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## **Vietnam Deals With Graft**

**Bid to Raise Profile  
Of Economy May Spur  
Anticorruption Effort**  
By JAMES HOOKWAY

WITH VIETNAM hoping to establish its place as an important player in the global economy, the country's communist leaders are likely to focus this week's party congress on efforts to root out deep-seated corruption.

Leaders at the congress -- which begins in Hanoi today and will run until April 25 -- are also expected to choose a successor to 72-year-old Prime Minister Phan Van Khai. The meeting, which happens once every five years, will also chart Vietnam's economic strategy for the rest of the decade.

By some measures, the gathering should be a celebratory event. Vietnam has prospered from opening and restructuring its economy, which expanded 8.4% in 2005 and is widely expected to grow about 8% this year. But a series of government-corruption scandals is forcing party leaders to address that issue, even as they try to set the framework for continued high-speed growth.

Vietnam's state-controlled media recently reported details of a corruption scandal at the Transport Ministry that allegedly involved ministry officials skimming millions of dollars from infrastructure projects to pay for luxury cars and for gambling on European soccer matches. Transport Minister Dao Dinh Binh has been forced to resign, and several top ministry officials have been arrested.

Vietnam has seen corruption exposed before, but the Transport Ministry scandal has proved a major embarrassment to the country's leadership because some of the diverted funds were provided by the World Bank, the Japanese government and other aid donors.

Legendary general Vo Nguyen Giap, who directed the defeat of French and later American forces in Vietnam, took the unusual step of commenting publicly on the scandal and urged the party congress to face up to the corruption problem. Phan Dien, a member of Vietnam's 14-member Politburo, told reporters last week that corruption has become "a danger that even threatens the survival of our political system."

State-controlled newspapers have joined the anticorruption campaign and are aggressively pursuing exposés of other officials they accuse of corruption.

Some Vietnamese economists say Hanoi's ability to contain graft may represent the party's biggest policy challenge, now that ideological battles over whether Hanoi should open its economy at all have already been fought.

After 20 years of doi moi, or renovation, policies, Vietnam's leaders are now moving on to negotiating new trade agreements with the U.S. and other countries to try to ease the country's entry into the World Trade Organization. Business analysts say there is little prospect of Vietnam reversing the course of opening its economy.

"From what I've seen, there's a consistent process of reform," says Chris Freund, Managing Director of Ho Chi Minh City-based Mekong Capital. "The pace may accelerate and decelerate from time to time, but it's always going in the same direction."

Major international companies have taken note and begun building up their presence in this country of 85 million people. Earlier this year, Intel Corp. announced it would build a semiconductor factory near Ho Chi Minh City. Several large state enterprises are scheduled to be converted to corporate entities over the next few months and have some of their shares listed on Vietnam's stock market, while foreign banks have recently been given more freedom to provide financial services to the country's growing middle class.

The challenge for the leadership now is to make the economy run more smoothly. For many in the top tiers of the Communist Party, that means doing more to make sure corruption doesn't impede Vietnam's economic progress.

The Communist Party's Internal Affairs Bureau released a survey late last year that for the first time detailed the extent of corruption in the country. The survey, conducted by the Swedish International Development Agency, found that one-third of officials and civil servants were willing to accept bribes and that 56% of them said they believed their superiors were involved in corruption.

"Everybody can see the tip of the corruption iceberg but nobody knows how big the hidden part is," the survey report said. "Every province and ministry has received petitions denouncing corruption, but the number of people doing so is much smaller than the acts of corruption."

But stamping out graft won't be quick or easy. "The sheer scale of vested interests will make the process of reform a long and slow one," Merrill Lynch & Co. analysts wrote in a recent research report on Vietnam.

The new concern about corruption may play a big part in choosing Vietnam's next leaders. The country has two deputy prime ministers who are seen as prime contenders to replace Mr. Khai: seasoned politician Nguyen Tan Dung and experienced trade negotiator Vu Khoan. Both men may try to emphasize their integrity to win the backing of the roughly 1,200 party-congress delegates. The new premier will be confirmed by the National Assembly next month.

Indeed, Mr. Dien, the politburo member, provided a strong hint of the party's new focus when he spoke last week. Whoever is nominated to lead Vietnam, he said, "should be incorruptible and not allow any family member to take advantage of their position."