Vietnam has emerged from one of the twentieth century’s most destructive wars to become one of the twenty-first century’s more dynamic societies, in spite of its prevailing authoritarian order. Forty years ago, Vietnam was one of the poorest places in the world. Now, it is a “lower middle-income country.” In the late 1980s, most of the world associated Vietnam with resistance and war, hardship, large flows of refugees (the “boat people”), and a mismanaged planned economy. During the 1990s, by contrast, major countries began to see Vietnam as both a potential economic partner and a strategically significant actor, particularly in the competition between the United States and an emerging China. In our current decade, foreign politicians and international investors alike see Vietnam as a land of opportunity.

This transformation did not happen overnight and, in most respects, Vietnam’s role in the global economic and political system remains a work in progress. Change has been uneven: rapid in the economy, slower in other areas of life. Before Đổi Mới, the economic reforms formally launched in 1986, half of Vietnam’s population lived below the poverty line. By 2020, just prior to the COVID pandemic, the official figure was just 5 percent. Life expectancy stood at seventy-five years, and literacy at 95 percent. Before 1986, central planning dominated the economy and foreign trade played a marginal role. Today, foreign trade, much of it from foreign direct investment firms, literally dominates the economy. In 2019, the value of Vietnam’s exports became greater than the value of its nominal GDP.

Despite three decades of rapid GDP growth, however, Vietnam’s economy remains relatively small. With close to 100 million inhabitants, the country is the fifteenth most populous in the world but only forty-fifth in terms of GDP (as of 2019) and even lower in terms of GDP per capita: roughly US$10,516 in 2021 (PPP in constant 2017 dollars). That is about half the level of China. Even though the pace of growth in recent years has been quite fast, it will take decades for the country’s GDP rank to match its population rank. One of the main purposes of this book is to investigate what Vietnam must do to close that gap.

Political change has been slow and uneven. Vietnam remains a Leninist party-state ruled by the Communist Party of Vietnam (CPV). The Party has managed to reconcile
the supposedly irreconcilable: a one-party system and a market-based economy linked to global value chains. More than this, over the last few years, Vietnam’s increasing economic openness has been combined with increasing political control and repression. Yet there are also areas of openness. Unlike in China, where sovereign control over the Internet prevails, Facebook (and its Instagram and WhatsApp subsidiaries) and Google (and its YouTube subsidiary) are part of everyday life in Vietnam. This active online world reflects both the vitality of Vietnamese society and also the increasing sophistication of the CPV’s techniques of information and enhanced political control, increasingly high priority being attached to “cyber security.”

On July 2, 1976, when the two halves of Vietnam were formally reunified, the Communist Party saw itself as a vanguard party in the developing world, supported by the Soviet Union and China, and with a worldview shaped by the Cold War. Years of great difficulty followed, aggravated by bloody border clashes, including Vietnam’s invasion of Pol Pot’s Kampuchea, and the subsequent Chinese invasion of Vietnam. It was not until the early 1990s that Vietnam moved away from Cold War relationships defined by the Sino-Soviet dispute, normalized relations with China, developed ties with a wider range of countries, and then, in 1995, established diplomatic relations with the United States. Vietnam joined ASEAN, negotiated closer ties with the European Union, and, in response to China’s vigorous assertion of claims in the South China Sea, moved closer to the United States.

This book examines that journey and looks ahead to what might come next. It is a joint undertaking by scholars from Vietnam, North America, and Europe. It aims to deepen the understanding of Vietnam’s development along these many fronts from the Đổi Mới period through 2021. The seventeen chapters that follow this introduction focus on the way Vietnam is governed and how that governance shapes the country’s politics, its economy, its social development, and its relations with the outside world. There is also analysis of the further reforms required in the economic and social sphere if Vietnam is to become a sustainable modern high-income country in the coming decades. Ultimately, institutional political reforms will be of critical importance.

The Central Role of Politics

Politics is central to any understanding of Vietnam’s path to a strong modern economy and society, and the Communist Party of Vietnam (CPV) is central to understanding Vietnamese politics. The CPV, like its counterparts in China and the former Soviet Union, is much more than a political party as that term is understood in Europe and North America. It is a system that constitutionally monopolizes control of the government, the economy, and all legal civil organizations. Organizations not formally controlled by the party-state are mostly prohibited or suppressed, but there is, nonetheless, a vibrant civil society. We take the view that Vietnam is best characterized as a repressive but responsive one-party state.
Members of the CPV are expected to share certain philosophical beliefs based loosely on Marxist-Leninist thought, and they must accept the “democratic centralist” decision-making process. Democratic centralism allows debate and information from below to rise to the top, but decisions flow in the opposite direction, primarily from the Party’s Central Committee and Political Bureau (Politburo). Once those bodies make a final decision, Party members are obliged to support and implement it.

Party committees are found at all levels of all government organizations, forming, in effect, a powerful parallel line of information flow and control within the formal government structures. Party committees exist at levels below the lowest levels of formal government institutions. They are also present in most enterprises, schools, and other organizations. Challenges to this system are dealt with through an elaborate security apparatus backed ultimately by the Vietnamese security forces. In the Vietnamese constitution, the loyalty of the military is first to the CPV and then to the country.

In practice, no political structure is likely to last if it is as rigid as the above description implies. The Đổi Mới period began by turning a “blind eye” to many of the economic rules, taking allocation decisions away from government planners and leaving them to the market. User rights in agriculture were returned to farming families, and the party-state gradually accepted private ownership of some economic enterprises (see chapter 5). Debates over just what role the CPV should play in society were vivid and real, but they concluded with the Party’s refusal to share political power. Nonetheless, the CPV’s mode of coping in today’s complex society can be just as deliberative now as it was then.

The first part of this book, therefore, is devoted to an in-depth understanding of how this political system works in practice, mainly during the Đổi Mới period. Chapter 1 by Börje Ljunggren is devoted to explaining how the CPV is structured and operates in the complex setting of a rapidly changing Vietnam. In his analysis, the Vietnamese party-state rests on six mutually supportive “pillars,” with the Party at the core.

The CPV, like its Chinese counterpart, has “failed to fail.” It not only survived with its power intact when the Soviet Union and the Communist Parties of Eastern Europe collapsed, but like China, it managed to combine the party-state with the market and keep developing at a rapid pace. Internally, the CPV has relied on assembling a ruling coalition of four leaders (Party secretary, premier, president, National Assembly president) who usually represent different interest groups including, among other things, the country’s regional differences. During his second term in office (2016–21), Party Secretary Nguyễn Phú Trọng did, for a time, also hold the position of president after the death of the incumbent. At the Thirteenth Party Congress in 2021, however, the Party returned to a four-person coalition. When no agreement could be reached on Trọng’s successor, he was elected to a third term, unprecedented in the Đổi Mới era. The new leadership upset the traditional regional balance since no southerner was included among the four. Just one woman was elected among the eighteen members of the Politburo, with no woman in the core “quartet.”

While the basic structures of most Communist party-states are similar, as described above and in chapter 1, there are variations in the way different Communist party-states are governed and how particular leaders meet the challenges they face. In Vietnam, for
example, there are sometimes vigorous debates within the system over both minor issues of bureaucratic reform and, occasionally, over more fundamental structural governance issues. In this and in other areas, explaining how Vietnam is different and even in some respects unique is best done by comparing how Vietnam is similar to or different from other Communist party-states.

The Communist party-state closest in its history and contemporary issues to that of Vietnam is China. Börje Ljunggren, drawing on his experience as an ambassador to both Vietnam and China, argues that there are important differences as well as similarities between the Communist Party of Vietnam (CPV) and the Communist Party of China (CPC). The differences are most apparent when the CPV is compared with the CPC of Xi Jinping. The CPV during the Đổi Mới period has been ruled by a significant element of consensus among the top leadership quartet, whereas power in today’s China has become concentrated in a way that seems inconceivable in Vietnam. Vietnam has been open to, and influenced by, a wide range of ideas from outside, while Xi’s China increasingly has turned inward, drawing on its own history and intellectual traditions and “Xi Jinping thought.” China is, as Ljunggren notes, a deeper party-state. Vietnam’s population, with its memory of resistance to rule by China, puts some constraints on the CPV’s ability to cooperate with the CPC. These are reinforced by China’s increasing assertiveness in areas such as the South China Sea and the headwaters of the Mekong River in ways that threaten Vietnam’s interests.

For the first millennia of our current era, what is now northern Vietnam was ruled by various “Chinese” states. One result of that history, as chapter 2 by Alexander Woodside shows, is that Vietnam’s approach to governance, from a twenty-year occupation by the Ming in the fifteenth century to the final loss of the country’s independence to France in 1887, was governed in a fashion patterned on that of China. Like China, Vietnam had a ruler supported by a bureaucracy recruited in part through civil service examinations based on the Confucian classics. On occasions when this system was perceived as not fitting the needs of the country, the solution sought was technocratic reform of the bureaucracy (better training, meritocratic appointment, and promotion, etc.) rather than a more fundamental restructuring of governance. Core elements in traditional approaches to governance have carried over to the two countries’ current Leninist states. While there are differences between Vietnamese and Chinese Leninism, the two have, as Woodside notes, addressed political crises in roughly the same way. Both countries’ systems remain highly authoritarian, with structures deepening the administrative system that largely makes “bystanders” out of the people they rule. Organized efforts to replace the monopoly power of the CPV with a more democratic system are outright prohibited.

The CPV, during its early years of existence, was a secret organization opposed to French colonial rule. Then, for most of the two decades after 1954, the Party ruled a country at war. In that context, both the CPV and the government it controlled were largely governed through the internal and secretive rules of the CPV together with domestic versions of Soviet regulations for managing a centrally planned command economy. There was no real legal system. But with unification in 1976 followed by reform and opening of the
economy after 1986, it became clear such a system was wholly inadequate for managing the government, business, and society at large.

As Pham Duy Nghia shows in chapter 3, the CPV and the government had to develop rules or laws that would make it possible to govern an increasingly complex economy and society. Initially, these laws were mostly driven by the CPV itself. Over time, however, pressures from the society outside the Party required the creation of additional laws and a judiciary to administer those laws. Vietnam’s increasing opening to the global economy also required new laws to reassure foreign investors that their investments would be safe.

The development of a modern legal system in Vietnam is still a work in progress. The constitution that broadly sets the parameters for the laws has undergone many changes, as have the laws. Of greater importance, various components of the judicial system are also in the early stages of development. However, CPV rules take precedence over the formal legal system whenever the two are in conflict. Furthermore, the judicial system often lacks the power to enforce its decisions. Disputes between the party-state and private entities are generally decided in favor of the party-state. On the rare occasions when that is not the case, the party-state often simply ignores the judgment against them. Over time, formal law has become more predictable, pushing the party to be accountable to the public. An independent judiciary and the due process of law within this system, however, remain unattainable within the party-state.

Given that the formal legal system lacks the authority to deal with disputes between the public and the party-state, and sometimes between two organizations if one has more political influence, the public lacks a means for asserting its rights. The result is that many kinds of disputes over land, labor rules, and much else are not satisfactorily resolved in court and lead, instead, to public demonstrations and occasionally even violence against the authorities.

In these circumstances, the party-state does not rely solely on the loyalty of party members or on the judiciary to maintain control. An elaborate police apparatus is in place to deal with most threats from domestic opponents and critics. As chapter 4 by Eva Hansson shows, this party-state enforcement apparatus severely limits protests against party-state actions and prohibits outright most organized efforts to do so. Still, in recent years Vietnam has seen a marked rise in publicly expressed contention in the form of large-scale protests focused on issues such as land, labor rights, corruption, the environment, and relations with China. Politically oriented civil society organizations remain limited, however, forcing disputes between the public and the party-state at both local and national levels to become more frequent. Efforts by organized groups to promote alternatives to CPV monopoly control of politics are dealt with particularly harshly. The emerging educated and informed society clearly constitutes a growing challenge for the CPV, particularly when it responds to challenges with repression.

As pointed out earlier, once the leading decision makers in the CPV have made a firm decision on the path forward in any given area, the Party and the state are expected to carry out the decision without dissent. Prior to a final decision being made, however, debate within the party, the government, and even the public can be vigorous. The best illustration of this is the long debate over whether, and to what degree, private enterprises
would be allowed in Vietnam. In chapter 5, Le Dang Doanh shows that once reunification was formally achieved in 1976, the Party leadership was determined to apply in the south the same Soviet-type centrally planned command economy that already existed in the north, with full state ownership of most enterprises and collectivized agriculture. Originally the CPV intended for a time to allow the private sector in the south, largely run by the Hoa (ethnic Chinese) community, to continue operating. However, the deteriorating political relationship with China led the leadership to reverse that policy. Collectivizing agriculture faced immediate resistance from farmers, most of whom owned the land they tilled, and was never implemented. State takeover of all urban private enterprises was implemented, however, and an effort was made to put a centrally planned command economy in place that included organizations that distributed food. That effort, however, led to stagnant or falling production, rampant inflation, and, in the north, severe malnutrition.

The death of CPV General Secretary Le Duan in 1986, along with awareness of China’s successful reform and opening after 1978 and ongoing changes in the Soviet Union, led the new CPV leadership to institute what became known as Đổi Mới. The reforms abandoned the Soviet-type centrally planned economy in favor of a system based on the distribution of goods through the market. One feature carried over from the previous economic model, however, was that the state, and hence the CPV, retained ownership of most of the industrial and larger-scale service sector enterprises. Throughout most of the 1990s, domestic private enterprises outside agriculture and very small-scale shops and restaurants remained proscribed.

In an effort to attract foreign investment, Vietnam allowed foreign private ownership of enterprises from the outset of the reform period—mainly to encourage firms that would export their production. The debate over whether to allow domestic private ownership, in contrast, continued into the 1990s. Only at the turn to the new century, and after considerable debate and some resistance, were new laws passed that made private enterprise ownership possible. The number and size of such enterprises rose rapidly, although their share of output remained small.

**The Economy and the Environment**

The Đổi Mới economic reforms, as already noted, led to the rapid abandonment of the centrally planned command economy in favor of greater reliance on market forces. The immediate result of reform was an acceleration in the rate of growth of Vietnam’s gross domestic product (GDP). Over the next three decades, Vietnam’s average per capita income rose 4.7 times and the most extreme poverty was eliminated. The structure of the economy changed from one where agriculture accounted for 40.5 percent of GDP (1991) and 72 percent of the labor force (1988) to one where industry and services constituted 75 percent of GDP and agriculture less than 14 percent (2020).
Introduction

This economic transformation occurred without much change in the formal governance structure of the CPV. By the second decade of the twenty-first century, however, Vietnam was an increasingly urban society. It was also a much more complex economy requiring additional, and often fundamentally different, supporting institutions, and it was an economy that was increasingly integrated into the global economic system. In the economic chapters in this book, the focus is on how the country was able to sustain rapid economic growth despite the possible contradiction between a radically changed economic system and an unchanged political system. Did the contradiction create tensions that slowed the economic transformation or might slow it in the future? Our answers to this question will not be comprehensive. Instead, the chapters go in depth into key aspects of the transformation that illustrate the challenges of sustaining growth in an increasingly complex economy.

The economics section begins with an overview of Vietnam’s economic performance. It examines how much of the country’s economic performance was due to reforms that increased the productivity of the economy, and how much was the result of the mobilization of more capital and educated labor. At this macro level, continued close ties between the party-state and the economy did not undermine the dramatic impact that the Đối Mới market reforms had on economic growth. As chapter 6 by Vu Thanh Tu Anh and Dwight H. Perkins makes clear, replacing the Soviet-style command system with a market system led to large jumps in “total factor productivity” in the 1990s. This is what made Vietnam one of the fastest growing economies in the world, topped only by a few Asian neighbors, notably China and the Republic of Korea. However, even after the dismantling of the command economy in the 1990s, Vietnam’s investment rate continued to rise, and high GDP growth continued. State ownership of enterprises and the politicized allocation of state investment funds dragged the growth rate below its full potential, but it remained above that of most developing countries, including most other economies in Southeast Asia. COVID did slow growth as it did elsewhere in the world, but Vietnam’s GDP growth fared better than most in 2020–22.

Some large-scale private enterprises or enterprise groups did develop and prosper, but as Nguyen Xuan Thanh’s chapter 7 makes clear, the entrepreneurs or oligarchs who developed large-scale private enterprises and enterprise groups depended on close ties to the party-state, actively cultivating political support for “wealth defense.” Banking and real estate were their preferred initial sectors. With periodic changes in political leadership, however, this approach became less effective. The oligarchs instead invited the participation of large-scale foreign investors and the protection of international legal systems. Most recently, oligarchs have been encouraged to invest in new industries with the government’s official support. In a symbiotic relationship with the oligarchs, the party-state thus retains a degree of control over many of the more successful private enterprises. That level of party-state involvement goes well beyond the state regulatory environment that enterprises in most market-based countries experience. In fact, while the CPV gave high priority to foreign direct investments and allowed oligarchs to play an important role, its attitude toward domestic small and medium-sized enterprises remained more ambivalent, its potential still to be realized.
The single largest change in policy early in the Đổi Mới reform era was the economic turn outward, both by welcoming foreign direct investment and by expanding trade beyond the Soviet-led COMECON bloc. Chapter 8 by Ari Kokko, Curt Nestor, and Le Hai Van describes the truly rapid development of the role of foreign direct investment (FDI) in Vietnam and the equally rapid increase of Vietnam’s partnership in regional and bilateral free trade agreements since its entry into the World Trade Organization in 2007. An inward-oriented economy gradually gave way to a more market-oriented and increasingly internationalized economy. Still, until now, value added has largely been limited to the input of labor, with limited technology diffusion and with few linkages between FDI and the local economy. Moving beyond these constraints will be critical if foreign direct investment and international trade are going to sustain high growth into the future. It will also involve much more than just trade policies. Creating an enabling environment for domestic private entrepreneurship and major upgrades in the education system, particularly at the tertiary level, will also be critical, for example. Major free trade agreements, like the one with the European Union, add an international dimension to domestic discussions around potential important issues such as labor rights.

The Đổi Mới move to a market-based system necessitated, in turn, major changes in the country’s economic institutions. Vietnam’s experience illustrates the challenges involved in creating a new set of institutions for a fundamentally changed economic system. Vietnam’s command economy arrangements were completely inappropriate for a modern market economy. Chapter 9 by Jay Rosengard and Huyhn The Du describes how, within a relatively short time, Vietnam transformed this command economy financial system into a rudimentary modern market-oriented financial system. The central bank, through its control of the money supply, became responsible for maintaining price stability, and price controls were removed for almost all goods and services. The state-owned policy banks became quasi-commercial banks and were joined by many new joint stock private and state-owned banks. These were followed in subsequent years by foreign banks, by finance, leasing, and insurance companies, as well as by two stock exchanges. However, while this system may have had the appearance of a modern system, its core functions, particularly prudential regulation, remained weak. The financial system was gradually strengthened over time, but major flaws remained, leading to periodic financial crises.

Similar problems existed with other institutions created after the transition to the market economy. The party-state made major efforts to create large conglomerates (State General Corporations) that could become domestic and international leaders on the model of the Korean chaebol or the Japanese keiretsu. However, these Vietnamese conglomerates continued to behave much like the state-owned enterprises from which they were formed. They remained dependent on state subsidies and other special privileges. To date none have become internationally competitive.

A central feature of the Đổi Mới market reforms has been a strong focus on achieving a high rate of GDP growth. The CPV expected that growth, together with a continued large state role in the economy, would secure political stability and its own unchallenged rule. However, an increasingly serious shortcoming of the exclusive emphasis on
GDP growth was the neglect of other societal goals, notably the protection of the environment. This could threaten both growth and quality of life of the Vietnamese people.

Chapter 10 by Le Thi Quynh Tram and Malcolm McPherson illustrates this challenge by looking in depth at efforts to promote rapid growth in the Mekong Delta, Vietnam’s largest and most productive agricultural region. The Mekong Delta agricultural sector grew rapidly during the Đổi Mới reform period. Improved plant varieties, irrigation expansion, and the deployment of chemical fertilizers and pesticides led to a rapid rise in yields and production. Vietnam went from a country unable to adequately feed its population to one where malnutrition was essentially eliminated. Farm incomes rose and the agricultural surplus led to dramatically expanded exports of rice, aquatic products, and coffee, among other products. This was achieved while the farming population stopped growing and then began to decline as increasing numbers of rural people moved to the cities for more lucrative work.

The process of achieving these gains, however, was destructive to the environment. Land degradation, coastal erosion, cropland salinization, and land subsidence, together with water pollution and excessive agrochemical use, are continuing to undermine the long-term prospects for agricultural development. Agriculture is not the sole source of this and other forms of environmental damage, but it is a major one. Current policy is not sustainable, and climate change is rapidly aggravating the situation.

Human Welfare: Poverty, Family, Health, and Education

Economic growth is necessary for the elimination of poverty and to generate the resources required for a modern education and health system, but it is not sufficient. The distribution of income, education, and health care significantly help determine the degree to which the entire population will enjoy the benefits of growth. Markets particularly fail when it comes to the equitable distribution of education and health. They also can fail in achieving an efficient balance between curative and public health–based approaches. For many other aspects of what constitutes human welfare—relations within families, for example—markets play little or no role. Vietnamese society and the party-state have been challenged in these areas throughout the past three decades.

One of the greatest achievements of the Đổi Mới reform era was that poverty, as measured by both an income line and on a more multidimensional basis, has fallen sharply. Less than 5 percent of the population is classified as poor when measured by income alone, and less than 10 percent if one also takes into account health, education, housing, and similar measures. As chapter 11 by David Dapice explains, this success was mainly achieved by a fourfold increase in national average income. While those gains were shared broadly, the quality of the estimates of income inequality is poor, and inequality may well have risen. Urban incomes were higher in absolute terms and grew more than rural incomes, but in relative terms rural incomes fared better. Important exceptions were the regions of the Central Highlands and the mountains north of Hanoi,
which had lower incomes than the rest of the country and may even have experienced a relative decline.

Millions of people living in poorer areas took the opportunity to migrate to work in the cities. The growth of wage employment, as distinct from household employment, particularly in the export-oriented foreign investment enterprises, was a major source of wage growth. The expansion of education to all areas of the country and the increasing time children spent in school also facilitated easier migration to higher-paying employment. The expansion of universal education may have been the one area where the party-state’s professed belief in greater equity was clearly translated into government action, with some impact on income inequality. Most of the gains in income and the reduction in poverty, however, came from the response of different components of the economy to market forces, amplified by Vietnam’s increased integration in the global economy.

Was access to education equitably distributed, and is the quality of education improving rapidly enough to sustain a continued rise in incomes? As chapter 12 by Jonathan London, on education, indicates, Vietnam made a greater financial commitment to education, including the allocation of greater resources to the sector, than most other Southeast Asian countries. In financial terms this commitment came mainly from the government but also from individual households. Both devoted large sums to the sector, combining both socialist and Confucian values together.

The quantitative expansion of the education system is clear. Major efforts were made to reach all areas of the country, basic education became nearly universal, and the average number of years spent in school increased dramatically. Minority areas, however, did less well and higher-income and higher-ranking urban households obtained access to better schools than others—as is true in most of the world. Equitable access to education therefore has not been achieved, with widespread corruption having serious distorting effects on access.

A major problem in the Vietnamese education system is the quality of the upper-secondary and postsecondary levels. None of Vietnam’s universities, for example, rank within the top five hundred universities worldwide in international rankings. This may not differentiate Vietnam much from its Southeast Asian neighbors, but it does separate it dramatically from its northern neighbors such as China and the Republic of Korea. Most Vietnamese academics teach long hours, leaving little or no time for research and improving their skills.

The weakness of tertiary education to date has not inhibited economic growth so far, mainly because that growth has been based on labor-intensive, low-skill industrialization. As the economy moves up into higher-technology products, however, it is likely to be a major obstacle. As London notes, how well Vietnam’s education system performs in preparing its citizens for a future competing in local and global markets has huge implications for Vietnam’s long-term trajectory.

Improved human welfare, of course, depends on much more than rising incomes and levels of education. As chapter 13 by Helle Rydstrom shows, most Vietnamese still live within families, but there is far more variety within these families than is recognized by the idealized official view of family composition and behavior of the party-state. The tra-
ditional Confucian view of the family positioned the husband as the head of household, with his wife and children subordinate to him. At the beginning of CPV rule, however, the law was changed to give men and women equal rights within the family. This legal change by the government did make a significant difference for many. But, as in most countries around the world, this official ideal in Vietnam comes up against a range of pressures and problems where the ideal does not fit the reality. The Confucian preference for a male heir, for example, has led to a seriously distorted sex ratio at birth, with more men than women.

The official view of the family is a heterosexual couple living together with their two children. Rydstrom discusses the evolving views of both government and society toward the presence of increasingly open same-sex relationships and also the continued existence of considerable physical and sexual violence within heterosexual marriages. The legal prohibitions against homosexuality have been removed, but same-sex marriage is still not permitted by law. As in most countries, efforts to eliminate violence within marriage in Vietnam fall far short of what is needed. Pressures for change have come mostly from the changes within the values and perceptions of the Vietnamese people themselves reacting in part to what they see happening elsewhere in the world. The Vietnamese government and the CPV have been more reactive than proactive, no doubt also because women play a limited role in the higher echelons of the party.

Good health is essential to a high quality of life, and health status has some correlation with income increases. As chapter 14 by Sarah Bales, Le Nhan Phuong, and Lincoln Chen points out, Vietnamese achieved relatively high levels of health for a low-income country when the Vietnamese party-state mainly followed a Soviet economic model. Like China, the period before market reforms included a vigorous low-cost public health program that brought mortality and morbidity rates down to levels typically associated with much richer countries. The shift to reliance on market forces led to the adoption of new health financing measures, including health insurance, user fees, increased foreign aid, and private commercial health care. At the same time however, there was a shift from low-cost but highly effective preventive measures to more expensive and hospital-based curative care. Unlike China, however, Vietnam did not totally dismantle its government-funded, commune-based health care system, which continued to provide basic primary care.

Overall, Vietnam’s health programs and institutions have achieved reasonably equitable and effective health outcomes. There are, however, serious inefficiencies, distortions, and inequities in the private public system that followed the Đổi Mới reforms. Health inequality could, as the authors note, become an increasingly serious problem, especially if the voice and role of civil society do not advance adequately.

When COVID-19 first entered Vietnam from China, the party-state led a full mobilization. It immediately cut off travel from China, and it tested, traced, and rigorously quarantined infected populations. In 2020 it successfully contained the epidemic and endured relatively few infections or deaths; COVID cases, hospitalizations, and deaths rose rapidly in 2021. However, quick government action to mobilize imports of vaccines and administer them to a majority of the population allowed Vietnam to regain control
over severe coronavirus disease and deaths later that year and into 2022. Overzealous control measures, in particular in Ho Chi Minh City, caused widespread concern. Due to high-level corruption affecting vaccine procurement, senior leaders, including the president, were forced to resign.

**The Changing International Economic and Political Context**

All countries must deal with pressures from other states and external interests. Vietnam, however, has faced larger external challenges than most, both during the Cold War and today. For thirty years after its declaration of independence in 1945, that pressure mainly took the extreme form of huge, sustained military interventions: first from France, trying to re-create its colonial past, and then from the United States, turning Vietnam into a major Cold War arena. Following the end of the Vietnam War, Vietnam hoped to inaugurate a new era of peace and prosperity, but soon found itself embroiled in a new conflict in Cambodia and clashes with its former ally, the People’s Republic of China.

Vietnam eventually did find a route to more peaceful relations with its neighbors, following the CPV’s adoption of the Đổi Mới reforms and “new thinking” in its approach to foreign relations. Since 1991, Vietnam has enjoyed considerable success in pursuing its policy of “becoming friends” with all nations, with the ongoing tensions in the South China Sea as the only major exception. External pressures and opportunities for Vietnam have instead mainly involved political issues (diplomatic relations, territorial claims, etc.) and economic issues (foreign trade, foreign investment, and aid). A central issue is whether Vietnam’s responses to these various challenges can be best understood as ad hoc efforts to deal with one problem or one country, or as aspects of a more systematic approach. In the early years after reunification the CPV’s foreign policy was largely driven by a more unified and ideologically driven conception of who its friends and enemies were, but today that is hardly the case.

Vietnam for a long time has had formal diplomatic ties with almost all the countries in the world. Its most important and complex relations, however, are embedded in its relationships with China and the United States. Chapter 15 by Alexander Vuving gives an overview of the evolution of Vietnamese foreign policy since Đổi Mới and the relationship of that evolution to changes in the domestic political situation. Chapter 16 by Bill Hayton and chapter 17 by Edward Miller analyze the evolution of Vietnam’s relations with China and the United States, respectively. Book-length considerations regrettably preclude additional chapters on the country’s relations with ASEAN, the EU, Russia, and several of its other Asian neighboring countries.

As Alexander Vuving explains, Vietnam’s foreign policy was much like that of the Soviet Union both before and after reunification. That view saw the world divided into two opposing camps, a Communist or socialist camp and a capitalist camp. This conception was complicated by the split between the Soviet Union and China and later by the collapse of the Soviet Union and the end of Communist Party governments in Eastern Europe. The overall approach of Vietnam was to place countries in four levels rather than
just the two of the Cold War era. Those countries that had retained Communist Party rule were placed at the top, and former Communist Party countries were next. At the bottom were many high-income capitalist countries including the United States, where relations were mostly adversarial.

As the country opened through the Đổi Mới reforms, there was increasing support within the CPV for an international view that would allow Vietnam to integrate broadly with the rest of the world, including the leading capitalist countries. There was much resistance to this in the 1990s, both domestically and internationally, but by the beginning of the twenty-first century the integrationists were clearly dominant. In concrete terms, this led to closer ties with many countries, including its decision in 1995 to join and work with ASEAN, as well as to normalize relations with the United States and enter into a cooperation agreement with the European Union. A new, more “accurate worldview” began to emerge. As Vuving notes, domestic currents within the CPV and to some degree also within the Vietnamese public, influence how the CPV determines its national interests and foreign policy. Vietnam’s close relations with Russia became, as Vuving shows, a delicate issue when Russia invaded Ukraine in late February 2022, challenging the global order. While that invasion reminded Vietnam of the dangers involved in living next to a major power, its main influence was to strengthen what Vuving describes as Vietnam’s “bamboo” approach, reinforcing its policy of four “no’s” (no military alliances, no siding with one country against another, no foreign basing on Vietnamese soil, and no use of force).

Vietnam’s relations with China, as Bill Hayton points out in chapter 16, are the most complex. This is primarily because of the two countries’ proximity, but also because of the close but complex relations between the CPV and its Chinese counterpart, a relationship that goes back to before the CPV’s forerunner was formally founded in 1930. After the Communist Party came to power in China in 1949, it continued to actively support the Vietnamese war against the French and in the 1960s against the South Vietnamese government and the Americans. During most of this time Vietnam welcomed support from both China and the Soviet Union, and the bitter split between the two major Communist powers enabled Vietnam to play one off against the other to increase aid.

By the late 1960s, however, Beijing’s “big brother attitude” began to affect Vietnamese state policy, and the CPV began to shift its allegiance toward the Soviet Union and away from China. Concerns about Chinese policy in the 1970s, including China’s increasingly close ties to the Khmer Rouge government in Cambodia, made both Beijing and Hanoi fear strategic encirclement. This led to mounting tensions with the Khmer Rouge regime, the Vietnamese invasion of Cambodia, and then to the Chinese invasion of the northern provinces of Vietnam in 1979. The two countries would not formally reconcile their differences and reestablish formal government and Party relations until a little more than a decade later after the collapse of the Soviet Union.

Differences, however, remained. With the collapse of Communist Parties in the Soviet Union and Eastern Europe, the CPV, and particularly conservative members within the CPV leadership, felt the need for CPC support against “peaceful evolution” pressures emanating from the West and the pluralism supported by some within the CPV itself.
At the same time, history, national interests, and a desire to avoid becoming subservient to China have inhibited close relations. As Chinese claims to the South China Sea became more assertive, Vietnamese national interests and popular feelings dictated an increasingly vigorous response. Part of that has involved getting closer to the United States. Vietnamese foreign policy toward China, therefore, continues to evolve as a balancing act between dealing with popular resentment toward China and resisting China’s aggressive moves in disputed territory versus the “natural position” of the CPV leadership to keep close to China. This love/hate relationship that Hayton describes is one of the most serious challenges facing the CPV.

The case of Vietnam’s relations with the United States since 1975 offers fascinating similarities and differences in comparison to the country’s ties to China over the same period. As Edward Miller argues in chapter 17, this relationship can be viewed as a drawn-out and highly contentious peacemaking process. As early as 1973, both Washington and Hanoi had professed their desire for postwar reconciliation. During 1977–78, US and SRV officials briefly held high-level talks on the possibility of normalizing diplomatic relations, but this chance slipped away due to the crisis in Cambodia, Hanoi’s tilt toward the Soviet Union, and the resurgence of Cold War strategic thinking in Washington.

As Miller demonstrates, leaders on both sides remained deeply invested in their respective narratives about the war and its implications for each state’s legitimacy. Vietnam’s embrace of the Đổi Mới reforms and its “new thinking” in foreign policy during the late 1980s helped pave the way for a normalization agreement, which was finally concluded in 1995. But normalization did not lead automatically or inevitably to reconciliation. SRV officials continued to worry about American plots to promote “peaceful evolution” toward liberal democracy in Vietnam, while their US counterparts refused even to discuss the idea of American moral culpability for the war or the damage inflicted on Vietnam.

Real progress toward US-Vietnam reconciliation came only in the twenty-first century. This shift was facilitated by a 2001 bilateral trade agreement, by Vietnam’s 2007 accession to the World Trade Organization, and by Washington’s willingness to display support for Vietnam’s position in its emerging conflict with China in the South China Sea. But as Miller shows, the most dramatic changes took place in the realm of ideas and culture, and in the willingness of various actors on both sides to embrace new narratives about collaboration and shared responsibility.

Vietnamese Americans, a group that had once overwhelmingly opposed reconciliation with Hanoi, played increasingly prominent roles in Vietnamese business circles by the early 2000s. Meanwhile, polls showed that large majorities of ordinary Vietnamese had adopted strongly favorable views of American society and culture, and even US political leaders. Amid these developments, US and CPV leaders began launching new efforts to ameliorate the lingering impact of “war legacies” such as unexploded ordnance and Agent Orange. In the early 2020s, US-Vietnam reconciliation appears remarkably strong, even though a common understanding of the war and each side’s responsibility for it remains elusive.
Introduction

Looking toward the Future

In the early days of the third decade of the twenty-first century, Vietnam continues to be governed as a party-state led by the CPV, determined to retain its control of government and politics. Its democratic centralist approach to governance and its willingness to use repression to preserve stability has increased, but Vietnam combines this with a degree of openness not found in its Chinese neighbor. That degree of openness to information and ideas could continue at its current level for some time. There is also a chance that it could expand into a more open and pluralistic society, or, as recent developments have shown, it could move in the opposite direction, toward a “controlocracy” along lines similar to Xi Jinping’s China. This book cannot answer that question, but suggests that neither of the latter two scenarios seems most likely. Demand for change is likely to grow, increasingly testing the ability of the Party to respond in ways that promote the interests of the country.

As pointed out in this introduction and in the chapters that follow, however, this book can, and does, describe the many forces that will influence Vietnam’s direction. Many of these are only under the control of the CPV to a rather limited degree. That is most obvious in Vietnam’s desire and ability to successfully maintain its independence in the face of an ever more powerful China, and a Vietnamese population that is increasingly favorably inclined toward America and more open to liberal societies in general.

These political pressures will also play out in the coming decades in an economic context that will be challenging. As this study shows, sustaining a high rate of economic growth over the next two decades will be difficult and may not even be possible given the policy direction that the country and the CPV are following today. The COVID-19 crisis will retreat into the past, and the economy, less damaged by the pandemic than many others, will recover. What is less clear, as this book shows, is whether the Vietnamese education system, particularly at the postsecondary level, will improve sufficiently to support a move up the technology ladder. Vietnam’s success as a destination for foreign direct investment and integration into global value chains suggests opportunities for the country, provided it develops the human resources—and institutions—necessary for playing that role.

A crucial question is whether economic growth will move the country toward rising inequality and an economy controlled by politically connected oligarchs, as has occurred elsewhere. The unchecked official and private rent-seeking and corruption, already a chronic problem, that would likely accompany such a move would undermine critical public support. An alternative way forward, one featuring a renewed commitment to equity, would strengthen the foundations of Vietnamese society.

There is also the issue of whether the current policy direction will be sustainable given the increasingly serious damage currently being done to the environment. At the global level, policies implemented by the rest of the world will hardly be sufficient to avoid the impact of climate change upon Vietnam. A new sense of urgency is required.
Introduction

Many of the chapters in this book outline what needs to be done in Vietnam to continue making progress in achieving transparent governance, a more effective education system, more sustainable development, less crisis-prone financial regulation, and more equitable and efficient health care. This book also outlines areas, particularly in the family and social sphere, where further changes in society are most likely to occur as social values evolve under pressure from forces largely beyond the control of government policy.

Despite the many challenges, some of which clearly are highly systemic, we remain optimistic about Vietnam’s future. The chapters in this book describe those challenges openly and candidly, but also convey the evident vitality of a society determined to shape an ever better future.

Notes

1. This is the World Bank estimate of per capital PPP GDP in 2020 in current prices multiplied by the growth rate in per capita GDP in 2021. Vietnam did revise its GDP figures upward, leading the IMF to report a per capita PPP GDP in 2021 of $11,677. Because the chapters in this book require growth data over long periods and GDP figures for earlier years have not been adjusted upward, this book is mainly using the GDP estimates prior to the revision.

2. This is purchasing power parity GDP per capita in constant prices for 2020 over 1991 (World Bank, WDI online).
