

# PERSPECTIVE

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## **Continuity and Change under Vietnam's New Leadership**

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### **EXECUTIVE SUMMARY**

- Vietnam's economic reforms and its tilt toward the United States in the Vietnam-United States-China triangle are poised to continue under its new leadership.
- The 12<sup>th</sup> party congress of the Communist Party of Vietnam was considered a clash between a reformist outlook represented by Prime Minister Nguyen Tan Dung and a conservative outlook represented by General Secretary Nguyen Phu Trong. In the event, the General Secretary won and the transfer of power, though procedurally unprecedented, went swiftly and painlessly.
- So far, the new government appears more pragmatic than dogmatic, and more flexible than rigid. It seems competently staffed, and compared to previous politburos, more members of the current one speaks English fluently, giving them the capacity to interact directly and personally with foreign leaders without the help or intervention of interpreters.
- For the first time, members of the Ministry of Public Security play a dominant role both in the party as well as in the government, perhaps due to the felt need for political stability as well as for managing human rights issues in dealing with Western countries.
- Institutional reforms have been initiated to fight corruption more effectively. Some high-profile cases of corruption are being investigated and these may lead to the incrimination of some powerful figures from the previous administration.

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## **INTRODUCTION**

The 12<sup>th</sup> party congress of the Communist Party of Vietnam (CPV) held earlier this year was commonly seen as a power struggle between General Secretary Nguyen Phu Trong and Prime Minister Nguyen Tan Dung; a fight to restore the control of the party over the state; and a clash between a reformist outlook and a conservative outlook.

But although Mr. Trong and the party emerged triumphant, the new leadership has so far not embraced dogmatism and conservatism.

With regard to policy and focus, there seems to be more continuity than change. The resolution of the 12<sup>th</sup> party congress still repeated the warning about the four dangers facing the country identified since the 1994 Mid-term party congress, namely the danger of falling behind neighbouring countries economically, the threat of “peaceful evolution”, deviation from socialism, and corruption and bureaucratism. This time, the party added that deviation from socialism could take place through the process of “self-evolution” or “self-transformation” of party cadres and government officials. The resolution again stressed the need for “deeper and more comprehensive” integration into the regional and global system, further economic reform, maintaining political stability, strengthening the leadership capacity of the party, and protecting national sovereignty and territorial integrity in a changing and complex regional environment.

At home, efforts to develop a socialist-orientated market economy and restructure state-owned enterprises (SOE’s) continue. Abroad, the government is keeping to its policy of diversifying and multilateralizing foreign relations; Mr. Dung’s tilt toward the United States in the Vietnam-United States-China triangular relationship has not changed.

Two months after the conclusion of the party congress, Vietnam inaugurated a new facility at Cam Ranh Bay to accommodate foreign navies; warships from Singapore, France, Japan, and India took turns to show up. China has not taken up Vietnam’s offer, and currently no visit from U.S. warships is planned, but this possibility cannot be ruled out.

When President Obama visited Vietnam in May 2016, he was given a warm reception by the new Vietnamese leadership and a tumultuous welcome by its people. “Obama fever” swept over Hanoi and Ho Chi Minh City. Vietnam was willing to accept an increasing U.S. cultural and political presence by agreeing to receive Peace Corps volunteers and has granted Fulbright University Vietnam permission to operate as the country’s first nonprofit, independent university, not subject to any constraints from the central government. Reportedly, there were also talks between the U.S. and Vietnam for the establishment of a U.S. military logistics warehouse in Da Nang, mainly for humanitarian tasks and natural disaster missions.

Having been trained in America is no longer a disadvantage or subject of suspicion. On the contrary, it may now be a badge of merit. Except for the general secretary and the state president, many members of the new leadership have either studied in the United States or

attended short-term training seminars at the Kennedy School of Government, Harvard University. Five members of the new Politburo, the largest number ever, speak English fluently (Hoang Trung Hai, Pham Binh Minh, Nguyen Van Binh, Vuong Dinh Hue, and Nguyen Thien Nhan), giving them the capacity to interact directly and personally with foreign leaders without the help or intervention of interpreters.

## **PRAGMATISM VERSUS DOGMATISM**

The supposedly hardline conservative Nguyen Phu Trong has so far and against expectations, not shown signs of dogmatism. While the resolution of the 12<sup>th</sup> party congress continued to affirm “the road to socialism is one that is suitable for the practical conditions of Vietnam and the development trend of history,” it did not include an important passage found in the resolution of the 11<sup>th</sup> party congress which insisted on the commitment to “consistently and creatively apply Marxism-Leninism and Ho Chi Minh thought.” Also, there was no mention in the new document of the determination to “constantly learn and imitate the shining moral example of Ho Chi Minh.”

The new leadership appears to be more pragmatic and flexible. The new Central Committee’s resolution repeated the goal of quickly building Vietnam into a “modernity-oriented industrial country” but, unlike at previous party congresses, it did not set 2020 as the target date for the achievement of that goal.

## **A CLEAN BREAK**

Nevertheless, changes in personnel and policy implementation have been more pronounced. The new leadership has obviously wanted to make a clean break with Mr. Dung’s administration and quickly strengthen the control of the party over the state. Politburo members were appointed to head all important government offices: the National Assembly, the Supreme People’s Inspectorate, the Ministry of Defense and the Ministry of Foreign Affairs. More Politburo members than before were assigned to government posts. For the first time, the Cabinet includes four Politburo members (Nguyen Xuan Phuc, Truong Hoa Binh, Vuong Dinh Hue, and Pham Binh Minh), and top positions at the Foreign Ministry are occupied by one Politburo member and two members of the Central Committee (Pham Binh Minh, Bui Thanh Son, and Le Hoai Trung). Hoang Trung Hai and Dinh La Thang, two of the Politburo’s dynamic members, have been appointed to head party organizations in the nation’s two most important cities, the capital city of Hanoi, and Ho Chi Minh City, the locomotive of economic growth of the South and of the nation, respectively.

Also, the transfer of power and personnel changes at the top went swiftly and painlessly.

Less than a month after the party congress, Trong had succeeded in appointing his supporters to head all important committees of the Central Committee, including the permanent secretary, the Central Organization Committee, the Central Internal Affairs

Committee, the Central Propaganda and Training Committee, and the Central Inspection Committee. In May 2016, Trong further consolidated his position by taking over the secretariat of the powerful Central Military Committee.

In an unprecedented move, the Party acted quickly to nominate candidates for three top government positions (Chairman of the National Assembly, State President, and Prime Minister) and had them approved by the current National Assembly and before the election of the new one. By March 2016, less than two months after the 12<sup>th</sup> party congress, a new government was in place ready to do its job and to receive President Obama who was due to visit two months hence.

## **PERSONNEL CHANGES**

The new leadership is faced with a number of inter-related challenges. Regional and global integration requires it to reform the economy and restructure the SOEs. Opening the economy and society, particularly getting closer to the United States, runs the ideological risks of peaceful evolution, self-evolution, and self-transformation, while political reform to keep up with the new economy threatens to lead to political instability and deviation from socialism. The selection and composition of new leaders seem to have been made with an eye on these challenges.

Members of the military-security bloc was given a prominent role in the new Politburo and in the Central Committee of the CPV. The Minister of Defense continues to occupy his customary position in the Politburo, but the number of representatives of the military in the Central Committee has been increased from 17 to 22, making it the largest bloc of Central Committee members coming from one ministry.

More important is the dominance by people with a public security background in the new leadership, perhaps in response to the need for political stability as well as the need to manage human rights issues when dealing with Western countries. In the government, leaders of the Ministry served as State President (Tran Dai Quang), Minister of Public Security (To Lam), and Chief Justice of the Supreme People's Court (Nguyen Hoa Binh). Within the party, three of the Ministry's members were elected to the Party Secretariat (Pham Minh Chinh, Nguyen Van Nen, and Nguyen Hoa Binh); they also held the chairmanship of the two most important committees of the Central Committee: the Central Organization Committee (Pham Minh Chinh) and the Central Internal Affairs Committee (Phan Dinh Trac).

To deal with the economy and the challenge of integration, 7 of the 19 members of the new Politburo either had academic training and/or practical experience with economics and economic management, including Prime Minister Nguyen Xuan Phuc and four newly elected members of the Politburo (Dinh La Thang, Nguyen Van Binh, Vuong Dinh Hue, and Hoang Trung Hai), one of whom (Dinh La Thang) was not even on the first list of politburo candidates recommended by the Politburo.

## **ADMINISTRATIVE REFORM**

Important tasks for the government identified by the 12<sup>th</sup> party congress were to “build and organize an entire political system that is streamlined and efficient; and to resolutely prevent and fight corruption, waste and bureaucratism.”

The new prime minister started by streamlining the Cabinet: the number of deputy prime ministers was cut from 5 to 4 and the number of ministries from 26 to 22.

In the first meeting of the new Cabinet on August 1, 2016, Prime Minister Phuc set the tone for a new work ethic. He reminded his Cabinet that “a government that does not serve the people will not have the support of the people;” and that their words must be followed by concrete actions. He told them that they should look for “talents, not family members” to fill government jobs. He singled out a number of pending hot issues that must be definitively resolved to gain the people’s trust. Finally, in a symbolic gesture, Phuc declared he would not order a new car for himself, as had been routinely done when a new prime minister took office.

Nguyen Minh Thuyet, an outspoken delegate to the previous National Assembly, credited the new government with two positive characteristics: most of them were experienced administrators who “climbed the career ladder from various positions they held before,” and Prime Minister Nguyen Xuan Phuc and his cabinet members “have all voiced their determination to build a clean, strong and constructive government.”

Showing a commitment to do better was a good start, but Mr. Phuc’s government had to deal with many inherited problems: increased public debt and decreased foreign currency reserves, massive bank debts and ailing SOE’s, and environmental damages caused by industrial development and poor government supervision of foreign firms’ operations.

The first big test for the new government came in the form of millions of fish deaths along Vietnam’s four coastal provinces from April 6 to April 18, caused by toxic discharge from a Taiwanese steel plant, Formosa Ha Tinh, which led to a public outcry and to demonstrations. While the government was able to weather the storm caused by the crisis, it still had to deal with the long-term threats to the fishing and the tourist industries, as well as the strategic implications of Chinese investments in Vietnam.

## **FIGHTING CORRUPTION**

Corruption has remained as one of four major dangers facing the country and the party. During the term of the 11<sup>th</sup> party congress, conflict between the party and the state and resistance by powerful vested interests, had undermined the work of the Central Committee on Corruption Prevention and Fighting headed by General Secretary Nguyen Phu Trong. His earlier attempt to take over control of the anti-corruption campaign from the Prime Minister’s office by appointing the hard-hitting and straight-talking Nguyen Ba Thanh to

the chairmanship of the Party's Central Internal Affairs Committee and then getting him elected to the Politburo was thwarted.

After being re-elected General Secretary, Trong moved rapidly to renew the anti-corruption campaign. In March, he strengthened the Central Committee on Corruption Prevention and Fighting by appointing new members that included the heads of the most powerful central party committees (Permanent Secretary Dinh The Huynh, Chairman of the Central Inspection Committee Tran Quốc Vương, Chairman of the Central Organization Committee Pham Minh Chinh, Chairman of the Central Internal Committee Phan Dinh Trac, and Chairman of the Central Propaganda and Training Committee Vo Van Thuong).

At a meeting of the Executive Committee of the Central Committee on Corruption Prevention and Fighting on April 18, Trong instructed it to focus on giving instructions and guidance to concerned offices to bring to trial a number of "serious corruption cases" that had commanded the "attention of public opinion."

One month later, he set up seven inspection teams headed by leading party members to look into local authorized agencies' detection and settlement of "serious and complicated corruption cases drawing public attention." These teams were instructed to report to the Central Internal Affairs Committee from August 20 to October 20 this year.

In a separate development, the Third Plenum of the new Central Committee meeting in July 2016 decided to give the Central Inspection Committee the power to "audit and supervise the declaration of properties of cadres under the management of the Politburo and the Secretariat." This was the first time that the Committee was given such a mandate.

Once these innovations were in place, Trong moved decisively against the Vietnam Construction Joint Stock Commercial Bank, the "biggest case" of economic corruption where the bank's CEO Pham Cong Danh and his associates were charged with embezzlement and loss totalling hundreds of millions of dollars. The General Secretary urged party leaders in the Ministry of Public Security, the Supreme People's Court, and the Supreme People's Procuracy to take a leading role and coordinate with concerned offices to "urgently investigate and quickly bring to trial" those charged with violating the law. He insisted that the investigators "resist pressure coming from any organization or individual to ensure that justice is done." This may lead to the incrimination of high-profile figures connected to the previous administration.

The anti-corruption campaign of the 12<sup>th</sup> party congress has thus begun in earnest. But entrenched corruption is a tough nut to crack. Trong himself admitted as much when he said, that "preventing and fighting corruption is an especially importantly mission but also an extremely difficult and complicated task."

In 1999, the then-General Secretary Le Kha Phieu launched a two-year anti-corruption campaign. He lost his job two years later and was one of the rare one-term General

Secretaries of the CPV. And corruption had continued unabated. How this new government manages on this front is yet unclear.

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