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## **Discreet success of a rising Vietnam Leaders face same pitfalls as Chinese fellow Communists**

In spite of the ancient enmity between China and Vietnam, Hanoi's Communist leaders decided two decades ago to follow the Chinese rather than the Soviet model of reform in the Gorbachev era. That meant liberalising the command economy while keeping political control firmly in the hands of the ruling party.

So far, this strategy of capitalism without freedom has paid off. As Communist leaders ended their national party congress in Hanoi yesterday - retaining Nong Duc Manh as general secretary and choosing younger replacements for the prime minister and president - they were able to look back on an enviable period of economic growth and poverty reduction.

While the much larger economies of China and India have caught the world's attention, postwar Vietnam has discreetly worked its way out of the desperate straits in which it found itself in 1975. As in China, Vietnam's doi moi (renovation) began with land reform and an agricultural revival and is now attracting manufacturing investment as well as foreign tourists. Intel plans a microchip assembly plant in Ho Chi Minh City. Bill Gates of Microsoft was in Hanoi last weekend.

In order to maintain the momentum for growth, the government wants to secure membership of the World Trade Organisation and continue the partial privatisation of state-owned companies. Gross domestic product has grown at an annual average of 7.5 per cent in the past five years. The idea is to maintain that record and raise per capita income to Dollars 1,100 by 2010 from Dollars 640 today.

The parallels with Chinese success are striking, but Vietnamese leaders must not forget that they and their fellow Communists in Beijing have also made identical mistakes.

Environmental damage, corruption and lack of accountability are among the biggest threats to prosperity in both countries. Officials typically enrich themselves and enrage the public by securing and then selling state assets, especially land. In Vietnam, bribery and embezzlement are rife, a plague highlighted by revelations that transport ministry officials in charge of World Bank aid money lost up to Dollars 7m betting on European football matches.

The Vietnamese Communist party is unsure how to deal with this awkward mixture of corruption, capitalism and old-fashioned socialism. Following the Chinese example, the congress in Hanoi decided to allow party members to engage in private business, effectively authorising a practice that was already widespread, while the newly re-elected Mr Manh pledged valiantly to step up the fight against corruption.

In Vietnam, however, even anti-corruption investigators have been accused of corruption. Without the checks and balances of representative democracy, there is no one to guard the

guardians or champion ordinary people. This is the weakness of the Chinese model that Vietnam is following. ■