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# **VIETNAM'S DILEMMAS AND OPTIONS**

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# **VIETNAM'S DILEMMAS AND OPTIONS**

**The Challenge of Economic  
Transition in the 1990s**

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**Edited by  
MYA THAN & JOSEPH L.H. TAN**

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**LEAS** ASEAN Economic Research Unit  
INSTITUTE OF SOUTHEAST ASIAN STUDIES

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*Dedicated to the memory of  
Professor K.S. Sandhu  
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# PREFACE

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The widely recognized failure of centrally planned economies (CPEs) to generate growth and sustain development has been one of the factors that forced Vietnam to transform its economy from a centrally planned to a market-oriented one in the 1980s. Some critics suggest that reforms have been carried out only to stave off a crisis and ensure the survival of an authoritarian system. In any case, the challenge for Vietnam is formidable, as there has not been a single well-tested and proven model of successful transformation from amongst the former CPEs. It is this dismay at the experience of their centrally planned brethren which has encouraged the Vietnamese to seek their own appropriate development or “renovation” model with its Vietnamese accent, *doi moi*.

Within this market-oriented approach, economic reforms in Vietnam have had some limited success. A liberal foreign investment law was promulgated in 1988 and it has been evolving progressively taking into account the needs of foreign investors. More recently, a new constitution was introduced, giving citizens more freedom in running their private lives and conducting business.

Despite the U.S. embargo on foreign investments and trade links, there has been an increasing inflow of foreign goods, services, capital, and technology in recent years. The acceding of the ASEAN Treaty of Amity and Economic Co-operation and attain-

ment of observer status in ASEAN would facilitate Vietnam's increasing integration with the regional as well as the wider global economy.

Although the final shape of such economic reform initiatives are uncertain, Vietnam is certainly on the point of no return to the former command/control economic system. Thus now Vietnam is at an important epoch in its history of development. Accordingly it was thought appropriate and timely that the Institute of Southeast Asian Studies should bring together a group of scholars (particularly economists of diverse nationalities and specialities) to produce a volume on Vietnam. The scholars provide a range of perspectives or dilemmas and options confronting a dynamic transitional economy restructuring itself in an uncertain global economy troubled with regionalism and emerging trading blocs.

The chapters in this volume identify the major issues concerning the role of the state and economic management, the new directions in resource, agricultural, and industrial development and the challenges arising from the opening up of the economy to the stimuli of external trade and capital movements. However, it should be borne in mind that the contributors have to contend with serious limitations in information available for analyses.

As in most developing countries, economic data on Vietnam are limited. Even the scanty official data suffer from weaknesses in terms of accuracy and reliability. Moreover, the national accounting system in Vietnam, as in other centrally planned economies, is quite different from the U.N. system.

Finally, while we encourage all points of view, needless to say, the individual contributors are solely responsible for the facts and opinions expressed in their respective chapters, and their interpretations do not necessarily reflect the views and policies of the Institute or its supporters.

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