

Is Vietnam a Market Economy? Recent Reforms and Agenda

by
Dr. Chi D. Pham

Chi Pham: Thank you, Dr. John Ikenberry. I don't think I'm up to his introduction, but I will try my best. I see here several colleagues and friends in this room that I have known throughout the years.

Actually, my original topic should have been "Reforms and agenda of the economic renewal in Vietnam." However, I'm caught by the headline news about the big fight between the catfish producers of this land where I belong to and the catfish producers from my native country, Vietnam. So I feel obliged to change slightly the topic of my discussion. So I put that as, "Is Vietnam a Market Economy?"

The reason for that title is that the U.S. Department of Commerce has recently given the ruling against the catfish producers in Vietnam, saying that they used some kind of underpricing and due to the status of Vietnam that they characterize as a non-market economy, when the government intervened heavily into the price system. So they underpriced the market and according to the U.S. laws or commercial laws, it gave rise to some anti-dumping or countervailing duties, which ran between 38 to 34 to 68 percent.

I see in there some officials from the U.S. Department of Commerce. I will be quite glad to discuss the topic with them. Unfortunately, the background is so wide, so far, to discuss this question openly, because somehow Vietnam's response has been quite passive and almost sentimental. On the other hand, the big international organizations, which have been helping support Vietnam in this reform have been quiet, because they say that they cannot defend one country member against another country member, which is Vietnam versus the U.S.

So as a scholar, I just feel obliged to raise the issue with you, presenting the picture on both

sides. I'll let you judge whether or not Vietnam is yet a market economy. However, I cannot hide my little bias, that I think without studying from our independent Routledge book on Vietnam—this book had been prepared two years ago and it just came out this year. But we worked on this book independently of the topic of the catfish.

Vietnam Has Implemented Many Reforms

So I hope it's an objective study to show that Vietnam has indeed implemented many reforms with help—some call them a functioning market economy, maybe at a preliminary stage. However, to get the status of an advanced market economy, they need to do more and more reforms. So that will be the topic of my discussion today.

The reason for which this topic becomes very important is that although the conclusion by the U.S. Department of Commerce may be academic in the report—I'm referring here to the memorandum by the U.S. Department of Commerce in November concluding that Vietnam is a non-market economy, NME. But it's not academic as such because it will have a very grave effect on Vietnam's future export earnings.

Because you know the news is also that after this preliminary ruling, against the catfish, the shrimp producers in the U.S. also are searching for a good law firm to condemn the shrimp producers from Vietnam as underpricing. I'm sure that after this it will be the turn of shoes, of clothes, of anything which is produced below the U.S. price or below other traders' prices. So this might be a very bad precedent for Vietnam's export earnings.

That's why I would like to invite all of you who are concerned to take a fresh look at the

case. I just hope to invite other people to re-look at the situation, because I feel that the BTA, the bilateral trade agreement, between the U.S. and Vietnam has just begun one year ago. That has helped to promote trade between the two countries. It will be most unfortunate if we hear about four or five other lawsuits similar to the catfish and that will cause a lot of problems for the trade between the two countries.

I'd particularly like to emphasize here that I don't wish to bring any political tone to my talk today. As you know, working on Vietnam in the U.S. is a very delicate subject. Trying to be a scholar, but one cannot avoid making some statements about the political situation, about other matters. Several people in the audience might interpret either I'm pro-capitalist or pro-communist or anything. I just wish to say simply I'm a humble scholar who likes to bring to light the various aspects of this discussion in a very professional way.

Department of Commerce Declared Vietnam Is Not a Market Economy

Now, the DOC, the Department of Commerce, came up with a rather strong conclusion that Vietnam embraces a non-market economy for the purposes of anti-dumping and countervailing duty proceedings. They rely on a number of key elements set forth in the U.S. Tariff Act of 1932. That's a very rich document and very well-documented and articulated. I just simply like to mention the five conclusions on the basis of which the DOC came up with the ruling that Vietnam is not a market economy.

Number one, the government excessively intervenes in the price system, so that prices of goods and inputs lose the significance of valuing these items.

Number two, the currency must be convertible, and yet there remain in Vietnam several exchange and trade restrictions.

Number three, although it has been encour-

aged, foreign direct investment still faces a lot of restrictive rules and regulations by the government.

Number four, the privatization of state-owned enterprises and commercial banks progresses very slowly, hindering the growth of the private sector and worsening the competitiveness of the Vietnamese economy.

Last but not least, private ownership of land is prohibited in Vietnam and the government has not yet embarked on the land ownership program along this direction.

Instead of going point by point for these five arguments, I just wish to gloss over those and come up with some conclusions, but you are invited to discuss with me point by point later on if you like. In my view, the five elements I just listed are too many to give a judgment to the fact whether Vietnam is a non-market or market economy. During my whole career as an economist, I think that I know only one fundamental factor to help determine whether an economy is a market, a non-market one – namely, the very first factor, whether or not the price system works well or not in the country. In other words, if the government intervenes excessively or not in this procedure.

The other four factors cited by the U.S. Department of Commerce are simply due to the fact that Vietnam is talking trade matters with the U.S., so they have to subject to the stipulation of the U.S. Trade Act of 1932 that I just mentioned.

Therefore, I'd like to focus principally on this first criterion to see whether the market system does work in Vietnam after so many reforms in the last decade. However, to be respectful to the DOC, I also try to gloss over the other four criteria.

Period of Economic Revival

I invite you to come back a little bit to the whole period of *Doi Moi*, economic renewal,

the Vietnamese word for economic renewal in Vietnam, which has been in place since 1989 until now. The reason for this *Doi Moi* is that Vietnam, after the takeover of South Vietnam in 1975, has adopted the Russian-style central planning systems between 1975 and '86, for both the North and the South.

The vast agricultural sector was collectivized into production and distribution cooperatives. Prices of manufacturing goods and agricultural commodities were administered. Food coupons, an integral part of the salary of civil servants, could be used only in state-run shops. In other words, you don't get a salary, you get a food stamp, like in this country, or food coupon where you exchange for food, in the early days. Inter-province trade was restricted.

Furthermore, the state-owned enterprises (SOE) had to follow central guidance with respect to input subsidies and sale of output. Those SOEs were required to annually provide a fixed contribution to the budget, regardless of their financial performance, and usually had to borrow from banks to finance their operations.

Central Planning Not Adopted in Depth

However, I should like to emphasize right now that unlike the case of Eastern Europe, central planning in fact was not adopted in depth in Vietnam. There was still the legacy of a market system in the South, even after 1975. There is the informal sector, which was flourishing thanks to the contribution by the overseas Vietnamese, who sent back about \$600-800 million a year during the years after '75. You have official numbers from the central bank last year that contribution by overseas Vietnamese was about \$2.4 billion, which might be equivalent to the total amount of all foreign aid.

Therefore, although in principle there was central planning, but this central planning was phased in conservatively and to a very limited

extent. The collectivization, as was centralization, were not undertaken to the fullest extent.

The market remnants still operate vibrantly, and that tends to facilitate the market-based reforms in the later stage, namely in 1989, when the government admitted the failure of central planning and they turned to international organizations to get the technical assistance to adopt the market economy with a socialist orientation.

Vietnam Liberalized Prices and Trade

With a lot of advice from the IMF, World Bank, ADB, I think Vietnam has tremendously succeeded in elevating the performance of the economy in the last decade. I have all the numbers in the book to show you, but sufficient to say here that Vietnam did embark on reform process very seriously by liberalizing prices and trade for both the domestic market and foreign trade. The decision made by agents of production, investment and consumption have relied more and more on market signals. Then it came the systematic reform by which the old economic management system was changed to a market-based one.

Such reform had indeed de-collectivized the agricultural sector, which had not been mechanized as that as its Eastern counterparts. The reform also revitalized the role of households as a core production unit, given higher autonomy to the state enterprise and averaged further integration into the world economy.

These measures were also supported by the land reform, which were designed to encourage agricultural production and boost domestic income, thus helping to maintain the level of consumption and aggregate demand as well. At the same time, the private sector has responded actively to increase investment and trading activities.

Therefore, we can see that facing the various challenges, especially exposure to the neighboring countries in East Asia with a booming

capitalist or market system, Vietnam has indeed engaged the new reform with a lot of success. So far, in my opinion, as well as in the view of several independent observers, the key elements of a market system have been indeed established.

“Free” Price System

Allow me to mention a few ones. The “free” price system—again, I put the word free in quotes. You don’t have a totally free price system anywhere in the world. A more vibrant private sector has been recognized, representing now about 60 percent of production activities. This observation comes from various books. Open foreign trade and the economic activities are gradually integrated into the flows of the former market, following the rule of law. In particular, one can mention the existence of the new Enterprise Law, which had been introduced in January 2000, which has explained the booming private sector for the last two years.

Let me mention here a few figures. I hope I’m not too boring to you. The number of private corporations has increased by almost 190 percent between ‘95 to 2002, while the number of state enterprises had declined by 26 percent. We have right now in the year 2002, last year alone, about 25,000 private corporations, in addition to about 2.6 million private unincorporated establishments. With the booming activity by the private sector, these companies alone invested \$3.4 billion last year as against a total of over \$6 billion so far.

Thus, I can say that the reforms have re-introduced the monetary stimulus to the system, which was virtually non-existent during the time of central planning. This stimulus helped boost the potential resources, especially in the agricultural sector.

It’s very interesting to note that Vietnam, as well as China, which it followed very closely, a successful case of reform: this case of Vietnam-China can be contrasted with the

sudden collapse of the central planning mechanism in Eastern Europe in the early stages. The reason for the sudden collapse in Eastern Europe is the closure of many state enterprises operating mostly in heavy industries, which have led to a sharp decline in production, disrupted distribution channels and serious unemployment.

During this period, the opening of Vietnam to the outside world has however redirected a straight flow from Eastern Europe to the new convertible currency zone. Increased flow of trade has stimulated also a boom in foreign direct investment, especially between 1992 and 1996, before the crisis in Asia. Therefore, Vietnam for the first time has been able to accumulate a stock of foreign reserves, about \$3 billion according to official figures, compared to zero in 1989, before the reforms.

Reforms Have Slowed Since 1997

However, it is not all rosy, the picture of reform. Since 1997, the reforms have slowed, but for internal reasons as well as for external reasons. The external reason is the financial crisis in East Asia in 1997 and 1998, we all know. However, the internal problems are much more serious. The SOE, state-enterprise sector, continues to be the most problematic and is a source of waste, corruption and a stumbling block against further reform and improvement efforts. The gap between the rich and the poor has widened.

If you ask me to look ahead, what would I think of the future of Vietnam’s development, I must say that the development environment in the next few years will not be as favorable as it was in the first half of the 1990s. Competition for export markets and attraction of FDI, as well as official development assistance, will be much more challenging. Although the neighboring countries are recovering gradually from the regional crisis, Vietnam’s economy may face a bad outlook, if the government fails to take bolder reforms

that encourage all sectors to contribute to investment and development activities.

In brief, I would like to say that if you look back at the five criteria that I mentioned at the beginning—I'm afraid some of you may have forgotten—the four criteria, number one to number four, unfortunately I don't have the list here for you to look again. I think the first four criteria of the DOC report have been met to a considerable extent, notably the principle that the supply and demand do work in Vietnam. As far as I know, in the last 25 visits I have made to Vietnam since 1990, I do think there is indeed a price system there.

Question of Land Ownership

The only problem is maybe the criterion five, namely that private ownership of land is prohibited and the government has not yet embarked on the land ownership program along this direction. I agree that this might be the most serious point, because as long as Vietnam pursues socialism or a market system with socialist orientation or whatever name you might call it, the question of land ownership is a most delicate one. I think that question is unfavorable in the eyes of foreign observers like myself or yourselves.

It is true that non-residential land is not owned by individuals, however individual residential land parcels can be owned privately. This is why in the last few years the government has issued a system of red books as certificates of land use rights, ownership, for these individual owners of residential land. However, land on the multi-unit buildings is state property and all agricultural land is state property. The government just came up with the idea of allowing the leasing of this type of land for 25-50 years and these leases can be used as collateral with the commercial banks. Another direction of reform is to reduce the land zoned as agricultural land. This is a good first step to have more serious reforms.

DOC: Vietnam Not Adhering to Article VIII of IMF Agreement

One of the major points in the DOC report was also that Vietnam is not yet adhering to Article VIII of the Articles of Agreement in the IMF. This Article VIII is simply the jargon of people working on this, but simply one country adopting Article VIII means that it has no more restriction on trade and exchange and has a freely convertible currency. Vietnam is not quite adhering to this, but it's on the way to adopting this in 2004. However, I'd like to emphasize that several countries in the world have not yet been classified as Article VIII countries according to the IMF definition, and yet they are so well-known by the world community as a market economy.

If I'm not wrong, China has become an Article VIII country only in 1996. As you know, China traded very actively with Vietnam and Eastern Europe long before 1996, specifically from 1984 to 1996 under the reform. China was a very big trade partner of the Western world. No one has ever raised the question whether or not China is a market economy. I would like to say very firmly now that if you apply these five or six criteria of the Department of Commerce to China, one should call China also a non-market economy. I wonder how come that the U.S. or other partners in Europe have not brought suit against China, when they have accumulated about \$200 billion of surplus in their foreign trade so far.

Allow me to conclude with three points. This is a very difficult and delicate topic, an area not only of economists and traders but rather now an area for lawyers to judge. But I still like to stick to my professional role as an economist. My three points are as follows.

Number one, my utmost concern is that the slowdown of economic reforms in Vietnam has indeed increasingly put obstacles on its economic performance and kept its growth rate well below the potential level, thus involving a heavy cost for and generating a

bad perception of the Vietnamese economy, as evidenced by this DOC rating that we just talked about. Therefore, it is time for the government in Vietnam to review the overall progress made so far in *Doi Moi* and accelerate the reforms, notably in the two following crucial areas.

Vietnam Must Address Political Economy With Bold Policies

Number one, the political economy would have to be addressed by Vietnam with bold policies, such as those adopted recently by China, to recognize both the political and economic roles of the private sector, should Vietnam wish to achieve a more advanced market economy status. Second, the concern recently shown by the government about governance and transparency should be accompanied by systematic and expeditious measures to improve it. However, both subjects go beyond the scope of my brief comments today. But I welcome suggestions by my two distinguished colleagues who are my discussants today and other distinguished speakers in the audience.

Coming to the second point, in light of the subject currently discussed by prominent American figures for the U.S. national agenda – I’m talking here about paper by Niall Ferguson in the *Foreign Policy* magazine of January/February this year—that talked about the question of high moral ground for the U.S. as well as the question of credibility. The latter was mentioned by Dr. Kissinger in the radio speech that I listened to recently in my car.

I think for a great country like the U.S., these two questions—credibility and high moral ground—are very important. In our context, admittedly while the current trade issues between Vietnam and the U.S. are very complex and controversial, new consideration, in my opinion, should be given to the implications for long-term relationships and interests.

Trade Increasing Between the U.S. and Vietnam

The BTA, bilateral trade agreement, between the two countries is only one year old and bilateral trade between the two countries has rapidly been increasing. Vietnam has made significant reform to liberalize its economy and create a competitive environment for integration into the world market. It is expected to make further reforms, I hope, especially in its legal structure, to comply with the BTA as well as to apply for WTO membership.

At this juncture, I believe that the case for assigning the NME, non-market economy status, to Vietnam should be made more convincingly not only to Vietnam but also to other countries that export to the U.S. So that in the future whenever there is a need to apply anti-dumping rules, including heavy countervailing duties, the U.S. will be on solid ground, beyond reasonable doubt.

Last but not least, I’d like to address to the lawyers, some of them might be here, who are representing Vietnam’s interests in the current trade lawsuits. In my opinion, Vietnam should be able to present more convincing arguments, including those legal, economic and comparative ones, so as to rebut more efficiently the conclusion of the November 2002 DOC report that Vietnam is an NME, non-market economy.

I’d like to repeat for the benefit of our dear lawyers, the most important feature of a market economy is it functions de facto predominantly based on supply and demand, free of government intervention. Other aspects, such as ownership, corruption or even legal forms, may have some influence, but are incidental. Even the state enterprise may be owned by the government, but they can function on commercial principles, or even the worse subject of corruption may make the economy less efficient but does not prevent the corrupted producers from practicing cutthroat price competition.

I'd like to cite an example in Thailand, Indonesia, China or even our friend Russia. Rule of law, the beautiful word, may not always exist in the actual management of the economy. China is the most prominent one, which is a one-party state, and yet we all know it is considered a very active market economy. Similarly, so many other de facto one-party states, like Singapore or Chile under President Pinochet before, are also market economies.

Last but not least, I'd like to ask you this question, our friends across the border in Western Europe, France. They were under the socialist government for a couple of years. Did you call them a non-market economy when they were under the socialist system?

I'd like to open the debate, first to our two discussants and later on to all of you. Thank you for your attention.

Narankiri Tith: Good afternoon, ladies and gentlemen. First of all, let me thank the organizer of this seminar, in particular the Sasakawa Peace Foundation USA. Of course I'd like especially to thank my friend and colleague Chi, who personally has suggested my name to be one of the discussants. It is a particular honor and pleasure for me as a Cambodian coming to discuss Vietnam, which is rather unusual. I wish it happened more often.

But I am not here as a Cambodian, I am here as a student of Asian affairs. I have taught Asian economics and transition economies for the last 26 years at SAIS-Johns Hopkins University and I also was with the IMF in charge of institution building. I visited China and many other – Russia and so forth, and Vietnam in particular, many times, so I have not only a bookish view of the economic performance of these transition economies but I do have also some operational aspect of the performance of these economies.

I will divide my observations and comments into two parts. One is that I will direct the comment on my friend, Dr. Chi's presentation.

I will add something, it is already comprehensive, his presentation. However, he left a little bit of room for me to make some additions, particularly in two respects.

One is with regard to the political economy aspect of Vietnam—that is, governance, with a state governance or corporate governance, which has become a buzzword after the financial crisis in Asia in 1997.

You will see why, I have distributed a piece of paper, it's called "Political Institutions in Governance." It divides into corporate governance and state governance. You will see the implication of that with regard to the reform in Vietnam.

The other one is it's interesting to compare the performance of Vietnam's reforms and that of China. Chi has raised an interesting question, maybe philosophical as well as factual, that why China is a communist country, totalitarian and so forth, and yet it is considered more of a market economy than Vietnam. That is a very interesting question. Of course, I do have my prejudice in that issue, in the sense that I have my own idea.

I have visited China many times, participated in many seminars with the IMF and outside the IMF, so therefore I will provide some answer to that as well. It would be interesting for Vietnam to look at it squarely and fairly, why Vietnam is dragging on, why China is moving forward. To the knowledge economy and ICT, for instance.

The observation I'm going to make with regard to the presentation of Dr. Chi Pham concerns the five points that he mentioned with regard to DOC classification of Vietnam as a non-market economy. Before I do that, I would like to put it in the following framework. You can judge the performance of Vietnam and particularly the reform, whether micro or structural reform, in two perspectives.

Vietnam's Future Performance an Important Question

One is to say that to meet the criteria of DOC. But the other one, more important to me, is how Vietnam is going to perform down the road. That is the more important question than whether to meet the DOC or not. It's not that it's not important, but the most important question for Vietnam and for the people of Vietnam is how can the economy become more dynamic so that they raise the standard of living of Vietnam as China does. So that's the two aspects of it.

With regard to the five points, I agree that you have to divide the conclusion in two parts also in the sense that one with regard to microeconomic policy, the other one with regard to micro or structural policy. There's no question, during my visit to Vietnam that I observed since 1989, three years after the reform of 1986, I have seen Vietnam's reform moving on the micro level. Meaning, they change policy, fiscal policy, monetary policy and so forth, in a very consistent way and use it rather adroitly to sort of correct the micro-economic imbalances.

There's no question that there is a tremendous improvement, looked at in a broad basis. At the micro level, that is the problem. But if you want to look at the micro level or structural reform, that there are many problems, because it has to do with political economy. It doesn't have only to do with economics.

Industrial Economy Will Lift Vietnam Out of Poverty

Why do I say that? Simply, when you come to reform of enterprises, reform of property rights, land ownership and legal systems, judicial systems, corporate governance and all that, is tremendously complex and complicated. We have to look at the structure of the economy of Vietnam, also as Chi pointed out very clearly, this is essentially very concentrated in the agriculture or primary producing,

whether it's all aqua-agriculture, agriculture. Manufacturing is very minimal. But down the road, if Vietnam is to get out of the poverty and the income maldistribution as it is today, it is by industrializing the economy that Vietnam can get out, as China is doing, or has been doing rather successfully.

This brought us to look at the utilization of resources. In my observation of the Vietnamese conducting the reform, unlike China, Vietnam is reluctant for some reason, which I will speculate later on. And I insist on the word speculate because I don't have very firm information on that except hearsay here and there, is that China calls themselves communist, but in reality they are not. They are basically fundamentally very business-like. Most investors, when they go to China, they feel that way. Whereas Vietnam tried to prove that it is a market but in reality it remains basically socialist and staunchly so.

Vietnam's False Pride

Why is it so? My observation is that China never viewed communism as an end to itself. China viewed communism as a means to an end, whereas Vietnam, it seems to me and many of my colleagues, viewed communism as an end. Why? Because Ho Chi Minh was a founder of international communism. So that pride in the foundation of international communism has dragged Vietnam down the road for a very long time. Unless Vietnam gets rid of that kind of false pride, they will continue to persist in this falsehood and drag on for a long time. So that's why I say this is my speculation, take it any way you want to, but that's my observation.

But the practical consequences of these two models are absolutely different. China, for instance, with regard to its approach to enterprise reform, I've been there in 1999 and looking at 35 large state-owned enterprises, looked at governance, looked at productivity, looked at the organizations and so forth. We found... this is for the Swedish international aid

development agency and for UNDP. We found that in '99, the state-owned enterprise of China is pure waste, absolutely waste, money pouring in, drawing from different parts of the economy that is working well and poured into that, so it's a waste. The Chinese government recognized that. So they started to what they call a process of corporatization—not privatization, but corporatization.

What does it mean by corporatization? It means that the government still owns it, but the government will divorce itself from the day to day running of the company. It will create a board of directors that will provide the independence of decisions with regard to hiring, firing, decisions what to produce, where to produce, where to buy from, where to sell and so forth.

Unfortunately, that also is now just starting in Vietnam, what they call corporatization. So Vietnam is watching China very closely, with a lag, huge lag.

Developments in China

But in China, first of all they recognized that. But because of the fear of instability, they were not able to push as hard as they wanted to push it. Because the Chinese feel tremendously instability—by that I mean if you fire labor, for instance, if you don't build a social program to take care of the fired labor, you will have a tremendous problem of social instability. So the Chinese government has established the social security system to take care of—if you fire them, you must take care of them at least provisionally.

The other compensatory form, to take the people who were fired from these SOEs, is to encourage the development of really private enterprise, or what they call non-state enterprise as well. So there again the Chinese are very pragmatic. They allow the private sector, the so-called non-state sector, to be developed very fast. The Chinese, unlike the Vietnamese, they think of their overseas Chinese. They

invite the overseas Chinese to come into China.

They have given these people absolutely free rein to invest anywhere they want to, especially on the so-called free economic zone on the east coast. But now they move inside. They move much further west, which is where China has problems because of the poverty and so forth.

So the Chinese are using their overseas citizens – not citizens, but the same racial group, to come and help China develop. It's by pure decision of that way, that's why China was able to develop all this technology, including the information technology, communications technology. Not to talk about missiles and so forth. These are all overseas Chinese.

Whereas Vietnam is reluctant. Vietnam does not trust the Viet Kieu, always viewed them suspiciously. That's the difference between the two, between Vietnam and China.

But Vietnam has a tremendous asset. One asset has always been the fact that the image of Vietnam is tremendous. Everybody is absolutely enthralled by the Vietnamese, for very good reason. Vietnam projects to have a very educated labor force, a very disciplined labor force, technically inclined. The domestic market of more or less 70-80 million people is enough for anybody to be interested to produce for the consumption of Vietnam.

But unlike China, Vietnam is not always easy to deal with, as I heard from many of these people going to Vietnam. On paper it looks good, but when you go to Vietnam it is a mess. You have different, for instance, zoning, different authority responsibilities to buy land, to have any kind of approval. You have the central, the provincial, the local and the land overlaps responsibilities, it makes a mess, very difficult to do anything about it fast and quick.

The Asian financial crisis brought to the fore the problem of Vietnam. Vietnam has been

increasing its rate of growth double digit up to 1997. When the Asian economic crisis came, the vulnerability of Vietnam became absolutely obvious. The rate of growth fell and then slowly it started to come up 3-4 percent and is now estimated around 6 percent. Don't forget, it came from a very low base.

So my look at Vietnam is like a colleague of mine who observed this way, said Vietnam is a potentially eternally dynamic country. You have to knock off those two, "potentially," and particularly "eternally." So Vietnam will have to come to the fore and do like China, be pragmatic, and therefore allow all these reforms, particularly structural reform, to take place, with the governance, particularly the state governance and the corporate governance.

Pervasive Corruption in Vietnam

The state governance, this is a major problem. Transparency is not there. Corruption is pervasive. There are definitions of two types of corruption. One is called functional corruption, the other one is called pervasive corruption. What's the difference between the two? In China you have functional corruption. Functional corruption means simply I ask the Chinese, what is functional, because that's what they told me.

Well, you know, when people ask us to do something for them, we'll do for them first then if they remember us, they give us something. That's not corruption. That's pragmatic of the Chinese. Whereas pervasive corruption, you bring money first, we'll see, maybe, maybe not. That's the difference between the two.

Vietnam is a more pervasive, systemic corruption, but Vietnam should, like many other countries in Asia—by this I do not, by the way, support corruption—I'm talking about a pragmatic approach. Thailand had the functional corruption, Malaysia has functional corruption. Only Singapore doesn't have corruption. So by that I mean, be pragmatic. I'm not

trying to be pure white in any economic management, but be pragmatic.

Vietnam Needs Overseas Vietnamese

So if Vietnam – but as long as this ideologue, the party remains there and looks suspiciously at any kind of new idea, particularly those who can bring not only money but knowledge. I'm talking about overseas Vietnamese, as the Chinese tried to attract and are attracting a tremendous number of people and money and knowledge – then only Vietnam can get out of the mess that it is going through now. Thank you very much.

Viet Vu: Thank you very much for the Sasakawa Peace Foundation to invite me as a commentator today. Also thanks for the paper by Dr. Pham. Let me have two comments on his paper, but first let me say that I am still working for the United Nations, but I come here and speak personally, not on behalf of the United Nations.

Let me have two comments on his paper. One is that it seems to me the DOC ruling on anti-dumping on the catfish in Vietnam is basically attacking the small farmers, who are basically working privately. So it's affecting the private sector that the DOC or the U.S. government wants to encourage to develop in Vietnam. These are small farmers. So I think that this is quite an important point.

Ruling Against Vietnam Has Legal Implications

The second point I would like to make is that the ruling against Vietnam as a non-market economy—this ruling is in disregard of any special study of the catfish itself. So if the ruling on Vietnam as a non-market economy, and if catfish are considered as dumping, then every kind of product produced in Vietnam exported to abroad would be dumping practice, including those produced by private or by the government or by FDI. This legal implication, I think that should be looked at.

After the ruling, now the DOC is sending people to Vietnam to investigate whether the prices in Vietnam and compare it to the prices exported here, whether they are dumping prices or not. So this is after the ruling on non-market. Then I think that the ruling here is really a blanket ruling against Vietnam and against – no matter how you look at it, I believe that you have to compare with other countries like China, like other countries that are considered market economies, and see whether this ruling is discriminatory or not.

So these are my comments. I don't think that I have much to say on this aspect, but let me review something about the reform of Vietnam, giving you some more details.

Market Economy With a Socialist Orientation

I will talk only about the direction of reform. I will not discuss about the current status or view. The direction of reform and the reform in Vietnam is a market economy with a socialist orientation. That is what Vietnam is trying to say they want to construct in Vietnam. So I want to review that. I also want to review the role of the individual in society. I want to review how Vietnam will integrate with the global economy and the pressures that Vietnam is now facing, so that you can see the direction of reform in Vietnam.

The market economy with socialist orientation – what does that mean? Mr. Pham already talked about it, but I briefly go through here. Prices in Vietnam are basically now set by the market forces, except for a few that are monopolized by the government. These few include electricity, telecommunications like telephone and so on, and a few other – basically it is the two big things that Vietnam now controls the prices.

Wages now are determined by market forces, constrained by a minimum monthly wage rate. Public enterprises now are allowed to hire and fire labor. Banks are allowed to operate on a

commercial basis. Loans are supposed to not be directed by government plans. For example, this year 60 percent of the loans are given to the private sector. So there is a change in that.

In order for the private sector to borrow, and most of the private sector are now small, so how can they borrow the money? They need collateral, they don't have collateral. So the government says that from now on – from last year on, the farmers or the people who own the land, even the land leased by the government, could use that as collateral in order to borrow the money from the banks.

The reform already allows people to have a lease for 25-50 years. So basically, in the short run—50 years is not short, but in the short run, it's more or less private, because you can trade the lease, you keep it for quite a long time. The plan now is they want to extend it, maybe 100 years. Why they do that? Because there are a lot of opposition by the communists in Vietnam against privatizing the land. So the only way of going further reform is to extend the lease and to make the lease tradable in the market. That is the plan that's going on now.

So that ties up with the development of the private sector. They need loans, they need money, they need capital. They now can use land for collateral for loans.

There are laws now saying that private enterprise are not supposed to be discriminated in terms of loans or the right to export and import. Every private enterprise can export and import now. Every single individual is also allowed to export and import. The private property, except for the land, the private property in general and intellectual property are guaranteed. Now is the rule of the law. That is the basic reform that the government is heading to.

What is socialist orientation? Basically, it is the leading role of the party and the state

enterprises. The party is still taking the leading role. It will decide who will be in the government. Basically it will decide who will be appointed to the board of directors of the state enterprises. It also means that the policy is to make the state enterprise strong.

But as far as up to now, the state enterprise is not becoming stronger, it's becoming weaker. Its role has been reduced significantly in the economy of Vietnam. So the government will continue to have some monopolies, they will have a monopoly on the distribution grid of the electricity. It means that I can own a grid, but the producer of electricity could be private. So the government owns the grid for distribution of electricity and now private enterprises, including FDI, are allowed to invest in the production of electricity. The telecom lines, airports, harbors, production of armament, dangerous chemicals and cigarettes, these are government monopolies. I just took these from last year's decision.

Role of State Enterprises

In terms of the role of the state enterprises, ownership of up to 100 percent of any kind of activity that is deemed important to the national economy, the government may own 100 percent of an enterprise. It doesn't mean the government does not allow other private enterprise to develop, and the private enterprise can be developed in any sector except the few I talked about. But the government wants to have 100 percent ownership of a few enterprises they deem important.

They will also say that the state-owned enterprises continue to be set up either by the national or local government. I would speak further on this problem later on. Land is public property except residential land.

When we talk about public ownership, the question is do state-owned enterprises make the economy non-market? I don't believe so, because there are many economies in the past and even now have a public enterprises. You

remember in the past Britain, France, Italy, Austria, have a very large public sector, state corporations. Now they are trying to privatize it. So state enterprise doesn't mean that it makes it non-market.

But in Vietnam, if I were Vietnamese, I could see that there's some need for the government to give up state enterprises. You can see that most Vietnamese don't have capital, they are poor. Probably 99 percent of Vietnamese are poor, they don't have the capital to do any kind of significant enterprises. So how do you get moving?

You get the role of the government. I don't see any problem that the government is trying to have the money, build up certain enterprises. But the problem is that initially it's needed. But later on, in order to increase efficiency of the enterprises, the government should privatize it. This is where privatization comes into being. I believe that at this point in time, many state enterprises in Vietnam should be privatized.

But the role of the government is necessary, and you can see the role of the government in building up state enterprises in Korea, in other countries. That is the foundation for these economies to grow quickly, but gradually they privatize that. I am not going to discuss land ownership again.

So what is administrative reform in Vietnam, is there any change? It's clear that now, it's written even in the constitution that it has to be the state rules by law. It's not to say rule by the communist party. Obviously you can see that they will have a strong influence and try to influence things. But when the laws are developed, they have to face with how to deal with the laws as an independent institution of the nation. That takes time to develop. In the old system, everyone—you are a person or you are an enterprise, or you are free to apply and only the authorities are allowed to accept it.

If I want to establish an enterprise, even a small shop, I have to go to the government and apply. It takes time to approve. I have to pay them off, or if they don't like me they would not allow it. But the new laws say that now people can be free to do what—it's not prohibited by laws. This is similar to what we have in this country or in other countries, rule by law.

So now from the last two years, if you want to open a private enterprise, you go to register, you go to register number to pay taxes and you run your business. You don't have to apply, you don't have to get authorization.

The last one that they put into the policy recently is hiring civil servants through exams, but I haven't seen that implemented, so that is wait and see.

More Transparent System Required

Here is the structure of the reform, which requires in the future real reform for the transparency of the system. Let's say you have the central body, the communist party, and then you have the ministries and the local party, you have a local government. Let's say you have a bank that has the national office. So it has a provincial branch and then it has a district branch. The head of these is appointed only if it's accepted by—even you have the head of the bank who wants to appoint the provincial head of the bank, it has to be approved by the local party.

The law is not written like that, but the influence is there. So you can hardly get someone who is really good in running the show. It's very difficult to get rid of that guy. This is a problem of the administration in Vietnam. I think this is crucial for the reform.

Role of the Individual in Society

The roles of the individual in society now. Obviously now the freedom to enterprise is guaranteed, and the freedom for enterprise I

think is a most important one to—is a material foundation for protecting your own freedom. Before everyone has to get some job from the government, now you don't. You have your money, you set up your job, you decide to work for whoever you want. That is important for protecting your own freedom. This is important.

But still, Vietnam doesn't allow for no freedom to organize association or NGO. All of these newspapers, magazines, must be spin-offs from some authorized groups. No freedom for residence. A person who lives in the countryside doesn't have the freedom to move to the city. This is a problem. Why? Because maybe before it's because of security, now the argument is that they don't want to increase the number of people in the urban areas. They can still go to live in the urban areas, but they do not get a lot of services, like they cannot send their children to public schools because they don't have a residential permit, for example. So there are a few things that individuals are not fully guaranteed with their freedom.

The last point I want to make, the pressure for reform. You can see that from 1995 until 2002, state enterprises created only 68,000 jobs, while the FDI created half a million and the private sector created one million. So the state enterprises for the last seven years did not create jobs, while the economy is growing by one million people a year. So the only way of creating jobs and avoiding the country into instability is the non-state sector.

Also there is a growing pressure from the FDI enterprises. In 1995 it's only 15 percent of the GDP, now it's only five—in 1999 it's only five, but I suppose in 2002 it goes up to about 30 percent. So you see that in order to survive, what does the government do? They have to open up the private enterprise. They have no choice. Given that from this year on, with the participation in the AFTA, Vietnam had to reduce duties this year. Cut by at least half.

That is all of the conditions or pressures that

Vietnam had to reform. They have no choice to go backward. Thank you very much.

Q&A

John Ikenberry: I think we're going to open things up. Please identify yourself and then ask a question or make a comment and direct it to our panel. As we go forward, Dr. Pham will have a chance to respond to his colleagues and weave his responses to you in with his responses to the discussants. The floor is open.

Questioner: I'm a friend of Dr. Chi Pham. My question is, why should Vietnam look at China as a model? Why not South Korea? We can do things much faster.

Pham: I am a friend of Mr. Chu as well. This answer is not too friendly, I'm sorry. For pragmatic and historic reasons, maybe Vietnam, China, North Korea, Laos are the only four so-called socialist countries left in Asia. These countries have—and actually Vietnam has watched China for a long time. I think for practical reasons, I know Vietnam looks at China in terms of economic reforms. I think the China experience has been tremendously successful.

So although I do agree with you that one should look at Korea as a model, but for practical reasons I don't think it's a real possibility politically and historically. So my suggestion is pragmatic.

Questioner: If I could just ask a very elementary question, I'm not an economist so I don't have an economist background. Can you draw out the implications of this for me, especially what it's actually going to mean for the Vietnamese farmers, the implications of this non-market economy status?

Pham: I'm also an elementary student when it comes to this catfish business. I just learned about that only a few weeks ago. However, I do have to spend some time with this research, and I feel that there is complete silence in the

world scene for the poor farmers in Vietnam. My honest answer is this.

I just learned from the electronic newspaper that in the last week since the ruling of the U.S. DOC, actual catfish prices have gone down 30 percent. When you sit here in a nice living room in Washington, you might think as a student of market mechanisms, you might think that after this ruling maybe the price will go back to its normal price. Namely, if they underprice the catfish price in Vietnam in export, now after this the price should go up. No, it's going down, because they know that demand will decline here because of the duty.

Catfish Decision Hurts Vietnamese Farmers

So the big implication is that the trade has started. Unless I'm cheated intellectually as well as factually, I do not believe that there's a so-called anti-dumping for catfish. I'm not talking about everything else, but for catfish. I don't believe—and after 25 visits and seeing things, I don't believe that is a case of anti-dumping. So I think the direct victim of this will be poor farmers, if that answers your question.

I really hope to involve someone from the U.S. Department of Commerce here, because I feel there are almost no lawyers or any authorities in the world to speak out on behalf of these poor farmers from Vietnam. Thank you.

Questioner: I'm a lawyer. I don't know the facts of the case, but it seems to me that every legal decision is reached usually based on a very limited evidence of facts or circumstances in this case. Perhaps the party representing the Vietnamese government did not present all the argument that you just presented.

Pham: Yes, I agree.

Questioner: On top of that, this is a preliminary ruling allowing the party to go into

Vietnam to conduct investigations. So knowing that the legal reasoning might be weak, but it needs to buy time to conduct an investigation. Of course we have checks and balances. You can always appeal the ruling, the ruling can be reversed. So just to be fair to the legal system we have. The decision might be incorrect now, it might very well be correct based on the limited set of facts that were presented in the case.

Pham: Thank you, I am glad to talk to a lawyer. I always wanted to go to law school, maybe that will be my second career in my next life. I do think that this is unfortunately a case of poor guy against a rich guy. I don't think there's anyone in the world who represents the poor farmers from Vietnam in this fight, even the government. No one is willing to spend \$2-3 million to have a prestigious law firm, I'm sorry to say.

I tell you quite frankly, I'm most motivated to bring out this case because of a personal incident. I drove my car, I stopped at the traffic light and a guy coming out hit me in the back. He apologized: "it was my fault, I was talking on the phone, so I cannot use my brakes in time." I said "fine, give me your insurance."

Unfortunately it's an old car so to save money on the insurance I did not have collision insurance, I just had liability. So the insurance company, after they find out about that, they tell me it's not the driver's fault, it's the car's fault because the brake did not work, so it's not the driver's fault. Then they brought out a lawyer and of course I cannot pursue that. So I gave up, although I spent \$4,000 to speak to a lawyer and then fix my car. Then I decided to bring to small court. It's still going on.

I see right now the catfish story is the poor guy against the rich guy. I feel it's an injustice. I spent a few weeks to do research on this and I came out with this paper. So I must be honest with you, I'm motivated by this personal case to know in this country there is law, but as a poor guy you are not defended at all by lawyers.

Questioner: That's a separate issue.

Pham: I know, but I am honest with you why I am motivated to bring out this case of Vietnam. I talk to my colleagues from big international organizations, they are quiet. They say we cannot speak out to defend Vietnam against the U.S. They are both members. However, I have done some books and papers praising Vietnam as a market economy after the transition. Everyone is quiet now because of the game. So I am out of the IMF now, I can speak.

But to be honest with you, if I still had the IMF hat I don't dare to bring out this paper, I would have to resign. That's the game in the world. Vietnam has to put up with this game if it wants to succeed. Earnings from exports are good, so the government must be willing to spend a few million dollars to hire Mr. Bui so that we may win.

Vu: I think probably they don't have the money to pay. Lawyers are paid by the importers' association in the USA. Vietnam now is worrying about a second case, shrimp. Shrimp now is brought up similar to catfish. Shrimp is much more in terms of the export value. I think that whatever happens, I believe that Vietnam is at least more growing up in terms of dealing with the USA.

I believe that in the past, if something happened like this, they would jump up and say that this is an imperialist policy and so on. But now they deal with it pragmatically in terms of law, in terms of trying to convince the DOC here. But I think they are not that successful and don't know how to deal with the situation, who are working with them and how much they know.

But the question here is mainly, the first ruling is purely economic. Whether it is non-market or market has nothing to do with the law. I don't believe it deals much with the law here. It deals with very subjective things. What is a market economy? Is Vietnam a market economy or not?

Questioner: Obviously that question is basically decided by the bilateral trade agreement, otherwise we wouldn't have this relationship with Vietnam. Somebody is basically framing the question, it's not whether Vietnam has a market economy or a non-market economy. The United States traditionally does not have any kind of trade agreement with non-market economies. So the moment we have this bilateral trade agreement or acknowledgement that Vietnam is becoming a market economy. The ruling, aside, prejudice perhaps, is a different kind of analysis. There's a lot of political influence, a lot of people, a lot of pressure to make a ruling, they are buying time perhaps.

Pham: Dr. Tith, do you have any comments?

Tith: No, on this little detailed thing, I'm more interested in the broader framework.

Pham: I would like to talk to lawyers.

Rise of China Affects Vietnam

Ikenberry: I want to just ask, how does the rise of China as both a market and a competitor affect economic development in Vietnam? On the one hand, you can see China as this great market, with its growth creating regional growth, but also as many of the neighboring countries around China who are entry-level trade countries are discovering, is that China has the capacity to be a kind of low-cost producer in lots of different entry-level areas. So the question is, how does Vietnam but also the other small entry-level trade countries think about China? What are the opportunities but also the dangers, and how regionally is Vietnam and its neighbors thinking strategically about China?

Tith: My take on that is that right now all the countries in Southeast Asia are looking toward China, more and more so, as the U.S. is sort of bogged down in the Middle East for political, diplomatic and economic/financial reasons. A lot of this investment that used to go to other countries like Vietnam and Cambodia, Laos

and so forth have now flown to China. China has established definitely a base of development and dynamic economic development.

Economic Reform Followed by Political Reform in Asia

More and more changes are coming. I attended a seminar three days ago, it's called the ABC's of political reform in China. So the socialist country sequence of reform was that in Russia it was political reform first then economic reform after, whereas in Asia it's the other way around.

China now has reached the point where they have no more excuse of saying we need to develop more economically speaking. The fact that China has joined the WTO even brings to the fore the urgency of liberalizing the political system. So the suggestion in China, as I was attending three days ago, that China now is looking toward the total separation between the party and the government, and they suggest a direct election of the president of China, the president of the republic of China.

They also suggest a separation of the People's Congress and make it into a bicameral chamber, like the Senate and National Assembly. They also suggest the separation of the powerful committee, military commission, that used to be run by Deng Xiaoping and so forth, to take it away from the party but give it to the government, which is a function of the government to run the army.

So those are tremendously important evolutions, and plus representative government, that the people power will come into play. They have experiment at the local level, multiparty system. These are things to come along that the Chinese have accepted. It's a matter of how the stepping stone crosses the river, so to speak. So conceptually, the Chinese have accepted that already. That's very important. So they have completed—mind you that they don't have that yet, but if they have all that there's no way you can stop China from being

more developed. This will create problems for countries in the region, especially for Vietnam.

East Asia May Not Need U.S. Market in the Long Run

Vu: I think that the long run is that the economy of East Asia—Japan is a big market. Then China and then with Southeast Asian countries, it will be a large market, if the economy of these regions will grow. Probably in the future they will not even need the U.S. market. If you can look into the long run.

In the short run, I can see that people in Vietnam are worried about the export of Chinese goods into the Vietnamese economy. You can see that is happening throughout the world, that everyone thinks that in the past they could export to the Chinese market. But the reverse was true. You got more from Chinese goods than exported to China. So in fact Vietnam was worried about this one.

I believe that Vietnam was not influenced by looking to China as you thought. Basically they look more into the model of Korea and the model of Japan than China. When the reform in Vietnam in 1989 was formulated, that means that we feel the prices and then we give back the land to the families, destroy the cooperatives and so on, and free enterprise.

It's already calculated that the state enterprise in Vietnam could not compete. At that time, there were less than 1 million people employed in the state enterprise system and they received more subsidies than taxes paid to the government.

If they totally collapsed, it would be fine for the economy. There would be net gain. You can pay them off for one year and it is already prepared that way. But under pressure, the state enterprises grew and they could stand the competition with many products in China. So the beers in the past were all from China. After the reform, you didn't see Chinese beer in Vietnam, because they are of lower quality

than Vietnamese beer. Under pressure, I think that the economy will work.

Questioner: I feel I have to speak up or else I wouldn't be able to face Professor Brown again. I am with the Department of Commerce. However, I need to qualify that I am not with the part of the Department of Commerce that deals with anti-dumping and countervailing duties. I have some understanding of the subject that I think might help illuminate the discussion a little bit. I thank my friend for explaining the way decisions are made in a law case is not necessarily the way we think things should be done.

Perhaps the clarification that the non-market economy decision and the anti-dumping of frozen catfish are really two separate decisions. They don't really have a direct connection with each other. I think I need to bring that out in view of Dr. Pham's discussion of the decision.

There is no direct targeting of small farmers in the non-market economy decision. All that does is to determine what kind of methodology will be used in any kind of anti-dumping case, whether the prices that are to be applied to do the calculations will be collected in the economy itself or in another economy because the economy is deemed to be non-market. I think that may explain why certain decisions are made.

As far as the anti-dumping case, Vietnam does have legal representation. The process for arriving at the decision does have on the U.S. side a certain transparency procedure to it, meaning that any one of you could have made or put in a reason as to why the decision should be market or non-market. There was an opening for that and it was published in the Federal Register. So it's not a mysterious process, as some people might think it to be.

I wish my colleagues at the Vietnamese Embassy would also speak up and give their view on the process. Thank you.

Pham: I'd like to address my reply to both the representative of the DOC and our distinguished lawyer here. I know this is a legal process, and there are beautiful arguments I prepared for that legal process. Unfortunately, I think the DOC process is not very scientific and transparent as our friend just mentioned.

I really wish after our conference today some of you be kind enough to give public answer to the points that I mentioned today. There is no ruling in the world, as far as I'm concerned as an economist for my whole career, to rate if an economy which is market or non-market; this is judgmental. The only principle, if you open the very first book, say by Adam Smith, to talk about whether or not a market economy—is the price system. All other things are of your choice.

Unfortunately, in this case I agree that we have to use the criteria of the U.S. Trade Act that I mentioned, five or six criteria. However, even on that, I would love that someday I can discuss with someone from the DOC point by point. I have five or six pages of rebuttal, point by point, of the six criteria that you mentioned in that famous memorandum.

So I really think that I don't agree with my colleague representing the DOC saying that there's a separate procedure between the NME ruling and the ruling in terms of countervailing. Actually they are supplementary in the sense that you base your argument that there is a subsidy for the price in Vietnam, especially for catfish, so the government plays heavily in fixing the price and it's not determined by cost.

However, I do like to read your report, again. The DOC is coming back now to Vietnam to find out what happened to the price of catfish after the ruling; it went down 30 percent over the last few days. Is that due to government

intervention again or simply because of the excess supply in the market? I love to read somewhere that report from the DOC.

Questioner: I very much agree with the point by Professor Pham about the fact that there's really no pure market economy out there. After the recent farm bill, sometimes I wonder whether the U.S. is really a market economy.

That said, my question is, we hear a lot about the Vietnamese government pronouncing that Vietnam is a market economy with a socialist orientation. By its own admission, isn't the Vietnamese government basically admitting that Vietnam is not a market economy, when it has to have that phrase that goes with it? So I guess my question is a little bit more fundamental, can you have a market economy that is moving in a socialist direction, and in the long run, what are the prospects of Vietnam truly becoming just a market economy?

Socialist Orientation Costly for Vietnam's Economic Performance

Pham: I think I made it very clear in my statement at the beginning that the socialist orientation for political reasons is very costly for the economic performance of Vietnam. If you have time to read this book, you see all my arguments there. However, here we are talking about a legal case based on economic arguments. I tend to say that yes, Vietnam is a functioning market economy in the early stages. It is moving ahead toward a more advanced market economy, but only if they conduct more structural and institutional reforms. That is my short answer.

Ikenberry: Thank you very much. To conclude, would you join with me in thanking our panelists for a very stimulating discussion? (End)

About the Panelists

Main Speaker **Dr. Chi D. Pham** is CEO of Potomac Investments and Research Associates. He was visiting professor of economics and finance at the Kogod School of Business at American University and a senior economist at the International Monetary Fund (IMF). He also has been an instructor of economics at the University of Pennsylvania and IMF resident representative in Togo and Laos. He has lectured extensively in North America, Asia and Africa. Dr. Pham received a Ph.D. from the University of Pennsylvania and a B.S. from Laval University. He recently co-edited two books, *The Vietnamese Economy: Awakening the Dormant Dragon* (2003) and *The Challenges of Integration* (2002). Dr. Pham has also edited two books on the Lao economy and published a number of IMF country studies and research papers, as well as a memoir and several short essays in Vietnamese.

Discussants **Dr. Naranhkiri Tith** is President of Political and Financial Risks Consultancy and a consultant to the IMF. Previously he was an adjunct professor of International Economics and Southeast Asian Studies at SAIS. He has also been a senior economic and financial advisor to the Prime Minister of Cambodia and a founder of the Council for the Development of Cambodia. He has held the positions of senior staff member at the IMF and staff member of the United Nations Conference on Trade and Development. Dr. Tith received a Ph.D. from the University of Colorado, Boulder, an M.B.A. from Laval University and a License in Law and Business Administration from the University of Montpellier, France. His most recent publication is *Environments for International Business: Implications for Risk and Reward in a Globalized Economy* (1999).

Dr. Viet Vu is head of the research group on national accounts methodology with the United Nations Statistics Division. Before he was a senior statistician at the United Nations, where he served as a consultant on national accounts statistics to various countries in Asia. He has been a technical advisor on UNDP-supported national accounts projects for Vietnam, Thailand and Malaysia, was an economist at the Port Authority of New York and New Jersey, and was a research scientist at New York University's Institute for Economic Analysis. Dr. Vu received a Ph.D. from New York University and a B.A. from California State University. His publications include *National Accounts: A Practical Introduction* (forthcoming), *Economy of Vietnam in Reform 1990-2000* (2002), and *Handbook on Links between Business Accounting and National Accounting* (2000).

Moderator **Dr. G. John Ikenberry** is the Peter F. Krogh Professor of Geopolitics and Global Justice at Georgetown University. In addition, he was a Senior Associate at the Carnegie Endowment for International Peace and a Fellow at the Woodrow Wilson Center for International Scholars. He received his Ph.D. from the University of Chicago. Dr. Ikenberry is the author of numerous publications, including, *State Power and World Markets: The International Political Economy* (2002), *After Victory: Institutions, Strategic Restraint and the Rebuilding of Order after Major Wars* (2001), and *Reasons of State: Oil Politics and the Capacities of American Government* (1988).