

Vietnam: Ruling party's anti-corruption purge continues

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The trial concluded last Thursday in Hanoi of Dinh La Thang, a former member of the ruling Communist Party of Vietnam's (CPV) highest body, the Politburo, is part of a two-year campaign by the dominant party faction to purge its main rivals.

The purge followed bitter conflict at the CPV's 12th Congress in January 2016, during which the faction around party General Secretary Nguyen Phu Trong ousted then Prime Minister Nguyen Tan Dung.

Thang, a Dung protégé, was on trial with other six executives of the state-owned oil conglomerate PetroVietnam (PVN). They face sentences of up to 20 years for alleged mismanagement and deliberate violation of regulations that led to losses of millions of dollars. Thang was sentenced to imprisonment for 18 years.

Thang was already serving a 13-year sentence imposed on January 22 in a trial involving 22 PVN executives over charges of mismanagement and embezzlement. Thang, until his expulsion from the Politburo last May, was also Ho Chi Minh City CPV party boss. He has received the most severe punishment imposed on a former Politburo member, and the first since the 1970s.

These two high-profile trials follow others. In 2016 and 2017, thousands of cases were processed by the courts. Last September, Ocean Bank chairman Nguyen Xuan Son was given a death sentence. Fifty-one other prominent officials and bankers were convicted at the time. The trials are ongoing.

The main targets have been the top management of large energy and banking entities but the crackdown is spreading into real estate, other industrial sectors and CPV regional offices. Like Thang, many prominent defendants have been associated with former Prime Minister Dung.

As well as pursuing factional opponents through the courts, General Secretary Trong has tightened his faction's control of the state apparatus. He is secretary of the Central Military Commission and was recently made a member of the Central Party Committee for Public Security—a first for a general secretary. He has also appointed his supporter Tran Quoc Vuong as head of the anti-corruption commission.

Another member of the Trong faction, the party's Central Organisation Commission head Pham Minh Chinh, has been tasked with integrating government and party posts, beginning at the commune and district level. The *Diplomat* commented in February that many observers expected the process to end in the unification of the posts of party general secretary and head of state—a situation that has not existed since Ho Chi Minh's death in 1969.

Both CPV factions are mired in the reactionary, nationalist outlook of Stalinism and support the pro-market *doi moi* policy that has sought, since 1986, to turn Vietnam into a cheap labour platform for foreign investors. The CPV as a whole backs the use of police-state measures to suppress opposition from workers and the rural poor.

Dung and his faction, however, have pushed for an acceleration of economic “reforms,” including the privatisation of state-owned enterprises (SOEs). Such moves would undermine significant layers of CPV bureaucracy, whose privileges depend on these corporations.

The Trong faction also fears that the rapid implementation of the *doi moi* policy was creating conditions for a social explosion and wants economic policy more firmly under the party's grip.

Pro-market restructuring has already led to high levels of social inequality. A tiny layer of the ruling

elite enjoy great wealth while most of the country's 93 million people live in rural poverty or on poverty-level wages. The average annual income is around \$US2,200, despite rapid economic growth, this year expected to be 6.5 percent. Foreign direct investment reached \$29.68 billion in 2017.

The government is presenting its purge of functionaries in the SOEs as necessary to make their operations more "transparent" for foreign investors. The Ministry of Planning and Investment has set out a timetable for 375 SOEs, worth a combined capital of \$US4.7 billion, to be wholly or partially divested by 2020. The SOEs currently contribute up to one third of the country's \$202 billion annual gross domestic product.

The factional disputes also have been fuelled by rapidly rising geo-political tensions, particularly between the US and China. The Dung faction was oriented more closely to Washington. Dung was behind the whipping up of anti-Chinese riots in 2014 after China placed an oil rig in a disputed area of the South China Sea.

The Trong leadership has continued to develop a close relationship with the US, begun under the Obama administration, including military cooperation. Vietnam has strongly criticised Beijing's territorial claims in the South China Sea. In December, the Trump administration's national security assessment defined Vietnam as a "cooperative maritime partner" and the US is seeking to consolidate it as an ally against Beijing.

The US think tank, the Brookings Institute, noted last month that despite closer military ties with the US, including a week-long visit this year by the US aircraft carrier Carl Vinson, Hanoi still seeks "a stable relationship with China due to their economic dependence and geographic position." It pointed out that Vietnam has comprehensive or strategic partnerships with 16 nations, including Japan, Russia, India and, more recently, Australia.

Under Trong, Vietnam is seeking to ease tensions with China. Le Hong Hiep, an analyst at Singapore's ISEAS Yusof Ishak Institute told Reuters: "Vietnam will only embrace the US at a pace that doesn't cause an over-reaction from China."

A great deal is at stake economically. China is the country's largest source of imported goods and largest

trading partner overall, but the US is Vietnam's largest export market. As a result, the Trump administration's decision to pull out of the Trans Pacific Partnership was a major blow to the Vietnamese regime, which hoped to expand its American markets.



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