

THE EAST AND SOUTHEAST ASIAN DEVELOPMENT MODELS THE RESPONSIBILITY OF THE GOVERNMENT AND THE ISSUE OF USING THE EXPERIENCES FROM “THE FOUR DRAGONS”

HỒ SĨ QUÝ^()*

Headline: The East and Southeast Asian development models are the conceptions used by Dr. David Dapice and Harvard experts in the consultative report for the Vietnamese Government in 2008. The report points out the success of Korea, Taiwan and some other East Asian countries, which were in the process of industrializing (NIC/NIEs), and some of the relative failures of those Southeast Asian countries are yet to overcome some traps of development.¹ This paper discusses the possibility to apply those experiences and tries to find some suggestions for Vietnam's development from the human and society angle. The contents are:

- 1. Ambitions during the rising period and some warnings.*
- 2. The Dragons and the Tigers of East Asia with some impressive lessons.*
- 3. The East and Southeast Asian development models of David Dapice and his collaborators.*
- 4. Advice for Vietnam to learn from the predecessors' experiences.*
- 5. Advice for Vietnam on issues of the government's responsibility.*
- 6. Advice for Vietnam on issues of exploiting human and cultural factors.*
- 7. Conclusion*

^(*) Associate Professor, Doctor, Director of Institution of Social Sciences Information.

¹ NICs - Newly Industrialized Countries); NIEs - Newly Industrialized Economies.

I. Ambitions during the rising period and some warnings

1. Since mid-2008, the debate over the East and Southeast Asian development models has suddenly become a burning issue in Vietnam. People raised an issue on whether Vietnam should adopt the East Asian or the Southeast Asian Development Model through agendas, in some theoretical forums, on a series of online articles and, especially, in some unofficial exchanges between scholars, politicians and social activists. The core of the matter here is that along with recent accomplishments, should Vietnam's development take up the structure of the East Asian model with its positive factors over macroeconomic regulations and utilization of human resources, or will it inevitably get into the Southeast Asian model that is abounded with negative development traps? Can the rising Vietnam "dragonize" like Korea or Taiwan as anticipated by optimistic journalists, or is it just a sentimental ambition during the rising period? And if the Southeast Asian model has been "fated", as the jargon used by the Harvard experts, then is it true that someday Vietnam will become another Thailand or Philippines? (Refer to: 8, 17)²

Unlike the years prior to 2007, Vietnam's dream of becoming a dragon

² In March 2006, according to Il Houn Lee and some experts of IMF, if Vietnam and other ASEAN countries kept growing like the previous 10 years, it would take Vietnam 18 years to catch up with Indonesia, with Thailand 34 years, and with Singaporean 197 years (Refer to : 17).

has become skeptical along with the bad impacts of the financial crisis and the inflation in mid-2008. In fact, the issue of the East and Southeast Asian development models was only created and initiated discussion after the experts from Harvard University publicized the report "Choosing Success: The Lessons of East and Southeast Asia and Vietnam's Future. A Policy Framework for Vietnam's Socioeconomic Development, 2011-2020". This is a document drawn up by Harvard's "Asia Program" with the assistance of UNDP Hanoi in order to satisfy the demand of the Prime Minister Nguyễn Tấn Dũng for some consultants on the draft "Strategy for Vietnam's Socioeconomic Development, 2011-2020". The document was publicized in January 2008 and officially posted in May 2008 on UNDP's website even though it was already searched for and accessible beforehand. The team of authors includes some American scientists from Harvard University and some Vietnamese experts from the Fulbright Economics Teaching Program, in which Dr. David Dapice is the supervisor and the compiler. Prime Minister Nguyễn Tấn Dũng directly had a dialogue with the team in early 2008.

Following this report, Dr. Dapice's team has also publicized some supplementary researches on the same issue of the state of Vietnam's economy and development. These researches, the "Policy Discussion Papers", are in four volumes:

- POLICY DISCUSSION PAPER NO. 1 - Macroeconomic Instability:

Causes and Policy Responses (20 Feb 2008)

- POLICY DISCUSSION PAPER NO. 2 - Surviving a Crisis, Returning to Reform (19 May 2008)

- POLICY DISCUSSION PAPER NO. 3 - The Structural Roots of Macroeconomic Instability (18 Sep 2008)

- POLICY DISCUSSION PAPER NO. 4 - Structural Change: The Only Effective Stimulus (1 Jan 2009)

2. It is widely admitted that the research of the Harvard team has drawn special attention of the intelligentsia and economic, political and social activists. This can be excitedly explained by the “value table” of Vietnamese social psychology. Apparently, the opinion raised by the Harvard experts can get more attention and adopt a more sympathetic attitude while those valuable or worth considering opinions of Vietnamese scholars are of little interest. The truth is, apart from the optimistic assessments of the growth rate and the impressive development of Vietnamese society, the reports from Harvard experts are the objective warnings towards the dream of becoming a dragon, despite many prior similar warnings.

The reports by the Harvard’s experts are known mainly via the Internet. People have been searching for, discussing, endorsing and excitedly criticizing the reports but never making announcements in newspapers and journals. Only a few papers of Vietnamese scholars abroad have further

expanded these issues. The focus of the debate is about economy and most of the debaters pay much of their attention to the economic angle, the obstacles Vietnamese economy is facing and their solutions. The East and Southeast Asian models are directly discussed in the first report (whose reasoning will be looked at in further details later on). The following policy discussion papers were greatly in favor of some economic issues, since all of those issues were discussed at a macro level, most of the opinions are related to the development strategy and the development model. Moreover, the comparisons in the reports are mostly made with countries from East and Southeast Asia.

An interesting observation is that Vietnamese readers are not skeptical of either of the two models or the analyses and data publicized by the Harvard experts. Maybe they believe Dr. David Dapice and the experts or maybe there have been some skeptics that refused to join the debate, especially since most of the Vietnamese readers may have already been too familiar with the well-known book about economic reform named “In Search of the Dragon’s Trail”, by Dr. David Dapice and Dwight Perkins. (Refer to 25)

3. Some questions to be concerned about: with the characteristics of a development model, do the East Asian and Southeast Asian models count? Does the jargon *East Asia*, including Korea, Taiwan, Japan, Singapore and Hong Kong while *Southeast Asia*, including Indonesia, Malaysia, the Philippines and Thailand carry enough

objective connotations and be logically consistent enough to be considered the models of development?³ If they are not accurate enough to function as a scientific term for development model, then is it true that The East and Southeast Asian issue, eventually, can become devalued?

These questions are neither too difficult nor too easy to answer convincingly. In this paper, we would like to try our best to answer parts of these questions. Anyhow, the warnings implied in the official counter-arguments of Dr. David Dapice and the Harvard experts towards the Prime Minister outweigh others.

For further discussion on the so-called East Asian model, it is essential that we get back to the bases of the issue: Should the East Asian Development Model exist, where is its origin?

II. The Dragons and the Tigers of East Asia with Some Impressive Lessons

1. In the 1990s, the newly industrialized countries (NICs/NIEs), Korea, Taiwan, Hongkong and Singapore were called “dragons” or “tigers” of Asia. The Europeans would rather call those countries tigers due to the cultural

resentment for the dragon. In contrast, the Asians have always revered the dragon so they prefer to refer the countries as dragons. Recently, though not very consistent, the press has differentiated those two terms. They consider the Asian tigers the rising countries such as Indonesia, Malaysia, the Philippines, Thailand and sometimes China. President G. W. Bush once called Vietnam a “young tiger” (Refer to 2). The ornate and flowery term “The East Asian miracle” (or “The Asian miracle”) has been better understood due to the change in the conception of dragon and tiger. In the past, “The Asian Miracle” referred solely to “the 4 dragons” but it is now a general reference to any high development situation in NICs and local countries with high growth rate. In such situations where jargons are used uncontrollably like that, it is clear to see the conceptions of the East and Southeast Asian used by Dr. David Dapice and the Harvard experts have done a good job to “develop” the development classification.

Regardless, the issue of the rapid development of many countries in East Asia has not escaped its objective, realistic and evident basis.

³ David Dapice and Harvard’s experts used “East Asia” and “Southeast Asia” as their academic jargons. “East Asia” refers to Korea, Taiwan, Japan, Hong Kong and Singapore while “Southeast Asia” refers to Thailand, Malaysia, Indonesia, and the Philippines. Singapore, despite geographically belonging to Southeast Asia, is supposed to belong to “East Asia” for it has followed an East Asian growth pattern. China is viewed as a special case since its development path is much different from those taken by its East Asian neighbors. The authors do not include Laos, Cambodia, Myanmar, Brunei and Timor Leste in the models.

2. As it is widely known, the rise of Korea, Taiwan, Hong Kong and Singapore has been a popular topic for many theorists and political or social activists within these 20 years. The emergence of the four dragons is a miracle of the 20th century. In many forums from the East to the West, people have investigated the miraculous development of these economies in

order to help for underdeveloped and even developing countries. Up till now, the model of East Asia's mega rapid industrialization has still impressed and given other countries stimuli such as:

- Late developers can swiftly achieve prosperity in an industrial society and do not need to accumulate and transform the capitalism for hundreds of years as the European countries did.

- There is no need for rich and diverse natural resources since humans and cultural resources are the most important and determining sources in modern society.

- It is not necessary to be dependent on the actual state of the economy or solely on the output of the economy because education has become the fundamental and the method to produce sources for development. "Knowledge is the most democratic source of power" (Alvin Toffler).

- It is not necessary to liken modernization to westernization since the late developers can and must find their own way to become a modern society.

- It is not necessary to wipe out all the old values or adopt new values because, in comparison with the exogenous values, the traditional values can transform into a new source of power. Values such as unanimity, working hard, social responsibilities and being studious can never be outdated.

For a closer look at those impressions mentioned, it is crucial to summarize the economic history of the four dragons:

In 1960, the real GDP of Korea was only \$87 per capita, \$170 in Taiwan, \$427 in Singapore and \$1,631 in Hong Kong. At that time, those countries were just like poor villages, up and down with political arbitrariness while Singapore was badly suffering from the bloody racial riots. After two decades, Singapore's GDP reached 10,811 USD per capita in 1985, Korea at 8,934 USD per capita in 1988, Taiwan at 9,992 USD per capita in 1987 and Hong Kong reached 9,896 USD per capita in 1990. These countries exceeded the poverty threshold (960 USD per capita by the UN's standard or 875 USD per capita by the WB's standard). Having not got caught in the traps of development, these countries began to develop and became NICs and NIEs. In 2005, GDP (according to PPP) of Korea reached \$22,029 per capita, \$34,833 in Hong Kong and \$29,663 per capita in Singapore. GDP of Taiwan in 2001 was \$19,200 per capita. The Human Development Index (HDI) in these countries is also very high. According to the Human Development Report for 2007 and 2008, Hong Kong ranked 21 out of 177 countries with a HDI of 0.937, Singapore ranked 25 out of 177 countries with the HDI of 0.925 and Korea ranked 26 out of 177 countries with an HDI of 0.921 (these figures are referred from 36, 39, 13, 31).

Singapore is an independent island nation with the area and population outweighed by many cities. However, it is one of the most dynamic and open economy in the world with a strict macro regulation. Singapore has become the fourth biggest financial center

following New York, London and Tokyo since the 1980s. Also called “The Eagle of Eastern finance”, it is the trading center of almost all multinational companies as well as the biggest currency exchange center in the world with the currency flow reaching over 100 billion USD. In reality, the voice of this tiny island nation is sometimes as powerful as the world power’s voice.

As for Hong Kong, although the economy of this city-state has suffered some problems since its merge with China, the international position is still as big as it used to be in 1997. Hong Kong is still a goose that lays the golden eggs for China (Refer to 35).

3. It is easy to understand why the rise of NICs and NIEs countries has been frequently and closely examined, though the West have always criticized these countries for dictators, lack of democracy or using military intervention (Refer 9 and 10). In the early 1990s, it was the miraculous rising of these countries that put US office-holders and businesses into censure for unsuccessfully imitating the Asian model (Refer to 9).

To uncover the reason for the East Asian miracle, it is obvious that we analyze the role-play of economic, political and social factors. Clearly, this region has always benefited from the capital flows for over 50 years. During the 1960s and 1970s, the pro-American nations in this region also benefited from the Vietnam War. Mr. Lee Kuan Yew said, “The war had collateral benefits, buying the time and creating the conditions that enabled noncommunist East Asia to follow

Japan's path and develop into the four dragons...” (Refer to 4). This opinion, to us, is not far from the truth.

However, one thing that calls attention is that Western scholars have been more concerned with cultural reasons, prominently the role of Confucianism, Asian values and the hallmarks of Asian people and cultures. Thus, in these discussions on The East and Southeast Asian models, we think some experiences of the four dragons that we can refer to are:

- Concentration on endogenous forces and using sources effectively, especially human resources.
- Prominence of culture and traditional value, especially the Confucian culture with its noble principles like sincerity, fondness for study and respect for the community and family.
- Prominence of unanimity of the society in order to develop a forceful will.
- Flexible macroeconomic policies with a long-term view.

Using the aforementioned information, we would like to recapture the bases for the issue of the East and Southeast Asian models given by Dr. David Dapice and the Harvard’s experts in connection with energetic living in East Asia within a few decades.

III. The East and Southeast Asian Development Models of David Dapice and Collaborators

1. In the report, David Dapice and the Harvard experts reached a judgment that

some Southeast Asian countries grew quite rapidly for a period in the past.

“Malaysia grew at an average rate of 7% per year from 1969 to 1995. Similarly, Indonesia also grew 6.8 % per year on average in three decades from 1967-1996. Thailand maintained an average rate of 7.6 % per year for almost forty years. However, growth in all three countries has slowed down to the 4-6 % range because of the deceleration of growth has happened at relatively low levels of income per capita: \$1,280 in Indonesia, \$2,700 in Thailand, and under \$5,000 in Malaysia. In contrast, incomes per capita in South Korea and Taiwan now have exceeded \$15,000. They are the only two countries in the region that have succeeded in reaching levels of per capita income over \$10,000 (Refer to 11, page 10).”⁴ It is worth considering that, “both East and Southeast Asian countries escaped the post-World War II period at similarly low levels of income and development. The East Asian countries have grown at historically unprecedented rates since the 1960s. Compared to Southeast Asia, the East Asian economies have sustained higher rates of economic growth for longer periods, with the result that the East Asian countries (with the exception of China) now rank among the most prosperous in the world.”

“In contrast to the East Asian countries, the Southeast Asian countries have never been able to make a change in politics, economy and society even in those periods of rapid development.

Until now, the Southeast Asian economies remain dependent greatly on exploiting low-cost labor and natural resources. Many Southeast Asian countries have experienced periods of political and social turmoil. Their governments have been weakened by corruption and dirty politics. Mass protests and military coups have overthrown governments in Indonesia, Thailand, and the Philippines. Urbanization has proceeded in a haphazard manner, with millions of people struggling in slums that line rivers and fringe areas of cities like Jakarta, Bangkok, and Manila. Decent healthcare and education services are a luxury that only the rich can afford.”

“By any comparison, East Asian countries have been more successful than Southeast Asian countries.” “The path followed by East Asian countries has lead to prosperity, stability, and international respect while Southeast Asia countries have followed a more circuitous route to a tenuous present and an uncertain future, haunted by the specters of social inequity and instability. Sad as it is, Vietnam seems to follow the route of Southeast Asian countries again.”

2. The basic elements of East Asian development model defined by Dr. David Dapice and Harvard experts include:

- **Education:** “East Asian countries invest heavily in education at all levels, possessing a strategic vision for the development of human resources and achieved world-class standards of

⁴ Opinions of David Dapice and Harvard’s experts are cited from document No 11.

education and healthcare for their people.”

In 1971, while the average number of engineers among all middle-income countries was 4.6 per 1,000 of the population, the corresponding figures were 10 in Singapore and 8 Taiwan respectively. Even the state-directed industrial strategies often began with investments in human capital. Today a number of Chinese, Korean, and Taiwanese universities appear on the ranking of Asia's top 100 universities. With the exception of Singapore, no Southeast Asian university has ever made the list.

- **Infrastructure and Urbanization:** “East Asian countries boast a much better track record than Southeast Asian countries in building the infrastructure and urbanization.” “Their cities now acquire a vibrant culture, an orderly society, and save environment and hygiene.”

East Asian cities are engines of economic growth and innovation, while Southeast Asian cities are congested, polluted, over-priced, and often flooded with poverty, crime, and an inability to provide core urban services.

- **International Competitiveness of Firms:** “East Asian countries follow the policy of persevering, and at times ruthlessly pursuing advanced technologies, knowledge, and skills to enable firms to enter markets for new products and to revolutionize the production process.”

In East Asia, the state evaluates enterprises based on their performances.

The state also makes a distinct boundary between economic and political power, routinely declines requests that may violate social welfare, even those of politically powerful groups. In Southeast Asia, the state's decisions are often controlled and manipulated by interest groups thus, the “crony capitalism” of Southeast Asia exists.

- **Financial system:** “East Asian financial system is much more dynamic, effective and transparent than that of Southeast Asia.” “East Asian countries invested a large share of national income but they invested it efficiently and the government has an important role in reducing systemic risk.”

Southeast Asian countries have succeeded in driving up investment rates but failed to achieve East Asian growth rates mostly because rates of return on their investments were much lower. Corruption has certainly played a role here.

- **State Effectiveness:** “East Asian countries all pride themselves in their dynamic, effective and powerful government and modern society.” “The defining characteristic of the East Asian development model — particularly in Korean, Taiwanese and Singaporean forms — was the government's ability to discipline interest groups, especially those that are opposed to national economic competitiveness.” “East Asia's success can largely be attributed to its sensible policy in six key areas including education, infrastructure and urbanization, competitiveness of firms, financial system, effectiveness of state and equity”

- **Equity:** “One of the most important characters of the East Asian Model is rapid economic growth combined with a relatively equal distribution of income. Even today with their high levels of per capita income, Korea and Taiwan have income distributions are far more equal than Malaysia, the Philippines, Thailand, Singapore or Vietnam.”

Besides, “East Asian countries have generally demonstrated the political resolution to change if necessary.” During the 1997 economic crisis, South Korea responded vigorously to structural weaknesses in its economy and emerged even stronger after the crisis.

3. Dr. David Dapice and collaborators’ ideas are accurately summarized to clarify the authors’ conception of the defining characteristics of East and Southeast Asian models. Based on terminologies in the report, what the authors call as “features” or “characteristics” only appear once or twice. However, throughout the report, the defining features are the failures of Southeast Asia compared with East Asia to find out the different, the contradictory or the conflicting conceptions, policies, working methods and effects of the models. It is nothing but the comparison method in doing research. The strong point of this method is that it can uncover the strong and weak points, especially disabled, deficient and imperfect things in the compared objectives. However, this method has its own disadvantage, especially when people compare things that should not be compared. Since this

problem is rather intricate, we would like to spare it for another occasion.

We just want to have a little notification here that those different, contradictory and conflicting things that David Dapice and his collaborators compared between East and Southeast Asia are to be the defining characteristics for neither East and Southeast Asia nor even the so-called development models of East and Southeast Asia. How East Asia is different from Southeast Asia is not quite sure to be typical, or even if typical, it cannot be sure to be the representative development model for the whole region.

However, the true concern of the authors does not lie in the development model with its complicated structural and logical theories. The authors draw their attention to the development in reality and the experience for development of East Asia that Vietnam and the latecomers can take up. Playing its part as the experience for those latecomers, the differences drawn by David Dapice and his collaborators have their own meaning. We would like to refer to those details as requested by a discussion on development model.

HALLMARKS OF EAST ASIAN DEVELOPMENT MODEL

According to David Dapice.

1. Investing heavily in education at all levels, possessing a comprehensive vision for the development of human resources.
2. Building cities with a vibrant culture, an orderly society, and safe environment and hygiene in order to

stimulate economic growth and innovation.

3. The policy of perseveringly pursuing advanced technologies, knowledge, and skills to help enterprises.
4. Effective investment in the financial system and the government has an important role in reducing systemic risk.
5. The government's ability to discipline interest groups
6. Rapid economic growth combined with a relatively equal distribution of income.
7. The ability to exert the political resolution to change if necessary

consulting to help the governments make the best decisions. Under the circumstances, most of the politicians and social activists, especially strategists of development, have been urging the underdeveloped countries to learn from the phenomenal success of Korea, Taiwan, Hong Kong and Singapore.

Regretfully, Hong Kong and Singapore are just one in a million. They are just two small island nations with a sparse population having a lot in common with super metropolis of other bigger social economic regions, which means they are too unique to be a model for bigger countries. Yet, Korea and Taiwan are definitely symbolic characters of breakthroughs, which get a lot of attention from latecomers wanting to learn from them. Theoretically, since the world has entered an era of globalization, the latecomers cannot make any excuses to allow themselves to waste hundreds of years meanwhile it should only take them some tens of years to become NICs. The truth is, over the last 20 years, all the developing countries have studied and desire to follow the Korean, Taiwanese or Singaporean route to "dragonize."

IV. Some suggestions for Vietnam to learn from the predecessors' experiences

1. The issues of East and Southeast Asia development have been mentioned quite often lately, especially from the economics point of view. Experts from developed and developing countries along with international governmental and non-governmental organizations, especially those that have global responsibilities for the development like UNDP, WB and the IMF have vested much interest in the economic growth of these regions. They have publicized many researches on growth and development, industrialization and environmental protection, poverty solving and conducting the millennium aims, macroeconomic policy and tackling social changes. The researches are to offer experiences or warnings,

2. To Vietnam, the ambition of "dragonizing" seems to be much more urgent since Korea and Taiwan have never been strange and different societies to Vietnam. In terms of political will, human and social resources, Vietnam's potential is not outweighed. In terms of cultural power, especially Confucian culture, Vietnam has never lacked necessary positive factors that Korea and Taiwan once used

for their development. In fact, Vietnam is imbued with Confucian culture (Confucian culture not Confucianism). Moreover, this culture, which has its derivation from Tong Dynasty, has no features like blind loyalty, rigidity and dogmatism like the primitive Confucianism itself (Refer to 18, 22). Thus, with the stimulation of cultural and other social-political factors such as the psychosphere of the post-war victory, the excitement after a long period of high growth or positive mood after the successful integration have made the ambition of “dragonizing” burn within Vietnam. When comparing their fatherland with Korea and other countries in the same region, many Vietnamese still remembered that not long ago, Saigon was not any poorer but more prosperous than cities like Seoul, Bangkok or Manila.

3. One more remarkable thing, while the researchers highly appreciate the achievement of Asian dragons, they do not fail to notice that Korea, Taiwan and even Singapore used to be oppressive, undemocratic regimes manipulated by the military. Taiwan in the hands of Chiang Kai-shek, Singapore in the hands of Lee Kwan Yew and Korea with Pak Chung Hee, Choe Kyu Ha and Chun Doo Hwan have all experienced extreme anti-communist policy, social blockage, the press being stifled, people being ruthlessly exploited and so on (Refer to 1, 3). These regimes were criticized from every side, even the US. Citizens in these countries have not forgotten the oppressive atmosphere in the past decades. Remarkably, with the exception

of Francis Fukuyama who had doubts about a connection between economic growth and oppressive regimes, no one has recognized or considered it obvious. People still believe that latecomers can develop as fast as Korea and Taiwan without sacrificing the democracy. There are even people who make a supposition that but for the arbitrariness and stifling freedom, these countries may have been more developed (Refer to 5, 9).

To an extent, this supposition has made studying the dragons’ experiences more interesting and possible.

4. However, learning from one’s experience is not easy. Since those learning experiences are summarized and spread through the authors’ point of view, they are not likely to be applied in other situations and conditions. William Easterly, an American scholar, has awakened the underdeveloped countries to this when he strongly criticized many development policies of international organizations. William Easterly assumes that the conceptions of WB, IMF and the UN with their history of over 50 years have accidentally made an “Ideology of Development”. According to him, the experiences of success of developed countries cannot mechanically become policies to apply for the latecomers. The most successful nations in the past 40 years, in fact, “often conspicuously violated whatever it was the experts said at the time. The East Asian tigers, for instance, chose outward orientation on their own in the 1960s, when the experts’ conventional wisdom was industrialization for the home market”

(Refer to: 7). The successful cases such as China, Turkey or Vietnam are not the countries that are obedient to international institutions. Mexico, Venezuela and Russia are examples of failure by following the advice of development experts.

William Easterly's opinion may sound extreme, however, he is not the only one person who has this conception (Refer to 7, 6, 30).

V. Some suggestions for Vietnam on issues of the government's responsibility.

1. Vietnam drops behind both East and Southeast Asia (for the time being if East and Southeast Asia refer to the aforementioned countries). After experiencing some problems in 2008, signs of instability needed to be taken care of in terms of the development model even though the development during Vietnam's 20 years of renovating is recognized by the world and jargons like the "dragon" or "tiger. An author has assumed that Vietnam "is on the verge of being caught in the traps of middle development level, which means it is not too poor to urgently renovate and advance but at the same time, the fundamentals for a high-growth economy in its maturity period are too bleak. The conflicts between the complexity of macroeconomic policies and the competence and virtues of the administrative machine have intensified; the high demand in quality human resources and the quality of the education system and between the need to enhance the global competitiveness in business and living environment and the

conditions of traffic, environment and living". (Refer to 15)

The problem is exactly what David Dapice and the Harvard experts have pointed out, eventually which development model Vietnam will take up, the East or the Southeast Asian one? Certainly, until now, no orthodox document has ever mentioned Vietnam's policy on these two models. However, that does not mean Vietnam is beyond the bounds of possibilities to make the same mistakes of the countries subjective to Southeast Asian model. Take notice that David Dapice and his collaborators have sharply warned that "Vietnam's development goals are ambitious: achieve industrial country status by 2020, and, more generally, build a nation with "prosperous people, a strong regime and an equitable, democratic, and civilized society." If the present trends and policies persist, however, it is unlikely that Vietnam will reach these objectives, at least within a politically acceptable timeframe. Of the many countries that have exterminated poverty and achieved lower middle income status, as to Vietnam's resolution, only a handful have continued to develop into rich, powerful, modern countries. In other words, the odds are not in Vietnam's favor, but this does not mean that Vietnam's future is unavoidably bleak. The Vietnamese State will decide how fast and how far it develops with the decisions it makes, or does not make. In other words, for Vietnam, success is a choice". (Refer to 11, pg. 9, 6)

On the one hand, David Dapice and the Harvard experts issued a warning, and on the other, they proposed a decision. Their opinion clearly needs considering seriously.

2. The decisions, it makes or does not make, the Vietnamese State will decide whether it will succeed or fail in dragonizing Vietnam. The confirmation made by David Dapice and the collaborators through analyzing East and Southeast Asian development models is clear. The responsibility of the government or the responsibility of macroeconomic policy strategists as a whole is the determining factor here.

However, in our opinion, that is not enough to describe the stature and meaning of the state's responsibility because most of the experiences gained from the development of East Asian countries and other developed countries are not new lessons to Vietnam and other latecomers. It means that Vietnam and other developing countries have done their research to apply the so-called lessons with the hope to achieve prosperity one day. In Southeast Asia in the 1980s, Indonesia was expected to become a new dragon of Asia. Similarly, in Latin America, people held great expectation for Peru in the 1970s. However, up to now, miracles have failed to occur in these countries. In the past half century of development, no countries have ever achieved success like what Korea and Taiwan did with the exception of Ireland, Singapore and Hong Kong.

Apparently, that is not because the latecomers did not know or did not will

to learn those experiences of industrialized countries of the first generation. As mentioned above, it is not easy to learn from the predecessors' experiences. Owning all the experiences means the country has just met the necessary condition yet the sufficient condition to enable it to succeed. The problem is not simply adapting a theoretical model, even some optima, theoretical model, and a political resolution. If the nations that have been the most successful in the past 40 years are really those that have frequently violated any experience consulted by experts in development like the confirm of William Easterly, the problem is knowing to forget a "lesson" when necessary. It would be a failure if we do not know how to apply the predecessors' experiences. It is also a failure if we use those experiences dogmatically. The key here is to use the knowledge gained wisely, which means the responsibility of the government is much heavier than the scientists' responsibility.

3. The Renovation has initiated an important development in Vietnam in the past two decades, which has provided favorable conditions and meaningful experiences to help develop the nation. Vietnam has been clearly successful in fighting poverty and solving the poverty issue despite some fields have not made much progress or even came close to failure. Economic growth's need to bind with social equity is a costly lesson that requires lot of effort. Vietnam also has some positive signs just like any nation efficiently managing the issues of human

development proved by HDI quotient and social development proved by the stability and unity of Vietnamese society. Economic growth and success in improving the standard of living for the majority of the population are never failures although the economy has been gloomy since 2008. This data proves that this is not an easy-solving issue at all. The success of Vietnam, as of late, results from adopting the exterior experiences wisely, creatively handling Vietnam's typical situations and the determination in protecting some basic or vital interests.

VI. Some suggestions for Vietnam on issues of exploiting human and cultural factors

1. While the positive psychosphere for development overwhelmed the country prior to 2007, the wondering, worried and depressed mood grows popularly in many fields. An issue in the cultural and human fields that needs to be considered is that if the human and cultural factors are not outweighed by those of Korea and Taiwan's potential, why haven't the factors proved their positive virtue in development up till now?

Culture has its own typical way to penetrate and affect social living. However typical it may be, culture is still dependent on its subject, the human beings, especially the macroeconomic regulators. The method of using human and cultural elements is the mechanism to unveil superior values of a nation's culture and to bring into play the positive characteristics of each person in a community. Hong Kong and Taiwan have been far different from the

Mainland China for over 50 years although they are Chinese and share the Confucian culture. The Confucian culture itself cannot push the society to a high growth rate. The positive traditional characteristics of people such as hardworking, responsible, eagerness to learn and so on cannot industrialize society either. The key here is knowing how to use, having the method to use and encouraging the positive and preminent values of people and the culture.

2. In comparing Vietnam's recent development with East and Southeast Asian development models, we think there are some limitations on using human and social factors:

In the East Asian development model, while the governments are able to exert the political resolution to change if necessary, according to David Dapice, in Southeast Asia, hardly any country has been able to do so. In Indonesia, the Philippines and Thailand, the government has rarely ever succeeded without even polarizing the society. Although Malaysia, during the reign of Mahathir Mohamad, did better at encouraging the resolution of the society, some problems have arisen again recently. Meanwhile, the resolution to achieve prosperity of the Japanese has been very significant since the Meiji reign. Undeniably, the passion and seriousness of the upper class samurais who wanted to investigate the European civilization and technology did help Japan become a nation of a strong military, prosperous economy and modern technology. Japan has never

minded reflecting critically on their weaknesses in order to activate national self-respect. In reality, the ambition to transform Japan into a Europe of the East became so extreme that it developed the chauvinism and an Eastern fascist regime in the World War II. However, if we disregard the dark side of the aforementioned factors, the Japanese people clearly have two desirable traits: a burning desire to achieve prosperity and an inquiring mind.

South Korea is another example. Right from the reign of Pak Chung Hee, the Korean's ambition to thrive has been as intense as the Japanese. When the income per capita reached \$1,000 per year, Korea did not find any satisfaction from it. In converse, they hurriedly set a goal to achieve \$10,000 and recently \$15,000 per capita per year. The Korean drastically set many goals, not only in economy but also in education and science to compete with the outside world. They reacted aggressively and required the government to claim the responsibility for the development of the country when dissatisfied with the fascist regime between the 1960s and the 1970s, when discovering the weaknesses in economy structure after the financial crisis in 1997 or when tackling with in June 2008.

The psychosphere for development of a nation or a country has always played an important role. In the modern society, people sometimes believe that stringent laws of living may devalue a person and a community's enthusiasm. However, the reality proves the otherwise.

Vietnam has recently been zealous and full of excitement, but the weaknesses in regulating the social mechanism and flawed economical, cultural and educational policies have accidentally disorientated the mental process of many people. With the growth rate at 8-9 % each year and a dynamic economy, Vietnam was thought to soon dragonize. Part of the population was expected to become rich with an economy growing dynamically. However, "instead of encouraging investment from the citizens with a permanent view and holding responsible for the future, we have provided a mechanism that make people hallucinated with temporary opportunities, extravagant spending and ostentatious showing-off habit..." This inclination has restricted the long-term vision and showing the desire to duck the responsibility for the future, the central support of education and science.

3. According to Dr. Dapice and his team, "Vietnam's education system is in crisis" and "by any objective measurement, Vietnamese science and technology are a failure." (11, page 32, 33). This is a critical statement about the deteriorating two fields closely related to human and cultural resources, which Vietnam used to be proud of not so long ago. In more detail, the report states that: "While its primary and secondary enrollment ratios are good, there are serious concerns about their quality... The quality of education of Vietnam's universities is sub-standard. Indeed, Southeast Asia's unremarkable universities outshine Vietnam's. Meanwhile, as a percentage of GDP,

Vietnam spends more on education than most countries in the region. Vietnam's universities are considered the worst in comparison with those of developing countries in Southeast Asia, let alone East Asia" (11, page 32, 33). If this statement is true, or most of it is true, apparently the positive human and cultural factors that created definite educational and scientific achievements in the previous years have been drawn into oblivion or have not been disinterred for rational use in the current situation.

The question arises, why is a nation well-known for its fondness of learning with medical and educational achievements, whose HDI has changed the world's attitude, with many highly recognized scientists and artists is now encountering this problem? Just like the recent warnings in some educational and scientific forums, the fondness of learning is still a valuable trait that is regretfully used for self-seeking, disoriented and superficial purposes rather than for satisfying genuine educational purposes. The backward mode of administering education and science makes Vietnamese education and science identically ridiculous. The government has not had policies to enable scientists to pursue advanced skills, technology and knowledge. In our opinion, the problem of the problems is that the scientific and educational orientation is currently of disoriented standard value.

VII. Conclusion

1. Vietnam is rising and still has not lost the opportunity to "dragonize". It is

apparent that the choice of resolution, method and every step for development based on the experience of success of East Asia model is determining, as enthusiastically counseled by the Harvard experts. However, no matter how splendid the experience may be, it is still just an additive to development. The additive solely cannot lead the pathfinder to his target. To avoid following the footsteps of the Southeast Asian model, the choosing process must be implemented under wise methods. It is not necessary to follow each and every step of the developed countries all the time because there are cases which require changes, which means creativity and when necessary, violation to the predecessors' experiences.

2. It is obvious that the experiences of South Korea and Taiwan on the way to an industrial society are valuable in many aspects. However, in our opinion, the experiences of complicated social and political problems of East Asian countries along with experiences of failure of Southeast Asian countries are of more value and alarming to Vietnam. It is necessary to study why Southeast Asian countries have not or cannot overcome the traps of development. The report of David Dapice and the Harvard experts can be a priceless warning to Vietnam.

3. Although the two models raised valuable mediations, the "Development Model of East Asia" and the "Development Model of Southeast Asia" are only relative names. This naming is not consistent enough to manifest their connotation with their objective components, structure and

logic. Thus, more researches are required to define the essence and connotations of these concepts.

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