

# **TEACHING THE NEW VIETNAM: IT'S A COUNTRY, NOT A WAR**

**Dennis C. McCornac Ph.D.**  
**Associate Professor of Economics**  
**Anne Arundel Community College**  
**CALT Room 100**  
**101 College Parkway**  
**Arnold, MD 21012-1895**  
**Phone: 410-777-1255**  
**E-mail: [dmccornac@aacc.edu](mailto:dmccornac@aacc.edu)**  
**February 10, 2008**

*Vietnam has made remarkable progress over the past two decades in its transition to a market economy resulting in numerous changes to both its social and economic institutions. It is a nation at peace focusing on economic development and integrating into the world economy. Although the tragic events in Vietnam's history cannot be forgotten, instructors should be aware when teaching about Vietnam that it's is a country, not a war.*

**An earlier version presented April 22, 2005 at the ASIANetwork Conference**

## **TEACHING THE NEW VIETNAM: IT'S A COUNTRY, NOT A WAR**

*Vietnam has made remarkable progress over the past two decades in its transition to a market economy resulting in numerous changes to both its social and economic institutions. It is a nation at peace focusing on economic development and integrating into the world economy. Although the tragic events in Vietnam's history cannot be forgotten, instructors should be aware when teaching about Vietnam that it's is a country, not a war.*

### **Introduction**

Each year on April 30<sup>th</sup> Vietnam celebrates Saigon Liberalization Day. This year will mark the 33<sup>th</sup> anniversary of the day North Vietnamese forces stormed the gates of the Presidential Palace in South Vietnam and American officials scrambled into helicopters from the roof of the United States embassy. These events officially ended the United States presence in that war-torn country and, for most Americans of that era, a defining image of Vietnam. For decades the country was more or less forgotten except for occasional stories of boat people and the lingering topic of POWs and MIAs.

Over the past number of years, Vietnam has returned to the headlines. First, military analysts and political pundits questioned whether the war in Iraq was turning into another Vietnam, a word often considered synonymous with quagmire. For the older generation this analogy was easily understood, but the younger age group did not appear to grasp the implications. All they know is that there was a war in Vietnam.

During the 2004 US presidential election, focus was placed on the Vietnam war-era activities of President Bush and democratic hopeful, John Kerry. "What did you (or didn't you) do during the war?" were questions posed to both candidates and the answers became as controversial as the war itself.

Now with the candidacy of John McCain in the upcoming US presidential campaign and the continuing Iraqi war, references to Vietnam are once again evident in the media. Although an occasional article mentions the recent economic development of the country, for most Americans Vietnam remains deeply ingrained in the American psyche as a place of napalm bombs, bloodshed, political discontent and defeat. Discourse, as well as college courses, cannot seem to get beyond April 30, 1975. An Internet search of college and university web sites, for example, found that almost all courses dealing with Vietnam primarily focused on the war and few development courses included Vietnam in the syllabus.

Certainly the fact that the US withdrew from Vietnam without the opportunity to declare victory has left a scar on the American consciousness. But anyone who followed the developments in Vietnam in the late 1970s and 80s will readily agree that Vietnam won the war, but lost the peace. The communist experiment with collectivization was a total

failure putting the country on the brink of starvation in the early 1980s (Van Arkadie & Mallon, 2003; Tran-Nam & Pham, 2002).

In 1986, however, the Vietnamese government, forced to recognize mistakes made in its planned economy, embarked on a policy of *doi moi*, which can be roughly translated as economic renovation. This process, designed to transition Vietnam from a centrally planned economy towards a “market-oriented socialist economy,” unleashed the entrepreneurial spirit of the local population and serves as a powerful magnet for foreign investment from a number of countries.

While various arguments can be made on the motives, extent, and process by which changes were made in economic policy, there is no doubt the economic reform policies of Vietnam over the past two decades have significantly contributed to increased output, productivity and standard of living for many Vietnamese. No longer is Vietnam counted as one of the ten least developing nations in the world, but now ranks 105th among 177 countries and territories on the United Nation’s Human Development Index (UNDP, 2008/2008).

Statistical measures put the 2007 GDP growth rate at over eight percent and what was once a country with barely enough to feed its own citizens is now the world’s second largest exporter of both rice and coffee.

<b>Major Economic Indicators, Vietnam, 2003-2008, %</b>						
<b>Item</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008 (est.)</b>
<b>GDP growth rate</b>	<b>7.3</b>	<b>7.8</b>	<b>8.4</b>	<b>8.2</b>	<b>8.5</b>	<b>9.0</b>
<b>GDP per capita (PPP)</b>	<b>2,555</b>	<b>2,795</b>	<b>3,084</b>	<b>3,393</b>	<b>3,716</b>	<b>4,100</b>
<b>Inflation rate (consumer price index)</b>	<b>6.7</b>	<b>7.8</b>	<b>8.5</b>	<b>7.28</b>	<b>8.3</b>	<b>8.5</b>

According to the Asian Development Bank (2007), Vietnam has also achieved notable success in improving social indicators over the past decade, including infant and child mortality (reduced by 17 percent), maternal mortality (reduced by 50 percent), primary school enrollment (above 90 percent for both boys and girls), and adult literacy (83 percent).

Positive as these developments may appear, the statistical measures must be put into proper perspective in order to have significant meaning. With nominal per capita income still estimated to be only a little over 750 US dollars (using World Bank ratios, purchasing power parity (PPP) per capita GDP was estimated at approximately US\$3,700 for 2007), Vietnam remains is a poor country and this trend will most certainly continue for some time to come.

### **Vietnam Is a Country – Not a War**

Teaching about modern Vietnam, however, is more than just examining statistics. It also involves understanding the various social and economy changes that have taken place following “doi moi,”

From the American perspective, Vietnam is still often portrayed as an enemy or, at the minimum, a nation of “communists.” There appears to be an underlying assumption, for example, that Vietnamese harbor ill-feeling towards Americans based on their past relationship. However, after spending over six years of the past decade living and working in Vietnam, it has been my observation that Vietnamese have long gotten past the images of war and are concentrating on building a new, peaceful Vietnam open to the world community.<sup>1</sup>

The sentiment of the vast majority of the population toward Americans is probably best reflected in Andrew Pham’s (2000, p 267) conversation with his Uncle Tu who he meets for the first time in a small village in the north of Vietnam. The old man, whose wife and son were killed in the war, harbors no ill feelings towards the Americans.

*“No, I do not hate the American Soldiers. Who are they? They were boys, as I was. They were themselves. But also a part of a greater creature – the government. As was I. I can no more blame them than a fish I eat can be blamed for what I did. . . .*

*Me, I am in my land. I am in my water. These hills where I’ve killed Vietnamese and Americans. I see these hills everyday. I can make my peace with them. For Americans, it as an alien place then as it an alien place to them now. These hills were the land of their nightmares then as they are now. The land took their spirit. I eat what grows out of this land and someday I will return all that I have taken from it. Here is my home, my birth land and my grave.*

*Tell you friend Tyle. There is nothing to forgive. There is no hate in this land. No hate in my heart. I am a poor man, my home is a hut with a dirt floor, but he is welcome here.. Come and I shall drink tea with him. Welcome him like a brother. “*

This is the Vietnam that is too often ignored by the media and academia alike, but should and needs to be presented in the undergraduate curriculum.<sup>2</sup> Thus, this paper will highlight a number of issues that are recommended be addressed in a course examining economic and social development in Vietnam. Understanding Vietnam as a country, not a war, will enable students to both better analyze the changes that have occurred in

---

<sup>1</sup> See Vietnam News - [Inner Sanctum](#) (2004) for a discussion of the author’s experience in Vietnam.

<sup>2</sup> The questions often asked when I tell people I lived in Vietnam are “What do they think of Americans? or Don’t they hate Americans? For an interesting discussion of this phenomena see Lamb (2002, pp. 7-8).

Vietnam in its transition to a market economy as well as understand the challenges it will face as it continues on its economic development path.

### **A) Need to Get Past the Imagining Vietnam Mentality**

Anyone introducing Vietnam into a course should first be required to read the excerpt “[Imagining Vietnam](#)” from Robert Temppler’s insightful book *Shadows and Wind: A View of Modern Vietnam* (1999). As the author notes:

*“Ideas about Vietnam are powerfully ingrained. This is most obvious in the many American movies about Vietnam where the people appear only as small-armed men in black pajamas. But the distortion persists beyond these works of fact or fiction that dehumanise Vietnamese as the enemy. Even those works that set out to be sympathetic, such as Frances FitzGerald’s Fire in the Lake have contributed to the reduction of Vietnamese culture and society to a series of enduring stereotypes.”*

The stereotypes of the Vietnamese are also reinforced by the reliance of teaching about Vietnam through film. While the vast majority of films made about Vietnam deal with the war era, a number have emerged attempting to present modern Vietnam. The better-known ones are *Cyclo* and *Three Seasons*. Although most have received critical acclaim, primarily from reviewers who have never been to Vietnam, each is based on both fictional characters and events. Although *Three Seasons* was filmed entirely in Vietnam, a process requiring Vietnamese governmental approval of all content, this does not ensure the accuracy of a film or other literary genre. Noting once again the words of Robert Temppler . . .

*Officials (Vietnam) are dedicated to preserving the images. They portray themselves to the outside world as mysterious and inscrutable, fluent in elliptical oriental wisdoms and masters of a society that outsiders could not possibly fathom. Thus they ensured that journalists and writers spent more time examining a past over which the government could exercise some control rather than a present that is slipping away from them.*

### **B) Analyzing Economic Development in Vietnam Requires Understanding the Concept of Transition**

The concept of transition in economics is a relatively new area of study and involves changes in all aspects of the economy. Although countries have gone from a market economy to a centrally controlled one, the reserve path is unprecedented. While this process came relatively late to Vietnam, compared to China and Eastern Europe, nevertheless, many of the problems and dilemmas faced are similar.

In Vietnam, transition and development go hand in hand. Both involve comprehensive change, involving all aspects of the economy, including labor markets, capital markets, and the organization of industry, especially privatization. As a first step in addressing these issues, it is recommended the video *Vietnam: At the Crossroads* (1994) by Hien

Duc Do be shown. It presents both an excellent examination of transition questions from the perspective of the Vietnamese themselves and an accurate image of Vietnam in the 1990s.

A useful approach to teaching development in the new Vietnam is to focus on the key questions below:

1. What is the importance of institutions to development?
2. How crucial is privatization to developing a market economy in Vietnam? Is it necessary to privatize to create markets, or can markets be introduced without the conversion of state property? In other words, how crucial are private property rights in Vietnam?
3. Does transition require that a division emerge between winners and losers? What has happened to poverty and health during transition?
4. Where does Vietnam stand in the transition process? What are the most important factors that must be considered by policymakers?

Although the developmental process in Vietnam follows more closely to that of China than the “Asian Tigers,” there are fundamental factors applicable to all countries. The concept “march to markets”, for example, a common term in development, can refer to both the transition from socialism in centrally planned countries and the increasing liberalization in less developed countries.

In both of these cases, the role of incentives (i.e. profit motive) and the neoclassical concept of “getting prices right” are pushed as the most reliable way to increase output and the standard of living. For the former planned economies this requires a dismantling of controls such as eliminating barriers to market activity and the privatization (politically correct term in Vietnam is equitization) of State Owned Enterprises.

With a number of caveats, the functional approach to growth espoused in *The East Asian Miracle* (1993) can be a useful tool in analyzing development in Vietnam. Of particular relevance are:

- Stable macroeconomic management (“fundamentals”)
- Policies to quicken industrialization and exports (“selective interventions”)
- A strong but pragmatic developmental state (“institutions”)

### **C) Focus on Understanding Changes in Economic and Social Institutions as a Result of Development**

*“History is largely a story of institutional evolution in which the historical performance of economies can only be understood as a part of a sequential story.”*

Douglas North (1991)

### ***Role of Government***

While the government of Vietnam appears committed to continuing economic reforms in many areas, it maintains a hold on many aspects of the economy and society. The Government is still a one-party system and the move to a democratic form of government does not appear on the horizon. Though the influence of the Communist party appears to be diminishing there is always the possibility of a return to more government control if the economy slows down and income distribution worsens.

The extent of this government control is one of the unforeseen factors that make understanding Vietnam difficult. This has sometimes created an atmosphere of uncertainty that hinders both domestic and foreign corporations who desire to invest. The government has a reputation for changing the rules in the middle of the game (though some improvements have been made over time) and appears unwilling to relinquish its role in the operation of the economy.

### ***Income Distribution***

It is natural that the transition to a market economy results in changes in income distribution. This phenomenon is certainly not unique to Vietnam. The unleashing of the forces of competition and the entrepreneurial spirit, for example, gives incentive to individuals and firms to improve their economic standing. The allure of profits provides the catalyst for innovation and encourages new investment both from within the country and from abroad. Those willing to take risks and possessing specific skills should be rewarded accordingly. Theoretically, these benefits should significantly contribute to economic growth and in the long-run spread to all sectors of the economy.

The standard model of the market economy, however, generally does not factor in such variables as corruption and influence peddling, factors that give certain groups special privileges and unfair access to resources. These elements distort the market mechanism enabling some to gain substantially at the expense of a many segments of the population. Being told that in the long-run benefits of the market will trickle down to all is little consolation for the malnourished peasant or unemployed factory worker whose places precedence on obtaining a subsistence standard of living in the present.

Income inequality is an inevitable by-product of the movement to a market economy and once the forces of market-economic reforms are set in motion they cannot be stopped. Though eventually the positive aspects of these reforms may filter down to all segments of the economy, there is no doubt in the case of Vietnam, the rich have gotten richer, but some of the poor, on a relative basis, have gotten poorer.

Reversing this trend and expanding the benefits of the market economy to all is an issue Vietnam policy makers must address in the near future. If not, the social costs of the emerging inequitable distribution of income may come to haunt all sectors of the economy.

### ***Doing Business the Vietnamese Way***

For those teaching economics and business related courses, topics such as investment in Vietnam must be considered. However, doing business in Vietnam will involve a good deal of patience and the ability to adapt to a different cultural climate. These cultural factors can complicate investment opportunities.

The importance of connections, for example, cannot be overemphasized. This type of practice is quite common in Asia and in Vietnam it the only way to get things done. First you have to build a relationship. This means friendship, family connections and a history with the people may count as much as having the best solution.

Communication is the most important asset necessary to conduct business in Vietnam. The foreign investor who comes with the attitude that the laws, regulations, and customs of his own country should apply in Vietnam will not succeed. Vietnam has its own culture as well as laws and regulations, though not yet complete, that foreigners will have to abide by.

#### **D) Take Advantage of Information Available Online**

Because developments in Vietnam move so fast and texts and library materials are often not available or outdated, the Internet can be utilized to keep up with these changes. Fortunately there are number of relevant web sites available in English although once must be careful in the evaluation of the quality of the data and perspective of the authors:

Asia Times: <http://www.atimes.com>

Asian Development Bank: <http://www.adb.org/VietNam/default.asp>

Nhan Dan (Communist Party of Vietnam) : <http://www.nhandan.com.vn/english>

Vietnam Economy: <http://www.vneconomy.com.vn/eng>

Vietnam Investment Review: <http://www.vir.com.vn/Client/VIR/default.asp>

Vietnam News: <http://vietnamnews.vnagency.com.vn>

World Bank (Vietnam): <http://www.worldbank.org.vn>

### **Conclusion**

Vietnam has made remarkable progress over the past two decades in its transition to a market economy resulting in numerous changes to both its social and economic institutions. It is a nation at peace focusing on economic development and integrating into the world economy. It is a nation at peace concerned with improving the living standard of its people. Although the tragic events in Vietnam's history cannot be forgotten, it is time for courses taught about Vietnam to focus on the positive developments of the last twenty years.

Vietnam is a country, not a war. Perhaps when considering Vietnam the words of a one of my former Vietnamese colleagues should be noted, "too often commentators try to highlight the difference between Vietnam and America. But we are not so different – we all laugh, we all cry, and we all want a better life for our children.

### References

- Asian Development Bank (2007). *Socialist Republic of Vietnam country strategy and program update 2007*. Manila: ADB.
- Lamb, D. (2002). *Vietnam now, A reporter returns*. New York: Public Affairs.
- North, D. C. (1991). Institutions. *Journal of Economic Perspectives*, 5, 97-112.
- Pham, A. (2000) *Catfish and mandala*. New York: Picador.
- Templer, R. (1999). *Shadows and wind: A view of modern Vietnam*. New York: Penguin.
- Tran-Nam, B. & Pham, C. D. (2003). *The Vietnamese economy: Awakening the dormant Dragon*. New York: Routledge Curzon.
- United Nations Development Program. (2007/2008). *Human development report*. Retrieved January 3, 2008 from <http://hdr.undp.org/en/reports/global/hdr2007-2008/>
- Inner Sanctum. (2004, December 6). US professor trains students for a new era. *Vietnam News*. Retrieved November 4, 2007 from <http://vietnamnews.vnagency.com.vn/2004-12/04/Columns/Inner%20Sanctum.htm>.
- Van Arkadie, B. & Mallon, R. (2003). *Vietnam: A transition tiger?* Canberra: Asia Pacific Press.
- World Bank (1993) *East Asian miracle, economic growth and public policy*. Washington, D. C.