

# DEVELOPMENT AND NON-ECONOMIC FACTORS

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**F**or a fast and stable economic development, a lot of attention should be given to both economic and non-economic factors. In many cases, economic factors and macro-economic variables are affected by non-economic factors such as national tradition, people's habits of saving, investing, consuming or wanting... All of these factors, in reality, could affect the rate of output increase, price and unemployment. In their turn, economic factors could make non-economic factors change. Obviously, the system of economic and non-economic factors not only interacts each other but also exerts domino effects. But as for non-economic factors, their changes are specific. This characteristic shows itself in the following facts:

## 1. Force of habit is rather stable

In comparison with physical inertia, the force of habit is stabler and more "conservative", and as Lenin put it "to overcome a habit is more difficult than to overthrow a political regime".

Secondly, when one's habit starts to change, it changes at a slower speed than the physical matters do.

Thirdly, when physical matters start to change and move at a certain speed, the dynamic force could be reduced and the physical matters keep on moving because of the sheer force of inertia. But it's not the same with habits and psychological matters, that is, if we want to change a habit, to reform a thinking way, we should exert continuous, or even increasing, pressure although changes have occurred.

Fourthly, in order to make a good and sensitive habit, it needs both a long time and pressure from economic, political, social and legal environment. While inert force of an old habit is big and contagious.

## 2. Realities of the situation

Our economy is in the period of transition from the centrally planned to the market-oriented one. In this early stage, many potentialities which were left untapped wastefully are awakened. The economy started to develop at a growth rate of 7.8% per year in four successive years. So the economic growth rate is far greater than that of old habits or practices. In many cases, old ways of thinking and solving problem have become obstacles to the growth rate. The following examples could verify this argument:

- Dependence of business people: Businesses, especially state-owned

ones, always complain about lack of capital and market for their products. Obviously, after nearly 10 years of economic renovation, they didn't realize that in the market economy, each business, both state-owned or private one, should exist and operate as a manufacturer, and the manufacturer has to find out the needed capital and market for his products, to develop his business in order to make a profit instead of hoping an almighty help.

- The majority of businesses are busy with carrying out situational measures. They haven't made and carried out a marketing strategy in its strict sense. Particularly, they didn't know how to study and predict new needs and wants of customers, including concealed needs, so they can't find out ways to satisfy them.

- The administrative machinery is too cumbersome, so it's hard to overcome the state of being under command of too many authorities and at the same time, being forced to submit everything for approval. This situation, naturally, leads to the red tape, bureaucracy, corruption, etc. which become unbearable. Besides, the army of civil-servants is badly-trained. According to the Government Personnel Department, around 60 to 70% of over one million of civil servants haven't got knowledge necessary for their job. Meanwhile, training the young generation and reforming the administrative proce-

dures have been mentioned for a long time but only some moderate results were produced. In this case, the old mechanism and old way of doing business have blocked the renovation process.

- According to experts' estimation, 80% of equipment and machines imported by Vietnam business or foreign partners in joint-ventures are old or second-hand ones, but they were priced as high as new ones. This deed caused a lot of damage to Vietnam economy, it resulted from:

+ Knowledge of some authorized personnel about technology was too poor.

+ Many governmental bodies such as the Customs, tax agencies were too lenient.

+ Many civil-servants were irresponsible, venal or corrupt.

- The habit of showing off: many governmental bodies compete with each other to buy luxurious cars, air-conditioners, TV, etc. Is it a fault of the market mechanism?

In short, Vietnam economy is in period of transition, from an old-fashioned to a more active mechanism, and in a period of integration into the world economy. It is hindered by old habits and inertia along with innate imperfections of the market economy at the early stage. In order to overcome this hinderance, the Government and the Party should show a great determination and courage in this struggle ■