

# How the US continues to impact Vietnam 40 years on

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Thursday, April 30, 2015 12:15

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The irony hit its crescendo at the very place where the Vietnam War drew to its end 40 years ago.

Last week, a banner announcing the shareholders' meeting of the Saigon Securities Incorporation flapped on the gates of the Independence Palace -- the same place a pair North Vietnamese tanks made their dramatic entrance on April 30, 1975.



*A woman wearing traditional hat pushes her bicycle past McDonald's restaurant in Ho Chi Minh City March 9, 2015. Photo: Reuters*

These days Ho Chi Minh City is awash with signs of capitalism and consumerism.

Major luxury brand boutiques -- Marc Jacobs, Cartier, Gucci, Louis Vuitton, or Hermes -- scream behind scenes of thin construction workers and street vendors dining on the sidewalk. Luxury rides creep through third world traffic -- Bugatti, Ferrari, Lamborghini, Maybach, Rolls-Royce and Bentley. McDonald's has followed its American rivals Burger King, KFC and Starbucks in pursuit of a rising middle-income clientele.

New arrivals cannot help but note the irony of all this set against red banners; but it is not as though Vietnam just suddenly decided to want these things. According to Nayan Chanda's acclaimed post-war history *Indochina Brother Enemy: The War after the War*, American banks and oil companies were invited to Hanoi as early as 1976 to explore possibilities of trade and financial relations.

The Americans, seeking to contain Vietnam, opted for a trade embargo that crippled the country until 1995.

"The US tried to impose punitive measures on Vietnam. It also tried to use the leverage of other international institutions to make sure that other countries and organizations could not do business in Vietnam," said Edwin Martini, an associate professor of history at Western Michigan University.

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## 'Too many eggs in the basket'

On Thursday, in a speech read at the military parade celebrating the historic moment, Prime Minister Nguyen Tan Dung recalled the "glorious chapter" in the victory against "US imperialists and its henchmen" in the war. But Vietnam was also "putting the past behind us and looking forward to the future," Dung said.

Analysts concur that since the war ended, Vietnam has repeatedly sought to reach out to the US. Now, as China -- the biggest trading partner of both the US and Vietnam -- continues to flex its military and economic muscles, a strong alliance and partnership with Washington has grown increasingly desirable for Hanoi.

Officially, no Vietnamese leader has advocated alignment with a single juggernaut.

But many in Vietnam are holding fast to hopes that the pending US-led 12-nation Trans Pacific Partnership, or TPP, will play a crucial role as a cushion for Hanoi against its giant northern neighbor. Those hopes reached a fever pitch this year, as the two countries sought to celebrate the 20th anniversary of their normalization of relations.

But there is no such thing as a free lunch, analysts warn.

Critics of the TPP say the deal is too corporate-friendly and would pave the way for greater international price controls for pharmaceutical companies. Those controls would, in turn, threaten patient access to affordable treatment, particularly in developing countries like Vietnam.

Angie Ngoc Tran, a professor of political economy at the California State University, Monterey Bay, points to the credible threat of the investor state dispute settlement (ISDS) under the TPP, an instrument of international agreements which grants corporations the right to sue a foreign government.

There are precedents: US corporations have used Chapter 11 of the North American Free Trade Agreement (NAFTA) to sue Mexican and Canadian governments and successfully got their compensations.

"The Vietnamese should be wary of putting too many eggs in the TPP basket," Martini said. Even though the US lifted the trade embargo 20 years ago, it "has worked much more on US terms other than Vietnam terms. [It] ended up working in the corporate interests and not the individual's," he said.

"The US did turn its back to Vietnam to seek other interests, whether with China, France, or multinational corporations rather than look after the interests of the Vietnamese people. History lessons are always relevant."



*Workers of Pou Yuen Vietnam gather at their factory on the fifth day of a strike in Vietnam's southern Ho Chi Minh City March 31, 2015. Photo: Reuters*

In her book *Ties That Bind*, Tran detailed several instances in which the American Chamber of Commerce (AmCham) attempted to twist the arms of Vietnamese policymakers at the expense of grassroots workers.

During revisions of the Labor Code in 2009, both the Vietnamese Textile and Apparel Association (VITAS) and the AmCham strongly backed the elimination of restrictions limiting annual overtime hours.

Both institutions were met with strong opposition from several labor officials who showed proof of increasing workplace accidents due to employee fatigue.

In 2011, AmCham sent a formal letter to Prime Minister Nguyen Tan Dung and relevant agencies pressuring the top Vietnamese leadership to curb labor strikes and to advocate on behalf of management. Also in that year, AmCham hosted a conference during which it released a statement blaming workers and the governments for “illegal strikes,” citing “complicated procedures for strikes,” inaction by local governments and the ignorance of the workers.

But “nowhere in either the formal letter or the AmCham statement did ... [it] acknowledge management’s mistreatment of employees as the main cause for most strikes,” Tran said.

It is AmCham and other foreign chambers of commerce in Vietnam that have also bristled at Vietnam’s continued increases in minimum wages even though top labor officials have insisted that such annual adjustments are not sufficient enough for workers to make ends meet.

At present, the minimum wage covers only about 75 percent of their basic needs.

“I do believe it [the wage increase] is a step in the right direction,” Tran said.

At the end of the day, when it comes to protection of workers, the ball appears to be in the court of the workers themselves.

“Worker solidarity can pressure the unions and the government to listen to their legitimate

concerns, even when foreign investors, chambers of commerce, and economists try to sway the rule of law to fit their profit interests,” Tran said, highlighting the significance of solidarity for “peaceful dialogue”, not riots.

### Elusive socialism



*Vietnamese veterans take part in a parade marking the 40th anniversary of the fall of Saigon (former name of Ho Chi Minh City) in Ho Chi Minh City on April 30, 2015. Photo: AFP*

As authorities celebrate the anniversary with huge military parades and loaded language, the attention of the public seems to lie elsewhere.

“I haven’t heard anyone talk about the celebrations. All they want to talk about is corruption,” a European expat said on her return to Vietnam after leaving the country for almost a year.

In 2014, Vietnam ranked 119th out of 175 countries in the Transparency International (TI) Corruption Perceptions, 126th on the World Bank’s Control of Corruption Index, and 74th on the International Country Risk’s Guide corruption rankings. Meanwhile, Vietnam’s top echelons have repeatedly warned that the country’s wealth widening wealth gap poses the most worrying threat to the survival of the political regime.

Roughly 95 percent of Vietnamese respondents to a recent Pew Research survey of global attitudes agreed with the following statement: “Most people are better off in a free market economy, even though some people are rich and some are poor.” That was the highest rate of agreement among all the countries where researchers asked the question, according to Quartz, a digitally native news outlet.

Top leaders have even begun to acknowledge the extreme difficulty of balancing socialism and global capitalism.

When addressing the National Assembly -- Vietnam’s legislature -- in 2013, Communist Party chief Nguyen Phu Trong said: “We have a long way to go before we achieve socialism in Vietnam. It’s not even certain that we will accomplish that mission by the end of this century.”

At a conference late last year, Minister of Planning and Investment Bui Quang Vinh was even more blunt: “For years we have researched the model of the socialist-oriented market economy. But there’s nothing like that to research.”

### Pragmatic pathway

Seated at his office at the Fulbright Economics Teaching Program in confident repose, Huynh The Du, a Harvard-educated postdoc public policy expert, seemed pretty upbeat on what the coming decades have in store for Vietnam.

“Since the war ended, who gave Vietnam the chance to develop independently?” Du said. “We have always been caught in the power struggles and rivalries between the US, Russia, and China.”

But he pointed to the economic growth rates Vietnam has seen since 1986, when it opened up its economy to foreign investment, saying: “Vietnam is among just 20 countries that have managed to maintain an average growth rate of 6.5 percent for three decades.”

Unlike those in previous generations who have continually demanded that the government “escape” from its dependence on China, Du, still a child when the war ended, said doing so would be “mission impossible”.

“Vietnam needs to know how to strike a balance in its relations with both the US and China; history has proved that getting too close to any country would be a disaster,” he said.

“How Vietnam decides where and when to take a stand in its relations with major powers will charter the country’s economic development in the coming decades.”

For Du, one of the major hurdles standing in the way of Vietnam’s development is the lack of optimism. Du said the dark projections proffered by what the Western press calls Vietnam’s “dissidents” has sabotaged the optimism needed to navigate the country through difficulties.

“What’s the point of grumbling on about the negative things?” he asked. “The country just cannot move forward if we the Vietnamese keep trying to tear one another down.”