
VIETNAM IN 2000

Toward the Ninth Party Congress

Carlyle A. Thayer

Vietnamese politics are shaped by the five-year cycle between national congresses of the Vietnam Communist Party (VCP). The last national party congress was held in mid-1996 and the next congress, the Ninth, is scheduled for March 2001. A national congress has four main responsibilities: approve the party's Political Report, adopt a long-term socio-economic strategy, amend the party's statutes and platform, and elect a new leadership. In the months leading up to a national congress, various internal party factions maneuver to shape policy outcomes and the leadership selection process. Events during the year indicate that splits within the party over its senior leadership, that emerged at the Eighth Party Congress, still remained. This article reviews major political, economic and foreign relations developments during the year through this framework.

Party Leadership under Challenge

Initial planning for the Ninth Party Congress began in August 1999 at the Seventh Plenum of the VCP Central Committee. The Eighth Plenum, which met in November, commenced preparatory work for the Ninth Congress by assigning various organizational tasks to senior party officials. This meeting also decided on a number of important leadership changes. These fell into three broad categories: disciplinary cases, a government reshuffle, and reassignment of party officials. These changes were brought about in response to

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Asian Survey, 41:1, pp. 181–188. ISSN: 0004–4687

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widespread public criticism of corruption in the VCP and in order to strengthen policy coherence and implementation.

A statement issued by the Eighth Plenum stated that Central Committee members Ngo Xuan Loc and Cao Sy Kiem each had been issued disciplinary warnings. In addition, the plenum recommended that Loc be dismissed from his post as deputy prime minister. Loc was implicated in a scandal surrounding the Thanh Long amusement park in Hanoi and for his role in encouraging speculation in the cement market in 1995. Loc was a key advisor to reformist Prime Minister Phan Van Khai. Kiem had earlier been dismissed as governor of the Vietnam State Bank for mismanaging loans that resulted in an explosion of bad debts.

In December, the National Assembly dismissed Loc from his state post and removed two deputies, one for being implicated in the Thanh Long scandal and the other for negligence. The National Assembly also approved a reshuffle of government posts. Politburo member and Deputy Prime Minister Nguyen Tan Dung relinquished his position as governor of the Vietnam State Bank to his deputy. Dung was later appointed first deputy prime minister and given the responsibility for supervising the other three deputy prime ministers.

Early in the new year, the National Assembly Standing Committee announced that Foreign Minister Nguyen Manh Cam would give up his portfolio to concentrate on his duties as deputy prime minister. He was replaced by his most senior deputy, Nguyen Dy Nien. At the same time, another deputy foreign minister, Vu Khoan, replaced the minister of the ailing Trade Ministry. Between January and March, at least seven changes were made in party leadership posts at central and provincial levels. In an effort to shore up economic policy expertise, for example, Politburo member Truong Tan Sang, secretary of the Ho Chi Minh City Party Committee, was reassigned to Hanoi to head the Central Committee's Economics Department.

Preparations for the Ninth Congress

These leadership changes must be placed in the context of preparations for the Ninth Party Congress and an internal party struggle between various factions over leadership. At the 1996 Party Congress, the VCP was clearly divided over the leadership question. Do Muoi, then party secretary-general, resisted efforts to force his retirement. Eventually a compromise was reached under which all three of the most senior officials—Do Muoi, Le Duc Anh (state president), and Vo Van Kiet (prime minister)—would retire in mid-term. This deadline was brought forward by a year and in December 1997, at the Fourth Plenum, Le Kha Phieu replaced Do Muoi as party chief. The old guard, the so-called troika, were appointed advisers to the Central Committee at this time.

During 2000, Phieu attempted to shore up his position in order to gain reelection as party secretary-general for a full five-year term. At the Central Committee's Ninth Plenum that met from April 10–19, for example, the meeting was presented with draft proposals to strengthen party decision-making at the top. Three options were tabled for discussion: direct election of the Politburo Standing Board by the Central Committee, reestablishment of the Secretariat, and retention of the Politburo Standing Board alongside a revived Secretariat. At the last national congress, the party statutes were amended to abolish the Secretariat (a powerful administrative body) and replace it with a Politburo Standing Board, an inner executive of the Politburo. In an unscripted development, delegates at the congress rejected giving the Standing Board executive authority. Its powers were limited to providing advice to the Politburo for decision. Immediately upon taking office, Phieu reshuffled the Standing Board to strengthen his authority. Nonetheless, Phieu is reportedly frustrated at constraints on his power.

From May 21–25, Le Kha Phieu made an official visit to France. He reportedly was miffed that he was not treated on the same protocol level as a head of state. On his return to Vietnam, rumors surfaced that his advisers were seeking ways to amend the state constitution and party statutes so Phieu could occupy the posts of party secretary-general and state president concurrently.

Le Kha Phieu's stewardship as party secretary-general has been severely tested by rural unrest, the aftershocks of the Asian financial crisis, and the continuing influence of the retired troika. Do Muoi has continued to cast a shadow over Phieu. Muoi continues to attend and participate in Politburo meetings. In 1999 he served as the lightning rod for opponents of the bilateral trade agreement with the U.S. Muoi has also been appointed the convenor for the Ninth Party Congress, a position that gives him influence over the agenda and proceedings. In October, in an unprecedented action, the three advisers sent a joint letter to the Central Committee criticizing Phieu for weak leadership.¹

The retired troika do not always present a united front, as the case of Prime Minister Phan Van Khai indicates. Party conservatives have repeatedly criticized Prime Minister Khai for not rooting out corruption among his ministers. Ngo Xuan Loc, one of Khai's close confidants, ran afoul of Le Duc Anh. As a result, Loc fell victim to a press campaign, engineered by Anh, attacking him for corruption and eventually leading to his dismissal. Shortly after, Nguyen Thai Nguyen, an aide to Phan Van Khai, was placed under investigation for unspecified violations of the law. Khai has also been the victim of

1. Nayan Chanda, "Blowing Hot and Cold," *Far Eastern Economic Review (FEER)*, November 30, 2000, p. 22.

continual sniping by party conservatives who have attempted to stymie his reform program. In January, Prime Minister Khai candidly revealed that he was unable to obtain consensus on the draft trade agreement with the U.S. and that he was throwing this hot potato back to the Politburo for resolution. Conservative obstructionism, Loc's dismissal and the attacks on Nguyen so frustrated Prime Minister Khai that in March he tendered his resignation from office.² The party, however, fearing negative international reaction by investors, rejected his request.

The leadership question was placed on the table at the Central Committee's Ninth Plenum held April 10–19. This meeting reviewed the second phase of the party-building and rectification campaign originally launched by the Sixth Plenum (second session) in early 1999. Three Central Committee members, including a minister, were disciplined for their role in the Thanh Long water park scandal. At the same time, and only as a result of the intervention of Do Muoi, Ngo Xuan Loc was rehabilitated. Shortly after the plenum, it was announced that Loc was appointed special advisor to the prime minister for industry, construction, and transport.

Continuing preparations for the Ninth Party Congress dominated the proceedings of the Central Committee's Ninth Plenum. This meeting, attended by the three Central Committee advisers, discussed four major draft documents: the *Secretary-General's Political Report*, *Socioeconomic Strategy for the 2001–2010 Period*, the *Five-Year Plan, 2001–2005*, and *Report on the Revision of the Party Statutes*. Politburo member Nguyen Phu Trong briefed members on contentious matters that still needed discussion including sections of the Political Report and amendments to the party statutes (discussed above). The Central Committee convened its Tenth Plenum from June 26 to July 4. According to a communiqué, this meeting “also laid the ground work for the Ninth National Party Congress.”³

Since the Tenth Plenum the Vietnamese media has given increased attention to internal party discussions of the still confidential draft political report, *Bringing into Full Play the Strength of the Entire Nation, Continuing the Renovation Process, Accelerating Industrialization and Modernization, Building and Defending the Socialist Vietnamese Fatherland*. According to one authoritative article, the draft Political Report contains 15 major new points when compared with the previous Eighth Congress Political Report. A careful review of these 15 points, however, reveals no major departure in economic policy since the 1994 mid-term party conference and 1996 Eighth National Party Congress. In the past, party documents asserted that it was the long-term policy of the party and state “to develop the commodity-based

2. “The War Within,” *FEER*, May 4, 2000, p. 20.

3. Voice of Vietnam, July 4, 2000.

multi-sector economy operating in accordance with the state-managed, socialist-orientated market mechanism.” The draft Political Report merely condenses this awkward and convoluted expression into a single phrase “to develop a socialist-orientated market economy.”⁴

The draft Political Report continues to highlight bread-and-butter themes: it gives prominence to Ho Chi Minh Thought, the period of transition to socialism (which may be shortened by “orderly steps and big leaps forward”), the leading role of the state and cooperative economy, and class struggle. The draft Political Report states, “The principal content of class struggle is to successfully pursue the goal of industrialization and modernization along the lines of socialism, to struggle to frustrate all schemes and acts of sabotage by hostile forces, and to build Vietnam into a prosperous socialist country.” In the view of one Vietnamese economist attached to a major institute in Hanoi, the draft Political Report “represents nothing new, it may even be a step backward.”⁵

During the final quarter of the year, party congresses were held at grass-roots and provincial levels. The process of provincial party congresses will be completed early in 2001. These congresses have the duty of selecting over 1,000 delegates to the ninth congress.

Economic Reform

Since the Asian financial crisis of 1997–98, Vietnam has resisted calls by the World Bank, International Monetary Fund, and international donor community to step up the pace of its reform efforts. Vietnam has also rejected out of hand conditional financial inducements by international financial institutions to underwrite the costs of reform efforts. Vietnam’s party leaders have shown extreme reluctance to undertake any policy initiative that would upset political stability. This and a variety of other factors have led to reform immobilism. This was most evident in Vietnam’s eleventh hour decision to pull back from completing a bilateral trade agreement (BTA) with the U.S. in September 1999.

It took the VCP Politburo a further nine months to finally agree to the draft BTA negotiated the previous year. In November 1999, the VCP Central Committee’s Eighth Plenum reviewed the draft text of the U.S.-Vietnam BTA in detail. These discussions revealed that those with vested interests in state-owned enterprises, including military-owned enterprises, were strongly opposed to opening up Vietnam’s economy. Prime Minister Khai was given

4. Ha Dang, “Cai moi trong Du thao Bao cao chinh tri Dai hoi IX” [New points in the draft political report to the Ninth Congress], *Tap Chi Cong San* [Communist review] (September 2000), pp. 5–9.

5. *Ibid.*

the unenviable task of obtaining consensus. As noted above, he was unsuccessful. In March 2000, Vietnam sent a letter to the U.S. listing eight to 10 areas of the draft BTA that they felt were inequitable and should be renegotiated. In May, U.S. Trade Representative, Charlene Barshefsky replied, outlining areas of the agreement the U.S. would be willing to clarify.

The debate about the pace and scope of economic reforms, and the degree to which Vietnam should open its economy and expose itself to the forces of globalization, became inextricably tied up with consideration of the draft BTA. As the debate wore on, party conservatives became convinced that in order to achieve their objectives of industrializing and modernizing Vietnam by 2020 they needed to reverse the marked decline in foreign investment and step up the rate of economic growth.

Vietnam's reform effort gained new momentum after the Central Committee's Tenth Plenum concluded its deliberations in late June and early July 2000. Vietnam issued new implementing regulations for the Law on Foreign Investment (amended in June). According to a communiqué issued after the plenum: "[a]mong the key issues discussed . . . were problems of ownership and economic sectors in the transitional period to socialism; [and] building an independent and autonomous economy in the light of international economic integration."⁶ Of significance was the plenum's debate on the issue of an independent and self-reliant economy and international economic integration. The plenum concluded that there was no other choice but to continue with regional and global integration. The meeting gave its approval for the new trade minister to go to Washington in order to discuss U.S. clarifications. At the same time, long-standing plans to open a stock exchange in Ho Chi Minh City were suddenly given the green light.

Khoan journeyed to Washington in July and signed the historic document. Key clauses in this agreement will be phased in over a period from three to nine years. The World Bank estimates that Vietnam's trade with the U.S. will jump from \$470 million to nearly \$1 billion. The BTA is now subject to ratification by Vietnam's National Assembly and the U.S. Congress.

Foreign Policy

Since 1991 Vietnam has embarked on a foreign policy strategy of "making friends with all countries" and "diversifying foreign relations." Vietnam normalized relations with China that year, and four years later joined ASEAN and normalized relations with the U.S. In recent years, Vietnamese party

6. "Thong Bao Hoi Nghi Lan Thu Muoi Ban Chap Hanh Trung Uong Dang Cong San Viet Nam (Khoa VIII)" [Communiqué of the Tenth Plenum of the Central Executive Committee of the Vietnam Communist Party [Ninth Congress]], "*Quan Doi Nhan Dan (People's Army)*, July 5, 2000, pp. 1 and 4

conservatives have turned to China as a source of ideological succor and legitimization. Party reformers have favored ASEAN membership, closer relations with the U.S., and greater diversity in external relations. Vietnam is currently chairman of the ASEAN Standing Committee (until mid-2001) and ASEAN's designated dialog partner with the U.S.

In September Prime Minister Phan Van Khai visited Russia and signed an agreement settling the vexed debt issue between the two countries. Vietnam has agreed to pay Russia \$1.7 billion in payments extending over 23 years. Approximately 10% will be paid in cash while the remaining amount will be made up by business concessions and provision of goods and services in Vietnam.

In December 1999, Vietnam and China reached a historic agreement on their land boundary. Legislatures in both countries subsequently ratified the agreement. Building on this momentum, five high-level Vietnamese officials visited Beijing during 2000. In a significant gesture, newly appointed foreign minister, Nguyen Dy Nien, paid his first overseas visit to China in February. Nong Duc Manh, head of the National Assembly's Standing Committee, visited in April; Defense Minister Pham Van Tra visited in July; Prime Minister Khai visited in September; while President Tran Duc Luong visited in December to preside over the signing of an agreement demarcating their maritime boundary in the Gulf of Tonkin. At least three other members of the VCP Politburo (Nguyen Duc Binh, Nguyen Minh Triet, and Le Minh Huong) separately journeyed to China to study the applicability of Chinese market socialist reforms to Vietnam.

During 2000 U.S.-Vietnam relations were marked by two historic visits. In March, William Cohen became the first secretary of defense to visit Hanoi since the end of the Vietnam War, while in November Bill Clinton became the first U.S. president to visit Vietnam since 1969. Both Cohen and Clinton stressed that America's top priority in its bilateral relations remained the full accounting for U.S. servicemen missing-in-action. Secretary Cohen's visit was aimed at nudging the Vietnamese further along the path of military-to-military cooperation. Cohen offered assistance in demining, flood control, sharing medical knowledge, and environmental studies (on the impact of Agent Orange). In the wake of Cohen's visit, Indian Defense Minister George Fernandes visited Hanoi and signed the minutes of a defense cooperation agreement. And Indian Foreign Minister Jaswant Singh visited Hanoi in early November 2000 on the eve of the visit by the U.S. president.

The signing of the trade agreement with the U.S. set the stage for President Clinton's late November trip. This visit was largely symbolic in nature and designed to take the process of reconciliation between former adversaries a step closer. Clinton met with Vietnam's top three officials, President Luong, Prime Minister Khai, and Secretary-General Phieu. Clinton's visit had the

unintended consequence of exposing differences among the leadership. Prior to his arrival, party conservatives sent a Politburo circular dated October 27 directing party members not to be too warm toward Clinton. Just the opposite happened as crowds poured out in the streets of Hanoi and Ho Chi Minh to spontaneously welcome the president.

President Clinton's meeting with Secretary-General Phieu was a stilted affair. Phieu lectured his guest on the "ABCs" of Vietnamese history, condemned imperialism, and argued that the Vietnam War had the positive effect of giving birth to socialism. President Clinton pointedly extended his meeting with the secretary-general to rebut Phieu's arguments about America's aims during the Vietnam War. The U.S., Clinton argued, sought to assist Vietnamese self-determination. Quite plainly, given the accusation of his weak leadership, Phieu was playing to party conservatives. To party reformers, however, Phieu's rigid views were seen as ill-advised and backward. No doubt the pros and cons of Phieu's meeting with Clinton will feature in internal party debates over whether or not to renew his term as party chief.

The U.S.-Vietnam Bilateral Trade Agreement, if properly implemented, holds the potential to transform Vietnamese state-society relations by giving greater scope to the private sector and foreign ownership of heretofore closed sectors of the economy. The forces of globalization and economic integration will have an impact on Vietnam's system of one-party rule. Pressures will build to liberalize social controls and co-opt newly emerging social classes. It remains to be seen if delegates to the Ninth Party Congress will have the vision to select a leadership capable of managing, rather than resisting, the perturbations of the transformation process.