

Success or Failure of Nations and Vietnam's FSI Scores in 2005-2016 Period

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Abstract: Since institutional economics associated with Daron Acemoglu and James A. Robinson became fashionable, the roles of economic and political institutions have been considered to be the fundamental and decisive factors for nations' prosperity. Countries with the *inclusive* socio-economic institutional framework have chances to succeed, while poor nations are tied up in *extractive* institutions. Other factors, such as the geographical and natural conditions, cultural and human resources..., are, of course, very important, but they are not decisive. In Vietnam, the majority of scholars agree with this point of view. In many fora, the issue of institutional reform has been raised as an especially urgent requirement. The lesson of successful countries which has been repeatedly asserted is that, in the modern times, a country needs neither to be rich in resources nor to have a history of capitalism so as to succeed in industrialisation after some decades – it will achieve that if it can avoid institutional failures. Lessons of successes could be difficult to apply, but those of failures can, in principle, be avoided. To be successful, first and foremost, latecomer countries need to learn the lessons of failures. The Fragile States Index (FSI, formerly the Failed States Index) has been designed with various indicators that help countries avoid failures.

Keywords: Fragile States Index (FSI), country, Vietnam.

Subject classification: Philosophy

1. Introduction

The Fragile States Index (FSI) was introduced by the *Fund for Peace* under the American magazine "Foreign Policy" in 2005. Since then, annual reports on the index have been received with great enthusiasm. Despite some criticism, most scholars and nations, including those with

negative ratings, agree that the above method of assessment for failing nations is relatively objective. At least, it provides a basis on which each country can carry out self-evaluations.

From the 1980s to present, Vietnam has escaped poverty and experienced relatively rapid growth, as D. Acemoglu and J. A. Robinson believed. They attributed that

firstly to the fact that the economy moved on its own from an *extractive* institutional framework into an *inclusive* one. While the process definitely involved human choices, it was accelerated by the requirement of objective factors under new conditions of the world economy in the era of globalisation. In order to reach heights of prosperity and success, Vietnam needs to continue to be completely finished with the extractive economic institution, which originates from extractive political institutions. At the same time, the country must expand and complete the inclusive economic institution whereby the government develops increasingly stronger accountability with higher transparency. Power, first and foremost with respect to natural resources, is to be distributed widely with the country's potential mobilised and released [2]. The published FSI data reveal that Vietnam's level of success in the past 10 years was not of pessimism. Vietnam has more or less maintained and controlled the success or failure factors. Although growth has recently slowed down and many tense social issues have arisen, the economy has experienced rapid growth. A number of international scholars still keep a hopeful outlook on the future development of the country. Many forecast that chances are available for Vietnam to become "the new tiger". This article studies the success or failure of nations and Vietnam's FSI scores during the 2005-2016 period.

2. The success or failure of states

The aspiration for development has regularly been in the mindset of all nations

and most governments. However, in every era, normally only a few nations can reach prosperity. Once they attain such positions, not many of them can maintain being prosperous for a long period of time. The majority of countries which gained glory in the past have now taken a backseat, providing the space for other nations to rise. The ancient Persian and Greek empires, the Roman empire, the Mongol empire, the civilisations of Maya and Pompeii, British and French capitalism recently in the history, and also the former Soviet Union ... are among the examples.

The success or failure of nations are undoubtedly results of the steel laws of development. Many of such laws along with corresponding experiences and lessons of typical nations up to now have been put into theories. Nevertheless, the grasping of the laws and application of lessons and experiences turn out to be not an easy task. Nations continue to fail even when objective conditions are not unfavourable and their attitude of being eager to learn for the better cannot be regarded as not profound enough.

Why do nations fail and only a handful of them succeed? Are culture, people, knowledge, institution... truly factors which determine success or failure? These are heated questions for governments, politicians and researchers, especially dedicated ones [3].

For Vietnam, in recent decades, spectacular examples of development of a number of Asian countries and territories nearby such as South Korea, Singapore or Taiwan... have been an obsession, fueling the urge for development. Research has been conducted continuously in the hope of

drawing on the experiences of earlycomer countries. Likewise, solutions have been sought on both macro and micro levels. However, due to a multitude of objective and subjective reasons, the ambition to become an industrialised country by 2020 could not be realised eventually. At present, the potential is assessed to be not insufficient. Prospects are still deemed available. Hence, the yearning for prosperity and success is still a common in the mindset as found also in the guideline of the Party and the Government for macro development as well as in enterprises' strategic plans.

According to FSI reports, from 2005 to now, though still being categorised as “warning”, Vietnam has never been among the 50 nations that were “failing”. The country has always been considered to be far more successful than China. Vietnam is the 4th most successful in the ASEAN. Despite fluctuations in terms of its economic growth rate, there is no political instability there and socio-economic changes are still at a level where the rankings of the constituting indicators have not been significantly affected. This proves that Vietnam has gained significant positive results in the fields of economic reform, inflation control and macro political stability.

The possibility of success in the near future is still considered by analysts as relatively feasible for Vietnam.

The problem is that, in recent decades, there has hardly been the lack of opportunity or potential for Vietnam to become a prosperous nation “standing shoulder to shoulder with the powers of the five continents” [1, p.33]. The will for

development of both the leaders and the people is also considered as very positive. Their intellectual capabilities as well as development strategies, in theory, are also practical and wise. However, success at the level of “prosperity” or “taking off and turning into a dragon” is currently still out of reach.

The urgency of the matter both theoretically and practically lies there. It has been urging politicians and researchers on an hourly and daily basis.

From 2005 to now, nations with the worst-performing FSIs have been African. The most successful countries are in Europe, North America, Australia, and then Asia, South America and the Middle East. Those with negative FSIs are all involved more or less in issues such as heavy corruption, widespread criminal activities, inability to collect taxes or being hardly supported by their peoples. Among such nations, some have a significant number of people having to leave their hometowns, a declining economy, inequality among social classes, even organised harming to the people or severe discrimination. In several countries where population pressure is present, many gifted people leave for other countries and the living environment is severely damaged.

In 2009, China ranked 57th, among the failing nations, i.e. the group of 60 countries with the highest FSI scores. However, in 2010, the country moved up by five positions towards more positive indicators. According to the data in the FSI report, China scored highly on “demographic pressures”. The indicator for 2010 was 9/10. As a result, many

Chinese migrated to other countries. The ever-widening gap between the rich and the poor was evident in the “uneven economic development” indicator of 9.2/10. China also suffered from the issue of human rights where the indicator for 2010 scored 8.9/10.

In 2011, the 20 worst failing nations, being called by a rather impressive name of “Postcards from hell” [8], included Somalia, Chad, Sudan, Congo, Haiti, Zimbabwe, Afghanistan, Central African Republic, Iraq, Cote d'Ivoire, Guinea, Pakistan, Yemen, Nigeria, Niger, Kenya, Burundi, Myanmar, Guinea-Bissau and Ethiopia. This reflected a year full of volatility and warned of the risk of global instability.

Comparing the two years of 2010 and 2012, among the nations under the “high alert” category (scoring at 80-89) were four ASEAN countries, including Cambodia, Laos, the Philippines and Indonesia. Cambodia moved from being ranked 40th to 37th, towards failure although its score remained the same as that of 2010 - at 88.7. Laos' score declined by three points towards the positive - from 88.7 to 85.5 with improvements on the indicators of “external intervention”, “security apparatus”, “public services” and “economic decline”. The Philippines moved towards the positive from 87.1 to 83.2, a decrease of four points. Their achievements were more or less the improvements in the indicators of “human flight and brain drain”, “uneven development” and “external intervention”. Indonesia moved down three points from 83.1 to 80.6 towards the positive. Manila and Jakarta achieved similar improvements in terms of “human flight and brain drain”,

“uneven development” and “external intervention”. Among those classified as “very high alert” were Thailand and Vietnam (in the ASEAN) and some other countries like China, Russia, Cuba, Turkey, India and Venezuela... China's score was decreased by five points from 83.0 to 78.3, moving the country from the category of “high warning” into “elevated warning”. China's achievements were attributed to the improvements in the indicators of “uneven development” and “public services”. Russia moved down by two points towards the positive - from 79.0 to 77.1. The country's accomplishment was not clearly shown in any indicator alone but a minor improvement in each of them.

Comparing the FSI scores of 2010 and 2012, Vietnam's score was decreased by two points towards the positive - from 76.6 to 74. According to the FSI, indicators which were improved by the country included “demographic pressures”, “refugee and internally displaced persons (IDPs)”, “uneven development”, “poverty and economic decline”. Despite such progress, a couple of Vietnam's FSI indicators were still regarded as getting more negative, such as the rise in “group grievance” and corruption.

In 2015, in the FSI ranking chart, 38 countries were categorised as “alert”. 87 were grouped into “warning”, 38 into “stable” and 15 into “sustainable”. Of the 38 countries under the “alert” category, four fell into “very high alert”: South Sudan, Somalia, Central African Republic and Sudan. Among 15 “sustainable” countries, Finland, considered “very sustainable”, was the most successful country in 2015 with the FSI overall score of 17.8.

With the FSI total score of 34.4, Singapore ranked 159th, becoming the most stable Asian country. The country's rating was higher than those of Japan and South Korea and one position ahead of the United States. Brunei had the FSI total score of 63.0, ranked at 121. For Malaysia, the overall score was 65.9, and it is ranked 115th. Vietnam had the FSI total score of 72.4, ranking at 97, ahead of Indonesia (total score of 75.0, ranking at 88) and China (total score of 76.4, ranking at 83). For Thailand, the FSI total score was 79.1, and it is ranked 71st. Laos had the overall score of 84.5, ranking at 55. The score for the Philippines was 86.3, ranking it at 48. For Myanmar, the FSI total score was 94.7, ranking it at 27, i.e. the least stable country in the ASEAN. In that year of 2015, Laos, the Philippines, Cambodia and Myanmar were failing nations.

In the 2015 FSI report, it is worthy to note that Russia had the FSI score of 80.0, ranked at 65, standing next to failing nations. Cuba had the most rapidly improved FSI in a short period of time. In 2015, the country stood at the position of 112 with a score of 67.4, which was an improvement towards the positive of 3.4 points and 10.4 points as compared with 2014 and 2010 respectively. The ranking at 112 was categorised into "warning low", 15 positions ahead of Vietnam and 47 ahead of Russia. In fact, the enormous gap also generated doubts towards the credibility of studies on FSI carried out by the Fund of Peace. However, within the framework of the quantitative survey of international attention, the figures have a high value to be referred to.

In 2016, of the 38 countries under the category of "alert", eight fell into "very high alert": Somalia, South Sudan, Central African Republic, Sudan, Yemen, Syria, Chad and Congo (D.R.). Somalia had the highest score (114.5, ranking at 1), followed by South Sudan (113.8), Central African Republic (112.1) and Sudan (111.5). The most successful nation in 2016 was Finland, whose FSI total score was 18.8, followed by Norway (21.2), New Zealand (21.3) and Denmark (21.5). Similar to 2015, the 15 "sustainable" nations in 2016 included Australia, Canada and 13 European countries.

In the year of 2016, Singapore had the FSI total score of 32.9, ranking at 161. The country held a positive FSI position in Asia, standing two places ahead of the United States and higher than Japan (total score of 35.1, ranking at 157) and South Korea (total score of 36.1, ranking at 156). Brunei's FSI total score was 62.0, ranked at 123. Malaysia had the overall score of 66.1, ranked at 115. For Vietnam, the total score was 70.7, ranked at 106, a rise of nine spots as compared with 2015. Indonesia had the FSI total score of 74.9, ranked at 86. Thailand's score was 78.8, ranked at 74. Laos had total score of 84.4, ranked at 55. The Philippines' score was 84.7, ranked at 54, a rise of six points towards the positive. Cambodia's FSI total score was 87.4, ranked at 46. For Myanmar, the score was 96.3, ranked at 26. The country was still the least stable among ASEAN countries despite a rise of one position towards the positive as compared with 2015. Thus, Laos, the Philippines, Cambodia and Myanmar were still in the category of failing nations.

Despite the rise of nine places towards the positive compared with 2015, in 2016, Vietnam was still under the category of “high warning”, being ahead of Indonesia and China, both of which had the total FSI scores of 74.9, ranked at 86.

3. Vietnam's FSI scores in 2005-2016 period

In 2006, Vietnam ranked at 70 with the FSI total score of 78.6, which was the sum of 7.0 for demographic pressures, 6.5 for refugees and IDPs, 5.3 for group grievance, 7.0 for human flight, 6.2 for uneven economic development; 5.6 for economic decline, 7.0 for state legitimacy, 6.6 for public services, 7.0 for human rights and rule of law, 7.5 for security apparatus, 7.0 for factionalized elites and 5.9 for external intervention.

In 2006, the indicators for Vietnam which were still at high levels were demographic pressures (7.0), human flight (7.0), state legitimacy (7.0), human rights (7.0), security apparatus (7.5) and factionalized elites (7.0).

In 2007, the country ranked at 78 with the overall score of 77.8, which was the sum of 6.5 for demographic pressures, 5.9 for refugees and IDPs, 5.3 for group grievance, 7.0 for human flight, 6.2 for uneven development, 6.2 for economic decline, 7.0 for state legitimacy, 6.5 for public services, 6.9 for human rights and rule of law, 7.4 for security apparatus, 7.0 for factionalized elites and 5.9 for external intervention.

Experts on the FSI said that, compared to 2006, Vietnam's indicators in 2007 showed improvements. Four still remained at high levels: demographic pressures

(7.0), state legitimacy (7.0), security apparatus (7.4) and factionalized elites (7.0). The two indicators which moved out of the “alert” category were “human rights and rule of law” and “demographic pressures”. We believe this represents a reflection of the fact that, in 2007, Vietnam gained positive changes as compared to previous periods.

In 2010, Vietnam ranked at 95, one position higher towards the positive as compared to 2009. The country was more successful than India (ranked at 79), Thailand (81), Indonesia (61), the Philippines (51), Cambodia (40), Laos (40) and Myanmar (16). Vietnam was only worse than Malaysia (ranked at 110), Brunei (117) and Singapore (160). Evidently, since the FSI was introduced (2005) to 2010, Vietnam was the 4th most successful nation among the 10 ASEAN countries. In spite of that, with the overall score of 76.6 and ranking 95th out of 177 countries, Vietnam was still under the category of “warning” and exposed to the risk of failure. The two indicators which scored higher than 7.0 and rose towards the negative were state legitimacy at 7.3 and human rights and rule of law also at 7.3.

However, the gaps between Vietnam and Singapore, Brunei and Malaysia were still relatively wide: 65 spots apart from Singapore, 22 places from Brunei, 15 apart from Malaysia and 14 from Thailand. In the year of 2010, Vietnam was more successful than China (33 spots), Indonesia (34), the Philippines (44), Laos and Cambodia (55) and Myanmar (79).

Since 2006, Vietnam's FSI ratings have always been moving towards the

positive. The country's ranking was 70/177 in 2006, and, in 2016, it moved to the position of 106/177, which was 36 spots towards the positive and 71 apart from the most successful country, i.e. Finland. However, there has been not much improvement in terms of the FSI score for Vietnam, just a minor decrease from 78.6 to 70.7. In other words, Vietnam has only moved eight points towards the positive and still lies among countries under the "warning" category. It was the failures of many nations in the world that have changed Vietnam's relative position. The country has only moved forward by eight points, but it has surpassed around 30 countries in terms of ranking. These achievements, however, are very meaningful to Vietnam on its path towards integration and development, especially in the context of the 2008-2011 global economic crisis, terrorism and instability in many countries, and increasing political tension in the East Sea...

Over the past 10 years, Vietnam has experienced significant positive improvements in the indicators of "demographic pressures", "refugees and IDPs", "factionalized elites" include brain rain, "uneven development", "public services" and "security apparatus". While these indicators did not move up in an outstanding manner, they changed steadily and always followed a positive trend. After 10 years, the indicators decreased from 7.0 to 5.8 for "demographic pressures", 6.5 to 4.4 for "refugees and IDPs" and 7.0 to 5.9 for "human flight". In 2014, the "human flight" indicator reached the lowest score of

5.5. "The uneven development" between regions and social classes did not experience sudden changes but moved down gradually towards the positive - from 6.2 in 2006 to 5.2 in 2016. Within the 10 years, the indicator of "public services" was decreased from 6.6 to 4.9 in 2016. Although the domestic press still included numerous complaints on the services, the measured FSI still reflected improvements in the field.

Several of Vietnam's indicators did not show improvements, especially "state legitimacy", of which the determining components are the data on corruption and waste fullness. The indicator was continuously increased in a steady manner throughout the years - from 7.5 in 2012 to 8.4 in 2016. The figures were higher than those of many other nations. In 2016, for North Korea and Syria, the indicator reached an absolute score of 10/10. Countries which also scored highly (>9/10) were Afghanistan, Iraq, Central African Republic, Laos and Uzbekistan. In 2016, the indicator was 8.3 for China, 8.5 for Cambodia, 8.2 for Russia and 7.7 for Thailand. While Singapore had a low level of corruption and the best public administration system in Asia, the country scored 3.9, which was more negative than South Korea (3.4) and much worse than Japan (1.4), the United Kingdom (1.7), Norway (0.5) and Finland, the most successful country in 2016, which had the score of 0.6.

Over the past 10 years, the indicators of "human rights" and "factionalized elites" (include brain rain) for Vietnam did not decrease in score. The country's "human rights" indicator was 7.0 in 2007, 7.5 in

2013 and 7.5 in 2016. This demonstrated the Western view on the current situation of human rights in Vietnam. The country's efforts in the field were hardly recognised by FSI experts although, in reality, many international organisations had provided more positive assessments on the issue in Vietnam [7], [10].

As regards the “factionalized elites” indicator include brain drain, according to FSI reports, for the past 10 years, the score for Vietnam was still relatively negative. From year to year, the indicator fluctuated by around 0.7/10 point. The figure was rather high as compared with China (7.2 for 2016, 6.9 for 2012 and 6.9 for 2010). At the same time, countries with the situation of people leaving for other countries, which was worse than Vietnam's, included Russia (2016: 8.1, 2012: 8.0, 2010: 7.6), Ukraine (2016: 8.0, 2012: 8.0, 2010: 8.0), Thailand (2016: 9.7, 2012: 8.8, 2010: 8.0), Cambodia (2016: 8.3, 2012: 8.0, 2010: 7.7) and Laos (2016: 8.1, 2012: 8.6, 2010: 8.5).

4. Conclusion

The aspiration for development, however burning it is, is only the first factor – a spiritual one and a necessary condition to bring about the prosperity to each nation.

The success or failure of nations have always been the results of the steel laws of development, which depend on whether the political and economic institutions are inclusive or extractive, whether the macro outlook and development strategies are insightful whether the mobilisation and release of resources are rational whether,

whether the leaders' will for development gain the people's hearts, and if the development policies are able to solve or only cause more social issues...

Lessons and experiences from earlycomer nations have up to now been theorised by Vietnam and the world to a large extent. However, understanding such laws and applying those lessons and experiences are not that easy. Nations continue to fail even though their will for development, strategic knowledge and development policies have been evaluated as practical and insightful.

For Vietnam, the success over the past 30 years in economic reform, development of social infrastructures, and political stability at the macro level... has been explained by D. Acemoglu and J.A. Robinson by the mean of institution. The inclusive institution in Vietnam is being formed and still moving towards the positive. The public and quite a few people with subjective opinions are not yet satisfied with the current socio-economic conditions which are still accompanied by shortcomings and instability. However, according to the FSI report, Vietnam's level of success over the past 10 years is not entirely of pessimism. In the context of increasingly complicated global and regional situations, despite being a nation categorised as “warning” with the FSI overall score of 70.7 and ranked 106th out of 178 countries (FSI 2016), Vietnam has not fallen into the group of 50 failing countries, which proves its ability to control factors affecting success or failure.

The chance to become “the new tiger” has not completely dried up. Some international scholars still view the future development of Vietnam with much hope.

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