

Gerhard Will: A Survey of Vietnam's Development in Recent Years

Throughout the last two decades, Vietnam has been undergoing a process of profound transformation which affects not only the economy of the country but also, and increasingly so, its political, social, and cultural life. The considerable rate at which the economy has been growing in the last six years indicates the impact of this process. In foreign policy, the country has completed a radical change of course: Having effected a reconciliation with the People's Republic of China, normalised its relations with the USA, and joined ASEAN, it now enjoys international recognition. What is more, the population itself is now able, thanks to internet access and other factors, to take a look at a global community whose value standards and consumption habits were completely alien to the Vietnamese of the last generation.

Called *doi moi*, this era of renewal was initiated by the drastic economic crisis which, beginning after the end of the war, was caused by a failed attempt to turn the country into a socialist industrialised nation. After the fall of socialism in eastern Europe, Hanoi followed China's example, granting a great deal of liberty to private economic players. New sales markets opened up and replaced earlier trade relations with the Soviet Union and eastern Europe.

When economic power was placed in private hands, a dynamic development began in the course of which many private players acquired great influence and robust self-confidence. Even those who had no share in the boom closed ranks, forming self-help groups which later turned into non-governmental organisations that operated in areas where the state had failed a long time ago.

Although Vietnam's Communist Party has lost a considerable slice of its power, it still claims to be the originator and the helmsman of all reforms and the economic upswing. In point of fact, however, it lost its exclusive hold a long time ago. More than that: For years, there has been no question of instructions issued at the power centre being implemented completely at the lower levels, a disruption of the command structure that continued in the *doi moi* era. Today, the party's credibility is severely harmed not only by its difficulties in enforcing its decisions at the local level but also by rampant corruption. Because of all this, the party is anxious to present a united face to the world. Yet there is no harmony either within the Communist Party itself or in the government machine which it dominates, far from it: Next to adherents of the old socialist system, there are reformers who urge streamlining the existing government machine to enhance its efficiency, and there are others who advocate transforming the political system as a whole. Not content with merely discussing matters, those groups fight hard for power and their economic interests.

Today, the debate in Vietnam is dominated by concepts that were taboo a few years ago. People talk of civil society and the rule of law, of social market economy and the separation of powers, although the meaning of these terms is hardly reconcilable with their interpretation in the West. What is more, novel concepts are being brought into play by those who still struggle against transformation. Terms like 'socialist market economy' and 'socialist civil society' are employed in an apparent attempt to reinterpret traditional values so as not to lose face entirely. Even so, the very fact that the debate exists is valuable in itself. Let us hope that it will not be stifled by narrow, binding *ex-cathedra* interpretations by the party.

Because the path taken by Vietnam in the last few decades was determined mainly by economic factors, its future development might follow any of several conceivable scenarios. First: As the boom has been persisting for some time, a massive economic setback is not to be expected. On the other hand, such a setback cannot be ruled out entirely, and a crisis might strengthen the power of those who were suspicious of deregulation from the start. Second: If the country puts its current boom to use and lays a foundation on which its economy can grow sustainably, the process of

reform and transformation can go further ahead. This, however, would call for targeted investments in the infrastructure, education, and research. However, this appears improbable in view of the momentous inertia of the political system. Third and last: Given the positive record of the last few decades, the country might succeed in holding its own in the economic dynamism of its region. On the other hand, there are numerous problems which Vietnam has not resolved, and both the country and its economy greatly depend on international developments. Consequently, we should be wary of excessive optimism.

While Vietnam's process of renewal is undoubtedly impressive, there are deficits as well: The economy is confronted by problems caused by a faulty transport infrastructure and a lack of electric power and its impact on production. Another deficit is the low priority hitherto given to sustainable management. The government, which loves to trumpet the slogan 'A rich nation, a strong country, an equitable, democratic, and cultured society', has caused a rift in the country's society. After all, there are many Vietnamese without a share in the economic boom. It is true that poverty has been reduced and misery relieved by supplying the people with food, but this by itself is not a perspective for the future. Nor is all well in politics. To be sure, Vietnam has an established pluralist society within which highly different groups strive for self-organisation. What is more, there are unregulated spaces even within the system, although their boundaries are ill-defined. Rampant corruption forms the most striking expression of the contradiction between social reality and the political system.

A comparison of Vietnam with the People's Republic of China reveals shared features as well as differences. After the demise of the 'Socialist World System', Vietnam took its inspiration from Deng Xiao Ping's course of implementing economic deregulation without relinquishing the Communist Party's monopoly on power. Like China, Vietnam did achieve high growth rates but was forced at the same time to recognise and accept deficits and contradictions. If we look more closely at certain details, however, the parallels between the two countries fade and differences emerge.

Because of its geographical situation, Vietnam was exposed to external influences for a long time, with the French and – later – the Americans leaving their mark on the country. Its involvement in international conflicts forced it to make sacrifices but also made it aware of its regional and global context. Conversely, China's development was guided much more extensively by domestic factors.

In China, only the coastal regions benefited from the country's growth while the hinterland was cut off from the boom. Vietnam, being much smaller, knows no such imbalances.

Finally, China's political and economic influence on international politics and the global economy is enormous. Each and every step taken by so big a player challenges the global community and its market to respond. Sailing in China's wake, little Vietnam was able to exploit its international experiences, identifying and benefiting from developments in the global economy. One case in point is the growing profit accruing to Vietnam as an exporter of crude oil from the soaring price of oil.

Being a 'kayak', Vietnam is certainly nimbler than the Chinese 'juggernaut' on the sea of the global market, but it is also more susceptible to turbulences. Of course it is both sensible and informative to compare the two countries, but the limitations of such a comparison become apparent whenever we look at details and try to fathom the concrete action options of the two countries.