CHAPTER 1

INTRODUCTION

THE GENESIS OF REFORMS IN VIETNAM

The Vietnamese Communist Party National Congress, convened during 15-18 December, 1986 launched *doi moi* or the programme of renewal. This unfolded a new era in the history of the Socialist Republic of Vietnam (SRV). Hitherto known as a bastion of revolutionary communism, the country turned towards liberalisation and market economy. However if one views the history of Vietnam, the whole history is full of such high dramatic events.\(^1\) The launch of reforms and their subsequent implementation, if viewed in that context, are well fitted in that historical continuity. The reforms were initiated and implemented amidst abysmal economic conditions, recurring natural calamities and extreme hostile international conditions and the party leadership at the driving seat was itself severely divided on the issue, scope and speed of reforms.\(^2\) While similar efforts of economic reforms in other socialist countries degenerated into chaos, the Vietnamese emerged out of those difficult times unscathed and ensured spectacular economic recovery. These reflect the resolve of the Vietnamese people to stand before and repel the oddest of odds. In fact the culture and traditions of the Vietnamese people impacted and to a great extent played a positive role in ensuring the turnaround leading to betterment of general life and ensuring peace. In this context this introductory chapter is the opening to the study and attempts to situate the reforms, i.e., it looks at the Vietnam’s fundamentals - the people, the location, the terrain, economic resources and the history. All these give a sense of the country through the reforms launched in 1986.

THE COUNTRY AND THE PEOPLE\(^3\)

Vietnam is located at the east side of the Indochinese peninsula of mainland Southeast Asia. Shaped like an enormous letter ‘S’, it extends from the border of China in the north to the tip of Ca Mau peninsula in the south, ranging from 23°24’ to 08°10’ North latitude and 102°09’ to 109°30’ East longitude. Vietnam is 1650 kilometers long from

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\(^3\) Data under the subheading are, if not cited otherwise, are downloaded from CPV website www.cpv.org.
North to South; from East to West, the widest part is 600 kilometres and the narrowest one is 50 kilometers. Vietnam has 3,730 kilometres of inland border line. It shares 1150 kilometers border line with the People's Republic of China to the North, 1650 kilometers with the People's Democratic Republic of Laos and 930 kilometres with the Kingdom of Cambodia to the West. It is surrounded on the East, the South and the Southwest by the East Sea and the Gulf of Thailand having a coastline of over 3,000 km. Therefore its near-neighbours include the Republic of the Philippines, Indonesia, Singapore, Brunei and Malaysia. The whole territory of Vietnam includes the land area of 330,991 square kilometre and immense sea space. Territorial waters of Vietnam are 12 nautical miles wide. And exclusive economic zone extends to 200 nautical miles in the surrounding sea covering an area of about one million square kilometer.

Vietnam’s topography is fairly diversified. It has many mountains and a lot of rivers, plateaus and plains, long stretching seashore curving and turning, forming small peninsulas when it protrudes to the sea and bays or big ports when it turns to mainland. The topography of north region looks like a fan. The northern, western and eastern parts are mountainous, southern side is seashore and the mid area is mainly formed by deposits of the Red river and the Thai Binh River. The Central Region is long and narrow, as a shoulder piece carrying two parts of north and south of the country. The mountains, the plains and the seashore are mixed in this region. The region is interlaced by rivers originating from western mountains and flowing into the East Sea or by the mountains protruding some time to the sea. Along the seashore, there are small plains. The deep and narrow valleys run parallel to mountain slopes. In the South - Eastern part of Central Region, there is a complex of marble and basalt plateau called Central Highlands. The central highlands, 900 meters above sea level, are considered as a "roof of Indochina home". Compared with North and Central Regions, Central Highlands of the South is less complicated in topography. There are only a few low mountains and hills in the area adjacent to and in West Kien Giang, which adjoins to Cambodia; the left part is flat including the Mekong Delta. The Mekong Delta is a low lying land with the height of about 5 meters above sea level. Some areas of the Mekong Delta, such as Long Xuyen quadrangle, Dong Thap Muoi and West Hau River, are even lower than the sea level which remains flooded for 2 - 4 month. Another feature presenting the diversity of
Vietnam's topography is the system of island and archipelago. Generally estimating, there are 4,000 islands on the territorial waters of Vietnam.

About 16 percent land of Vietnam is plain areas. In the north the crowded triangle of the Red River delta, the ancestral homeland of the Vietnamese people and in the south the flat, waterlogged delta of the Mekong River makes up the plains of Vietnam. These two rich alluvial plains separated from each other by several hundred miles provide the major source of food for the population. Here live more than two-thirds of all Vietnamese and among them the vast majority are farmers. Linking these two deltas is the narrow waist of Central Vietnam. Owing to these geographical features, Vietnam is often described as two baskets of rice separated by bamboo pole. These two deltas are the core areas of Vietnam from the viewpoint of resources, population and governance - being inhabited by the ethnic Vietnamese in general and being the centres of production.

On the other hand, about 84 per cent of Vietnam's land is covered with mountains and forests. The mountain chains are spread from the Chinese border to a point less than a hundred miles north of the Mekong River. The most extensive range is located to the north and west of the Red River delta and extends southwards from the southern Chinese province into northern Vietnam and Laos. These mountains are rugged and heavily forested and frequently reach a height of more than 9000 feet. In the south, the Annamite chain extends from the south of the Red River delta to a point 50 miles north of the city of Saigon. For most of its length, the Annamite chain forms the border between Vietnam and its western neighbours, viz. – Laos and Cambodia. At its southern expanse, the chain broadens into a high plateau known as the Central Highlands – an area of more than 20,000 square miles, lying between the Cambodia border and the South China Sea.

These mountains regions are generally thinly populated and are inhabited mainly by the mountain minorities. Living a primitive life-style, they have a distinct existence, different from the ethnic Vietnamese. They see the lowlander Vietnamese with suspicion and resist any interference in their autonomous life style. Inhabiting the peripheral domains of the country they have been vulnerable to outside manipulations.

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5 Ibid., pp. 2-3.
The ethnic Vietnamese on the other hand inhabit lowland and coastal areas. Dominant culturally and in numbers, they constitute 85 per cent of the total population. Majority of them are rice farmers. The cultivation of rice requires a relatively equitable distribution of water and this necessitates the development of a system of canals and dikes to ensure the rational distribution of water throughout the region. Societies based on the control of water to ensure an abundant harvest tend to expand to the limit of the irrigable land and tend to develop an administrative bureaucracy above the village level in order to control the distribution of water. This is the geo-historical backdrop of the Vietnamese people forming a well organised cohesive nation.

Vietnam with its about 80 million people (59.7 million in 1986) is the second most populous country in Southeast Asia, the seventh in Asian-Pacific region and the twelfth in the world (after China, India, Russian Federation, United States, Indonesia, Brazil, Japan, Bangladesh, Pakistan, Nigeria and Mexico). Vietnam is one of the nations with high rate of population growth. It took only 35 years to increase the population from 17.6 million persons in 1930 to 34.9 million in 1965; and again 30 years to increase the population from 20 millions in 1940 to 41 millions in 1970; and 26 years from 30.2 million in 1960 to 61.1 million in 1986.

Vietnam is a country that has young population, high labour proportion, positive sex ratio, high literacy and better educated compared with other countries at a similar level of per capita income. According to the 1989 census, 87.7 percent of population aged 10 years and above were literate. Vietnamese people prove that they have a relatively fast and flexible awareness, do not require a long time for training and quickly become accustomed to new tasks. That has a great significance under the conditions of implementing the economic reform, participating in the process of international cooperation and labor division, as well as absorbing advanced experience of modern management and new technique and technology.

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7 William J. Duiker, n. 4, p.3.
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Not only Vietnam is endowed with high quality human resources, forests, fertile land, water, access to immense blue seas but also with rich natural resources with considerable reserves of coal, oil and gas, bauxite and rare earth. According to 1978 statistics Vietnam had 6.95 million ha of land in agricultural production, 6.01 of which were cultivated annually. Rice paddies totalled 4.67 million ha of which were in areas growing two annual crops. Arable land per capita in 1978 was only 0.117 ha. Assuming farm worker was 0.46 million ha compared with 0.3 ha in China, 0.7 in Japan, 1 in India, and 48 in the United States.\textsuperscript{11}

Vietnam is a multi-nationality state. In the whole country there are 54 different nationalities and ethnic groups of which Viet people, usually called Kinh people, are the most populous. According to the 1989 Population Census results, Viet people constitute 86.83 percent of the total population. The remaining 53 nationalities and ethnic groups form only 13.17 percent of the total population. On the whole, despite the immense diversity, throughout their development history, Vietnamese people have maintained close ties with each other economically and culturally and have remained united in fighting with the nature and against the aggressive enemy. The community consciousness and humane spirit constitute the most basic and outstanding characteristics of the Vietnamese, as well as one of decisive factors for generating the strength of the Vietnamese nation. The community consciousness with three nucleuses Family-Village-Fatherland, built on the foundation of humanity, constitutes a sense, absolute and permanent, which determine the reasoning and actions of every Vietnamese. It is just due to the community consciousness founded on the humanity, that the Vietnamese always keep, before and now, their traditions of national unity and patriotism, as well as their capabilities of adapting themselves into the surrounding world. This fact helps them in mobilizing their strength to overcome natural obstacles, to surpass all aggressive enemies, and expanding economic and cultural relations with the external world. However, under certain circumstances, an excessive community consciousness can bring about the egalitarianism, which limits the competitiveness; it can also lead to the localism and sectionalism, attitude of passivity and submissiveness, as well as behavior of

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paternalism, authoritarianism, bureaucracy, which hinders the national development and impedes the rise of a civilized society.

HISTORY OF THE VIETNAMESE PEOPLE

What is really remarkable about the Vietnamese people is their history; the spirit of that history also in fact underlines the launch of doi moi. These are the undying spirit of never giving up against odds and continuous endeavour for liberation. Vietnam from the very beginning of its existence suffered repeated aggressions and subjugations but never without resistance. The kingdom of Vietnam was founded in 208 BC as an autonomous state under Chinese suzerainty. Originally it was confined to the Red River delta and the northeast coastal plain. In 111 BC it was annexed by China. After frequent revolts it gained independence in 939 AD although it remained nominally a tributary state of China till the establishment of the French colonial rule in Indochina (1859-83).  

After gaining independence in the 10th century AD, Vietnam then named Dai Viet ruled by many dynasties, the most significant of which were the Ly (11th - 12th century), the Tran (13th – 14th century) and the Le (15th 17th century). They developed the administration with centralisation of power, strong military forces and made the economy and culture thrive. During that time, Vietnam had to wage consecutive wars to fight against the attacks from Northern feudalism and Mongolian aggressors. The protracted and tough resistance wars against the Sung (11th century), the Yuan Mongols (13th century) and Ming (15th century) resulted in glorious victories. In 1858 French troops invaded Vietnam and the Nguyen dynasty surrendered step by step. As a result, by 1884 the whole country came under French domination. From the very beginning, the French were fiercely resisted and the resistance never ceased. In 1930 Ho Chi Minh and newly formed Indo-Chinese Communist Party led an unsuccessful uprising. During the World War II, Indochina came under the Japanese occupation (1940-45). Vietminh, an alliance of communists, socialists and nationalists acted as a resistance movement against the Japanese with the US support. After the surrender of Japan, Ho Chi Minh proclaimed the independence of the Democratic Republic of Vietnam (DRV) in Hanoi on September 2, 1945.

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12 Hoang Van Chi, n. 1, p. 7.
13 Ibid., p. 47.
14 Ibid., p. 51.
Although the French recognised Vietnam on March 6, 1946 as a 'free state within the French Union', they declared war on November 23 by shelling Haiphong and in 1948 set up a satellite government in Saigon headed by the ex-Emperor Bao-Dai. After the French defeat of Dien Bien Phu in 1954, the Geneva Agreement temporarily divided Vietnam in two zones, the North being controlled by Ho Chi Minh’s government and the South by the Bao Dai regime, but provided that the country should be reunited following general elections in July 1956. All North Vietnamese proposals for the holding of elections, however, were rejected by President Ngo Dinh Diem, who had deposed Bao Dai in 1955 and declared South Vietnam a republic, and the country remained divided into a communist North and the US supported South. Local revolts against President Diem’s dictatorship which began in 1958 developed into a major war. In fact the North started a protracted campaign aiding the local rebels with the aim of the reintegration of the country which involved the US initially indirectly and later directly. It proved to be one of the most devastating wars in the post second world War era which claimed half a million lives of Vietnamese and of about fifty thousand Americans. The Vietnamese by their determined fighting humbled the US to concede defeat. In 1973 Paris Peace Agreement was signed, however, the war ended only with the fall of Saigon and the de facto reunification of the country in April 1975.

While Vietnam remained under the direct Chinese colonial rule from 111 BC to 939 AD, it also subjected other areas to domination and expanded its sphere of influence in Indo-china. Vietnam once freed from the Chinese rule in 939 AD started its own colonial missions and for the next 800 years it gradually expanded southwards. It absorbed the Champa Kingdom in the Central Coastal plains and the Khmer empire in the South and in the 18th century it reached the Gulf of Thailand. It exercised dominating influence in the region and emerged as an intimidating power in Southeast Asia rivalling the Siamese empire. Duiker notes down Vietnam’s endeavour in this respect, “Whatever the case, Vietnamese rulers were often tempted to apply the same tributary status to their neighbours that the Chinese empire habitually applied to them. In general, Southeast Asian monarchs rejected such persuasion, but by the nineteenth century weak monarchs

\[\text{References:}\]
\[15\text{ William J. Duiker, n. 1, p. 163.}\]
\[16\text{ Keesing’s Contemporary Archives, 1976, p. 27917.}\]
\[17\text{ Thomas Hodgkin, Vietnam: The Revolutionary Path, London, 1981, pp.31-121.}\]
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in Laos and Cambodia had been compelled to accept tribute status with Vietnam" (W. Duiker) 18. The pattern which emerged out of the pre-colonial inter-state relations in the region, maintains Duncanson, was hierarchical - suzerainty piled on suzerainty and paramountcy on suzerainty - Vietnam exercised paramountcy in turn with Siam in Indochina, however itself being under the paramountcy of China. 19

The advent of the French, however, altered this pattern. On the one hand, the threat from China was replaced by the danger of national and cultural extinction at the hands of the West. Vietnamese nationalist leadership turned to China for assistance against the French colonial regime. Leaders of the Indochinese Communist Party, while doubtlessly harbouring some lingering suspicions about the long-term motives of their Chinese comrades, relied on the Chinese Communist Party for advice and assistance against the French and later the United States of America. On the other hand, the Indochinese states were integrated into a colony. Though, the French put Cambodia and Laos on the equal footing of the divided provinces of Vietnam, the traditional Vietnamese domination was reiterated by the Vietnamese dominated Indo-china Communist Party, whose goal was to expel the French from Indochina. According to a resolution of the Vietnamese Workers Party's (VWP) Seventh Plenum in October 1940, one of the party's goals was the establishment of an Indochinese democratic federal republic. During the second Indochina war, VWP cadres used the Indochinese Peoples Revolutionary Movement or similar terms to refer to the coordination of the movements in Laos, Cambodia and Vietnam. At junctures in both the first and second "resistance wars ", the Vietnamese set up "united front" organizations: in 1951, the Viet Minh established the "United Front of Vietnam, Laos and Cambodia ", in 1970, in China, the DRV and the National United Fronts of Laos, Cambodia, and South Vietnam held a Summit of the Indochinese peoples. These former alliances could provide, it is asserted, the structure for bringing together the three Indochina states in a union that Hanoi would dominate. 20

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18 William J. Duiker, n. 4, p.140.
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Two things clearly emerge out of an observation of the geography, society and history of Vietnam that they have a tradition of strong community bonding and the determination to overcome odds. It is the same undying spirit which made the Vietnamese victorious in wars again and again and it is the same spirit which led the Vietnamese to combat their economic miseries and insecurity following reunification and to go for the renovation in their own unique way. In this context the following observation is apt which underlines the Vietnamese ethos, “The Vietnamese people display an admirable blend of a stoic acceptance of life as it is and a steadfast faith that there are always good prospects.”

A visitor noted, “The sense of striving and struggle never seems far from the Vietnamese psyche. The energies expended to overcome foreign occupation are now yoked to economic transformation.”

THE STATE AND THE CONSTITUTION

Thus it was on the 2nd of September 1945 President Ho Chi Minh, on behalf of the Provisional Government read the Declaration of Independence and announced the birth of the Democratic Republic of Vietnam. On June 1, 1946, the first general elections based on universal suffrage were held to elect the National Assembly - the supreme administrative organ of the new Vietnam. In November 1946, the National Assembly adopted the first Constitution of the Republic. After the complete liberation of South Vietnam in April 1975, the second universal suffrage general elections were held to reunify the country. In July 1976 Vietnam was named the Socialist Republic of Vietnam. After the enactment of the 1946 Constitution, the Constitution has been amended three times: in 1959, 1980 and 1992.

According to the Constitution, the National Assembly is the supreme organ of State power which is elected every five years in accordance with the principle of universal, equal, direct and secret ballot. The National Assembly elects the President of the State, the Prime Minister; the President of the Supreme People's Court and the Chief Procurator of the Supreme People's Office of Supervision and Control. The localities elect the People's Councils at different levels - province, town, city, district, ward,

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commune - in accordance with universal suffrage. Vietnam has 53 provinces and 471 districts. The People's Council elects local executive bodies.

As part of the Renovation programme, the Vietnamese State moved from a system run by the Party fiat to a juridical State with a growing role of the masses. It is on a course to perfect concrete legal documents for every process in the country. In the exercise, a number of laws were enacted such as the Penal Code, the Civil Law, the Law on Labour, the Law on the organisation of the Government, Law on the election of the National Assembly and the People's Councils at different levels.

REUNIFICATION AND THE PROMISES

It was on April 30th, 1975, armoured columns of the People's Army of Vietnam rumbled down the streets of Saigon and the government in the South collapsed. The leadership in Hanoi witnessed the realization of its decades-old dream of a unified Vietnam under the direction of the Vietnamese Communist party. It was the culmination of the 30 years of heroic resistance against country's partition by French old colonialism and US neo-colonialism. The Vietnamese communists were euphoric about their victory. For them it represented not only the achievement of their cherished goals of liberating the South, unifying the nation, and establishing socialism, but more fundamentally they believed that they had helped alter the world strategic balance. They considered the Vietnamese revolution as an integral part of world revolution and the victory, to them, marked "a new change in the balance of forces tipping in favour of the revolution, a new development in the struggle of the world's people for peace, national independence, democracy and socialism". Now it was time to heal the wounds of war and bring life back to normal. At the same time the Party and the people were now mobilized for a new fight - the fight to rebuild the country and make it even more prosperous and beautiful, as President Ho Chi Minh had wished.


Ibid., p. 116.

A National Assembly representing the whole of Vietnam was elected on 25 April 1976. It met on June 24 in Hanoi and on July 2 proclaimed the reunification of the country. Pham Van Dong, the prime minister of North Vietnam, formed a government on the following day which included South Vietnam's representatives. This was the culmination of the struggle of the Communist Party in Vietnam against direct imperial rule and intervention. In the National Assembly which met on Hanoi on June 24, Le Duan, First Secretary of the Vietnamese Communist Party announced on the following day that “the Vietnamese revolution has moved into a new stage of socialist revolution throughout the country”. In the same month the National Assembly decided to rename the country as the Socialist Republic of Vietnam, Saigon Ho Chi Minh City and to make Hanoi the capital of the whole country.

In the course of the troubled history of Vietnam the year 1976 appeared as a juncture where people naturally looked for peaceful and prosperous future and thought of devoting all their fighting potential to that end. This hard won victory was faced with the daunting task of the reconstruction of the war ravaged economy and national integration. Nevertheless the victors were enthusiastic. Le Duan viewed the international scenario marked with the ascending forces of socialism, national independence, democracy and peace and Vietnam's victory as an important contribution in this revolutionary upsurge. Le Duan asserted, “In the new stage our party, state and people should make the most of the favourable international conditions so as to rapidly heal the wounds of war, restore and develop economy, develop culture, science and technology, consolidate national defence, build the material and technical basis of socialism in our country, and at the same time continue to stand shoulders to shoulders with the fraternal socialist countries and all other peoples in the world in the struggle for peace, national independence, democracy and socialism against imperialism headed by U. S. imperialism.”

CRISIS OF REVOLUTION

The euphoria of 1976 was well justified. The victory was indeed phenomenally historic viewing the size and resources of the country. The war was against a country, the
prowess of which was unparalleled in the whole history of mankind. It possessed the mightiest military machine humanity ever produced. Yet a country much smaller in size, impoverished, divided and pulverised by decades of war was able to defeat it decisively. If the victory against USA was unimaginable for the rest of humanity, it also remains unbelievable after the accomplishment. Nonetheless the temerity of the Vietnamese people has its tradition. But the high hopes generated by that brilliant victory soon started to peter out. Despite the glorious victory and reunification of the country in 1976, the people of Vietnam could see neither peace nor prosperity. What bothered them, besides an extremely hostile neighbourhood and international ostracism, was the failure of their own developmental model. Partly their predicament indeed emanated from their location at the receiving end of the cold war politics but it was also due to their dogma which was failing their expectations rather badly. And this was affirmed by the fact they were not alone in their predicament. The crisis had afflicted the whole socialist world. The launching of Perestroika and Glasnost in the Soviet Union in the later half of 1980s was an expression of the realization of failures of the socialist system particularly in the economic sphere. The system, which promised the most exalted life to the masses, was no longer capable of providing even basic necessities of life to its citizens, not to mention of sustaining the cold war efforts, which it pursued against capitalism. The exhaustion of the state controlled economy to stimulate growth was apparent to them. They could visualize vividly the virtues of market economy based on individual initiative, free enterprise and a mechanism of incentive and disincentive in creating economic miracles. By virtue of market economy while Germany (the West) and Japan, the vanquished powers of the Second World War could emerge as economic giants, the Soviet Union, a victor in the war and super power was getting crushed under the dead-weight of its own super power paraphernalia. The system badly needed corrections, hence 'perestroika' (reconstruction) and 'glasnost' (openness). These measures aimed at infusing liberalization in the socialist system. However, the forces, which these measures unleashed, swept away not only the reformer (Gorbachev) but also the system itself. The gradual weakening and repudiation of the communist regime in the Soviet Union had profound effect on other socialist countries, which were facing similar hardships. First,

33 R B St John, n. 21, p. 304.
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the East European satellite regimes gave way to democratic forces and in other parts of the world pro-Soviet communist regimes felt the deprivation of the Soviet support.

The crisis, as has already been mentioned, was common to the socialist states. There were inherent weaknesses in the politico-economic structure of the socialist system, which at a point of time not only became incapable of stimulating growth but also turned decadent. The crisis appeared stark amidst rapid pace of development in the capitalist systems. The country under study i.e., the Socialist Republic of Vietnam (SRV) was a case in point. The model of development based on the Soviet model of central planning which the Vietnamese leadership chose to follow in 1975-76 proved ineffective in attaining its goal, i.e. rapid industrialization. The economy remained retarded. By the mid 1980s Vietnam was one of the poorest countries of the world. The per capita income of $130 a year was lower than that of Bangladesh with $160 a year. Dong, Vietnam's currency, rated 55 per dollar in black market in September 1986 in contrast to the official 15 to 1 ratio. By November the annual inflation rate reached 700 percent and an 80 percent devaluation of the dong was announced. Budget deficits averaged 19 billion dong per year during 1981 to 1984, which further increased in 1985-1986. Miserable standard of living, massive unemployment, food shortages, short supply of raw materials and imported inputs indicated the mess in economy. Basic to the problem was an agricultural and industrial production system characterized by low labour productivity and underutilization of resources managed by a bloated centralized bureaucracy ill-equipped to make economic decisions.

The problems arising out of the dismal performance in economy were compounded by the foreign policy choices as well. The Cambodian expedition, the resultant diplomatic isolation of Vietnam and the imposition of trade and aid embargo by the West led by the U.S., hostile relations with China and the ASEAN were too heavy a

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36 John H. Esterline, n. 9, p. 93.
37 Ganganath Jha, n. 35, p. 374.
burden for the economy to bear. Simultaneously, declining aid and assistance from the Soviet Union and Eastern European countries made the conditions worse.

Both internal and external polices of the Vietnamese regime could bring nothing but wretchedness to its people. What made their failure glaring was the rapid economic boom in the region at the same time. Members of ASEAN, South Korea, Hong Kong, and Taiwan were registering highest rates of growth in the world. The situation was indeed tragic. During almost the whole of the 20th country, Vietnam had suffered from foreign occupation and war. For many years, the overriding concern of the Vietnamese was to win national independence and unity. In 1975, when these goals were achieved, they had to confront another formidable task: healing the wounds of war and building the country's economy. Although there was certain degree of economic growth, the domestic policy of Vietnam after 1975 was a failure. It did not achieve its basic goals. The same applies in the case of the foreign policy of the years from 1976 to 1986.

THE REFORMS

In such conditions, the ideology along with the party and the state stood in severe loss of credibility. A programme of renovation was launched at the Sixth Party Congress in 1986. Renovation sought reversal of earlier policy line, which implied liberalization of economy, decollectivization of the agriculture and diversification of the foreign relations.

The first and prime emphasis of renovation was economy. Renovation implied a shift from the centralized command model of development to a model more in line with market forces and an economic environment conducive to foreign investment. Accordingly, agriculture was decollectivized. Farmers were given near ownership of land. The private sector was encouraged. A mechanism for improving the functioning of the state owned enterprises was introduced which emphasized decentralization in decision making and reduction in restrictions. These measures followed by banking

sector reorganization and in June 1990 by laws on business and income taxation, which increased the security for investors.\textsuperscript{41}

The measures introduced since 1986 in combination with favourable weather conditions yielded good results. Vietnam, from self-sufficiency in food production in 1989 rose to a major exporter of agriculture production. It became the third largest rice exporter in the world.\textsuperscript{42} Even more remarkable, in 1989 Vietnam introduced a convertible currency and still inflation rate was only 35%.\textsuperscript{43} The successes 1989 onwards mainly concerned agriculture and finance, industrial development remained, however, inadequate. Weak infrastructure was the main bottleneck. With such deficiencies as unreliable supplies, a poor work ethic nurtured under socialist system, industrial development could hardly make a head start. State enterprises, owning the majority of production units had little to contribute in the national income. Besides, continued U.S. trade embargo prevented inflow of much desired foreign investments and expertise.

In political sphere too, remarkable changes were introduced. The people had more freedom to voice their ideas in the press including criticism against party organizations and state institutions and to participate actively in decision making. Equally important were the attempts to relax controls on journalists and writers, to develop a more comprehensive legal system and in general to distinguish more clearly between the functions of the party and the State. The latter would entrust more power to the parliament, whose members were to be elected by the people and were not necessarily party members. Greater respect was also paid to freedom of movement and of residence, and freedom to organize demonstrations - but not against socialism - as a resolution of the VCP Central Committee put it in March 1990.\textsuperscript{44}

In fact, as a vanguard to socialism, one party rule was maintained. This was a case different from that of the Soviet Union and East European countries where introduction of market economy paved the way for liberal democracies characterized by the existence of more than one political party claimant to power. The communist regime in Vietnam continued to hold one party rule on the plea of maintaining order. They asserted that if

\textsuperscript{42} Ganganath Jha, n. 35, p. 377.
\textsuperscript{43} Duong Quoc Thanh, n. 41, p. 27.
\textsuperscript{44} Ibid
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the lid of party hegemony lifted, Vietnam would disintegrate. They cited the examples of the Soviet Union and Eastern Europe where chaos and disorder followed as a result of reforms. However, the continuation of the party rule did not imply that the ideology of Marxism carried popular support. In fact, there was little confidence left in the efficacy of the ideology. But despite that, there was neither any organized dissent in favour of dramatic political change as happened in the USSR and Eastern European nor the legitimacy of the Communist regime came under any serious challenge. This indicates the difference of the Asian socialist experiment, which had a rural revolutionary tradition. Revolutionary success in China and Vietnam was achieved in a protracted struggle in which the main recourse of the party was the co-operation of vast majority of the rural population against the previous regimes. Both parties were established with a level of popular credibility and political institutionalisation unimaginable in Europe. The problems of state and society were not those of the state’s domination of a self-conscious and pre-existing society but of a fundamental lack of distinction between party and state and between party state and a society structured by the party and between society and individual. Such a party state proved much stronger than its externally imposed counterparts in Europe. 45

Though the Communist regime continued to maintain its existence, it had to reorient its foreign relations without emphasizing the former ideological commitments. Foreign policy had to be revised in accordance with the domestic economic requirements and changing international environment. As a basis to such changes, a new concept of security was formulated at a meeting of the Vietnamese Communist party's politburo, the main decision-making body in Vietnam, in September 1988, which stated that security must be comprehensive. According to this, economic development and good relations with other countries were considered more important than military security. 46 Diversified relations, multilateralism, an open door policy in order to attract capital, technology and experiences in economic management from foreign countries and participation in the world economy were features of this new concept.

46 Duong Quoc Thanh, n. 41, pp. 26-27.
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As a first step in this direction, Vietnam withdrew its troops from Cambodia without being sure that the pro-Vietnamese government in Phnom Penh could survive. It was a calculated risk to get rid of massive economic burden on its account and to break the economic isolation. More importantly, the resolution of the Cambodian imbroglio was the condition for normalization of relations with China. Vietnam above all needed a peaceful environment for economic development, which was impossible with hostile China. Initially, the international response to Vietnamese gesture was sceptical but following the comprehensive settlement of the problem at Paris peace Conference in October 1991 Vietnam's good intentions got confirmed and the Paris agreement became the starting point of favourable relationships between Vietnam and China on the one hand and with ASEAN on the other. Meanwhile, China's gratifying observation that the threatening Soviet-Vietnam alliance to be a matter of past, led finally to their normalization of relations in November 1991. The Agreement (Paris) also paved a new era of relationship to be based on economic co-operation between Vietnam and ASEAN, thus ending the hostility, which started with Vietnam's intervention in Cambodia. Vietnam's cut in military expenditure and its support to ZOPFAN further clarified ASEAN's doubt of Vietnam's design to acquire hegemony in the region. Vietnam expressed its desire to join ASEAM and which after consideration was accepted.

However, the most important objective of Vietnam's foreign policy, i.e. normalization of relations with the U.S.A. was realised much later. The trade embargo imposed by the U.S.A. was a great impediment to Vietnam's bid to get foreign investment, aid and access to the world economy. Vietnam fulfilled most of the US conditions for normalization by withdrawing from Cambodia and participating in peace settlement, pledging further support on the POW/MIA problem and allowing discussion on the American children emigration issue. Vietnamese efforts were not reciprocated for a long time despite the U.S. business lobby's opposition to trade embargo as Vietnam

47 Ibid.
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offered the most lucrative opportunities for trade and investment. The trade embargo also prevented Japan, France and Thailand from starting trade relations with Vietnam, which were to emerge as the main trading partners of Vietnam. Future trade with Australia, South Korea, Taiwan, Hong Kong and Singapore looked very promising.

Policy reforms initiated in 1986 led to considerable results, particularly in agriculture, finance and industries. The party leadership wanted to continue radical reforms in the economic domain and implementing moderate political reforms in order to prevent development that may be likened to what happened in China in June 1989 or the Eastern European countries in the autumn of 1989. The policy of gradual political reforms did have popular support. The basic assumption of the Vietnamese leadership was that the economic development could be obtained only within a stable political environment. Priority was therefore given to reforms in the economic field. Economic reforms necessarily meant that the state would have lesser role to play in the economy, and would thus also create a social basis for more radical reforms towards a multi-party system but the adoption of such a system at this stage was considered premature. This leads to a dilemma again, i.e., in Vietnam’s foreign policy. After the demise of the socialist bloc, normalisation with the USA was vital. But the United States demanded Vietnam to implement radical political reforms as a condition to lift the trade embargo. On the other hand, a gradual transition to a multi-party system presupposed the economic development that lifting the trade embargo would contribute to make possible. However, as has been reflected in China that the development of the market economy was more conducive to the stability ensured by the communist regime and massive investments had been pouring in that country. Vietnam in fact moved in its own way by adopting economic liberalisation and democratisation under the leadership of the Communist Party.

On the whole, it can be said with certainty that with the launch of reforms Vietnam opened a new chapter in its illustrious history. The reforms mostly negated the ideas which were guiding principles of their heroic struggles and were regarded as the core values of the united socialist republic. Nonetheless viewed carefully this does not

51 Ibid., 57.
52 Duong Quoc Thanh, n. 41, p. 29.
economic competition among economically developed countries. Other countries made frantic efforts to adjust to this highly competitive world. In fact, it was the economic pressure, which forced the collapse of the socialist order. The socialist economies based on the state ownership of the means of production and centralized command system stagnated. And the attempt to break the impasse led to the breakdown of the socialist system itself. 54

The changes in the world order were so phenomenal and drastic that almost all the countries of the world faced the problem of adjusting to new realities. In other words, every country underwent a process of redefinition and reorientation of its domestic and foreign polices. Studies of these changes at national and international planes are crucial for the understanding and for constructing new theoretical frameworks of the evolving world order. The study of Vietnam's domestic and foreign policies in this context acquires special significance. The country was the arena of the most vicious conflict of the cold war era and in line with the international changes, it also entered in a new era of renovation with high hopes and great potential. Changes in Vietnam had greatly affected the regional political-economic scenario of the region. 55 Particularly the initial years of reforms in Vietnam presents a very germane area study for many reasons. Vietnam did change and ensured economic revival of the country, greater political freedom, a peaceful neighbourhood, its acceptance in the comity of nations. All these were achieved without any disruption of the order which was rather the order of the times in reforming Communist systems. The Vietnamese showed their genius in adopting ideas alien to their system and adapting their old values with changing conditions which were mostly adverse and accidental in nature. The country presents a case where international, regional and national factors and actors act with their strength and the dynamics there had consequences which were also phenomenal by their magnitude. The study thereby reveals operational aspects of ideas, ideologies, power politics, economic interests in international relations and their consequences on the lives of people involving their economy, culture and ecology. The study is not important only for historical reasons, but

for reasons of understanding the present order and learning the ways of coping with the unpredictable and unprecedented changes. The study also establishes that the good rapport with people is not only the preserve of the democracies; non-democratic systems can also improvise ways of ensuring the mastery of masses.

Vietnam along with the world moved too far since that historic launch of the Renovation, as for the present, the world is not the same as it was at that time. However the initial years of the reforms hold special significance for the country and the rest of the world for the lessons the experience imparts. These were the years in which the country underwent birth pangs of a different order which had not been conceived earlier and teething problems of the nascent reforms. The process was unique in many ways as far its genesis and evolution was concerned. And it was equally remarkable. First, the inspiration of reforms was mostly indigenous arising out of the concern for people’s economic plight which remained unmitigated in a war ravaged country. And they did this by adopting the trial and error method as there was no road map really available. 56 The socialist economic model was certainly an implantation of the experiences and experimentations of other Socialist orders in Vietnam but the reforms were largely their own improvisation.57 Secondly, it initiated reforms in complete isolation, ostracised by the West, it received no support from any multilateral financial agency. It faced a hostile ASEAN, Chinese belligerence and invasion and bore its own highly taxing military involvement in Cambodia. And it did all this amidst dwindling support from a terminally declining Soviet bloc, its mainstay, and recurring natural calamities. Despite such insurmountable odds, the country moved with the reforms. And the Vietnamese reforms were remarkable because most of the reforming socialist countries either collapsed (including the then USSR) or faced total chaos and instability mainly because of the pulls and pressures from within. And the flare ups were unavoidable even in the strongest bastion of communism, the People’s Republic of China, as the Tianannmen showed to the world. It was not so that Vietnam did not face internal challenges to the process of reforms but it was able to surmount them and move forward. In this context the initial years of reforms in Vietnam carries phenomenal historical importance.

56 Vu Tuan Anh, n. 10, p. 9.
57 Vo Nhan Tri, n. 34, pp. 181-240.
The period is significant for many other reasons too. The consensual method of transition, which is significant as similar processes of transition tore many polities apart, may be lesson for most of the countries which are underway change. The Vietnamese experiments are useful lessons for many countries which wish to determine proper domains of state sector and that of private, the mix of agriculture and industries and of light and heavy industries, proper planning, problem of public sector, privatisation, trade unionism, issue of authority and freedom, the eternal problem of bureaucracy and several other problems like environmental degradation and population dislocations. The study confines itself to these trying times of Vietnamese history and endeavours to answer some of the questions.

The period under study is also highly significant. This is the period between the Sixth and the Seventh National Congresses held respectively in 1986 and 1991. It was at the Sixth Congress that the Communist Party of Vietnam launched Renovation as a result of which Vietnamese society, polity and economy underwent phenomenal changes. It adopted many traits of market economy, invited foreign investments, dismantled its iron curtains and opened itself for scrutiny. This was the crucial period for Vietnam and the Party. The period also roughly coincides with the Fourth Five Year Plan (1986-90). Planning is the chief instrument of socialism. The Renovation also meant changes in the nature, objective and strategy of this means. The evolution of the model based on ‘a creatively applied Marxist-Leninist methodology’\textsuperscript{58} is a greatly germane study.

However, to state that Vietnam’s renovation policy was only a response to the changed global scenario is only partially correct. Nor was it an imitation of the soviet ‘perestroika’. There were compelling domestic factors in Vietnam which forced the Vietnamese leadership to launch reforms, which ran parallel to the ‘perestroika’ in the U.S.S.R. Moreover, the subsequent developments clearly revealed the differences between the two systems. While the forces unleashed by reforms swept away the socialist structure from Eastern Europe and the Soviet Union and also engendered to a great extent the disintegration of the Soviet Union, Vietnam’s Communist regime continued to hold

its exclusive control over power ensuring Vietnam’s unity and political stability. The present study is an attempt to discern the complexities of Vietnam’s domestic and foreign policy during the initial years *doi moi* era, i.e., from 1986 when reforms were launched to the year of the Seventh Party Congress in 1991 when this policy was reiterated and reinforced.

The study started with the aim of understanding the Vietnam’s crucial phase of trial and tribulations in its history. The study was not based on certain hypothetical assumptions but was open ended and premised on certain questions or issues which were felt to be important areas for analysis. The study endeavours to answer those questions and in the course makes a humble attempt to evolve an understanding of the larger picture. For an outsider to the area *doi moi* looks like mere a response to the changing global scenario. International factors did play a role but that was only a small part of the whole picture. The study aims to analyse respective contributions of national and international factors in the launch and perusal of reforms. Secondly, renovation reversed state controlled economy to market based economy. Its impact forms an important issue of the study. Thirdly, renovation politically ensured appreciable expansion of freedom but liberal democracy remained a far cry. Why half hearted political reforms? Fourthly, for the success of *doi moi* Vietnam needed massive foreign assistance and investments but the trade embargo imposed by the West led by the U.S.A. remained a menacing hurdle in this regard. What were the obstacles in Vietnam’s achieving foreign policy goals? Fifthly, the U.S.A. demanded drastic political reforms as a condition for lifting trade embargo but Vietnamese leadership considered the one party rule as the insurance for order and stability necessary for economic development. Why was this dilemma and how was it reconciled? Sixthly, the economic development and people's welfare are not always linked. In this context it was to be examined that the economic liberalization really did good to people. Besides, the impact of this process on society, and culture was an important issue. Seventhly, it is generally assumed that liberal democracy is a corollary of market economy. So far the communist regime continues to exist in Vietnam. The analysis of the implication of reforms for the political order is a part of the study. Eighthly, the reforms in the Eastern Europe was highly destabilising and disintegrating. Vietnam escaped that predicament. What were factors which saved Vietnam from that
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predicament and as a result of which Vietnam faced least of social upheaval? Ninthly, the socialist ideology lost its credibility but it did not lose its place in Vietnamese leadership's rhetoric. Why was it so? Tenthly, the adoption of reforms in Vietnam required it to pursue friendly relations with its neighbours. Deidologization diminished the regional conflictual situation. Now the Vietnam is a part of ASEAN. The impact of reforms on regional order was crucial which has been elaborated in the study. These questions were taken up only to gain entry points for the study of the area and as the study proceeded, new issues cropped up and were taken into account.

This study however provides a political perspective, i.e., it views the problems from the political angle, as political process is the dominant process of society determining other processes of social life. Even in the Marxian paradigm, the centrality of politics has not been denied. Though economy alone constitutes the base of the societal structure, and, the rest makes the superstructure, the dynamics of which is said to be largely dependent on the base. In other words, the changes in base bring in corresponding changes in the superstructure. But the change in the base does not bring change in the superstructure automatically. Here the role of politics becomes crucial. Even the change in the existing system has to be brought about by political means facilitating the final stage of human history i.e. communism. The change has to be brought about by revolution or by a party led revolution; the means are very much political. AS the actual history shows that the centrality of the politics has been found nowhere more profound than in the communist political orders where politics completely controls not only economy but all aspects of social life. The present study of Vietnam is the case in point where politics not economics dominated the life of the Vietnamese society and state. The rationale and the evolution of the reforms introduced in 1986 must be viewed from a political perspective.