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	DINT-00	DOEE-00	DOTE-00	SRPP-00	DS-00	EB-00	EXIM-01
	E-00	FAAE-00	FBIE-00	VC-01	FRB-00	H-01	TEDE-00
	INR-00	IO-00	ITC-01	LAB-01	L-00	MOFM-04	MOF-03
	AC-01	NSAE-00	OES-01	OIC-02	OMB-01	OPIC-01	PA-00
	PM-00	PRS-00	ACE-00	P-00	SP-00	SSO-00	STR-00
	USIE-00	PMB-00	DSCC-00	PRM-01	DRL-02	G-00	FDIC-01
	NFAT-00	SAS-00	/023W				

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FM AMEMBASSY HANOI
TO SECSTATE WASHDC PRIORITY 9479
INFO NSC WASHDC PRIORITY
ASEAN COLLECTIVE PRIORITY
AMEMBASSY BEIJING PRIORITY
AMCONSUL HONG KONG PRIORITY
AMEMBASSY TOKYO PRIORITY
AMEMBASSY SEOUL PRIORITY
DEPTTREAS WASHDC PRIORITY
USDOC WASHDC PRIORITY
SECDEF WASHDC PRIORITY
JOINT STAFF WASHDC PRIORITY
USCINCPAC HONOLULU HI//J5/FPA// PRIORITY
DIA WASHDC PRIORITY

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STATE ALSO FOR EAP DAS BOYCE AND EAP/BCLTV
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NSC FOR RAVIC HUSO
STATE PASS USTR AMB FISHER/DAUSTR DAMOND
WHITE HOUSE FOR DEP/ASST TO POTUS LBRAINARD
SECDEF FOR ISA/EAP/LSTERN
USDOC FOR 4431/MAC/AP/OKSA/HPPHO

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SUBJECT: VIETNAM IDEOLOGICALLY COMMITTED TO STATE-LED ECONOMIC DEVELOPMENT, WARY OF DANGERS OF GLOBALIZATION

REF: A) HANOI 637 B) HANOI 232

(U) CLASSIFIED BY POLITICAL COUNSELOR JAMES BRUNO;
REASONS 1.5 (B) AND (D).

SUMMARY

1. (C) SENIOR LEADERS RECENTLY HAVE EMPHASIZED FAMILIAR IDEOLOGICAL THEMES ABOUT THE COMMUNIST PARTY'S PREEMINENT ROLE IN ALL MAJOR POLITICAL AND ECONOMIC DECISION-MAKING. A FOCUS OF THIS CENTER-LED GOVERNING STYLE IS THE NEED FOR A STRONG STATE SECTOR TO GUIDE ECONOMIC DEVELOPMENT. IN THE VIEW OF VIETNAM'S IDEOLOGUES, MARKET REFORMS MUST BE INCREMENTAL AND SUPPLEMENTAL TO THE STATE-LED BACKBONE OF THE ECONOMY. RECENT ARTICLES HAVE STRESSED THAT SOCIALIST VIETNAM'S HIGHEST PRIORITIES MUST ALWAYS BE TO REDUCE
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POVERTY AND HUNGER. WHILE THESE ARE LAUDABLE GOALS, VIETNAM'S COMMAND-STYLE ECONOMIC AND SOCIAL SERVICE SYSTEM IS SEEN, IN LARGE PART, AS THE MECHANISM TO ACHIEVE THIS, RATHER THAN ALLOWING GREATER ECONOMIC AND POLITICAL FREEDOM FOLLOWING A MARKET-ORIENTED PARADIGM. IN THE WORDS OF THE PRIME MINISTER, VIETNAM IS A POOR COUNTRY THAT "CANNOT COMPETE" WITH RICH COUNTRIES. VIETNAM CONSTANTLY ARGUES IT NEEDS MORE AID, DESPITE HAVING AID COMMITMENTS AND PLEDGES TOTALING 28 PERCENT OF GDP.

2. (C) THOUGH THE PROCESS OF GLOBALIZATION IS ACKNOWLEDGED TO BE INEVITABLE, SENIOR SRV OFFICIALS SEE IT AS LARGELY NEGATIVE. THIS IS HIGHLY IRONIC, BECAUSE CERTAIN SECTIONS OF THE COUNTRY, ESPECIALLY HO CHI MINH CITY, ARE PROFOUNDLY BENEFITING FROM GROWING TRADE WITH THE REST OF THE WORLD. IN FACT, MOST VIETNAMESE SEE THE LEADERSHIP'S MARXIST SLOGANS AS IRRELEVANT TO THEIR DAILY LIVES. BUT MANY LEADERS IN HANOI ARE PROFOUNDLY FEARFUL OF HOW THE WEST, AND PARTICULARLY THE U.S., MAY TAKE ADVANTAGE OF VIETNAM'S "WEAKNESSES." THEY SEE UNBRIDLED ECONOMIC REFORM AND

LIBERALIZATION AS DESTABILIZING AND REFER TO SCIENCE AND TECHNOLOGY AS TOOLS THAT INTERNATIONAL "IMPERIALISM" USES TO SUBJUGATE POOR COUNTRIES. THEY ALSO FEAR WESTERN EFFORTS TO IMPOSE "MILITARY SOLUTIONS" IN OTHER COUNTRIES, SUCH AS IN KOSOVO OR EAST TIMOR. THOUGH THE COUNTRY'S CONSERVATIVE IDEOLOGUES CHAMPION THESE VIEWS MOST VIGOROUSLY, IN RECENT MONTHS EVEN MORE TECHNOCRATIC MEMBERS SUCH AS THE PRIME MINISTER AND FOREIGN MINISTER HAVE ECHOED THEM. WE SENSE VIETNAMESE LEADERS ARE EMBOLDENED BY THE STRONG CRITICISM OF FREE TRADE AT THE SEATTLE WTO AND THE BANGKOK UNCTAD MEETINGS. THIS HEIGHTENED IDEOLOGICAL RHETORIC SUGGESTS

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MAJOR ECONOMIC REFORMS ARE UNLIKELY BEFORE NEXT SPRING'S PARTY CONGRESS. END SUMMARY.

THE ROLE OF IDEOLOGY IN VIETNAM

13. (C) THIS IS THE SECOND OF A TWO-PART SERIES ANALYZING THE IDEOLOGICAL THEMES HIGHLIGHTED IN RECENT SPEECHES AND PRONOUNCEMENTS BY COMMUNIST PARTY (CPV) LEADERS. THESE CABLES ANALYZE THEMES RAISED BY PARTY GENERAL SECRETARY LE KHA PHIEU IN HIS SPEECH ON THE 70TH ANNIVERSARY OF THE FOUNDING OF THE CPV; BY POLITBURO MEMBERS PHAM THE DUYET AND NGUYEN PHU TRONG AND PARTY IDEOLOGISTS NHI LE AND NGUYEN KHANH IN ARTICLES IN THE OFFICIAL COMMUNIST PARTY THEORETICAL JOURNAL; AND BY PRIME MINISTER PHAN VAN KHAI AND FOREIGN MINISTER NGUYEN DY NIEN IN MEETINGS WITH FOREIGN LEADERS. THIS CABLE FOCUSES ON THE CPV'S CONTINUING ADHERENCE TO CENTRALLY DIRECTED ECONOMIC DEVELOPMENT AND TO THE POLITICAL, ECONOMIC AND TECHNOLOGICAL DANGERS VIETNAM'S LEADERS SEE IN GLOBALIZATION. REF A FOCUSED ON THE COMMUNIST PARTY'S ROLE IN GUIDING THE VIETNAMESE STATE.

14. (C) WHILE THESE IDEOLOGICAL PRINCIPLES HAVE BEEN GETTING INCREASED ATTENTION IN RECENT SPEECHES AND STATEMENTS, IT IS IMPORTANT TO NOTE THAT AMONG THE POPULATION AT LARGE, MARXIST-LENINIST IDEOLOGY HAS FEW FOLLOWERS IN VIETNAM. THE AVERAGE PERSON ON THE STREET FINDS MUCH OF THIS TO BE "BACKGROUND NOISE" THAT IS IRRELEVANT TO HIS OR HER DAILY LIFE. IN HO CHI MINH CITY, IN PARTICULAR, MANY PEOPLE ARE QUICK TO VOICE THEIR DISDAIN FOR THE EMPTY SHIBBOLETHS THAT ARE SPOUTED BY PARTY IDEOLOGUES. THE PROCESSES OF "DE FACTO" GLOBALIZATION AND INTERNATIONAL TRADE ARE MOST ADVANCED IN THE SOUTH, AND PARTY AND GOVERNMENT LEADERS FROM THAT REGION ARE, AS A GROUP, MUCH MORE OPEN TO ENGAGEMENT WITH THE REST OF THE WORLD AND ATTUNED TO THE BENEFITS OF GLOBALIZATION. HOWEVER, IT WOULD BE A MISTAKE TO DISMISS THE IDEOLOGICAL MANTRAS OF THE PARTY AND GOVERNMENT AS ONLY EMPTY SLOGANS. MARXIST-LENINIST IDEOLOGY REMAINS IMPORTANT IN VIETNAM BECAUSE MANY OF THE SENIOR LEADERS EITHER CONTINUE TO BE TRUE BELIEVERS -- OR THEY HIDE BEHIND THE RHETORIC AS AN EXCUSE FOR NOT PRESSING FORWARD BRISKLY ON REFORM. IDEOLOGY IN VIETNAM IS MOST IMPORTANT FOR WHAT IT

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SAYS ABOUT THE NARROW CUPOLA OF LEADERS WHO HOLD THE REINS OF ULTIMATE POLITICAL POWER.

IDEOLOGISTS STRESS STATE-LED DEVELOPMENT AS NECESSARY FOR SOCIAL STABILITY; MARKET REFORMS GRADUAL AND MEASURED

15. (C) FROM THEIR OWN PERSPECTIVE, THE COMMUNIST PARTY LEADERS OF VIETNAM FACE A PROFOUND ECONOMIC DILEMMA: HOW TO OPEN UP THE ECONOMY AND BENEFIT FROM INCREASED TRADE AND INVESTMENT WITHOUT RISKING LOSS OF SOCIAL STABILITY AND THE POTENTIAL LOSS OF THEIR MONOPOLY ON POWER. WE HAVE HEARD FROM MANY GOVERNMENT OFFICIALS THAT THE DEBATE IN VIETNAM IS NOT ABOUT WHETHER OR NOT TO MOVE FORWARD -- BUT AT WHAT PACE TO DO SO. MANY OF VIETNAM'S SENIOR LEADERS HAVE AN INHERENT CAUTION ABOUT PROCEEDING "TOO RAPIDLY" WITH ECONOMIC LIBERALIZATION AND MARKET REFORMS. IN THE ABSENCE OF A CONSENSUS TO MOVE FORWARD BOLDLY ON REFORM, THE PARTY PRESERVES ITS PATERNALISTIC, STATE-LED ECONOMIC MODEL THAT GRADUALLY INTRODUCES GREATER "MARKET CHARACTERISTICS" IN A CONTROLLED, MEASURED WAY.

16. (C) IN HIS SPEECH COMMEMORATING THE 70TH ANNIVERSARY OF THE CPV IN FEBRUARY, GENERAL SECRETARY PHIEU EXTOLLED SOCIALISM AS THE MEANS FOR DEVELOPMENT IN VIETNAM. HE SAID VIETNAM MUST BUILD "A HIGHLY DEVELOPED ECONOMY WITH MODERN PRODUCTION FORCES AND WITH STATE OWNERSHIP OF ALL KEY PRODUCTION AREAS." VIETNAM WILL DEVELOP ALL "ECONOMIC SECTORS, INCLUDING STATE ENTERPRISES, COOPERATIVES, FAMILY BUSINESSES, FARMS, PRIVATE COMPANIES, AND JOINT VENTURES

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WITH FOREIGN PARTNERS." HE CONTINUED THAT THE STATE ECONOMY AND THE COOPERATIVE-BASED ECONOMY WILL FORM "A FOUNDATION

FOR OUR NATIONAL ECONOMY." FURTHER PARROTING THE 1992 CONSTITUTION, HE ADDED THAT ALL ECONOMIC SECTORS WILL BE EQUAL. PHIEU SAID, "IT IS TOTALLY CORRECT WHEN OUR PARTY EMPHASIZES AND CONSOLIDATES THE LEADING ROLE OF THE STATE ECONOMY." HE SAID THE STATE SECTOR SHOULD "SERVE AS A CENTER TO ACCELERATE THE DEVELOPMENT OF OTHER ECONOMIC SECTORS, MAINTAIN STABILITY DURING COMPLICATED CIRCUMSTANCES, AND IMPLEMENT THE MARKET-ORIENTED ECONOMY UNDER STATE MANAGEMENT WITH A SOCIALIST ORIENTATION."

17. (C) PHIEU FURTHER NOTES THAT ELIMINATING HUNGER AND REDUCING POVERTY ARE KEY ECONOMIC PRIORITIES. BY LAUDING THE SUCCESSES OF VIETNAM'S ANTI-POVERTY EFFORTS THUS FAR, PHIEU SEEMS TO BE ARGUING FOR CONTINUING A FUNDAMENTALLY CENTRALLY PLANNED MODEL OF POVERTY REDUCTION, RATHER THAN SEEKING TO PROMOTE PROSPERITY THROUGH GREATER ECONOMIC AND POLITICAL FREEDOM. (COMMENT: ADMITTEDLY THIS MAY IMPACT DIFFERENT REGIONS AND SECTORS DIFFERENTLY. END COMMENT.) PHIEU GOES ON TO URGE THAT VIETNAM EXPAND ITS "ECONOMIC COOPERATION" WITH OTHER COUNTRIES AND PRODUCE NEW PRODUCTS OF HIGH QUALITY SO THAT VIETNAM CAN COMPETE WITH OTHER COUNTRIES. HOWEVER, THE PRIMACY OF THE STATE SECTOR IS CLEAR IN HIS ECONOMIC WORLDVIEW.

18. (C) SIMILARLY, IN A MARCH ARTICLE OUTLINING VIETNAM'S HUMAN RIGHTS POLICY IN THE PARTY NEWSPAPER "THE PEOPLE" ("NHAN DAN"), PARTY FUNCTIONARY PHAM VAN KHANH STRESSED THE IMPORTANCE OF STATE EFFORTS TO REDUCE POVERTY. "THE MOST FUNDAMENTAL HUMAN RIGHTS ISSUE IN VIETNAM IS TO MAKE IT POSSIBLE FOR THE PEOPLE TO HAVE ADEQUATE FOOD, CLOTHES AND ACCESS TO EDUCATION." KHANH WROTE THAT "PAYING ATTENTION TO ECONOMIC DEVELOPMENT TO RAISE THE ENTIRE PEOPLE'S LIVING STANDARDS, IMPLEMENTING POLICIES ON HUNGER ELIMINATION, AND POVERTY REDUCTION ARE REALLY THE PRIMARY CONCERN OF THE PARTY AND STATE OF VIETNAM." KHANH SAYS THE SRV IS PERFECTING ITS SOCIAL SERVICES SYSTEM AND DEVELOPING A SOCIAL WELFARE NETWORK TO GUARANTEE THESE RIGHTS.

19. (C) COMMENT: VIETNAM HAS RECEIVED GENEROUS SUPPORT AND STRONG ENCOURAGEMENT FROM THE IFI'S AND BILATERAL DONORS FOR THE SUCCESSES OF ITS LARGELY STATE-LED APPROACH TO POVERTY
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REDUCTION. DURING THE VISIT OF WORLD BANK PRESIDENT WOLFENSOHN IN MARCH -- AND THROUGHOUT VIETNAM'S ONGOING ENGAGEMENT WITH LOCAL WORLD BANK, ASIAN DEVELOPMENT BANK, AND UN AGENCY OFFICIALS -- VIETNAM GETS CONSISTENTLY HIGH MARKS FOR ITS SUCCESSES IN REDUCING THE POVERTY RATE. GIVEN THIS ONGOING CHORUS OF PRAISE FROM MANY INTERNATIONAL DONORS, WHICH IS SUPPORTED TANGIBLY WITH PLEDGES OF MORE THAN \$2 BILLION ANNUALLY IN MULTILATERAL AND BILATERAL ASSISTANCE, NO WONDER THE GVN FEELS JUSTIFIED IN "STAYING THE COURSE" WITH A HEAVILY STATE-LED MACROECONOMIC APPROACH THAT EMPHASIZES POVERTY REDUCTION AND WHICH IS BASED IN LARGE PART ON ABUNDANT AID FLOWS. END COMMENT.

PLAYING POKER WITH A BAD HAND:
WE NEED AID AND SPECIAL TREATMENT

110. (C) VIETNAMESE LEADERS ROUTINELY EMPHASIZE THAT VIETNAM IS A POOR, UNDERDEVELOPED COUNTRY THAT IS APPROACHING GLOBAL TRADE FROM A POSITION OF WEAKNESS. PHIEU WAS CANDID IN ADMITTING THAT VIETNAM MUST BE "VIGILANT" IN PROCEEDING WITH ECONOMIC DEVELOPMENT. HE SAID THE SRV FACES "NUMEROUS OPPONENTS FROM MORE DEVELOPED ECONOMIES, STRONGER POWERS AND BETTER POSITIONS." OVERALL, THE TONE IS THAT VIETNAM MUST BE CAUTIOUS AND CAREFUL, LEST IT BE TAKEN ADVANTAGE OF IN RELATIONS WITH STRONGER POWERS.

111. (C) WHILE DISCUSSING THE U.S.-VIETNAM BILATERAL TRADE AGREEMENT (BTA) WITH VISITING SECDEF COHEN, PRIME MINISTER KHAI WAS VERY POINTED IN SAYING THAT VIETNAM CANNOT COMPETE
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WITH OTHER COUNTRIES SUCH AS THE U.S. HE SAID THAT, WITHIN THE BILATERAL TRADE AGREEMENT NEGOTIATIONS, THERE MUST BE PROVISIONS THAT TAKE INTO ACCOUNT "THE REALITY THAT VIETNAM IS AN UNDERDEVELOPED COUNTRY." KHAI FURTHER MADE A PITCH FOR INCREASED ASSISTANCE TO VIETNAM, SAYING THE U.S. "CANNOT UNDERSTAND THE FULL DIFFICULTIES WE ARE FACING." KHAI MADE AN APPEAL BASED ON VIETNAM'S LOSSES OF "MORE THAN 3 MILLION PERSONS," BOTH MILITARY AND CIVILIAN, DURING WARTIME. HE SAID THE GVN CONTINUES TO PROVIDE ASSISTANCE TO 1.2 MILLION FAMILIES WHO LOST RELATIVES DURING THE WAR, AS WELL AS TO THOSE WHO ALLEGEDLY WERE HARMED BY "CHEMICALS" DURING THE WAR.

112. (C) POLITBURO MEMBER NGUYEN PHU TRONG, CURRENTLY HEAD OF THE HANOI PARTY COMMITTEE, RAISED THE THEME OF VIETNAM'S WEAKNESS IN A RECENT ARTICLE IN "COMMUNIST REVIEW." TRONG OBSERVED, "THE NATIONAL AND CLASS STRUGGLES ARE PROCEEDING

IN A VERY INTENSE AND FIERCE MANNER. THE SCIENTIFIC AND TECHNOLOGICAL REVOLUTION IS DEVELOPING TEMPESTUOUSLY. MEANWHILE, OUR CAPACITY FOR COMPREHENSION AND INTELLECTUAL LEVEL ARE LIMITED." TRONG FEARS THAT "HOSTILE FORCES ARE TRYING TO ATTACK AND UNDERMINE OUR PEOPLE'S REVOLUTIONARY CAUSE BY ALL MEANS. THEY HAVE MADE EVERY EFFORT TO MISREPRESENT AND SLANDER OUR PARTY AND STATE AND DIRECTLY STRIKE AT THE IDEOLOGICAL SYSTEM, POLITICAL PROGRAM AND POLITICAL LINE OF OUR PARTY IN AN ATTEMPT TO CAUSE OUR PARTY TO DISINTEGRATE FROM ITS ROOTS AND FROM WITHIN."

THE DANGERS OF GLOBALIZATION

113. (C) REINFORCING THE NEED FOR A STRONG STATE SECTOR AND THE RISKS OF ECONOMIC REFORM, IN THE EYES OF SRV LEADERS, ARE THEIR FEARS ABOUT THE HARMFUL EFFECTS OF GLOBALIZATION. ON REPEATED OCCASIONS VIETNAMESE LEADERS HAVE VOICED THEIR CONCERNS ABOUT THE INSTABILITY BROUGHT TO THE REGION BY THE EAST ASIAN FINANCIAL CRISIS. PARTICULARLY ATTENTION-GETTING IN HANOI WAS THE IMPACT OF THE REGIONAL CRISIS ON THE POLITICAL STABILITY OF THE FORMERLY DE FACTO ONE-PARTY STATE OF INDONESIA. ALSO OF CONCERN WAS THE IMPACT OF THE CRISIS IN SETTING BACK POVERTY REDUCTION EFFORTS IN THAT COUNTRY AND OTHERS.

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114. (C) IN RECENT SPEECHES AND STATEMENTS, SENIOR LEADERS HAVE SPOKEN OF GLOBALIZATION IN HIGHLY AMBIVALENT WAYS. THOUGH SEEN AS AN "INEVITABLE" PROCESS, GLOBALIZATION IS VIEWED AS A LARGELY NEGATIVE PHENOMENON THAT MUST BE MANAGED CAREFULLY. (COMMENT: THIS IS IN CONTRAST TO HOW MANY IN THE WEST SEE VIETNAM, BELIEVING THAT GLOBALIZATION PROVIDES ENORMOUS OPPORTUNITIES FOR A POOR COUNTRY WITH GREAT HUMAN RESOURCES, LIKE VIETNAM, TO MAKE QUICK PROGRESS DEVELOPMENTALLY. END COMMENT.)

115. (C) AT THE MEETING OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (UNCTAD) IN BANGKOK FEBRUARY 13, PM KHAI NOTED THAT THE TRENDS OF GLOBALIZATION AND REGIONALIZATION OFFER BOTH OPPORTUNITIES AND CHALLENGES FOR UNDERDEVELOPED COUNTRIES LIKE VIETNAM. KHAI SAID NO NATIONAL ECONOMY "CAN EXIST INDEPENDENTLY AMIDST THE GROWING INTERDEPENDENCE OF NATIONAL ECONOMIES." IN ORDER FOR POOR COUNTRIES TO BE ABLE TO PARTICIPATE IN THE GLOBAL ECONOMY, THEY NEED SPECIAL TREATMENT. HE OPINED THAT GLOBALIZATION REQUIRES THE INTERNATIONAL COMMUNITY "TO PAY SPECIAL ATTENTION TO MAPPING OUT SOLUTIONS THAT BENEFIT POOR AND BACKWARD COUNTRIES." HE SAID DEVELOPING COUNTRIES ARE "IN GREAT NEED OF ACTIVE ASSISTANCE FROM DEVELOPED COUNTRIES TO COMPREHENSIVELY AND EQUALLY ENGAGE IN INTERNATIONAL ECONOMIC RELATIONS." HE SAID WTO DEVELOPED MEMBERS "SHOULD GIVE PRIORITY ... TO (CREATING) FAVORABLE CONDITIONS FOR THOSE COUNTRIES THAT ARE NEGOTIATING FOR WTO MEMBERSHIP." THE AGENDA OF THE WTO SHOULD CREATE "A MORE FAVORABLE INTERNATIONAL COOPERATION ENVIRONMENT" AND ALLOW THEM TO "ENJOY SPECIAL PRIORITY (TREATMENT) WITHOUT ANY KIND OF

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DISCRIMINATION."

116. (C) IN HIS 70TH ANNIVERSARY SPEECH, GENERAL SECRETARY PHIEU OUTLINED A PROFOUNDLY NEGATIVE VIEW OF GLOBALIZATION. AFTER TRACING THE HISTORICAL ROLE OF IMPERIALISM IN SUBJUGATING PEOPLES IN THE DEVELOPING WORLD, PHIEU GOES ON TO STATE THAT IMPERIALISM STILL EXISTS, BUT IT HAS ADOPTED DIFFERENT FORMS. "IMPERIALIST FORCES HAVE EXPANDED THE WORLD MARKET EVERYWHERE FOR MAXIMUM PROFIT. AT THE SAME TIME, COUNTRIES WHICH HAVE REGAINED INDEPENDENCE RECENTLY AFTER A LONG PERIOD OF SLAVERY ARE POOR, BACKWARD, AND LOOKING FOR WAYS TO DEVELOP." HE SAID THEY NEED CAPITAL, SCIENCE, HIGH TECHNOLOGY, MANAGEMENT EXPERIENCE, INTELLECTUALS, AND SKILLED WORKERS. BUT, HE ADDS, "THESE THINGS ARE IMPOSSIBLE FOR THEM TO OBTAIN UNDER THE DOMINATION OF IMPERIALISM." PHIEU SAYS THAT DEVELOPING COUNTRIES MUST DEVISE NEW STRATEGIES "TO DEAL WITH NEW AND UNFAIR TRICKS PLAYED ON THEM BY THEIR OPPONENTS." (COMMENT: EVEN IF THIS IS LARGELY IDEOLOGICAL BOILERPLATE FOR THE PARTY FAITHFUL, IT IS REVEALING FOR ITS EXCESSIVE CONCERN, EVEN PARANOIA, ABOUT THE HARMFUL EFFECTS OF ENGAGING THE WORLD. PHIEU'S VIEW IS THAT GLOBALIZATION IS A ZERO-SUM GAME, AND VIETNAM IS LIKELY TO GET THE SHORT END OF THE STICK. IN SEVERAL PLACES, HE VIRTUALLY EQUATES GLOBALIZATION AND IMPERIALISM. END COMMENT.)

117. (C) TAKING THEIR CUES FROM PARTY LEADERS, GOVERNMENT OFFICIALS LIKEWISE ARE SOUNDING THESE NOTES, IF NOT AS HARSHLY AS PHIEU. FOREIGN MINISTER NIEN, ON HIS FIRST OFFICIAL TRIP TO JAPAN MARCH 10 AFTER ASSUMING HIS POST THE MONTH BEFORE, URGED JAPANESE FOREIGN MINISTER KONO TO

HIGHLIGHT THE DETRIMENTAL ASPECTS OF ECONOMIC GLOBALIZATION WHEN JAPAN HOSTS THE GROUP OF EIGHT MEETING IN JULY, ACCORDING TO A JAPANESE MFA OFFICIAL QUOTED BY THE KYODO NEWS SERVICE. IN THE SAME WAY, DEPUTY NATIONAL ASSEMBLY CHAIRMAN VU DINH CU SPOKE OUT MARCH 6 IN THE COMMUNIST PARTY MOUTHPIECE "NHAN DAN" ("THE PEOPLE") ABOUT THE IMPACT GLOBALIZATION WOULD HAVE ON VIETNAM. CU SAID "RAPID OPENING OF THE GLOBAL MARKET" WOULD LEAD TO MASSIVE BANKRUPTCY OF VIETNAMESE COMPANIES THAT ARE WEAK IN FINANCIAL, TECHNOLOGICAL AND MANAGEMENT CAPABILITIES. THIS WOULD RESULT IN GREATLY INCREASED UNEMPLOYMENT, HE SAID.

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GLOBALIZATION CREATES MORE POOR PEOPLE

118. (C) PRIME MINISTER KHAI TOOK THIS THEME ONE STEP FURTHER WHEN HE TOLD VISITING SECDEF COHEN MARCH 13 THAT GLOBALIZATION WILL INCREASE THE NUMBER OF POOR PEOPLE. KHAI SAID GLOBALIZATION AND INTEGRATION ARE "STILL CONTROVERSIAL ISSUES" IN VIETNAM. SPEAKING OF HIS ATTENDANCE AT THE UNCTAD CONFERENCE IN BANGKOK, KHAI SAID THERE WAS A LOT OF CONTROVERSY BETWEEN RICH AND POOR COUNTRIES, PARTICULARLY OVER HOW TO BRIDGE THE GAP OF WEALTH BETWEEN THEM. HE ADDED THAT VIETNAM RECOGNIZES GLOBALIZATION IS "THE INTERNATIONAL TENDENCY, WHICH WE CANNOT AVOID." BUT HE SAID EACH COUNTRY NEEDS TO CHOOSE ITS OWN APPROACH TO DEVELOP ITSELF AND RAISE LIVING STANDARDS.

119. (C) COMMENT: IT IS STRIKING HOW NEGATIVELY EVEN VIETNAM'S MORE TECHNOCRATIC/REFORMIST LEADERS, SUCH AS KHAI, SEE THE PROCESS OF GLOBALIZATION. THEIR WARINESS REINFORCES THEIR CAUTION, AND CAUSES THE LEADERSHIP AS A GROUP TO FAVOR SHORT-TERM STABILITY RATHER THAN OPEN UP THE ECONOMY IN WAYS THAT WOULD PAY LONG-TERM REWARDS. HOWEVER, THE CHALLENGES ARE DAUNTING: MORE THAN ONE MILLION NEW JOBS NEED TO BE CREATED EVERY YEAR IN THIS EXTRAORDINARILY YOUNG COUNTRY IN ORDER TO KEEP UP WITH POPULATION GROWTH. END COMMENT.

120. (C) PREDICTABLY, IN HIS 70TH ANNIVERSARY SPEECH, PHIEU TOUCHED ON THIS THEME AS WELL. HE STATED, "WHEN IMPERIALISM ACCELERATES THE LIBERALIZATION OF WORLD TRADE, SERVICE AND INVESTMENT, RICH COUNTRIES WILL BECOME RICHER, AND THE
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POVERTY GAP BETWEEN RICH COUNTRIES AND POOR COUNTRIES WILL BECOME WIDER."

A SCREED AGAINST TECHNOLOGY

121. (C) THE MORE IDEOLOGICAL MEMBERS OF THE POLITBURO, SUCH AS PHIEU AND TRONG, ALSO HAVE RAILED AGAINST DELETERIOUS ASPECTS OF SCIENTIFIC AND TECHNOLOGICAL ADVANCES. PHIEU'S 70TH ANNIVERSARY SPEECH WAS THE MOST JARRING, THOUGH THERE HAVE BEEN ECHOES ELSEWHERE AS WELL (SUCH AS BY TRONG, CITED PARA 11 ABOVE). COMING DEEP OUT OF LEFT FIELD, PHIEU CLAIMED THAT "CAPITALISM AND IMPERIALISM WERE BROUGHT TO LIFE BY THE DEVELOPMENT OF SCIENCE AND TECHNOLOGY." HE GOES ON TO NOTE, POSITIVELY, THAT SCIENTIFIC AND TECHNOLOGICAL ACHIEVEMENTS IN THE 21ST CENTURY CAN HELP BRING ABOUT BETTER AND MORE CIVILIZED LIVING CONDITIONS. BUT HERE AGAIN THE OVERRIDING TONE IS ONE OF CONCERN: "PEOPLE ARE STILL WORRIED." HISTORY HAS SHOWN, PHIEU SAID, THAT "A HIGHER LEVEL OF SCIENCE AND TECHNOLOGY WILL BRING ABOUT A HIGHER AND MORE SEVERE LEVEL OF WAR AND ECONOMIC CRISIS."

122. (C) COMMENT: IN A UNIQUE VARIATION ON THE CLASSIC THEORY, PHIEU SEEMS TO BELIEVE IN AN "INVISIBLE HAND" THAT IS SOMEHOW AT WORK IN THE GLOBAL TRADING SYSTEM AND TECHNOLOGICAL TRANSFER TO ATTEMPT TO SUBVERT THE INTERESTS OF VIETNAM. END COMMENT.

THE DANGERS OF A MONO-POLAR WORLD

123. (C) THESE CONCERNS ABOUT THE HARMFUL ASPECTS OF GLOBALIZATION ECONOMICALLY AND TECHNOLOGICALLY ARE ALSO REFLECTED IN VIETNAMESE LEADERS' VIEWS OF INTERNATIONAL RELATIONS. PHIEU SAID, "AFTER THE COLLAPSE OF THE SOVIET UNION AND THE SOCIALIST COUNTRIES IN EASTERN EUROPE, THE IMPERIALIST FORCES HAVE CONTINUOUSLY SOUGHT WAYS TO TOTALLY ELIMINATE THE REMAINING SOCIALIST COUNTRIES AND HAVE WAGED WARS AGAINST MOVEMENTS OF INDEPENDENCE, DEMOCRACY AND SOCIAL PROGRESS." IN PARTICULAR, NATO MILITARY OPERATIONS AGAINST THE BOSNIAN SERBS IN BOSNIA AND AGAINST SERBIA OVER KOSOVO
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HEIGHTENED VIETNAMESE CONCERNS ABOUT THE DANGERS OF U.S.

MILITARY ACTION. PHIEU SAID, "ALL PEOPLE ARE CLOSELY FOLLOWING NEW DEVELOPMENTS AFTER THE KOSOVO INCIDENT." HE SAID, "OTHER DEVELOPED COUNTRIES ARE TRYING TO INCREASE POWER TO FRUSTRATE THE CONSPIRACY TO ESTABLISH 'A MONO-POLAR ORDER IN A MULTI-POLAR WORLD.'" (COMMENT: NATO'S BOMBING OF BELGRADE BECAUSE OF THE CONFLICT IN KOSOVO RESONATED DEEPLY IN HANOI, WHICH HAS NOT FORGOTTEN U.S. BOMBING OF NORTHERN VIETNAMESE CITIES THREE DECADES AGO. END COMMENT.)

124. (C) FOREIGN MINISTER NIEN, IN HIS FEBRUARY 17 SPEECH TO THE DIPLOMATIC CORPS OUTLINING VIETNAM'S FOREIGN POLICY PRIORITIES, SAID VIETNAM WILL PRESS FORWARD WITH INTERNATIONAL AND REGIONAL INTEGRATION. HE SAID VIETNAM WILL ALSO SEEK TO PROMOTE TIES WITH MAJOR POWERS AND NEIGHBORING STATES, WHILE ALSO SEEKING TO STEP UP RELATIONS WITH "TRADITIONAL FRIENDS AND THE NON-ALIGNED MOVEMENT." (WE NOTE THAT IN THE PAST SEVERAL MONTHS, VIETNAM HAS ARRANGED HIGH-LEVEL VISITS OR FOCUSED INCREASED ATTENTION ON RUSSIA, IRAQ, CUBA AND NORTH KOREA.) NIEN SAID THAT, IN ORDER TO STRENGTHEN ITS INDEPENDENCE AND SOVEREIGNTY, HANOI WILL SEEK TO FURTHER DIVERSIFY ITS FOREIGN RELATIONS.

125. (C) PHAM THE DUYET, THE FIFTH-RANKING POLITBURO MEMBER AND HEAD OF THE FATHERLAND FRONT, RECENTLY OUTLINED A HIGHLY IDEOLOGICAL VIEW OF THE ROLE OF THE COMMUNIST PARTY IN VIETNAM'S FOREIGN RELATIONS. IN AN ARTICLE ON "THE INTERNATIONAL MISSION OF THE PARTY" PUBLISHED IN FEBRUARY IN THE COMMUNIST REVIEW, HE EMPHASIZED THAT MARXISM-LENINISM AND HO CHI MINH THOUGHT FORM THE FOUNDATION OF VIETNAM'S FOREIGN POLICY, ARISING FROM THE COUNTRY'S REVOLUTIONARY
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TRADITION. HE CAUTIONED VIETNAM MUST REMAIN TRUE TO THIS HERITAGE TO AVOID THE ERRORS OF THE FORMER COMMUNIST STATES IN THE SOVIET UNION AND EASTERN EUROPE, WHICH COLLAPSED AFTER THEY TRIED TO "REFORM." HE ALSO HARSHLY CRITICIZED U.S.-LED NATO EFFORTS IN THE FORMER YUGOSLAVIA. HE SAID, "AMERICAN IMPERIALISM CARRIES OUT A HARD-LINE HEGEMONISTIC POLICY OF PRESSURING AND INTERFERING IN THE AFFAIRS OF OTHER COUNTRIES. THE WAR OF AGGRESSION AGAINST YUGOSLAVIA CARRIED OUT BY AMERICA AND NATO IS A GRAPHIC RECENT EXAMPLE." DUYET ADDED A WORD OF CAUTION: "IN THE PROCESS OF INTEGRATION WITH THE WORLD ECONOMY, WE MUST GRASP FIRMLY (THE PRINCIPLE) OF SIMULTANEOUS STRUGGLE AND COOPERATION."

IDEOLOGY'S SHADOW: HISTORY HAS NOT ENDED IN VIETNAM

126. (C) COMMENT: WHEN ONE ANALYZES RECENT SPEECHES AND STATEMENTS BY VIETNAMESE LEADERS, ONE IS STRUCK BY THE STRONG UNDERCURRENT OF IDEOLOGICAL RHETORIC. AT ONE LEVEL, THIS CAN BE ASCRIBED TO VIETNAM'S "PRIMARY SEASON" IN THE RUN-UP TO THE ELECTIONS FOR NEXT SPRING'S NINTH PARTY CONGRESS. HOWEVER, THIS RATCHETING UP OF IDEOLOGICAL THEMES SHOULD NOT BE DISMISSED LIGHTLY. WHILE AT A SURFACE LEVEL VIETNAM'S LEADERS SAY THEY DO NOT WANT TO FOCUS ON THE LEGACY OF THE WAR-TIME YEARS, THE HISTORY OF CONFLICT THREE DECADES AGO CONTINUES TO PROFOUNDLY SHAPE THE WORLDVIEW OF THE COUNTRY'S SENIOR LEADERS. MANY OF THEM ARE FEARFUL AND SUSPICIOUS OF WESTERN, AND ESPECIALLY AMERICAN, INTENTIONS.

127. (C) COMMENT (CONT'D): AS WE CONTINUE TO PRESS FORWARD SEEKING A BILATERAL TRADE AGREEMENT AND OTHER MAJOR REFORMS, WE NEED TO REMEMBER THAT MANY SENIOR LEADERS ARE DEEPLY DISTRUSTFUL OF THE U.S. THEIR FUNDAMENTAL CAUTION AND CONSENSUS-ORIENTED NATURE, COMBINED WITH A GENUINE FEAR OF BEING HOODWINKED BY THE WEST, COMBINE TO DISCOURAGE MAJOR PROGRESS ON ECONOMIC REFORM. THOUGH WE HAVE MADE GREAT STRIDES IN BUILDING CONSTRUCTIVE RELATIONS WITH WORKING-LEVEL SRV OFFICIALS AND INCREASING THEIR APPRECIATION FOR THE BENEFITS OF ENGAGING THE GLOBAL COMMUNITY, THE SECRETIVE AND INSULAR POLITBURO IS ANOTHER STORY. IN THE SEAT OF ULTIMATE POLITICAL POWER, PARTY VETERANS CONTINUE TO USE IDEOLOGICAL SLOGANS TO RESIST MOVING FORWARD ON REFORM.
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THEY DO THIS FOR SEVERAL REASONS: TO PROTECT THEIR PERSONAL PERKS OF POWER, TO GUARD AGAINST THE SOCIAL INSTABILITY THEY GENUINELY FEAR, AND TO CONFRONT WHAT THEY SEE AS A U.S. "GLOBAL STRATEGY" OF POWER PROJECTION THAT IMPOSES "AMERICAN SOLUTIONS" IN PLACES SUCH AS KOSOVO AND EAST TIMOR. IN SUM, THERE IS AN ENORMOUS GAP BETWEEN HOW THEY AND WE SEE GLOBALIZATION AND VIETNAM'S ENGAGEMENT WITH THE REST OF THE WORLD. OUR HOPE IS THAT, IN TIME, VIETNAM'S LEADERSHIP WILL BE ABLE TO SHED SOME OF ITS IDEOLOGICAL DEAD SKIN. UNTIL THAT HAPPENS, HOWEVER, THIS COUNTRY OF DYNAMIC, HARD-WORKING PEOPLE WITH A STRONG COMMITMENT TO EDUCATION WILL CONTINUE TO BE HELD BACK BY ITS LEADERS, MANY OF WHOM SUBSCRIBE TO STERILE IDEOLOGICAL MANTRAS FROM ANOTHER ERA. END COMMENT.
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