

Preface to the Preview Edition

Vietnam is experiencing rapid growth. The growth is broad-based and touches virtually everyone's life and generates profound social transformation in the entire country. This is not a narrow growth driven by natural resource exports or special economic zones only which enriches only a handful of people, as witnessed in some countries. Vietnam's growth basically follows the past development patterns of East Asia's high performing economies although a number of new elements, such as faster integration, must also be acknowledged. Vietnam is likely to continue to grow robustly and join the rank of middle income countries in the near future. Together with giant China, Vietnam has become an East Asia's shining star which attracts awe and envy from other low income countries around the globe.

However, success breeds new challenges. Winners are constantly challenged to take up new issues and climb to higher levels. Although Vietnam's macroeconomic records since the beginning of *doimoi* (1986) and external opening (around 1993) have been impressive, local firms remain generally uncompetitive and policies and institutions remain defective by East Asian standards. From the mid 1980s to the mid 1990s, growth was stimulated mainly by the one-time positive effects of economic liberalization. From the mid 1990s to present, growth has been supported by new trade opportunities and large inflows of foreign funds and knowledge. Vietnam, now in the process of deeper international integration, must make a transition from dependence on externally-driven booms to building internal sources of growth. Growth must come from value creation rather than merely quantitative expansion. At present, there seems to be too much emphasis on achieving macroeconomic targets such as growth, investment and exports and not enough interest in monitoring the progress of quality changes in technology, education, living conditions, and industrial competitiveness. Old mentality and passive complacency must be replaced by strategic positioning and pro-active thinking. These are necessary for mapping the future development path, coping with global competition, and avoiding the middle income trap.

The Socio-economic Development Strategy 2011-2020, currently under preparation by the Government, will be a very important document in making this policy reform. Through innovative policy orientation, it should analyze Vietnam's dynamic possibilities in the regional and global context and propose bold yet feasible directions and goals.

The Vietnam Development Forum is producing a book that identifies key issues likely to challenge Vietnam in its path to become the basically industrialized country by 2020. Although the work is still in progress, we would like to share with you some of the early ideas regarding overall policy vision, industrial strategy, inequality and inflation.

We hope that policy makers, business leaders and researchers will find this preview edition stimulating and useful.

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