

*Vietnam's Economic Policy since 1975* by Vo Nhan Tri, Singapore, Institute of Southeast Asian Studies, 1990, xii+255 pp.

Vo Nhan Tri, author of the book being reviewed, is a scholar of the Vietnamese economy and author of another indispensable work on that country's economy, *Croissance Économique de la République Démocratique du Vietnam, 1945-1965* (Hanoi: Éditions en Langues Étrangères, 1967). From 1960 until 1976 he worked as a researcher in Hanoi, then from that year until 1984 he worked in the same capacity in Ho Chi Minh City. In 1984 he left Vietnam.

Since leaving Vietnam, Tri has been invited to a number of research institutes and universities around the world to work as a visiting researcher. This has given him access to the resource materials available at these different research facilities, and has also provided many opportunities to meet with researchers from other nations of the world who are involved in Vietnamese studies. The results of this expanded research have been brought together in this new work. Although working outside of Vietnam deprived him of access to sources within that country, Tri no longer had to alter and revise his work to comply with the demands of Vietnamese censorship, and in this latest work he has been able to freely express his views.

From 1986 Vietnam began pursuing its policy of *doi moi* (renovation). Party and government leaders undertook self-criticism for the mistakes of past policy and began to talk openly about the difficult state in which the country found itself. Tri had anticipated such developments since leaving Vietnam, and the present difficult conditions in that country attest to the real strength of the author's analysis of the Vietnamese economy. It is most fortunate that he has used as the base of his analysis the many speeches and articles of self-criticism which have been emanating from Vietnam.

This new work looks at Vietnam's economic development from 1975 to the end of 1988. The author divides this time period into three chapters, each covering a separate time frame. He discusses the economic policies introduced by the Communist Party of Vietnam and its government and the effects of these policies during each of the time frames.

Chapter one acts as an introduction to chapter two and deals with North Vietnam's socialist transformation and industrialization from 1955 to 1975. The author presents how the Vietnamese leadership in the north closely followed the leftist course taken by Mao Zedong in China. Though flawed, failure of that policy did not surface because of the one billion dollars in foreign aid that the north was receiving annually.

Chapter two shows how the socialist transformation was carried out in the south following Vietnam's unification after 1975. This entailed the collectivization of agriculture, the suspension of private industry, the introduction of a new currency and other such policies dictated by the communist leadership. These policies produced a negative reaction in the south, and by 1979 at the Sixth Plenum of the Central Committee, the leadership realized that there would have to be modifications in policy. The Second Five-Year Plan (1976-80) had called for an annual economic growth rate of 13-14 per cent. Instead it ended in complete failure with growth increasing a dismal 0.4 per cent. The author states that natural disasters and mistakes by middle and lower level officials were secondary factors in the failure. The primary cause was the leadership's insistence on applying the Stalinist-Maoist strategy for economic development in the south even though this policy had failed in the north. The author summarizes the main features of this strategy as: (1) priority on heavy industry at the expense of agriculture and light industry, (2) emphasizing collectivization while discriminating against individual and household economies, (3) neglecting material incentives, (4) bringing ownership

into the public sector and believing that the bigger the scale the closer the economy was coming to socialism, (5) the immediate abolition of all private industry, (6) the utilization of a planned economy, (7) the elimination of the market mechanism, and (8) emphasizing equality in the distribution of goods. Readers will find the Stalinist-Maoist strategy of economic development elucidated in the first two chapters very helpful not only for understanding the economic restructuring that took place in Vietnam but also for that which took place in the other socialist countries.

Chapter three discusses the period of the Third Five-Year Plan (1981-85). During this period the Communist Party of Vietnam introduced the product-based contract system in order to revitalize its agricultural policy. To stimulate the farmers' incentive to produce, the price of agricultural products was raised, and the amount that had to be turned over to the state was set at a fixed rate. This change in policy brought about an increase in grain production from 15 million tons in 1981 to 18.2 million tons in 1985, a growth of 5.3 per cent. Despite this emphasis on agriculture however, investment in that sector remained at 22-23 per cent of total gross investment, showing no increase over that of the previous five-year plan. With the continuing good harvests, the cooperatives raised their contracted amount of agriculture production farmers had to supply. Then the price of manufactured goods was raised. These increases worsened the terms of trade for the farmers which dampened their incentive to produce. As a result agricultural production stagnated towards the end of the Third Five-Year Plan.

During the same period the industrial sector achieved a 9.5 per cent growth rate, but the author points out that this rate was not achieved when calculated based on the volume of production. In 1985 Vietnam carried out price, wage, and currency reforms in an attempt to improve industrial management, but these spurred inflation which reached an annual rate of 500 per cent. The author indicates that the reforms during this period were only partial and less substantial than they appeared.

Chapter four discusses the complete overhaul of reforms begun in 1986 under the *doi moi* policy and the significance of this new policy. The chapter provides an explanation of the new contract system implemented in agriculture, of Decree No. 217 giving more autonomy to state-run enterprises, as well as of the new Law on Foreign Investment, and the Import-Export Law. The chapter also sets out the circumstances surrounding the enactment of these new regulations. These were introduced only in 1988, right at the end of the time period covered in this study, therefore the author was unable to say a great deal about the results that *doi moi* has brought about. But from his observation of conditions up to the end of 1988, the author points out that the leadership that emerged from the Sixth Party Congress has sought quick results from its *doi moi* policy which, however, is impoverishing the workers, the government officials and administrators, and the soldiers. These are all people who have long supported the socialist regime.

The author ends with chapter five wherein he concludes that socialism in Vietnam has thus far lacked humanity, and even with the greater liberalism under *doi moi*, Vietnam's socialism still lacks a human face.

This reviewer agrees with the analyses and assessments that the author presents in his first four chapters. However his final comment about socialism with a human face leaves some doubts. I wonder whether such socialism has ever or could have ever really existed. Unlike Stalinist-Maoist socialism, it seems that socialism where relations of production correspond with productive forces is impossible to realize in underdeveloped countries. This means that the failure of Stalinist-Maoist socialism has been its shift towards capitalism and not its taking a third course towards socialism with a human face. Since the Seventh Party Congress in June 1991, the Communist Party of Vietnam

has called for reforms within the framework of socialism. However if it continues with its policy of *doi moi*, it seemingly will have to abandon socialism.

Other than this small criticism about one part of the conclusion, there is nothing else that detracts from the value of this new book. Vo Nhan Tri has produced a superb piece of research on the Vietnamese economy. At the same time it is well written and easy to read, making it a worthwhile and even indispensable book for researchers on Vietnam regardless of their field of study.

(Kimura Tetsusaburo)