

Vietnam in 2018

Consolidating Market Leninism

ABSTRACT

In 2018 Vietnam saw intensifying party discipline and state repression, rapid economic growth, spasms of dissent, and new questions about the direction of the country's social and political development. Amid deepening but perpetually fragile relations with Beijing, Hanoi furthered its strategic ties with the US, Japan, India, and other powers.

KEYWORDS: Vietnam, Nguyen Phu Trong, Dinh La Thang, Chu Hao, market Leninism

INTRODUCTION

In 2018 Vietnam saw intensifying party discipline and state repression, rapid economic growth, spasms of protest and dissent, and questions about the direction of the country's social and political development. Developments in politics were dominated by the Communist Party's general secretary and associates' campaign to strengthen the Party's role and curtail the influence of rivals. Optimism about the economy and an ongoing anti-corruption drive was countered by doubts about the quality and sustainability of economic growth, uncertainty about the meaning of the anti-corruption campaign, and concerns about the social, environmental, and equity implications of the country's development trajectory. In the arena of international relations, Hanoi responded to Beijing's continued expansionist posture with efforts to maintain stable political ties and expand economic ties, while pursuing the further development of economic and strategic ties with the US, Japan, India, Australia, Korea, and other major powers. Success on the football pitch sparked public displays of national pride amid the consolidation of Vietnam's

JONATHAN LONDON is Associate Professor of Political Economy at Leiden University, the Netherlands. Email: <j.d.london@hum.leidenuniv.nl>.

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generically cosmopolitan but reliably authoritarian variety of market Leninism.

POLITICS AND INTERNATIONAL RELATIONS

In 2018 Vietnam's politics saw continued movement toward a more disciplinary brand of market Leninism, symbolized by the dominance of Party General Secretary Nguyễn Phú Trọng and associates and their ongoing purge of corrupt political-business networks developed under the former prime minister, Nguyễn Tân Dũng, whose failed bid for leadership ended in 2016. In 2018 the 74-year-old Trọng expanded his power and influence, most dramatically after the sudden death (at the age of 62) of sitting state president and former security chief Tran Dai Quang, when the Politburo and Central Committee conferred the position of president on Trọng himself. This "situational" maneuver won 99.79% approval in the National Assembly.

More broadly, 2018 saw efforts by Party leadership to strengthen the role of central- and provincial-level party organizations in the governance of national and local affairs, even as the empirics of Party practices frequently diverged from formal representations, with the dynamics of power across provinces remaining as opaque as ever. In December's 8th Party Plenum, the secretary general announced the continuation of the anti-corruption campaign that had penetrated elite reaches of the Party's hierarchy, particularly elements associated with Dũng, and speculation began on upcoming changes in Party leadership headed toward the 13th Party Congress (in 2020) and beyond. Attention centered on sitting Politburo members such as public security General Phạm Minh Chính, party inspector Trần Quốc Vương, and party ideologue Nguyễn Xuân Thắng.

Key functional bodies and outward faces of the Party—such as its hand-picked government and National Assembly—continued to project an appearance of consensus and stability. Continuing a practice initiated in 2013, in October the National Assembly undertook a confidence vote on leading members of the government and the assembly itself. In some respects, the results reflected the logics of Vietnam's meritocracy, with National Assembly Chairwoman Nguyễn Thị Ngân and Prime Minister Nguyễn Xuân Phúc garnering the most high-confidence votes. (Results of the Central Committee's own confidence vote, held in December, were not made public.) The outwardly genial prime minister has won modest praise from his peers for his

efforts to promote market-friendly reforms, despite his apparently limited influence and flair. At the other end of the table, the most low-confidence ratings went to the education minister, whose power in a highly decentralized system is widely overestimated but whose likely inadvertently cavalier posture in the face of periodic education-sector scandals wins few enthusiastic fans.

In international relations, trade and defense led the agenda. In trade, Hanoi continued efforts to leverage Vietnam's unique position and advantages. In this regard, the most significant developments included the signing, in March 2018, of the 11-nation Trans-Pacific Partnership (TPP-11) and Hanoi's controversial and in some respects botched efforts to support Chinese investors in "special economic zones" (about which more below). Hanoi sought to further strengthen strategic defense partnerships in the face of Beijing's continued efforts to annex international waters and disputed islands and rock features in the South China Sea. Concerns that the chaotic rule of US President Donald Trump would undermine these efforts were somewhat allayed, as the energetic Vietnam-US security dialogue continued apace, with two visits to Hanoi by then-US Defense Secretary James Mattis within the year. In the meantime, Hanoi expanded its informal security dialogues with Japan, Australia, India, and other nations. Port calls by naval vessels from the US and other countries to Cam Ranh Bay and Danang demonstrated Hanoi's intent to institutionalize and routinize networked security partnerships.

ECONOMY AND ECONOMIC POLICY

In 2018 Vietnam continued to consolidate its position as a regional center of low-cost production, with estimated year-on-year growth in GDP near or just above 7%, its highest rate since 2008. Growth has been propelled by expansions in trade and investment and increasing domestic demand: inward FDI commitments alone were estimated at over US\$ 30 billion. Set against a backdrop of increasing economic volatility, these growth rates were cause for optimism in some quarters. This was reflected in the assessment of the World Bank,¹ which estimated 8.9% growth in industry and construction (including 13% growth in manufacturing), 3.7% growth in agriculture, and 6.9% growth in services, attributed to increased private consumption and an expanding

1. World Bank, *Taking Stock: An Update on Vietnam's Recent Economic Developments*, 2018, Washington, DC.

tourism sector. Growth in exports included a US\$ 4 billion increase in exports of phones and accessories, and the same in textiles and garments, and a nearly US\$ 3.8 billion increase in machinery, equipment, and spare parts. Wages continued to increase in real terms, alongside moderate inflation, but this rise occurred in the face of increases in the cost of food and various essential services. Transport bottlenecks continued to choke Vietnam's development.

In economic policy, the state took symbolic measures to discipline corrupt banks, to improve the business climate, and to promote the TPP-II signed in March. As the country with the lowest per capita GDP in the agreement, Vietnam is among those expected to gain the most from the treaty. Domestic skeptics questioned whether it might compromise the country's ability to nurture its home-grown economy. International skeptics pointed out that Hanoi is far from meeting its commitment to reduce the number of state-owned enterprises (currently at 500) from 583 to 103,² which would most likely happen not through privatization in the conventional sense but by "equitizing" ownership through various means that would effectively transfer control to Party-affiliated groups. Vũ Thành Tự Anh, of Fulbright University Vietnam in Ho Chi Minh City, noted that potential threats to Vietnam's growth included the country's openness to a slowing, volatile global economy, declines in trade and investment, variability in capital flows, and adverse effects of the China–US trade war. There are also familiar challenges. These include low productivity, infrastructure bottlenecks, environmental threats, and comparatively weak national innovative capacity. In 2018 Vietnam's print and electronic media were awash with enthusiastic discussions of "Industrialization 4.0," even as Vietnam's globalization has so far generated negligible backward linkages, despite emerging strengths in software and other sectors.

Politics reverberated across the economy, reflecting and generating a myriad of tensions. The Party-orchestrated anti-corruption campaign that had begun in 2016 gathered force, resulting in several high-profile arrests and prosecutions. These included, most notably, Đinh La Thăng, a sitting Politburo member, who was sentenced to 13 years in prison; Trịnh Xuân Thanh, a politician and businessman, who was abducted extrajudicially by Vietnamese secret agents in Berlin and sentenced to life in in prison; Nguyễn Xuân

2. "Vietnam Privatizations Hit Wall as TPP Arrives; Hanoi Poised to Miss 2020 Goal of Easing Control of Economy," *Nikkei Asian Review*, January 7, 2019.

Sơn, former head of PetroVietnam, who was expelled from the Party and sentenced to death; and Trần Bắc Hà, former president of BIDV bank, who awaited trial as of the end of 2018.

Plans to introduce a law on “special economic zones” early in the year generated a firestorm of criticism, culminating in large-scale protests in cities across Vietnam in June and leading to the postponement of consideration of the law until 2019. The proposed legislation was panned as a poorly conceived, hastily proposed, non-transparent measure that would advantage Chinese interests and their Vietnamese patrons and threaten economic security. Strong reflections of politics were also seen in a state-linked taxi group’s suit against an independent (Uber-like) ride-sharing firm, and in innumerable smaller-scale controversies involving land, from Quảng Ninh in the north and Quảng Bình in the central region to Lộc Hưng and Thủ Thiêm in Ho Chi Minh City.

SOCIAL CONDITIONS, CIVIL SOCIETY, AND REPRESSION

Vietnam continues to grow richer, and more unequal. While the country has seen numerical expansion in the ranks of the “middle class,” the tens of millions that fall between the very poor and the very rich are extremely diverse in socioeconomic and income-based terms, and other inequalities among them continue to grow.³ While consumption continues to increase, the development of the “middle class” in Vietnam includes the proliferation of gated property developments that are out of the reach of most Vietnamese, as well as uneven opportunities for better jobs and better public and private services through private payments and links to state power. As a share of GDP, Vietnam continues to outpace most countries in the region with respect to public and private spending on education and health, and the Party has stood by its commitment to expansion in the scale, comprehensiveness, and accessibility of education and health services and an array of social protection schemes, from pensions to targeted relief. Whether public and private expenditures in these fields are efficient is another question. In 2018 debates in Vietnam’s always controversial education sector centered on the future of exams in light of the manipulation of high school exam results

3. H. Nguyen, T. Doan, and T. Q. Tran, “The Effect of Various Income Sources on Income Inequality: a Comparison across Ethnic Groups in Vietnam,” *Environment, Development and Sustainability*, 2018, 1–22.

by provincial elites, the orientation of ongoing curricular reforms, and unemployment among university graduates.

Facilitated by expanding Internet use, Vietnam has seen a revival of associational life, and its public has become increasingly engaged in the country's politics, despite the concomitant expansion and modernization of security apparatuses and ever-present pressures toward self-censorship. However, 2018 saw the state move decisively to manage, discipline, and punish forms of association and public expression deemed threatening to or diverging from the Party.

Among the numerous repressive measures, passage of the Law on Cyber Security, which came into effect on January 1, 2019, had the greatest chilling effect. The law prohibits owners of websites, portals, and social media networks from providing, posting, or transmitting any information regarded by the state as propaganda, or instigative of disturbances of public order, or containing humiliating, slanderous, or untrue information. It compels Internet and online service providers to monitor, verify, and remove prohibited content within 24 hours of receiving a request from authorities, and to cooperate with them in identifying users deemed to have violated the law. With fierce objections from some quarters for its apparent violations of Vietnam's international human rights commitments and constitutional guarantees of free speech, it remains to be seen whether, how, and to what extent the law will be implemented. Shortly after the law's passage, in what was widely seen as an ominous sign of things to come, state authorities handed Vietnam's largest-circulation newspaper, *Tuổi Trẻ* (Youth), a fine and a financially damaging three-month suspension of online publication rights for its failure to censor critical comments posted by an online reader.

Elsewhere in cyberspace, Net activists within and outside Vietnam have sought ways to promote human rights and a more pluralist political discourse. Reaching out to a global English-speaking audience, the Project 88 website emerged as a vital resource with its continuously updated timeline of instances of intimidation, harassment, physical abuse, and imprisonment meted out to those determined to promote and defend human rights. At the end of 2018, the affiliated Vietnamese Political Prisoners Database site listed 19 activists held in pre-trial detention and 194 activists serving prison sentences, including 50 persons of ethnic-minority backgrounds. June 2018 saw the release on the condition of exile of rights activists Nguyen Van Dai (a lawyer) and Le Thu Ha (a teacher) to Germany, and Nguyen Ngoc Nhu Quyen to the US, and

shortly thereafter they began campaigning widely to improve rights in Vietnam.

While Vietnam's constitution and its international commitments to human rights stipulate freedom of expression and association, expression by groups and individuals of views that diverge from the views of the Party remains difficult. As in years past, 2018 saw several instances of largely civil but characteristically unorganized public protests in response to various perceived transgressions and failures of accountability in governance. While protests are an avenue for venting, they do not, as yet, provide a promising path for addressing social issues, even as a movement away from pluralism in the party constrains the space for open discussion and debate. Reflecting this tightening of the political space, on October 25 the Central Inspectorate of the Communist Party announced its decision to officially censure and punish long-time Party member and intellectual Chu Hảo for "serious violations" as publisher at the Tri Thức Press. The next day, Chu Hảo responded by renouncing his Party membership; several other long-time party members renounced their own memberships in support, including the widely respected writer Nguyễn Ngọc.

Amid this large scale of political change, Vietnam's population has found common cause and occasions for public displays of solidarity in cheering the success of their national football (soccer) team, whose under-23 squad made it to the finals of the Asian Games and whose senior squad triumphed over Malaysia to win the ASEAN Football Federation championship in December. Vietnam's football coach, Korean Park Hang-seo, has become a national hero, furthering Vietnam's obsession with all things Korean—save, for now, democracy and human rights.