

CONCLUSION

The above analyses have given us a comprehensive picture of the course of economic renovation in Vietnam in such respects as macro economic policies in general and as regards the state and the non-state economic sectors, medium-term and long-term economic development plans, renovations in industry and agriculture, policy for the inducement of foreign aids and foreign direct investment, and policy towards the Asia-Pacific region. These are not Vietnam's entire policy of renovation, but the most important points. In this conclusion, I wish to deal with some issues which may help readers understand better the above chapters.

1. BACKGROUND

In the 1980s, particularly the late 80s, the centrally planned, bureaucratic, subsidy-based economic regime in the former Soviet Union and East European countries got involved in crises and collapsed. The idols of imperative planning, state monopoly... gradually lost their former strong influence. The deficiencies of the former economic system were censured and no more practical mainstay could be maintained. The event exerted a tremendous impact on Vietnam. Admittedly, had the centrally planned, bureaucratic, subsidy-based economic regime in the Soviet Union and Eastern Europe not been involved in crises and collapsed, it might not have been taken to task and eliminated in Vietnam.

The successes in economic development of many Asian countries going the way of market economy are also a significant, convincing fact for Vietnam to ponder on. The remaining market economic relations in south Vietnam in the domain of trade and services, and particularly the experimentation with the household contractual

mechanism in north Vietnam countryside and the market pricing mechanism in Long An province of south Vietnam, have exerted a positive impact on the whole country. The so-called restraint in Vietnam's socialist transformation, i.e. failure to wipe out completely market mechanism as in the Soviet Union, has now become a positive element for the course of renovation. Among the former socialist countries, Vietnam seemed to be the only country which still tolerated a certain extent of market mechanism in south Vietnam.

Besides, the socio-economic crisis in Vietnam in the 1980s became very serious. The centrally planned, bureaucratic, subsidy-based system was incapable of overcoming the crisis, and was itself the principal cause of the crisis. And it was this socio-economic crisis which constituted a social pressure impelling the search for a way to renovate Vietnam.

So, the international and domestic conditions, as mentioned above, have governed the orientation of the renovation course in Vietnam - there can not be, definitely, any possible come-back to the centrally planning, bureaucratic, subsidizing economic mechanism which has collapsed and failed; and shifting to market economy with socialist orientation is the confirmed road Vietnam has chosen. Also, socialism mentioned here is not the old-type Soviet model, but a model for "prosperous population, strong country, and equitable and civilized society".

2. SOME COMPARISONS

I am not going to compare the renovation course in Vietnam with the reforms in the former Soviet Union and the East European countries, for there are too many differences from economic development orientation to the steps and measures to be taken.

However, something can be said when we put the Vietnamese renovation and the Chinese reform side by side. Vietnam and China have conducted their reforms in differing conditions of history, geography, population, and international situation. In general, China has been in more favorable circumstances: no embargo imposed by the US., immense market and abundant resources, more attractiveness, no war ravages and consequences since the 1950s... Besides, as early as in the 1960s, China carried out an anti-Soviet policy, thus being able to see the restraints and errors in the Soviet-type socialist model more readily...

Vietnam's renovation and China's reform share the following important features:

- A proclaimed **socialist orientation**. The Chinese say that they are building socialism "*à la China*". But it is no easy job to define clearly what this "*à la China*" means. The Vietnamese confirm their market economy development with socialist orientation. Also, this socialist orientation remains to be studied and clarified. There is, however, a difference here: China affirms itself as a socialist country, while Vietnam just confirms its socialist orientation.

- The reforms course in both Vietnam and China has been initiated and led by their Communist Parties, with similar broad lines such as shifting to market economy, door opening, diversifying economic sectors...

- The reforms all have their focus on the economic domain with firm and steady steps, while utmost prudence is exercised in connection with reform in the political system.

- The results achieved in both countries are highly inspiring, particularly as regards economic growth rate.

Because of the similarities, some people think that Vietnam has imitated China's reform model. I don't think it is so. It is true Vietnam has learned from economic development experience of various countries, China included. But when it comes to application, there are distinct differences.

- The Chinese accept the notion of "*one nation, two systems*"; and in 1997 when Hong Kong is returned to China, this is truly a capitalist territory. Moreover, if Taiwan is considered Chinese territory, the terrain of capitalism in China will be enlarged indeed. Even within mainland China, special economic zones and free trade zones can be seen, to certain extent, as capitalist terrain. Due to specific historical circumstances, Vietnam does not yet accept the notion of "one nation, two systems", though Vietnam has started to develop export processing zones after the model of EPZ in the world. That Vietnam does not accept capitalism should be interpreted as its disapproval of the wrong side of capitalism and not as its rejection of the progressive side of capitalism.

- To develop an open-door market economy is not the exclusive experience of China, but the experience of success gained by many countries in the world. Therefore, in the process of shifting to market economy, Vietnam needs to assimilate the experience of market economy development of various countries in the world, and in fact, Vietnam has done and is doing so.

- As to the steps to be taken, there is a considerable difference between Vietnam and China in their conduct of economic reform. China pays attention to both reform and door-opening; and it should be admitted that China's door-opening policy has brought about more remarkable results than Vietnam's in the expansion of special economic zones, promotion of export of commodities, services, and capital, and

inducement of foreign investment... Due to the US embargo, Vietnam was not able to step up its door-opening policy as China, but Vietnam has made highly significant strides forward in the application of market mechanism such as liberalizing prices; marketizing foreign exchange rates; maintaining interest rate at a higher level than inflation rate; giving peasants the right to long-term land use, transfer, inheritance; authorizing sale and purchase of houses...

I am of the opinion that Vietnam's model of renovation and development is the convergence of all that Vietnam has learned from several countries, not from only one country, and its own peculiarities; and therefore, it is a development model of Vietnam, not an imitation of any other country's model.

3. ACHIEVEMENTS

The achievements recorded in Vietnam's renovation course, particularly since 1989, are outstanding ones, and admitted by the world community.

Mention should first be made of the fact that Vietnam has managed to **control inflation**. Before 1989, few people believed Vietnam could tackle inflation. But within only a few months of taking anti-inflation measures in 1989, the 3-digit inflation was brought down to a 2-digit one. Success was not only indicated by a declining inflation rate, but more important, by the fact that the Vietnamese Government gained an initial knowledge of how to control inflation. This breakthrough was of extremely important significance for the entire course of renovation, for owing to a stabilized currency, the Government was able to take successful measures for a shift to market economy.

Second, **to put an end to economic recession and to attain a relatively high growth rate in the recent 4 years (1991-1994).** Annual growth rate of GDP during 1991-1994 was 7.8%, of industrial output value 13.1%, agricultural output value 4.2%, export turnover above 20%, and FDI 52%. Some forecasts say that Vietnam's growth rate from now to 2000 may be even higher. It is thanks to the high growth rate, the Government is more capable of solving various socio-economic problems. Revenues for the state budget from taxes, exports... have recorded an unprecedented rise, thus enhancing the state expenditures on the development of socio-economic infrastructure, improvement of social welfare...

Third, **market mechanism in Vietnam has roughly been formulated.** Anyone who comes to Vietnam can see the obvious impact of market mechanism: market determined prices of commodities are fluctuating day by day, and so are foreign exchange rate: all Vietnamese enjoy the right to free enterprise; commodity flows within and without the country circulate smoothly... This is an essential achievement, laying the foundation for a sustained and steady development in Vietnam. In a country where market mechanism has long since operated, one may not see its significance. For Vietnam, which has been impervious to or little influenced by market mechanism, the beginning of market mechanism operation constitutes, beyond all doubt, an event of decisive importance to development.

Fourth, **door-opening and integration with world and regional economy.** Vietnam is entertaining trade relations with over 100 countries, has normalized relations with China, world financial organizations such as the World Bank, the International Monetary Fund, the Asian Development Bank, is normalizing relations with the US., is making preparations to join ASEAN, and is ready to participate

in other world economic and trade organizations. Vietnam's key policy is to befriend all countries, to multiply and diversify its international relations. Compared with the 1980s and before, the progress made in Vietnam's international relations is really remarkable. From a country with all its doors almost completely closed, an import turnover trebling export turnover, an economy dependent on foreign aids, and almost without foreign capital investment, Vietnam has, within a short period of time, become a country with an open-door economy, an export almost equaling import, a third world biggest volume of rice export, an ever bigger foreign direct investment, and a market which enjoys the attention and appreciation of world businessmen...

This is a most noteworthy outcome, for precisely thanks to the door opening, Vietnam is able to acquire access to new technologies, capital sources, markets, and development experience of numerous countries. And this constitutes a development resource which is extremely important for Vietnam.

The above-said achievements may not be all, but are sufficient to confirm the correctness of Vietnam's renovative orientation; and as thus, it has the strength to continue to develop and is irreversible.

4. IDENTIFYING A STRATEGY OF NATIONAL INDUSTRIALIZATION - AN ISSUE OF DECISIVE IMPORTANCE.

Admittedly, market mechanism in Vietnam, though having been established, is still crude and far from perfect. The continued improvement of this market mechanism is certainly a follow-up step which cannot be averted. The market driving forces which impel Vietnam's economic growth have emerged and are bringing into play their positive effects. But it is insufficient, even dangerous, if Vietnam decides on an inappropriate strategy of industrialization. In my opinion,

the identification of a strategy for national industrialization is of utmost importance which determines whether Vietnam will have a fast or slow development, catch up with the countries in the region or lag behind. Vietnam has once pursued a strategy of industrialization which gave priority to the development of heavy industry, paid attention to import-substitute and inward-looking branches... This strategy did not bring the desired results, despite over two decades of endeavours if counted from the early 1960s. Under the present world conditions, Vietnam may choose a strategy of industrialization which pays special attention to exports and is more strongly oriented towards world market, without neglecting the necessary and efficient import-substitute branches. And even if Vietnam chooses a strategy of export-oriented industrialization, a lot of problems will have to be tackled: What branches to be the export ones-heavy industry, light industry, services, or resource extraction? What market to be striven for - US., Japan, NIEs, or ASEAN? Where to acquire capital from? What technologies to be imported? What changes in education and training to be made so as to conform to the strategy of export-oriented industrialization? To what extent the socio-economic infrastructure should be renovated..? An export-oriented industrialization strategy is a development model of acute competition and strong attraction, which constantly exposes the Vietnamese nation to the modern world in view of the endeavours for development. Export here encompasses not only commodities, but also capital, services, labour..., that is anything which brings the most benefit to Vietnam. Few people may think that China, a country which needs a lot of capital and is trying to induce foreign investment, is exporting capital to the tune of dozens of billions USD. Socio-economic efficiency is the highest standard to decide where to export or import and to invest, and what lines of business to engage in... And it should not be thought that only the state is capable of considering and assessing the efficiency to be brought about by any investment and

business projects. Here, the state may confine its role to pointing out orientations, while the entrepreneurs, the various economic sectors, and the entire society are precisely the forces which are fully capable of appraising, calculating and determining the socio-economic efficiency.

5. THE STATE AND THE HUMAN FACTOR

Below are a few data for a comparison between Japan of 1948 and Vietnam of 1993 in terms of the state and human factors:

	Japan 1948	Vietnam 1993	Vietnam/Japan (%)
Population (million)	80.0	70.9	88%
Average per-capita GNP (USD)	100.0	250.0	250%
Export (million USD)	258.0	2,970.0	1,150%
Rice output (million ton)	9,966	24,500.0	250%
Electricity (million kwh)	37,791	10,928.0	28.9%
Steel output (million ton)	1,715	236.0	13%
Ratio of primary-school pupils (%)	99.64%	90%	

Thus, we can see that compared with Japan of 1948, the present Vietnam has 88% of population, only 28.9% of electric output and 13% of steel output, but some 1,150% of export turnover, 250% of average per-capital GNP, 250% of rice output, and little difference in primary-school enrollment (-9.64%). Apparently, the development level of today Vietnam is comparable to Japan of 1948, that is a lag of over 4 decades. What is miraculous is that within about 4 decades, Japan has advanced from a development level similar to Vietnam now to being the No. Two world economic power. What has brought about the miracle? Can Vietnam achieve the same? Having read several research works on Japan's economic performance, I believe the decisive factor for Japan's success is the **state and the man**. The Japanese state has,

as early as 1948, paid particular attention to education, creating conditions for a primary-school enrollment of 99.64% of children and laying a firm foundation for a desirable human resource for the Japanese enterprises later on. This is an extremely important premise for economic growth that the Japanese Government has always borne in mind. Reviewing the Japanese Government's policies throughout the period of high growth, we can see they were all highly adaptive to the world and domestic conditions. As Japan is poor in natural resources, it has to invest in the man: to teach the Japanese in assimilating Western technologies, and utilizing the resources and markets of other countries. And to acquire new technologies, resources, and markets, the Japanese Government has adopted highly flexible external policies which are adaptive to all objects. To adapt to realities, to be attentive to socio-economic efficiency, and to focus on training of the man are the Japanese Government's prominent policy, which can be considered one of the reasons for Japan's success.

In the coming years, Vietnam's conditions for development will differ greatly from those of Japan in the past, but the lessons of Japan's experience will remain important. If Vietnam has proper policies of development, which are adaptive to circumstances, and gives adequate attention to training and utilizing the man, Vietnam will surely be in for a period of development and prosperity. Several foreign forecasts say that in the XXIst century, Vietnam will be one of the countries having growth rate in the world. These forecasts are based on the changes in the Vietnamese Government's policies in the recent past, and the potential of the Vietnamese man. I should like to add one more word, that is such fine future will be secured for Vietnam if the renovation course in the country continues to proceed in the right direction.