

Changing Political Economy of Vietnam in 1945-1986: A Comparative Perspective with East Asian Countries

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Abstract: This study discusses the evolution of Vietnamese economic policies since the independence of 1945 leading to the Đổi mới policy of 1986 in the framework of political and economic transformation in the East Asian region in the second half of the 20th century. Attention will be given to the experimental policies and attempted reforms carried out by different regimes in Vietnam between 1945 and 1986. Rather than Đổi mới interfering with previous economic models it was geared toward a socialist-oriented market economy, somewhere between planned and capitalist systems. The author aims to prove that Vietnam's Đổi mới economic reforms were in line with other East Asian countries, although they came in later. It should be noted that while East Asia refers to Japan, China, Korea and Southeast Asia in this chapter, the author focuses on those countries sharing a historical connection with Vietnam, i.e. those which had been under Western colonial rule or under the Japanese control.

Keywords: Vietnam, economic model, economic reform, Đổi mới, political transformation.

Subject classification: History

1. Introduction

Under the impetus of the decolonisation which hastened after World War II, the colonies in the East Asian region successively gained independence from the Western colonial powers and the Japanese fascist regime. Despite various social, political and economic hardships faced by the young nations, within a short period of time, many of them experienced a rapid economic growth and emerged to become “Asian Tigers” (namely South Korea, Hong Kong, Taiwan and Singapore) or the Newly Industrialized Countries (namely South Korea, Hong Kong, Taiwan, Singapore, Indonesia, Malaysia and Thailand) (Akhand & Gupta, 2006). Meanwhile, a number of countries, including Vietnam were engulfed in civil wars, and political and armed conflicts causing heavy human casualties and economic losses.

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Although Vietnam obtained full independence and territorial unification in 1975, the heavy losses over 30 years of war (1945-1975), the errors in the economic leadership and management, the U.S embargo and concurrent wars in northern and southwestern borders plunged the country into a period of economic stagnation and crisis in the late 1970s and the early 1980s. Many experimental policies and attempted reforms conducted by different regimes in Vietnam proved to be unsuitable in the post-1975 development. Eventually, in December 1986, Vietnam launched a radical and far-reaching reform programme called *Đổi mới* which focused on the economic liberation and the country's international integration. In spite of a delayed reform in comparison with other countries in the East Asian region, *Đổi mới*'s remarkable achievements over the past 35 years of the *Đổi mới* have narrowed the development gap of Vietnam with other countries in the region, especially within ASEAN.

This study discusses the evolution of Vietnamese economic policies since the country's independence of 1945 leading to the *Đổi mới* of 1986 in the framework of political and economic transformation in the East Asian region in the second half of the 20th century. Attention will be given to the experimental policies and attempted reforms conducted by different regimes in Vietnam between 1945 and 1986. *Đổi mới* was not a complete disruption of the former economic models; rather, it was a hybrid third way between a planning system and capitalism geared towards a socialist-oriented market economy. The author seeks to prove that Vietnam's *Đổi mới* was well in line with the political and economic transformation experienced in other countries in East Asia, albeit a later one. The concept of East Asia in this chapter consists of Japan, China, Korea and the Southeast Asian countries. However, the chapter focused on the countries which share a historical affinity with Vietnam, namely those formerly colonised by the West or by the Japanese.

2. Political framework

Under the impact of changes in the regional and international relations, particularly the expansion of imperialism in the late 19th and early 20th centuries, almost all East Asian countries (except Thailand) became the colonies or a semi-colony of Western powers or the Japanese empire. In the colonial era, the political and economic system of Asian colonies were controlled and managed by the Europeans, the Americans, the Japanese and to some extent the Chinese and the Indians (Lindblad, 1998; Booth, 2007). The capitulation of Japan at the end of World War II provided favourable conditions for many countries to seize independence, notably Indonesia (17 August 1945), Vietnam (2 September 1945), and Laos (12 October 1945).

After the war, attempts were made to re-establish former colonial rules, but local resistance and global decolonisation trends forced Western colonial powers to recognise the independence of the Asian nations. The U.S acknowledged the independence of the Philippines on 4 July 1946; Great Britain recognized the independence of Burma on 4 January 1948 and, shortly afterwards, on 1 February 1948 established the Federation of

Malaya in preparation for the transfer of independence to the Malay states. Because of political unrests, however, it was not until 31 August 1957 that the Federation of Malaya was officially formed, and on 16 September 1963, it merged with North Borneo, Sarawak, and Singapore to form the Federation of Malaysia. On 9 September 1965 after two years as part of the Federation, Singapore separated and became an independent state.

Meanwhile, the war of resistance of the Indonesian people and the increasing political and economic pressures from the U.S forced the Dutch government to agree the transfer of sovereignty to Indonesia in December 1949. Similarly, the armed struggle of the Indochinese people compelled the French to recognise the independence of Vietnam, Laos, and Cambodia in 1954. However, in the Cold War context and the increasing intervention of the U.S in the Asian politics, Vietnam was divided into two parts: North Vietnam under the Communist-led Democratic Republic of Vietnam (DRV), and South Vietnam under the U.S-backed Republic of Vietnam. The war against the U.S intervention for the national unification of Vietnam lasted 20 years resulting in the fall of the Saigon regime in 1975.

In the Northeast Asian region, in the wake the Japanese capitulation, the Republic of China declared sovereignty over Taiwan. Nevertheless, it was not until the Sino-Japanese Peace Treaty of April 1952 that Japan officially relinquished its claim to Taiwan (Wilkins, 2012). Although Taiwan remained under the control of the Republic of China, this island has been claimed to be part of the Communist-led People's Republic of China established in October 1949. Similar to the situations in Vietnam and China, the Korean Peninsula was also divided into two parts along the 38th parallel after the World War II. North Korea was placed under the control of the Soviet-sponsored Democratic People's Republic of Korea (DPRK), while the south became the Republic of Korea (ROK) allied to the U.S (Mitcham, 2007). The ideological tensions between the two regimes led to the deadly Korean War (1950-1953)¹ (Cumings, 2010). Although a ceasefire treaty was signed on 27 July 1953 and a series of diplomatic meetings of leaders of both sides were organised over the last decades, disagreements and tensions still remain between North Korea and South Korea, which continue to strongly affect the regional and international politics.

In short, by the late 1950s and early 1960s almost all colonies in East Asia had gained their independence. Due to the Cold War politics and the nature of colonial rules, the transition from colonial states to post-independence was conducted in different ways. In the Philippines, Malaysia, Burma and Indonesia, the institutional transformation was carried out relatively smoothly. Leaders of these countries were mostly nationalists who had served in the colonial bureaucracy and the Japanese military administration (Pham Van Thuy, 2019). Meanwhile, China, Korea and Vietnam experienced huge violence and bloodshed. The competition and conflicts between the communists and nationalists were the main causes of civil wars and territorial partition, which dominated the political and diplomatic relations in the East Asian region during the second half of the 20th century.

¹ The death toll of the Korean war is estimated at four million, half of which was civilians (Cumings, 2010).

Another important aspect of the political transformation in East Asia after World War II was the tendency towards authoritarianism (Pye, 1985). Following the March 1962 *coup d'état*, Myanmar was formally put under the dictatorship of General Ne Win and his Burma Socialist Programme Party (Taylor, 2015; Gravers, 1999). In the Philippines, from 1965, the power was concentrated in the hands of President Ferdinand Marcos (1917-1989). His New Society Movement did help curbing several critical political and economic issues. However, the militarized government of President Marcos was blamed for political oppression, corruption and violation of human rights (Celoza, 1997). In 1986, President Marcos was overthrown and the democracy of Philippines was restored. Similarly, in Indonesia after twenty years of parliamentary democracy (1950-1956) and guided democracy (1957-1965) under President Sukarno (1901-1970), in September 1965 Indonesian state power was transferred to General Suharto (1921-2008). In his New Order, Suharto implemented several economic reforms leading to the remarkable development of Indonesia until the Asian financial crisis of 1997. However, the serious consequences of the crisis coupled with accusations of corruption and abuses of power led to the fall of the Suharto regime in 1998 (Aspinall, 2005; Ricklefs, 2001).

Authoritarianism was also demonstrated in the form of “soft authoritarianism” in Singapore, although under Prime Minister Lee Kuan Yew (1965-1990), Singapore performed as the leading country in effective anti-corruption campaigns (Shirley, 2014). Like his Singaporean counterpart, Malaysian Prime Minister Mohammad Mahathir was in power for over two decades (1981-2003), not including the period when he served as Deputy Prime Minister from 1976. “Soft authoritarianism”, together with the rational economic modifications, was one of the reasons why Mohammad Mahathir survived his position in the 1977 Asian crisis (Sumit & Manda, 2003; Haggard, 2000) and to some extent contributed to his re-election as Malaysian Prime Minister in 2018.

In Vietnam, after 1954, south of the 17th parallel was placed under the Ngô Đình Diệm family's nepotistic and autocratic rule². After Diệm was assassinated in November 1963, state power was transferred to several military governments and finally consolidated in the hands of General Nguyễn Văn Thiệu. Meanwhile, the Vietnam Workers' Party established a proletarian dictatorship in North Vietnam, akin to the proletarian dictatorship of the Korean Workers' Party in North Korea. In South Korea, after a military coup in 1961, General Park Chung Hee (1917-1979) established an authoritarian regime, which lasted until 1979. Although being portrayed as a dictator who abolished democracy and violated human rights, President Park Chung Hee was credited with South Korea's miraculous economic development (Kim, 2003; Kim & Sorensen, 2011; Hồ Sĩ Quý, 2011).

Tendency toward regional cooperation was also heightened in East Asia after World War II. Various ideas about the formation of a regional organization in Southeast Asia were realised,

² Many members of Ngô Đình Diệm's family held important posts in his cabinet, including Ngô Đình Nhu (political advisor to the President), Ngô Đình Thục (the Catholic archbishop of Huế), Ngô Đình Luyện (ambassador to Britain), Ngô Đình Cẩn (in charge of Central Vietnam) and Trần Trung Dũng (son-in-law of Diệm's sister, serving as Deputy Minister of Defence).

notably the Southeast Asia Treaty Organization (SEATO), Association of Southeast Asia (ASA), and Maphilindo. In particular, in August 1967, leaders of Malaysia, the Philippines, Singapore, and Thailand signed an agreement to form the Association of Southeast Asian nations (ASEAN). Together with SEATO, the activities of ASEAN had a strong impact on the situation in Vietnam, particularly in the 1970s and 1980s. The open door policy created by Đổi mới together with commitments to peace and international integration, was an important factor in Vietnam being accepted as a member of ASEAN in July 1995.

3. Economic transformation

The transformation from colonial to national economies did not necessarily coincide with the political transformation. After independence, the Philippines, Malaysia and Indonesia maintained economic ties with their former “mother countries” and allowed foreign nationals to continue businesses as usual (Dick, et al., 2002). The transfer of economic power from foreigners to nationals was conducted through various means of economic nationalism, such as state procurement of foreign companies, institutionalised administrative restraints on the foreign businesses and the promotion of national entrepreneurship (Pham Van Thuy, 2019). Myanmar was an exception. The Ne Win government demanded the nationalisation of the entire economy, including foreign companies (Taylor, 2015). Although the Indonesian government took over and eventually nationalised foreign firms in the late 1950s and early 1960s, they were returned to their previous owners under Suharto’s New Order (Dick, et al., 2002).

The relationship between independent countries and their former colonial powers in the East Asian region was not conducted in such a harmonious manner. The new governments of North and South Korea cut diplomatic relations with Japan. Meanwhile, North Korea maintained its close relationship with China, the Soviet Union, and other countries in the socialist block, while Park Chung Hee consolidated his alliance with the capitalist countries, particularly the U.S (Clifford, 1994; Park, 1971). In the meantime, under the guidance of the U.S government, Taiwan maintained close relationships with Japan. The considerable amount of loans and aid from Japan and the U.S significantly contributed to the postwar reconstruction and industrialisation of Taiwan (Thomas, 2012).

The common path to postwar development in East Asia was industrialisation with a concentration on import substitution and export promotion (Tuong Vu, 2010). South Korea and Taiwan shared a model of economic development with Japan, which was characterised by high investment ratios, small public sectors, competitive labour markets, export expansion, and government intervention in the economy (Kuznets, 1988). Meanwhile, ASEAN countries, particularly Thailand, Malaysia, the Philippines, and Indonesia relied heavily on the intensive manufacture of natural resources for export (Hill, 1987). Taking advantage of their geostrategic location, Singapore and Hong Kong rose to become global financial and trade centres (Bautista, 1984).

The state played a crucial role in the industrial transformation and, above all, economic development in East Asia (Clifford, 1994; Park, 1971; Nguyễn Văn Hà, 1994; Nguyễn Thu Mỹ, 1994). It is argued that state intervention had the virtues of ‘Asian values’ contributing to the East Asian economic “miracle” (Teehankee, 2007; Zakaria, 1994; Thompson, 2001). Indeed, all four “Asian Tigers” - Hong Kong, Singapore, South Korea, and Taiwan - followed the state-led model. These states all had a strong central leadership, which enabled them to formulate long-term development plans and implement economic policies without considerable domestic challenges, while adapting to the situation of the international economy (Shirley, 2014). In these four economies, however, the state diminished its ownership in favour of large private conglomerates. As a result, the public sector was small and the share of state-owned enterprises was low in the GDP of these countries (Kuznets, 1988).

The governments of ASEAN countries, except Singapore, exercised strong interventionism in their economies through both economic planning and ownership (Tongzon, 2002). According to Tongzon, strong state intervention in terms of large state-owned enterprises led to a reduction in economic efficiency and lower growth of ASEAN countries (Tongzon, 2002). Authoritarianism was often associated with nepotism, cronyism, and corruption, which became the roots of the Asian financial crisis of 1997 (Leod & Garnaut, 1998). The weak financial system resulted from abuse and corruption in governance and made authoritarian regimes vulnerable to financial breakdown (Lim, 2000). While the “good governance” authoritarian rulers of Singapore and Malaysia survived the crisis, a political democratisation process took place in the authoritarian regimes of Indonesia, the Philippines, South Korea, Taiwan, and Thailand. In the case of Indonesia, the crisis resulted in the fall of Suharto’s government (Thompson, 2004). The observed trends towards deregulation and privatisation of state-owned enterprises have become predominant in the economic reform efforts of the Southeast Asian countries, including Vietnam.

4. Economic reforms in Vietnam

While most countries in East Asia were in the process of political stabilisation and achieved the primary results of economic reforms in the mid-1960s and 1970s, Vietnam was preoccupied with war. Thus, the governments of Vietnam could only make sporadic economic reform efforts in a wartime economy. Initial attempts at economic reforms were made by the Vietnam Workers’ Party in the early 1950s through the land reform campaigns in a number of provinces in northern Vietnam. The reform focused on the confiscation of land belonging to French colonialists, Vietnamese landlords, and rich landowners which was then distributed to poor and landless peasants (Moise, 1976, pp.234-236).

After peace was restored in North Vietnam following the Geneva Accords, the DRV government in North Vietnam concluded the land reform and started collectivisation in which peasants were reorganised into agricultural production cooperatives. French factories, mines, and public utilities which had once operated in areas north of the 17th parallel were

rapidly taken over by the DRV government and subsequently developed into state enterprises. Privately-owned Vietnamese firms were reorganised into either industrial cooperatives or joint state-private enterprises. By 1960, the tendency towards socialism in economic transformation had become established in North Vietnam (Đặng Phong, 2005; Doan Trong Truyen & Pham Thanh Vinh, 1966).

In September 1960, at the Third National Congress, the Vietnam Workers' Party passed a resolution fostering the transition to socialism in Vietnam. The resolution emphasised socialist industrialisation along with agricultural development in Vietnam. It was anticipated that socialist industrialisation would be achieved through three five-year plans. The first five-year plan (1961-1965) launched at the end of 1960 focused on the development of heavy industries, particularly electricity, chemicals, fertilisers, coal mining, iron, and steel. The investment was mainly allocated to state enterprises, whereas local artisans were reorganised into handcraft cooperatives (Đặng Phong, 2005). While the plan was being implemented, in late 1964 the U.S bombed North Vietnam and the entire economy of North Vietnam shifted to a wartime one. In addition, the escalated hostilities in the South prompted the government of North Vietnam to send reinforcements to the liberation forces in the South. Economic efforts of North Vietnam now had the twofold purpose of building socialism in the North and supplying the liberation army in the South, aiming for the ultimate goal of national unification.

In South Vietnam, the Ngô Đình Diệm government deployed measures of economic nationalism to strengthen state control of the economy. Diệm concentrated his limited financial resources accrued from foreign aid, foreign exchange earnings, and the export of agricultural products on developing state enterprises and the purchase of foreign companies operating in South Vietnam. The major French rice plantations were purchased by Diệm's government and resold to Vietnamese peasants, who were encouraged to participate in the cooperative system. Because of his bias towards state ownership, many U.S observers thought the economic philosophy of South Vietnam was akin to the socialist ideology of communist North Vietnam (Fall, 1963; Golay, et al., 1969; Musolf, 1963).

Ngô Đình Diệm's efforts to achieve economic nationalism conflicted with the aid policy of the U.S whose goal was to promote private entrepreneurial development and support military activities³. Diệm's economic nationalism in addition to the increasing military pressures from North Vietnam which threatened the viability of an anti-communist state in Vietnam, prompted the U.S government to intervene more directly in South Vietnamese politics. The anticipated consequence was a *coup d'état* led by the army under U.S auspices in November 1963, which ended the Ngô family's rule of South Vietnam (Pham Van Thuy, 2019).

After Diệm's assassination, the government of South Vietnam changed hands five times before General Nguyễn Cao Kỳ took the premiership in June 1965. This by no means ended

³ Between 1955 and 1960, gross U.S economic aid to South Vietnam was on average USD 220 million per year accounting for about 22% of the South Vietnam GNP. From 1960 there was a substantial reduction in the amount of economic aid, which dropped to USD 159 million on average per year in 1961-1964. At the same time, military aid rose from USD 73 million in 1960 to USD 191 million in 1964 (Dacy, 1986).

the power struggle in South Vietnam as in 1967, General Nguyễn Văn Thiệu conducted an election campaign which resulted in him becoming President of the Republic of Vietnam. Thiệu served in this role to the end of the war in 1975. This unstable political environment, in addition to the escalation of war since 1965, harmed economic reform efforts in South Vietnam. Although the economy of South Vietnam continued to grow thanks to massive aid from the U.S, the investment was mainly allocated to the service sector, light industry, and agriculture. Consequently, the economy of South Vietnam became stagnant when the U.S aid was slashed drastically following the withdrawal of the U.S army. By the end of the war in 1975, South Vietnam had become self-sufficient in rice which was one of the major economic achievements of the governments of Republic of Vietnam (Dacy, 1986, pp.9-18).

Since the unification of Vietnam, the Vietnam Workers' Party (renamed as the Communist Party of Vietnam from 1976) lost no time in resuming its long-term perception of socialist economic development, which had been interrupted by the war since 1964. Indeed, between 1976 and 1986, two five-year plans, the second five-year plan (1976-1980) and the third five-year plan (1981-1985) were implemented. Both plans pursued socialist industrialisation with a major focus on heavy industry and rapid agricultural growth, although the former placed heavy industry at the forefront and the latter gave first priority to agricultural development. The economic rehabilitation and socialist transformation of private economic sectors in South Vietnam were also promoted (Ngô Đăng Tri, 2016).

Nevertheless, the second and third five-year plans did not produce satisfactory results. Between 1976 and 1980, the economy grew by only 0.5% in comparison to a targeted 13%-14%. By 1980, the second five-year plan achieved only 50% of the planned targets (Đặng Phong & Trần Đình Thiên, 2012). No significant progress was made in the period of 1981-1985 and only partial planned targets of the third five-year plan were met: 95.8% in food production, 67.1 % in cement production, and 94.5% in electricity output. The government budget deficit increased from 18.1% in 1981 to 36.6% in 1985 (Trần Hoàng Kim, 1996). The most critical problem was soaring inflation from 164.6% in 1984 to 774% in 1986 (Đặng Phong, 2016, p.258; Đặng Phong, 2009, pp.27-42). After ten years since unification and many economic efforts, Vietnam was thrust into a serious economic crisis in 1986.

The second and third five-year plans were implemented in a difficult context of the U.S embargo and the concurrent wars along the northern and southwestern borders. Nevertheless, the economic failures were primarily attributed to the mistakes and shortcomings in economic leadership and management of the Party and the state. The command economy with centrally planned, subsidy-based, and autarkic principles leaving out the incentives of market mechanism proved to be unsuitable in the peaceful development stage (Trường Chinh, 1988; Communist Party of Vietnam, 2002). Realising these shortcomings, at the Sixth National Congress in December 1986, the Communist Party of Vietnam approved a radical reform called "Đổi mới". The major economic policies of Đổi mới focused on the decentralisation of state management of the economy, the promotion of external economic relations to attract foreign investment, and the recognition of the contribution of private sectors in the economy. The details of Đổi mới policies were adjusted according to new circumstances,

but the consistent ultimate goal was to bring about industrialisation and modernisation, transforming Vietnam's economy from a centrally-planned economy to a socialist-oriented market one (Ngô Đăng Tri, 2016; Fford & Stefan, 1996).

Table 1: Average Annual Growth Rate of GDP (%) of ASEAN Countries from 1987-1998

Country	1987-1992	1993	1994	1995	1996	1997	1998
Vietnam	6.5	8.1	8.8	9.5	9.3	9.2	5.8
Brunei	1.2	0.5	1.8	2.0	2.8	2.5	-
Indonesia	6.3	6.5	7.4	7.3	7.8	4.6	-13.7
Malaysia	8.3	8.3	8.5	9.6	8.2	7.5	-6.2
Philippines	3.2	2.2	4.3	5.0	5.5	5.1	0.3
Singapore	8.4	10.1	10.1	8.9	7.0	7.8	1.2
Thailand	10.1	8.2	8.5	8.5	6.7	-0.4	-7.7
Cambodia	7.0	4.1	4.0	7.6	6.5	2.0	0
Laos	5.3	5.2	8.0	6.7	6.9	7.2	-
Myanmar	4.6	6.9	6.8	7.7	6.0	5.0	0.6

Source: Jose L. Tongzon, 2002, p.16.

It is noted that the major change in the Đổi mới policy is market liberalisation. The results of these efforts started to be realised at the end of the fourth five-year plan (1986-1990). The main economic objective of the plan was to increase the production of food, consumer goods, and export products. The most recognised achievement of the plan was booming agricultural production. Since 1989, agricultural production not only put an end to the country's persistent food shortages, but also transformed Vietnam from a food importer to major world rice exporter. Inflation also fell from 300% in 1987 to 67.1% in 1991 (Giang Dang & Low Sui Pheng, 2015). The economy grew by an average rate of 6.5% per year between 1987 and 1992. The growth rate began to accelerate in 1992 jumping to 9.5% in 1995, the highest growth rate in ASEAN. While neighbouring countries were still suffering from the impact of the Asian crisis, Vietnam was able to maintain its high growth rate (Table 1). These initial achievements of Đổi mới brought about the prospects that Vietnam would soon bridge the gap with other countries in the region, especially those in ASEAN.

5. Conclusion

Looking from the regional perspective, Đổi mới in Vietnam corresponded to the political and economic transformation of the East Asian countries in the second half of the 20th century. After independence, the countries in the region had to experience one or two

decades for political and economic stabilisation, and the transfer of power from the colonial regimes to new states before implementing the long-term national development plans. In this regard, Đổi mới of the Communist Party of Vietnam could be said to be on par with New Order implemented by President Suharto in Indonesia, the New Society conducted by President Ferdinand Marcos in the Philippines, the New Economic Policy of the Malaysian Prime Minister Mohammad Mahathir, or the radical economic reforms carried out by President Park Chung Hee in South Korea.

Due to its historical situation, Vietnam lost four decades of warfare before being able to launch the Đổi mới radical reforms in 1986. Yet, several attempts to reform the country's economy had been made by both governments in North and South Vietnam. However, under the condition of escalated warfare, the economic policies focused on meeting the needs of the war efforts. The unification of 1975 did not bring to an end the system of a command economy in Vietnam. In the difficult circumstances due to the U.S embargo and the wars along northern and southern borders, leaders of the Communist Party of Vietnam chose to continue to extend the system of a centrally planned economy, which they had successfully implemented in North Vietnam in the 1960s and the early 1970s. Ten years of economic struggle and trials could only worsen the economic situation, which was about to collapse in the early 1980s. A radical economic reform towards economic liberalisation became indispensable and thus in December 1986, the Communist Party of Vietnam inaugurated Đổi mới.

Đổi mới focused on the industrial development and the modernisation of Vietnam operating under the principles of a socialist-oriented market economy. Although implemented late in comparison with the reform programs of other countries in the region, the remarkable initial achievements of Đổi mới created prospects that would soon bridge the gap between Vietnam and other East Asian countries, particularly in the context that many countries had not completely recovered from the Asian crisis of 1997.

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