

What is the Best Development Pattern for Vietnam?

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It's hard to determine what development pattern of Vietnam today is if we refer only to the phrase "socialist-oriented market economy." The adjective "socialist-oriented" in the phrase is the vaguest. As everybody knows, such phrases as "the leading role of the public sector," or "industries controlled by the State," etc. appear repeatedly in all texts of strategies, policies and measures but their meanings are not well defined although they are all made into laws. Vũ Phaïm Quyết Thắng, Vice Inspector-General of the Government said that, "Many leaders at central and local levels didn't understand and couldn't interpret what the socialist orientation is. I myself also couldn't tell what it is, what it looks like and how to identify it." (*Tuổi Trẻ*, Feb. 21, 2006).

1. What is the development pattern for Vietnam?

It is hard, unacceptable and impermissible, in our present place, to judge what development pattern is suitable for Vietnam. But it is certain that the pattern Vietnam is pursuing is unique in the world, and it is unreasonable to compare it with systems found in China or any country. And it's worth mentioning that the pattern of liberal economies also has its own consequences.

Fortunately, we can compare the living standard of the people in different economies although we can not compare their development patterns. The free economy pattern has been examined and quantified in hundreds of coun-



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tries, and all results show that there is always a close relationship between the wealth of the people and degree of economic freedom. These examinations also show that the higher the economic freedom, the lower the corruption and depravity of society and ruling party. It is understandable because in the free economy, everything becomes more transparent, ownership is recognized and protected, and the State refrains from intervening in business. The development forces the grass-roots to learn how to observe laws and rules, and corruption become rarer when officials show and keep their self-respect.

Nothing stays unchanged, as we know. Many factors considered as unchangeable in prevailing economic theories and patterns are now re-examined. Human being can only conceive and understand operations of the world through experiments and realization, not

through spiritual power or indoctrinated beliefs. Perhaps, our concepts and pattern of economic development have never been challenged as seriously as it is today. In the globalization trend in which all so-called truths in the past are thrown into question today, the act of persisting in maintaining the leading role of some sector or following the pattern set forth by some thinkers one hundred years before is certainly questionable. And this challenge comes naturally from changes in theories philosophies, not from some intrigues we have envisioned and been afraid of.

The economic reform and development in the past two decades show that origins of changes came from urgent needs and creativity of the people and their effort to overcome obsolete and unrealistic mechanisms and thinking way. Resources could be tapped to the full if the people are allowed the freedom of business

while the State only plays the role of an arbitrator. To reach this objective, however, we have to deal with too many barriers. To maintain the status quo, openly or secretly, regardless of "slogans" or promises offered to the public, the ruling class tends to preserve the legal, but not certainly reasonable, existence of public institutions in the socioeconomic life, and even their monopoly of information.

2. A development pattern in a changeable world

We can't say that the development pattern in the past few decades is totally wrong because it has produced many socioeconomic achievements. However, it is a half-open thinking way of the first days of the economic reform and Vietnam started to get accustomed with the AFTA or BTAs. When Vietnam wants to join the WTO where it will face less friends and more rivals, it needs a totally new thinking way or philoso-

phy. It's our thinking way that determines how external and internal resources are tapped.

"Acceleration" and "time pressure" are what were summarized after the end of the WTO Ministerial Conference in Hong Kong in late 2005. WTO members have been racing against time to complete the Doha round of negotiation by the end of 2006 with a recommendation from the powers that the future WTO agreements would be hindered by the US Congress if no progress is to be made. This message can be interpreted as a hint that nations who fail to join the WTO in 2006 will have to pay dear prices for their membership.

Investment opportunities will pass as quick as the time. The world is moving forward at great speed while Vietnam is still busy discussing the stability of development pattern.

After the 1997 financial crisis, many nations realized that their death came from the cultural conflict originated from the belief that "each economy has its own characteristics" instead of conflicts between civilizations. Vietnamese people, like many Asians, have a tradition that stresses community links and loyalty. The mechanism for running the economy in Vietnam is based on assumption that everything could be solved behind closed doors and what the world and the public know nothing about would cause no harm. The belief that Vietnam has its own characteristics, or something like that, have been common among European countries some time ago and its vestiges can be seen today.

It's hard to say definitely what tradition is better. In certain circumstances, this tradition may prove to be superior to the other, but it is certain that recent political and eco-

nomic crises in the world have really sent to history the "world that is not transparent" based on the belief in public limited knowledge. Everything has changed now. If the public and foreign donors feel doubt about the Vietnamese-style employment and supervision of employment of ODA source – as the Japanese Government is thinking of its aid to communication works in Vietnam now – they don't want to be told how serious these problems were and what solutions to be found. The foreign donors will not wait for high ranking officials to explain the problems on mass media, and they will withdraw capital instead and leave as soon as possible. This means that they could turn an ordinary issue or an incident that is still not clear enough into a disaster. Bank runs could be seen as examples of this possibility if the lack of transparency persists.

But how can these disasters be prevented when there exist many areas in which information isn't allowed. For example, audit of the central bank that is common among IMF member countries is still considered as something strictly confidential in Vietnam. Corruption and

embezzlement of public funds are also other examples of such forbidden areas.

3. The development pattern should access the common standards and public approval

Vietnam should not work out its own style of development on the grounds that Vietnam is different from other countries. There's no denying that each nation has its own characteristics and identity, but abusing them is impossible in a globalized world. The development pattern should be oriented towards international standards, and rankings by international organizations should not be ignored because they help us understand how they conceive a "strong nation, wealthy people, and democratic; civilized and equal society." One of good examples of the rankings is the Heritage Foundation's Index of Economic Freedom.

In the past 10 years, Vietnam has been described as "mostly unfree." Its rank slips by five grades in 2006 compared with 2005 (142nd among 157 surveyed countries) because of "deep intervention of the government." Low rank is worrying but the

slip is more worrying. It's unacceptable because in a world where all countries are moving forward and staying unchanged means falling behind, Vietnam's position is slipping. When Vietnam's efforts are appreciated by some international organizations, the mass media and the propaganda machinery try their best to boast about it, and when Vietnam is ranked low, they start describing such organizations as hostile and less objective. It's worth noting that such indexes could be unsuitable for viewpoints of all countries but they are what the American and many Western governments take into account when making decisions on trading policies on foreign countries. Vietnam usually complains about too high demands by trading partners in WTO negotiations. We had better understand that they demand too much because Vietnam is always ranked low in international rankings.

Success of the economic reform depends a lot on the public support and approval instead of members of the ruling party only. The government couldn't will this support when workers have to strike for better pay and working conditions and peasants have to pay the penalty for unreasonable policies or regulations. The grassroots benefit almost nothing from the economic growth while high-ranking officers throw their money around.

The world spends no time waiting for us to discuss the development pattern. If Vietnam persists following an obsolete way of thinking, even the one that has produced good results in the past, a lot of golden opportunities will pass. Changing the thinking way must stop being a slogan. It must be linked with actions and become a breakthrough in, instead of an obstacle to, the economic development. ■

