

# **Gerrymandering – Vietnamese Style: The Political Motivations behind the Creation of New Provinces in Vietnam**

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**Abstract:** The number of provinces in Vietnam has grown 60% due to five sets of provincial divisions starting in 1990. I argue and test the theory that the phenomenon of provincial divisions is actually the only clear observable implication of the changing nature of competition between factions at the central level of the Vietnamese Communist Party, where reformist leaders have managed to bolster their support in the Central Committee by hiving off reform-oriented provinces from provinces dominated by the state owned enterprise sector. Conservative central leaders, who may have been injured as a group by such separation, were bought off individually by the creation of new provinces in their homeland, allowing them to bolster their prestige and wealth through patron-client relations.

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## Introduction

Economic reformers in the Central Government of Vietnam faced a dilemma in the late eighties and early nineties. The sequencing of the early *Doi Moi* economic reforms begun at the 6th Party Congress in 1986 had placed price reform and trade reform before reform of the state sector, resulting in a unique form of the Partial Reform Equilibrium (PRE), where State Owned Enterprises (SOEs) could now charge monopoly prices and dominated access to the export market.<sup>2</sup> A coalition of newly empowered centrally-managed SOEs prevailed in Hanoi and threatened to succeed at subsequent Party Congresses and plenums of the Central Committee of the Vietnamese Communist Party (CCOM),<sup>3</sup> blocking not only further reforms such as widespread privatization, but also open access to international trade, and reductions in entry costs (in bureaucratic procedures and start-up fees) for the nascent private sector.

In this paper, I argue that the reformers' solution was to turn to good-old American gerrymandering defined by Bernard Groffman in his testimony in the *Badham versus Eu* case, "Fragmenting or submerging the voting strength of a group to create districts in which that group will constitute a near certain minority."<sup>4</sup> Specifically, Vietnamese reformers divided up provinces dominated by SOEs (in terms of the output and revenue) to create couples of new provinces; one still dominated by the state sector (SOE provinces), but the other with less SOE strength and better conditions for developing a robust private or foreign sector (Non-state provinces). Beginning with the 7th Party Congress, the representatives of these provinces

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<sup>2</sup> On PRE see Joel Hellman, "Winners Take All: The Politics of Partial Reform in Post-communist Transitions," *World Politics* 50 (January 1998). On Vietnam see Adam Fforde, 2005. "Vietnam's Successful Turnaround and the Intentionality Issue," (Presented at World Bank, Hanoi, Vietnam, May 2005).

<sup>3</sup> Regina Abrami, "Bottlenecks, Beliefs, and Breakthroughs: The Normative Logic of Economic Reform in Vietnam," Harvard Business School Working Paper Series 05-007 (Cambridge, MA, 2004), 32; James Riedel and William S. Turley, 1999. "The Politics of Economic Transition to an Open Economy in Vietnam." *OECD Development Center Technical Paper* 152 (1999), 32; Thaveeporn Vaskavul, "Sectoral Politics for State and Party Building," in *Doi Moi: Ten Years After the 1986 Party Congress*, Adam Fforde, ed., *Political and Social Change Monograph 24* (Canberra: Australia National University, 1997), 81; 136.

<sup>4</sup> Grofman, Bernard. N. "Excerpts from the First Declaration of Bernard Grofman in *Badham v. Eu*," *PS: Political Science & Politics* 18.3 (Summer 1985), 544-550.

received full-fledged membership on the CCOM. Less dependent on state sector revenue, new leaders of Non-state provinces were willing to explore other reform options, thereby whittling away over time the support of the conservative coalition.

Central reformers were able to accomplish this difficult trick by choosing to divide provinces which were represented in the Vietnamese Cabinet and Politburo by their compatriots, creating 24 new provinces between 1990 and 2004. Often these central leaders were considered to be in the conservative camp, however, they too could be convinced to acquiesce because of the pork entailed in the process. Separating provinces granted conservative leaders the opportunity to nurture clients among leaders in the new provinces, as the creation of provinces is an expensive endeavor that rewards new local leaders not only with the traditional perquisites of power, but also with healthy amounts of capital to fund the construction of new provincial administrative buildings and infrastructure. In sum, the exercise provided lucrative opportunities for personal and political gain. Separation was even easier to accomplish when the province had more than one patron at the central level, resulting in strained patron-client relations as two or more central leaders struggled over who could take credit for pork or expenditures that benefited their homeland (*que*). In these cases, separation offered patrons an opportunity to build a unique base of support.

As a result, many central leaders accepted what appeared at the time to be a highly rational trade-off individually, trading opportunities for personal political gain over support for SOE provinces at the national level. The net result was an increasingly reformist CCOM, which culminated in 2001 with the unprecedented rejection by the institution of Le Khai Phieu, the

conservative choice of the Politburo to remain Secretary General of the Communist Party.<sup>5</sup> The theory offered in this paper is underscored by two facts. The timing of the announced divisions of provinces almost always occurred within the first two years after a Party Congress, and was usually determined at the National Assembly in the course of major debates that impacted directly upon the entrenched position of the state sector.

Viewing the creation of Vietnamese provinces over the course of the nineties through the lens of gerrymandering provides two solutions to puzzles that have befuddled scholars immersed in the Political Economy of Vietnam. First, how did the country manage to escape the PRE in 2000 and sprint towards rapid economic reform, when the size of SOE contribution to national GDP remained steady throughout the nineties? Despite the economic power of the SOEs, their political power has declined remarkably, as is evident in the form of the Enterprise Law, which significantly eased the entry of private firms into the market; a stock market that provides an outlet for the sale of equitized (privatized) SOEs; and the Bilateral Trade Agreement with the U.S., which guarantees national treatment for U.S. firms investing in Vietnam within the next ten years. Secondly, why has Vietnam seen such rapid growth in the number of first-tier sub-national units relative to its peers? From a comparative perspective, this paper offers a unique view of how political representation takes place in a single-party system and offers a theory of subnational divisions distinct from the ethnofederalism arguments that have dominated the field.<sup>6</sup>

This argument is divided into four sections. First, I look at Vietnamese subunits in a comparative perspective in order to illustrate that the number of Vietnamese provinces and their

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<sup>5</sup> Abuza, Zachary, "The Lessons of Le Kha Phieu: Changing Rules in Vietnamese Politics," *Contemporary Southeast Asia*, 24.1 (April, 2002); Abrami, 2004.

<sup>6</sup> Henry A. Hale, "Divided We Stand: Institutional Sources of Ethnofederal State Survival and Collapse," *World Politics* 56 (January 2004), 165-193.

rapid growth far exceeded international norms. Second, I explore the multiple structural, cultural, and political theories for the division of provinces. Third, I sketch out my own theory of provincial divisions as a result of bargaining at the national level. Fourth, I test my theory by using a rare events logistic model to predict the probability of separation on panel data of Vietnamese provinces between 1990 and 2004. Among the primary determinants of provincial separation is the predicted interaction between state sector share of the provincial economy and the number of provincial compatriots working at the central level of government – crystal clear evidence of gerrymandering. Before concluding, I confirm my results by exploring other observable implications of my theory.

## **1. Vietnam in Comparative Perspective**

Table 1 places Vietnam among a peer group of populous countries with varying degrees of decentralization. As can be seen quite readily, Vietnam is third only to Russia and Thailand in terms of the number of its first-tier subunits in 2004. Russia's figures are inflated, however, by a high number of ethnically defined enclaves and regions.<sup>7</sup> Vietnam and Thailand are anomalies in terms of their medium-size populations and high number of provinces. Vietnam has nearly twice as many provinces as India and China, countries with over ten times the Vietnamese population. Moreover, Vietnam has a relatively small median population per sub-region of 1.3 million. Argentina's median population is smaller, but it is spread out over an area nine times Vietnam's size. Vietnam, Thailand, and Ukraine are quite rare in their predilection for very small jurisdictions, many of which are smaller than the average Chinese second-tier subunit, the district, and even a hand full of Chinese towns.

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<sup>7</sup> Carol Skalnik Leff, "Democratization and Disintegration in Multinational States: The Breakup of the Communist Federations," *World Politics* 51 (January 1999); Philip G. Roeder, "Soviet Federalism and Ethnic Mobilization," *World Politics* 43 (January 1991).

**<Table 1 about Here>**

Finally, Vietnam is alone in the frequency with which it has created new provincial subunits. Vietnam has increased the number of provinces by 60% in five successive separations since 1990 (see Table 2). No country has recorded anywhere close to this number of provincial divisions in the past twenty-five years. Nigeria has been the second most active with thirteen separations and two mergers, while Indonesia has created seven new provinces in the past six years.<sup>8</sup> In both Nigeria and Indonesia these separations were primarily to accommodate large groups of ethnic minorities, an issue Vietnam has not needed to face with its 86% ethnic Vietnamese population.<sup>9</sup> Some Russian communist politicians, on the other hand, actually have hinted in the press that they want to move in precisely the opposite direction according to Gennady Seleznev, the speaker of the Duma, who voiced a desire to reduce the number of federal subjects from 89 to 40.<sup>10</sup> According to John Meligrana, mergers make much more sense due to international pressure that has created a situation where globally local governments, “have been enlarged in scope and reduced in number.”<sup>11</sup> As a clear contradiction to this, Vietnam’s recent flurry of provincial splitting warrants serious investigation.

**<Table 2 about Here>**

## **2. Explanation for Provincial Separations in Vietnam**

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<sup>8</sup> More activity has taken place at the second tier level where dozens of new districts have been created since decentralization began in 1999. Lorraine Araragon, “Maps and Dreams: Decentralization or “Blossoming” in Central Sulawesi, Indonesia,” Presented at the Annual Meeting of the Association of Asian Studies, March 1 – April 3, 2005. Patrick Barron, Kai Kaiser, and Menno Pradhan, “Local Conflict in Indonesia,” Measuring Incidence and Identifying Patterns,” Paper presented at UNDP Conference on Conflict in Asia: Conflict in Asia-Pacific: State of the Field and the Search for Viable Solutions (New York: October, 2003); Gerry Klinken, “Return of the Sultans,” *Inside Indonesia* 78, April-June, 2004.

<sup>9</sup> Martin Dent, “Ethnicity and Territorial Politics in Nigeria,” in Graham Smith, ed., *Federalism: The Multiethnic Challenge* (New York: Longman, 1995); Klinken, 2004.

<sup>10</sup> Gwillim Law, *Administrative Subdivisions of Countries*. (North Carolina: McFarland & Company, Jefferson, 1995-2005) ([www.statoids.com](http://www.statoids.com)).

<sup>11</sup> Meligrana, John, *Redrawing Local Government Boundaries: An International Study of Politics, Procedures, and Decisions*. (Seattle: University of Washington Press, 2005)

Three types of explanations have been offered for the creation of new provinces in Vietnam: efficiency, historical legacy, and political. While each of these arguments has some degree of legitimacy, all fail to provide a sufficient theory for why provinces are separated and none offer any insight into the timing of the separations.

### *2.1. Efficiency Based Explanations*

Vietnamese government officials claim that the process is primarily about governing capacity. Provinces need to be smaller in order to better facilitate public sector reform and decentralization. Nguyen Huu Tri of Organization and Personnel Affairs Board, explained the 1997 divisions this way, "...the 'big provinces and big districts' model which used to be suitable to the central planning economy was not meaningful any more."<sup>12</sup> These same sentiments were echoed seven years later by Interior Minister Do Quang Trung, when he addressed the National Assembly, proposing to create three new provinces in 2003."<sup>13</sup> India also justified its 2000 provincial separations based on efficiency, but Indian provinces are over ten times the size of their Vietnam equivalents.<sup>14</sup>

To some extent, these explanations have been in line with government actions. Many of the largest provinces in terms of population and surface area have been split overtime. Nevertheless, size is far from a sufficient condition; there are certainly a number of anomalies. For instance, Thanh Hoa, the second largest, non-municipal province in 1988 and most populous province today with three times the Vietnamese median province population, has thus far managed to avoid the chopping bloc. Meanwhile, Lai Chau, one of the least populous in 2004 at

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<sup>12</sup> *Vietnam Investment Review* (VIR), "National Assembly Creates New Vietnamese Provinces," (November 13, 1996)

<sup>13</sup> [www.intellasia.com](http://www.intellasia.com). "New Provinces Planned," clipped from Vietnam News on November 5, 2003, p 1.

<sup>14</sup> Mawdsley, Emma. 2002. "Redrawing the Body Politic: Federalism, Regionalism and the Creation of New States in India," *Commonwealth and Comparative Politics* 40.3 p. 34-54.

about 500,000 citizens, was split to create the new province of Dien Bien. Other examples abound of large provinces such as Dong Nai remaining uncut, while smaller provinces have been split. Moreover, when divisions have been made, they have often been uneven; Nghe An and Hai Duong possess over twice the population of their sisters Ha Tinh and Hung Yen respectively. Similar problems arise when one tries to use surface area as an explanation. The recently created Hung Yen now has a surface area of only 985 km<sup>2</sup>, while 14 provinces exist with over nine times that amount.

## 2.2. Historical Legacy – The French Connection

Another compelling theory put forward is that provinces are reverting back to their original pre-communist borders -- borders that were primarily established by the French Colonial Governor General Paul Doumer. This theory is based on an argument that provincial separations are the result of bottom-up demands on the part of populations who felt their local identities were squelched by central-planning era desires merging them.

Understanding this argument requires a bit of historical knowledge. The institution of provinces was first established in Vietnam in 1831 under the Emperor Minh Mang during a drastic reorganization of government, which moved Vietnam away from the original Chinese roots of its governing apparatus.<sup>15</sup> Following Minh Mang's decree, 31 provinces (*tin*h), seventy-five prefectures, and 249 districts were delineated.<sup>16</sup> It was during the French Colonial regime, however, that the expansion of provinces took place and borders and names began to resemble their present forms. Immediately after establishing control of Vietnam in 1887, Doumer began a rapid centralization of authority, dividing the colony of Indochina into three separate units

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<sup>15</sup> Marr, David. "A Brief History of Local Government in Vietnam." in *Beyond Hanoi: Local Government in Vietnam*, Ben Kerkvliet and David Marr, eds., (Singapore: Institute of Southeast Asian Studies, 2004), 29.

<sup>16</sup> Marr, 2004, 29



Tonkin (North), Cochinchina (Central), Annam (South). Between 1887 and 1930, the population in the three territories exploded, nearly doubling since the time of Minh Mang. Correspondingly, the French began to expand the number of provincial units. New provinces were created in the Northern upland areas and Cochinchina's provinces expanded from six to twenty due to a flurry of provincial separations in the Mekong Delta.<sup>17</sup> At the time of French defeat at the battle of Dien Bien Phu and Vietnamese independence in 1954, Tonkin was divided into 29 provinces, Annam 13, and Cochinchina 23 for a grand total of 65 provinces -- nearly the exact number, though not the exact geographical entities, of provinces in existence today. Due to expansion in the South, the number would eventually peak at 74.

According to a cease fire agreement, which divided Vietnam at the 17<sup>th</sup> parallel, four of the provinces of Annam were allocated to the North (the Democratic Republic of Vietnam), while everything below Quang Binh was granted to the South (Republic of Vietnam). In line with socialist development principles of the day, many of the provinces north of the 17<sup>th</sup> parallel were consolidated into larger provincial conglomerates beginning in 1965, as it was believed it would be easier to coordinate industrialization. With the defeat of South Vietnam in 1975, a similar process of creating provincial conglomerates was also applied. According to David Marr, the Socialist Republic of Vietnam later reversed this consolidation policy, which is why provinces today look similar to those in 1954.<sup>18</sup>

Marr is right, but this is only one portion of the explanation. Certainly, many provinces have been sliced back to their French borders, but a number of others remain consolidated or have had borders entirely re-shaped. The three newest provincial entities, Dien Bien, Dak Nong, and Hau Giang, all did not exist in those borders in 1954. Others, like Long An and Quang

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<sup>17</sup> Marr, 2004, 38.

<sup>18</sup> Marr, 2004, 45.

Ninh, have actually gained territory by merging with new provinces, but retain their original names. Still others like the southern industrial powerhouse Dong Nai are entirely new amalgamations of provinces. Moreover, the Mekong Delta provinces, where most of the new French Provinces were created, still remain as predominantly conglomerates.

In addition to offering only a partial explanation, the historical legacy argument also fails to account for why and when these divisions took place. It is not clear at all why provinces would want to return to their colonial borders. One might proffer an argument that unique provincial cultures prevailed throughout the socialist period and are now reasserting themselves in the more open *Doi Moi* period by calling for separate governing entities. This justification, however, ignores a critical facet of Vietnamese historical scholarship-- Local identity in Vietnam has historically revolved around the village. Larger administrative constructs have almost always been an artifice constructed by different central authorities, changing with different dynasties or foreign occupiers, while the village retained a distinct cultural identity.<sup>19</sup> The ancient Vietnam proverb, “The laws of the king bow before village customs,” demonstrates this fact poignantly. The new provincial borders should have been yet another example of the colonial yoke Vietnam was trying to rid itself of. The fact that old borders have recovered salience in the modern era is more likely due to the fact they offer more proximate utility, such as a convenient way to justify popularly, decisions that were made for other reasons. Simply remarking that the provinces want to return to their colonial borders is not a sufficient explanation.

### *Political Explanations*

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<sup>19</sup> Grossheim, Martin. “Village Government in Pre-Colonial and Colonial Vietnam.” in *Beyond Hanoi: Local Government in Vietnam*, Ben Kerkvliet and David Marr, eds., (Singapore: Institute of Southeast Asian Studies, 2004), 54-90.

Political scientists studying Vietnam and practitioners with an eye toward Vietnamese politics have not denied the importance the structural determinants or even historical legacy; rather they argue that these theories offer only preconditions for separation and are not helpful at explaining when these decisions were made. Why, they ask, did the government of Vietnam not simply divide provinces in the same lightening quick manner in which they consolidated them in the late 1960s and 1970s? Rather, the new provinces have been created in increments over the past 15 years and almost always at critical political junctures.

As a result, many scholars have concluded that structural and historical variables offer convenient justifications for decisions to separate that were made for reasons of political expediency, such as creating new votes in the CCOM. It would be more difficult to justify publicly separating a number of small provinces or the creation of new provinces with no historical analog. In this vein, three types of political theories have been put forward to explain the rapid separation of provinces.

The first is an argument akin to theories of Slave and Free States entering the Union in pre-Civil War America.<sup>20</sup> Conventional political wisdom in Vietnam has been that separations were meant to retain a dominant number of Northern Provinces after the war, so that Southern provinces did not come to dominate key political institutions.<sup>21</sup> Figure 1A shows that this speculation does not hold up to scrutiny. By dividing provinces based on the 17<sup>th</sup> parallel, we find an advantage of four southern provinces in 1990 and that the preponderance has actually grown to six provinces by 2004. When one divides provinces up by the three colonial divisions in Figure 1B, Tonkin retains a numerical advantage over the other two regions, increasing its

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<sup>20</sup> Barry Weingast, "Political stability and civil war," in Robert Bates, Avner Grief, Margaret Levi, J.L. Rosenthal, and Barry Weingast, eds. *Analytical Narratives* (Princeton: Princeton University Press, 1998), 149-193.

<sup>21</sup> Margot Cohen, "Bridging the Great Divide," *Far Eastern Economic Review* (April, 2003), 4.

margin over time. Yet there is very little evidence in the Vietnamese political discourse to demonstrate an intentional strategy of favoring Tonkin over the other two areas. Most analysts would have predicted favoritism toward Annam, the heartland of the communist revolution and birthplace of many early leaders.<sup>22</sup>

**<Figure 1 about Here>**

A second political theory is that the creation of new provinces was an explicit policy of the reformist Nguyen Van Linh and Prime Minister Vo Van Kiet in attempt to circumvent central-level politics. Authors in this school build their theory off of the role of provincial votes in Linh's rise to Secretary General in 1986 after an 8% increase in provincial representation<sup>23</sup> and Kiet's campaign to replace retiring central leaders with reformist leaders from the provinces along with his tacit divesting of authority to the localities -- often simply by looking the other way to fence-breaking reform strategies.<sup>24</sup> Under Kiet's tenure, representation of provincial officials at the meetings of the CCOM grew 50% in great part due to the creation of new provinces.<sup>25</sup> A number of scholars have therefore argued that the increase in provincial members on the CCOM actually represents a provincial-central cleavage and an increase in overall provincial bargaining strength *vis-à-vis* the central government and central party officials.<sup>26</sup>

There are two problems with this theory. First, such a strategy would require bamboozling central leaders, especially Do Muoi, Chairman of the Council of Ministers and later Secretary General of the Party and President Le Duc Anh, whose power based rested with

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<sup>22</sup> Edmund Malesky "Leveled Mountains AND Broken Fences," *European Journal of East Asian Studies* 3.2 (December, 2004).

<sup>23</sup> Riedel and Turley, 1999, 19.

<sup>24</sup> Abrami, 2004, 33.

<sup>25</sup> Lewis Stern. *Renovating the Vietnamese Communist Party* (New York: St. Martin's Press, 1993); David Elliot, "Vietnam's 1991 Party Elections," *Asian Affairs: An American Review* 19.3 (1992), 162; Abuza, 2002.

<sup>26</sup> Stern, 1993; Abuza, 2001; Carlyle, A Thayer, "The Regularization of Politics: Continuity and Change in the Party's Central Committee, 1951-86," in *Postwar Vietnam: Dilemmas in Socialist Development*, David G. Marr and Christine P. White, eds. (Ithaca: Southeast Asian Program, Cornell University Press, 1988), 179 and "The Regularization of Politics Revisited: Continuity and Change in the Party's Central Committee, 1976-96," Paper presented at Annual Meeting of Association of Asian Studies (Chicago, March, 1997).

centralized institutions such as the large centrally-owned SOEs and military.<sup>27</sup> Because the decision to expand the number of provinces was voted on by the National Assembly at the behest of central officials, it seems highly unlikely that these officials would willfully dissipate their own power as a voting bloc. Secondly, while acknowledging a diversity of opinion regarding economic reform at the central level, these scholars treat all provinces as one bloc of votes; they do not consider the variety of provincial opinions or the importance of their dominant revenue earner. But just like central leaders, provinces varied in their interest in economic reform and their dependence on the state sector.<sup>28</sup>

Take these excerpts from a debate over state sector reform from provincial leaders represented at the National Assembly as an example. On one side of the debate were those favoring a more balanced legal regime for foreign companies, private start-ups, and SOEs. Ngo Dinh Loan, a National Assembly delegate from Bac Ninh province, a recently separated northern province, "On the one hand, the government keeps saying it wants to promote non-state economic players, but on the other hand it continues to provide credit assistance and administrative and tax favors to large and loss-making state companies."<sup>29</sup> In the same debate, Delegate Nguyen Duc Kien from another northern province of Hai Duong similarly took aim at a national bias toward the state sector, "The administrative and policy systems still contains discrimination [against the non-state economic sector] so society has not been really convinced to invest in the economy as much as it actually could." State sector dominated provinces took exactly the opposite stance, claiming that foreign and private investors were damaging the local

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<sup>27</sup> Zachary Abuza, "Leadership Transition in Vietnam Since the 8<sup>th</sup> Party Congress," *Asian Survey* 38.12 (December, 1998), 1105-1121; Fredrick Z. Brown, "Vietnam's Tentative Transformation," *Journal of Democracy* 7.4 (1996), 73-87 and Carlyle Thayer, "Mono-organizational Socialism and the State," in *Vietnam's Rural Transformation*, Benedict J. Kerkvliet and Douglas J. Porter, eds. (Boulder, CO: Westview Press, 1995), 39-64.

<sup>28</sup> Malesky, Edmund. 2004.

<sup>29</sup> *VIR*. "Assembly debates multi-sector move." (November 29, 1999).

economic environment through their sneaky activities.<sup>30</sup> Both Thanh Hoa and another highly state dependent province, Nam Dinh, used the forum of the National Assembly to call for state investment capital and assistance to SOEs. Luu Ngoc Phai of Thanh Hoa province said that, “Under present Government policy local enterprises are finding it very hard to stay afloat. At present, 167 local state enterprises are floundering.”<sup>31</sup> Despite their popularity among Vietnam watchers, geographic distinctions cannot salvage this argument; every province cited in the debate is located far north of the 17<sup>th</sup> parallel.

A final group of authors recognize the problem of ignoring the ultimate authority of the central government in a strategy to increase provincial power and therefore have concluded that the increase in provinces was actually a strategy of central officials to dissipate provincial strength.<sup>32</sup> This argument, however, ignores a critical fact -- Once the separations are made provincial leaders could expect to be rewarded with at least one position in the CCOM, where their power is in fact augmented.<sup>33</sup> This has been true since the 6th Party Congress in 1986 when provincial representatives were only considered “alternate members,” as opposed to the full members, who held full-time positions in the Central Party or Government. In 1986, full provincial membership at the Party Congress was made possible and quickly grew from 23%, all alternate members except for Hanoi and Ho Chi Minh City to 41% of the full-time membership at the 9th Party Congress in 2001. Provinces either selected their Party Secretary (PS) or People’s Committee Chairman (PCOM) as their representative at Provincial Party Congresses, which take place about six months before the Central Congress.<sup>34</sup> The choice of the PS or

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<sup>30</sup> *VIR*. “Some foreign partners were unfair, says minister.” (May 29, 2000).

<sup>31</sup> *VIR*. “Provinces face up to capital crunch.” (May 19, 1997).

<sup>32</sup> Edwin Shanks, Cecila Luttrell, Tim Conway, Vu Manh Loi, and Judith Ladinsky, “Understanding Pro-Poor Political Change: The Policy Process – Vietnam,” (Overseas Development Institute: London, England, April 2004), 20.

<sup>33</sup> Riedel and Turley, 1999, 19.

<sup>34</sup> Carlyle A. Thayer, 2005. “Political Outlook for Vietnam, 2005-2006,” Paper presented at Vietnam Regional Forum in Singapore, January 26.

PCOM is usually a reflection of the institutions' strengths in local politics. Only five of the sixty-four provinces are not represented at all, though the reason for a lack of representation is primarily due to local divisions of which candidate to select (as has been the case in Ha Tinh).<sup>35</sup>

Some China watchers have expressed surprise at the emphasis on provincial membership in the CCOM. Like China, Vietnam has a standing committee of the CCOM, known as the Politburo, composed historically of 15 to 19 members. Why would voting blocs in the CCOM matter, if this organization of powerful leaders can run roughshod over any decisions they make? In Vietnam, however, the CCOM has proven itself to be quite an important institution, leading to a great deal of scholarship on its composition.<sup>36</sup> National policy is usually set at the Party Congresses, which take place once every five-years, and the biannual CCOM Plenums (contrasted with China's annual plenums). The Resolutions of the Party National Congress, prepared two years preceding the Congress by the drafting bodies of the CCOM, create the framework for national policy choices, which eventually take legal form through National Assembly legislation and government implementing documents.<sup>37</sup> The CCOM does not often immerse itself in the nitty-gritty details of the future legislation, but its broad guidelines frame the playing field in which the legislation takes place. All *Laws, Resolutions, and Decrees* contain a preamble which carefully places them within the context of the most recent CCOM guidelines.

Moreover, as Susan Shirk famously described in China, top leaders in Vietnam are chosen by a "selectorate" composed of the CCOM and Party elders, but leadership status is

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<sup>35</sup> The five provinces are Ha Tinh, Lam Dong, Phu Yen, Tuyen Quang and Vinh Phuc.

<sup>36</sup> Marc Sidel, "The 1996 Congress and Beyond," *Asian Survey* 37.5 (May 1997), 481-95; Brown, 1996; Thayer, 1988, Vaskavul, 1997; Abuza, 2002.

<sup>37</sup> Matthieu Soloman and Vu Doan Ket. "Strategic and Foreign Relations of Vietnam Since Doi Moi: The Case of the National Assembly" Presented at the Annual Vietnam Update Conference, Institute of Southeast Asian Studies (Singapore November, 2004); Vu Hoang Cong, "The public policy making process and its characteristics in Vietnam," unpublished mimeo (Hanoi, Vietnam, 2002); McCarty, Adam, "The Policy Making Process in Vietnam," Public Administration Reform Study (Asian Development Bank: Hanoi, Vietnam, June, 2002).

constrained by “reciprocal accountability” to the selectorate from whose ranks the Politburo is chosen.<sup>38</sup> In Vietnam, the CCOM is capable of wielding enormous power when this trade-off is not realized. For instance, Tran Xuan Bach, the ninth-ranked Politburo member, was dismissed from his position at the ninth plenum of the 6th Party Congress in 1990, while the CCOM rejected Le Kha Phieu, the Politburo’s nominee for Secretary General at the 9th Party Congress in 2001, electing instead the President of the National Assembly, Nong Duc Manh.<sup>39</sup> Consequently, as Shirk noted in China, policy outcomes must reflect the bargaining strength of particular blocs on the CCOM.<sup>40</sup>

It should also be noted that in the comparative communist literature regional representation on the CCOM has often been cited as an important political institution. Soviet scholars claim Nikita Khrushchev's control of local party leaders in the CCOM helped engineer his rise to power, when he maneuvered to have three new regional positions added in 1955 and saved him after his rival Malenkov orchestrated an 8-4 Presidium vote to have the then Secretary General removed in 1957. In response, Khrushchev insisted that Presidium’s decision must be verified by CCOM vote; then quietly dispatched a loyal ally to Soviet provinces, flying local leaders to Moscow by army transport to vote on the Secretary General’s behalf.<sup>41</sup>

### **3. Gerrymandering to Create Non-State Provinces**

Because the CCOM has such leverage, debates that take place within it must be taken seriously and throughout the *Doi Moi* era, the main issue in the CCOM was support for or against economic reforms that may harm the state sector, the dominant force in the economy due

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<sup>38</sup> Shirk, Susan, *The Political Logic of Economic Reform in China* (Berkeley: University of California Press, 1993).

<sup>39</sup> Zachary Abuza, *Renovating Politics in Contemporary Vietnam* (Boulder, CO: Lynne Reiner, 2001). Abuza, 2002.

<sup>40</sup> Shirk, Susan. 1993.

<sup>41</sup> Roy A Medvedev and Zhores Medvedev, *Khrushchev: The Years in Power*. The New York: Norton and Company, 1978); Lazar Khrushchev-Pisrtak, *The Grand Tactician- Khrushchev's Rise to Power* (London: Thames and Hudson 1961).



to the sequencing of early reforms, along with their “owner managers” at the central and provincial levels.<sup>42</sup> As a result, the dominant voting cleavage at Party Congresses over the nineties has been sectoral, based on relative dependence on the state sector.<sup>43</sup> As seen in the National Assembly debate above, representatives from reformist provinces and representatives from state captured provinces were highly unlikely to vote together on state sector issues, even if they were both from the same region.

In a unique case of the PRE,<sup>44</sup> SOEs originally aligned themselves with southern farmers as advocates for economic reform in the pre-Doi Moi era and heavily favored reformer Nguyen Van Linh in his policy debates with conservative leaders like Le Duan.<sup>45</sup> But agricultural decollectivization and price reform without corresponding trade reform or privatization granted SOEs monopsony purchasing power over primary products and monopoly pricing ability in Vietnam’s major markets. Future reforms, such as more economic openness to foreign investment or a fairer playing field for the nascent private sector, threatened these privileges and convinced SOE managers, provincial leaders dependent on state sector output, and ministries that controlled large centrally-managed enterprises (i.e. Construction, Energy, and Transportation) to shift their political strategy by aligning themselves with the more conservative elements of the party.<sup>46</sup>

This debate became fiercest in the nineties, when modernizers such as Kiet and Foreign Minister Nguyen Co Thach drawing on the Chinese experience, began to argue for economic interdependence as a strategy keeping Vietnam from lagging behind other developing

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<sup>42</sup> Vaskavul, 1997

<sup>43</sup> Vaskavul, 1997, p. 81; Thayer, 1988, 179.

<sup>44</sup> Hellman, 1998

<sup>45</sup> Adam Fforde, “The Political Economy of ‘Reform’ in Vietnam- Some Reflections,” in *The Challenge of Reform in Indochina*, Bjorn Ljunggren, ed. (Cambridge, MA: Harvard University Press, 1993).

<sup>46</sup> Thayer, 1988; Vaskavul, 1997; Riedel and Turley, 1999. Space limitations rule-out a thorough discussion of the political differences between locally managed SOEs and centrally managed SOEs in this process, but it is important to note that early reforms reduced somewhat the importance of local SOEs in the overall state sector. The largest beneficiaries throughout the nineties were centrally managed SOEs (Riedel and Turley, 1999), 33.

countries.<sup>47</sup> Economic interdependence was a direct threat to state privileges and to those who drew their livelihood from the state sector. Detailed archival work by Vuving (2005) and Vaskavul (1997) has shown clearly that modernizers versus conservatives continued to be the dominant debate, with alternative disagreements such as philosophical discussions of the meaning of Vietnamese socialist orientation<sup>48</sup> and debates over anti-imperialism,<sup>49</sup> often mentioned in Vietnamese scholarship easily collapsing on to this dimension.<sup>50</sup> Even the vital role of national security and the military's role in government can be thought of as part of this debate, as nearly 70,000 soldiers (12% of the standing army) were employed full-time in hundreds of military owned commercial enterprises.<sup>51</sup>

Recognizing this key cleavage in the CCOM gives us a crucial clue to the factors motivating provincial separations. Table 3 details the political milestones coinciding with all five political separations. All took place in decisions at the National Assembly, shortly after and often within the same year as a Party Congress. Moreover, all decisions coincided with key political economic debates that divided reformers and conservative supporters of the state sector.

The first separation took place at the same session as a law on the management of imports and exports through state trading companies passed -- a clear-cut loss for reformers who thought it inefficient to allow SOEs a monopoly over international trading procedures. The second took place at the same time as the drafting of the 1992 Constitution that formally recognized the private sector for the first time, but enshrined in law that the state sector was the core (*nen tang*) of the national economy and should assume a "leading role" in it. The third took place at the

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<sup>47</sup> Alexander L. Vuving, "The Two-Headed Grand Strategy: Vietnamese Foreign Policy Since Doi Moi." Presented at the Annual Vietnam Update Conference, Institute of Southeast Asian Studies (Singapore, November 2004).

<sup>48</sup> Thayer, 1988; Vaskavul, 1997; Riedel and Turley, 1999.

<sup>49</sup> *Viet Luan* 1053, January 5, 1996 quoted in Vaskavul 1997.

<sup>50</sup> Stein Tonneson, "The Layered State of Vietnam," in *State Capacity in East Asia*, Kjeld Erik Brodsgaars and Susan Young, eds. (New York: Oxford University Press, 2000).

<sup>51</sup> Carlyle A. Thayer, *The Vietnam People's Army under Doi Moi* (Singapore: Institute of Southeast Asian Studies, 2004)

same session as a decree explaining the procedures for dissolution and establishment of new SOEs, which led to the liquidation of many small SOE, but the creation of large state owned conglomerates.<sup>52</sup> The key debate at the session approving the fourth separation represented a tentative victory for reformers – a law refining the 1987 Foreign Investment Law to the benefit of foreign companies and more transparent system of promulgating legal decisions.<sup>53</sup> The fifth and final separation was concluded on the same day as six major changes were being in land and housing policy, allowing for the easing of exchange and rental procedures, which benefited private entrepreneurs.<sup>54</sup> While most of these early decisions resulted in losses for reformers, later ones proved to be in their favor, as they gained more power.

### <Table 3 about Here>

Because the close connection between provincial separation and debate involving the SOEs may be just a coincidence, Figure 2 probes the relationship by dividing provinces into two groups based on whether the majority of their industrial output was provided by SOEs or the non-state sector (including household enterprises, registered private enterprises, and 100% owned foreign companies, but excluding joint-ventures with SOEs).<sup>55</sup> SOE share of GDP or revenue would be a better measure, but accurate numbers of SOE service and agricultural output do not exist at the provincial level. The graph shows quite clearly that Non-state provinces began far below their counterparts, but gained ground with every successive split. Non-state provinces surpassed SOE-dominated provinces after the 1992 splits and have added to that gap ever since. At present, there are over twice as many Non-state provinces as SOE-dominated. It is important to note that it is not general economic reform across the country that is driving the

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<sup>52</sup> Van Arkadie, Brian and Ray Mallon. 2003. *Viet Nam: A Transition Tiger?* (Asia Pacific Press: Canberra, Australia), 129

<sup>53</sup> Pham Hoang Mai, *FDI and Development in Vietnam* (Singapore: Institute for Southeast Asian Studies, 1998).

<sup>54</sup> Nghia Nhan, “*Cong Bo nghi quyết của Quốc Hội về xử lý tồn đọng nhà đất*,” [Announcement of National Assembly Decision on the solution for the stagnation land and housing markets], (December 12, 2003).

<sup>55</sup> General Statistical Office (GSO), *Statistical Handbook* (Hanoi: Statistical Publishing House), multiple editions 1995-2003.

divergence. The top line in the graph shows that state output has actually increased slightly over the same period, continuing to account for about 40% of GDP (39% of national industrial output).<sup>56</sup>

**<Figure 2 about Here>**

Interestingly, the Non-state provinces commanded a decisive nine-province advantage in 1999 when the Enterprise Law would officially ease the way for private sector entry, evening considerably the playing field for competition with SOEs, and at the 2001 Party Congress, which rejected Le Khai Phieu. According to Abuza, Phieu's overall poor performance, lack of attention to reforms, and protection of the state sector were key determinants in his rejection by a vote at the CCOM after having been nominated by the Politburo. Phieu could not even garner 50% of the 170 CCOM delegates. With 31 percent of the CCOM comprised of provincial leaders who were steadfastly against Phieu, a defeat was inevitable. The difference between Phieu's election at the 8th Party Congress in 1996 and his downfall in 2001 appears to be the higher preponderance of provincial reformers in the Party Congress after the 1997 separations.

The timing of provincial separations, the dominance of Non-state provinces despite little change in national output, and the decisive political outcome of this dominance at the 2001 Party Congress bolster my argument that reformers had an explicit electoral strategy in calling for the splitting of provinces – not unlike gerrymandering within U.S. electoral districts. By creating new Non-state oriented provinces, it is possible that modernizers such as Linh and Kiet believed they could influence the outcomes of future CCOM debates about grand strategies and smaller National Assembly debates about implementation of these new policies. Indeed the announcement of the 2003 separation included a sentence claiming that the decision was made “in time for the new provinces to finish their establishment and begin activities in time for the

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<sup>56</sup> Ibid.

2004 National Assembly Election.”<sup>57</sup> Though the 2005 CCOM Elections were not explicitly named, it does indicate that elections were certainly on the mind those approving separation. While rhetorically it was easier to argue for the separation of larger provinces or for the return to 1965 borders, in reality it seems they were studying maps of district economic composition and creating new reform-oriented provinces. They did this in two ways: creating two provinces from a single Non-state province; and carving out the non-state sector dominated districts of SOE provinces.

Table 4 shows these two processes in more detail. Eyeballing the data, it appears that provincial compatriots in the Cabinet only became important when a threshold of 40% of industrial output provided by the state sector (shaded) is crossed. Note that only in two cases did separations create a SOE province out of a Non-state province, Ha Son Binh, which became Hoa Binh and Ha Tay and Binh Tri Tien, which created two Non-state provinces (Quang Binh and Quang Tri) and one SOE province (Thua Thien-Hue).

**<Table 4 about Here>**

Figure 3 illustrates the gerrymandering strategy more vividly by displaying the division of the northern Vinh Phu province in the first panel, returning Phu Tho (shaded in the second panel), an SOE province, and Vinh Phuc, its Non-state counterpart, to their pre-1965 entities. Of most interest is the case of the provincial capital Viet Tri, which was awarded to Phu Tho after separation, even though the majority of it is situated within the borders of Vinh Phuc. Viet Tri, certainly existed as a town within the pre-1965 Phu Tho, but it was much smaller. Historical maps do not show the same finger extending into Vinh Phuc province.<sup>58</sup> The city expanded tremendously between 1961 and 1965 as part of the First Five Year Plan’s attempt to develop a

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<sup>57</sup> Nghia Nhan, 2003.

<sup>58</sup> See the map of French Administrative Boundaries in Doyle, Edward and S Lipsman, *Setting the Stage* (Boston: Boston Publishing, 1981).

new industrial complex in Northern Vietnam.<sup>59</sup> Within the same period Phu Tho and Vinh Phuc were merged.<sup>60</sup> The town would grow considerably thereafter as the sight of three state owned paper mills, a chemical company, and a textile factory. At the time of the division in 1997, it was the state owned base and transportation hub of the province.<sup>61</sup> Rather than cutting Viet Tri back to its original borders and providing Vinh Phuc province with a portion of the most developed city in the area, a decision was made to award the entire capital to Phu Tho. This was an interesting choice, because Phu Tho also possessed the second-largest urban area in the province, Phu Tho Town. The odd-shaped border resulting from the carving is yet more evidence of gerrymandering.

**<Figure 3 about Here>**

The gerrymandering strategy outlined above fits well with Linh and Kiet's other administrative battles to replace central leaders with leaders from the provinces, to empower provincial CCOM voters, and with the historical efforts of reformers at the central level to reach out to provinces with similar interests.<sup>62</sup> Nevertheless, two important questions remain unanswered.

First, how could reformers be certain that new provincial leaders would vote along reformist lines? This was a concern shared by reformers like Kiet, who fought vigorously with the Provincial PCOMs who resisted his efforts to centralize their appointment process in the early nineties. Kiet was attempting to ensure that he would have loyal backers at the provincial level. But with their newfound autonomy, local leaders objected to his efforts; eventually

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<sup>59</sup> Fforde, Adam and Stefan de Vylder, *From Plan to Market: The Economic Transition in Vietnam* (Boulder, Colorado: Westview Press, 1996), 199.

<sup>60</sup> Nguyen Dac Bac and Luong Van Hy, *Revolution in the Village: Tradition and Transformation in North Vietnam, 1925-1988* (Honolulu: University of Hawaii Press, 1992), 206.

<sup>61</sup> Tran Hoang Kim, "Socio-Economic Statistical Data of 631 Rural Districts, District Towns, and Cities Under Direct Authority of Provinces in Vietnam," (Hanoi: Statistical Publishing House, 2002).

<sup>62</sup> Stern, 1993; Riedel and Turley, 1992.

agreeing only to two-term limits.<sup>63</sup> The squabble was ultimately irrelevant; central reformers could actually be quite certain that new Non-state provinces would vote along reformist lines due to the peculiar incentive created by Vietnamese fiscal targeting. In the system, which is a legacy of SOE output targeting under central planning, Hanoi sets national taxes through the Ministry of Finance but returns to provinces all revenue they generate above a biannually negotiated target.

<sup>64</sup> While only six provinces routinely bring in more revenue than expenditures, close to two-thirds meet their targets on a regular basis.<sup>65</sup> As a result, provincial officials have an important incentive to accede to the policy demands of the dominant source of revenue in the province. Le Thanh Cung, the Vice PCOM of Binh Duong stressed this point when he argued that separation from Binh Phuoc would allow the province to make the “best use of the provincial strengths,” meaning the large concentration of foreign and private firms in the province.<sup>66</sup> Reformist central leaders could feel confident that they were creating new voters whose economies were propelled by non-state entities and therefore would rather see a balanced playing field for these firms in national law.

Secondly, why would conservative leaders not act to block the splitting strategy if they could see that in the long-term that it would affect their power? There are two possibilities. First, as the discussion of other votes taking place concurrently with the creation of provinces showed, there may have been some inter-temporal trade-offs, with reformers accepting losses on early policy debates in exchange for later control of the CCOM. Unfortunately, there is only limited evidence for this conjecture.

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<sup>63</sup> Abuza, 2002.

<sup>64</sup> World Bank, *Vietnam: Fiscal Decentralization and the Delivery of Rural Services*, Country Operations Division, East Asia and Pacific Region, (October 31, 1996), 66; Govinda M Rao, Richard M. Bird, and Jennie I. Litvack, “The Changing Requirements of Fiscal Relations: Fiscal Decentralization in a Unified State,” in *Market Reform in Vietnam* Jennie I. Litvack and Dennis A. Rondinelli, eds. (Westport, Connecticut: Quorum Books, 2001).

<sup>65</sup> Bird et al 1995; Rao, Bird, and Litvack 2001; Government of Vietnam-Donor Working Group, *Vietnam Managing Public Resources Better: Public* (Hanoi: World Bank, December, 2000).

<sup>66</sup> *Dau tu* [Investment], “Phat Huy The Manh” [Bringing Strengths Into Play], April 24, 1997, p. 1.

The second and more compelling answer is that conservatives faced a standard collective action problem; the danger was clear for conservatives as a whole, but individually high-ranking central leaders from those provinces could be bought off by the lucrative individual client base they could gain with the creation of a new provincial entity. Melanie Beresford suggests that significant jealousy existed within many provinces due to preferential resource allocation across districts. She goes on to imply that this jealousy was a major factor in the provincial separations.<sup>67</sup> While this may be true, the separations were ultimately a national decision, requiring local leaders of the deprived districts to appeal to central leaders for their own province and thus their own control of resources. Their appeals would be most successful if a local compatriot from their province held a powerful position at the central level. Individual central officials stood to benefit from the separation, because they would be able to immediately create a profitable channel of patronage to the new provinces, as each separation involved large amounts of state-funded construction projects to finance new government offices and infrastructure, as well as the creation of new leadership positions for loyal clients in a central leader's homeland. Indeed, a recent letter to the editor titled "No Need to Separate Provinces," lamented the inevitable drain on national coffers of constructing new provinces.<sup>68</sup>

Government investment outlays for construction in Vinh Phu province one year before its split (in constant 1994 US dollars) comprised \$12.6 million in the area which would become Phu To and \$7.4 million in the districts that would become Vinh Phuc. After the split in 1997, government investment outlays increased to \$19.3 million in Phu To and nearly doubled to \$14 million in Vinh Phuc.<sup>69</sup> Interestingly, the Phu Tho absolute investment remained higher even

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<sup>67</sup> Beresford, Melanie, "Economic Transition, Uneven Development, and The Impact of Reform," in *Postwar Vietnam: Dynamics of a Transforming Society*, Hy Van Luong, ed. (Lanham, Maryland: Rowman and Littlefield, 2003), 76.

<sup>68</sup> Nguyen Thanh Tam, "Khong Nen Tach Tinh," [No Need to Separate Provinces] *Vietnamnet* (November 6, 2003, <http://www.vnn.vn/bandocviet/2003/11/35663/>)

<sup>69</sup> It should be noted that government investment includes contracts to private and foreign construction companies.



though its capital Viet Tri, retained the original government buildings while Vinh Phuc had to build its capital Vinh Yen anew – a clear sign that the increase in state investment was meant to do more than simply construct new edifices. Moreover, this upward bump in government transfers would remain long after initial construction.

For individual central leaders, there was a lot to be gained from the prestige of providing new pork in one's homeland and the pecuniary benefits in kick-backs from construction contracts. According to the newspaper *Thanh Nien*, a recent corruption scandal over the criminal mishandling of construction contracts in the Ninh Thuan government dates back to particular company's role in the province's creation in 1992.<sup>70</sup> In the 2003 recent separation, the bubbling land market provided additional opportunities for patronage as owners of land near where new highways and roads were to be built (often those with inside information) were rewarded with a precipitous rises in prices.<sup>71</sup>

Central leaders were not immune from engaging in such practices; as Politburo member Le Phuoc Tho, once put it, many party cadres averted party work in favor of jobs which provided higher “material benefits.”<sup>72</sup> This was especially true if more there was more than one compatriot from a province at the national level, leading to competition over patronage channels. Separation would allow each Cabinet or Politburo member his own province to work with. The bottom line was that there was a strong individual incentive for central leaders to accede to the

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<sup>70</sup> *Thanh Nien* [Young Person], “*Cong Ty Thiet Ke tu van XD Ninh Thuan chi sai hang ty dong*,” [Construction Design Consulting Companies Expenditures Off by a Billion Dong] (July 2, 2001).

<sup>71</sup> *Tuoi Tre* [Young Person], “Hau Giang sot sat sau khi tach tinh,” [Hau Giang Land Fever after Province Separated] (February 5, 2004).

<sup>72</sup> Le Phuoc Tho. “*Mot so nhiem vu doi moi va chinh don dang*,” [Several Tasks on Reforming the Party] in DCSVN, *Mot so van kien ve doi moi va chinh don dang*. [Resolutions on the Renovation and Rectification of the Party] (Hanoi: National Political Publishing House, 1996), 75.

proposed changes, even if the sum total of individual decisions would lead to a preponderance of reformers in the CCOM.<sup>73</sup>

There is evidence that conservative central leaders supported the separations. Phan Ngoc Tuong was serving as the Minister of Construction, one of the most conservative ministries due to the high number of SOEs under its auspices, when Binh Tri Thien was divided to create Quang Binh province, the location of his ancestral home. Tuong is on record defending provincial separations on an efficiency and equality basis, “Our goals are to have better management over regions and to provide all our provinces with more favorable conditions for development.”<sup>74</sup> Moreover, Da Nang and Bac Ninh were created shortly after the 8<sup>th</sup> Party Congress, where Phan Dien, a Da Nang native and Head of the General Office of the CCOM, and Pham Van Tra, a Bac Ninh native and Minister of Defense were elevated to the Politburo. Both of these new provinces would become focal points for government investment efforts.<sup>75</sup>

If it was possible for reformers to selectively target individual conservative leaders for their agreement in separation, then in a multivariate test, we should expect the interaction of state share in the economy and the number of high-ranking central leaders from that province to be positive.

#### **4. Testing a Gerrymandering Theory of Provincial Separation.**

To test my argument, I use a rare events logistic regression over a panel data on Vietnamese provinces between the years 1990 (the date of the earliest available provincial data)

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<sup>73</sup> Hardin, Garret, "The Tragedy of the Commons," *Science* 162 (1968), 1243-1248.

<sup>74</sup> VIR, November 13, 1996.

<sup>75</sup> Xuan Thanh. *Da Nang: Lua Chon Chinh Sach Dau Tu Va Phat Trien Kinh Te* [Da Nang: Policy Options for Investment and Economic Development," (Ha Noi: Central Institute for Economic Management, Asia Foundation, and Fulbright Economic Teaching Program, 2003); Nguyen Dinh Cung, Pham Anh Tuan, Bui Van, and David Dapice, *Why Don't Northern Provinces Grow Faster?* (Hanoi, Vietnam: Central Institute for Economic Management (CIEM) and United Nations Development Program, 2004)

and 2004. This model was specifically designed to deal with the bias inherent in logistic models, where a high percentage of 0s were observed in the dependent variable.<sup>76</sup>

My dependent variable ( $y$ ) in the study is a dummy variable capturing whether province  $i$  was separated by the central government in year  $j$ .

$$y_{ij} = \alpha + \beta'X_{ij}$$

$y_{ij}$  is a dichotomous variable capturing whether a separation was observed in a given year

( $i$ ) in a given province ( $j$ ). The variable receives a scores of 1 if yes, and 0 otherwise,

$X_{ij}$  is matrix of exogenous variables of which more will be said below.

$\beta$  is vector of parameters for the model.<sup>77</sup>

The first of two key causal variables in my model are *SOE industrial output as percentage of industrial output in the province*.<sup>78</sup> I use this variable to capture the likelihood that local officials from a province will be against reforms that might harm the state sector.

The second causal variable is the number of current provincial compatriots serving in the Vietnamese Cabinet. As in the China literature, there is a large literature in Vietnam on the role of local connections in central government politics.<sup>79</sup> I hypothesize that the higher the number of Cabinet members from a province, the more likely individual rivalries between Cabinet officials from a province will tempt them to support separation in order to procure their own local client base.<sup>80</sup> I would have preferred to use both Cabinet and Politburo members in order to

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<sup>76</sup> Michael Tomz, Gary King, and Langche Zeng, 1999. RELOGIT: Rare Events Logistic Regression, Version 1.1 Cambridge, MA: Harvard University, October 1, <http://gking.harvard.edu/>

<sup>77</sup> Note: Running the same model using a logit specification actually increases the substantive effects of the variables.

<sup>78</sup> GSO 1995-2003.

<sup>79</sup> William Turley and Brantly Womack, 1998 "Asian's Socialism's Open Doors: Guangzhou and Ho Chi Minh City," *The China Journal* 40 (July 1998), 36. Vasavakul, Thaveeporn, "From Fence-Breaking to Networking: Interests, Popular Organizations, and Policy Influences in Post Socialist in Vietnam," in *Governance in Vietnam: The Role of Organizations*; Ben Kerkvliet, Russel Heng, and David Koh, eds. (Singapore, Institute of Southeast Asian Studies, 2003), 25-61; Kerkvliet, Benedict J. Tria, "An Approach for Analyzing State-Society Relations in Vietnam." *Sojourns* 16.2 (2001). 238-278.

<sup>80</sup> Data obtained from: *Nien Giam To Chuc Hanh Chinh Vietnam* [Compendium of Administration in Vietnam]. (Hanoi: Statistical Publishing House, 1997-2005) and Vietnam News Agency and Government Office, *The Vietnamese Government 1945-2003* (Hanoi: VNA Publishing House, 2004).

also capture Party leaders who do not serve on the Cabinet, but data on the homeland of Politburo members who rose to prominence during the war years and continued to serve in the early 90s is very unclear, leading to a serious danger of miscoding. Due to administrative handbooks, homelands of Cabinet members are much easier to identify.<sup>81</sup> The benefit of only using the Cabinet is that the choice eliminates the problem of coding Provincial Party Secretaries, who never worked at the central level but are in the Politburo.

Neither of these causal variables is expected to have a strong independent effect; it is their multiplicative interaction that I hypothesize should be significant. According to my theory, gerrymandering is most likely to take place in provinces with a high state sector share and a high number of Cabinet members from that province.

As discussed above, however, these strategic calculations can only take place when the right preconditions are in place to make the separation politically justifiable. Accordingly, I control for the *provincial population*, measured by thousands of people, and the *surface area of the province*, measured in square kilometers.<sup>82</sup> Dummy variables are also added to capture whether the province is the result of a *previous separation* and whether the province is already at its *1965 borders*. The latter variable appears to be a highly important political cover for provincial separations and offers a convenient tracer of bottom-up demands for separation *ex-ante*.<sup>83</sup>

A dummy for whether the province is in the former *Tonkin* is meant to capture whether regional considerations prevail in the determination of new provinces. In other tests a *Southern Dummy* was also used. *Years since Party Congress* gauges the number of years which have past since the last Party Congress. According to my theory, we should see provincial separations

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<sup>81</sup> Running the model with the Cabinet and Politburo members in the later nineties does not change the results significantly.

<sup>82</sup> A variable capturing the importance of *agriculture* in provincial GDP was but dropped when it proved routinely insignificant.

<sup>83</sup> Beresford, 2003, 76.

very soon after Party Congresses because they are the immediate sign of deals arranged during the Party Congress.

Finally, to these variables I add three more which arise from studies of other countries and may be relevant to my work. *Minority* captures the number of ethnic minorities in the province on a five-point scale, where 1 represents no minorities at all, 2 equals (1-25%), 3 is (25-50%), 4 (50-75%), and 5 (75-100%). This variable has been cited as highly influential in a district splitting in other contexts.<sup>84</sup> *Border* is a dummy capturing whether provinces share borders with Laos, Cambodia, and China, while *GDP per capita* measures wealth in the provinces. We should expect both these variables to be negative, as Vietnamese leaders are likely to keep their thumbs firmly upon potential national security threats and rich provinces.

<Table 5 about Here><sup>85</sup>

## 5. Model Results

Twelve models are displayed in Table 6 below. The first six models show the results on the full sample of all provinces and national-level cities. The second six models are results for only the provinces, dropping the five metropolises immediately after they were raised to that status. The models marked ART tests my theoretical predictions in the most parsimonious manner possible according to Chris Achen's "Rule of Three."<sup>86</sup> Model 1 and 6 are baseline models using only the structural and historical variables. Models 2 and 7 add the two key causal variables for my theory of provincial gerrymandering. Models 3 and 8 include the interaction term of state share and number of Cabinet officials, while Models 4 and 9 add variables for

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<sup>84</sup> Hale, 2004. Barron et al, 2003. Mawdsley, Emma, 2002.

<sup>85</sup> Bivariate correlations can be found in Robustness Test 1.

<sup>86</sup> Christopher Achen., 2002. "Toward a New Political Methodology: Microfoundations and ART. *Annual Review of Political Science* 5 (Palo Alto, CA: Annual Reviews), 423-450.

alternative hypotheses. Finally, Models 5 and 10 create a simplified measure of whether there are 0, 1, or more than two Cabinet officials from the province.

The results of the control variables are quite robust across the different specifications – all are in the predicted direction and are either significant or near significance in every model. If a province is the result of a previous separation, it is unlikely to be split again. In fact, only three provinces underwent two successive separations. Holding all continuous variables constant at their mean and all dummy variables constant at 0, a province that had already been separated only has a 2.3% probability of being split again, while a province that has not yet been separated has a probability of 6.7%

**<Table 6 about Here>**

The year of a Party Congress and the 1965 borders are also both highly significant and substantively important, as is demonstrated in Table 7. Provinces are far more likely to face separation immediately after a Party Congress, falling from nearly 9.7% in the first year after a Party Congress to only 1.7% five years down the road, if they are not yet at their 1965 borders. But if the province has already been whittled down to its 1965 borders, it is unlikely to be split, regardless of the year of the Party Congress.

**<Table 7 about Here>**

Population and surface area are highly salient variables as well. Moving from the 25<sup>th</sup> percentile to the 75<sup>th</sup> percentile of the two variables increases the probability of separation 4.2% and 6.6% respectively. The insignificance of the *Tonkin* dummy demonstrates that regional variance is best explained by other factors in the model. A *Southern Dummy* proved similarly

insignificant.<sup>87</sup> Of the alternative hypotheses, only *Border* proves significant across specifications. Provinces sharing an international border are 1% less likely to be separated.

Finally, while both the *number of Cabinet officials* and *SOE share* are insignificant in Models 2 and 7 as expected, the interaction in Models 3 and 8 proves highly significant and robust to a number of controls and different functional forms.<sup>88</sup> The interaction does have a low substantive effect, but this is likely because reformers were targeting politically more palatable separations, which could be justified for efficiency of historical reasons. As a result, if we hold the other variables constant at ideal separation conditions – that is, population and surface area are both at the 75<sup>th</sup> percentile, the province is not yet at its 1965 borders and is not the result of previous separation, and the date is within the first two years after a Party Congress, a movement from the mean to the 75<sup>th</sup> percentile of the interaction would increase the probability of separation by 36%.

But what exactly does a simultaneous increase in the state sector and number of Cabinet officials mean in practice?<sup>89</sup> By using the simplified measure of Cabinet officials in Models 5 and 10, it is possible to use a procedure called interaction expansion to map out the interaction.<sup>90</sup>

**<Figure 4 about Here>**

In Figure 4 the predicted probability of division is displayed on the vertical axis, while the share of the state sector in industrial output is displayed on the horizontal axis, ranging from 0 to 100%. Under ideal preconditions for separation, we see that provinces with very few Cabinet officials decline slightly in their probability for separation (from 60% to 50%) as the share of SOE output increases. At low levels of SOE output, however, provinces with zero

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<sup>87</sup> Results are available from author.

<sup>88</sup> Reviewers wishing to verify this, please see the robust tests using the Cox Proportional Hazard Model in Robustness Test 2.

<sup>89</sup> Bear F Braumoeller, “Hypothesis Testing and Multiplicative Interaction Terms.” *International Organization* 58, 4 (Fall 2004), 807-820.

<sup>90</sup> For more details see: [www.ats.ucla.edu/stat/stata/seminars/stata\\_vibl/vibli.htm](http://www.ats.ucla.edu/stat/stata/seminars/stata_vibl/vibli.htm)

Cabinet members are significantly more likely to be divided than provinces with one compatriot in the Cabinet and far more likely to be divided than provinces with two or more. This confirms my prediction that with low SOE output, there is little need for reformers to buy off a Cabinet official with a side payment. But separations without a Cabinet member from that province are actually a rare occurrence as demonstrated by the highly significant negative sign on the number of Cabinet officials. Once the interaction is included, this variable only captures whether separation takes place when the number of Cabinet officials is equal to 0.<sup>91</sup>

As the SOE share rises, however, having a high number of Cabinet officials becomes increasingly more important; the lines intersect at about 40%, whereupon the probability of division in a province with two or more Cabinet officials continues to rise steeply, while it increases less strongly in provinces with one official. This confirms my speculation that it would be easier to win over compliance of central officials when there is competition for a single patronage channel. These officials will be the ones most likely to benefit from the construction of new provinces.

## **6. Further Observable Implications of the Theory's Micro-Logic**

While the RELOGIT test offered support for my hypotheses that separation is a political determination, revealed by the interaction of Cabinet officials and state sector share, I have not proven that this is the result of design. The unreliability of Vietnamese data and the opaque nature of the Vietnamese government require that a researcher verify the external validity of a theory by searching for additional observable implications. One important link in my causal logic is that the fiscal targeting mechanism will ensure that non-state dominated provinces are likely to support reform strategies which undermine SOEs. If this is true, we should expect to find

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<sup>91</sup> Braumoeller, 2002.



evidence that Non-state provinces have adopted pro-private sector reform strategies within their own borders. Recent survey data of the private sector confirms this hypothesis. In 2005, Provincial Competitiveness Index (PCI) ranked 42 provinces based on their economic governance for private sector development based on nine sub-indices, which included such factors as entry costs, access to land, transparency, informal charges, and lack of bias toward SOEs, and private sector development policies.<sup>92</sup> Analysis of the results reveals that four of the top six provinces (Binh Duong, Da Nang, Vinh Long, and Vinh Phuc) were provinces created by provincial separations, while the other two (Dong Nai and Ben Tre) were un-split Non-state provinces throughout the time series. On the 100-point scale, Non-state provinces received an average score of 58.5 points, while the newly created SOE provinces received an average score of 54.5. Most importantly, the sub-index capturing SOE bias clearly confirmed that newly-created Non-state provinces demonstrate the least bias in favor of SOEs. 56% of firms in newly-created Non-state provinces believed that their provincial governments had a positive attitude toward private firms, compared to only 46% of newly-created SOE-dominated provinces. Indeed, Nguyen Van Thang concluded using the same data that, “the density of SOEs (in a province) has a negative impact on the private sector’s access to key resources (land and bank loans) and markets, and a negative influence on the private sector’s growth in terms of number of firms and employment.”<sup>93</sup>

A second portion of my argument is that reformers in Hanoi were able to win acquiescence among Cabinet officials from provinces they intended to separate by offering them personal political gain from the separation. In fact, I argue that political gain does not come

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<sup>92</sup> Vietnam Competitiveness Initiative and Vietnam Chamber of Commerce and Industry, 2005. “Summary Report on the Provincial Competitiveness Index on the Business Environment in Vietnam,” (US-AID: Hanoi, Vietnam), Data available at [www.vnci.org](http://www.vnci.org)

<sup>93</sup> Nguyen Van Thang, “Is The Development of State-Owned Enterprises (SOEs) Crowding Out The Private Sector? Evidence from PCI Survey,” (Hanoi: Vietnam Competitiveness Initiative, August 2005).

from mere separation, but from the huge transfers involved in creating new provinces. Local leaders who receive such beneficence are likely to become loyal supporters of the Cabinet official who engineered their separation.

If this is true, we should expect Cabinet officials to shovel support to provincial leaders in the form of government investment in infrastructure, industrial zones, and office construction. In both the 1996 and 2003 decisions to split provinces, representatives of the Office of Government were clear about the importance of this clientelistic mechanism by offering detailed reports on how the division of the budget and property as well as the new administrative organizations for the newly divided provinces.<sup>94</sup> Using an aggregate measure of government investment at the provincial level, we find that a province which results from a provincial separation is likely to receive about 8.2% of its GDP in government investment contracts per year over its lifetime, while a non-split province would receive only 4.6%.<sup>95</sup> Furthermore, a split province with a SOEs accounting for over 40% of GDP can expect about 8.8% of GDP in government investment per year, as opposed to only 7% for new Non-state provinces. Of course, this difference may be due to the re-investment of existing central SOEs. More interestingly, a new province with a compatriot serving in the Cabinet could expect to receive 9% of GDP in government investment as opposed to 6.7% in those without such connections.

The same pattern is true of generate central government transfers for education, environment, and health as well. Newly created provinces receive on average about 13% of GDP in central transfers (as opposed to only 9% for old provinces), while new provinces with Cabinet officials receive about 15% of GDP, compared to 9% for those without such connections.<sup>96</sup>

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<sup>94</sup> *VIR*, 1996; *Vietnam News*, 2003 (fn 12).

<sup>95</sup> GSO, 1995-2004.

<sup>96</sup> Ministry of Finance-Vietnam, "State Budget-Final Accounts and Plan," (Hanoi: Financial Publishing House, 2002-2004).

Though space limitations prevent their display, these descriptive statistics are verified by multivariate pooled time-series test, controlling for other predictors of government investment.<sup>97</sup>

## 7. Conclusion

Gerrymandering, along with its less politically-loaded synonym redistricting, is a hotly debated concept in American Politics. Some political scientists agree with California Governor Arnold Schwarzenegger that by offering electoral protection to incumbents and institutionalizing discrimination by party identity or race, redistricting merely represents "...a political elite building a fortress to keep themselves in and keep the people out."<sup>98</sup> Other scholars have argued that redistricting has actually reduced partisan bias and increased electoral responsiveness in U.S. state elections, actually "invigorates American representative democracy."<sup>99</sup>

What both sides of the debate certainly agree on, however, is that gerrymandering is an inevitable side-effect of a functioning electoral democracy that must grow and respond to the demographic changes of its citizenry. The process could be improved to eliminate abuses and obvious discrimination, but it is a worthwhile and an important exercise. It is anathema to argue that similar tactics would be used by politicians in more authoritarian regimes. After all, what incentives would non-democratically elected national leaders have to reconfigure subnational boundaries? Engaging in such an activity can provide no electoral advantage that couldn't be accomplished more cheaply with other authoritarian tactics. So when a regime considered *Not Free* on the Freedom House Index engages in practices that resemble gerrymandering; and when efficiency explanations for the redrawing of its borders prove wanting, political scientists should

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<sup>97</sup> They are available from the author upon request.

<sup>98</sup> Marelius, John. "Governor, Democrats, Spar over Redistricting." *San Diego Union Tribune*, February 25, 2005.

<sup>99</sup> Gelman, Andrew and Gary King. "Enhancing Democracy through Legislative Redistricting." *The American Political Science Review* 88, no. 3, (September 1994), 541-599.

take note. Something important resembling representation is taking place beneath the label of authoritarianism that deserves exploration. Such is the case of Vietnam

I have argued above that gerrymandering to carve out Non-state provinces is one of the primary factors in the change of composition of the Vietnamese CCOM and subsequently its more reformist orientation, allowing for a host of reforms that have propelled Vietnam to a 9% growth rate and the registration of nearly 150,000 new private firms. There could be no clearer victory for reformers in Hanoi. Gerrymandering even led to the rejection by the CCOM of an active Secretary General of the Communist Party --an unprecedented triumph for reformers and perhaps even for the seedlings of democracy in this so-called one-party state.

## Tables

**Table 1: Comparative Number of Subnational Units\***

Country	Population (Millions)	Surface Area (Thousands of KM <sup>2</sup> )	First-Tier Subunits	Total Number of First-Tier Subunits	Median Subunit Population (Millions)	New Provinces Since 1990
<i>Vietnam</i>	80	332	<i>Provinces, 5 National-Level Cities</i>	64	1.3	24
Nigeria	133	924	States	36	2.6	11
Indonesia	212	1,905	Provinces, 2 Special Regions, 1 National-Level City	33	3.7	7
Thailand	62	513	Provinces, 4 National-Level Cities	76	0.6	5
India	1,049	3,287	States, 7 Union Territories	35	13.8	4
China	1,280	9,598	Provinces, 2 National-Level Cities	28	36.3	3
Argentina	36	2,780	Provinces	23	0.7	1
Russian Republic	144	17,075	Provinces, Ethnic Enclaves, Autonomous Regions, Autonomous Oblast, Territories, National-Level Cities	89	1.3	0
Mexico	101	1,958	States, 1 Federal Districts	32	2.3	0
Brazil	174	8,547	States, 1 Federal Districts	27	3.1	0
Ukraine	49	602	Oblasts, 2 National City, 1 Autonomous Republic	27	1.4	0

Data for table obtained from World Bank. 2005. *World Development Report: A Better Investment Climate for Everyone*. Washington, D.C. and Oxford University Press; Law, Gwillim 1999-2005. *Administrative Subdivisions of Countries*. North Carolina: McFarland & Company, Jefferson (www.statoids.com).

<b>Table 2: Separations and creation of new provinces and provincial level cities</b>					
<b>Original Province</b>	<b>Year Split</b>	<b>New Province 1</b>	<b>New Province 2</b>	<b>New Province 3</b>	<b>Number of Provinces</b>
Nghia Binh	1990	Quang Ngai	Binh Dinh		1988= 40
Phu Khanh	1990	Phu Yen	Khanh Hoa		
Binh Tri Thien	1990	Quang Binh	Quang Tri	Thua-Thien Hue	
Nghe Tinh	1992	Nghe An	Ha Tinh		1991a = 44*
Hoang Lien Son	1992	Lao Cai	Yen Bai		
Ha Tuyen	1992	Ha Giang	Tuyen Quang		
Ha Son Binh	1992	Ha Tay	Hoa Binh		
Gia Lai - Kon Tum	1992	Gia Lai	Kon Tum		
Ha Nam Ninh	1992	Nam Ha	Ninh Binh		1991b=49
Thuan Hai	1992	Binh Thuan	Ninh Thuan		
Cuu Long	1992	Vinh Long	Tra Vinh		
Hau Giang	1992	Can Tho	Soc Trang		
Song Be	1997	Binh Duong	Binh Phuoc		1996 = 53
Vinh Phu	1997	Vinh Phuc	Phu Tho		
Hai Hung	1997	Hai Duong	Hung Yen		
Ha Bac	1997	Bac Ninh	Bac Giang		
Nam Ha	1997	Nam Dinh	Ha Nam		
Quang Nam-Da Nang	1997	Da Nang**	Quang Nam		
Minh Hai	1997	Ca Mau	Bac Lieu		
Bac Thai	1997	Bac Can	Thai Nguyen		1997 = 61
Lai Chau	2004	Lai Chau	Dien Bien Phu		
Can Tho	2004	Can Tho**	Hau Giang		
Dak Lak	2004	Dac Lac	Dac Nong		2004 = 64
<p><i>Information on provincial separations comes from Vietnam News Agency and Government Office. Chinh Phu Vietnam [The Vietnamese Government] 1945-2003: Tu Lieu [Facts and Figures]. (Hanoi: Vietnam New Agency Publishing House, 2004), p. 241, 251, 275, and 457.</i></p> <p><i>*This set of splits also transferred districts from Dong Nai to the existing province of Ba Ria-Ving Tau, and districts from Hanoi to the existing provinces of Vinh Phu and Ha Tay. These changes did not create new first tier subnational units.</i></p> <p><i>**Provincial capital promoted to provincial level city. Presently, there are five including: Ho Chi Minh City, Ha Noi, Hai Phong, Da Nang, and Can Tho.</i></p>					

<b>Table 3: Political Milestones Coinciding with Provincial Separations</b>					
<b>Separation of Provinces</b>	<b>Date</b>	<b>Institution Involved</b>	<b>Main Substantive Issue Discussed at Same Session as Separation</b>	<b>Most Recent Appointment of the Vietnamese Government</b>	<b>Most Recent National Congress of the Vietnamese Communist Party</b>
1	June 30, 1989	5th Session of the VIIIth National Assembly	Management of Import-Export Activities	VIII: June 17-22, 1987	VI: December 15-18, 1986
2	August 12, 1991	9th Session of the VIIIth National Assembly	Draft Amendments to the 1980 Constitution	VIII: June 17-22, 1987	VII: June 24-27, 1991
3	December 26, 1991	10th Session of the VIIIth National Assembly	Decree 388 on the Establishment and Dissolution of State Enterprises	VIII: June 17-22, 1987	VII: June 24-27, 1991
4	November 12, 1996	10th Session of the IXth National Assembly	Laws on Foreign Investment and the Promulgation of Legal Documents	IX: September 20-October 8, 1992	VIII: June 28-July 1, 1996
5	November 25, 2003	4th Session of the XIth National Assembly	Six Policies to Reform Law on Land and Housing	XI: July 19-August 12, 2002	VIV: April 19-22, 2001

**Table 4: State Sector Output of Provinces in the Year Following Separation**

Original Province	Number of Cabinet Officials at Separation	Size of State Sector at the Time of the Split	New Province 1	New Province 2	New Province 3
Song Be	0	12%	Binh Phuoc (14%)	Binh Duong (12%)	
Lai Chau	0	16%	Lai Chau*	Dien Bien Phu*	
Thuan Hai	0	26%	Ninh Thuan (36%)	Binh Thuan (22%)	
Ha Son Binh	1	35%	Hoa Binh (58%)	Ha Tay (36%)	
Dak Lak	0	36%	Dac Lac*	Dac Nong*	
Hau Giang	0	39%	Can Tho (43%)	Soc Trang (29%)	
Gia Lai - Kon Tum	0	39%	Gia Lai (31%)	Kon Tum (31%)	
Cuu Long	1	42%	Vinh Long (47%)	Tra Vinh (34%)	
Nghia Binh	4	43%	Quang Ngai (42%)	Binh Dinh (36%)	
Binh Tri Thien	5	47%	Thua-Thien Hue (63%)	Quang Tri (34%)	Quang Binh (32%)
Quang Nam-Da Nang	2**	50%	Da Nang 58%)	Quang Nam (22%)	
Nghe Tinh	5	51%	Nghe An (53%)	Ha Tinh (31%)	
Ha Nam Ninh	2	52%	Nam Ha (54%)	Ninh Binh (47%)	
Can Tho	1	53%	Can Tho*	Hau Giang*	
Nam Ha	1	54%	Nam Dinh (63%)	Ha Nam (27%)	
Phu Khanh	1	63%	Khanh Hoa (68%)	Phu Yen (14%)	
Ha Bac	1	67%	Bac Ninh (78%)	Bac Giang (56%)	
Vinh Phu	2	69%	Phu Tho (74%)	Vinh Phuc (15%)	
Ha Tuyen	1	69%	Tuyen Quang (70%)	Ha Giang (43%)	
Hai Hung	1	69%	Hai Duong (77%)	Hung Yen (24%)	
Bac Thai	1	75%	Thai Nguyen (79%)	Bac Can (25%)	
Hoang Lien Son	0	75%	Lao Cai (75%)	Yen Bai (74%)	
Minh Hai	0	75%	Ca Mau (79%)	Bac Lieu (49%)	
GSO (fn 56), 1995-2004. *2004 Provincial data not yet available; **One position was eliminated a few months prior to the 1996 vote. Once cannot say for certain how much influence this official had.					



<b>Table 5: Descriptive Statistics of Key Variables</b>					
<b>Variable</b>	<b>Observations</b>	<b>Mean</b>	<b>Std. Dev.</b>	<b>Min</b>	<b>Max</b>
Province the result of previous split (1 or 0)	767	0.56	0.50	0	1
Province already at 1965 provincial borders	767	0.60	0.49	0	1
Years after Party Congress	767	1.92	1.41	0	4
Population (ten thousands)	767	134.48	83.05	26.21	555.48
Area (thousands of square kilometers)	767	5.52	4.17	0.80	22.38
Tonkin	767	0.40	0.49	0	1
SOE share of provincial industrial output	767	48.07	21.24	0	99.33
Number of provincial compatriots serving in Cabinet	767	0.64	1.10	0	7.00
<i>Interaction between SOE share and Cabinet members</i>	767	29.67	51.15	0	370.93
Minority	767	1.85	1.30	1.00	5.00
Border	767	0.44	0.50	0	1.00
GDP per capita	767	3.28	4.56	0.55	72.57
Government Investment/GDP	523	0.06	0.06	0	73.00

**Table 6: Results of Rare Events Logistic Regression Analysis of Provincial Separation**  
(Z-Score in Parentheses)

	Including all provinces and national level cities						Excluding national-level cities					
Dependent Variable: Province Split (1 or 0)	ART	Model 1	Model 2	Model 3	Model 4	Model 5	ART	Model 6	Model 7	Model 8	Model 9	Model 10
Province the result of previous split (1 or 0)		-1.21 (-1.79)*	-1.16 (-1.56)*	-1.14 (-1.59)*	-1.32 (-1.88)*	-1.343 (-1.93)**		-1.29 (-2.01)**	-1.24 (-1.75)*	-1.20 (-1.77)*	-1.49 (-2.23)**	-1.413 (-2.11)**
Province already at 1965 borders		-2.37 (-2.78)***	-2.31 (-2.87)***	-2.54 (-3.09)***	-1.87 (-1.96)**	-1.969 (-2.63)***		-2.19 (2.78)***	-2.12 (-2.87)***	-2.28 (-2.97)***	-1.71 (-1.94)**	-1.687 (-2.37)**
Years after Party Congress		-0.43 (-2.44)**	-0.41 (-2.36)**	-0.45 (-2.51)***	-0.46 (-2.77)***	-0.460 (-2.70)***		-0.43 (-2.42)**	-0.41 (-2.34)**	-0.44 (-2.46)***	-0.46 (-2.73)***	-0.456 (-2.65)***
Population (ten thousands)		0.01 (2.27)**	0.01 (2.62)***	0.01 (2.50)***	0.01 (1.62)	0.005 (1.28)		0.01 (2.31)**	0.01 (2.65)***	0.01 (2.54)***	0.01 (1.90)*	0.006 (1.54)
Area (thousands of square kilometers)		0.18 (2.97)***	0.19 (3.33)***	0.22 (3.83)***	0.31 (2.62)***	0.280 (3.83)***		0.16 (2.61)***	0.17 (2.98)***	0.20 (3.53)***	0.31 (2.69)***	0.258 (3.53)***
Tonkin		0.57 (1.08)	0.63 (1.02)	0.53 (0.79)	0.28 (0.35)			0.57 (1.06)	0.65 (1.03)	0.53 (0.78)	0.35 (0.42)	
SOE share of provincial industrial output	-0.003 (-0.29)		0.00 (-1.06)	-0.01 (-0.97)	-0.01 (-0.85)	-0.008 (-0.64)	-0.002 (-0.29)		0.00 (-0.25)	-0.02 (-1.01)	-0.01 (-0.73)	-0.009 (-0.68)
Number of provincial compatriots presently serving in Cabinet	-.499 (-1.01)		-0.11 (-0.37)	-1.89 (-2.38)**	-1.84 (-2.21)**		-.641 (-1.23)		-0.15 (-0.50)	-1.86 (-2.33)**	-1.87 (-2.31)**	
<b>Interaction between SOE share and Cabinet members</b>	<b>0.17 (1.86)*</b>			<b>0.04 (2.55)***</b>	<b>0.04 (2.36)**</b>		<b>0.21 (2.09)**</b>			<b>0.04 (2.44)**</b>	<b>0.04 (2.40)**</b>	
Minority					-0.13 (-0.19)						-0.08 (-0.11)	
Border					-1.66 (-1.78)*	-1.770 (-2.34)**					-1.74 (-1.87)**	-1.737 (-2.38)**
GDP per capita					0.00 (0.02)						.164 (2.87)**	
Cabinet (0, 1, 2)						-1.732 (-1.27)						-1.811 (-1.33)
Interaction between SOE and Cabinet (0, 1, 2)						0.036 (1.67)*						0.037 (1.66)*
Constant	-3.54 (-5.73)***	-4.20 (4.94)***	-4.29 (-5.59)***	-3.92 (-4.82)***	-3.16 (-2.56)***	-3.205 (-3.54)***	-3.54 (-5.78)***	-4.12 (5.02)***	-4.24 (-5.83)**	-3.88 (-5.06)***	-3.97 (-3.27)***	-3.209 (-3.69)***
Number of observations	764	764	764	764	764	764	714	714	714	714	714	714
Logit Pseudo R <sup>2</sup>	.039	.335	.336	.368	.402	.384	.047	.341	.343	.373	.405	.390

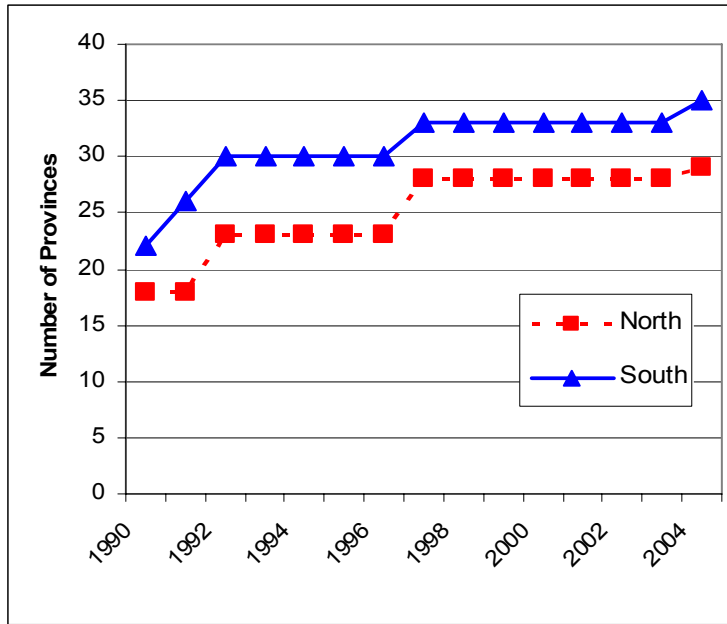
\*Significant at .01 level; \*\* Significant at .05 level; \*\*\* Significant at .1 level; ART= "A Rule of Three" according to Achen, 2002.

<b>Table 7: Predicted Probabilities of Historical Legacy and Years after Party Congress</b>		
<b>Years after Party Congress</b>	<b>Province NOT presently at 1965 borders</b>	<b>Province presently at 1965 borders</b>
1	9.67%	0.82%
2	6.36%	0.52%
3	4.10%	0.34%
4	2.70%	0.21%
5	1.72%	0.15%

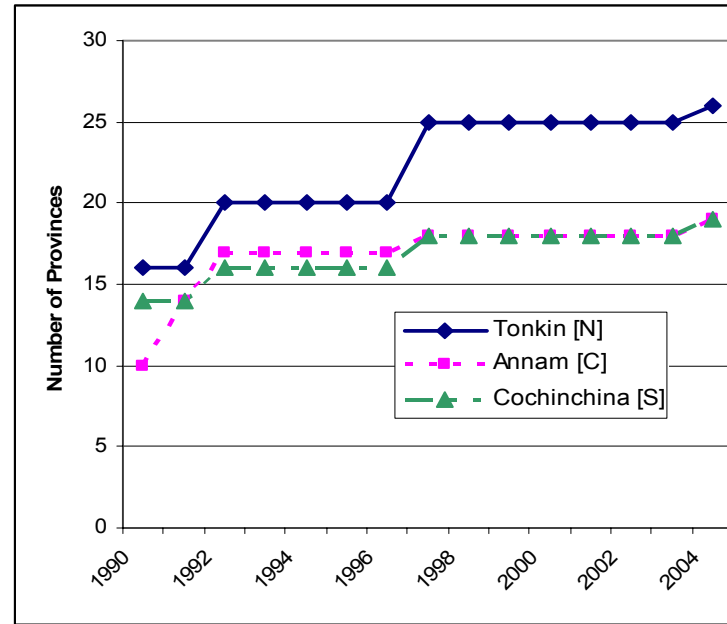
## Figures

**Figure 1: Number of Provinces by Regions (1990-2004)**

*A: North-South (1954 Borders)*



*B: North-Central-South (French Borders)*



**Figure 2: Share of State Sector and Non-State Sector Dominated Provinces (1990-2004)**

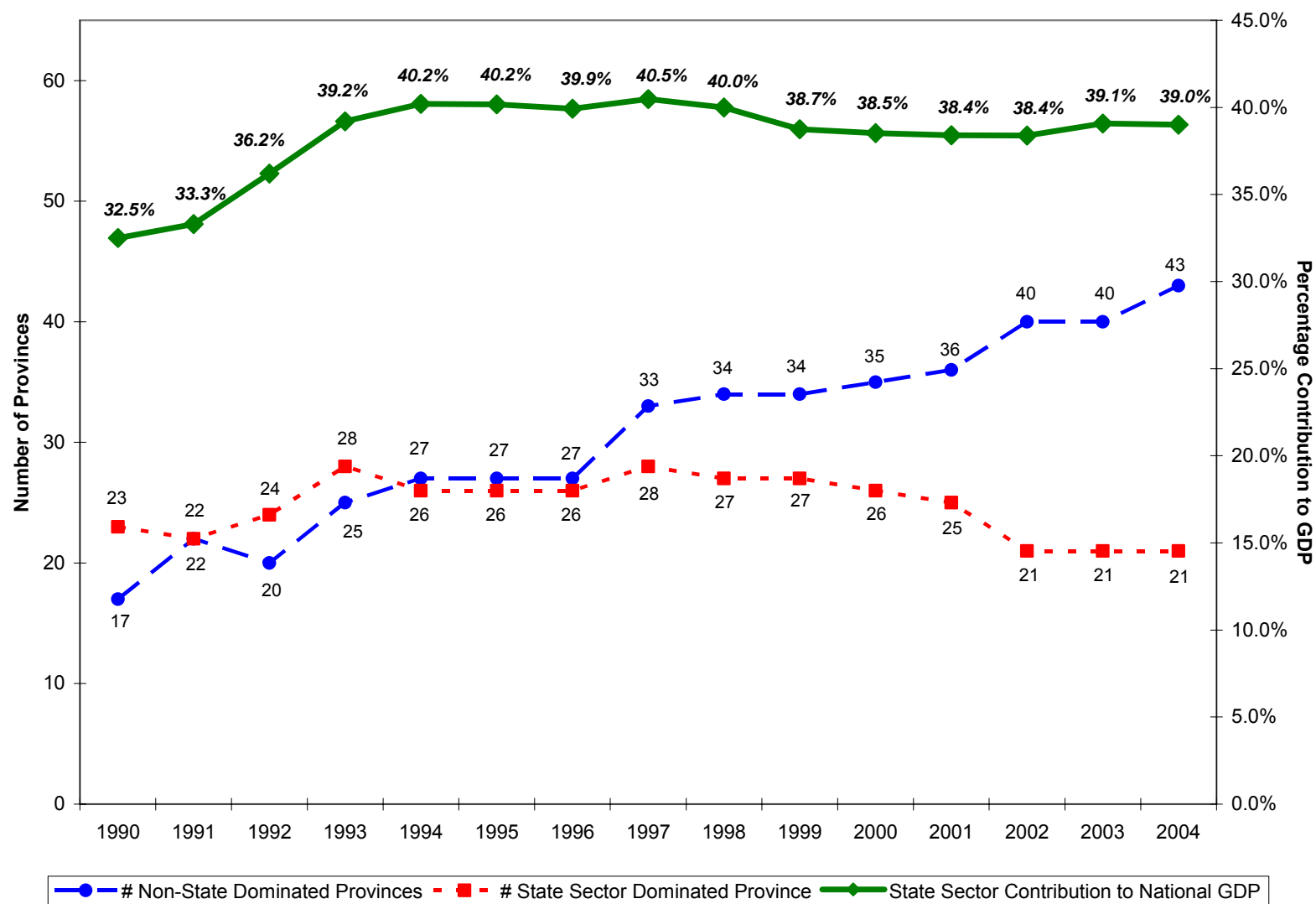
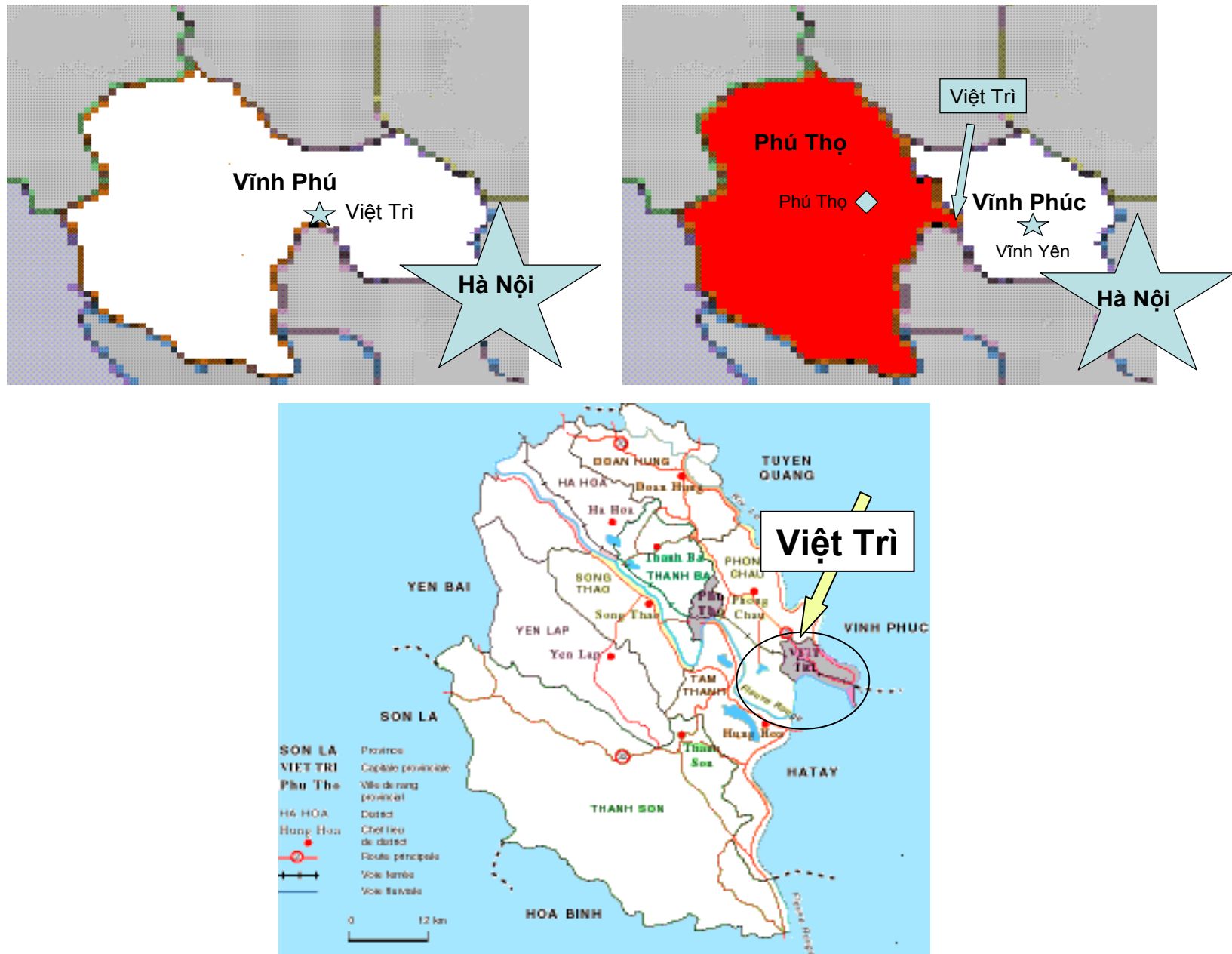
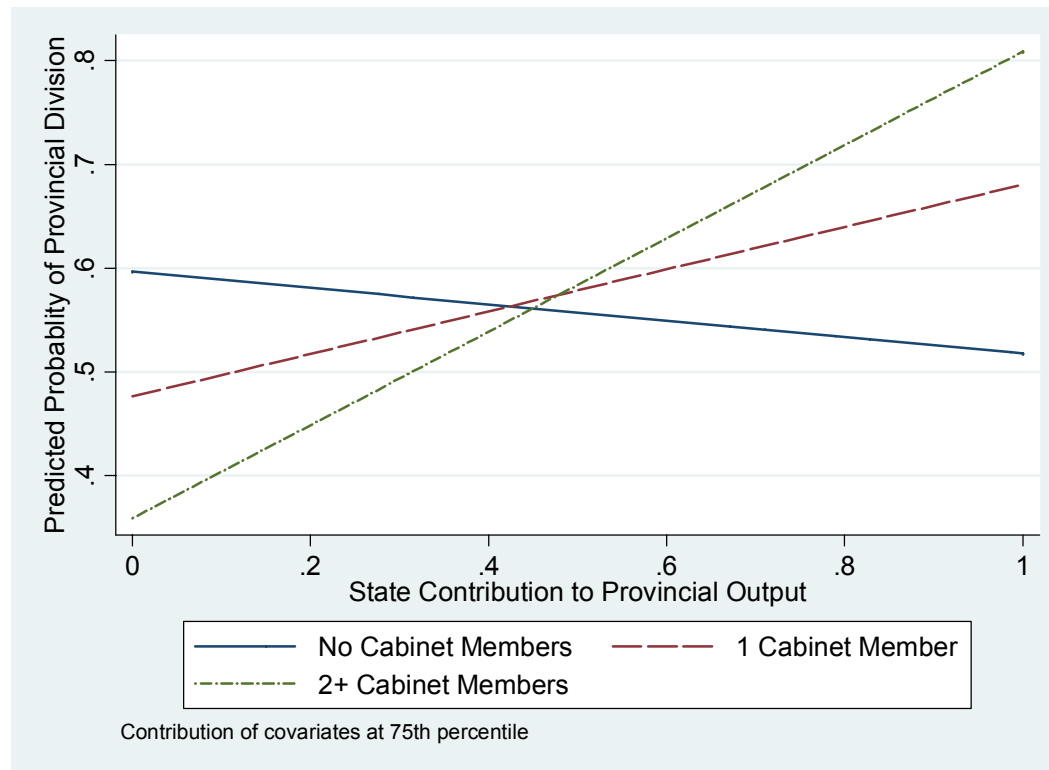


Figure 3: Example of Provincial Splitting of Vinh Phuc Province



**Figure 4: Predicted Probability of Provincial Division**  
(By State Sector Output with Number of Cabinet Officials)



<b>Robustness Test 1:</b> <b>Bi-variate Correlations of Dependent and Independent Variables</b>																
Column	Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	Province Split (1 or 0)	1														
2	Province the result of previous split (1 or 0)	-0.15	1													
3	Province already at 1965 borders	-0.17	0.17	1												
4	Years after Party Congress	-0.09	-0.01	-0.01	1											
5	Population (ten thousands)	0.14	-0.38	-0.09	0.00	1										
6	Area (thousands of square kilometers)	0.18	-0.11	0.03	0.01	-0.03	1									
7	SOE share of provincial industrial output	0.02	-0.02	0.11	0.03	0.06	-0.02	1								
8	Number of provincial compatriots presently serving in Cabinet	0.08	-0.01	0.14	-0.02	0.49	0.04	-0.04	1							
9	Interaction between SOE share and Cabinet members	0.11	-0.06	0.18	0.00	0.51	0.06	0.15	0.91	1						
10	Minority	-0.02	0.11	0.30	0.01	-0.38	0.46	0.18	-0.22	-0.17	1					
11	Border	-0.02	-0.14	0.11	-0.01	-0.18	0.56	-0.05	-0.04	-0.03	0.42	1				
12	GDP per capita	-0.05	-0.14	-0.13	-0.08	0.11	-0.21	-0.16	-0.02	-0.02	-0.18	-0.18	1			
13	Tonkin	0.02	0.06	0.12	0.01	-0.09	-0.15	0.31	0.06	0.05	0.40	-0.19	-0.14	1		
14	Agriculture/GDP	0.07	-0.06	-0.06	0.11	-0.18	0.21	-0.24	-0.15	-0.20	0.25	0.27	-0.31	-0.06	1	
15	South	-0.02	-0.09	-0.21	-0.01	-0.05	-0.04	-0.33	-0.23	-0.21	-0.36	0.03	0.18	-0.87	0.07	1



<b>Robustness Test 2:</b> <b>Cox Proportional Hazard Model of Provincial Separation</b> (Z-Score in Parentheses)				
<b>Time Invariant Properties</b>	<b>Including all provinces and national level cities</b>		<b>Excluding national-level cities</b>	
Province the result of previous split (1 or 0)		0.14 (2.88)***		0.15 (-2.77)***
Province already at 1965 borders	0.09 (-3.32)***	0.09 (3.38)***	0.22 (-1.81)*	0.10 (-3.11)***
Border	0.22 (-1.82)*	0.17 (2.26)**	1.37 (4.22)***	0.17 (-2.20)**
Area (thousands of square kilometers)	1.39 (4.46)***	1.37 (4.72)***	0.08 (-3.13)***	1.33 (4.47)***
<b>Time Variant Properties</b>				
Years after Party Congress	0.66 (-2.76)***	0.68 (-2.36)**	0.66 (-2.70)***	0.68 (-2.33)**
Population (ten thousands)	1.00 (3.27)***	1.00 (2.05)**	1.00 (3.74)***	1.00 (2.71)***
SOE share of provincial industrial output	1.00 (0.75)	1.00 (0.33)	1.00 (0.68)	1.00 (0.12)
Number of provincial compatriots presently serving in Cabinet	0.49 (-1.98)**	0.60 (-1.50)	0.50 (-2.45)***	0.64 (-1.64)*
<i><b>Interaction between SOE share and Cabinet members</b></i>	1.01 (2.06)**	1.01 (1.59)*	1.01 (2.29)**	1.01 (1.53)*
Number of observations	727	727	681	681
LR Chi2	86.9***	97.7***	90.76***	100.45***
*Significant at .01 level; ** Significant at .05 level; *** Significant at .1 level				