The British assess Vietnam

by Linda de Hoyos

Vietnam at the Crossroads
by Michael C. Williams
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In this slim volume, Michael C. Williams offers no scholarly evaluation of current trends in Vietnam, but a gloss of Vietnam's recent history with a remarkable paucity of insight despite Williams's numerous conversations with Vietnamese leaders. The book gives more of an insight into British thinking. Commissioned jointly by Chatham House (the Royal Institute of International Affairs) and the Enterprise Oil Company, Williams's mission must have been to prepare an appraisal of Vietnam for British investors.

From that perspective, Williams gives the Vietnamese Communist Party leadership high marks. In Williams's eyes, the Vietnamese CP ranks up there with the Chinese in their ability to open up the economy to outside exploitation. Vietnam, he points out, has one of the most liberal foreign investment codes in all of East Asia. In December 1987, the government put forward a new code which allowed both joint and wholly owned foreign ventures. It also allows foreigners to hold management posts and repatriate profits. "Vietnam," says Williams, "has many attractions for the foreign investor: a domestic market of 67 million people, cheap and well-disciplined labor, and an abundance of natural resources. In addition to substantial deposits of anthracite, iron ore, bauxite, tin, lead, and gold, it has considerable offshore oil deposits." Although the continued U.S. embargo has shut out American investment in these fields, the British are one of Vietnam's biggest foreign investors, with British Petroleum leading the way. (Williams happily notes that lacking a refinery, Vietnam cannot even use its own oil.) The British Dope, Inc.-linked firm Inchcape was one of the first foreign trading companies to set up shop in Vietnam in May 1989.

Williams also gives muted praise to the Vietnamese leadership for its "reforms." "Agriculture and retail trade have effectively been privatized . . . and price controls have for the most part been abolished." This puts the Vietnamese CP way ahead of the Chinese. These reforms, Williams notes, "have won plaudits from the International Monetary Fund."

To be sure, even before the flow of Soviet money was stopped in 1989, Vietnam has bent over backwards to turn its economy inside out—putting emphasis on production for export. In early 1987, the Vietnamese communists launched a forced march decentralization of the economy. Internal trade barriers were largely scrapped and foreign trade was liberalized. Subsidies to the state sector industries were phased out and their new slogan became "sink or swim." In 1989, a drastic devaluation of the dong was enforced, and prices were for the most part decontrolled. Inflation forced another big devaluation of the dong in 1991.

Because of its strategic isolation and economic weakness, Williams implies, Vietnam will be forced to continue to carry out draconian "reform" that will open more opportunities for foreign exploitation. Although Vietnam has earned praise from the IMF, a U.S. veto has prohibited it from rejoining the Fund. This in turn has acted to maintain a credit embargo against Vietnam, making it doubly dependent upon maintaining conditions conducive to foreign investment and profit. Vietnam will further be propelled to beg from the West by increasing tensions with China, with which relations were normalized in 1991.

Reform or wreckage?

The dismantling of the state sector, with no development plan in operation, has wreaked the same kind of havoc in Vietnam that it has in eastern Europe—albeit in this case under communist leadership. The "reform" process has thrown 50% of the Vietnam economy into the "informal" sector, i.e., smuggling and other criminal activity, and untaxed activity. Another effect has been massive unemployment. By the end of 1990, more than 550,000 state sector workers had been thrown out of their jobs, and by August 1991, the number had risen to 1 million. At the same time, with Vietnam's withdrawal from Cambodia, half a million soldiers were demobilized. On top of that, 150,000 workers from eastern Europe and the Mideast returned to Vietnam in 1991. Inflation is running at an annual rate of 75% in 1992.

Williams does not report the extent to which this economic toll will soon begin affecting life expectancies in Vietnam. Although Vietnam has emerged as the world's third largest rice exporter since 1989, the *New York Times* has reported that the Vietnam National Institute of Nutrition reported that the caloric intake of the average Vietnamese is 16% short of the 2,300 calories recommended by the World Health Organization. A full 8.5% of households in Vietnam had an intake of less than 1,500 calories a person each day—a condition of chronic starvation. A full 51.5% of Vietnamese children are undernourished. The institute angrily pointed out that "Despite dietary intake inadequacies, the state has exported locally needed food and foodstuffs such as rice, peanuts, eggs, shrimp, fish and vegetables in order to earn hard currencies to pay debts and purchase essential raw materials for production, including agriculture."