The Budget System in Different Political and Administrative Contexts: Korean and Vietnamese Perspectives

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Introduction

THIS ESSAY is intended to present some reflections on my recent experience of lecturing to Vietnamese administrators on Korean public finance and budgeting.

In April 1996, the National Institute of Public Administration of the Socialist Republic of Vietnam invited Korean public administration scholars to give a series of lectures to Vietnamese officials on the theme of ‘Korean Experience in Building a Modern Public Administration’, and to share their experiences on Korean development and public administration. A team of four Korean scholars was sent to Hanoi from 16 June to 1 July 1996, under the auspices of the Korean International Cooperation Agency (KOICA) which handles foreign assistance programs. The KOICA has been supporting technical and economic assistance programs, but it was the first time that the KOICA supported such a lecture program.

There were four topics in the lecture series: Urban Management, Economic Development, National Land Development, and Public Finance and Budgeting. I was assigned to give lectures on the subject of ‘Public Finance and Budgeting in Korea’.

The Vietnamese participants in the lectures were very cordial, attentive and receptive to our experiences, to learn valuable lessons for the national development of Vietnam. I was impressed with the sincerity and openness of their attitudes. However, in retrospect, I have some lingering doubts as to whether it could really have been possible to convey the crucial points of Korean experiences to Vietnamese public officials who live under a political and administrative context which is radically different from that of ours, in addition to the language barriers. I am still very curious how they might have interpreted and understood the contents of my lectures.

This essay is an attempt to understand their possible interpretation of the Korean case. In other words, this is a reinterpretation of their possible understanding of Korean public administration.

General Assumptions Underlying Technical Assistance

From such an effort of interpretation of my experiences, I would like to draw some implications for training of foreign public officials conducted under a technical assistance program. In the past, we have received various types of training in public administration
under various kinds of foreign assistance, with widespread ramifications on national development. I assume that most of the assistance programs have been successful and beneficial, and the innovative ideas have been properly disseminated. But, in some cases, some doubts have been cast on the relevance of administrative theory and practice of foreign countries. As far as Korea is concerned, we have interacted with scholars from foreign countries which presumably have similar political context to ours. Moreover, we expected that administrative improvements would also help to enhance the capability of other institutions. Therefore, in such cases, we were inclined to interpret some incongruence or mismatch of administrative practices with the prevailing cultural and political context, to be remedied in the course of socio-economic and political development.

The Problem of the General Assumptions

However, I think that my experiences with Vietnamese officials cannot be interpreted as we did in the past about our interaction with foreign scholars. In our case, we often thought that foreign administrative theory and practices can more easily be applied if our political system develops also along the line of ‘advanced countries’, meaning modernized Western democracies. Perhaps, we should not make such an assumption in the case of Vietnam: if we do, we may be subverting the basic orientation of the Vietnamese political system. Our theory of public administration is geared to the liberal democratic political system, whereas Vietnam is still officially a socialist republic, even though it is now undergoing a tremendous transformation in the name of renewal.

The problem is not new, and it has been recurrent in development administration. In a review of ‘the heyday of the comparative administrative movement’ of American public administration experts, Professor Heady remarked as follows:

Underlying these administrative manifestations were certain value and contextual orientations which helped explain the specifics of technical assistance recommendations. The instrumental nature of administration was the core value, with related supportive concepts of efficiency, rationality, responsibility, effectiveness and professionalism. Education and training projects, including the sending of thousands of individuals to developed countries and the establishment of about seventy institutes in developing countries, were designed to inculcate these values as well as transmit technical normative elements, particularly the commitment to responsibility as a basic value, which, in Siffin’s words ‘predicated upon a certain kind of socio-political context - the kind of context which is distinguished in its absence from nearly every developing country in the world’. This context included economic, social, political and intellectual aspects drawn mainly from U.S. experience and to some extent from other Western democratic systems. Politically, for example, these systems operated ‘within reasonably stable frameworks, with limited competition for resources and mandates. In this milieu, administrative technologies provided order more than integration. The political context of administration was generally predictable, supportive, and incrementally expansive’. In this and other respects, Siffin concluded that ‘the radical differences between the U.S. administrative context and various overseas situations were substantially ignored’ (Heady, 1991: 21).

The problem of context becomes a little more complicated in the case of lectures given by the Korean scholars to the Vietnamese public officials: it is not merely the problem of differences between U.S. or western administrative contexts and Vietnam. What are involved are differences among western, Korean, and Vietnamese situations.
Heady also said that ‘Even an elementary understanding of public administration in the Soviet Union and in the countries of Eastern Europe—requires a drastic reorientation of the expectations based on experience in Western constitutional democracies’ (1991: 250). If we rephrase the above statements, we may say that an understanding of public administration in Korea by the Vietnamese officials might have required some reorientations based on experience in socialist systems. Moreover, Korean public administration is not a reincarnation of the so-called ‘classic bureaucracy’ of the western countries.

In short, I am saying that Vietnamese officials would have required a reorientation to understand Korean public administration which is neither a typical western model nor a socialist type.

Then, how can we assimilate or incorporate some of the foreign practices without undermining the basic framework of a political system? Is it possible to change partially without changing the whole direction of a system? And is it politically ethical to advocate some practices which might be interpreted as subversive ideas to the country receiving foreign aid?

Even though we emphasize the importance of the cultural and political contexts of public administration, I think that there are some basic functions to be performed in every administration, and there would be no difficulty of understanding those basic functions in foreign experiences even if the contexts are different. Therefore, a reorientation would be required to understand or borrow some, not every, aspect of foreign public administration.

Outline of the Paper

These are some of the questions lingering in my mind, and I will approach the questions as follows:

I will briefly discuss the logic of explanation and interpretation in order to clarify the orientation of this paper. Such a discussion needs also some comments on bits, context, and meta-context, and the levels of analysis.

From the outline of my lecture notes on the Korean budgeting system with its presumed liberal-democratic context, I will summarize some of the questions raised by the Vietnamese participants and my response to their questions. In order to understand their questions and my answers better, we may need to know the respective political contexts under which questions and answers are exchanged; I think they raised most of their questions in the Vietnamese political context and I answered in the Korean political context. Therefore, it may be helpful if we know the Vietnamese political context. To search for a clue of the Vietnamese context, I will summarize some portions of the address made by General Secretary Do Muoi at the opening of the VIIIth National Congress of the Communist Party of Vietnam (28 June 1996). With such a background information, I will reinterpret the questions of the Vietnamese officials.
In the conclusion, I will start with the known fact that administrative theory and practices in a country can best be understood if we first understand their political context. This implies that public administration training or education of foreign participants should be carefully designed in advance with consultation of experts from the recipient countries in order to enhance the relevance of foreign experiences to the needs of the recipients. What is added in the conclusion is my own interpretation of the questions of Vietnamese officials under a reconstructed context of mine.

I would like to make it clear that this paper is neither an analysis of the Vietnamese political system nor a full-scale presentation of training programs in public administration. It is confined to my unique personal encounter and retrospective reflection.

**Interpretation or Understanding and Context**

*Explanation and Interpretation*

This paper is not an attempt to explain the behavior of the Vietnamese participants to my lectures; rather, it is an attempt to interpret or understand the meaning of the questions they raised after each of my lectures.

For the purpose of this paper, it seems to be necessary to make a few comments on the differences between ‘explanation’ and ‘interpretation’. According to mainstream social scientists, an explanatory argument needs at least three statements, and the conclusions *(explanandum)* should be derived from the premises *(explanans)* (Kang, 1995).

The three necessary component statements are: (1) statements describing the events to be explained *(E)*, (2) statements of antecedent or concurrent conditions of the events to be explained *(C)*, and (3) general laws which govern the relations of the conditions and events *(L)*.

Statements L and C are premises or *explanans* of explanatory arguments and the statements of E are the conclusions or *explanandum*. The conclusion must be logically derived from the premises to have an explanatory power. This is the so-called covering-law model, or the deductive-nomological model, of scientific explanations.

There are numerous criticisms against the above mentioned deductive-nomological model of explanation. Some of the criticisms are raised from a radically different approach to scientific activities and from a different perspective on the goals of science. Mainstream social scientists claim that the goal of social science is to explain and predict social phenomena, whereas some critics claim that the goal of social science is to understand the meaning of human action. In order to understand the meaning of human action, we need to interpret desires, beliefs, and actions of the actors, instead of explaining their behaviors.

If we follow the above arguments of the critics, it seems to be more appropriate to try to interpret the questions of the Vietnamese public officials who attended my lectures,
rather than to try to explain their behaviors, because we may not be able to explain their behaviors from their questions alone and it may not be meaningful even if we can explain them. If we try to explain, the answer may be very simple and ridiculous, since it cannot say more than that people with different backgrounds have different understanding of the same information.

Hence, this paper tries to understand the actions (questions) of the Vietnamese officials with an interpretation of the meaning of their remarks.

Problem of Context and Levels of Analysis

Nature of Context

It is often said that there are three levels of information or knowledge: bits, context, and meta-context. The bits of information are not structured or systematized, whereas information with a context or a meta-context are structured or systematized. The bits of information can easily be rearranged without the constraints of contexts, and thus they can be combined in various ways for innovation or renovation. The information or knowledge with a particular context cannot be so easily rearranged without changing the meaning of information. In this line of reasoning, if a creed-like meta-context is tightly applied to information and knowledge flows, then the lower level contextual knowledges and bits of partial information also may be constrained in its nature and scope of variations.

Levels of Analysis and Theoretical Perspectives

In social analysis, it may be convenient to think of three levels of analysis: individual, organizational, and societal levels. If we take a perspective which provides a meta-context at the societal level of analysis, analysis of phenomena at the individual and organizational levels will be constrained by such a meta-context.

According to a state theory, there can be three theoretical perspectives for a capitalistic state: pluralism, managerialism, and neo-Marxism (class). The ‘home domain’ of pluralism is individual level of analysis, whereas the ‘home domain’ of managerialism is organizational level, and the ‘home domain’ of class is societal level. (The discussion of levels of analysis and theoretical perspectives are from Alford and Freidland, 1985, Chapters 1, 2 and 17).

If we take a class perspective at the societal level of analysis, then, the analysis at the organizational and individual levels will be influenced by such a perspective. In other words, the theoretical perspective at the societal level is providing a meta-context to the lower levels of analysis. However, this does not mean that the other perspective cannot provide a framework for the other level of analysis. The managerial and pluralistic perspectives can also be used to analyze all of the three levels of analysis, respectively. But the theoretical significance will vary depending upon the perspective used at a particular level. In other words, theoretical meaning of pluralistic analysis at the individual level
will differ from the theoretical meaning of managerial analysis of the same individual level even though the empirical referents are the same.

The point of the above discussion is that there are particular theoretical perspectives which are more relevant to certain level of analysis and hence provide a better explanatory framework than the other perspectives.

**Interpretation and Context**

If theoretical perspective and level of analysis, as context or meta-context, are crucial in determining the theoretical power of explanation, then those contexts seem to be even more crucial in determining the meaning of actions of social actors. In other words, we need to locate the specific context of social actions to interpret and understand their meanings. According to Heady again:

The modern nation-state is sure to have as one of its political institutions a public service that meets the minimal structural requirements for bureaucracy as a form of organization, but that there is no standard pattern of relationship between public bureaucracy and the political system as a whole. Factors of crucial importance that affect these relationship include the stage of political development of the nation-state, its political regime characteristics, and the nature of the program goals it has chosen for accomplishment through administrative instrumentalities (Heady, 1991: 452-453).

This is an example of the statements concerning the relevance of the political context for explanation and interpretation of behaviors and actions of the bureaucrats in the government.

To come back to the main theme of this paper, I am arguing that I might have given lectures on a theoretical perspective or context different from those held by the Vietnamese public officials who attended the lectures. They might have accepted our developmental experiences as bits of information or knowledge to be incorporated within their political and administrative context.

**Context, Lecture, Questions and Answers**

**Public Finance and Budgeting in Korea**

**A FRAMEWORK FOR THE BUDGETING SYSTEM**

As an introduction to my lecture on public finance and budgeting in Korea, I used a framework for the budgeting system which is composed of three parts: analytical content, political and administrative institutional context, and accounting and management information system.

The analytical content refers to the relations of budget inputs to programs (process), outputs, and outcomes of budgeting. In general, we may assume that these relations are
derived either explicitly or implicitly from the comprehensive plan, sectoral and functional plan, and fiscal and tax policies. The relations are logical and analytical.

However, the actual analytical contents are not free from the characteristics of a particular political system. In other words, specific contents of the budget are provided by the actors who work within a particular political and administrative institutional context. In a liberal democracy, there are built-in division of power and checks and balances between the executive and legislature in a budgetary process.

There are two important considerations in the operation of such a budgetary process: the first is the executive budget system and the second is the oversight by the legislature. In modern government, it is common that the executives are given the power of budget preparation, because the administration has the manpower and expertise. Since the budget is prepared by the administration, it becomes even more important that the legislature should exercise the power of the purse to curb excessive expansion of the budget size and to control also any undue expansion of administrative discretion. In order to exercise the power of the purse, the legislature authorizes the budget, and the execution of the authorized budget by administration should ensure the implementation of the legislative intent and keep the financial limits set by the legislature.

A budget is composed of revenue and expenditures, and thus it needs a good accounting system in order to be able to evaluate performance of budget operation.

The above mentioned analytical contents, political and administrative institutional context, and accounting and management information system are mutually reinforcing. If there is a defect in any one of these component parts of the budget system, the overall operation of the system will also have that much defect.

**BRIEF OUTLINE OF THE LECTURE ON PUBLIC FINANCE AND BUDGETING IN KOREA**

The underlying assumption or principle of the above framework for the budgeting system is the liberal democracy of a capitalistic state. The Republic of Korea is a state which is based on pluralistic liberal democracy and capitalism. In order to explain the experiences of Korean public finance and budgeting during the developmental decades (1960s to 1980s), I organized my lecture notes into ten chapters, but the content can be divided into three parts.

1. Political History. The first part (Chapter One) was a brief description of Korean political history since 1945 in order to provide some background information for the subsequent chapters. Even though Korea is praised for its remarkable economic development, its political system has experienced frequent instability and crises.

Such a mismatch makes it very difficult for us to explain to foreigners who are not Korean experts the relations between Korean politics and economic development.
If we use the perspectives of capitalistic state mentioned in part two of this paper, we might say that the capitalistic economic development programs in Korea were implemented by the bureaucracy under the authoritarian political regime. The institutional logics of democracy, bureaucracy, and capitalism have tensions among themselves. At the same time each institution has its own internal tensions: consensus versus participation in democracy, centralization versus decentralization in bureaucracy, and accumulation versus class conflict in capitalism. Therefore, the most ideal situation of the political system might be a harmonious interaction of all of the internal and external logics of the institutions. However, it is very difficult to achieve such a balance or harmony. In the case of Korea, we may say that the capitalistic accumulation was attained under the centralized bureaucracy with limited democratic participation, which led to frequent political instability and crisis due to unbalanced development and uneven distribution of income and wealth. For this reason, some scholars classify Korea as one of ‘the law-and-order regimes of collegial bureaucratic elite systems’ which belong to a category of ‘bureaucratic-prominent political system’ (Heady, 1991: 329-333).

2. Korean Public Finance and Budgeting. The next eight topics described Korean public finance and budgeting using the above mentioned framework for budgeting system and political history as background information. The main contents of the second part are as follows:

Chapter Two: An Outline of Public Finance in Korea
Three: Public Expenditure
Four: Tax Development and Institutional Reforms
Five: The Budget System
Six: Budget Preparation
Seven: Budget Authorization
Eight: Execution of the Budget; Closing of Accounts and Auditing
Nine: Budget Reform

Unfortunately, due to the limited number of sessions allocated to my lectures, I was not able to cover fully the details of the above contents. I had to highlight some of the salient features, perhaps leading to some biased presentation of Korean public finance and budgeting.

But I am afraid that those points might not have been well understood by the Vietnamese participants because of the difference of the political and administrative concepts of budgeting in Korea and Vietnam. One of the difficulties was, for example, to define ‘the public sector’ and to explain ‘the structure of public finance’. In a socialist state, it may be difficult to conceptualize a public sector, which is composed of general government and public enterprises, because every activity could have been considered as public in a collectivist country. If it is difficult to conceptualize the public sector, it may also be difficult to understand the classification of funds or accounts such as general account, special accounts, and special funds. Even for us, it is very difficult to differentiate special funds from special accounts, the legal provisions notwithstanding.
3. Recent Efforts Towards Government Reforms. The third part (Chapter Ten) of my lecture was a description of the continuing effort toward government reform in Korea since 1993 after the present President Kim Young-Sam took office. Since I had described and explained the past experiences of Korean public finance and budgeting, I thought that it might be helpful to review some of the continuing efforts towards government reform in Korea.

As I mentioned earlier, Korea has been praised by many scholars from abroad because it was able to achieve a remarkable economic development within a very short span of time and was also able to attain democracy. However, we still have many serious problems to be solved for a sustained development. The Kim Young-Sam government has been trying to remedy the past wrong-doings and shortcomings under the name of creating a ‘New Korea and New Economy’.

One might ask, ‘What are the serious problems and what is the meaning of the characteristic features of the reforms undertaken during the past three years by President Kim Young-Sam’s government’?

The topic such as we are now dealing with is so broad that it can be approached from many different perspectives. In order to highlight the problems and meaning of the reform, I focused on the pattern of interactions between the logic of government bureaucracy and other institutional logics during the previous regimes and how these developments brought about the reform agenda for the current civilian government. I am assuming that a new pattern of interaction of the various institutional logics might have enabled the success of the current reform efforts, while simultaneously setting the constraints to those efforts.

Vietnamese Political Context

Control by a Dominant Political Party

Here I do not intend to describe or analyze the Vietnamese political system. It is not the purpose of this paper. Rather, I am trying to put in context the political, administrative and institutional system under which the Vietnamese budget system operates. In its appearance, there seems to be no radical difference between the budgeting system of the liberal democracy and that of a socialist country: there are four phases of the budgetary cycle: preparation, authorization, execution and auditing.

But the crucial difference seems to be the party system: in a liberal democracy, there are several parties, while in a socialist country like Vietnam, there is only one dominant party which controls the state and administrative affairs. Vietnam is sometimes classified as one of the communist regimes in the category of ‘party-prominent political regimes’ (Heady, 1991: 401). Heady said that ‘the administrative apparatus required by such a regime is enormously complex, and it must be subjected to reliable party supervision, which in turn calls for a control network responsive to the narrow circle of elitist leadership
in the party. The state bureaucracy must be paralleled by an interlocking party bureaucracy. This is an arduous obligation in a society plagued by a shortage of skilled manpower, but it cannot be avoided without risking the security of the regime. These dual hierarchies are held together by the unquestioned right of the party to exercise control as it sees fit and by the common device of dual office-holding, which makes most members of the state administrative hierarchy also subject to the party hierarchy and its discipline’ (Heady, 1991: 402).

The Policy Orientation of the Communist Party of Vietnam

We may have to study more carefully the actual operation of the party to have some idea of the political orientation of the Communist Party of Vietnam which is undergoing some transformation. However, for the purpose of this paper, I merely would like to pick up some of its policy orientation from the statements of the Communist Party.

The following are some of the important statements taken from ‘an unofficial translation of the main body of the address made by General Secretary Do Muoi at the opening of the VIIIth National Congress of the Communist Party of Vietnam delivered on 28 June 1996’. I would like to quote those passages which deem relevant for my discussion.

1. Review of the Five Years of Implementation of the Resolution of the VIIth Party Congress and the Ten Years of Renewal. After reviewing and evaluating the past 10 years of success and shortcomings of the renewal, the address states that ‘we may draw the following main lessons’. I would like to quote some of them:

To closely combine economic renewal with political renewal from the start, focusing on economic renewal, and at the same time step by step carrying out political renewal. To exercise democracy and do away with violations of people’s right as the master, while countering tendencies of fanatic and extremist democraticism. To thwart resolutely all attempts to use the pretext of ‘democracy’ and ‘human right’ to stir up political troubles, sabotage our regime and interfere in our country’s internal affairs.

The building of a multi-sector commodity economy operating along market mechanism must be accompanied by a strengthening of the role of State management along the socialist line. Economic growth must go hand in hand with social progress and equity and the protection of ecological environment.

To firmly strengthen the leading role of the Party, considering Party building a key task. The Party must consistently renew and streamline itself. To consolidate the Party politically, ideologically, organizationally, and in personnel work; strengthen the Party’s working-class nature and its vanguard character, renew the mode and improve the quality and efficiency of the Party’s leadership over the political system and the whole society (Vietnam News, 29 June 1996. Extra).

2. The New Stage of Development - Accelerating National Industrialization and Modernization. The address says, that:

Socialism has slid into a temporary recession. However, that has not changed the nature of the times; mankind remains in the era of transition from capitalism to socialism. The basic contradictions in the world still exist and continue to develop, growing more acute in some aspects and assuming many new types of manifestation. The national and class struggles continue to unfold in diverse forms.
Under such a basic orientation, the Party is striving to accelerate national industrialization and modernization.

For industrialization, ‘The state sector will well play its leading role and, together with the collective sector in the economy, constitute the foundation of the economy. The State capitalist economy will exist widely in various forms. The individual, small owner and private capitalist economies will account for a considerable proportion’ (Vietnam News, 29 June 1996, Extra).

3. Development of Productive Forces and Building of New Production Relations Along Socialist Orientation. This portion of the address emphasizes the need for a balance among various sectors of the economy. At the same time, it seems to me that it is striving to provide some workable relations among the societal systemic orientation of socialism, managerialism of the State, and the pluralistic operation of the market mechanism. In other words, if we employ the somewhat modified theoretical perspective which we used for a description of Korean development, we may say that Vietnam is endeavoring to harmonize the logics of socialism, managerialism of the state apparatus, and multi-sector capitalism under a competitive market mechanism.

4. To Develop The Human Resources and Effect Social Justice. Here, it is emphasized that economic growth be coupled with social progress and equality.

5. Goals, Tasks and the Major Socio-Economic Programs for the 1996-2000 Five-Year Plan. The 1996-2000 five-year plan is based on five important guidelines, one of which is quite relevant for our discussion. It states that:

... To continue to implement consistently and on a long-lasting basis the policy for a multi-sector economy, to tap all resources for the development of productive forces and, at the same time, to perfect the market mechanism with State management and socialist orientation.

Here again we see the meta-context of socialist orientation and its context of state management, with bits of market operation. Under these guidelines, various development programs are elaborated.

6. To Strengthen National Defense and Security

7. To Broaden External Relations

8. To Bring Into Play the People’s Right of Master, Strengthen the Great National Unity, and Build and Perfect the State of the Socialist Republic of Vietnam. The address continues to say that, ‘Revolution is the cause of the people, Our regime is the one mastered by the people under the leadership of the Party. To bring into play the people’s right of master in the cause of renewal and national industrialization and modernization is therefore a question of strategic significance’.

It adds that

Our State is the pillar of the political system, the instrument with which to exercise the people’s power. The building and perfecting of the State apparatus must be based on the firm grasp of the following basic approaches:
To build a socialist State of the people, by the people and for the people, with the alliance of the working class, the peasantry and the intelligentsia as the foundation. To fully observe the right of the people to be the master, strictly maintain social discipline, exercise dictatorship toward all infringements upon the interest of the Homeland and the people.

The state power is unified, with a division of responsibilities and coordination of work among State agencies in the exercise of legislative, administrative and judicial powers. To enforce the principle of democratic centralism in the organization and operation of the State.

To strengthen socialist legislation, and build a law-governed State of Vietnam. To govern society by laws while giving importance to education, to uphold morality.

To enhance the leadership role of the Party toward the State. ‘In order for our State to be truly of the people, by the people and for the people, one that is clean, strong, efficacious and efficient, the following tasks must be well and synchronously accomplished: to renew and improve the quality of the legislative and supreme supervisory work of the National Assembly over the operation of the State; to reform administrative institutions, including reforming administrative procedures, organizing the apparatus and strengthening the corps of administrative officials and functionaries; to reform judicial organizations and operations’ (Vietnam News, 29 June 1996, Extra).

It also expressed deep concern against corruption.

9. To build the Party and to Supplement and Amend the Party Statutes. It is stressed that the Party should exercise strong leadership and responsibility: ‘The organizational principle of the Party is democratic centralism, collective leadership and individual accountability’ (Vietnam News, 29 June 1996, Extra).

**Question, Answer, and Reinterpretations**

*Questions from the Vietnamese Officials*

Our lecture sessions were organized in such a way that in the morning we gave lectures, and in the afternoon, the participants had their own discussion meetings. After the discussion meetings, the lecturers were asked to sit in the class to receive the report of the discussions as well as questions, for which the lecturers responded.

For my part, the following topics were some of the samples I assigned for their discussions:

(a) Do you think that you have a strong leadership or dedicated leaders at the national and local levels who are guiding your country toward development?

(b) What is the role of government bureaucracy for national development?

(c) Why is it necessary to have a central budget agency?

(d) Where should the central budget agency be located in the Vietnamese political and administrative system?
(e) Why do government agencies ‘pad’ the amount of their budget requests? Or, is ‘padding’ of the budget requests commonly practiced in Vietnam?

Some of the questions from the Vietnamese officials which were related to my lecture and assignment topics were as follows:

(1) How did the Korean administrative system bring about ‘good effects’ on various sectors of the economy during the developmental decades?

(2) Can you please define the terms ‘administration’ and ‘management’?

(3) Can you explain your party system? How can a political party become a leading party? What is the role of the political parties in administration?

(4) What are the reasons for transferring your Bureau of the Budget to the Board of Economic Planning?

(5) What is the role of the administrative system in the development of the national economy?

(6) What is the role of the President? What is the role of the Prime Minister?

(7) Why is the Ministry of Justice weak? (I think that they were asking about the judiciary.)

(8) What is the role of the National Assembly?

(9) What is the concept of ‘development’ and what is ‘management of development’?

(10) What is the proportion of ‘revenues’ from foreign countries in your national budget?

(11) In the general government of your public sector, you have general accounts, special accounts, and special funds. Which one is the largest?

(12) How many levels do you have to ‘manage the central budget’?

(13) How does the central government control the local government? How many levels are there for the ‘budget’?

(14) What is the proportion of ‘overspending’ of the national budget?

(15) How are public properties managed?
(16) Is there any member of the Central Political Party joining government administration?

(17) How are political aspects reflected in the budget preparation?

My Responses

Frankly speaking, I was not sure whether I really understood some of the questions because of the translation from Vietnamese to English, but the above questions were major ones as far as I was able to relate to my lecture. But it does not seem to be necessary to recapitulate here all the answers I have offered. Instead, I will summarize below some of my responses to indicate the difficulties of communication under a different context.

ON THE ROLE OF KOREAN PUBLIC ADMINISTRATION FOR DEVELOPMENT

The answer to this question could be either simple and easy or complicated and difficult depending upon the perspective. It could be simple and easy, because we would say that Korean public administration played a leading role in national development in the mode of ‘development administration’. It has been generally recognized that the Korean bureaucracy has been very able, competent, and dedicated to national development under a very strong presidential leadership.

But, the answer could be very complicated and difficult if we were asked why the bureaucracy played a leading role in the development, especially in economic development. For this, we would have to reiterate recent Korean political history. We could somehow explain the emergence of the authoritarian regimes, but it would have been difficult to justify the system. And thus, it would have sounded paradoxical because we might be construed as saying that political underdevelopment led to economic development.

I ventured to analyze the past Korean developmental process by the interactions of the logics of democracy, bureaucracy and capitalism. In short, Korean development should be understood as the results of supportive interactions of bureaucracy and capitalism with suppressed democracy.

DEFINITIONS OF ‘ADMINISTRATION’, ‘MANAGEMENT’, ‘DEVELOPMENT’, AND ‘MANAGEMENT OF DEVELOPMENT’

I thought that the questions were not semantical problems. Therefore, I tried to relate the concepts to the contexts of different political systems. For example, in Korea, comparatively speaking, ‘administration’ is more abstract and political than ‘management’ which is more concrete and technical.
ON THE POLITICAL PARTY SYSTEM

We have to explain that Korea has a multi-party system, even though it tends towards a two-party system. The party which gets the largest number of seats at the National Assembly becomes the leading party. In general, the leading party in Korea has been the ruling party, namely, the party of the President.

1. The Role of Political Parties in Administration. The members of Korean political parties do not directly participate in administration, but the ruling party is responsible for administration. The President of the Republic is also the President of the ruling party. Some high-ranking party members are sometimes appointed to ministerial positions and there are regular consultation meetings between the Administration and the ruling (leading) Party, but in general, the political party is supposed to interact with administration at the National Assembly.

2. Has any Member of the Central Political Party joined Local Government Administration? No member of the political party directly joins local government administration. Chiefs of local governments, such as provincial governors, city mayors, country chiefs, etc. can be affiliated with the political party. Members of the city or provincial councils can also be affiliated with the political party, but they are elected by the people as the candidates of the parties or as the independent candidate (no party affiliation); they are not appointed by the political party.

THE ROLES OF THE PRESIDENT AND THE PRIME MINISTER IN KOREA

The President of the Republic is the head of the state, chief executive of the administration, commander-in-chief of the military, and president of the ruling party. He has the strongest political power in our political system. The role of the Prime Minister is to assist the President. In general, the power of the Prime Minister is very weak, but his symbolic status is very high.

ROLE OF THE NATIONAL ASSEMBLY

It was not difficult to explain the role of the National Assembly, but it was difficult to explain why the Korean National Assembly has been weak.

QUESTIONS RELATED TO BUDGETING

1. Location of the Bureau of the Budget. The Korean Office of the Budget (formerly, Bureau of the Budget) is located in the Board of Finance and Economy (before, Board of Economic Planning) in order to establish a closer linkage between long-term national economic and social planning with annual budgeting.

2. Proportion of the Foreign Borrowing Negligible.
3. Relative Sizes of the Accounts. The General account is the largest, and the aggregate total amount of the special funds is the smallest.

4. Levels of the Budget. The public sector of the country is not covered by a single budget system or single account. The national government, the local government and the educational districts have their own separate general accounts and special accounts. Budgeting at local governments are autonomous, although their revenues are constrained.

5. Reflection on the Political Aspects in Budget Preparation. Budget preparation itself is a part of the political process. Therefore, political aspects are reflected in the budget preparation. In Korea, there is an established formal process in which the draft of the national budget is reported to and consulted with the ruling party before the final approval of the cabinet and the President.

6. Proportion of Overspending. Through the formal process of transfer of the funds among the items, contingency funds, and carry-over to the next year, overspending rarely happens.

7. Management of Public Properties. Of course, public properties are managed according to the laws, but in terms of budgeting, public properties are classified into several categories and put under the jurisdiction of various ministries for their custody and management.

Reinterpretation of the Questions and Answers

At the end of the whole series of lectures, a representative of the Vietnamese participants reported as follows:

Dear professors from South Korea! We would like to express our sincere thanks for your fruitful lectures.

We believe that the Vietnamese people and Koreans alike are proud of their homeland. The Vietnamese people fought for many years for national independence and we lost many people in the struggle for independence. Right now, Vietnam is in a transitional period, and we are enjoying freedom and moving toward a society of equality.

We think that Vietnam and South Korea have many things in common - one of them is the great opportunity in the future. Therefore, it is very necessary to have a closer cooperation between Vietnam and South Korea. The cooperation is evidenced by the big investment of the Korean companies in Vietnam.

We have been very lucky to have you with us here and we have been happy to work with you. Although we did not have enough time and there was difficulty in the language, we believe that we now have a better understanding of South Korea.

All of the members of our group who participated in this two-week course truly appreciate your sharing of 30 years of experience of developmental efforts.

Vietnam and South Korea have different political systems, but they have one thing in common: they both try to become a good country.

We expect that there will be more active cooperation in the future between the Vietnam National Institute of Public Administration and the Korea Institute of Public Administration.
BUDGETING SYSTEM IN DIFFERENT POLITICAL/ADMINISTRATIVE CONTEXTS

We wish that your country can become a powerful country, and wish you all good health.

Judging from what the Vietnamese officials have asked and said, we can see that they had been trying very hard to understand not only the technical and instrumental aspects of public budgeting and administration, but also the institutional context of the Korean political regime. And yet, I guess that they might easily understand and assimilate the ‘bits of information’ regarding the technical or instrumental aspects of Korean budget operation, but they might have some difficulties in understanding the political context of budget operation. As we said earlier, Korean public administration in the past operated under a sort of ‘bureaucratic-prominent political regime’ while Vietnamese public administration has been controlled by the dominant party of the ‘party-prominent political regime’. What I am saying here is that those differences in the regime types should be taken into account for a better understanding of the meanings of the lectures, questions, and answers described earlier in this paper.

Concluding Remarks

This essay is a presentation of some reflective thoughts on my recent experience of giving lectures from 17 to 28 June 1996, to Vietnamese administrators on Korean public finance and budgeting. Since my lectures were predicated on the Korean political and administrative institutional context, there might have been some difficulties for the Vietnamese officials who were under a different type of political regime to fully understand some characteristic features of Korean budgeting in the past developmental decades. Thus, this essay is an attempt to understand some possible interpretations of the Korean case by the Vietnamese officials. In other words, this is a reinterpretation of their possible understanding of Korean public administration.

As I said earlier, this paper is not a comparative study of Korean and Vietnamese political and administrative systems. It is an attempt of an interpretation of actions rather than explanation of the behaviors of the Vietnamese officials who attended my lecture.

The main line of argument of this paper is that the political and administrative context is important in explaining variations in budget operations in different countries. Nevertheless, understanding these contexts becomes crucial in interpreting the actions of administrators. In other words, what I have presented as a lecture might have meant something different to the Vietnamese participants from my original intention due to the differences in political orientations of our political and administrative systems.

Although we have said that the political context is important and crucial both for explanation and understanding of the behavior and actions of public officials, it is by no means easy to ascertain the specific political orientation of a particular country. Of course, sometimes very simplified typology is useful. For instance, we may say that Korea was ‘a bureaucratic-prominent political regime’ whereas Vietnam is ‘a party-prominent political regime’, and thus we may simply say that such differences affect behavior and actions.
If we can simply accept or assume that the Vietnamese political system is a communist totalitarian system, and thus the role of the bureaucracy is subordinated to the dominant party, we may use such a context for our interpretation and understanding of the questions of the Vietnamese officials. But, as we can see, specific policy orientation of the Vietnamese Communist Party seems to be in a process of rapid transformation to the extent that we cannot simply characterize the Vietnamese political regime either as a prototype socialist or as a pure capitalist system. This is one of the main reasons why I have endeavored to ascertain the political orientation of the Vietnamese Communist Party.

Now it may be necessary to compare some characteristics of the political regimes of Korea and Vietnam, even though this paper is not a comparative study of public administration.

Let us now construct somewhat schematically the political context of Korean public administration in terms of logics of democracy, bureaucracy, and capitalism as discussed in this paper.

Table 1. Theoretical Perspectives of the Capitalist State (For Korea)

<table>
<thead>
<tr>
<th>Level of Analysis</th>
<th>Individual</th>
<th>Organizational</th>
<th>Societal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theoretical Perspective</td>
<td>Pluralism</td>
<td>Managerialism</td>
<td>Neo-Marxism</td>
</tr>
<tr>
<td>Aspects of Society</td>
<td>Cultural</td>
<td>Political</td>
<td>Economic</td>
</tr>
<tr>
<td>Institution</td>
<td>Democracy</td>
<td>Bureaucracy</td>
<td>Capitalism</td>
</tr>
<tr>
<td>Institutional Logics and Tensions</td>
<td>Consensus vs. Participation</td>
<td>Centralization vs. Decentralization</td>
<td>Accumulation vs. Class struggle</td>
</tr>
</tbody>
</table>

Source: Adopted from Alford and Friedland, 1985, Chs. 1, 2, and 17.

I said that, according to a state theory, there are three levels of analysis, namely, individual, organizational and societal, and there are three theoretical perspectives, namely, pluralism, managerialism, and class. There are home domains for each perspective: pluralism of the individual level of analysis for bureaucracy; and class perspective of the societal level of analysis for capitalism.

The institutional logics for democracy, bureaucracy and capitalism may create conflicts and tensions. Also, each institutional logic has its own internal tensions. Democracy operates on the logic of consensus and participation which can create tension; bureaucracy with the logic of centralization and decentralization; and capitalism with the logic of accumulation and class struggle.
Table 2. Theoretical Perspectives of the Modified Socialist State (For Vietnam)

<table>
<thead>
<tr>
<th>Level of Analysis</th>
<th>Individual</th>
<th>Organizational</th>
<th>Societal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theoretical Perspective</td>
<td>Pluralism</td>
<td>Managerialism</td>
<td>Marxism</td>
</tr>
<tr>
<td>Aspects of Society</td>
<td>Economic</td>
<td>Political</td>
<td>Ideological</td>
</tr>
<tr>
<td>Institution</td>
<td>‘Capitalism’</td>
<td>Bureaucracy</td>
<td>Socialism</td>
</tr>
<tr>
<td>Institutional Logics and Other Related Orientations</td>
<td>Economic Renewal First Collective Sector</td>
<td>Step-by-Step Political Renewal Streamlining of the Role of the State</td>
<td>‘Democratic’ Centralism Leading Role of the Party</td>
</tr>
<tr>
<td></td>
<td>Multi-Sector Commodity Economy</td>
<td>State Capitalist Economy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Small Owner and Private Capitalist Economy</td>
<td>Leading Role of the State Sector</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Market Mechanism</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Industrialization</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Modernization</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: From My Own Summary of the Address of the General Secretary Do Muoi at the Opening of the VIIIth National Congress of the Communist Party of Vietnam (28 June 1996)

We may assume that when those logics are in mutually supporting relations, the political objectives of the particular period can be effectively achieved, while when they are in conflicting relations, serious tension and contradictions can lead to crisis.

If we employ the above scheme, a liberal democracy should balance all of the institutional logics of democracy, bureaucracy, and capitalism. But, during our developmental decades, there were imbalances of political institutions resulting to a bureaucratic-prominent political regime’. For this reason, the rapid economic development of Korea is sometimes attributed to this feature of the political system. Current reform efforts of the Korean government are trying to remedy the political and economic practices which are considered to be detrimental to our sustained development.

In sum, the past performance of the Korean government and the present efforts to reform could be interpreted under the above theoretical as well as political contexts.
Then, what is the political context of Vietnamese administration and what can the officials learn from our experience of development, if the actual operation of the Korean political system has in fact been different from its manifested ideology of liberal democracy?

Again, let us try to reconstruct schematically the political context of Vietnamese public administration in terms of the institutional logics of socialism, bureaucracy, and capitalism, based on the summary of the statement of the VIIIth National Congress of the Vietnam Party.

Now, we can see more clearly the institutional logics of market mechanism, state management, and socialism. In other words, the meta-context of the political regime is provided by the socialist orientation, the context is set by state management, and bits are set for market mechanism.

From the above schematic presentation of the Vietnamese political orientation, we can pick up two points. First is that, even if Vietnam is vigorously pursuing political renewal, relatively greater renewals are allowed in the economic aspects of society with a stability of the meta-context of socialism. In other words, the economic aspects are regarded as parts that can be rearranged without radical transformation of the socialist orientation. Second, there is similarity in the political aspect of bureaucracy of Korea in the past and that which is sought by contemporary Vietnam, despite radical differences of political regime types.

<table>
<thead>
<tr>
<th>Table 3. Korean Capitalist State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Context</td>
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<tr>
<td>---------</td>
</tr>
<tr>
<td>Level of Power</td>
</tr>
<tr>
<td>Level of Analysis</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Individual</td>
</tr>
<tr>
<td>Organization</td>
</tr>
<tr>
<td>Societal</td>
</tr>
</tbody>
</table>
If we emphasize the first point, the radically different meta-contexts of Korea and Vietnam would have made it difficult for the Vietnamese officials to understand my lecture. But if we look at the second point, a similarity of the two bureaucracies would have made it easier for the Vietnamese participants to understand the meaning of my lecture. These thoughts are shown in the tables above.

To sum up the above lengthy arguments, Vietnamese participants to my lecture might have understood Korean public finance and budgeting within the meta-context of socialism and the context of state managerialism.

In view of the above, I think that education and training programs of public officials conducted by foreigners under a technical assistance program should be carefully designed in advance with experts of the recipient country in order to prevent the training from going out of context. This point is even more important for exchange programs between a so-called newly developed country and a developing country than assistance programs from an advanced country to a less advanced country.

**Table 4. Vietnamese Socialist State**

<table>
<thead>
<tr>
<th>Context</th>
<th>Bits</th>
<th>Context</th>
<th>Meta-Context</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of Power</td>
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<td>Structural</td>
<td>Systemic</td>
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<td>Bureaucracy</td>
</tr>
<tr>
<td>Level of Analysis</td>
<td>Theoretical Perspective</td>
<td>Modernization</td>
<td>Institutiona-</td>
</tr>
<tr>
<td>Individual</td>
<td>Pluralism</td>
<td>Modernization</td>
<td>Institutiona-</td>
</tr>
<tr>
<td>Organization</td>
<td>Managerialism</td>
<td>Industriali-</td>
<td>Rationali-</td>
</tr>
<tr>
<td>Societal</td>
<td>Neo-Marxism</td>
<td>Transitional</td>
<td>Agents of People</td>
</tr>
</tbody>
</table>
REFERENCES


