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Nhu Truong and Tuong Vu, eds. *The Dragon's Underbelly: Dynamics and Dilemmas in Vietnam's Economy and Politics*. Singapore: ISEAS-Yusof Ishak Institute, 2023.

*Southeast Asian Studies*, Vol. 14, No. 2, August 2025, pp. 380-383.

**How to Cite:** Vuving, Alexander L. Review of *The Dragon's Underbelly: Dynamics and Dilemmas in Vietnam's Economy and Politics* edited by Nhu Truong and Tuong Vu. *Southeast Asian Studies*, Vol. 14, No. 2, August 2025, pp. 380-383. DOI: 10.20495/seas.br25004.

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enormously valuable, even essential.

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***The Dragon's Underbelly: Dynamics and Dilemmas in Vietnam's Economy and Politics***

NHU TRUONG and TUONG VU, eds.

Singapore: ISEAS-Yusof Ishak Institute, 2023.

Since the mid-1990s, Vietnam has topped the list of countries expected to become Asia's next economic miracle. The social, cultural, and geographical parallels between Vietnam and the "Asian tigers"—Japan, South Korea, Taiwan, Hong Kong, and Singapore—and the "Asian dragon"—China—are too many and too striking for this temptation to be avoided. All these societies place education and hard work extremely high in their value systems. Vietnam is often seen as a little China in terms of its social and cultural institutions as well as its political and economic system. Like other high-growth Asian economies, Vietnam is located along the busiest trade route connecting the Pacific and Indian Oceans. And yet, the expectation remains just that—an expectation—even after three decades. Why has Vietnam defied this persistent belief? Why has Vietnam not become an Asian tiger even though it has often been labeled an Asian dragon? Answering this question could also debunk two other powerful myths about Vietnam. The first is related to the nature of the state in Vietnam and claims that it is a developmental state, a kind of government that actively intervenes in the economy to help boost its competitiveness. The second is related to the strategic trajectory of Vietnam and maintains that the country is in transition from a state-directed to a market economy or from totalitarianism to democracy.

*The Dragon's Underbelly* addresses these issues by examining several aspects of Vietnam's politics and economy and the interplay between the two. In Part 1, Chapter 1, by Nhu Truong and Tuong Vu and Thuy Nguyen, and Chapter 2, by Vu Quang Viet, offer historical perspectives on Vietnam's development path since the launch of *Doi Moi* ("reform," literally "renovation") in 1986. Chapter 3, by Upalat Korwatanasakul, and Chapter 4, by Truong Quang Hoan, explore the dynamic pattern of Vietnam's position in the global value chains, which is key to understanding the nature of Vietnam's economic growth in the last decades. Chapter 5, by Yoon Ah Oh, is unique as it focuses on Vietnam's economic dependence on China, an important factor that both informs and shapes Vietnam's development path.

Part 2 of the volume looks at various issues in state-society relations in contemporary

Vietnam. In Chapter 6, Mai Fujita examines the evolving state-business relationships by asking “who owns and leads Vietnam’s largest firms.” Chapter 7, by Quang Chau and Mai Van Tinh, sheds light on the way and the architecture with which the Vietnam Communist Party (VCP) controls the country’s higher education, a critical elite-producing and knowledge-producing institution. In Chapter 8, Nguyen Thuc Cuong and Hoang Cam Thanh investigate an increasingly salient dimension of social life in Vietnam called “mediatized infrapolitics,” a realm of unobtrusive resistance to state power that capitalizes on the penetration of the Internet in people’s everyday lives. Chapter 9, by Thinh-Van Vu, discusses the relations of Vietnam’s trade unions with workers on the one hand and with the state on the other. Chapter 10, by Trinh Khanh Ly, offers case studies on another, no less critical, dimension of workers’ lives and state-labor relations in Vietnam—labor export and illegal migration.

The book’s Part 3 compares Vietnam with China, the bigger “dragon.” In Chapter 11, Nguyen Khac Giang uses game theory to argue that Vietnam’s Communist regime is more responsive to popular demands than is its Chinese counterpart. Chapter 12, by Duy Trinh, compares the sincerity of Vietnam’s and China’s anti-corruption campaigns by examining the breadth of these campaigns and their limitations due to political protection.

The chapters in Part 1 document well how Vietnam has resisted the “rising dragon” narrative with its economic performance. As a result of its economic liberalization in the first decade after *Doi Moi*, its gross domestic product (GDP) grew spectacularly from about 3 percent in 1986 to 9.5 percent in 1995. But as a consequence of the Asian financial crisis (1997–98), the GDP plunged to nearly 5 percent in 1999. In the two decades from 2000 to 2019, Vietnam’s GDP stabilized around 6.4 percent, peaking at about 7.5 percent in 2004–5 and bottoming out at about 5 percent in 2012 (pp. 53, 75). As Vu Quang Viet points out, Vietnam’s economic performance in the three decades between 1990 and 2018, measured by the annual average of GDP growth, was similar to India’s (6.8 percent for Vietnam and 6.3 percent for India) and far lower than China’s (9.3 percent). Vietnam is clearly not in the same league as the Asian “tiger” and “dragon” economies. If China achieved four decades of annual growth in per capita GDP at 7–9 percent, and South Korea three decades at 7–8 percent, Vietnam achieved only one decade of high growth (the 2000s) at almost 6 percent (pp. 52–55). Viet estimates that if Vietnam continues with the same rate of growth as in the 2010s while other countries stand still, it will take 29 years for it to catch up with China, 54 years with South Korea, 24 years with Thailand, and 36 years with the world average in terms of per capita GDP (p. 56).

As the chapters in Part 1 show, Vietnam’s economic “success”—if its mediocre performance can be called a success—has been heavily reliant on foreign direct investment (FDI). In many countries, FDI inflows bring not just capital but also a higher level of technology. Not so in Vietnam. The chapters by Upalat Korwatanasakul and Truong Quang Hoan meticulously demonstrate how Vietnam’s rapid economic development has resulted from the country’s occupying a niche in the

global value chains and how this niche is too comfortable to escape. In this niche, Vietnam imported an increasingly larger amount of intermediate goods for final exports while the share of domestic value added in gross exports decreased greatly. In this respect, Vietnam has moved in the opposite direction to that of China and the major economies in Southeast Asia (pp. 76, 114–117). The comfortability of this niche stems, as Yoon Ah Oh suggests, from Vietnam's proximity to and dependence on China. The "China boom" made it easier for Vietnam to jump-start manufacturing-led industrialization, but at the same time it also disincentivized Vietnam's economic structure from pursuing technological progress (pp. 159–160). The irony is, as Viet notes, "no country in Asia has relied on FDI inflows as much as Vietnam; with respect to industrial deepening, it is likely that few countries have benefited less from high levels of FDI" (p. 60). He observes that labor productivity in the FDI sector declined sharply while that of the non-state domestic sector nearly stagnated during 2005–18 (p. 65). In the big picture painted by these chapters, Vietnam's income is generated largely by low-skilled labor and the country is falling into the middle-income trap. If the "China boom" was fueled by cheap labor, cheap land, cheap capital, and cheap technology, the "Vietnam success" has relied mainly on cheap labor and cheap land, with state-owned enterprises (SOEs) enjoying cheap capital and nobody getting cheap technology.

Why did the "little dragon" not want to rise? Or, to use a phrase that has become famous in Vietnam, why did Vietnam not want to develop? The contributors to this volume agree that the answer can be found in Vietnam's industrial policy and the VCP's vision of modernization. The policy and vision assign a "leading role" to the SOEs and entice foreign investment with land rental and tax incentives, all at the expense of the private sector. This explains the joke-but-not-joke that Vietnam belongs to the unique category of "countries that don't want to develop." At a deeper level, this apparently irrational behavior makes sense from the VCP's perspective. "The regime is walking a tightrope and must navigate a delicate balance," Nhu Truong and Tuong Vu argue, "between imperatives for rapid development and increased existential threats, particularly in scenarios where the party has failed to be responsive to societal needs and unrest" (p. 11). This observation is reinforced by the chapters in Part 2, which portray a ruling party that worships its control of society. Still, this argument fails to clarify why Vietnam's development path is in many ways the opposite of China's, where the ruling Communist Party also worships its control of society and also has been walking a tightrope between the imperatives of rapid growth and regime preservation.

The chapters of Part 3, which compare Vietnam with China, do not solve this puzzle. Using game theory to analyze the nested games between political leaders, those who select them, the population at large, and foreign powers, Nguyen Khac Giang's chapter promises to shed light on the underlying structures and their related equilibria of the overall political struggles in the two countries. However, the author's interpretations of the players' preferences are questionable, rendering his conclusion less reliable. For example, the discussion of the regime's payoff order in

the stage of “authoritarian consolidation” seems to be mistaken for a previous period (pp. 324–325). Duy Trinh’s chapter on the political protection in Vietnam’s and China’s anti-corruption campaigns also offers weak arguments as it employs weak proxies for what it aims to measure. In particular, instead of collecting stories about officials’ personal ties to VCP chief Nguyen Phu Trong, the author assumes that if—and only if—a person was born in the same province, worked at the same organization, or went to the same university as the VCP chief, he or she had relevant informal connections to Trong (p. 352).

Overall, although the book does not explicitly address the “Vietnam in transition” narrative and although some chapters habitually adopt this narrative, the picture that emerges from the volume is far from aligned with this narrative. In this picture, rather than transitioning toward a market economy and democracy, Vietnam gets stuck in hard authoritarianism and crony capitalism and will tend to stay there as long as this combination serves the interests of the ruling Communist Party. What the book does not discuss, but can be inferred from Chapter 5’s findings, is that Vietnam’s economy may get another chance to take off when the China boom comes to an end and the global supply chains are rearranged as a result of the US-China rivalry. This moment may be coming soon. *The Dragon’s Underbelly* is an excellent contribution to the literature on Vietnam’s politics and economy. It also provides thought-provoking case studies for the discussion of economic development and societal modernization. Most important, it helps to debunk powerful myths about Vietnam and about the path to development.

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### ***The Politics of Coercion: State and Regime Making in Cambodia***

NEIL LOUGHLIN

Ithaca: Cornell University Press, 2024.

How has coercion evolved and persisted in Cambodia? Who benefits politically and economically, and how? How and to what extent has the state constructed a clientelist system? Neil Loughlin’s well-researched *The Politics of Coercion* addresses these questions, examining contemporary Cambodia through the frame of its coercive underpinnings. The author, a political scientist at City University of London, specializes in research on authoritarianism, Southeast Asia (specifically Cambodia), China, and human rights. This book is based on his dissertation.

The book commences with a puzzle: What explains the contested, unstable durability of an over-four-decade-long regime-led state in Cambodia? The author addresses this question by