TO	TO	H	TO	H	H	TO
Form	E	E	P	P	P	P	P	P	P
Est	12/95	96	6/96	12/92	1990	1992	7/94	93	1/89
Main Activ.	2	4	3	4	XXX	4	2	1	4
ITOL	Y	Y	Y	Y	XXX	N	N	N	Y (1998)
Owners	5	3	7	13	1	2	1	1	2
Origin	HN	2HN 1SG	Ninh Binh	HN	Ha Tay	HN	Hai Hung	HN	2HN 1 Hai Duong
Age est. bus	XXX	47	47	+50	45	32	48	34	43
Years in HN when est. bus	all	All	25	All	9	All	43	All	All
Age came HN	0	0	22	0	36	0	5	0	0
Years in HN	All	2 all	30	All	20	All	50	All	2 all, 1 - 11
Age at Interview	XXX	52,5256	52	Old	56	41	55	42	HN55, 38 HD54
Educ	Grad Econ.	Grad Bus. ad/ bus. Man./ hotel man.	?	?	XXX	Grad Econ	N	?	Grad
Tour Exp.	Y	Y 5yrs	N	N	XXX	Y 2yrs	N	N	Y 2yrs
Bus. Exp.	Y	Y	Y	N	XXX	?	Y	Y	Y
Other				War vets/ Min/ Govt	XXX				
Cons	Y	Y	Y	Y	XXX	Y	Y	Y	Y
VNAT	Y	Y	Y	Y	XXX	Y	N	N	Y
B of Tour	Y	Y	Y	Y	XXX	Y	N	Y	Y
PC	Y	N	N	Y	XXX	Y	N	N	Y
Other State	B of Con		M of Pub Sec B of P & I	B of P & I	XXX		M of For Aff	M of Pub Sec	
Other					XXX	Other TBus	N	N	
Why	Sch Univ Bus.	Univ Bus.	Bus	Min/ Govt/	XXX	Univ TBus		Part of MPS Co.	Univ Tbus
Con - Imp?	Q	V	V	Q	XXX	V	NVM	Q	Q
Cap	1999 33BN	1992 400M200 0 4BN	1996 1.25B 2000 4.35B	1992 407M 1996 707M	1999 3.25BN	1992 100M 1999 220M	1994 257M	1993 500M 2000 1BN	1993 600M 2001 1.5BN

APPENDIX 4

ARTICLE PUBLISHED IN THE VIETNAM TOURISM REVIEW



Dulich



Việt Nam

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VIETNAM TOURISM REVIEW

CÓ QUAN CỦA TỔNG CỤC DU LỊCH VIỆT NAM

NGHỆ ANH PHONG
HAI PHONG

5
2000

DIỆN BIÊN - PA KHOANG - MUỐNG PHẪNG
TUYẾN DU LỊCH LỊCH SỬ - SINH THÁI

VIỆT NAM TRONG MẮT BẠN BÈ

"Cảm ơn những người làm trong ngành Du lịch"

Jonathan Bennett

Tôi vừa có cơ hội đi du lịch vài ngày để tách ra khỏi cuộc sống của một nghiên cứu sinh, tiến sĩ nghiên cứu về phát triển ngành công nghiệp du lịch quốc tế, một giáo viên Anh ngữ tại trung tâm đào tạo Apollo tại Hà Nội và đóng thời là một sinh viên học tiếng Việt. Tôi quyết định chọn thành phố biển Nha Trang. Tôi đã từng đến đây nhiều lần. Tôi rất thích khí hậu, phong cảnh, bầu không khí thoải mái và con người ở đây. Tôi đã từng đón một cái Tết ở Nha Trang năm 1996 và tôi rất muốn quay lại Nha Trang để chứng kiến những đổi thay ở thành phố này trong những năm qua.

Niềm vui được quay trở lại Nha Trang trào lên trong tôi khi máy bay hạ cánh xuống sân bay. Quang cảnh đồi, rừng, các hòn đảo và biển khi nhìn từ máy bay xuống thật đẹp. Sân bay Nha Trang là một sân bay tôi thích nhất trong những sân bay tôi đã qua. Bầu không khí thoải mái ở sân bay cũng rất tiêu biểu cho thành phố biển này. Hơn nữa, không như phần lớn các sân bay khác sân bay Nha Trang chỉ cách nơi nghỉ một quãng ngắn. Chỉ sau vài phút đi xích lô dọc theo đường sân bay là đến đường Trần Phú với phong cảnh biển và hàng dừa xanh biếc.

Khi đến nhà khách, nhân viên ở đó đón tiếp tôi rất nồng hậu. Sự thân thiện của họ làm tôi thấy dễ chịu. Tôi ăn bánh chưng mà một người bạn đã tặng tôi trước khi rời Hà Nội. Phải nói rằng bánh

chưng Hà Nội ngon hơn nhiều so với bánh chưng ở miền Nam Việt Nam. Những người bạn ở nhà khách cũng đồng ý với nhận xét này của tôi.

Giống như hầu hết khách du lịch, tôi ra bờ biển cách nhà khách 40m. Ở đây khách du lịch có thể nghỉ ngơi thoải mái, trên bãi biển có rất nhiều hàng bán, các dịch vụ, các món ăn hải sản tươi, nhiều loại quà và các dịch vụ khác. Bạn cũng có thể mua sách, báo, bưu thiếp, quần áo... rất dễ dàng. Buổi tối, khách du lịch có thể giải trí ở những nhà hàng, quán rượu và sân nhảy. Ban ngày, bạn cũng có dịp để nói chuyện với người phục vụ và làm quen với họ. Do biết nói tiếng Việt nên tôi có điều kiện hiểu biết thêm về đời sống ở một thành phố nghỉ mát mà những khách du lịch khác không thể có được.

Đa số người Việt Nam rất hiếu khách, đặc biệt với khách nước ngoài biết nói tiếng Việt và quan tâm thật sự đến cuộc sống của họ. Tôi có nhiều dịp đến chơi nhà họ và ăn các món ăn Việt Nam, chơi bi a, hát karaoke hay đi quán giải khát để uống cà phê với rượu rum.

Nha Trang đã phát triển rất nhanh so với lần trước tôi đến thăm. Chắc chắn là bây giờ có nhiều tiện nghi hơn cho người nước ngoài. Những nhà hàng trước đây chỉ phục vụ cho những khách nói tiếng Việt, bây giờ đã khác, người phục vụ bây giờ biết ít nhất một ngoại ngữ và thực đơn cũng ghi bằng ít nhất hai ngoại ngữ. Các món ăn quốc tế cũng đã tăng nhiều. Sự đa dạng hóa này tuy vậy cũng không ảnh hưởng đến vẻ đẹp bản sắc văn hóa dân tộc. Du lịch quốc tế là hoạt động có ích cho con

người. Tuy nhiên, trong nhiều trường hợp, đặc biệt ở các nước kém phát triển, nền công nghiệp du lịch quốc tế thường gắn liền với sự lở lã của nhân dân địa phương đối với việc đáp ứng nhu cầu lập quán của khách du lịch nước ngoài. Tình trạng này dẫn đến sự giảm bớt bản sắc văn hóa dân tộc đặc sắc và sự du nhập phong tục tập quán ngoại lai.

Sự phát triển du lịch ở Nha Trang tạo được nhiều công ăn việc làm cho nhân dân địa phương. Đó là giải pháp tốt cho đa số người dân ở đây. Cũng như ở hầu hết các điểm du lịch khác trên thế giới, thu nhập của người dân ở khu vực này thường là thấp. Điều này không chỉ đúng với những người phục vụ ở bờ biển mà còn đúng cả với những người phục vụ ở các quán rượu, nhà hàng, khách sạn.

Qua gặp gỡ, tiếp xúc với những người làm trong ngành Du lịch, tôi nhận thấy một điều rất đáng quý ở họ: mặc dù còn có nhiều khó khăn trong cuộc sống nhưng họ vẫn vui vẻ, tình thân phục vụ tốt và đặc biệt họ rất hai hức. Họ có niềm tin mạnh mẽ sẽ đóng góp sức mình xây dựng cuộc sống ngày càng tốt hơn. Tôi thành thật hy vọng những điều này sẽ đạt được bằng một cách riêng nhất của Việt Nam. Cũng như đa số khách du lịch nước ngoài đến thăm Nha Trang, tôi cảm kích trước sự hiếu khách, thân thiện của họ. Tôi cảm ơn những người phục vụ trong ngành Du lịch ở Nha Trang nói riêng và ở Việt Nam nói chung. Tôi sẽ không bao giờ quên họ, đó là những người bạn thân thiết của tôi! ■

APPENDIX 5

LETTER OF INTRODUCTION FROM THE VNAT

TỔNG CỤC DU LỊCH
Viện NCPT Du lịch

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CỘNG HÒA XÃ HỘI CHỦ NGHĨA VIỆT NAM
Độc lập - Tự do - Hạnh phúc

=====

Hà Nội, ngày 17 tháng 4 năm 2001

Kính gửi: Công ty du lịch

Trong khuôn khổ hợp tác quốc tế, Viện Nghiên cứu Phát triển Du lịch đang giúp một số nghiên cứu sinh và thực tập sinh nước ngoài thực hiện nghiên cứu các vấn đề liên quan đến phát triển du lịch ở Việt Nam. Kết quả của những nghiên cứu này sẽ đóng góp cho phát triển du lịch, mở rộng thị trường, thu hút khách du lịch, tạo môi trường thuận lợi hơn cho hoạt động kinh doanh du lịch ở Việt Nam.

Viện Nghiên cứu Phát triển Du lịch trân trọng giới thiệu Ông Jonathan Bennett, là nghiên cứu sinh ở Anh đến làm việc và trao đổi với Quý Công ty về chính sách phát triển du lịch ở Việt Nam. Vậy kính đề nghị Quý Công ty tạo điều kiện giúp đỡ Ông Bennett làm việc.

Chúng tôi đánh giá cao sự đóng góp của Quý Công ty vào quá trình nghiên cứu và sẽ mang lại những lợi ích thiết thực cho ngành du lịch Việt Nam nói chung, cũng như cho hoạt động của các công ty, doanh nghiệp du lịch nói riêng trước mắt và lâu dài.

Xin chân thành cảm ơn và mong có được sự hợp tác giúp đỡ của Quý Công ty.

VIỆN NGHIÊN CỨU PHÁT TRIỂN DU LỊCH
PHÓ VIỆN TRƯỞNG



Phạm Trung Lương

APPENDIX 6

KEY INFORMANTS

- 1 Vietnamese, director of a legal investment and consultancy firm, Hanoi
- 2 European, tourism adviser, Hanoi
- 3 Vietnamese, Head of the Tourism Department at a state tourism company, Hanoi
- 4 Vietnamese, entrepreneur, Hanoi
- 5 Vietnamese, official at the immigration office, Hanoi
- 6 Vietnamese, tour guide and employee at a private tour operator in Da Nang
- 7 Vietnamese, university lecturer, Hanoi
- 8 Vietnamese, owner of a private tour operator business, Hanoi
- 9 European, adviser, UNDP, Hanoi
- 10 Vietnamese, owner of a private hotel, Hanoi
- 11 Vietnamese, employee at a state tourism company, Hanoi
- 12 Vietnamese, employee at a state tourism company, Ho Chi Minh City

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