

Open leadership row at Vietnam's ruling party congress

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The ruling Communist Party of Vietnam (CPV) concluded its 12th national congress last week by retaining Nguyen Phu Trong as general secretary after outmanoeuvring his rival Prime Minister Nguyen Tan Dung in an unusually public faction fight for the top post.

The sharp divisions in the CPV leadership reflect the rising geopolitical tensions throughout the region as a result of the US “pivot to Asia” and military build-up directed against China. The Obama administration has deliberately inflamed longstanding maritime disputes between China and its neighbours, including Vietnam, in a bid to isolate Beijing.

Dung is widely regarded as closer to Washington and more determined to ram through pro-market restructuring, including the privatisation of state-owned enterprises (SOEs). He was in the forefront of the condemnation of China in May 2014 for placing an oil rig in contested waters in the South China Sea and whipping up a xenophobic campaign that led to violent anti-Chinese riots.

The infighting carried into the congress itself when Dung's supporters nominated him for the party's central committee after he was left off the new leadership list prepared by the outgoing Politburo. If elected to the central committee, Dung could have stood for the top job. However, facing challenges to the legitimacy of the manoeuvre, Dung finally turned down the nomination and will go into retirement after he steps down as prime minister.

The consolidation of Trong as general secretary will not result in any sharp shift in economic or foreign policy. For the past three decades, all factions of the Stalinist leadership have been united implementing *doi moi*, or the integration of Vietnam into world capitalism as a cheap labour platform for foreign investors.

Last week deputy foreign minister Le Hoai Trung immediately sought to reassure foreign investors that the new leadership would continue “refining and modernising the financial and banking sector,” press ahead with privatisation and upgrade the country's infrastructure. In his speech, general secretary Trong declared that the “private sector is an important engine of the economy.” The 2016–2020 economic plan ratified by the congress called for “favourable conditions” to support the private sector, including “equal access” to credit, land and other resources.

Significantly Trong identified the Trans Pacific Partnership (TPP) as a key economic driver, declaring that 30 years of *doi moi* had positioned the country to “seize opportunities affected by the TPP for rapid and sustainable development.” The US-led TPP is regarded by Washington as the means to ensure, in Obama's words, that the US, not China, sets the economic rules for the 21st Century.

While the regime is clearly hoping that the TPP will open up new trade and investment opportunities, the economic pact also dictates sweeping economic restructuring measures including the sale of SOEs and the further opening up of the economy to foreign investors. The “equitisation” of SOEs, which constitute a third of GDP, is already slower than planned, amid concerns that it could lead to a huge loss of jobs and social unrest.

Vietnam is currently one of the fastest growing economies in the world, with a record \$14.5 billion in foreign investment and GDP growth of 6.7 percent in 2015. However, *Bloomberg Business* noted: “A cloud over the country's economic picture is a trade deficit, widening public debt and the government's failure to meet its goal to privatise 289 state companies last year.”

As a result, the government will be compelled to press ahead with the pro-market agenda demanded by international finance capital. As in the past, it will not hesitate to use police-state measures against any resistance by workers and peasants.

In foreign policy, the government will also continue its balancing act between the United States and China, with an ever-more pronounced shift towards Washington. In 2015 China was the country's largest trading partner, but the US was the largest destination of exports. Hanoi is hoping that the TPP will provide greater access to the American garment market at the expense of rivals like China and Bangladesh.

The 2014 clash with China over the oil rig marked a turning point in relations. The previous year Chinese Premier Li Keqiang signed an agreement with Vietnam to establish a working party to discuss the joint exploitation of oil, gas and fish stocks in the Gulf of Tonkin. That deal, however, was rendered a dead letter by the bitter dispute the following May.

In December 2014, Vietnam formally supported the legal case initiated by the Philippines in the UN Permanent Court of Arbitration in The Hague to challenge China's territorial claims in the South China Sea. Dung went much further in stating Vietnam should take its own case against China to the court.

At the same time, Vietnam has been strengthening military ties with the US. Last June, US Secretary of State Ashton Carter signed a Joint Vision Statement with Hanoi that included US training for Vietnamese troops to operate as UN peacekeepers and foreshadowed the co-production of weapons and defence supplies. In October 2014, Washington lifted its ban on the sale of lethal weaponry to Vietnam.

Carter also pledged to provide \$18 million to Vietnam to facilitate the purchase of two US patrol boats. He pointedly made this announcement after touring the Vietnamese coast guard vessel that, according to Hanoi, had been rammed by a Chinese navy ship during the confrontations over the oil rig.

While General Secretary Trong may be more cautious than his rival Dung about a whole-hearted embrace of US imperialism, his trip to Washington last July indicates his support for growing ties. He was welcomed in the White House by Obama, who normally hosts only presidents and prime ministers rather than party leaders, for discussions on the TPP

and South China Sea disputes. In 2015, eight of the 16 Politburo members, including National Assembly Chairman Nguyen Sinh Hung and Public Security Minister Tran Dai Quang visited Washington for talks with high-level US officials.

At the same time, Hanoi is attempting to maintain relations with China. Last December, National Assembly Chairman Nguyen Sinh Hung, deputy chairman Huynh Ngoc Son and other central committee members visited Beijing for five days of talks with senior Chinese leaders, including President Xi Jinping.

Relations with China, however, remain tense. Last month, in the lead-up to the Congress, Vietnam issued sharp protests against several Chinese actions in the South China Sea. In early January, Hanoi joined the US, Japan and the Philippines in a chorus of condemnation over the landing of a Chinese civilian aircraft on Fiery Cross Reef, a Chinese-administered islet. On January 20, the government protested over the presence in disputed waters of the Chinese oil rig that was involved in the 2014 clashes.



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