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Why is Vietnam's Military Modernisation Slowing?

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Military personnel stand guard in front of a billboard for the Communist Party of Vietnam's (CPV) 13th National Congress outside the National Convention Centre in Hanoi on 26 January 2021. Picture: Nhac NGUYEN, AFP.

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EXECUTIVE SUMMARY

- Security challenges presented by the South China Sea dispute led to Vietnam's efforts to modernise its armed forces over the past two decades. However, after the fall of Prime Minister Nguyen Tan Dung in 2016, the procurement of major military assets has virtually ground to a halt.

- Apart from budget constraints, another important reason that has impeded Vietnam's military modernisation is the deep-rooted mindset of the Vietnam People's Army (VPA) that considers political action more important than military action, and propaganda more important than fighting.

- The high-profile anti-corruption campaign led by General Secretary Nguyen Phu Trong since 2016 has also weakened the network of military officers who engaged in rent-seeking activities, directly affecting the military procurement process.

- Vietnam aims to fully modernise its military by 2030. However, more still needs to be done in essential areas such as strategy making, organisational restructuring and defense industry upgrading. In particular, the VPA's mindset of prioritising political action over military action needs to be changed.

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INTRODUCTION

Vietnam's approach to building and modernising the Vietnam People's Army (VPA) has evolved over time. In the early 2000s, when the country's top priority was economic development, Vietnam focused on maintaining armed forces that were "strong enough with a reasonably numerical strength and high degree of training proficiency".[1] In the 2019 Defense White Paper, however, Vietnam set the target of developing a "revolutionary, regular, highly-skilled, gradually modernized VPA with some forces advancing straight to modernity […] meeting requirements of safeguarding the Homeland and responding to hi-tech wars".[2] This was also the first time the country had officially and publicly set the target for its military modernisation endeavours, aiming to "build the VPA into a modern military" from 2030 onward.[3]

The pace of Vietnam's military modernisation, however, has slowed down over the past five years despite the country's increasingly complex and unpredictable external security environment. This article examines the factors underlying this trend. Apart from budget constraints, the paper argues that the VPA's mindset of considering political action more important than military action and propaganda more important than fighting is constraining its modernisation efforts. At the same time, Vietnam's anti-corruption campaign since 2016 has also weakened the rent-seeking networks within the VPA which used to play an important role in promoting the VPA's modernisation programmes as a rent-seeking measure. With these programmes facing major setbacks, the power gap between Vietnam and China, its main rival in the South China Sea, will likely continue to widen.

MILITARY MODERNISATION GRINDING TO A HALT

From a "strong enough" military to a "gradually modernised" to a fully "modern" military, this 30-year military modernisation trajectory of Vietnam converges with the increasingly complex and asymmetrical nature of the South China Sea dispute. With Vietnam's defence budget increasing year by year, it is expected that more and more sophisticated assets will be procured and put into service. According to official sources, the country's defence budget is set to increase from US$5 billion in 2018 to US$7 billion by 2022, of which 20 per cent will be spent to "replace older equipment and introduce new and modern capabilities" annually.[4]

However, the results have been underwhelming. While the VPA has continued to invest in the production and procurement of small and medium assets such as assault rifles, radars, anti-air missile systems, main-battle tanks or training jets, the procurement of big and significant systems for the air force and the navy has virually ground to a halt after the fall of then-Prime Minister Nguyen Tan Dung in 2016. The last big-ticket purchase for the air force was made in 2013 (12 Sukhoi Su-30MK2 costing US$600 million), and for the navy in 2011 (two Gepard-class frigates costing US$700 million).[5] China, meanwhile, launched two dozen large warships – from destroyers to huge amphibious landing docks and corvettes – in 2019 alone. Similarly, over the past five years, the Vietnamese navy has commissioned only six major naval assets (two Kilo-class submarines in 2017, two Gepard-class frigates in 2018 and two second-hand Pohang-class corvettes in 2019). As such, the pace of Vietnam's military modernisation in the past five years has been too slow for the country to deal with the increasing complexity of its external security environment. This is a legitimate

cause for concern, given the country's stated goal of having the navy and the air force advance "straight to modernity".

The most common reason cited by many in explaining this failure is Vietnam's budget constraints. Former Minister of Defense Phung Quang Thanh stressed in 2014 that the country's overall budget was limited, and that money had to be allocated to other important areas of national development such as infrastructure, education or healthcare.[6] However, budget constraints do not seem to be the only reason behind this worrying trend.

THE OLD MINDSET

The launch of the *Doi Moi* (renovation) policy in 1986 was aimed at pulling Vietnam out of severe poverty and international isolation following a series of socio-economic crises in the 1980s. Policy makers in the early reform period largely perceived security challenges through the question of "security by what" instead of "security for whom". The reformist and globalist "new thinkers" of this period argued that security should be ensured mainly through economic rather than military means.[7] They have since been locked in endless debates with anti-imperialist, conservative "old thinkers" over the shaping of Vietnam's security policies.

Memories and experiences of the economic and social crises of the 1980s fuel enduring security concerns which shape the conflicting visions of the two camps. The new thinkers, in response to the economic crisis which preceded *Doi Moi*, felt that market-oriented reforms and international economic integration were needed to overhaul the country's frail economy. Witnessing the socio-economic crises in the first half of the 1980s, the old thinkers also shared the concern that the legitimacy of the CPV would be challenged if the Party could not improve the economic well-being of the country and its people. However, pointing to the demise of communist regimes in the Soviet Union and Eastern Europe in the early 1990s, the old thinkers maintained a suspicious attitude towards the liberal ideas embraced by the new thinkers. As such, Vietnam's post-*Doi Moi* economic liberalisation and international integration have always been challenged by hardcore ideological conservatives who prioritise regime survival over economic liberalisation.

Despite these differences, the two camps agree on at least one thing – the need to sustain the legitimacy of the Party. *Doi Moi* was, to this end, a pragmatic compromise between the two camps.[8] As the international order changed, so did the formula to generate legitimacy. Legitimacy could no longer be solely based on memories of the Party's leadership during Vietnam's military struggle for national unification and independence, or on the collective socialist economy. This led the Party to switch to performance-based legitimacy, namely its ability to maintain continuous economic growth and to improve the social and economic well-being of the people.[9]

The new thinkers therefore argue that the country's security approach should "no longer [give] priority to military affairs but [allow] the conduct of a new foreign policy to play a bigger role in ensuring national security and supporting the economic development of Vietnam".[10] While the new thinkers seek to strengthen the country's ties with the West as fast as possible in order to reap the benefits of trade and globalisation, the old thinkers, on the other hand, are suspicious of "Western values" and perceive them as a threat to the Party's revolutionary values and its monopoly of power.

Party-military relations have also evolved alongside the aforementioned political debate. This relationship is characterised by the highly visible political role of the VPA in ensuring the legitimacy and survival of the Party, officially enshrined in its famous slogan "building and protecting the socialist motherland".[11] Alexander Vuving recently described this relationship as "mutual embeddedness", which he deemed "the single most important thing that withstood all changes in the external and internal environment".[12] The military "is the guardian and saviour of the Party; it fights for the Party's supremacy, not for its own supremacy".[13] The Party exerts its control over the military through a number of tools, from ideological indoctrination via the political commissar networks to a "dual elite" system where all military officers are simultaneously members of the Party, ensuring their loyalty and subjecting them to the Party's control. And when the military intervenes in politics, "it intervenes on behalf of the party".[14]

Nevertheless, due to the symbiotic nature of the relationship between the VPA and the Party, the VPA remains one of the most influential factions within the state apparatus when it comes to defence and security matters, alongside the Ministry of Public Security and the Ministry of Foreign Affairs. The military's influence in the country's top echelons trended upwards between 1989 and 2001, led by the late General Le Duc Anh, who was then minister of defence (1987-1992) and state president (1992-1997). The military's influence during this period was also facilitated by the CPV's deepened concerns about regime security following the collapse of the Soviet Union.[15] Power competition among different factions within the Party and within the military itself has seen a decrease in the military's influence since 2001.[16] Regardless of the faction that dominates the leadership, however, the military tends to align with the conservatives because this party-military symbiosis "gives military leaders more say and more privileges than they would have" under a more open and progressive type of regime.[17] Against this backdrop, the VPA adopted the slogan "political action is more important than military action; propaganda is more important than fighting" as its main approach to strategic tasks.[18] The VPA's top priority as mentioned in the Strategy to Safeguard the Homeland has always been "to secure the leading role of the Party", while "protecting the Party, State, and the people" is promoted as an essential part of the National Defense Strategy.[19]

The dominance of the old thinkers in both the Party and the military has led to a conservative and cautious approach towards military modernisation, especially regarding "professionalisation". The conservatives tend to prefer security partners which are not critical of the CPV regime and its human rights record, as regime security is considered their top priority. Due to their anti-Western sentiments, conservatives also favour traditional partners, mostly from the post-Soviet world, in terms of military procurement. Beside practical reasons such as the more affordable prices and maintenance costs that these partners offer, they also prefer the old-fashioned way of making acquisition deals behind closed doors through state monopolies, which Western partners normally avoid. Meanwhile, in their view, professionalisation is an alien concept infested with anti-regime notions, especially the implied idea of "separating the military from the Party". They believe that there is no such thing as "a neutral military" or "a military without politics". This conservative mindset causes the VPA to adopt a half-hearted approach to force modernisation and professionalisation.

A RENT-SEEKING MILITARY

Another factor that has contributed to the slowing of Vietnam's military modernisation over the past five years is the weakening of the rent-seeking networks within the VPA which used to facilitate major defence acquisition programmes under the Nguyen Tan Dung administration. It is no coincidence that Vietnam's most well-known military modernisation projects so far were implemented under Dung and his defense minister Phung Quang Thanh, whose web of influence had been characterised as "the biggest rent-seeking networks in the country".[20] These networks took advantage of Vietnam's economic reforms as well as its need to deal with emerging security threats in order to gain personal benefits, including through military modernisation programmes and unauthorised land deals. Since 2016, for example, dozens of high-ranking military officers, including then-Deputy Minister of Defence Nguyen Van Hien, have been prosecuted for mismanagement, mostly related to military-owned land.[21] The power struggle between Nguyen Tan Dung and General Secretary Nguyen Phu Trong, who since 2016 has led a high-profile anti-corruption campaign that targets many of Dung's allies and associates, characterises the rivalry between a liberal-turned-rent-seeking camp on one hand versus a conservative one seeking to "clean up the system" on the other.[22] An unintended consequence of the campaign happens to be the military modernisation process, with purchases of big-ticket military assets slowing down significantly since 2016. Despite China's increasing assertiveness in the South China Sea, the Party seems to prioritise domestic stability and maintaining its legitimacy over a "hard balancing" approach to maritime disputes.

Over the past five years, the VPA has made no major defence acquisitions, although there have been some sporadic small-scale contracts for the ground force (e.g., the T-90 main battle tank project) and the air force (e.g., the trainers project and some anti-air missile and radar systems). The navy, the most essential service in defending the country's maritime sovereignty, has to share its limited budget with the coast guard. The navy's main surface force still consists of just four 1.500-ton Gepard 3.9 frigates and several second-hand and Soviet-era frigates that have been refitted several times to prolong their service. Even for constabulary missions, the combined number of vessels from both the navy and the coast guard is insufficient for covering Vietnam's sovereign waters in the South China Sea.

The slowing military modernisation drive has given rise to public concerns about its consequences. On the one hand, without strong and capable armed forces, especially the navy, Vietnam would not be able to deploy a comprehensive hedging strategy against China in which "hard balancing" plays an essential role.[23] The capacity gap between China and Vietnam is steadily widening. If China can establish an unchallenged presence in the South China Sea, not only Vietnam's sovereignty but also its ruling Party's legitimacy will be at risk. At the same time, the conservative mindset of the VPA has significantly limited the potential of many defense and security partnerships between Vietnam and Western countries, especially the United States. The cautious and suspicious attitude towards the West has deprived the VPA of the opportunity to learn from these advanced partners, especially in such areas as organisation, command and control, and how to modernise Vietnam's defense industry.

CONCLUSION

The VPA has been undergoing four phases of modernisation since 1986, with the fourth one currently being shaped. The 2019 Defense White Paper may have set ambitious objectives for the country's military modernisation programme, but given its current slow progress, it remains to be seen whether all these objectives can be met on time, and if so, whether or not a modernised VPA will have the necessary capabilities and proper mindset to deal with a fast-changing regional security environment.

The VPA will face significant challenges in getting "fully modernised" if it does not change the old mindset, which puts political affairs above modernisation and regime sercurity above external security. At the same time, more also needs to be done to improve defence strategy, restructure the VPA's organisation, and upgrade the country's Soviet-style defence industry. Without such reforms, Vietnam's military modernisation programme will risk losing momentum, putting the country and the VPA in a more precarious position, given the backdrop of an increasingly complex and unpredictable regional strategic environment.

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[1] Ministry of Defense, *Vietnam's National Defense in the Early Years of the 21st Century* (Hanoi, 2004), pp. 59-60.
[2] Ministry of Defense, *2019 Vietnam National Defense* (Hanoi, 2019) p. 95.
[3] Ibid, pp. 95-96.
[4] Official brochure of the first Vietnam International Defense & Security Exhibition (VIDSE). The exhibition was initially planned for September 2020 in Hanoi, but was postponed due to the COVID-19 pandemic.
[5] Vietnam purchased 12 Yakolev Yak-130 trainers from Russsia (worth US$350 million) in 2019 and 12 Aero L-39NG trainers from the Czech Republic in 2021. These trainers are expected to be delivered from 2021 to 2024.
[6] Việt Hoàng, "Bộ trưởng Phùng Quang Thanh: Xây dựng một số quân binh chủng tiến thẳng lên hiện đại" [Minister Phùng Quang Thanh: Building some services straight into modernity], *Dân Trí*, 3 December 2014, https://dantri.com.vn/chinh-tri/bo-truong-phung-quang-thanh-xay-dung-mot-so-quan-binh-chung-tien-thang-len-hien-dai-1418233230.htm.
[7] Alexander Vuving, "Vietnamese Perspective on Transnational Security Challenges", in *Issues for Engagement: Asian Perspectives on Transnational Security Challenges*, edited by David Fouse (Hawaii: Daniel K. Inouye Asia-Pacific Center for Security Studies, 2012), p. 168.
[8] Ibid.
[9] Le Hong Hiep, "Performance-based Legitimacy: The Case of the Communist Party of Vietnam and 'Doi Moi'", *Contemporary Southeast Asia* 34, No. 2 (2012), pp. 145-172.
[10] Nguyen Vu Tung, "Vietnam's Security Challenges: Hanoi's New Approach to National Security and Implications to Defense and Foreign Policies", in *Asia Pacific Countries' Security Outlook and Its Implications for the Defense Sector,* NIDS Joint Research Series No.5 (Tokyo: The National Institute for Defense Studies, 2010), pp. 107-120.

[11] Carlyle A. Thayer, "Military politics in contemporary Vietnam: Political engagement, corporate interests, and professionalism", in *The Political Resurgence of the Military in Southeast Asia,* edited by Marcus Mietzner (New York: Routledge, 2011), p. 81.
[12] Alexander Vuving, "Mutual Embeddedness: The Architecture of Civil-military Relations in Vietnam", *SocArXiv Papers*, draft as of 31 January 2021, https://osf.io/preprints/socarxiv/4a9z7/.
[13] Ibid, p. 4.
[14] Amos Perlmutter & William M. LeoGrande, "The Party in Uniform: Toward a Theory of Civil-Military Relations in Communist Political Systems," *American Political Science Review* 76, no. 4 (1982), p. 788.
[15] Vuving, "Mutual Embeddedness", pp. 8-12. For more information about the power struggle between the different CPV factions, see Alexander Vuving, "How Experience and Identity Shape Vietnam's Relations with China and the United States," in *Asia's Middle Powers? The Identity and Regional Policy of South Korea and Vietnam*, edited by Joon-Woo Park, Gi-Wook Shin and Donald W. Keyser (Stanford: Walter H. Shorenstein Asia-Pacific Research Center Books, 2013), pp. 53-71.
[16] For an analysis of the rise and fall in the VPA's political influence in Vietnam, see Le Hong Hiep, "The Military's Resurging Influence in Vietnam", *ISEAS Perspective,* No. 54/2021, https://www.iseas.edu.sg/wp-content/uploads/2021/03/ISEAS_Perspective_2021_54.pdf.
[17] Vuving, "Mutual Embeddedness", p. 16.
[18] Nguyen Tan Tuan, "Bài 2: Chính trị trọng hơn quân sự" [Part 2: Politics is important than military], *Quân đội Nhân dân online*, 10 November 2014, https://www.qdnd.vn/chinh-tri/tin-tuc-su-kien/bai-2-chinh-tri-trong-hon-quan-su-425345.
[19] Ministry of Defense, *2019 Vietnam National Defense*, pp. 21-22.
[20] Alexander Vuving, "Vietnam in 2018: A Rent-Seeking State on Correction Course," in *Southeast Asian Affairs 2019*, edited by Daljit Singh and Malcolm Cook (Singapore: ISEAS – Yusof Ishak Institute, 2019), pp. 375-394.
[21] There have been discussions in Vietnam about the level of corruption within the military, especially in the areas of land management, research and development (R&D), and acquisition. The public, however, has had almost no access to evidence regarding corruption in R&D or procurement due to the sensitivity of the information, and the attempt of the regime to maintain the image of a clean and invincible military. Recently, however, there have been international media reports about possible corruption related to VPA's defense deals worth billions of dollars. See, for example, Intelligence Online, "Corruption suspicions in Hanoi freeze defense deals", 21 October 2020, https://www.intelligenceonline.com/international-dealmaking/2020/10/21/corruption-suspicions-in-hanoi-freeze-defence-deals,109615408-art.
[22] Le Hong Hiep, "Vietnam's Anti-corruption Campaign: How much is it about Political Infighting", *ISEAS Commentaries*, 5 July 2018, https://www.iseas.edu.sg/media/commentaries/vietnams-anticorruption-campaign-how-much-is-it-about-political-infighting-by-le-hong-hiep/.
[23] For an analysis of Vietnam's "rebalancing" strategy in the South China Sea, see Tran Truong Thuy, "Rebalancing: Vietnam's South China Sea Challenges and Responses", *Maritime Issues*, 27 December 2016, http://www.maritimeissues.com/working-papers/rebalancing-vietnams-south-china-sea-challenges-and-responses.html.

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