

“Vietnam has arrived at a momentous juncture in its social and political development. It is a country ripe with potential, but it creaks under the weight of an almost feudalistic political system.”

Is Vietnam on the Verge of Change?

JONATHAN D. LONDON

Earlier this year on the sunny morning of April 30, several thousand members of the Communist Party of Vietnam, retired and current military personnel, and select foreign guests assembled in the center of Saigon (officially known as Ho Chi Minh City) to commemorate the 40th anniversary of Vietnam’s political unification. In the run-up to the event, party organizers had pulled out all the stops. An extended holiday was announced. Television and print media bombarded their audiences with interpretations of the anniversary’s meaning. Neighborhood loudspeakers across the country blared patriotic tunes and instructed households to display the nation’s flag. Propaganda brigades replaced billboard advertisements for soap powder and motorbikes with words and images honoring the “total victory” and the “complete liberation” of the south of Vietnam.

The official ceremonies took place where the final moments of Vietnam’s four decades of anti-colonial struggle played out, just outside the gates of the former presidential palace of the American-supported regime. Some of those present had stood in the same spot 40 years ago as the tanks of the Vietnam People’s Army crashed through the gates. A military band played the anthem of the Socialist Republic of Vietnam and Prime Minister Nguyen Tan Dung delivered a commemorative address. His remarks struck notes of solemnity and pride, invoking the profound sacrifices and pain the day recalled.

The speech reflected the Communist Party’s confidence in its own version of history. The prime minister did not pass over American forces’

“innumerable barbarous acts,” but neither did he dwell on that theme. Notably absent from his remarks were even the faintest conciliatory gestures to the millions of Vietnamese who sacrificed and endured suffering on what some are inclined to call “the side that did not win.” It was a speech addressed largely to the party and its loyalists. In these respects, it was perhaps fitting that the official commemorations were held in a secure area. The country’s “liberators” were protected from its general public.

Outward appearances have never been a particularly good guide for understanding Vietnam. They have been even less useful for understanding the political processes animating its ruling party. And yet it is clear that these are extraordinary times for the country. Four decades after the end of the American war, the Vietnamese and their ruling party confront a series of grand dilemmas about the country’s economic governance and its political direction; about the present scope and future of civil and social rights; and, not least, about its foreign relations and national security. By considering developments across each of these fields, we can begin to appreciate the complexities and contradictions facing the Socialist Republic, and better understand the mix of restlessness and hope permeating a country that appears finally to be emerging from its past.

FLAGGING PERFORMANCE

As recently as the early 1990s, Vietnam was overwhelmingly agrarian, largely isolated from world trade, and among the poorest countries in Asia. Today it is industrializing and globalizing, and has climbed into the crowded ranks of the world’s lower-middle-income nations. Its geographic location, young and inexpensive labor force, and improving access to regional and world markets make Vietnam an attractive

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destination for foreign investment, particularly for export-oriented industries. Saigon and its environs emerged first as the motor of the country's industrial growth and accounted for some 40 percent of GDP by the late 1990s. Since then, industrialization has taken root in and around Hanoi and in a handful of other localities, while the rest of the country has taken on an increasingly peri-urban appearance.

The nation's economic performance and industrialization have been widely hailed as remarkable. From 1990 to 2010, Vietnam's economy grew at an average annual rate of 7 percent—second only to China. Poverty has declined even more steeply than it has in China. In 1993 an estimated 59 percent of Vietnamese lived on less than one dollar a day. Today, that figure is below 15 percent.

Brisk economic growth has permitted rapid gains in living standards, albeit from an extremely low base and unevenly across different regions of the country. Until fairly recently, inequalities in Vietnam were considered modest in comparison with other countries, including China, owing in part to relatively egalitarian distributions of land and essential services. Today, inequalities have intensified and growth remains geographically uneven. Even so, most Vietnamese have experienced significant improvements in their standard of living. This is reflected across a range of socioeconomic indicators, from household income to life expectancy. Economic growth has also permitted broader access to essential goods and services such as education and health, clean water, and electricity. In these respects, Vietnam's economic turnaround within the past quarter-century has been remarkable indeed.

Given its location and other fundamentals, the country is virtually assured of growing at 4-6 percent per year—rates most countries would envy. But all is not well. Since 2008, growth has slowed considerably. And if analysts, scholars, and policy makers agree on one thing, it is that Vietnam has performed below its potential over the past 10 years.

DREAMS AND BUSTS

A hazardous mix of undisciplined lending, opaque governance, and ill-conceived planning has done the country considerable harm. One manifestation is perhaps best characterized as “*chaebol* dreaming”—Vietnamese leaders' tendency to obsess over replicating South Korea's unique brand of rapid industrialization without

having its nearly unique conditions in place. This dream has produced major busts. Among the most spectacular was the multibillion-dollar bankruptcy of Vinashin, a state-owned shipbuilding venture and pet project of Dung's. Vinashin's collapse in 2010 plunged Vietnam's economy into major difficulties and nearly cost Dung his job.

Meanwhile, state planning for infrastructure projects has often constrained rather than aided growth. Two examples include a decision to place an expensive oil refinery in central Vietnam, far from demand, and the failure to develop adequate port facilities—instead, small and redundant ports were built along the entire coast. To make matters worse, state projects (with foreign investments or otherwise) and public services have been breeding grounds for corruption.

The need for a more independent press is clear. In one recent case, the Ministry of Culture demanded the removal of the editor of a small-circulation newspaper for retired state workers. His offense was a series of articles on a senior member of the government's anticorruption committee who was found to have used false claims to acquire multiple homes across several provinces. It is precisely this combination of political privilege and weak accountability that is constraining growth.

Mismanagement of state enterprises is systemic. The state-controlled banking sector has only recently begun to rein in its prodigious lending, but not before it contributed to widespread overinvestment, underperformance, and losses. Yet authorities still favor the state sector, both as a source of government revenue and as an opportunity for moneymaking, over and under the table. The country's corruption, pervasive on both grand and petty scales, extends into the police force and social services, undermining social trust and limiting the access of those in lower-income groups to the services they need, such as education and health.

Constraints on the supply of skilled labor have also limited growth. While the education system has expanded rapidly, longstanding weaknesses in higher education and in research and design have left Vietnam with few of the innovative capacities that facilitated the rapid industrialization of other countries in the region, including South Korea, Taiwan, and China itself. These weaknesses have limited Vietnam's ability to move into the production of higher-value-added manufactured goods.

Apparel, footwear, and frozen shrimp have their limits. The growing tourism sector will help pay the bills and create jobs, but will not suffice.

Foreign investment in Vietnam illustrates the country's promise but also its limitations. After Intel decided to invest \$1 billion in a microchip factory in 2010, it soon discovered that workers needed extensive remedial training in the areas that Vietnam's education system fails to cultivate: ready-to-use skills, critical thinking, problem solving, teamwork, and communication. If Vietnam is to succeed, it will need to do a better job of teaching those things at home.

THE COSTS OF PRIVILEGE

One might question whether these weaknesses in economic governance are overstated. At issue is what has been achieved versus what is possible—and whether Vietnam can learn from its mistakes. On the plus side, the economy continues to grow. Foreign investment is up as technology companies continue to make big bets on the country. Vietnam's entrance into the Trans-Pacific Partnership, a major trade agreement under negotiation, as well as a bilateral 2015 trade pact with the European Union, promises to boost investment further and improve the access of Vietnam-based exporters to regional and world markets.

A more skeptical view is that Vietnam appears to be needlessly settling into a lower-growth trajectory and a future of lingering socioeconomic shortcomings. Although poverty rates have declined over two decades, the poverty line itself is set low by international standards. In reality, large segments of the population live in a state of perpetual vulnerability, as is characteristic of low- and lower-middle-income countries around the world. To its credit, Vietnam's government has consistently promoted improvements in access to essential services such as education and health. But access to nominally public services beyond a basic level of provision requires formal and informal out-of-pocket payments that effectively exclude lower-income households. Across the country the costs of services, housing, and food have continued to rise at a faster rate than incomes.

Beneath the larger picture of economic growth and inefficiency is a gnawing sense that a toxic mix of self-interest, political privilege, and opaque

governance is harming the country's growth prospects. While elite privilege is hardly new to Vietnam, the spectacle of Bentley automobiles amid prevailing social vulnerability is difficult to square with the official ideology of social justice. Even many within the Communist Party accept that Vietnam's economic dilemmas have deep political roots.

INTRA-PARTY PLURALISM?

Vietnam's political system is complex and opaque, limiting the ability of even well-informed citizens to understand how their country works. What is clear is that elite members of the Communist Party are engaged in vigorous competition over the direction of the party and its approach to governance. The fact that Vietnam is not China deserves emphasis. Elite politics in Vietnam remains consensus-based. But the restrained approach of the past has given way to a more open struggle, albeit one not discussed in the state-controlled media.

While Vietnam has its reform and conservative camps, the dividing lines are complicated, taking the form of competitive interest-group politics that pits certain sectors and individuals against one

another in a constant struggle for influence. Defenders of the party reject this account. Yet even friendly critics express concern that the influence of self-interested groups within the Communist Party undermines the coherence of its leadership and thereby harms the country's interests.

While most aspects of the country's elite politics remain opaque, rivalries within the Communist Party's leadership are more transparent than even a few years ago. Since 2011, elite competition within the party has produced unprecedentedly public moments of political brinksmanship. The most striking instances of this phenomenon occurred at the party's Sixth Plenum, in October 2012, at which the Politburo asked the Party Central Committee to vote on whether to subject the scandal-tainted prime minister to disciplinary action. Demonstrating both its independence and Dung's considerable influence, the Central Committee resoundingly rejected the request, and required the Politburo to report on its own collective shortcomings.

The Vietnamese people have become more vocal and are insisting on more accountable government.

Although the Communist-controlled National Assembly in 2013 reaffirmed the principle of eternal one-party rule, it did so after a drawn-out and very public debate about the adequacy of the constitution—a discussion energized by long-standing party members who are largely immune from direct prosecution. This debate raised the question of whether we are observing a breakdown of party discipline or the maturation of twenty-first-century intra-party pluralism.

Dung, who has been prime minister since 2006, is something of an enigma himself. Damaged by his association with billion-dollar busts in the state sector and mistrusted by regime conservatives, he is nonetheless Vietnam's most liberal and articulate statesman. At present, Dung is vying with others for a leading position in the party's 12th Congress, which will convene in 2016. Whether he will succeed is a question now gripping the Vietnamese political scene.

THOUGHT CONTROL

One area where consensus remains conspicuously present is in the art of regime maintenance. Party unity is maintained through an emphasis on the imperative of consensus, the most important element of which is a belief in the party's unique ability to lead the country. The party continues to embrace authoritarian Leninist principles and socialist rhetoric, with constant ritual references to Ho Chi Minh and an insistence that "Western democracy" (pay no attention to South Korea and Taiwan) is most certainly not for Vietnam. The party's internal watchdogs in the Ministry of Public Security and in other branches of the state continue to make careers out of thought control and paranoia. Perhaps millions of Vietnamese are enlisted in one way or another in reinforcing the narrative of the party's indispensability—from schoolteachers and journalists to party security operatives and neighborhood monitors.

But here, too, there have been changes. Unlike its Chinese counterpart, the Communist Party of Vietnam has always thought of itself as cosmopolitan. Over the past 20 years, it has continuously emphasized its desire to modernize and to deliver a Vietnam that is prosperous, just, civilized, and internationally integrated. Within the past 10 years, increased freedom of information (especially via the Internet) has drastically improved the ability of the Vietnamese people to engage with ideas and events in the outside world. While the state media stick with the official truth, Vietnam

feels and is indeed more open than it used to be in this respect.

Developments in the realm of party and elite politics only take on their full meaning when considered in a broader context—encompassing, in particular, growing pressures from within and outside the state for a more democratic, transparent, and accountable government. This brings us to another dilemma Vietnam is grappling with today: rights. A great many Vietnamese, including not a few within the party and state, are clamoring openly for a country in which rights are protected and promoted by the government. The role of the state in allowing space for dissent, and in repressing it, exemplifies both the recent evolution of Vietnam's political climate and its limits.

DIGITAL VOICES

Among the most intriguing changes on Vietnam's political scene has been the emerging role of something resembling civil society and a public sphere. The qualifier is required in a country where the party's influence is pervasive and the press is under state control. Be that as it may, Vietnam in recent years has seen the growth of a public discourse that has transformed the country's politics. Much of the impetus for these changes has come from the Internet. Though slow to arrive, it has been rapidly adopted over the past decade or more, reviving Vietnam's long tradition of political criticism and social commentary. The result is a lively online scene that occasionally yields real action.

Two decades ago Vietnam had less than one telephone per 10,000 people, among the lowest rates in the world. Today it counts 135 phones for every 100 citizens. Internet access has also taken off. More than one in three Vietnamese has access to the web, compared with just one in thirty-three a decade ago. History has sped up in Vietnam, presenting both opportunities and risks.

The impact of the Internet on political culture has been significant and striking. Until recently, access to unfiltered information, news, and views was strictly limited to those with state power. No longer. Perhaps the biggest change is that social and political blogging is now well established, despite recent efforts by the authorities to root it out. Vietnam's bloggers are but one important part of an unprecedented, if still loosely organized, campaign aimed at encouraging or even compelling the one-party state to adopt fundamental political reforms.

These bloggers are a diverse lot, including lawyers, writers, and self-styled independent journalists. The blogs vary in content and aims. Some focus on scandal and gossip, especially if it involves the country's political elite. Others promote the causes of political reform and the plight of prisoners of conscience. Then there are countless microbloggers on social media sites such as Facebook—which, unlike in China, is available in Vietnam and has fast become a part of daily life.

The emergence of the blogging scene has revived a long-dormant but rich history of political criticism, dating back centuries. Disparaged as “enemies” and “hostile forces” by regime conservatives and routinely subject to threats, diverse voices share a determination to see the country develop more pluralistic, transparent, and democratic institutions. Within the past year, several bloggers have been given lengthy prison terms under draconian laws meant to silence dissent and sow fear among the population. Yet when bloggers and writers are silenced, whether through arrest or by other means, the result is often a flurry of Internet activism critical of the state's repressive tactics—and more new blogs.

One notable example is Nguyen Van Hai, an independent journalist, political commentator, and rights advocate who has received a series of prison sentences since 2008 for his critical writings and supposed links to “hostile forces” that aim to overthrow the state. Conditions in Vietnamese prisons can be harsh. Physical and mental abuse and untimely deaths are commonplace, and discrimination against family members on the outside is the norm. Having drawn international attention via human rights organizations, which led President Barack Obama to mention him by name, Hai was finally released into exile in the United States in October 2013. On May 1, 2015, Hai sat next to Obama at the White House for a commemoration of World Press Freedom Day.

OPEN DISSENT

In the past, Vietnam's bloggers hid behind fake online identities to avoid detection and keep a step ahead of the authorities. But in increasing numbers, Vietnamese are openly taking to the Internet to be heard. In a very short time, dissent and more general public criticism have become

established features of social life in Vietnam. The country's political culture has changed in fundamental respects.

Open calls for reform are by no means limited to tech-savvy youth. Retired officials, poets, and peasant activists are speaking out publicly and at times jointly in ways that could not have been possible even several years ago. One of the more important examples of this trend occurred in 2013, when 72 current and retired state analysts and officials—almost all of them party members—openly called for an end to Vietnam's one-party rule. Petition 72 was a daring move and eventually drew more than 14,000 signatures, including many from within the party-state apparatus. While summarily rejected by the state, the petition circulated freely on the web, and the open online debate that followed marked a watershed in the country's political development.

One of the most overlooked factors in the resurgence of public criticism in Vietnam is that it could not have occurred without important changes in the state. The regime remains authoritarian and deeply repressive, but its repression is uneven and incomplete. While some dissidents are intimidated, locked up, and beaten, others are not. Permitting Facebook is as political a decision as intolerance for independent newspapers. It is not simply a case of Vietnam lacking the capital and expertise to engage in comprehensive censorship; the party does not wish to do so. Indeed, many top officials, including the prime minister, have stated that censorship in the age of social media is a hopeless prospect.

Nor is the party capable only of repression. In labor disputes, authorities and factory managers have frequently resorted to repressive means to undermine autonomous organization among workers. But just as frequently the authorities stand back rather than take sides, allowing self-organized workers to work out their differences with domestic and foreign managers and their state-run union acolytes. At various times the party and the state have proactively sought views from the public or have showed flexibility in resolving labor disputes. In a recent intervention to end strikes over pension funds, Dung swiftly acceded to workers' demands for access to their payroll contributions.

Even conservative elements of the party establishment have come to accept that the United States is a vitally important partner.

HANOI'S PIVOT

After 40 years of relatively little change, Vietnam's foreign relations have entered a period of profoundly fluid development, owing to a confluence of geopolitical and domestic factors. They include Hanoi's changing relations with Beijing, the evolution of Communist Party leaders' attitudes, and a striking overlap of strategic interests with the United States. These trends carry broad implications not only for Vietnam but for the future of the region.

Since 1975, Vietnam's foreign relations have traversed three main phases. Nearly two decades of isolation, when the nation was under pressure from both the United States and China, were followed by a gradual process of reintegration with the region and the world. The period of isolation was punctuated by Vietnam's 1978 intervention in Cambodia to remove Pol Pot's Khmer Rouge regime, followed by open conflict with China in 1979. At home there was acute poverty and dependence on aid from Eastern Bloc and Nordic countries. Reintegration, which began in the early 1990s and accelerated after 1995 when Vietnam normalized relations with the United States, has been associated largely with the transition to a globalizing market economy.

Since June 2014, Vietnam has entered a third distinctive phase, perhaps best described as a cautious but definite pivot toward new strategic partnerships with major regional and world powers. A perceived need to respond to brazen Chinese expansionism has led Hanoi to hasten the establishment and deepening of these new partnerships, most notably the one with Washington.

Beijing's outsized sovereignty claims in the South China Sea (known to the Vietnamese as the East Sea) and the steps it has taken to enforce them have raised alarm bells around the region, but nowhere as much as in Vietnam. While Vietnam and China share similar political institutions and are ruled by communist parties, the threat of Chinese expansionism has always been at the center of the Vietnamese narrative, and the reemergence of threats to the nation's sovereignty has not been taken lightly. There is no need to inflame feelings about China—the fire is always burning, in ways that are profoundly contradictory. While Vietnam draws much of its culture

from China, the Vietnamese have developed and maintained their own cultural traditions and brand of politics.

One of those traditions is the visceral awareness that without resistance to Chinese expansionism there would be no Vietnam. Unable to dominate Vietnam, or uninterested in doing so, China's communist regime has at various times aided, exploited, cajoled, threatened, and abandoned its Vietnamese counterpart as it has seen fit. The Communist Party of Vietnam's traditional approach has been to bow and smile deferentially to Beijing. This strategy has been sensible and effective in some respects and disastrous in others.

While Beijing's efforts to dominate the South China Sea are rightly seen as a catalyst in the process, Vietnam's pivot is also a product of the evolving interests and dispositions of its Communist Party, and of pressures from within and outside the party for Vietnam to catch up with “civilized countries” across multiple fields of endeavor. After four decades of military struggle against colonialism and a postwar history

of international isolation and paranoia over “foreign plots,” it is hardly surprising that Vietnam's ideological guardians continue to worry about a conspiracy to achieve

“peaceful evolution” that would ultimately result in regime change. Nevertheless, the frequency of warnings about external plots has diminished. Today, what the party desires most from its foreign partners is simple recognition of its legitimacy and promises of nonintervention—in other words, that they overlook the authoritarian nature of Vietnam's political system and desist from interfering with its internal affairs.

FOREIGN IDEAS

The Communist Party of Vietnam is understandably wary of the United States, and it has never been particularly effective in communicating with the rest of the world. Yet the past few years have witnessed the emergence of a new generation of leaders who are at once more comfortable with foreign relations and more eloquent and forceful in articulating Vietnam's aims and hopes. Currently, thousands of Vietnamese are studying in the United States and other countries. While foreign ideas are still greeted with suspicion by some Vietnamese, most ordinary people and a critical

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mass of the country's leaders are ready and willing to consider them, even if long-established patterns of thinking within the party are slow to change.

There is an enduring fascination with the United States, not only among youth but in the general population, and even within the ranks of the Communist Party. For reasons of history, Vietnam and the United States have a special relationship, and the vast majority of Vietnamese are now keen to see that relationship prosper. Today, 40 years after Vietnam's "total victory" over America, even conservative elements of the party establishment have come to accept that the United States is a vitally important partner, one that is uniquely willing and able to play an indispensable role directly off Vietnam's coast. China is a key reason for this changing outlook. After decades of illegal detentions and beatings of Vietnamese fishermen, Beijing's patently illegitimate claims over vast swaths of maritime territory and its direct challenges to Vietnam's sovereignty have stirred popular anger and led to widespread calls for the country's leadership to drop its deferential attitude toward China.

When US Secretary of Defense Ashton Carter traveled to Vietnam in June, American positions on security challenges in East Asia received unanimous support from even the most conservative members of the Vietnamese political establishment. When Obama later that month persuaded Congress to grant him fast-track authority to negotiate the Trans-Pacific Partnership, Vietnamese breathed a huge sigh of relief. And when Vietnam's outgoing Communist Party General Secretary Nguyen Phu Trong met with Obama in the White House in July, the April 30 commemoration seemed like ancient history. While both leaders acknowledged philosophical differences on matters ranging from politics to economics, there was no denying the mutual indispensability of the countries' ties. Vietnam needs the United States, and the United States has much to gain from deepened relations with Vietnam.

MODERN THIRST

These are extraordinary times in Vietnam, not because the country has experienced an economic boom, but because of the peculiar mix of hope and unease regarding the country's future. Underlying the anxiety is a sense that the public interest is being supplanted by the institutionalization of self-serving interests within and on the margins of the party and state. The rise of special interests and the hazards they pose have, in turn, raised uncertainties about the country's economic prospects. While Vietnam retains considerable growth potential, optimism that it might replicate the growth trajectories of South Korea, Taiwan, or China has faded.

Meanwhile, the Vietnamese people have become more vocal and are insisting on more accountable government. Within the past ten years, and especially within the past five, the country has seen the emergence of an increasingly vibrant public discourse on political matters, and with it a fledgling civil society. Vietnam's external relations are providing further impetus for change, as China's aggressive claims to maritime territory hasten Hanoi's rapprochement with Washington.

The path traveled by Vietnam between 1975 and 2015 has been an arduous one. Postwar recovery was followed by years of isolation under conditions of acute poverty. Forty years since the Communists' "complete liberation of the south" from "American imperialists," Vietnam has arrived at a momentous juncture in its social and political development. It is a country ripe with potential, but it creaks under the weight of an almost feudalistic political system. Although the state has yet to muster the courage or imagination to embrace fundamental change, the country is thirsting for modernity. Whether or not it is ready, four decades after the end of its struggle for independence Vietnam appears to be finally on the brink of becoming a critical and strategic player in East Asia. ■