



Can Vietnam Become The Next Tiger?

Confucianism and Economic Development in the Southeast Asian Context



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[*Abstract*]

Asia-Pacific Confucian Capitalism is comparable to Atlantic Protestant Capitalism in terms of economic success, as most economies influenced by Confucian culture in East Asia and Southeast Asia are economically well-off in the past 50 years, save for Vietnam. This paper seeks to determine whether Vietnam can follow the path of development of the other Confucian economies, especially in the context of globalization and upcoming regional integration.

In the paper, I will use an analytic framework derived from Weber and Huntington to examine the cultural dimension of Vietnam's economic development. In the domestic field, I argue that the core values of Confucianism continue to contribute to the development in Vietnam in many ways; yet one critical element needs to be tapped: the political culture of strong leadership and efficient bureaucracy. Confucian values for development may be compromised by pushing for democratization too early in Vietnam. On a positive note, Confucianism for Vietnam is instrumental in its regional integration into Southeast Asia since it is integrative rather

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than exclusive. Vietnam's cultural similarity with China may however lead to too much passive learning and conflicts. In conclusion, Confucianism is a valuable asset for Vietnam's economic development, but challenges have to be addressed in order for Vietnam to become the next tiger.

Keywords: Confucianism, Culture, economic development, Vietnam, developmental state

I . Introduction

Whenever I meet scholars of Southeast Asian studies, I always ask them a question: *In your opinion, which country in Southeast Asia is most promising in terms of economic development?* To my surprise, most of them have the same answer: Vietnam. When asked why, one scholar simply put it this way: *Vietnam has the guts.*

The Vietnamese people had fought four major powers (China, France, Japan and the U.S.) until it gained independence in 1975. It is a country seasoned by war. Vietnam has benefited from a program of internal restructuring, a transition from the agriculture to manufacturing and services, and a demographic dividend powered by a young population. The country also prospered since it joined the World Trade Organization in 2007, normalizing trade relations with the United States and ensuring that the economy is consistently ranked as one of Asia's most attractive for foreign investors.

However, since 2008, the national economy has been experiencing a prolonged slowdown. According to official statistics, the average annual growth rate for the period of 2008-2013 was 5.8 %, compared to the 7.6 % for the period of 2000-2007. In 2012, the economy grew only 5.03 %, the slowest in 13 years¹⁾. This growth rate is not ideal for a developing country in a takeoff stage, and the Vietnamese nation remains to be an agricultural

1) Data from the website of Trading Economics (2014). GDP Annual Growth Rate in Vietnam is reported by the General Statistics Office of Vietnam.

and a lower-middle-income economy by World Bank standards.²⁾

Now, there are two competing views about Vietnam's future. Some predict that the country would follow countries such as South Korea and Singapore in leaping onto development within a generation; some others however are pessimistic, and Japanese economist Kenishi Ohno even says that Vietnam has fallen into the middle income trap, where it will experience perpetual stagnation.³⁾

The guts—or national spirit—is important for economic development. Broadly speaking, we need to understand the cultural factors underpinning economic development. This paper aims to discuss the future of Vietnam from a cultural perspective. With a similar Confucian culture as dominant social ideology, can Vietnam follow the developmental path of other successful Confucian economies in Asia? What are the prospects and the challenges?

The paper will be organized as following: I. Introduction; II. Literature Review; III. The politico-cultural dimension of the East Asian development state model and its significance to Vietnam; IV. The role of Confucian culture in Vietnam's integration into Southeast Asia and in its relation with China; and V. Concluding Remarks. In Part I, the research question and content of different parts are outlined. In Part II, two bodies of literature are reviewed, and a revised approach to economic development study derived from Weber and Huntington is proposed. In Part III, the notable differences between Vietnam's political culture and other East Asian developmental states are discussed. In Part IV, the role of Confucian culture in Vietnam's integration in Southeast Asia and in its relations with China will be discussed. Part V is a summary of all major points, with some concluding remarks.

2) World Bank (2014) separates Lower-middle-income from upper-middle-income economies at a GNI per capita of \$4125.

3) Ohno says the country faces a social crisis because it failed to heed warnings six years ago. Vietnam now faces: Slowing economic growth, Low investment efficiency, Rising production costs, Little improvement in competitiveness. Ohno says productivity has grown 3% annually while wages rose 26%. Competitiveness has dropped at an annual rate of 23%.: Ohno (2009).

II. Literature Review

Max Weber and Samuel Huntington have posited that cultural values have enduring and autonomous influence on society. In this section, I will review two bodies of literature with regard to the role of culture.

The first body of literature focuses on the domestic influence of culture, the second on the role of culture in shaping a country's external relations. These two bodies of literature are often treated separately. However, economic development is no longer a purely domestic issue, considering the challenges of globalization and regionalization. The first body of literature is no more adequate in explaining the role of culture in the success and failure of economic development; it needs to be complemented by the second body of literature to become a more powerful approach. The aim of the literature review is to provide a unified theoretical framework for the study of economic development from a culture perspective.

2.1. Confucianism and modernity: evaluating the Weberian approach

The cultural approach to economic development studies started from Max Weber, who tried to understand the connection between fundamental religious ideals of ascetic Protestantism and its maxims for everyday economic conduct.

Max Weber's *The Protestant Ethic and the Spirit of Capitalism* examines how the religious ideas of American Protestants greatly contributed to a rational work ethic that helped establish modern capitalism. Weber notes that in modern times, though hard to substantiate, it was preaching and religious writings that were "the decisive influences in the formation of national character." For instance, in order to prove to their being chosen by God, Calvinists responded to their "calling" by intense, unabated labour. In this way, they hoped to allay their fear of being condemned. Additionally, their frugal, ascetic lifestyle was directly oppositional to the spontaneous enjoyment of life that distracts them from the all-important calling. Thrift, organization, hard work, and energy

foundational values that animated the spirit of modern capitalism as driven by religion.

Through Weber, we may argue that Confucian value-concepts makes modernization untenable. This explains why Chinese society could not have produced modernization on its own, and to this day, those who adhere to traditional Chinese values remain wary of modernization. In Weber, Confucianism may be seen as the very thing serving as the innate force of pre-modern Chinese history.

Weber's thesis of the incompatibility extended to Confucianism and rational entrepreneurial capitalism may be seen as being challenged by the economic miracles of many East Asian countries. Some scholars (Chung, Shepard and Dollinger 1989) argue that Confucianism is compatible with and has facilitated Asian capitalism by its influence on managerial values and practices. According to Weber, the release of tensions created by Calvinism was important motivating force in the development of capitalism in the Occident. It is arguable that Confucianism offers a parallel mechanism to the profit-seeking drive in Western capitalism. In Confucian societies, there also exists tensions between ideals and reality, a motivational mechanism for the development of capitalism in East Asian societies that parallels the West.

Weber posited that the classic model of bureaucracy—with impersonality at its core—is essential to the development and perpetuation of capitalism. The second critique to Weber's position extended in our case is that humanism is an important element in Confucian bureaucracy, and that humanistic bureaucracy can be both effective and efficient for the development of capitalism. Woodside (2012) argues that East Asian bureaucracy became modern much earlier than that of Western countries.

2.2. Clashes within Civilization?: Evaluating the Huntington's Approach

Huntington (2011) believed deeply in the durability of cultural values and the primacy of religion as a shaper of both national political development and international relations. The great divisions

among humankind and the dominating source of conflict tend to be cultural. Nation states will remain the most powerful actors in world affairs, but the principal conflicts of global politics will occur among nations and groups of different civilizations. The clash of civilizations will dominate global politics. The fault lines between civilizations will be the battle lines of the future.

According to Huntington, common culture, in contrast, is clearly facilitating the rapid expansion of the economic relations between the People's Republic of China and Hong Kong, Taiwan, Singapore and the overseas Chinese communities in other Asian countries. With the Cold War over, cultural commonalities increasingly overcome ideological differences, with mainland China and Taiwan moving closer together. If cultural commonality is a prerequisite for economic integration, the principal East Asian economic bloc of the future is likely to be centered on China.

Tu Wei-ming criticized Huntington's understanding of civilizations as rather one-sided and merely representing a fashionable but unhealthy current that has persisted in American society since the end of the Cold War. Although the "clash of civilizations" theory continues to be widely popular, Tu predicted that its influence will decline, because its very foundation is problematic. First of all, it does not correctly represent the mainstream currents in modern civilizations. Tu emphasized that it is more of a dialogue of civilizations, not a clash, that appropriately characterizes this mainstream.⁴⁾ Moreover, conflict exists not just between civilizations; it arises internally, within each civilization system as well. It is arguable that in some cases, cultural similarity may be directly associated with war, whereas religious dissimilarity is inversely correlated with war (Henderson 1997).

Confucianism is integrative and inclusive in nature when it interacts with the other religions, as may be observed with its long historical process of integrating with Taoism and Buddhism. It is not impossible for Confucianism to constructively interplay with Christian and Islamic cultures, as has been indicated by the ASEAN

4) Confucianism and Modernity, Insights from an Interview with Tu Wei-ming by Bingyi Yu, Zhaolu Lu (2000).

integration process. But on the other hand, clashes and conflicts are not rare within Confucian cultures. The Confucian world order is a tributary system centered around China, and in history, this world order was only accepted by China’s neighboring countries cursorily. At the deep cultural and psychological level, Vietnam, for instance, views itself as the center of Confucian world order, and this will potentially lead to conflicts with China.

III. Revising the Approaches of Weber and Huntington: Explaining the role of Confucianism in economic development and modernization

By revising and integrating Weber’s approach with Huntington’s, I believe that the role of Confucianism in the economic development and modernization can be better understood. I summarize it in the following <Table 1>.

Table 1. A revised approach by Weber and Huntington: the role of Confucianism in Economic Development

	Potential Positive influence	Potential Negative influence
Internally	<ol style="list-style-type: none"> 1. Emphasis on education as contributing to a country’s rapid accumulation of human capital. 2. Thriftiness as useful for capital accumulation. 3. A culture of hierarchy and obedience help maintain stable political order, lower cost of social management, and strengthen government in functioning properly in the early stage of development. 	<ol style="list-style-type: none"> 1. A culture of hierarchy and obedience may limit creativity.

	Potential Positive influence	Potential Negative influence
Externally	<ol style="list-style-type: none">1. Confucianism as integrative rather than exclusive to other religion.2. Dialogue of civilizations.	<ol style="list-style-type: none">1. Cultural similarity may lead to too much passive learning from other Confucian states.2. Cultural similarity may lead to conflicts and clashes within the civilization.

In the following scheme, the relationship between Confucianism and economic development in Vietnam will be analyzed within this theoretical framework.

IV. The Politico-cultural dimension of East Asian developmental state model and its significance for Vietnam

A strong authoritarian state and efficient bureaucracy are important institutional factors that contributed to the miracles of East Asian developmental states. These institutional factors are well supported by Confucian values such as loyalty, hierarchy, and obedience. These societies did not embark on democracy until they reached a certain level of economic development.

Vietnam differs from other East Asian developmental states and China as it introduced democratic reform at an early stage of development. Though democracy in Vietnam is still limited, it has weakened the capability of the leadership. Because democracy is a political system alien to Confucian tradition and culture, it is slow to change, pushing democracy too fast or too early in a Confucian society and causing social instability and chaos. Without tapping into the underpinning culture of a society, democracy will not function properly, and the economic development will be compromised.

It is true that Vietnam is developing in an age of globalization, and the international environment is quite different

from that of the development states in their developing stage. However, this does not mean the experiences of East Asian developmental states are invalid, as strong states are even more important in resisting the turbulence of globalization. Technology and information do not necessarily diminish the potential of developmental states in East Asia. With the states' vision of progress and rapid digitalization, high technology and information may serve as catalysts of state formation and agency in creating rational consciousness that could be not be subverted by day to day political conflicts.

3.1. Cultural Dimension of East Asian Developmental State Model

In his study of industrialization in East Asia, Vogel (1991) summarized the important factors that led to the rise of Confucian economies: U.S. aid, destruction of the old order, urgency of a political and economic crisis, eager and plentiful labor force, and Confucian ethics.

Confucian values are culturally important in the developmental state model. Confucianism is a Chinese philosophical system that concentrates on human morality and behavior in a hierarchical society, and its cultural values have been institutionalized in many East Asian countries, such as China, Japan, Korea, and Vietnam, for more than 2,000 years.

Chalmers Johnson (1982) started the study of developmental states when he accounted for Japan's ideal type of an interventionist state, typically discoursed by Weber. The Japanese developmental state has been successfully emulated in South Korea, Taiwan, Singapore, and Hong Kong. A comparative analysis of the state of Newly Industrialized Countries (NICs) allows variations of the developmental state to emerge from the background, illustrating the astonishing economic growth in East Asia. The East Asian development states share two important features:

First, their political system is characterized by centralized power structures and a strong drive to eliminate or subordinate

all potential centers of countervailing power, a necessary condition for economic development, at least at a relatively early stage.

Second, they possess an efficient bureaucracy. In his book *Embedded Autonomy*, Peter Evans (1995) combines Weber's bureaucratic insulation with tight connection to surrounding social structures. The state's autonomy is embedded in a concrete set of social ties that bind the state intimately to society and to particular social groups, providing institutionalized channels for the continuing joint adjustment and transformation of goals and policies. The developmental state's informal networks, both internal and external, further enhance coherence of the bureaucracy. Internal networks are fundamentally dependent on a strict selection process, and refer to ties among classmates at elite universities from which officials are recruited. In this system, competence—and not clientelistic ties or loyalties—is the chief requirement for entry into the network, making it valuable among loyal members.

In Japan, the highly selective recruitment of civil servants and long-term meritocratic rewards create commitment and a sense of corporate coherence. As such, the behavior of bureaucrats is bound to pursue collective goals rather than individual opportunities presented by the market, allowing the state to act with autonomy from certain societal pressures.

Singapore's development has depended on a network of well-coordinated agencies led by the Economic Development Board (EDB). These agencies enjoy significant political backing, independence, and control over substantial economic resource. Moreover, they are largely shielded from the normal constraints of democratic politics by Singapore's dominant party system. The Ministry of Trade and Industry (MTI) is responsible for soliciting foreign investment, directing investments into strategic sectors, and maintaining ties with international business clientele (Chu 1999). State enterprises are required by law to break even and are subject to fiscal and monetary restraints. The incumbent government elite has had a successful track record in dealing with external economic fluctuations and possesses an institutional capacity for long-term bargaining with all the major sectors of

society (Mckendick 2000). In instances of economic downturn, economic officials can obtain the cooperation of these sectors with tightened policies, allowing Singapore to manage its national economy effectively in light of global economic changes.

Authoritarian modernization in East Asian developmental states is well connected with and supported by Confucian values. Confucianism encourage both impressive economic performance and the maintenance of authoritarian rule. Confucianism values family, groups, norms, and social harmony, as well as moral, political, and economic order over the individual and personal freedom. Good governance is to be popularly perceived not by its impersonal enforcement but by its embodiment of virtuous leadership. These norms give governments more authority to regulate personal conduct and morality. Hierarchy is the core notion in human relationships, and because of this, centralized state power is expected to improve administrative efficiency and play a leading role in mobilizing human and material resources necessary for rapid industrialization.

By justifying the existence of hierarchical political systems and the need for the centralization, meritocratic bureaucracy operates within an authoritarian political tradition, with the Confucian value system generating particular institutional outcomes manifesting in the political system and in industrial organizations.

3.2. Vietnam's weakness in government capability and bureaucratic efficiency

Located in the center of Southeast Asia, Vietnam has deep Chinese cultural roots being under Chinese rule for over a thousand years. Confucianism shaped its strong economic and cultural dominance until the French colonization in the 1800's. Despite the weakened Confucianism in Vietnam after the French colonization, Confucian values still persisted in the country's domestic, social, commercial, and educational systems.

Although feudalism found itself being phased out in the early 20th century, Confucian values still animate Vietnamese

consciousness. The Confucian legacy still pervades in Vietnamese contemporary society as can be seen in the subscription to hierarchical relationships, as well as the emphasis on education, family, and community (Jamieson 1979).

Confucian values also provide some important conditions for economic development in Vietnam, especially in human capital and social stability. Confucianism places emphasis on hard work, diligence, and the valuing of education, given that such traits are widely perceived to be the most acceptable means of career mobility in a hierarchical system. Considering this, Confucianism may be perceived as encouraging rapid human capital formation. According to Vu (2013), Vietnam's human capital—measured by life expectancy, internet access, and number of students studying in the United States per 1,000 population—is already comparable to China's. For instance, the results achieved by Vietnam in the recent OECD's Programme for International Student Assessment (PISA) test—which rated higher than the OECD average on all the three test subjects: Mathematics, Science, and Reading—indicate the strength of Vietnam's human capital.

Starting with economic reforms in 1987, Vietnam has pursued an export-led growth strategy based on more open markets and increased foreign direct investment. Despite marked economic progress, Vietnam remains to be a low-income developing country, ranked lower on competitiveness indices than most of its neighbors in the Southeast Asian region. Vietnam remains the second largest exporter of rice and coffee in the world, and its agricultural sector employs 52% of workers. However, technology-based exports constitute a small share of total exports. Continued economic growth in Vietnam, and its ability to compete in global markets depend on increasing investments in education and technology-based production. The national innovation system needs to be strengthened in terms of public research, incentives to research and development, and technology transfer and linkages between the public and private sectors, particularly with foreign firms.

It is arguable that Vietnam's underperformance has been

driven by leadership-related factors. Developments at the 6th Party Plenum highlighted a significant aspect of the leadership crisis.⁵⁾ The power structure is highly diffused rather than concentrated. The Central Committee has become more powerful and independent vis-à-vis the Politburo. This has made it harder for the Party to forge consensus at the top. The leadership of the Communist Party of Vietnam (CPV) is also shared among the CPV general secretary, the state president, the prime minister, and the chairperson of the National Assembly. Compared with Chinese Communist Party (CCP), the CPV general secretary, does not have enough authority. Such a power structure of CPV means weakened leadership.

The party's leading Politburo already ordered a preparation plan for the direct election of the general secretary of the National Congress, though such a reform could also determine the election of the state president by the National Assembly. Vietnamese leadership initiated a host of reform proposals in an effort to reinvigorate the stagnating economy and restore public confidence in the Party and the government. For example, Vietnamese Prime Minister Nguyen Tan Dung approved a new master plan on economic restructuring for the 2013-2020 period. The plan prioritized reorganizing public investment by allowing private investment in state banks and enterprises, increasing transparency and oversight in the financial sector, restructuring and reducing the number of state-owned enterprises, and redefining the state's control. The Party has also initiated a broad anti-corruption campaign. The National Assembly publicly approved amendments to the 2005 anti-corruption law, giving the Politburo control of the Anti-Corruption Steering Committee and shifting power from Dung—widely perceived to be involved in corrupt practices—to the Party General Secretary. However, Due to the resulting political paralysis, these policies in Vietnam have not been as effective as the anti-corruption movement lauched by President Xi Jinping in China.⁶⁾

5) See the report “Leader opens Sixth Party Central Committee plenum in capital” in *Vietnam News (VNS)*, October 22, 2012.

6) Fforde (2013) found that foreign governments and businesses no longer expect that

In comparison to Vietnam, China was inspired by the East Asian miracle right from the early years of reform. The Chinese Communist Party has made an effort to ensure the strength of its leadership, boldly launching experiments in economic reform while keeping conservative political reforms. Apart from the central government, local government also played very important roles in developing the economy, leading to localized developments. Vietnam has tended to passively follow the Chinese experience in economic reform, neglecting fact that the Chinese model is an indigenous economic model tempered by the Chinese political and cultural system. Vietnam is more liberal in political reform, which may be the reason for its weakened leadership. In terms of promoting good governance, the Party has been intensifying its fight against corruption. However, as noted above, these efforts have proven to be ineffective due to the pervasive culture of corruption in the Party and the business sector.

Table 2. 2013 Corruption index of Confucian economies⁷⁾

	Name	World ranking	Score
1	Singapore	5	86
2	Hong Kong	15	75
3	Japan	18	74
4	Taiwan	36	61
5	South Korea	46	55
6	China	80	40
7	Vietnam	116	31

decisions backed by the Politburo of the CPV are enforceable, whether it has to do with the South China Sea, relations with the U.S. or international institutions such as the World Bank and the International Monetary Fund. Economic growth has slowed, and a wide range of economic policies remained unused, especially measures to control corruption and regain macroeconomic stability.

7) The table is made by the author based on 2013 corruption Index of Transparency International.

V. The role of culture in adapting to Southeast Asian integration and in its relation with China

Vietnam's membership in the ASEAN and its relationship with China are vital to the its development. Vietnam's future relies on its maintaining a close friendship with China and collaboration in the ASEAN. These relationships will certainly provide prosperity, stability, and security to the South East Asian. Confucianism as a cultural factor can influence the process of regional economic development.

4.1. The role of Confucianism in Vietnam's partnership with ASEAN

The major religious inheritance from China—Confucianism, Taoism, and ancestor worship—have coalesced with ancient Vietnamese animism to form a single entity: “tam giao”, meaning, “triple religion”.

Diverse thoughts and social movements emerged and happened in Vietnam, and Confucianism has integrated with different religions and culture. During this process, Confucianism has adapted to these differing social thoughts and integrated with them in Vietnam.

Table 3. Culture and social movements in Vietnamese history

Confucianism	Colonialism	Nationalism	Socialism	Capitalism	Informationalism
Buddism, Taoism	French culture	National identity	Marxism, materialism	Liberalism, Global consumerism	Technology

Vietnam became a full member of ASEAN in July 28, 1995. With Vietnam's Membership, ASEAN now represents a market of about 420 million people and a regional Gross Domestic Product (GDP) of over US \$ 500 billion. ASEAN is also now a step closer in integrating all ten Southeast Asian Countries. Vietnam's accession to the various ASEAN agreements demonstrates its commitment to economic cooperation in the region, to the opening up the economy, and to trade liberalization.

Confucianism may be potentially useful in furthering Vietnam's integration into the ASEAN economy. Confucianism is a worldly and pragmatic philosophy, and it is also against religious fundamentalism since it can accommodate different thoughts. In history, it has successfully integrated with Taoism and Buddhism. As there are several Buddhist countries in ASEAN, the mutual understanding through culture will be instrumental for deepening ASEAN's economic integration.

Vietnam's unique Cao Dai religion combines Confucianism with Christianity, Taoism, and Islam. Cao Dai is a syncretistic, monotheistic religion officially established in the city of Tay Ninh, southern Vietnam in 1926. It is a bold attempt of Vietnamese people to bridge cultural and religious differences, which may become useful in facilitating integration in ASEAN community.

4.2. Vietnam's relationship with China: A clash within a civilization?

No country in Southeast Asia is culturally closer to China than Vietnam. Confucianism was introduced into Vietnam during the Chinese colonial periods as a system for guiding moral and social values for setting up the structure of society and government.

The two countries also share the Communist ideology, but they still have significant points of divergence. In recent years, regular confrontations in the South China Seas resulted in tension. The most recent protests in Binh Duong suggest that nationalism could easily get out of hand, posing a great risk not only to the business environment and economic development in Vietnam.⁸⁾

From a cultural perspective, these conflicts are rooted in the Confucian view of world order—the *Tianxia*, which corresponds with China's history of sinocentric tradition, where the middle kingdom is viewed as the de facto centre of world power, and all foreign states mere tributaries. The concept of *Tianxia* is closely associated with civilization and order in classical Chinese philosophy, and has formed the basis for the world view of the

8) More information about the riot in a report by Markinen (2014) in the *Los Angeles Times*.

Chinese people and nations influenced by Chinese culture.

Tianxia has been independently applied by other countries in the East Asia, including Japan, Korea, and Vietnam. The Vietnamese concept of *Tianxia*, along with cultural identity, may be traced to the Yuan Dynasty's invasion in the 13th century. The Tran Dynasty defeated the Mongol-Chinese armies and the Vietnamese adopted their own view of *Tianxia* (Tarling 1999: 149-50).

China's re-emergence as the central power in Asia has raised the question of the possible relevance of its pre-modern patterns of external. Callahan (2008) argues that *Tianxia* presents a new hegemony where imperial China's hierarchical comes to us in the 21st century. As Vietnam had a similar but independent view of *Tianxia*, this cultural similarity could be a cause of conflict. However, the contemporary world thrives in difference, and it is not impossible to manage the tension between China and Vietnam.

VI. Conclusion

Economic development may be associated with shifts away from absolute norms and values, and movements toward values that are increasingly rational, tolerant, trusting and participatory. However, cultural change is path-dependent and slow. From a cultural perspective, Vietnam should have a lot of potential for economic development if it elects to follow the experience of East Asian Developmental states in improving government capability and bureaucratic efficiency. The East Asian developmental state model is still an effective pattern for Vietnam, at least in its early and current development stage.

Confucian capitalism has its variant forms in East Asia and Southeast Asia. Except for the core values, the Confucian developmental states vary to a great extent in many features such as social behavior and business organization. Vietnam resembles China and it is natural for Vietnam to look up on China as

model for economic development and reform. However, Vietnam should be conscious of not learning too passively from China. The traditional cultural notion of *Tianxia* should also be reconsidered for successful management of conflicts between the two countries.

Confucianism can potentially play a positive role in Vietnam's integration into the ASEAN. Dialogue may take place among modern Confucian, Buddhist, Islamic, and Western cultures. ASEAN has set up an institutional and normative framework within which Confucianism can have a constructive interplay with the other social thoughts.

In the end, as this paper is exploratory, some arguments may still need to be sufficiently substantiated. In the future, more effort will be made to validate these hypotheses.

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