

**VIETNAM'S REFORM IN CHINA'S
PERSPECTIVE: POLITICALLY AHEAD,
BUT ECONOMICALLY BEHIND?**

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Executive Summary

1. China's economic reform since the late 1970s has made it the most dynamic economy in the world while Vietnam's own version of reform (*Doi Moi*) in the mid 1980s has helped it top growth rates in Southeast Asia in the last decade.
2. Vietnam's opening and promotion of the private economy in 1986 followed that of the Chinese in 1978. More recently, Vietnam has been encouraged by China's impressive economic performance after its WTO entry. Vietnam became a WTO member in January 2007.
3. Though the media played up the economic achievements of Vietnam, Vietnam's impressive GDP growth is noticeably behind that of China's (7.7% versus 10.1% in 2004). Vietnam's GDP per capita was only about one third of China's (\$540 versus \$1500 in 2004).
4. Vietnam has also learned from its Chinese counterpart in promoting young and technocratic reformists and in retiring leaders after they reached 70 and more recently, 68. The Vietnamese Communist Party (VCP) also allowed private entrepreneurs to join the party in 2006, following the Chinese precedent in 2002.
5. Nevertheless, Vietnam has clearly surged ahead of China in political liberalization. The VCP held publicized and multi-candidate election of the Central Committee at its 10th Congress in 2006.
6. The Central Committee of the VCP also has greater power to supervise party leaders than its Chinese counterpart. The VCP has also withdrawn to a greater degree from the operation of the administration and state enterprises than the Chinese Communist Party (CCP).
7. In Vietnam, national legislators often throw tough questions at ministers in televised sessions. In China, legislators only ask ministers questions behind

closed doors. In Vietnam, national legislators are elected through direct and multi-candidate elections while those in China are elected indirectly by provincial legislators.

8. While Vietnam has expressed strong interest in China's economic reform and promotion of young reformists, China has so far expressed moderate interest in Vietnam's political reform. It remains to be seen whether China's leadership will embark on similar bold political initiatives adopted by Vietnam.