

**H**CMC plays an important role in the national development. It is an industrial, commercial and cultural hub as well as a center for international transaction and important communications of the country.

Since the liberation, the city has faced many advantages and chal-

lenges. It has selected good traditions, absorbed the world's technical progress and made renovations in its economic evolution.

#### 1. Reforming and restructuring the industrial and handicraft production

The city's special advantages include industrial and handicraft potentials. The problem of socialist reformation in the city is how to tap its industrial sources to boost farming, forestry and fishery. If the agriculture develops fully, it will generate industrial and agricultural links and rationalize the ratios of the city manufacturing to the farming and fishery of its suburbs and to other provinces' agriculture. The city has to devise measures and plans to secure that target.

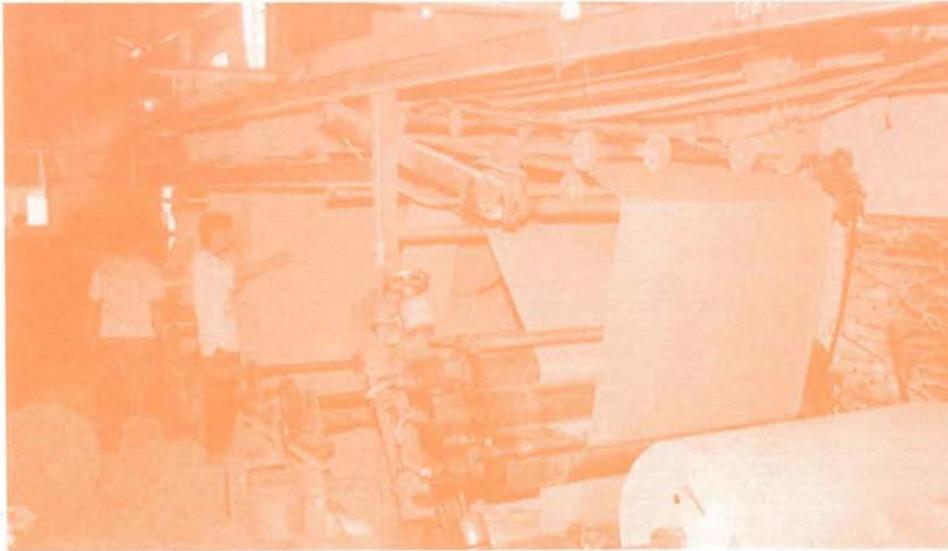
The city's industrial strength is indicated in terms of quantity and quality. Since its liberation,

there were 761 large and medium-size manufacturing enterprises of which 437 employed over 500 workers and 270 monopolized business of particular commodities. But the city production depended on raw material imports. Its manufacturing progress was also related with the domestic economic regions and the world markets.

city has made great efforts and determination to reform private trade and production. It used different forms to build the state capitalism. The joint ventures between private and public sectors came into being. The city tried to abolish the capitalism and at the same time avoided the slowdown in production. In the process

focused on construction. In the process of socialist reformation, it restructured economic sectors under appropriate forms for productive relations. It understood the reform of productive relations had to aim at speeding up production and meeting the people's demands. This achievement has contributed to the establishment of socialist economic structure and the city's evolution.

In early 1979, some new economic models took place in the city's firms, especially in the South Detergent Company. It reorganized the production, cooperated with western and central provinces to exploit materials and exchange products. It also made its own plans instead of following the state regulations. The promising signs gradually gained the Party and Government's supports. The Government issued Decrees 25 and 26 on three-part planning and payoff based on contracts and productivity in state-run firms and Decree



## SOME CREATIVE LESSONS FROM HCMC ECONOMIC DEVELOPMENT

by Dr. TÔ DÙNG

That situation required the city to search out ways to import enough materials from other local provinces and foreign countries for the survival and development of its manufacturing sector.

Implementing the resolutions of Vietnam Communist Party (VCP), the

of reformation, the city set up the system of state-run businesses in manufacturing, transport, construction, irrigation, fishery, forestry, trade and services of hotels and restaurants.

The city combined closely between reformation and construction and

182/CP on expanding the staff's rights. These decrees were legal frames for the city's creativeness.

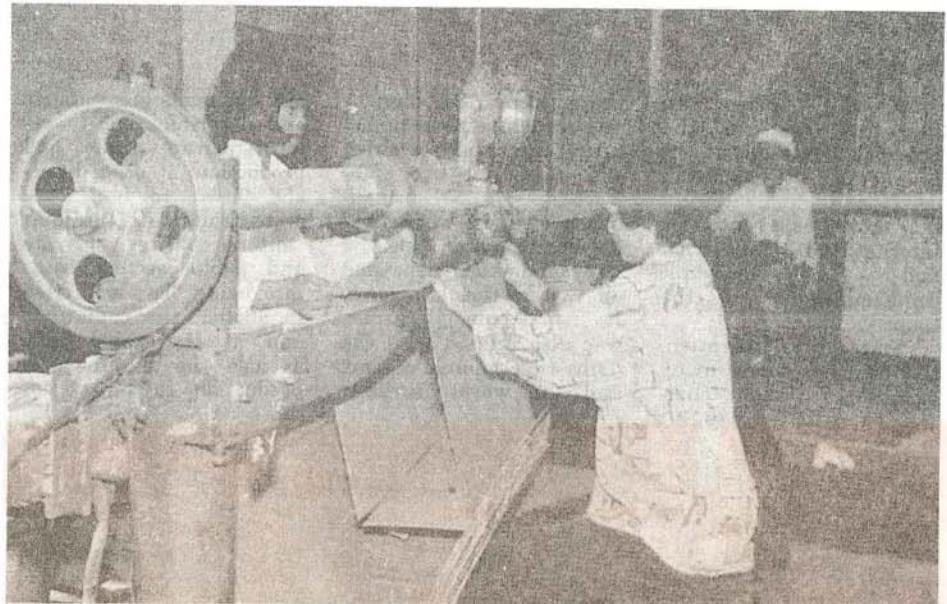
In the process of reforming and re-arranging the city's manufacturing sector, the most important lesson was new concepts on position, feature and responsibility of the city

to the region. The Politburo's Resolution No.1 on the HCMC tasks had a profound meaning to the management of a city and settled strategic problems of the whole country as well as the city's urgent issues.

The lesson from the reformation of manufacturing sector was to develop state-run enterprises and solidify their leading role in the economy as well as set up multisectoral production. In the meantime, the system of bureaucratic management was step by step removed and changed into socialist economic accounting. The authorities of pricing, finance, banking, investment and foreign trade had to make conditions for their subordinates to balance production plans based on four sources and three benefits, particularly workers' benefits.

The city's biggest results were to transform a spending city into a manufacturing one. The city has contributed a large share to the gross domestic products and concurrently trained labor force for its economic development.

## 2. Renewing the distribution in the process of reforming and re-organizing production



In distribution, HCMC has both utilized its existing networks and extended state-run trade cooperatives to communes and villages. It also diversified commodities and services and step by step set a firm foothold in the home market. It combined trade and production through joint ventures and investments in manufacturing firms to create its own large stock of goods.

The city also paid attention to combination between central and local businesses and promoted economic transactions with other provinces and the world market.

The Party's Resolution 6 (term VI) and the Pol-

itburo's Resolution 26 on distribution and Resolution 01 on the city's tasks have heightened the city's understanding on these issues.

The target of the period of reforming and re-organizing goods distribution was to control commodities, money, retail sales and serve production and public consumption. The production, distribution and consumption had tight links with pricing, payoff, finance, banking and import-export. The private traders were given incentives to use their capital, assets and skills. The city authorities also strengthened its market management and economic

cooperation with other provinces. In the period 1975-1984, the HCMC built a network of socialist trade at every level. The system of cooperatives were also set up. The city boldly devolves its management authority to districts and communes.

In 1980 the city began direct export to meet its demand for raw materials, helping maintain economic growth. With its initial experience, under the central government's instruction, it created many opportunities to boost export. After implementing its obligations to the State budget, its export earnings was increasing to secure conditions for maintaining and expanding its production, at the same time enhancing the capability of the industry sector. Thanks to increasing export, the city's rural outskirts and other southern provinces had favorable conditions for building areas which specialize in growing plants and breeding poultry for processing exports. Meanwhile these areas changed drastically into production of high-value commodities. The city has strived to remove obstacles and created new models to rearrange businesses in these fields. The cooperatives engaging in farming, production, trade, credit, service and export



were the city's new initiative.

### 3. Building rural outskirts in combination with urbanization, industrialization and modernization

The HCMC rural areas total 200,000 ha with 1 million residents. The city pioneered to sign contracts with farmers growing rice, vegetables, perennials and give new stimulus to them for farming development. This performance has contributed to the Party and Government's renovation of agricultural management.

The city has taken initiative in restructuring its agriculture and rural areas. With the advocacy of building a food belt for the city, it extended areas specializing in vegetables for export and local consumption. It also paid attention to the husbandry in rural areas, especially increasing the number of dairy cows to 18,500 with a daily supply of 100,000 liters of milk. These efforts have created jobs and improved living standard for suburban farmers. This success originated from the combination between breeding households and milk processing plants, farmers and workers, farming and manufacturing, production and market.

The city's Cần Giờ District had been devastated in the war. The city soon afforested 30,000 ha of mangrove forests, bringing green landscape and healthy environment to the country. It allocated land and forests to farmers and encouraged them to invest in their cultivation and breed aqua-products. The farmers applied mixed models of farming, forestry, and fishery and really improved the living standard, at the same time developed forests sustainably.

The city built new rural areas and at the same time ecological areas, tourist, entertainment and

historical sites in the suburb such as Đàm Sen Park in District 11, Suối Tiên Park in District 9, Bến Dược Temple and Củ Chi Tunnel. In the process of urbanization, industrialization and modernization, it established export processing zones (EPZ) such as Tân Thuận EPZ and Linh Trung EPZ, South Saigon urban area and many other industrial parks. It constructed irrigation projects, electrified 100% of suburban communes, opened roads linking Nhà Bè District with Cần Giờ District, Bình Chánh District with South Saigon urban area with capital contribution from the public. It also planned to build the Cần Giờ - Nhà Bè special economic zone. These achievements helped change rural economic structure and urbanize rural areas rapidly.

### 4. Economic development in the đổi mới period

Our country enters a new period of development which speeds up industrialization and modernization and economic growth along with carrying out social equality and progress.

In the country's industrialization and modernization process, the city alone and the southern economic focal area on the whole (Đồng Nai - Bà Rịa - Vũng Tàu - Bình Dương) has many advantages.

Since the Party's sixth congress, the city has made great efforts to remove hindrance and renewed its concepts. It generated initial grounds for new style of thinking, as well as renovating economic models. The Government Decree 25/CP and other policies revitalized the life and economy and motivated the creativity of all levels and localities and utilized internal sources. In such a situation, new exemplary individuals and businesses appeared

with much useful experience. The city continuously overcome many challenges to maintain and intensify its production and services.

While the whole country attempted to seek measures to surpass the recession, the city's performance has put forward many valuable solutions to economic management and policies. The city played the role as an "invention laboratory". Its experience has contributed useful experience to the study of economic renovation. In the meantime, it also illuminated the Party's theoretical views on the national economy under socialist orientation.

From the experience of the past socialist reformation, the city has taken advantage of forms of state capitalism. In the city, state enterprises entered joint ventures with foreign capitalists in forming BOT, BT, BTO projects, EPZs and IPs. The city also speeded up equitization of state-run firms. With these forms, the State can control the economy by regulations and policies.

To find out transitional practices to develop productive forces and relations in each period is an extremely difficult task on the condition of multisectoral economy. The regional financial crisis requires the city to devise proper economic policies to avoid the backwardness and catch up with other countries in the region.

### 5. Renovating managerial mechanism

An outstanding success of the city in the process of socialist reformation was to apply Lenin's theory on state capitalism. It attained significant achievements in the reformation of private trade in complicated conditions.

In the period 1975-1980, the city's commodity economy includes various sectors. In production and distribution, the state companies had monopoly in

some fields. In April 1980, the Politburo worked with the city authorities and pointed out: "The city's proposals showed its sharp absorbability and creativity for the Party's resolutions". By September 1979, the city, on the whole, fulfilled the task of private trade reformation with appropriate forms and levels. The city was widely known as a city going ahead in testing many economic transitional forms.

By 1982, the city manufacturing sector faced a severe shortage of raw materials. The workers had to be laid off. From the removal of obstacles for subordinate units, the city drew precious lessons from the devolution of economic management and renewed planning based on their characteristics and productivity. These initiatives steadily revitalized the city's economy.

The HCMC has also applied technical progress along with economic incentives. It has strengthened its cooperation with other provinces.

The city has contributed many essential lessons in the Party's renovation lines, and pioneered in the transition into the market economy under socialist orientation and State management. The city has positive impacts on the construction of new economic mechanism.

The city generated 20% of the country's GDP and one-third of State budget. It really contributed to the prevention of socio-economic crisis across the country and entered the period of growth. It has tapped its huge potentials in manufacturing, agriculture, trade and services and boosted export. The city has tackled troubles and made new favorable conditions for the realization of the national industrialization and modernization.