Hanoi Inc. or a "mutating kind of communism"

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Dear Peter,

What do Vietnam and Brigitte Bardot have in common? Nothing I could think of until I met Carlos Denis.

Denis is an Argentinian labor activist who emigrated to Canada after being tortured in an Argentinian jail. He works in Vietnam now with a non-profit development agency, l'Organisation canadienne pour la solidarité et le développement (OCSD). Years ago, Denis celebrated in jail the "reunification" of Vietnam. He and some fellow inmates swore that one day they would go to Vietnam and see "the victory of the workers". Eighteen years later, when OCSD decided to open an office in Hanoi, Denis volunteered and took his three teenagers with him to the land of Uncle Ho. "It is like Brigitte Bardot (the French actress), says the grey-hair fun-loving Denis. "You dreamt of her when you were young. And it doesn't matter when you finally see her that she is old, ugly and crazy. To you it is still Brigitte Bardot."

Today, Denis helps bring new seeds and farming techniques to impoverished areas, finds volunteers to teach English and listens to his neighbours. "They are happier now, he says. Their lives have improved with the economic reforms. You won't see here the kind of sudden change the Soviet Union had. It's more like a kind of mutation, a mutating kind of communism."

Others are not as kind. Tran (not his real name), an idealist young Communist who went to study abroad and recently came back to Vietnam, says there's nothing "socialist" left in his country. "Health isn't free, education isn't free. The rich are getting richer. The poor are getting poorer. There is no safety net. It's capitalism at its worst."

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Tran disregards the contentment of the countryside. "When the government sold back the land to the people, the friends of the powerful got the best plots. They are getting richer. There are no cooperatives to help the smaller farmer. To produce a kilo of rice, you need a kilo of fertiliser. And the rich control the market for fertilisers. Problems are beginning to surface."

In his recent report (July 1992), the resident co-ordinator of the United Nations Program seemed to agree more with Denis than with Tran. "Continued unemployment and resulting social problems are the biggest threat to the economic reform process, he writes. However, given that there are far more gainers than loosers from the reform process it is unlikely that there will be any major backtracking."

So the reforms will go on. "This is a pragmatic government, says a western diplomat in Hanoi. They want economic progress without the chaos of Eastern Europe. Some of them know that in the future, a new measure of political pluralism will have to be granted. But for now there is no alternative to the Communist party. The opposition is within the Communist party. Economic progress is THE priority."

According to Vo-Tong Xuan, vice-rector at the University of Can Tho, in the Mekong delta, the rice-bowl of the country, "Vietnam's economy must be agricultural-driven for at least the next decade."(1) So you will certainly get a few newsletters from the countryside. But for now, let's start with Hanoi, the once austere capital city of Vietnam's marxist regime where we spent a week to sort out visas.

A familiar tune welcomed us as we stepped out of the plane. The music was blaring out of a mini-bus parked nearby. I couldn't make out the song at first. Then a young airport employee walked by, swinging to the rythm of the song, his plastic sandals shuffling on the cement. Then I recognized the tune: lambada, the latin-american most recent dancing-fad of the Western world. "Hanoi *vui*", says the driver who takes us to town a few minutes later. "Hanoi is happy".

It is Sunday, a day-off in Vietnam, the only day-off of the week in fact. But somebody forgot to tell the people. They are not sitting in the shade drinking green tea. They are all up shoveling, digging, welding, hammering, sweating the afternon away in a fury of brick and mortar. After 50, I stop counting the houses being built on the road between Noi Bai Airport and Hanoi.

The road is narrow and congested: trucks, carts, scooters, buses, bicycles, all vying for space, most heavily loaded with goods. Cyclo-drivers are panting, bells are ringing, diesels fumes are sputting out of rattling trucks, dust is rising in the hot afternoon air. But it is the houses I keep staring at. On their facade, near the roof, many proudly display, in two-feet high sculpted numbers, the year they have been completed: 1991, 1992, 1991, 1992. Their pink three-storied granite facades shine in the sun. Their second-floor balconies are overflowing with greenery. The shaded roof-terraces contrast sharply with some of the dilapidated thatched-roof shacks lining other parts of

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(1). "A food policy for Vietnam", Vo-Tong Xuan and C. Peer Timmer, Development discussion papers, Harvard Institute for International Development, July 1990.

the road. Behind them, the Vietnam of the postcards is in full display: kids riding water buffaloes, women bending in the rice fields, their conical straw hats the only paler spots in the green expanse of those northern plains. "Hello, hello," shout the kids as we drive along.

"Hanoi has lightened up", says Jack Botras, a French-engineering consultant who spent 30 years in Vietnam and married a Vietnamese. "Two years ago, we couldn't find a small restaurant to sell us *pho* (the traditional soup of noodles and beef). Now, you can get it everywhere."

Some of the changes have been widely reported in the international media. And I won't delve on them. Yes, the newly renovated Hotel Metropole is a luxurious place where Asian and European businessmen talk big money over expensive drinks. And yes, you can buy western news-magazines and Bangkok's dailies from young street vendors.

Other changes are less well-known, like the new mini-bus service charging only $2 for the one-hour ride from the airport to the city. (Even HCM City doesn't have that!) Or like the many young European women seen in town cuddling Vietnamese babies. "Vietnam has recently reopened its doors to adoption", says a young Belgium woman rocking her newly-adopted daughter. "The Vietnamese love children. I saw how affectionate they were with them in the orphanage. But they are so poor."

Other changes are more subtle: fresh loafs of bread shaped like frogs or lobsters, pyramids of fresh fruits, neon lights, ice cream cones, functionning traffic lights, shining new cyclos, ads for interior design cies, renovated lake-side coffee-shops where tourists pleasantly linger. "People from the South often describe Hanoi as backwards," says Carlos Denis. "They are prejudiced. Hanoi is coming on fast."

I wonder about that as I rent a bicycle for $5 a week from a young Hanoian entrepreneur whose small rental company on Ba Trieu Street is well-located, hospitable and efficient. "I save money to get married", he says in English with a broad smile and a perfect accent.

Walking around in Hanoi, one wonders who is not studying English. The bookstores are full of English language manuals. The Russian ones have disappeared. Some bookstores sell Japanese, Korean, and Chinese dictionnaries. "Many people want to learn Chinese, says a saleslady. Vietnam does much business with Taiwan and Singapour"(2)

But it is the English-classes that are most popular: in universities and high schools, in hotels, in companies, in private schools, on the radio. "I study English because I want a job", says Hung, a 20 year-old office worker who studies English three nights a week at the School of Open Learning, one of the new "private" schools opened in Vietnam since the beginning of the renovation process.

"The students pay to study here", explains Lan, a 25 year-old governement employee who teaches English at night to supplement her income. (She earns more money teaching English two-hours a night than working a full day for the Ministry of Trade and Commerce).

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(2). Singapore won't tell its trading figure with Vietnam, but according to Vietnamese official statistics, Singapore is now Vietnam's first trading partner.

It's 5:30 pm and I am drenched in sweat from the long bike ride in Hanoi's rush hour traffic. Lan said her students would be happy to see me and have a chance to talk to a foreigner. But right now they mainly look shy and bewildered. "How do you do?" finally says a young woman sitting in the front row. Behind her, thirthy pair of eyes stare at me.

The room is small and stuffy: worn-out desks, narrow benches and peeling paint on the walls. No fans. No maps on the wall, no posters, no brightly coloured photographs. Just a greyish black-board. The students are sitting at their desk, books opened, ready to learn. They all stood up when Lan entered the classroom, bade her good evening in English, waited for her reply.

Lan had been very serious about being on time to meet her "learners". She calls the students "learners". All the teachers do. Most of the teachers are young, recent graduates, just like Lan who graduated six-months ago from the Foreign language-school.

The "learners" pay to come here so they must be given good training or they will take their money elsewhere. The ones I talk to cite the same reason for wanting to learn English: get a job, preferably a job with a foreign company. (The minimum wage in foreign companies has recently gone down from $50 to $35 a month, but that is better than the $10 teachers earn.)

The demand for people skilled in English is incredible. Government workers who speak the language of Michael Jackson are quickly snatched by the better paying private sector. "The professors want us to do their low-paying teaching job at the University while they go teach elsewhere", says a young American woman doing a one-year volunteer service at the Foreign language school in Hanoi. Ashid, an American-Pakistani teaching Foreign Relations in Hanoi as a volunteer was asked to teach English to the school's secretaries. He refused.

Pressured to get results, lacking resources, Vietnamese officials are scrambling to get as much as they can from their foreign English-speaking guests. "When the embargo is lifted, more foreign companies will come," says a teacher of the National Economics University in Hanoi. "We must be ready. We don't have much time left."

Faced with such a frenzy of interest for the English language, the French have beefed up their embassy staff and increased their cultural activities. Close to 50 expatriates now work in the large walled embassy complex on Hai Ba Trung Street. But officials admit no amount of energy or money could counterbalance the anglomania. At best, says the press secretary of the embassy, French will remain the prefered foreign language in some specific fields like medecine. "The young Vietnamese see no reason why they should learn French. There is no competition".

The sudden turn to English as the most favored second language, has wrecked havoc in the personal lives of hundreds of Russian teachers - now unemployed - and hundreds of young government officials - now unable to converse with their new trading partners. "I speak fluent Russian, says a public relations officer of the trade ministry. I spent seven years studying in Moscow. Now, it is useless."

Emily Lites, an American English teacher from the Economics Institute of the University of Colorado, now teaching in Hanoi under a Ford

Foundation program, says her students need more than English teaching. "They need to get out in the world, to see how things are being done now. I can't believe how isolated they have been."

Emily's 50 students are not the least educated of the Vietnamese. Half of them teach Economics at a Vietnamese university, the other half are high level cadres of various ministries. The program of the Ford Foundation gives them eight weeks of intensive English, and eight weeks of Economics. "Vietnam shouldn't be as poor as it is," says Phil Graves, an economist from Colorado University. "It should be closer to Korea not Africa. The people on the ground know how the market works. It is the ones managing the economy who don't."

Adhip Chaudhuri, an economist from Georgetown University, also teaching in Hanoi for a few weeks, believes it will take a while before his students switch from their "old thinking" to a new one. "When you ask them what is Vietnam's big problem, they answer: production. They don't think in terms of money, or inflation."

Both Graves and Chaudhuri hope to give their students some tools to avoid the mistakes made elsewhere in developing countries. Vietnam watchers already have reasons to worry. Ho Chi Minh City is increasingly congested and polluted. The unique architectural heritage of Hanoi's old center is threatened by real estate developers.

In his lectures, Graves talks of environmental protection. "I want to show them that the market can't do everything, that in the case of the environment for example, you need to intervene more. But they find that concept difficult. Every time they have to make a trade-off, they choose against the environment. It would be a shame to see Hanoi or Ho Chi Minh City become another Bangkok. But who are we to tell them?"

As Harvard's scholars recently wrote about the challenges faced by Vietnam: "No other country can be a model. Vietnam's history, resources, and social organization are unique, and the starting point for its economy in 1990 is vastly different from the one its Asian neighbours faced. Vietnam must find its own path to riches."(3)

For now, in Hanoi, the mood is a rather optimistic one. "Things were pretty bad in 1991", recalls Raymond Mallon, resident economist with the United Nations Development Program. "The loss of the Soviet-Union as Vietnam's dominant source of external assistance and trade was a terrible shock. As well as the Gulf crisis that brought back thousands of workers. But the government handled it pretty well. In 1992, we've seen a marked improvement. The prospect is promising."

By September 1992, rice exports were the highest of the country's recorded history. "The export growth is phenomenal", adds Mallon. "The industrial production is picking up. There was no Big Bang here like in Eastern Europe. But Vietnam is a drastically changed place."(4)

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(3). "A food policy for Vietnam", ibid. p.2

(4). It has been a while in fact since the Socialist Republic of Vietnam realized that European-style communism did not provide an appropriate path to development for a heavily populated rural Asian Society. As early as 1979, within five year of beginning a marxist

Not that everything is perfect."The society is not developing in a healthy way", says Loan de Leo, a western-trained Vietnamese who recently left Taipei to open a business center in Hanoi. "Hanoi is now a city where you can get robbed easily. Young people have no jobs and the government has no money to pay for education and training."

Government spendings in education and health have shrunk in the past few years, going from 40% of government revenues in 1991 to 33% in 1992. And this doesn't mean much. In Vietnam, government revenues account for just about 11% of GDP compare to 25% in China and 15% in the Philippines. "Countries undertaking such a wide-ranging reform programme as Vietnam's would normally receive considerable external assistance to face the social costs of adjustment, but Vietnam continues to be blocked on such assistance because of the US-led trade embargo", notes the UNDP co-ordinator in his annual report.

Increasing tax revenues is a government priority for 1993. "Tax administration must be improved if Hanoi is to find the resources to pay for education and to fight poverty before it becomes a source of too much social tension, says Mallon. They have to stop the smuggling. The tax system must be the same everywhere in the country."(5)

In an interview to Vietnam News, the government's English daily newsheet, newly-elected President Le Duc Anh said one of the most important task of the National Assembly will be to draw up a comprehensive legal system. Lack of clear legal framework has been an ongoing complaint of foreign investors. (But drafting laws isn't all. Developing the capability to interpret and enforce them is a more complicated task, one I should talk about more in depth in subsequent newsletters)

The National Assembly will also reconsider the "role of government". Should ministries do business? (6) Should the number of ministries and State Committees be reduced? What powers should go to the provinces? "This won't be easy, predicts Mallon. Some sectors, like agriculture and services have benefited from the reforms, but not the public administration where salaries are really low. Any attempts to trim the bureaucracy (Hanoi plans to reduce by 15% the number of government employees) will meet with lots of resistance."

As Mallon speaks, the town waits for news from the National Assembly where the 9th Congress has convened a few days ago. Premier's Vo Van

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economic strategy for the South as well as the north, the governement began a transition from a tightly controlled, centrally planned economy to one with greater decentralization and a larger role for individual farmers.

(5). It is only since 1989 that all economic sectors pay taxes. In 1992, the Finance ministry hopes to complete its fiscal reform, introducing new agricultural and real estate taxes and replacing the sales tax by a value-added tax.

(6). Many have since the beginning of doi moi. The Sept.11-14 issue of Vietnam Economic News shows a full-page add promoting the holiday resort of the Ministry of Energy. And in Hanoi, business is brisk at the Military guest house, one of the best value on the hotel market.

Kiet proposals to merge some ministries have met with some opposition. His proposal was rejected. And in fact, Vo Van Kiet walked out of the Congress with more people of ministerial ranks than the number he began the session with. Streamlining the bureaucracy won't be easy.

Disparities in development between the South and the North is a much-debated subject. "It is taking longer in the North", admits Loan de Leo. "But the potential for development is great." Rubis - said to be of better quality than the Burmese ones - were recently discovered in Yen Bai, 300 km north-west of Hanoi. Mineral and forest resources are one of the North's best assets. "Mining cies from all over the world have showned interest in investing here, says another Vietnamese consultant. But they need better roads and railroad."

Leo is so convinced of Hanoi's bright future that she left her business in Taiwan, to open Hanoi's first "Business Center", an elegant air-conditioned venue on the bottom floor of a downtown villa, next to the Central Bank. Here, since December 1991, foreign companies rent office space and various services, from word processing to interpreting. The center has already helped more than 50 companies, most of them from Hong Kong, Taiwan and Singapore, but also from Europe. Leo picked an unusal partner for her joint-venture: the Hanoi Federation of Trade Unions. "They have a good knowledge of the work force and the local economy, says the French-educated woman who speaks fluent English, Italian and Chinese.

Leo says the Vietnamese's lack of international business experience played against them, especially in dealings with the shrewd Taiwanese and some penniless Viet-Kieu (Vietnamese living abroad) who bluffed their way into a contract. "But they are learning", she says.

Information - good, precise information - is now of increasing value for the budding Vietnamese entrepreneurial class. The media scene itself has improved and will be worth a newsletter of its own. Many new magazines and newspapers have appeared, mainly in English but also in Vietnamese. Lao Dong, the once-drab newspaper of the Labor organization, looks like a siamese brother of USA Today: color pictures, clean lay-out, graphics. Cong An, the tabloid published by the police is still the most widely read Vietnamese newspaper, followed by Truoi Tre, the more investigative publication of the Youth Organization. Papers in the North are still less flashy and daring than those in the South.
At least five new business magazines or newspapers have appeared in English, all of them published by one or another of the government ministries. The most interesting endeavour of all is Vietnam Investment Review, a weekly business-newpaper published by an Autralian joint-venture with the State Committee on Cooperation and Investment (SCCI). "Vietnam Investment Review is not independant, criticizes a western reporter based in Hanoi. They are there to present a nice picture of the investment scene in Vietnam. They never talk about the problems."

People at VIR disagree. "Sure, we submit our copy to SCCI and they refuse some of it", says Alex McKinnon, general manager. "But at first they refused 40% of our copy, now they publish 95% of it. They are learning that a rosy story is often not a credible one." VIR recently published stories of joint-ventures failures, of tensions with China over maritime borders, even of a hijacking, all topics that until recently would have been off-limits. "They are beginning to see that if they tell of a problem, maybe somebody will offer a solution", says

Nick Mountstephen of VIR. (His business card says: Project Executive. In fact he is director. But only Vietnamese names appear in the paper.)

Vietnam Investment Review has been asked by the ministry of information to assist in developping publishing in Vietnam. They will write a "white paper" on how the country should handle the media, both foreign and local. "This has a lot to do with education", says Mountstephen, an ex-journalist and diplomat turned businesmen. "We are breaking new grounds, at a time when the country itself is looking for new ways."

Thick books of statistics published in Vietnam tell of intense economic activity but foreign officials warn against their unreliability. "The Post Office claims a 20% increase in traffic last year", says Rupert Lloyd Thomas, a British Post office manager doing a review of the Vietnamese Post office. "I asked them how they knew. They said: it's in the plan. They did not count. It's like their price system. They just copy other countries. They don't know how much it costs them. They have three times too many employees and nobody wants to be responsable. They all want to be invisible, not to be noticed."

At the French embassy in Hanoi, commercial attaché Philippe Fouet has gone further to get a clearer picture of Vietnam's external trade. He contacted his colleagues in every country with which the Vietnamese traded last year and asked them to verify from the "receving-end" how many tons of goods were actually received. The figures often differed from the Vietnamese ones. "It is not that they want to deceive, he insists. They simply don't know how."

So much to learn. And so quickly. I think of that as I watch a young Vietnamese Airlines clerk fighting with her computer. She hardly looks 17. She smiles a lot, apologizes profusely for the delay. "I am a beginner", she says while straining to understand the mysterious commands appearing on her screen. It would be so much simpler to write the ticket, just to do it the good old way. But she struggles on, calls on a friend to help. (Now that Vietnam Airlines has a domestic competitor - Pacific Airlines - it is working hard to improve the service) Finally, we get our ticket and a potery wrapped in newsprint. "Vi sao (Why)?" I ask. "Because you are our first passenger", she says. "This office just opened last week" *Cam on chi nhieu lam.* Thanks a lot. Nice to be part of one of Hanoi's numerous "premieres".

At Noi Bai airport, the separate waiting room for foreigners has disappeared. We all sit in a large sun-lit room, watching planes taxiing out. The plastic molded seats have been replaced by cushioned-wooden benches. A coffee-shop makes some brisk business selling cold drinks and quick snacks behind colorful screens. In a few weeks, even this will not quite be the same. A Hong-Kong joint-venture will build a new six-gated terminal. On a tv screen, in front of the room, Paula Abdul dressed in fighting black tights sings "The promise of a bright new day". Few Vietnamese passengers are watching. They all seem busy talking, playing cards or watching snakes at the bottom of the bottle of some traditional northern liquor. Who could tell now what the bright new day will be like?

Carole B.

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