

are processed food, textile, garment, leather, chemicals (fertilizer, rubber), electronics, power, fuel, petrochemical, processed wood, paper, pharmaceutical products, building materials, etc. There are two EPZs here (Linh Trung and Tân Thuận). Linh Trung is the first EPZ in Vietnam which has their products exported. Many other industrial estates are under construction.

Obviously, the Eastern South Vietnam is a dynamic economic zone. Its main economic strength concentrated in area of Southern vital economic zone (including HCMC, Đồng Nai and Vũng Tàu-Bà Rịa).

A DEVELOPMENT TRIANGLE: A PROMISED LAND

In this zone, a development triangle has been formed quickly and stably which produces power forcing surrounding provinces to change their economic structure and integrate local economies into the world and the region. Although the Eastern South Vietnam has been exploited and developed for nearly 300 years, it has changed quickly into an active "development triangle" at national and regional levels. In the past three years, from 1991 to 1993, its gross product increased by over 15 per cent a year (Vietnam growth rate: 8 per cent a year). The industrial growth

rate of this zone speeded up in 1992 and reached a rate of 20 per cent during 1992 and 1993. The structure of gross product of this development triangle, as it was mentioned above, is equivalent to the GDP structure of South Korea in the second half of the 1980s when this country was about to take off. In 1993, this zone contributed 25 per cent of Vietnam export turnover, 28 per cent of Vietnam GDP although it represented only 10 per cent of national population and 3 per cent of national territory.

The Eastern South Vietnam has great attraction for foreign investment. In early 1995, of over 1,000 foreign investment projects worth US\$11 billion licenced, 60 per cent of them and 60 per cent of total investment were attracted to this zone. Apart from investment put into oil industry, the development triangle has attracted 50 per cent. Many big projects are concentrated in here and many famous international investment organizations have come to this zone. The Eastern South Vietnam, with its development triangle, is changing into a promised land for international investors, a common meeting place from now until 2000. Without speaking, but foreign investors understand that coming here after 2000 means missing the bus.



Crisis is talked about so much by numerous scientists, especially after the Great Depression of the 1930s. A lot of time and energy have been put into researching causes of economic crisis and measures to control, struggle against or escape from crises. Therefore, many definitions of crisis have been stated. Basically, there is no contradiction between these definitions, but there is also no standard definition of crisis.

In my opinion, crisis is a disequilibrium of interactive factors, of two sides of a thing, which prevents, deforms or even breaks down the normal course of development of things. Thus, the crisis should be studied and analyzed under different aspects: economic crisis, social crisis, political crisis, monetary crisis, total crisis, partial crisis, over-production crisis, over-consumption crisis, sudden crisis, potential crisis, etc.

Recognizing the existence of crisis or not has both theoretical and practical meanings. If one recognizes the existence of crisis, one should work out plans or theories for preventing or controlling crisis. If not, one will do nothing. On the other hand, one could need different management mechanisms with different methods and tools to control, or escape from, or recover from crisis.

I think that, in short term, a total crisis doesn't exist permanently in a nation. But taking a long view, total crisis is a cyclical phenomenon. Naturally, duration and gravity of each crisis is different because of various factors.

Partial crisis, however, makes its appearance more frequently than total crisis. It happens here and there, now in this sector, then in another. Usually, after a period of crisis, both the total and partial one, things reach a higher growth rate. However, if crisis duration prolongs with considerable gravity, things will be badly hurt, or even killed, or seriously damaged and will be hard to recover.

Thus, we can say that crisis is an objective and cyclical phenomenon in development process of things. With such way of thinking, I believe that in any nation, there must be a crisis (of any kind, sudden or potential, total or partial one) in various activities (economy, politics, social or monetary system, etc.).

From this point of view on crisis, I am of the opinion that our economy basically escaped from a total crisis. This showed itself in the following facts:

1. The annual growth rate reached 7.8 per cent in the past four

ON ECONOMIC CRISIS

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years (from 1991 to 1994) and could be higher in the next five years. This growth rate is three times higher than the average rate of the world. Due to this rate, the spending power of the people has doubled, per capita income increased and the living standard was improved. These factors have created capability to accumulate new capital for future investment and development.

2. The centrally planned economy is replaced by the market economy. The new mechanism has taken shape recently but it has started to produce good effects: tapping potentials (labor, natural resources, technology, capital), making the supply and demand relation reflect cost and profit of both manufacturer and consumer, forcing enterprises to make the best use of input to satisfy the market demand as much as they could.

3. Investment (both foreign and domestic) has increased year after year (around 50 per cent) and helped the economy develop wide and deep. Preconditions for forming "development centers" and new industries, and for accelerating the process of industrialization and modernization have made their appearance, although they fell short of what was expected.

4. Over time and with accumulated experience, methods and tools of macro-management (law, planning, financial and monetary policies, etc.) were established and became more and more perfect.

5. External economic relation is increasingly diversified and multi-lateralized basing on principle of mu-

tual profit. It helped our economy integrate into the world economy and at the same time, become more active and confident of making plans and decisions suitable to international situations.

Thus, generally, our economy has basically escaped from a total crisis. However, partial and potential crises still exist and even become grave in some fields. If we find no way to overcome them, the partial crisis will produce a domino effect and lead to a total crisis, and the potential crisis will change into a sudden crisis. The following are some examples:

- A balanced budget is considered as the most important matter in macro-management. But in Vietnam, it is a matter of great urgency: the public expenditure is on the increase and a deficit budget has become something invincible (naturally not all deficit budget is bad). What I want to mention here is our present shortage of capital. Every industry goes short of capital, but in many cases, capital allocated by the Treasury didn't reach its destination, its employment hasn't brought under control yet. Our numerical data showed that the budget income hasn't been collected in full, and on the other hand, a lot of expenditures have gone to waste. It's a crisis: there's too much waste and too little needed capital.

- Although there is no official statistics, but according to estimation, the unemployed represented no less than 10 per cent of our labor force. It's possible that one of our comparative advantages (big and cheap labor force) can become a burden to the economy. In addition, edu-

cational level and quality of the labor force are low, structure of occupation isn't appropriate to the alteration of the economic structure in the direction of industrialization. Therefore, Vietnam labor efficiency is low, production cost is high and our competitiveness is poor. There are also too many unwanted things and too few necessary ones.

- It's very hard for us to keep inflation under control now, and the inflation has showed an upward tendency. So the growth rate of nominal GDP and actual GDP couldn't go in the same direction.

- Our foreign debt is big. This is one of visible images of the potential crisis. If these debts are used effectively and profitably, we can get out of them soon and escape from crisis. If not, we will run into debt and the potential crisis will become real and serious.

- The administrative machinery is cumbersome. Taking bribe, breaking the law, smuggling... showed no downward tendency. The majority of civil servants (60 to 70 per cent) are badly trained and do not reach the standard required. The army of civil servants is too numerous (nearly 1 million), but most of them lack knowledge, managerial skills and working methods. This is also a potential crisis.

What we mentioned above should be solved by taking strong and feasible measures. Otherwise, the dynamic of economic development could be destroyed and the economy will come to a total crisis.