Covid-19: Vietnam's Pandemic

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South Korea and Taiwan have been consistently praised as models for coping with Covid-19. But Vietnam, a much poorer nation with a population of 97 million, has done at least as well – despite attracting far less attention. This is partly because the Party's tight control over official data understandably raises doubts about the figures. Nevertheless, although one can't make any predictions about a third or fourth wave, Vietnam does seem to have achieved a real degree of success so far. While leaders in the US and UK downplayed the virus last March, Vietnam highlighted its risks through an effective communication strategy, including a viral music video that garnered 67 million views. Travel restrictions, contact-tracing and quarantine measures were imposed without delay. Borders were closed to all except Vietnamese nationals and some invited experts on 24 March, and remain so, while schools and universities shut from January to May. The effect? Only a brief lockdown was needed, lasting two weeks nationally, three in high-risk areas. The first wave had been eliminated by mid-July, and smaller outbreaks since then have been crushed quickly and effectively. In total, there have been 35 deaths.

Some have argued that Vietnam's authoritarianism enabled it to stamp out the virus – and this surely can't have hurt. But specialists such as Guy Thwaites, head of the Oxford University Clinical Research Unit in Vietnam, have dismissed this easy explanation for the country's success [1]. In fact, an unusual level of state transparency has characterized the Covid-19 response, winning the confidence of a population which, contrary to perceptions, is not particularly trusting of the authorities. Others have claimed that, while European nations spent decades outsourcing their state capacity, Vietnam maintained a unified state apparatus which has underpinned its successful public health programme. Yet the Vietnamese state is not as cohesive as one may assume. Under the 2006-2016 premiership of Nguyễn Tấn Dũng – whose son-in-law owns the country's McDonald's franchise – Vietnam underwent what has been described as a 'hyper-liberal turn' [2]. It increased its reliance on foreign capital, extended the privatization of state-owned enterprises and encouraged provinces to compete with one another to create the most business-friendly environment. The result was a rapid fragmentation of its capacity which drew concern from none other than the World Bank. Despite rising levels of public investment, Vietnam's national healthcare system has been reshaped by marketization, with private individuals having to pay an increasing amount for treatment.

When Dũng stepped down in 2016, a factional struggle within the Communist Party saw General Secretary Nguyễn Phú Trọng and his allies achieve dominance. Trọng was perceived to be an old-guard conservative, sceptical of Dũng's reform agenda. But in office he has largely continued his predecessor's legacy: retreating from targeted industrial policies, overseeing an aggressive anti-graft campaign, and cracking down on dissent to protect major private conglomerates, whose influence has steadily grown.

Vietnam's success in combatting the virus cannot therefore be attributed to state repression or economic centralization. Its swift-footed response was well within the means of richer liberal-democratic nations, had they summoned the political will. Indeed, in a recent interview [3], Mai Tiến Dũng, the chief of Vietnam's Office of Government, did not put the country's success down to any political and economic characteristics, but to the fact that in January 2020 they went much further than the World Health Organisation was advising, and mounted a full-on containment strategy from the beginning. As Thwaites has pointed out [4], the key ingredient in its success was 'good epidemiology', plain and simple.

This was also accompanied by an economic plan, whose flagship was a 62 trillion dong relief package providing tax breaks and low-interest loans to businesses, along with financial support to struggling households. The payments were modest, ranging from 250,000 to one million dong per month ($11–$43), and their distribution was impeded by a set of unwieldy bureaucratic conditions. Informal migrant workers were asked to produce non-existent business licences to qualify for the scheme, while other groups such as sex workers were almost entirely excluded. But even so, they remained a crucial lifeline for much of the population. The cash transfers were supplemented by assistance from state-led civil society groups – the mass organisations under the Communist Party-aligned Vietnam Fatherland Front. Though largely ineffective at campaigning for social and political change, these state-backed institutions were well equipped to distribute material provisions at the onset of the crisis. The trade union federation, for example, provided personal protective equipment, information and financial support to workers, while the Women's Union helped female-run small and medium enterprises to access loans and supported survivors of domestic violence amid an increase in offending rates.

Coronavirus-related spending increases were mostly funded by existing cash reserves and treasury bonds, obviating the need to borrow on the international market or request budgetary assistance. Combined with its suppression of the virus, this made Vietnam the world's fastest-growing economy in 2020, and the only Southeast Asian state to see positive growth rates. Yet poorer sections of the population though still faced serious hardship. Closing international borders brought the tourism industry to its knees, with the sector losing an estimated $23 billion in 2020. A push for domestic tourism under the slogan 'Vietnamese travel in Vietnam' managed to soften the blow, but it could not recoup the revenue usually brought in by international arrivals. Both public and private airlines have requested bailouts, while manufacturing exports declined – particularly in the key sectors of garments, smartphones and seafood – prompting a rise in unemployment. Others reliant on these industries, such as street-hawkers who target the tourist strips or sell to factory workers, also suffered substantial losses. There was also a huge fall in labour export; a vital source of income for communities which depend on remittances from expat workers.

By the end of 2020, 32.1 million Vietnamese had been affected by the economic impact of the pandemic through unemployment, furlough, or reduced incomes: 71.6 per cent of workers in the service sector, 64.7 per cent in industry and construction, and 26.4 per cent in agriculture, forestry and fisheries. Wildcat strikes rose for the first time in years, as workers campaigned for safe conditions in the early days of the pandemic, as well as fair wages and compensation in its aftermath. In an unprecedented move, the National Wage Council, which negotiates annual minimum wage rises, decided not to raise the minimum wage this year. Falling incomes in turn benefitted illegal loan sharks, who charge extortionate interest rates and trap their clients in permanent debt peonage. Some Vietnamese have been driven to suicide as a result.

A major debt crisis has meanwhile roiled the country's social security fund – responsible for health insurance, pensions and unemployment benefits. In normal times, Vietnam's social security setup facilitates theft by bosses. Workers' dues are automatically taken from their salaries, and employers are entrusted to transfer them to the fund along with their own payments. Employers can therefore withhold their contributions and steal those of their employees – often without fear of consequence. This practice became even more widespread in 2020, as exemptions for businesses affected by Covid-19 were exploited to minimize employers' payments. As a result, the fund's debt levels soared to around 20 trillion dong. The shortfall was compounded by workers withdrawing the entirety of their social security allowance as a lump-sum, or pawning their social insurance books to stay afloat.

Nonetheless, by the end of 2020 there were indications that the Vietnamese economy had more or less stabilised. The labour market began to recover; the VN-Index reached its highest levels since November 2019; and some multinational corporations began to shift production to the country. Overall, its economic balance sheet is now the envy of its neighbours. Indeed, it is a sign of Vietnam's accomplishment that the pandemic was by no means the major event dominating national politics last year. In October and November, storms battered the country's central regions, causing widespread property damage and many more deaths than the virus. At the same time, the US launched a probe into Vietnamese timber exports and alleged currency manipulation, threatening to sever one of the country's most important bilateral relationships. The government will have to negotiate such matters with the incoming Biden administration, in addition to encouraging them to retain Trump's hawkish stance on China, which has been widely popular with the Vietnamese public.

Other developments this month may further eclipse Covid-19. On 1 January a new Labour Code came into force, allowing the existence of independent Worker Representative Organisations for the first time, unaffiliated to the state-controlled General Confederation of Labour. This could mark a significant change in industrial relations, potentially freeing organized labour from the dominion of the Communist Party. But this victory may yet be counterbalanced by the Regional Comprehensive Economic Partnership, an agreement negotiated in secrecy over the past seven years, which has been widely condemned as an attempt to erode workers' rights. It is thus an open question whether Vietnam's decades-old tradition of self-organised labour militancy will persist into 2021, or whether the freedoms enshrined in the Labour Code will come up against greater obstacles.

Perhaps more significantly, beginning on 25 January over 1,500 delegates will gather in Hanoi for the 13th Party Congress to decide on a new leadership. Usually, the decision is made in advance of the Congress and then formally agreed by delegates, but this time things are far from certain. Trọng was not supposed to stand again for General Secretary. According to the rules, he should not be allowed to serve a third continuous term. He is also too old and quite ill. It was expected that the new General Secretary would be either Prime Minister Nguyễn Xuân Phúc, a regular at the World Economic Forum, described by one commentator as a 'policy-savvy pragmatist' [5], or Trần Quốc Vượng, who has been a major player in the government's recent anti-corruption campaign. Proceedings are shrouded in obscurity, but the latest rumours suggest that Trọng may succeed in twisting arms – and the rulebook – to remain as General Secretary. While the vaccine rollout may put the finishing touches on Vietnam's Covid-19 response – a success story that puts Western countries to shame – it will not determine how these interlocking changes reshape its polity and economy.

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P.S.

• New Left Review. 22 January 2021:
https://newleftreview.org/sidecar/posts/vietnams-pandemic?pc=1312

Footnotes

[1] https://www.youtube.com/watch?v=2NGVPeyA2fo

[2] https://brill.com/view/journals/ejea/17/2/article-p289_7.xml

[3] https://vnexpress.net/ong-mai-tien-dung-viet-nam-chong-dich-khong-dua-vao-khuyen-cao-quoc-te-4214860.html

[4] https://www.tropicalmedicine.ox.ac.uk/news/coronavirus-how-overreaction-made-vietnam-a-virus-success

[5] https://www.asiasentinel.com/p/vietnams-communists-sort-out-leadership