

Stalemate at Top Hampers Hanoi's Crisis Response

Prime Minister's Clout Diluted, Vietnam's Leaders Struggle for Unity on China Rig, Riots

By James Hookway

In 2007, Prime Minister Nguyen Tan Dung was flying high. Vietnam had just joined the World Trade Organization, the economy was blazing ahead, and the charismatic Mr. Dung was among the country's most powerful and decisive leaders since Ho Chi Minh.

Today, Mr. Dung's clout is weakened and he and Vietnam's other top leaders are struggling to find a coherent response to an almost unprecedented challenge: China's move to begin drilling for oil in waters which Vietnam claims as its own and an accompanying spate of anti-Chinese riots that ransacked Chinese and other foreign-owned factories in several industrial parks.

Who Runs Vietnam?

The prime minister shares power committee style with a generally more conservative triumvirate of leaders.

			
NGUYEN TAN DUNG Prime Minister	TRƯƠNG TẤN SANG President	NGUYEN PHU TRONG Communist Party Secretary-General	NGUYEN SINH HUNG National Assembly leader
A child soldier during the Vietnam War, Mr. Dung, 64 years old, was the youngest Vietnamese politician appointed to the Communist Party's Politburo. He became prime minister in 2006 and portrayed himself as a reformer, but his reputation suffered as Vietnam's economy overheated. In 2012, his powers were diluted.	Mr. Sang's real power lies not in the presidency, but as one of the most influential members of the Communist Party's Central Committee. Mr. Sang, 65, is viewed as more conservative in both economic and foreign policy than Prime Minister Dung, and his influence has grown in recent years.	Appointed as head of the Communist Party in 2002, the same year Mr. Sang became president, Mr. Trong, 70, is a Soviet-educated theoretician. He has served as a brake on the influence of Mr. Dung.	Mr. Hung, 68, served as deputy to Prime Minister Dung before becoming chairman of the increasingly influential National Assembly in 2011. In recent years, the legislature has overcome its reputation as an important rubber stamp and has acquired new powers to rein in, and even remove key leaders.

Source: WSJ reports; photos: European Pressphoto Agency (Dung, Sang, Trong); Agency France Press/Getty Images (Hung)

The Wall Street Journal

China's government chartered planes and ships as it evacuated more than 3,000 of its nationals, according to China's official Xinhua news agency, even as a Vietnamese official said nearly all foreign-owned factories damaged in last week's riots are back to normal operations.

Part of the problem for Hanoi is that China is vastly more powerful than Vietnam, both economically and militarily. It appears intent on making its point that the drilling site, some 241 kilometers, or 130 nautical miles, off Vietnam's coast, is within the U-shaped nine-dash line that Beijing defines as its historical claim to almost the entire South China Sea. Vietnam claims the site as part of its United Nations-defined exclusive economic zone.

"China is going to exact its pound of flesh, until Vietnam realizes that resistance is futile," said Carlyle Thayer, a former professor at the Australian Defence Force Academy in Canberra and an expert on the complex diplomatic relationships in the region.

But there is more to it than that, Mr. Thayer and other analysts say.

Vietnam is also being pegged back by a more consensual, committee-driven form of government that emerged after Mr. Dung's stewardship sent Vietnam's economy careening off the rails in recent years. And that is complicating Vietnam's response to China's perceived incursion.

"Specifically, Vietnam's leadership has been characterized by a stalemate among its top leaders," argues Jonathan London, a professor at the City University of Hong Kong.

Mr. Dung began his career as a child soldier in 1961, joining the Viet Cong guerrillas as a messenger at age 12. He was wounded several times in battles with U.S.-backed southern Vietnamese troops in the 1960s and 1970s. After his army bosses sent the young Mr. Dung to the Communist Party's elite leadership academy, he became the youngest-ever member of Vietnam's Politburo.

He became prime minister in 2006 and initially set himself up as a reformer, easing some of Vietnam's harsh prohibitions on dissent as he attempted to smooth its entry into the WTO. He also worked to develop Vietnam's diplomatic relationship with the U.S. Annual military cooperation exercises have ramped up under Mr. Dung's watch.

His reputation as a reformer, though, was damaged by a crackdown on dissidents and his policy of encouraging Vietnam's state-owned enterprises to expand aggressively into new businesses, which led many state-owned firms to build up large debts.

In 2012, Vietnam's Communist Party clipped Mr. Dung's wings after inflation rates soared to 28% at one point, ushering in a series of nosebleed-inducing interest-rate increases that sent growth crashing to its lowest ebb since the late 1990s. Mr. Dung, now 64 years old, was subjected to stinging criticism. He survived a tense leadership challenge, but his power was diluted when the party's Central Committee established itself as the pre-eminent authority in Vietnam.

Since then, Vietnam's economy has stabilized, drawing in a new wave of investment, notably from South Korean firms such as Samsung Group.

Mr. Dung is now effectively sharing power with other officials, including President Truong Tan Sang, Communist Party Secretary-General Nguyen Phu Trong and the head of the National Assembly, Nguyen Sinh Hung, a generally more old-school triumvirate.

Analysts view these Politburo heavy hitters as being wary of Mr. Dung's efforts to open up Vietnam's economy. In addition, Mr. London points out that they "are generally seen to be more conservative and diffident with respect to China."

Mr. Dung quickly tried to internationalize what Vietnam perceives as China's incursion into its territorial waters at a regional summit in Myanmar earlier this month. The U.S., with whom Vietnam is developing a growing military and commercial relationship, has described China's actions as provocative.

Domestically, Vietnam's government has been more cautious. This reflects some of the rifts in the party, but it is also to avoid further antagonizing China and reduce the risk of further riots that already have led to the deaths of at least two Chinese nationals and bruised Vietnam's reputation as a safe and predictable destination for foreign investors.

On Sunday, a large Vietnamese security presence dispersed anti-Chinese protests in both Hanoi and Ho Chi Minh City, while China said it had issued an advisory against travel to Vietnam and suspended some diplomatic contacts.

Chinese Foreign Ministry spokesman Hong Lei on Monday warned the Association of Southeast Asian Nations against taking sides in the dispute over the oil rig.

"Vietnam immediately knew it had to shut down the protests," said Mr. Thayer. "But at the moment there's not much more it can do, except hope that the saber-rattling from both sides will decrease and that the Chinese oil rig will leave the area by mid-August."

China has said the oil rig would end its exploratory drilling by Aug. 15.

That leaves Mr. Dung and Vietnam's other leaders—despite their differences—with few choices but to step up diplomatic efforts to resolve the impasse and tackle the broader issue of who controls what in the South China Sea.

The problem, Mr. Thayer said, is that China isn't interested in that—at least not just yet—and is sending a message not just to Vietnam but to other countries claiming portions of the South China Sea, notably the Philippines.

"China is isolating Vietnam on this, underscoring the point that the United States isn't coming to help them," he said.