

***Vietnam's Development Strategies.* By Pietro P. Masina. London and New York: Routledge, 2006. Hardcover: 182pp.**

It has been two decades since the Communist Party of Vietnam (CPV) launched its groundbreaking policy of *Doi Moi* [Renovation] that began the country's march towards modernization and unprecedented economic advance. The successes achieved within these two decades have been nothing short of a miracle. Not only was the country able to overcome some of its most pressing economic problems confronting the CPV during the 1980s, it greatly surpassed the goals it had set out to achieve in 1986. The country is doing extremely well economically, consistently attaining a high 8 per cent GDP in the last few years. It has also, to a large extent, been able to translate these economic achievements into an unprecedented higher standard of living among a large segment of its eighty million population. Economic success aside, perhaps the most crucial achievement of *Doi Moi* has been the rejuvenation of the CPV in the eyes of the Vietnamese people. Far from being threatened, as was the perception during the height of the economic crisis of the early 1980s, the party's popularity has greatly increased and its image as the champion and defender of the Vietnamese people has also been enhanced.

Various studies on Vietnam's economic reform during the implementation of *Doi Moi* have been published, especially on the initial ten years. Masina's study, however, ventures further to cover the period beyond the Asian economic crisis of 1997-98. The book indicates two elements central to any analysis of the Vietnamese development reform process that are substantially under-developed in the current debate: the experience of East Asian developing states and the question of socialism within a future market economy. It is the hope of the author that the book will open up debate to challenge the prevailing orthodoxy on how development should be carried out in Vietnam and to test possible future alternatives for the country.

The book provides a useful historical overview of Vietnam's development strategies adopted over the years by the CPV, starting with the period of Ho Chi Minh's earlier rudimentary rural collectivism and the way the regime coped with the issue of development during the Vietnam War. It then looks at the problems faced by the CPV during the early years of post-1975 reunified Vietnam and how they eventually brought about the introduction of *Doi Moi*.

The appearance of the book is timely as it aspires to answer two fundamental questions related to the market-oriented reforms introduced by the CPV at a crucial period when its legitimacy to

rule seemed to have been undermined by the pathetic state of the country's economy during the early 1980s. First, how successful were the reforms and how does that balance the opposing stand of capitalist-inspired market-oriented economy *versus* the central-planning economy practised by the CPV all along? Having successfully explained the nature of the reforms and how the CPV, like its counterpart in China, the CPC, had rationalized the reforms as a market-oriented economy with socialist characteristics, comes the second question: how did the CPV steer the Vietnamese economy through the Asian economic crisis of the late 1990s?

Masina raises some vital questions regarding Vietnam's successes in carrying out the reforms. While acknowledging the unequal success of the reforms, even in weathering the Asian financial crisis of the late 1990s, Masina's analysis casts doubt on the ability of the country to forge ahead with greater strides as it was able to do during the initial stages of *Doi Moi*. The study also shows that the country's reform agenda is still dominated by a "developmental orthodoxy" which, according to the author, will render it ineffective in the future (pp. 6–7, 22).

Some of these questions expose the fundamental structural weaknesses of the CPV-led state as it continues to rule with old ideas (depending on the only structure understood by its leaders). Masina is extremely critical of its consensus decision-making which, according to him, worked during the days of the centrally planned economy but is no longer effective during this crucial stage of development. For the CPV to be successful in the future, Masina argues that it has to undertake fundamental changes in some critical areas (pp. 150–152, 158). One is the question of governance according to accepted international standards, but with strong capitalistic characteristics. Masina is quick to point out that some areas are extremely difficult to change or achieve. This is especially so as it would involve making changes to the fundamental ideals thus far steadfastly adhered to by the CPV. Any change in this direction might shock it to the core and might even destabilize its political grip on the nation. For this, the author argues, a wider debate is needed to allow national policymakers the full spectrum of alternatives that will enable well-informed policy decisions.

The CPV is clearly aware of this dichotomy, but is unable to face the problem directly as these changes are quite beyond the framework of the party's socialist character. More importantly, any change in the mode of governance in the direction deemed acceptable by the capitalist West would undermine the CPV's dominance of

the country's political life, something which the party would try to avoid at all cost.

Interestingly, Masina is able to demonstrate that the problems that arose in Vietnam during the difficult years of 1975–86 were a failure of what he and several others call “systemic crisis”. It is an indication of a fundamental weakness in the management of the national economy (p. 56). The planning system appeared to be unable to adequately control the allocation of resources. Perhaps what Masina and others did not point out is that this “systemic crisis” could have been there right from the beginning in 1954 when the DRV took over the northern part of the country. Perhaps the war that ensued and the many contingencies related to the war delayed the immediate surfacing of such problems. Hence when the contingencies of war were removed after 1975, when external sources of aid and funding had shrunk, this primary “systemic crisis” finally caught up with the CPV. The problem persisted and — despite the CPV's many efforts to resolve the problem — there was no sign of reprieve. The problem became even more acute after Vietnamese troops invaded and occupied Cambodia from 1978 to 1989.

This study is not just about Vietnam — the author clearly spells out that it is also a study of development in East Asia. In discussing the case of Vietnam, the author draws examples from East Asia as possible development models for Vietnam. This approach is important to the entire purpose of the book, which is meant to be not only a critical analysis of the ongoing development in Vietnam, but also, Masina mentions, to provide examples of development models that could serve as options to policymakers in Vietnam in charting the future path (p. 133).

The book begins with a very exhaustive introduction that lays out the methodological considerations adopted by various writers when discussing development strategies. This is followed by six well-discussed chapters. The author uses Chapter 1 to place the development in Vietnam prior to and after the introduction of *Doi Moi* in the context of the larger framework of development in East Asia. He discusses the various studies undertaken by established scholars on development in other East Asian countries, notably South Korea, Japan, Taiwan and China. The chapter closes with the introduction of Vietnam's case. Chapter 2 traces the various stages of development in Vietnam and how each of these programmes fared. A critical analysis of the genesis of *Doi Moi* and its initial implementation is provided. A brief discussion on how the reforms in Vietnam fared during the Asian economic crisis of 1997 closes the chapter.

In Chapter 3, the author looks at Vietnam in the immediate aftermath of the regional economic crisis. Masina argues that the crisis caused so many problems that it looked as though the *Doi Moi* policy had lost its direction. The focus is on how the Vietnamese leaders have managed to reform the country, and the author convincingly argues that while the Vietnamese leaders were able to steer their country away from the full force of the crisis, Vietnam will be unable to carry out further reform without making some fundamental structural changes. One important fact that emerges from this chapter is that the Vietnamese economy has been more integrated into regional production systems than is normally suggested — this means that it is equally liable to be hit by any future regional economic crisis. Vietnam's continued reform and its development plans are discussed in Chapter 4. A closer look at the various dimensions of Vietnam's economy is provided in relation to its foreign trade, state-owned enterprises, the financial sector and the role of the emerging private sector. The last part of the chapter is an interesting comparison with the reform directions adopted by Taiwan, another East Asian country, and how Taiwan's experience could offer the Vietnamese other reform options.

Chapter 5 is an assessment of the effectiveness of *Doi Moi* with regard to poverty reduction and social differentiation. Here, the author points out that while in general the Vietnamese have achieved a great deal of improvement in terms of income, there are still many shortcomings, especially with regard to income inequality. In terms of social differentiation, Masina argues that it has emerged as a source of concern in any efforts for further reform, with implications for political stability as well.

In Chapter 6, the author tackles what he considered the most crucial issue in the debate on Vietnam — the question of governance. Here, the author puts forward his most important argument: the need for Vietnamese leaders (the CPV) to undertake some crucial governance and institutional changes. Drawing on the experiences of other East Asian countries, the author argues that while governance and institutional change could be effected, they should not be “separated from an analysis of class-relevant interests and political objectives” (p. 21).

There is no doubt that Masina's study is by far the most comprehensive analysis of Vietnam's development strategies since the introduction of *Doi Moi*. Taking the approach of development studies, the study draws extensively from both existing literature and primary materials from the United Nations Development Programme in Hanoi and the World Bank. He convincingly argues the case for Vietnamese leaders to open up debate to challenge the prevailing orthodoxy on

how future development should be carried out with sound fundamental structural change. The perspectives and prescriptions offered in this work would be valuable to both policymakers in Vietnam and others interested in the country's present and future development.

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