VIETNAM AS A NEW RISING ASIAN TIGER

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ABSTRACT

The paper studies Vietnam's economic success story. The authors analyze the historical background of Vietnam in the 20th century, including the initiation of economic reform programs known as Doi-Moi. The paper compares Vietnamese economic development with its main regional competitors Indonesia and the Philippines as well as other emerging markets. The paper provides the main macroeconomic statistics and analyzes the main categories of export and international flows of its export-oriented economy. Special attention is paid to the role and development of local infrastructure. The authors detail the country's success in promoting its education system and outline the peculiarities of the national culture. The paper discusses the country's road to success and its potential weaknesses (increasing competition from neighboring Asian countries, non-diversified economy, outdated business structure, aging population, authoritarian political system). Authors conclude that while the country faces many challenges ahead, studying Vietnam's experience in transforming its economy represents a practical interest to other developing countries.

Keywords: *Vietnam, economic reforms, Moi-Doi, education reforms, Vietnamese culture, ASEAN*

1. INTRODUCTION

The last several decades witnessed numerous successful economic transformations of developing countries, many of the most remarkable happening in Asia. Four of them - the economies of Hong Kong, Singapore, South Korea, and Taiwan – were called Asian Tigers for their rapid economic growth. At the beginning of the 21st century, Singapore, South Korea, and Taiwan had transformed themselves into newly developed countries with modern economies, hi-tech industries, established political institutions, and high-quality education. By some socio-economic parameters, they rival or even exceed many Western countries with much longer histories of established statehood.

Recently, many observers started to apply the same term "Asian Tiger" to Vietnam, underlying the substantial economic progress of this country. Vietnam underwent a long and difficult road to its independence and unity, waging many long wars in the 20th century. Only in 1976 after the brutal Vietnam War were the North and the South parts of the country united. Ten years later the country initiated a series of reforms which put Vietnam on an accelerated course to modernization and prosperity. Being one of the poorest countries in the 1970s, Vietnam in a short time managed to come close to its neighbors Indonesia and the Philippines to position itself as the most dynamic and perspective country in Southeast Asia.

Rising interest in Vietnam can also be explained by its increasing strategic importance. Vietnam borders the People's Republic of China (PRC), is a member of the powerful and influential ASEAN, and has a long shore along the highly contested South China Sea. With its rapidly growing economy, Vietnam has successfully developed relations with the U.S. and several European countries. With its growing population and increasing economic strength, the importance of Vietnam in the global economy and politics will continue to rise.

In this paper, we outline and analyze the main factors that contributed to Vietnam's socio-economic progress: a good business climate, developed manufacturing, an export-oriented economy, a global business outreach, and a hard-working and skillful labor force. The paper reviews the highly successful Vietnam's education system. We also outline the main characteristics of Vietnamese culture and its reflection in the local business culture. The papers conclude by analyzing the pros (low wages, favorable