

UPDATE

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BEYOND NORMALIZATION: A WINNING STRATEGY FOR U.S. RELATIONS WITH VIETNAM

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In contrast to his mishandling of relations with Japan and China, President Bill Clinton advanced American interests in Asia with his July 11 executive order to establish formal diplomatic relations with Vietnam. Opening formal relations with Vietnam not only will allow the United States to increase trade with that country, but may in the long run encourage Vietnam to move away from Communism. A prosperous and free Vietnam could become a valuable friend in Asia for the United States.

For this to occur, however, the Clinton Administration needs to fashion a strategy that goes beyond normalization and advances American interests in the region. Such a strategy should include continued efforts to resolve the disposition of Americans listed as missing in action during the war with Vietnam; promoting an expansion of economic freedom in Vietnam to allow for greater American trade and investment; promoting political freedom by helping Vietnam evolve from its communist political system; and supporting democratic reform in Cambodia as an example for Vietnam's future.

WHY NORMALIZATION BENEFITS AMERICA

While establishing diplomatic relations with Vietnam is discomfoting to many Americans, doing so now advances American goals in Asia. First, it acknowledges that Vietnam has taken concrete steps to respond to the "roadmap" for normalization outlined by President George Bush in 1991. These include offering assistance, beginning in 1988, in resolving the fate of over 1,618 Americans listed as missing in action during the war; the withdrawal of its troops from Cambodia in 1989; and the settlement of American property claims in 1994. Normalization at this time also sends an important message to China and North Korea: Relations with the U.S. can improve if a country stops threatening its neighbors and satisfies American concerns.

Second, a formal relationship with Vietnam will enable the United States to pursue its economic interests in expanding trade and investment opportunities for American business. Vietnam's market of 70 million consumers remains highly underdeveloped, but economic reforms begun in 1989 are rapidly opening the Southeast Asian country to global commerce. Vietnam may spend an estimated \$7 billion on infrastructure projects over the next five years. American brands, technology, and expertise are in demand. Of the \$14 billion that other countries have invested in Vietnam, the U.S. accounts for the eighth largest share. About 300 American companies have opened offices in Vietnam since the 1994 lifting of the U.S. trade embargo. Now that diplomatic relations have been established, the process of granting most-favored-nation trading

status will begin. This process will offer the United States opportunities to convince Vietnam to increase economic freedom by reducing barriers to trade and investment.

Third, a normal relationship will enable the U.S. to advance its concerns about the status of human rights in Vietnam and eventually to support Vietnamese who may press for greater political freedoms. Vietnam's communist regime wants to promote economic growth and suppress political freedom. As has been the experience with other communist regimes, this is very difficult to sustain in the long term. Vietnam also may learn that totalitarian or even authoritarian control is incompatible with economic growth.

A STRATEGY FOR FUTURE RELATIONS

Future relations with Vietnam will present major challenges for American policy. The Hanoi regime has proven to be tenacious and stubborn in war and peace; future relations may entail considerable friction. Washington must craft a long-term strategy to advance U.S. economic and political goals with Vietnam while realizing that their attainment may take many years. Such a strategy should include:

- ① **Resolving the MIA question.** Washington should tell Hanoi that it must continue to cooperate to the maximum extent possible in resolving the question of American servicemen missing from the war. This is a humanitarian concern that transcends all other issues in the relationship. Of the 2,202 Americans missing from the war, 1,618 were lost in Vietnam. This year the U.S. Joint Task Force-Full Accounting, which is leading the effort to investigate the fate of MIAs and recover their remains, will spend about \$100 million. This effort should be continued. Despite increased cooperation by Hanoi in recent years, Hanoi's actions over the history of the MIA issue fuel continued suspicion that it has not divulged all relevant information. Washington should continue to press Hanoi and Moscow — Hanoi's former ally — to release all relevant records, including internal government documents, pertaining to missing Americans.
- ② **Expanding economic freedom.** Washington should use every opportunity to encourage Vietnam's leaders to expand economic freedom. Only greater economic freedom will sustain Vietnam's economic growth. As recently as 1978, Vietnam tried to abolish private enterprise; but in 1986, out of grave necessity, it embarked on a market reform program. The reforms proved effective, reversing chronic food shortages and leading to greater openness to foreign investment. However, Vietnam still maintains many barriers to trade and investment that must be addressed as the United States considers not only conferring most-favored-nation trade status, but whether to admit Vietnam to the World Trade Organization. Vietnam has only 6,300 private enterprises, and all but two percent of foreign joint ventures are contracted with state-owned firms. Investors face daunting barriers: arbitrary laws and regulations, a ponderously slow bureaucracy, and pervasive corruption. In the Heritage Foundation's *Index of Economic Freedom*, Vietnam ranks number 99 in economic freedoms out of 101 countries surveyed. As a consequence, most Vietnamese are very poor; average per capita annual income is about \$200.

Vietnam will join the Association of Southeast Asian Nations (ASEAN) this month. ASEAN (Brunei, Indonesia, Malaysia, Philippines, Singapore, and Thailand), formed in 1967 in part to oppose communist expansion, now promotes the common political and economic interests of its members. Vietnam wants to join an impending ASEAN Free Trade Area, which will require Hanoi to lower tariffs to 5 percent by the year 2007. While welcoming Vietnam's intention to join the ASEAN Free Trade Area, Washington should press Hanoi to make trade and investment rules more transparent, simplify investment procedures, rapidly privatize state-owned enterprises, and accelerate tariff reductions.

- ③ **Promoting political freedom.** Washington should begin a campaign to promote political freedom in Vietnam. Vietnamese themselves inevitably will demand such freedom as a consequence of economic growth, greater contact with foreigners, and Vietnamese exiles' returning to do business. Today, however, the Vietnamese Communist Party insists on total control of political power. There is no rule

of law, no freedom to oppose the government, no free press, no freedom of assembly, and the government closely monitors religious groups. Dissidents are regularly jailed.

After attending the annual ASEAN meeting of foreign ministers at the end of July, Secretary of State Warren Christopher intends to visit Hanoi. Christopher should begin a dialogue with Vietnamese officials at the ASEAN meeting, to be continued in Hanoi, urging greater tolerance of political freedom. In future meetings, U.S. officials should tell their Vietnamese counterparts that they will not be able fully to join Asia's rapid economic growth until economic liberalization incorporates greater political freedom.

Washington should move cautiously in developing any strategic relationship with Hanoi. While the United States and Vietnam oppose China's territorial claims to the South China Sea, the U.S. should resist the temptation to build up Vietnam as a counter to China. Vietnam and China will remain traditional adversaries regardless of the extent of U.S.-Vietnamese ties. Potential U.S.-Vietnam military cooperation could suffer the same fate as U.S.-China military relations: military ties built during the 1980s to counter the Soviet Union were dashed in 1989 over human rights issues. U.S.-Vietnamese military-to-military contacts already are extensive over the MIA issue. Today, however, Vietnam has closer political relations with Cuba and Iraq than with the United States. A useful military relationship with Vietnam may not be possible until it evolves significantly away from communism.

- ④ **Promoting freedom in Cambodia.** To provide a positive example of life after communism for Vietnam's leaders, the U.S. should work to consolidate Cambodia's tentative transition from communist rule to democracy, and to promote sustained economic growth. Vietnam put the Cambodian People's Party (CPP) in power after its military occupation of Cambodia in 1979. In 1993 the CPP lost United Nations-sponsored elections, but today the CPP dominates a coalition government in Cambodia. Washington should strongly urge the CPP-dominated government to resist such authoritarian measures as a pending law that threatens to curb press freedoms and cease measures to suppress opposition politicians like Cambodian opposition leader Sam Rainsy.

CONCLUSION

Normal relations with Vietnam will disappoint many Americans, especially those who made great sacrifices during the war and believe that Vietnam's communist regime was and remains untrustworthy. Yet twenty years after America's withdrawal from South Vietnam, it is becoming clear that America's sacrifice — including the lives of 58,128 servicemen — was not in vain. The Hanoi regime's totalitarian control is eroding as it surrenders power out of necessity to capitalist forces of trade and foreign investment.

The United States must plan to promote not only economic freedom in Vietnam, but political freedom as well. This process may take many years and cause great friction with Vietnam. But there are better prospects now to realize America's original goal: a free Vietnam that becomes a valued economic and political partner in Asia. If this occurs, the Vietnam War may turn out to have been only a lost battle. The forces of freedom and democracy for which America fought will prevail.

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