



SEVENTEEN YEARS LATER, WINNING THE VIETNAM WAR

INTRODUCTION

Nowhere in Asia was the collapse of communism potentially more devastating than for the Socialist Republic of Vietnam. Gone was the \$1.5 billion in annual military aid from the Soviet Union, which through the 1980s provided Hanoi with over 90 percent of its defense hardware. Gone were the days of \$1 billion in annual economic assistance from Moscow. Gone were hundreds of thousands of unskilled jobs for Vietnamese workers in Eastern Europe and the Soviet Union, a vital source of foreign currency for Hanoi's bare coffers. Gone were thousands of scholarships for Vietnamese students to Soviet universities and technical schools. And, most important, scrapped to the historical dustbin was Marxist-Leninism, in whose name Hanoi had demanded nearly half a century of sacrifice from the Vietnamese people.

Faced with these setbacks, Hanoi had little alternative but to change, and to do so quickly. In fact, even before glasnost and perestroika had become catchphrases in the Soviet Union, Hanoi had been flirting with the notion of reform. The Vietnamese Communist Party's Sixth Party Congress, held in December 1986, planted the seeds of privatization and a more open foreign investment code. Only after Hanoi lost its aid pipeline to the Soviet Union with the end of the Cold War, however, did progress on economic reform take on its current sense of urgency and begin to gather steam.

Today, Vietnam's fledgling free market reforms have seen substantial success. Applying a "shock therapy" similar to that used to jump start the Polish economy, prices have been freed, subsidies for government employees nearly eliminated, and the number of state industries slashed. The private sector, as a result, accounted for 40 percent of the nation's economic output in 1991,¹ which is comparable to the growth levels of Eastern Europe's leading reformers, Hungary and Poland; this year, the percentage of

1 *Foreign Broadcast Information Service, East Asia*, 1992, No. 050, p. 59.

private sector output in these countries is estimated to reach 60 percent. Accordingly, foreign trade and investment dramatically have increased. Foreign banks, too, are looking to take advantage of Vietnam's newfound openness; this January, Hanoi for the first time granted six foreign banks approval to open branches in Vietnam.

Long-Time Enemy. Given Vietnam's embrace of free market reforms and the end to Hanoi's military occupation of Cambodia in 1990, Washington cautiously has been reassessing its policy toward Hanoi. Caution comes naturally. The idea of Hanoi as an enemy has been a fixture of American foreign policy since shortly after World War II.

There was good reason for this. Hanoi, after all, staunchly opposed America's ally in Saigon, the Republic of Vietnam, beginning in 1954, then fought an undeclared war with America from 1965 to 1973. In complete violation of the 1973 Paris Agreement ending hostilities in Indochina, Hanoi used its conventional forces to attack Saigon, toppling the Republic of Vietnam in April 1975. Hanoi then amassed the largest army, air force, and navy in Southeast Asia, stationed troops in Laos, and invaded Cambodia in 1978. Hanoi also allowed the Soviet Union use of air and naval bases at Cam Ranh Bay and Danang. Besides posing this threat to regional security, Vietnam stoked America's wrath when in 1976 it began the macabre practice of using the bones of American servicemen killed in Southeast Asia as instruments of diplomatic barter with Washington.

It is time for Washington to look to the future of its relations with Hanoi. The Cold War is over. The Russians have brought home from Cam Ranh Bay all but one of their frigates; this last vessel, too, is expected to depart as soon as Hanoi attempts to turn the port into a commercial hub. Vietnam's threat to its Southeast Asian neighbors continues to diminish as it demobilizes entire divisions of infantrymen and faces the prospects of an air force grounded because of spare parts shortages. On the positive side of the ledger, Vietnam cooperated last year in bringing about a United Nations-sponsored settlement to the Cambodian crisis, and has proved more helpful in resolving the fate of Americans missing during the Vietnam War.

Because the reasons for America's long-standing opposition to Hanoi have now largely disappeared, the time has come for a full-scale reassessment of U.S. policy toward Vietnam. Before the U.S. can begin contemplating changes, however, Washington first should define its long-term interests in Vietnam. These include:

- ☞ **A Vietnam that poses no offensive military threat to Cambodia, Laos, and the Association of Southeast Asian Nations (ASEAN), now comprised of Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand;**
- ☞ **A government in Hanoi that protects freedom of expression, press, association, and demonstration, and ceases its persecution of former officials from the Republic of Vietnam;**
- ☞ **Ongoing cooperation to resolve the fate of Americans missing during the Vietnam War;**
- ☞ **Further free market economic reforms that not only will bring stability and prosperity to Vietnam, but also help U.S. China policy by encouraging capitalism in China's neighboring Yunnan Province.**

Such changes would go far in transforming Vietnam from an aggressor into a more responsible member of the Southeast Asian community. This, in turn, would improve the region's prospects for peace and growth.

Revisiting the Debate. To achieve these long-term interests in Vietnam, the U.S. first must revisit the debate over whether dictatorships—communist or otherwise—are undermined best by economic and diplomatic isolation or engagement. Strong cases can be made for either side. To date, the U.S. has sought to isolate Vietnam. This policy largely was successful in pressuring Vietnam to accept the U.N.-sponsored settlement in Cambodia. Moreover, goes the argument, with the collapse of Vietnam's main sponsor, the Soviet Union, Hanoi more than ever is vulnerable to American pressure. Finally, proponents of this argument contend that Vietnam is not a superpower like mainland China or the Soviet Union, so the U.S. can afford a policy of isolationism at only limited economic and diplomatic cost.

On the other side of the argument are those who propose economic and diplomatic engagement with Vietnam. They argue that such engagement, along with the West's containment strategy, of course, helped to push Eastern Europe and the former Soviet Union toward both political and free market reforms. In China, too, the U.S. policy of "constructive engagement" following the June 1989 Tiananmen Square massacre has encouraged Chinese economic reforms while at the same time slowly undermining communist hardliners. American experience in forging economic links to dictatorships has also shown that not only are economic reforms difficult to reverse, but that they ultimately whet the population's appetite for political freedoms. Examples in Asia include the progress towards democratization that has followed economic success in the Republic of China on Taiwan and the Republic of Korea.

The case for engagement further is bolstered by the possibility that by trying to isolate Hanoi, Washington threatens to isolate itself. The U.S. is the only nation that continues to support the investment and trade embargo of Vietnam. Indeed, Vietnam's top investment and trade partners are among the most anti-communist nations of Asia: Australia, the Republic of China on Taiwan, Indonesia, South Korea, and Singapore. As a result, America's policy of isolating Vietnam is substantially weakened, and must inevitably lose leverage with time.

Given the end of the Cold War and the decreasing abilities of American policy to encourage economic and political reforms in Vietnam, Washington should launch its Indochina policy in a new direction. Specifically, the Bush Administration should:

- ✓ **Lift restrictions on U.S. trade and investment in Vietnam;**
- ✓ **Oppose Vietnamese loans from the World Bank and instead urge Hanoi to continue with its market-driven reforms as a basis for economic growth;**
- ✓ **Insist that Vietnam repay its \$150 million in World Bank loans received before 1978 by privatizing public sector industries and allowing debt-for-equity swaps with foreign companies;**
- ✓ **Give no aid to Vietnam other than disaster relief or emergency economic assistance;**

- ✓ **Withhold diplomatic recognition of Vietnam until at least the spring of 1993. This is to insure that Hanoi does not interfere in the Cambodian elections, improves its human rights record, and continues to cooperate in resolving the fate of American servicemen missing since the Vietnam War.**

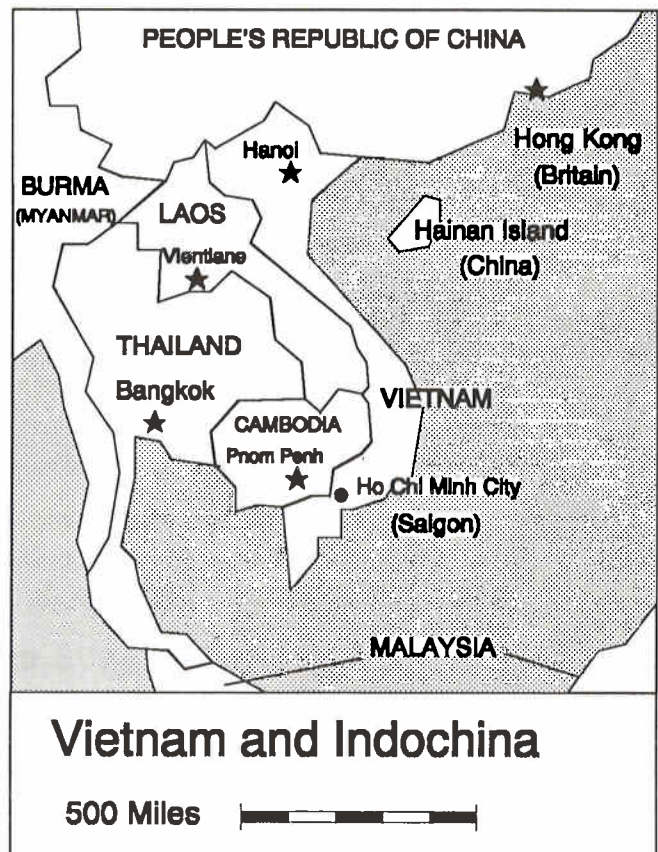
America's long opposition to Hanoi long was soundly based. The grounds for this opposition, however, have changed. Vietnam no longer is a strategic threat, and its economy is shifting fast in the direction of free market reforms. By forging a new policy of economic and eventual diplomatic engagement with Hanoi, the U.S. will help build a stable, responsible, and prosperous Vietnam. This will encourage further economic reform, leading to mounting domestic pressure for political reforms. In doing so, Hanoi will have been brought full circle, and seventeen years after the fall of Saigon, Washington will have won the Vietnam War.

IN SEARCH OF ALLIES

During their war against the French colonial army between 1945 and 1954, Vietnamese communist guerrilla forces were heavily indebted to the People's Republic of China. Not only did Beijing provide a safe sanctuary across the border, but also military training facilities, advisors, and the bulk of the guerrillas' military equipment.

Soon after the 1954 Geneva Agreement ending French colonial rule and partitioning Vietnam into a communist north and pro-Western south, the north diversified its sources of aid, accepting military assistance from both China and the Soviet Union. By the mid-1960s, Beijing and Moscow were sending advisors and even specialized military units, such as engineers and anti-aircraft batteries, as well as the military hardware to equip Hanoi's swelling ranks.

Through the mid-1970s, communist Vietnam kept open its channels to both China and the Soviet Union. The Sino-Soviet split, however, was dividing the communist world in two, forcing Hanoi to make a choice. Given the historical bad blood between Chinese and Vietnamese, Hanoi naturally gravitated toward Moscow. Vietnamese-Soviet relations received an added boost after the pro-Chinese Khmer Rouge government in Cambodia instigated a series of bloody border clashes with Vietnam in 1976 to 1978. Then, after Vietnam launched a blitzkrieg-style invasion of Cam-



bodia in December 1978, China and Vietnam waged a brief but bloody border war in the spring of 1979.

With a hostile China along its northern border and 180,000 of its troops bogged down in the occupation of Cambodia, Hanoi attached increased importance to the protection afforded by Moscow's military, economic, and ideological umbrella. Thus, when the Soviet Union officially dissolved last December, Vietnam arguably was left the most vulnerable of all the former Soviet client states. Vietnam had lost:

- ✗ **An estimated \$1.5 billion in annual Soviet military aid.** Moscow's lavish military assistance to Hanoi during the 1980s helped Vietnam build the largest army, navy, and air force in Southeast Asia. By 1991, Soviet largesse included not only 107 ships and 250 combat aircraft, but even all of Vietnam's light infantry weapons. Nearly every piece of military hardware, with the exception of uniforms, was imported from the Soviet Union.
- ✗ **A reliable source for military spare parts.** In 1975, communist Vietnam took possession of the huge weapons stockpiles given to the Republic of Vietnam by the U.S. Due to a lack of spare parts, most of the ex-U.S. aircraft were grounded within four years; today, none of the planes and only a dozen ships are believed to be operational. Russia now wants to charge market prices for spare parts, which Vietnam can ill afford. For Hanoi, the prospects of maintaining its inventory of tanks, planes, and ships in running order grow increasingly dim.
- ✗ **An estimated \$1 billion in annual Soviet economic aid.** Soviet assistance was instrumental in starting such Vietnamese industries as food processing, oil exploration, steel, and textiles. Moscow, too, filled most of Vietnam's fuel, chemical, and fertilizer needs. The Soviet Union and Eastern Europe, moreover, were markets for half of Vietnam's exports during the 1980s; by 1991, this share dropped to only 13.5 percent.²
- ✗ **Hundreds of thousands of jobs in the Soviet Union and Eastern Europe.** At its peak in the mid-1980s, Vietnam sent an estimated 125,000 unskilled laborers to jobs in the Soviet Union and more than 100,000 workers to Eastern Europe. Because of the low wages paid in Vietnam, these relatively high-paying jobs were reserved for the relatives of government officials. Today the bulk of overseas Vietnamese laborers have been repatriated, denying Hanoi a key source of foreign currency and adding to its unemployment woes.

Without the Soviet Union, Vietnam found itself increasingly isolated in the shrinking communist world. With few alternatives, Hanoi turned to its former enemy, Beijing. Beginning with a visit by Vietnamese Deputy Foreign Minister Dinh Nho Liem to Beijing in January 1989—the first direct talks between Vietnam and China in a decade—Vietnam sent a string of dignitaries to China. Full normalization of relations came last November. But despite improved Sino-Vietnamese ties, Hanoi cannot forget

2 *Foreign Broadcast Information Service, East Asia, 1992, No. 034.*

Beijing's long-standing territorial claims to most of mainland Southeast Asia. Both nations, moreover, station military forces in portions of the Spratly Archipelago in the South China Sea, and clashed over this territory in 1988. Vietnam, as a result, still views bilateral ties with a strong sense of caution.

More promising from Hanoi's point of view has been its improved relations with the Association of Southeast Asian Nations (ASEAN), the non-communist grouping formed in 1967 and comprised of Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand. Given ASEAN's dramatic economic growth since the mid-1980s,³ Hanoi made no secret of its desire to improve relations with the non-communist nations of Southeast Asia. But while Vietnam occupied Cambodia, ASEAN rebuffed Vietnam's overtures and instead maintained diplomatic and economic pressure on Hanoi to withdraw its forces and accept a United Nations-sponsored settlement.

Since the U.N. settlement was signed last October, however, Vietnamese relations with ASEAN members have improved noticeably. Singapore, for example, is now Hanoi's largest trading partner, buying nearly half of Vietnam's exports, primarily agricultural products and crude oil, most of which are transshipped to Japan.⁴ Former Singaporean Prime Minister Lee Kwan Yew, meanwhile, has offered his services as an economic advisor to Vietnam. Indonesia and Malaysia rank close behind Singapore as Vietnam's top trading partners, importing scrap metal, rice, and other agricultural products and exporting fertilizer, fuel, and cement. Indonesia's Summa Bank, moreover, last year opened the first joint venture bank with a Vietnamese counterpart.

THE PANDORA'S BOX OF CAPITALISM

Improved economic ties between ASEAN and Vietnam are but one result of Hanoi's attempts at economic reform. Beginning in 1986, Vietnam embarked upon a series of so-called economic "renovations" that at the time set a precedent in the communist world. In 1989, for example, agriculture was privatized, turning Vietnam from a rice importer to a rice exporter in just one growing season. By 1991, the private sector accounted for 40 percent of the total value of Vietnam's industrial production, employing nearly two-thirds of the industrial work force.⁵ This year, Vietnamese officials estimate the private sector will generate 60 percent of the country's economic output.

By unleashing the private sector, Vietnam has been able to boost its export earnings from \$1.5 billion in 1990 to nearly \$2 billion last year, despite the loss of their Eastern European and Soviet markets. Today, more than 80 percent of Vietnam's exports are destined for other Asian countries, led by Singapore, Indonesia, and Malaysia.

At the same time it unshackled Vietnam's private sector, Hanoi sought to attract foreign investment. A new foreign investment law was promulgated in January 1988, which at the time drew rave reviews from the Western media as one of the most liberal

3 See Kenneth Conboy, et al. *The U.S. and Asia Statistical Handbook, 1991* (Washington, D.C.: The Heritage Foundation, 1991).

4 *Foreign Broadcast Information Service, East Asia*, 1992, No. 068.

5 *Foreign Broadcast Information Service, East Asia*, 1992, No. 050.

in Asia. By this January, the Vietnamese government had extended 383 licenses to foreign firms involved primarily in agricultural processing and light industry, representing \$2.8 billion in investments. Topping the list of countries with the most foreign investment in Vietnam are the Republic of China, Hong Kong, Australia, and France.

Inviting Foreign Banks. Opportunities, too, have opened for foreign banks. This January, Hanoi granted tentative approval to open branches to six banks from Australia, France, Malaysia, and Thailand. Two of the banks, France's Banque Indosuez and Thailand's Bangkok Bank, were granted operating licenses this April; the remaining four banks now have one year to submit the necessary documentation for an operating license. In addition, the Public Bank of Malaysia this April was granted clearance by Hanoi to open the second joint venture with a Vietnamese bank.

Despite these reforms, the Vietnamese economy faces numerous hurdles. First, inflation, while down from the triple figures of 1988, remains stuck at over 60 percent for 1991. Second, 7 million of 34 million Vietnamese of working age are jobless; unemployment, moreover, is likely to rise further as tens of thousands of soldiers are demobilized and workers return from Eastern Europe and Russia. Third, such inefficient government-operated services as telecommunications and transportation prevent modernization of Vietnam's infrastructure and inhibit foreign investment. Foreign investors, too, are stymied by Vietnam's cumbersome bureaucracy, underdeveloped private sector in the northern half of the country, and high land prices in the north.

THIRTEEN YEARS OF CAUTIOUS U.S. POLICY TOWARD INDOCHINA

Since Vietnam's December 1978 invasion of Cambodia, Washington's policy toward Hanoi has focused on pressuring Vietnam to remove its 180,000-man occupation army from Cambodia and to participate in a comprehensive settlement there. To accomplish this, the U.S. since 1979 successfully led the vast majority of non-communist nations and China in an international aid embargo against Vietnam.

Along with the aid embargo, Washington maintained a policy of isolating Hanoi diplomatically. The U.S., for example, refused to engage in bilateral talks apart from those aimed at resolving the fate of American servicemen missing in action during the Vietnam War, the plight of Amerasian children, and Vietnamese political prisoners who wished to emigrate to the U.S. In July 1990, the U.S. began direct talks with Vietnam aimed at resolving the Cambodian crisis.

Washington's Indochina policy was largely successful. Much of the progress in resolving the Cambodian crisis, for example, can be attributed to American pressure on Hanoi. In 1990, Vietnam withdrew the bulk of its occupation forces from Cambodia. Then, last October, Vietnam supported a U.N.-sponsored Cambodian settlement.

Emotional MIA Issue. With Cambodia removed as a stumbling block to improved ties, U.S.-Vietnam relations increasingly have been driven by the emotional issue of the 2,266 American servicemen missing in action (MIA) since the Vietnam War. According to a U.S. policy statement issued last April—known popularly as the “roadmap”—normalization will take place in phases, the pace of which depends on Vietnamese cooperation in resolving the MIA issue. To date, the Bush Administration

still places the relationship at the first phase, awaiting the “fullest possible accounting” of MIAs before proceeding to the next level of relations.

Despite its official hard line stance, the Bush Administration slowly has taken steps to improve ties with Hanoi outside of the strict conditions in the roadmap. This March, for example, Assistant Secretary of State Richard Solomon became the highest ranking State Department official to visit Hanoi in over a decade. There he offered \$3 million in U.S. humanitarian aid for public health services and emergency disaster relief. In addition, fifteen Fulbright Scholarships have been offered through the U.S. Information Agency for Vietnamese students. Then last month Washington lifted the embargo on U.S. trade in telecommunications, food, medicine, and farm machinery.

Vietnam has responded positively to these overtures and increased its efforts to cooperate in resolving the MIA issue. Last fall, for example, the U.S. was permitted to open an office in a Hanoi hotel for MIA analysts from the Department of Defense. Hanoi also has allowed partial access to its military archives, and this April granted limited approval for teams of American officials to fly on short notice to remote locations of the country to investigate MIA reports.

CONCLUSION

During the Cold War, Vietnam was one of the world’s most anti-American nations. Hanoi offered use of its military bases to the Soviet Union, invaded Cambodia and thus threatened such American friends in the region as Thailand, and balked on resolving the MIA issue.

With the Cold War over, Vietnam has had little choice but to change. The Russians are all but gone from Vietnam; the Vietnamese have left Cambodia; and a steady stream of Americans are in Hanoi to work toward resolving the fate of MIAs.

In achieving these ends, the U.S. policy of isolating Vietnam has been a success. Times have changed, however, and Washington’s economic and diplomatic embargo of Hanoi has lost its effect as other nations have established relations with Vietnam. Washington, therefore, should reconsider its policy. American long-term interests in the region include a Vietnam that is not a military threat, that continues its economic reforms, and that begins to adopt political reforms. In this way, Hanoi would become a more responsible nation in Southeast Asia, lending considerable geopolitical stability to the region.

Economic Invasion. To achieve these ends, Washington’s policy of isolating Hanoi no longer is sufficient. The argument for continued isolation—that Vietnam, with the collapse of the Soviet Union, is more vulnerable than ever to American pressure—does not reflect the fact that Hanoi already has been invaded by foreign traders and investors, which action has shattered its economic isolation and undercut U.S. leverage.

Engagement offers the U.S. several advantages. A growing economy stimulates domestic pressure for political reform by offering economic power as a challenge to strong authority. This strategy worked in the Republic of China on Taiwan and the Republic of Korea, and it is merely a question of time until the People’s Republic of China feels the same effects. Second, by encouraging economic stability and prosperity in Vietnam, U.S. China policy can be bolstered by helping foster capitalism across

Vietnam's northern border into Yunnan Province whose own economy is starting to embrace capitalism as well. Last, economic engagement will not end U.S. efforts to resolve the fate of American servicemen missing in action. Indeed, more information will become available by flooding Vietnam with American businessmen than could be gained from a handful of Defense Department investigators in Hanoi.

To carry out this shift in U.S. Indochina policy, the Bush Administration should:

✓ **Lift restrictions to U.S. trade and investment in Vietnam.**

With the exception of the U.S., the international aid and trade embargo erected against Vietnam during its thirteen-year occupation of Cambodia now has been completely dismantled. The list of Hanoi's top trade and investment partners, in fact, reads like a Who's Who of the most anti-communist nations in Asia: among them, Australia, South Korea, and Singapore. Thus, where the U.S. once succeeded by liberally applying the stick while holding out the carrot, Vietnam is now flooded by carrots from other nations. As a result, American leverage has been undercut.

The Bush Administration already has taken the first steps in removing the trade embargo by allowing American companies dealing in telecommunications, food, medicine, and farm machinery to conduct business in Vietnam. These steps have been presented to Hanoi as goodwill gestures for its cooperation on resolving the MIA issue. If Vietnam continues to show its good faith in helping attain the fullest possible accounting of American MIAs, the Bush Administration should declare its intention to exclude Vietnam from the 1917 Trading with the Enemy Act when it comes up for renewal this September. This will remove all restrictions to U.S. trade and investment in Vietnam.

✓ **Oppose World Bank loans to Vietnam and instead urge Hanoi to continue with its market-driven reforms as a basis for economic growth.**

Vietnam publicly has stated its desire for loans from the World Bank and International Monetary Fund. Vietnam wants these loans to improve its infrastructure, especially roads and bridges in the impoverished northern half of the country. To date, as part of the attempt to bring economic and political pressure on Hanoi, the U.S. has used its influence in these international organizations to prevent Vietnam from receiving World Bank loans.

If long-term U.S. policy is to foster economic stability in Vietnam, then Washington should not waver from its opposition to World Bank loans for Hanoi. Shoddy World Bank advice has blazed a path of failed economies across Africa, Asia, and Latin America. Nowhere, in fact, can be found a World Bank success story; countries in which the World Bank has claimed success, such as Mexico, have prospered despite bad advice from the bank.⁶ Were Vietnam to get World Bank loans, a costly, inefficient World Bank/International Monetary Fund bureaucracy would be raised across the country, from which bad advice would be plentiful, and strong economic growth ab-

6 See Roberto Salinas, "Privatization in Mexico: Good, But Not Enough," Heritage Foundation *Backgrounders* No. 757, November 15, 1990.

sent. Instead, the U.S. should insist that Vietnam look for loans from foreign private banks. Because private banks are profit-motivated, they are more likely than the World Bank to make loans that would return a profit in the shortest period of time. Washington, moreover, should urge Hanoi to look to examples like the Republic of China on Taiwan, Hong Kong, the Republic of Korea, and Singapore, where market reforms, not World Bank bureaucracies, stimulated economic growth. To assist Vietnam along this path, the Bush Administration should bring Vietnamese officials from the Ministries of Finance and Commerce to the U.S. for firsthand experience in the workings of the U.S. economy and financial systems.

- ✓ **Insist that Vietnam repay its \$150 million in World Bank loans received before 1978 by privatizing public sector industries and allowing debt-for-equity swaps with foreign companies.**

While opposing any Vietnamese attempt to borrow money from the World Bank, Washington should propose that Hanoi approve a debt-for-equity swap, in which its World Bank debts are "bought" by a foreign bank or company. Vietnam, then, will pay off this debt to the foreign banks and companies by selling off shares of its remaining public sector industries, such as telecommunications and transportation. Because foreign banks and companies will want to make a profit on their new acquisitions, they will seek to modernize and otherwise improve Vietnam's failing and outdated industries. As a result, not only will Vietnam quickly be able to clean its slate of past dues, but it also will be able to modernize its infrastructure with a major infusion of capital and technology into the country.

- ✓ **Give no aid to Vietnam other than disaster relief or emergency economic assistance with a set termination date.**

The track record of the U.S. Agency for International Development over the past three decades scarcely has been better than the World Bank in bringing prosperity to less developed countries.⁷ Little good, therefore, can be expected from giving bilateral foreign aid into Vietnam. The Bush Administration, therefore, should offer assistance only for emergency food and medical help, such as the \$3 million in humanitarian assistance already offered to Hanoi this March. All emergency economic assistance, moreover, should come with a termination date. In this way, the U.S. would help prevent Vietnam from a dangerous dependence on aid that is certain to inhibit the growth of its private sector and free market.

- ✓ **Withhold diplomatic recognition of Vietnam until at least the spring of 1993.**

This is to insure that Vietnam avoids interfering in the Cambodian elections, improves its human rights record, and continues to cooperate in resolving the fate of American servicemen missing since the Vietnam War.

⁷ See Bryan Johnson, "At AID, New Inspector General Reports Confirm Need For Reforms," *Heritage Foundation Backgrounder Update* No. 166, August 9, 1991.

While Vietnam has made progress toward fulfilling America's conditions for improved relations, Washington remains far from satisfied with several aspects of Hanoi's domestic and international conduct.

First, while Vietnam publicly has said it removed all of its military forces from Cambodia in 1990, Vietnamese soldiers have, in fact, returned to interfere in Cambodia's domestic affairs. For example, Vietnamese advisors participated in key battles in Cambodia last year: in Battambang and Kampot. In addition, there remains the possibility that Hanoi will continue to smuggle military equipment into Cambodia in violation of last October's U.N.-sponsored settlement.

Second, Washington remains concerned by Hanoi's failure to match its economic changes with political reform. Stripped of its socialist economic principles, communism in Vietnam today rings hollow. Still, the leaders in Hanoi allow virtually no public dissent. Over the last two years, for example, nearly fifty persons reportedly were jailed for expressing views at odds with the government; hundreds more political and religious prisoners languish in Vietnamese jails. In addition, Hanoi still holds ten former officials from the pre-1975 Republic of Vietnam in reeducation camps.

Third, despite increased cooperation in helping resolve the MIA issue, U.S. intelligence officials remain convinced that Vietnam, if it desired, could quickly account for hundreds of outstanding MIA cases.

Accordingly, the Bush Administration publicly should declare that it will not normalize diplomatic relations with Vietnam until three conditions are met: First, the Cambodian elections are conducted in the spring of 1993 without any Vietnamese interference. Second, Vietnam begins to improve its human rights record by releasing all persons from reeducation camps. And third, following a normalization of economic relations, Vietnam does not waver in its efforts to help resolve the MIA issue.

Returning As Victors. Until the end of the Cold War, U.S. Indochina policy was based on solid ground. Vietnam, however, no longer is a strategic threat, and its economy is fast reverting to capitalism. By forging a new policy of economic and, eventually, diplomatic engagement with Hanoi, the U.S. will help build a stable and responsible Vietnam. This will encourage further economic reform, forging a welcome cycle that inevitably will lead to mounting domestic pressure for political reforms. Then, seventeen years after helicopters left the rooftop of the U.S. Embassy in Saigon, Americans will return to Vietnam as victors.

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