

Kinh tế Việt Nam: Thăng trầm và đột phá

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National Political Publishing House

2nd edition

Published in 2021

554pp.

ISBN 978-604-57-6947-8

1. Introduction

The book consists of 16 chapters divided into three main parts, emphasizing the market system and financial-monetary control mechanisms. The book provides readers with significant economic advances. Thanks to a relatively extensive system of materials collected, chosen and computed over a long period of time from various domestic and international sources since Vietnam's independence. The book has highlighted the unresolved concerns and proposals based on examinations of the changing process of mechanisms and policies in general and for the financial industry, banks and markets in particular. The study also focuses on Vietnam's real estate market, gold, stock market and US dollar market.

1.1 Key message

Three parts of the book act as an approach to Vietnam's economy as a viable and time-appropriate adjustment, with calculations and formulas conducive to long-term economic thinking and the reference to Vietnam's long journey to prosperity and economic stability. The 1945 August Revolution has turned the Vietnamese economy into an "independent, self-governing economy of the people, for the people". During 1945–1946, the monetary system in Vietnam accepted the presence and value of at least three types of money which acts as a special detail in the financial history of Vietnam. Concerning industrial development during 1956, the rush policy of building many establishments in a short time has ultimately failed. The economic policy of this period leans towards the private economy by gathering production and business power of non-state merchants and industry to utilize capital and experience to serve common economic goals. In general, this period's economic thinking focused on the central State's plan while large-scale production was promoted. The state also determined the role of taking care of people's lives, and market activities were mostly abolished.

After 1975, up to 65% of the market in the South of Vietnam was still operated by the private economic force. The problems of the post-1975 economy were mainly due to inefficiencies of the centralized state-owned industrial model, the restrictions on the

JEL Classification — E60, E61, F41

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The authors are grateful for Bryan Weber (City University of New York, United States of America) for editing on this version.



development of domestic markets, the reduction of the size of non-state ownership, lack of experience in economic management and the weak transportation system. During the period 1976–1984, it was evident that Vietnam’s growth in economic output showed no sign of hope for an increase in labor productivity. Clearly, investment efficiencies in the Vietnamese economy during this period continued to decline.

2. Book’s contents

2.1 *Learning from the past*

The book’s first chapter introduces a synopsis of early enterprises in Vietnam during the French colonial period. In addition, there is a brief introduction regarding the first official bank (Bank of Indochina), created by former French President Patrice de Mac – Mahon in 1875. The chapter also adds evidence that investment capital for the entrepreneurship and business sector was built up in the earlier stages.

The second chapter focuses on the country’s nine years of economic hardship in monetary independence during 1945–1954. The August Revolution created a decisive turning point, bringing the Vietnamese economy into a completely new trajectory and becoming independent and self-reliant. In addition, the book also analyzes the context of Vietnam’s economy having simultaneously three different currencies. Furthermore, under the leadership of the new State of Vietnam, the period highlighted the crucial role of a strong currency and the value of trust in drastically contributing to the glorious victory of the nine-year resistance war against colonialism. Thus, this great effort led to real currency independence per IMF rules, as well as the future dollarization challenge in Vietnam.

The third chapter analyzes Vietnam’s economy during the 1955–1985 period right after the Geneva Agreement in 1954. In the context of the after-war devastated economy, its takeover and economic reconstruction in the North were extremely challenging. Still, generally speaking, the process was well-planned and properly executed. The book additionally points out the country’s other massive financial and economic difficulties, including two failed five-year national plans, escalating market prices, lack of financial resources and the severe shortage of production materials. To overcome these problems, Vietnam’s government has introduced Doi Moi, a comprehensive program that has far-reaching impacts on the country’s economic development. This chapter analyzes Vietnam’s economic situation within two main periods, 1955–1975 (20 years) and 1976–1986 (10 years). The first mentioned period marked inconsistency in the private economic sector and mainly focused on material production to serve the people on a larger scale. Thus, other economic sectors such as free market, economic reform, and incentive mechanisms for agricultural households were less appreciated and still relied on international support.

In the next two chapters, the book focuses on Vietnam’s economy during and after “Doi Moi”, which lasted from 1986 to 2000. During this period, the country’s achievements included converting into a multi-sector economy with several forms of ownership to improve output and increase efficiency. Second, changing from a centrally planned mechanism in which the state directly controlled economic activity through planning or laws to a market-oriented mechanism in which the state managed the economy at the macro level, whereby market forces were gradually restored. Third, moving away from a heavily industrialized, self-sufficient economy, the nation has successfully shifted its resources to build a more market-oriented economic model that was more accessible to the outside world. Besides the tremendous successes, several critical challenges remained in this period and the longer-term restructuring phase. First, the economy was still experiencing low quality of public investment compared to other Asian countries having the same level of industrialization. Second, Vietnam underwent two major global financial crises in 1997 and 2007 through

several systemic reforms and deep integration. Being a member of numerous international organizations, including ASEAN Free Trade Area (AFTA), Asia-Pacific Economic Cooperation (APEC), US-BTA and especially the World Trade Organization (WTO), did not remove Vietnam's difficulties in institutionalizing a new economic model coping with a more integrated economy. Financial security, information security, hard infrastructure and soft infrastructure were all required to improve the whole system to attract resources for sustainable development in Vietnam.

2.2 *"Doi Moi" from new perspectives*

Chapter six starts the book's part II by listing other major achievements during "Doi Moi" and pointing out limitations. Fundamental events and socio-economic shifts determined the structure and movement of the national economic system. These were what was referred to as "breakout points." This chapter shows that the 1986 economic reform worked well with the key mission of transforming the centrally planned system into a market-oriented mechanism. Thus, the government became partners with all transactions, and the invisible hand of the market system operated the price mechanism and started allocating resources more efficiently. In addition, the chapter also points out that "Doi Moi" followed a gradual approach which was different from the big bang approach. As a result, the transitional process has been adopted fairly smoothly without introducing new major macroeconomic shocks as in East-European countries. Moreover, the chapter mentions the gaps which could be filled in the long-term action plans of policy leaders, including confirming and building a dynamic private sector, apart from improving and speeding up SOEs equitization with a stronger action from the government.

The following three chapters focus on some of the significant advances. The book analyzes the Vietnamese banking system in the early days of its establishment in chapter 7. With the introduction of the piastre and the French Indochina Bank in 1875, the Vietnamese economy became acquainted with the banking idea. Vietnam Industry and Trade Bank (charter capital of 10 million Indochinese Dong) and Nam A Bank (charter capital of 5 million Indochinese Dong) were Vietnam's first two commercial banks. Furthermore, after 1990, the separation of money management and profit-making banking operations, resulting in a two-tier banking system, was a significant step forward in the financial banking system. More importantly, after "Doi Moi," Vietnam has successfully built up an independent central bank that differs from other for-profit financial institutions such as commercial banks.

The next two chapters analyze Vietnam's other financial activities, such as stock markets and money markets, in the same period. The Vietnamese dong, gold, US dollars and real estate are the four types of assets discussed in chapter 8, and they all have significant impacts on Vietnam's economic and financial system. Those four mentioned ones are believed to receive the most attention from most Vietnamese. However, the chapter mentions that the efficient market hypothesis was verified empirically for the USD market instead of gold. In addition, the real estate market confirmed that there had been more speculative activities than investment ones. As a result, trading in these assets has gradually become stronger throughout the transition to a socialist-oriented market economy. However, the market reform still needed to be built up efficiently and transparently to all transactions for economic development. Chapter 9 covers details regarding the formation and development of the stock market in Vietnam. The first stock exchange in Vietnam was established in Ho Chi Minh City in July 2000. The Ho Chi Minh City Stock Exchange Center is a secondary market whose primary purpose is to provide liquidity for listed firms' financial assets – a vital part of the national economic system. The stock market and commodities price changes became increasingly popular among the general Vietnamese population. In addition, the psychology and behaviors of Vietnam's growing population of financial investors were greatly influenced by the increasing volatility of stock indexes.

2.3 *The fast integrating Vietnam economy*

The last part of the book consists of 7 chapters focusing on issues the country was facing and lessons regarding global-scale events such as the 2007–2009 global financial crisis. In more detail, chapters 10 and 11 focus on critical challenges that, according to the authors, were ongoing and would be at the forefront of the country's economy in the following years. A variety of projections are also presented within this chapter and thought-provoking towards answers and implementing solutions to the extent practicable. In addition, they also cover state management over markets and market products. Specifically, these two chapters raise long-term problems such as the low liquidity of government bonds; continuing dollarization in Vietnamese people's thoughts; potential financial assets as well as real estate bubbles in the existing markets, which have included so many speculators; potential non-performing loans from the banking system when the system was facing of external/internal shocks.

The next chapter classifies lessons from the 2007–2009 global financial crisis. It briefly summarizes the crisis and how it affected the Vietnamese financial and economic sectors, including the petrol and gold prices and the national stock market. The chapter ends by proposing lessons and feasible economic security solutions.

Chapters 13 and 14 summarize Vietnam's merges and acquisitions (M&A) along with the corporate bond market from 1990 to 2009. The number of M&A agreements surged dramatically in the first decade of the 21st century, coinciding with a surge in foreign direct investment (FDI) and foreign portfolio investment (FPI) capital flows into Vietnam. From 1992 to 1994, corporate bonds were available on the Vietnamese Stock Exchange. However, until the stock market boom in late 2006, this financial instrument did not gain much attention from the business community or academia. The features of the bond market are examined in chapter 14. 1990–2010: Twenty years of refurbishment for Vietnamese businesses.

To keep up the progress, the socio-economic development strategy for the period 2011–2020 set the direction for “restructuring the economy, transforming the growth model from mainly develop in width to reasonable development between width and depth.” Identified tasks include implementation in three areas: investment restructuring focusing on public investment, restructuring state-owned enterprises with a focus on economic groups and state-owned corporations, and restructuring the financial market with a focus on the commercial banking system and financial institutions. In the context of the global financial system's many ups and downs since 2007, the last chapter draws insights from experiences in handling economic management and administration challenges in Vietnam.

3. Conclusion and readerships

The book provides an excellent summary of Vietnam's economic situation from the very first day, with several sectors thoroughly analyzed, including but not limited to banking, stock market, currency market, etc. The authors set themselves to provide an overview of the Vietnamese economy, with the desire to leave readers with thoughts on the journey to continue conquering the global economy with the strong aspiration of Vietnam's prosperity. The book's writing approaches and language are succinct, allowing readers to comprehend large financial concepts with little effort. Furthermore, the book's structure is well-designed, straightforward and easy to follow. The provided content might be tremendously suitable for those interested in deep research for Vietnamese historical economy systems and events. This book is suitable for managers, policy researchers, investors, economy and financial analysts, and laypeople interested in business and Vietnam's market economics in transition.

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