

The New VIETNAM

Forty years after the Vietnam War, the Southeast Asian nation is becoming a modern, capitalist country eager to improve relations with the U.S. BY PATRICIA SMITH



Lining up at the first Starbucks in Ho Chi Minh City, 2013

The story of Tue Nghi's life is a classic rags-to-riches tale, and it embodies the new Vietnam. Having grown up in poverty, the 22-year-old resident of Ho Chi Minh City now runs her own company that buys, fixes up, and sells homes. At the moment, she owns four cars and many houses.

"I feel lucky that I was born a long time after 1975," she says.

That was the year that the Vietnam War ended with the Communist forces of Ho Chi Minh defeating the South Vietnamese, who had fought alongside U.S. troops. Forty years later, that war seems like ancient history to most Vietnamese: Two-thirds of the population was born after the war ended.

As Thuy Truong, a 30-year-old tech entrepreneur, put it recently, "Forty years ago? Who cares?"

What young Vietnamese do care about is business and improving ties with the world, especially the United States. Once bitter enemies, the U.S. and Vietnam have not only mended

fences, they're also increasingly cooperating on many fronts in a part of the world that's becoming more important.

"Relations between Vietnam and the U.S. are better now than they've been since the end of the war in 1975," says Hung Nguyen, a Vietnam expert at George Mason University in Virginia. And Nguyen predicts those ties will continue to improve in the years ahead.

America's involvement in Vietnam began more than 60 years ago, when Vietnam became a Cold War battleground (see *Key Dates*, p. 16). After French colonial rulers were ousted in 1954, Vietnam was partitioned into a Communist North and pro-Western South. In the mid-1950s, the U.S. started sending military advisers to support South Vietnam in its struggle against the Communist forces of the North and guerrilla fighters known as the Vietcong.

As the decade wore on, U.S. military involvement in the conflict increased, and by 1969, there were more than

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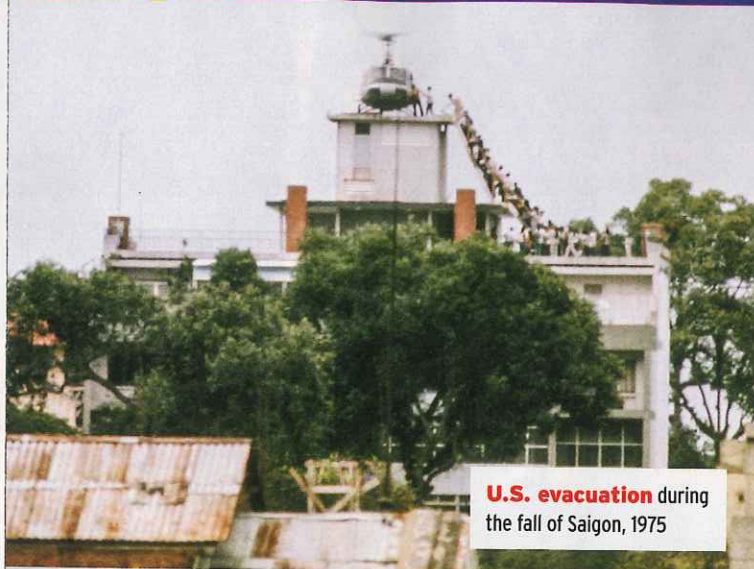
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Magnet for the Young:

Ho Chi Minh City is a place of opportunity, fun, and increasing affluence.

Key Dates VIETNAM & THE U.S.



U.S. evacuation during the fall of Saigon, 1975

1954 French Defeat

After Communist forces defeat the French, Vietnam is partitioned into a Communist North and pro-Western South. In 1955, President Dwight D. Eisenhower sends advisers to help South Vietnam battle Communism.

1964 Gulf of Tonkin

Following a disputed attack on a U.S. ship by North Vietnam, Congress authorizes President Lyndon B. Johnson to respond without a formal declaration of war. By the end of the decade, there are 543,000 U.S. troops in Vietnam.

1975 Communist Victory

Two years after a cease-fire, North Vietnamese forces overrun the South. Saigon (now Ho Chi Minh City) falls, and the last Americans evacuate along with a fraction of the Vietnamese who want to flee (see photo, above).

1986 Economic Reforms

After a decade of repression and grinding poverty, Vietnam's Communist government begins introducing free-market reforms known as *dot moi*.

1994 U.S. Embargo Ends

Twenty years after the end of the war, President Bill Clinton lifts the U.S. trade embargo and begins restoring diplomatic relations with Vietnam.

TODAY Vital Trading Partners

Vietnam's economy is growing at 6 percent a year; the U.S. and Vietnam are vital trading partners, with bilateral trade totaling nearly \$30 billion. Vietnam is also eager to see a stronger U.S. military presence in the region to counterbalance China's growing influence.

500,000 U.S. combat troops in Vietnam. By the time the war ended six years later, 58,000 American soldiers and at least 3 million Vietnamese had been killed.

After the war, the Communist government sent hundreds of thousands of South Vietnamese to brutal "re-education camps" and imposed a state-run economy. The result was years of crushing poverty.

But in 1986, Vietnam followed China's lead, with a series of free-market reforms called *dot moi*. Private enterprise was allowed and foreign investment encouraged. The change was dramatic—especially after the U.S. fully restored diplomatic ties in 1995.

Today, annual per capita income is about \$1,900 (compared with \$53,750 for the U.S.), about 10 times what it was 25 years ago. American companies like Intel and Ford have built major manufacturing plants there, and the U.S. is the largest importer of Vietnamese goods—especially clothing and footwear. (Check your labels: If you have clothes from Nike, Forever 21, or Zara, there's a good chance they were made in Vietnam.)

The China Threat

But like China, Vietnam remains an authoritarian Communist regime that stifles political opposition. The U.S. says Vietnam holds more than 100 political prisoners. Corruption is rampant.

Vietnam has made progress in reducing its poverty rate, but more than 15 million Vietnamese, out of a population of 90 million, still live in dire poverty—mostly in rural areas, working on farms. With the nation's new wealth concentrated in cities like Ho Chi Minh City and Hanoi, Vietnam's leaders still face the challenge of trying to extend the boom to those it hasn't yet reached.

Ironically, if the U.S. fought in Vietnam partly to preserve capitalism, it turns out that even a Communist victory couldn't destroy it. Capitalism is exploding in Vietnam, with more than 300 new companies forming there every day. The emergence of Vietnam's new economy is no surprise to U.S. Ambassador Ted Osius, who calls the Vietnamese "the most entrepreneurial people on earth."

This entrepreneurial spirit isn't the only thing pulling the U.S. and Vietnam closer together. China's rising power makes both the U.S. and Vietnam uneasy; to counter it, both nations are eager to strengthen ties and increase U.S. military presence in the region.

"Among all the choices, Vietnam chooses Pax Americana,*" says Le Van Cuong, a retired general who five decades ago was fighting America.

The two countries also have common economic interests. Vietnam and the U.S. are two of a dozen countries negotiating a wide-ranging free-trade agreement known as the Trans-Pacific Partnership. The Vietnamese see the agreement, which doesn't include China, as a way to increase trade with the U.S. to counter China's regional influence.

With ties strengthening, American investors, tourists, and war veterans (see "Enemies in Battle, Now Friends," facing page) are coming to Vietnam. Many Vietnamese who fled to the U.S. after the war have returned home to start businesses. And Vietnamese students are now going to the U.S. in droves.

*The term Pax Americana refers to a period of relative international peace as a result of U.S. dominance in world affairs following WWII.

Enemies in Battle, Now Friends

Veterans on both sides are helping heal the wounds of war

At a Fourth of July party in the Vietnamese city of Da Nang last summer, American and Vietnamese war veterans and former enemies sat together eating burgers.

"I can feel the friendship," says Nguyen Tien, who has a wooden leg to replace the one he lost to U.S. artillery in the Vietnam War. "We have closed the door on the past."

The party was organized by Larry Vetter, a retired Marine from Texas who moved to Vietnam three years ago to live among some of the people he was once supposed to kill.

"Everybody is so friendly,"

Vetter says. "It's almost mind-boggling how much they accept Americans."

After the war, great mistrust existed between the U.S. and Vietnam, but the two countries have overcome some thorny issues. The Vietnamese have helped search for the remains of Americans killed or missing in the war. Three years ago, the U.S. began a program to mitigate the effects of Agent Orange, a chemical used during the war to clear foliage; it's linked to birth defects and other illnesses. And thousands of American veterans have visited Vietnam, hoping to heal old wounds.



Nguyen Tien (left) and Larry Vetter at the Fourth of July party in 2015

Some of those veterans are finding other ways to help. Chuck Palazzo, also a retired Marine, moved to Vietnam eight years ago and runs a software company. He's leading an effort to build a rest

home for 5,000 victims of Agent Orange.

"I've learned how to forgive from the Vietnamese," Palazzo says. "I've learned from them to keep looking forward."

—Thomas Fuller

Two decades ago, there were fewer than 800 Vietnamese students in the U.S.; last year, there were more than 16,000.

Seventy-eight percent of Vietnamese now say they have a favorable opinion of the U.S., according to a Pew Research Center poll. The figure is 88 percent among those under 30.

Brooks Brothers & Burberry

Nowhere is Vietnam's transformation more apparent than in Ho Chi Minh City. After the Communist victory, the capital of South Vietnam that was then called Saigon was renamed for Ho Chi Minh, the Communist revolutionary leader.

Locals today still call it Saigon. And evidence of capitalism is all around. A statue of Ho Chi Minh is sandwiched between a luxury hotel and a refurbished French colonial building that will soon house a Brooks Brothers store. The apartment building that was the site of an infamous U.S. helicopter evacuation during the fall of Saigon (*see photo, facing page*) is now at the heart of a neighborhood filled with luxury shops selling \$2,000 Burberry suits.

More than 200,000 migrants a year flock to the city from other parts of Vietnam. Ho Chi Minh City has 8 million registered residents, but estimates of the total population reach 12 million.

Success stories are everywhere—especially among the young. Thuy Truong, the tech entrepreneur, didn't have electricity in her home until she was 7. She now develops smartphone apps and commutes between Ho Chi Minh City and Mountain View, California, where Google is based. She recently sold her software

firm to an American company for more than a million dollars.

Nguyen Trung Tin, 28, took over his parents' real estate company last year. He remembers their relentless struggle to turn nothing into a sizable fortune. To get ahead, they studied Chinese, Japanese, and Russian language tapes at night in the one-room apartment they lived in when he was a boy. Now Tin is in the thick of the glamour of the new Vietnam. He owns two nightclubs, an events company, and a Thai restaurant.

With as much excitement and culture as many European or U.S. cities, Ho Chi Minh City has become a magnet for young people. Luong Thi Hai Luyen, 29, moved there from Hanoi, Vietnam's capital, to study for a master's degree in cultural studies and find a job.

"In Hanoi, we think about the future, saving for the future," she says. "[In Ho Chi Minh City] they don't think about yesterday—or tomorrow. They live in the moment."

And they're not as shy as Vietnamese used to be about showing off some of their hard-earned wealth. Ralf Matthaes, a Canadian who's lived in Vietnam since 1993, remembers how embarrassed a successful Vietnamese work colleague was 10 years ago by her BMW car: She used to cover it with cardboard to hide it when people came to her house. Not anymore.

"That is one of the single largest changes," Matthaes says. "Today you see people driving to a café and parking their car where everyone can see it. It's gone from a society hiding its wealth to flaunting it." •

With reporting by Thomas Fuller of *The New York Times*.

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