Investigating the course of the 'Innovation and Opening Up' model in Vietnam

Hanwei Li *

The School of Government, University of Birmingham, Birmingham, West Midlands, B15 3QP, United Kingdom

*Corresponding author: hxl996@alumni.bham.ac.uk

Abstract. After the reunification of Vietnam in 1976, and facing difficulties and problems with its economy, the Vietnamese government implemented a series of measures to revitalize the national economy. Since 1986, when it adopted a formal market-oriented policy of 'innovation and opening up', this poor agricultural country rapidly transformed into a lower-middle income country. During the reform process, Vietnam's economy grew steadily and people's livelihoods improved significantly. Around Vietnam's economic success in this article, from the industrial structure, opening to the outside world and economic development level three aspects carries on the model, found that Vietnam's economic development and changes and other southeast Asian developing countries, there is no greater degree of different, however, Vietnam 'open innovation' evolution of beneficial experience of significance of reference to the development of developing countries.

Keywords: Vietnam; innovation and opening up; industrial structure; model interpretation; policy.

1. Introduction

Vietnam is located in the subtropical zone, where the natural environment is very comfortable, its soil fertility is very high, and where crops can be grown all the year round. As a traditional agricultural country, since the 19th century, it had been exploited under French colonial rule. Later, as a result of the terrible destruction caused by a war that lasted for 30 years, despite its superior geographical conditions and the volume of its rice exports, Vietnam still lagged behind in technological terms. At the same time, the commodity monetary relationship in the modern sense had not been developed. The economic foundations were very weak. In 1975, only just after the country had been unified, per capita GDP was less than $100, and people's livelihoods remained very low. Since reunification of the North and South in 1975, the Socialist Republic of Vietnam undertook a series of measures to recover from the damage caused by the prolonged war and to develop its domestic economy. Since the implementation of the 'reform and opening up' policy in 1986, economic development achieved remarkable results. From 2001 to 2010, the average annual GDP growth rate of Vietnam reached 7.3%, which is higher than Thailand, Singapore, or the Philippines. In 2008, Vietnam's per capita GDP exceeded US $1,000 for the first time, and in 2014, it exceeded US $2,000 to reach US $2,030 [1]. Vietnam was listed as one of the 'Emerging 11 Countries' or 'VISTA 5 countries' by the Boao Forum for Asia in terms of its economic achievements in innovation and opening up. Despite the impact of the 2008 global financial crisis and inappropriate policies in the reform process, Vietnam's achievements in reforming and opening up helped it move smoothly into the next phase of economic growth. As a result, Vietnam's economic situation greatly improved. Chinese scholar Li Xiangju proposed that this was the result of the unique 'Vietnam model' [2]. However, is this model only applicable to Vietnam, and how is its internal logic and policy effected? Based on the industrial structure, opening up to the outside world, and economic development videos, the economic history of Vietnam is analyzed. The paper is therefore structured as follows: the first part reviews the research on the direction of economic development in Vietnam since reunification. The second part systematically analyzes the internal logic of Vietnam's innovation and opening up. The third part discusses the shortcomings of Vietnam's innovation and opening up and the new problems this has brought about. The last part puts forward policy suggestions on how the economy of Vietnam and other developing countries might evolve based on the above analysis.

2. Economic development of Vietnam since reunification

When Vietnam was unified in 1976, it carried out a large-scale socialist transformation in the South of the country with a highly centralized economic system modeled upon the Soviet Union in the North, which mainly included a single planned economy and a system of public ownership. However, due to subsequent policy mistakes and the impact of the war, Vietnam's economy fell into serious difficulties. Therefore, in order to solve its own economic problems, the Vietnamese government introduced a series of reform measures. On the basis of fully sorting out and grasping the key events, this paper divides the course of Vietnam's economic reforms into the following four stages.

2.1 The period of severe economic difficulties after national reunification (1976-1980)

In 1976, Vietnam held its first general meeting after national reunification and established the second Five-Year Plan for the period 1976-1980 to develop and transform its economy, culture, science and technology. Setting in motion a 20-year plan for 'Vietnam's transitional period to socialism', the central task was identified as the realization of 'socialist industrialization', and the core impetus was to give priority to the development of heavy industry while also developing agriculture and light industry. However, Vietnam had experienced a prolonged period of war, and its economic and industrial foundation was rather weak. At the same time, Vietnam remained a backward agricultural country with production on a relatively small scale, and the rural population accounted for more than 80% of the total population. In the 1970s, industry accounted for only 27% of the national economy, while agriculture accounted for 45%. Industries were few in number, scattered about the country, and mostly small-scale enterprises. With agriculture being the foundation of the national economy, in order to revitalize the national economy, the first step was to vigorously develop it. However, the development route and policy established by Vietnam deviated from the actual situation, resulting in a major error in the country's investment structure. In terms of investment proportions, Vietnam used most of its funds for heavy industry. In 1976, for example, industrial investment reached as high as 10.786 billion dong, accounting for 38.6% of the total investment, while agricultural investment was only 3.712 billion dong, accounting for 16.2% of the total investment [3]. There was therefore a serious imbalance in proportion. Due to a miscalculation by the Vietnamese authorities, who were eager to achieve results, the economy at that time soon fell into a state of stagnation. At the same time, on the international stage, Vietnam invaded Cambodia on a large scale in order to maintain its hegemony in Southeast Asia. Since then, Vietnam has been burdened with heavy military expenditure and international sanctions. In addition, during 1978-1980, Vietnam suffered continuous large-scale natural disasters, and its economy was almost on the verge of collapse. The total industrial output value in 1979 was 4.52 percent lower than that of 1978, and national income was 2.3 percent lower than that of 1978 [3]. People's lives became harder and harder. Since then, Vietnam has had to adjust its national policy and seek a new development path.

2.2 Transitional period of economic change (1980-1985)

Faced with serious economic difficulties, Vietnam began to change its development thinking and gradually adjusted its economic policies. In 1979, it began to revise the original economic policy and explore the implementation of a new one with material stimulus as the main driving force. During this period, Vietnam began to imitate China's reform and opening up by introducing a market economy system to replace the traditional planned economy system and single public ownership, including implementing the agricultural production contract responsibility system, enhancing enterprise autonomy, opening up the free market and a series of other measures. In addition, the Vietnamese government began to attach importance to international trade during this period, and gradually relaxed its foreign export policy with the help of its geographical advantages, which included many fine seaports. Through the above series of reform measures, Vietnam's economy regained its vitality compared with the previous period, especially agriculture and industry, which greatly improved. In agriculture, rice yields increased by an average of 13.2% [4]. In terms of industry,

the relaxation of the policy on enterprises led to an increase in industrial development, with the annual growth rate of industrial production rising from 0.6% in 1976 to 9.5% in 1985. However, during this period, Vietnam also began to experience some obvious inflation. While lacking long-term strategic plans and overestimating the effectiveness of reform, Vietnam finally faced a double-digit inflation rate from the 1980s onwards. Since 1984, the inflation rate soared to 400%, and then soared to 700% in 1985 [5]. In order to reduce inflation, Vietnam began to take measures such as introducing a single price system instead of a multiple price system in 1985 to curb inflation. However, this synchronized reform without the support of fiscal and tax mechanisms led to soaring prices, and the previous reform achievements were destroyed. At this point, Vietnam realized that it needed to carry out more thorough reforms of its economic system in order to achieve further sustainable development.

2.3 Period of Formal Innovation and Opening Up (1986-1998)

In the mid-1980s, Vietnam reconsidered its incomplete reforms and decided to launch a radical 'reform and opening up' movement. In 1986, Vietnam summarized the mistakes of economic reform in the previous decade and completely rejected the previous course of economic reform. It was determined to break the original planned economy system, establish a market economy model, and actively develop foreign trade to achieve the goal of national economic internationalization [6]. Externally, Vietnam decided to end the war with Cambodia and focus on economic development instead. Secondly, it adjusted its closed foreign policy, actively communicating and opening trade with ASEAN and Western countries. Internally, the Vietnamese government carried out various development measures to implement market-oriented reforms. Through the implementation of the reform measures, Vietnam achieved remarkable economic results. In the five years from 1991 to 1995, Vietnam's gross domestic product (GDP) grew at an average annual rate of 8.2% (see Figure 1). Industrial production grew at an average annual rate of 13.3%, agricultural production at an average annual rate of 4.5%, and export volume at an annual rate of 20% [7]. Vietnam's economic reform had immediate results.

After the outbreak of the Asian financial crisis in 1998 and the impact of natural disasters, Vietnam's foreign economy, trade, and agriculture were all badly affected. However, despite a slowdown in economic growth the country still maintained a stable growth trend. At the same time, the government made policy changes to counter the slowdown, such as promoting business investment and reforming the financial system.

2.4 In-depth economic reform and innovation stage (1998-present)

In order to overcome the economic slowdown caused by the Asian financial crisis, Vietnam decided to adjust its policies to strengthen the efficiency of state-owned enterprises and adopt corresponding policies to cope with the crisis. For example, it encouraged domestic enterprises to invest in transportation, terminals, power, and other aspects to promote the construction of the domestic infrastructure. It also developed the potential of rural markets. At the same time, in order to improve the risk averse banking system, a new banking law was introduced, leading to an increase in the number of medium- and long-term loans [8]. The above policies achieved relatively obvious results. Since 2004, Vietnam's GDP has shown a trend of rapid growth. Even in 2020, when the global COVID-19 epidemic spread and many countries suffered severe economic recession, Vietnam's economy still maintained a positive growth trend with a growth rate of 2.91% (see Figure 1) [9]. Throughout the course of Vietnam's economic development, it has made remarkable economic achievements through the market-oriented policy of innovation and opening up. In this context, it is of great value to systematically and comprehensively study this policy.

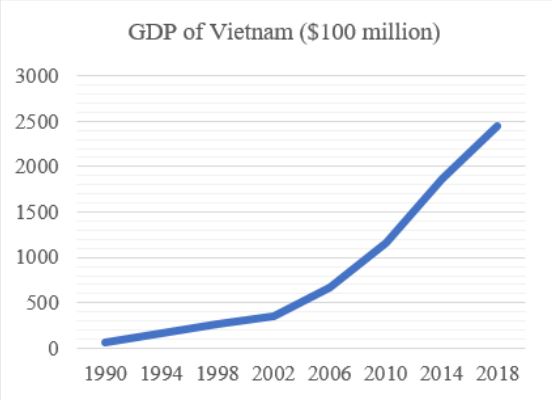


Figure 1. GDP of Vietnam ($100 million).

3. Analysis of the 'Vietnam Model'

Vietnam has made good economic achievements in recent years, which is reflected in the number of academic studies that have been published about the course of Vietnam's reform and opening up. It was Chinese scholar Li Xiangju who proposed the 'Vietnam model', which is mainly a reform based on the national conditions and has its own characteristics and unique reference value. This paper will therefore make a systematic interpretation of the 'Vietnam model' in terms of the industrial structure, the opening up to the outside world and the level of economic development.

3.1 Industrial structure

Under the conditions of common development of various economic components and equal competition, Vietnam's economic structure has further changed. Industry and services now account for a large percentage of Vietnam's GDP. The share of industry in GDP increased from 28.88 percent in 1986 to 32.49 percent in 1998, the service sector from 33.60 percent to 41.73 percent, and the manufacturing sector from 12.62 percent to 17.15 percent. Agriculture however decreased from 38.06% to 25.78%. Although the proportion of agriculture in terms of GDP decreased, total agricultural output still increased and maintained growth. In 2020, despite the impact of COVID-19, Vietnam's output value of agriculture, forestry, animal husbandry and fishing increased by 2.68% year on year, accounting for 14.85% of GDP; industrial output grew by 3.68%, accounting for 33.72% of GDP; and the added value of the service sector increased by 2.34 percent, accounting for 41.63% of GDP [7].

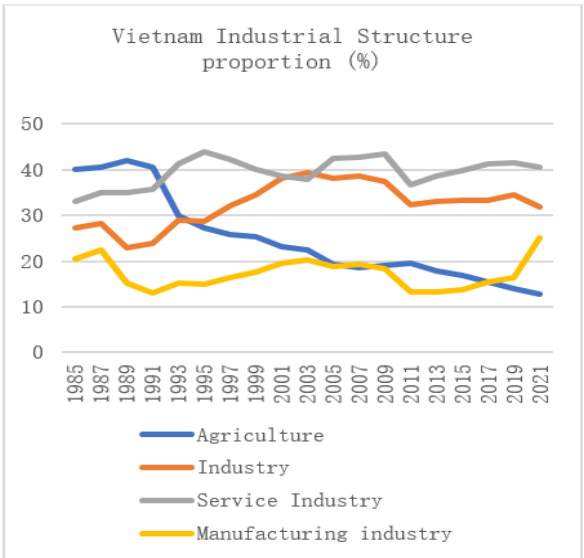


Figure 2. Vietnam Industrial proportion (%).

Table 1. Vietnam's Economic Plights (1970s).

Economic Growth Rate, 1975-1980 (%)						
Years	National Income		Agricultural Production		Industry Production	
	Projected	Actual	Projected	Actual	Projected	Actual
1975-1980	13-14	0.4	8-10	1.9	16-18	0.6
Agricultural and Industrial Production, 1975-80 (in millions of dong)						
			Agriculture		Industry	
1975			6429.5		7288.4	
1976			7087.8		8208.9	
1977			6740.2		9028.9	
1978			6743.6		9520.1	
1979			7204.1		9089.9	
1980			7622.5		8218.4	
Foreign Trade, 1976-80 (in millions of US dollars)						
	Imports		Exports		Trade Balance	
1976	825.9		215.0		-610.9	
1977	1044.1		309.0		-735.1	
1978	1465.8		406.7		-1059.1	
1979	1653.0		383.1		-1269.9	
1980	1576.7		398.6		-1178.1	

Table 2. Changes in industrial structure between Vietnam and other economies at different stages of economic development (%).

	The proportion of agriculture (%)			The proportion of industry (%)		
	Origin	PERGDP $1000	PERGDP $2000	Origin	PERGDP $1000	PERGDP $2000
South Korea		24.4	14.6		32.4	38.5
Malaysia	29.4	26.5	20.1	29.4	36.1	38.4
Thailand	23.2	16.2	10.4	23.2	34.6	43.6
Vietnam	38.1	22.2	21.3	38.1	39.8	39.9
	The proportion of manufacturing (%)			The proportion of service sector (%)		
	Origin	PERGDP $1000	PERGDP $2000	Origin	PERGDP $1000	PERGDP $2000
South Korea		23.7	26.4		43.2	46.9
Malaysia	12.4	19.2	21.8	43.2	37.4	41.6
Thailand	21.5	25.8	34.8	48.1	49.2	46
Vietnam	22.4	20.3	18.9	33.1	37.9	38.8

As can be seen from the above chart, after the implementation of innovation and opening up in 1986, Vietnam's industrial structure changed, showing that as a rule the proportion of agriculture decreased while the proportion of industry increased. However, if we compare Vietnam with other Asian economies at the same stage of development, such as South Korea and Thailand, we can clearly see that Vietnam seems to have had some kind of 'reverse industrialization' problem. Since 1986, the proportion of agriculture in Vietnam has continued to decline, while the proportion of industry, manufacturing, and services has continued to rise. However, after 2005, it showed the characteristics

of reverse industrialization, and the ratio of the three industrial structures did not change much and were characteristically stable. Before completing the task of industrialization, a country should have a gradual increase in the proportion of manufacturing rather than a gradual decline, and Vietnam's manufacturing proportion did decline and then stabilized. Its manufacturing sector maintained a high intra-industry share until 2005, but began to decline after the 2008 global financial crisis. The loss of economic momentum due to a decline in the share of manufacturing may delay Vietnam's next stage of economic take-off. Third, services regained an earlier share of GDP than industry. According to the theories of industrial structural change, often appears in agriculture after a sharp fall in the proportion of service industry will be more than the proportion of industry in GDP. This is due to large amounts of the service sector absorbing and transferring the surplus rural labour force. While Vietnam services in earlier period than the proportion of industrial, Vietnam all employment in agricultural population accounts for 25% of employment, the service sector as a share of GDP began to overtake the industrial sector in Vietnam without it being fully developed. In simple terms, if Vietnam does not intervene and adjust its industrial structure, its future process of industrialization may be affected by unreasonable industrial structural change. Meanwhile, Vietnam's industrial structure is not so different from that of other developing countries.

3.2 Level of opening up to the outside world

Vietnam possesses numerous fine seaports, highly suitable for the development of foreign trade. Before the reunification of the country, due to the influence of the Soviet model, all foreign capital was completely nationalized. And after the reunification, Vietnam proposed a highly centralized planned economy for the whole country, eliminating the influence of foreign capital and completely cutting off foreign trade. In the 1980s, in order to overcome its own economic difficulties, the Vietnamese government realized that its diplomatic strategy had to become more innovative, and the economic circle of communication and cooperation had to be expanded. In addition, in order to ensure the normal operation of foreign trade, Vietnam incorporated the development of foreign trade into the current constitution in 1992, thus formally establishing its foreign trade policy. With the continuous development of its regional economy, Vietnam understood the importance of such a strategy [10]. In the face of the rapid development of the Association of South-East Asian Nations (ASEAN), Vietnam joined in 1995 and became an indispensable member. Gradually, Vietnam's foreign trade also became an irreplaceable part of its domestic economic development. In terms of the level of opening up to the outside world, this increased significantly after implementing an export-oriented strategy. Vietnam's exports as a share of GDP are already the third-largest in South-East Asia, behind Singapore and Malaysia. Vietnam joined the World Trade Organization in November 2006, supporting its foreign policy of innovation and opening up, and foreign investment began to flow into the country on an impressive scale [11].



Figure 3. Open to the outside world of Vietnam.

As can be seen from Figure 3, in recent years, Vietnam has further improved the level of opening up to the outside world and stabilized the relationship with its trading partners in the region by actively promoting the negotiation of a free trade area. Although Vietnam's market opening process started late, its opening level is not low. Compared with Korea, Thailand, and Malaysia, which were at the same stage, Vietnam s opening to the outside world is impressive. In general, countries with a high level of economic development also have a relatively high level of openness to the outside world, and vice versa. But although Vietnam's opening is from a low starting point, its opening level is improving the fastest, which has brought about some new problems in economic development. The use of foreign capital is the main factor leading to inflation. Vietnam's rapid promotion of marketization or excessive improvement of the level of opening to the outside world is closely related to its characteristics as a transitional country. Different from South Korea, Thailand, Malaysia and other market economies, Vietnam is a transitional country, trying to accelerate the transformation of its domestic economy by vigorously improving the level of opening to the outside world. Therefore, its opening is not only to access the external market, but also to open the domestic market and accelerate the process of marketization of its economy. This dual goal makes Vietnam prone to moving too fast in opening up to the outside world, even without considering its own not particularly developed economic base and level. But Vietnam is also opening up in much the same way as the rest of South-East Asia.

3.3 Level of economic development

In terms of GDP per capita, compared with South Korea, Thailand and Malaysia, it's taken longer for Vietnam's GDP per capita to grow at a median annual rate before reaching $1,000. At the same time, before the per capita GDP reached $1,000, Vietnam's currency depreciation caused by inflation was particularly severe, and the depreciation speed reached more than double digits, which made it take longer for Vietnam to achieve its target of $1,000 per capita GDP. In the transition from $1,000 to $2,000 per capita GDP, Vietnam is no different from South Korea, Thailand and Malaysia. Only in terms of growth rate, Vietnam is still at a medium level. However, during the period of $1000 to $2000 per capita GDP, South Korea experienced the second oil crisis, Thailand the Asian financial crisis in 1997, and Malaysia the economic recession in 1985. So it will take Vietnam six years to achieve the target of $2000 per capita GDP. This is a relatively short time for any country.

Based on the above analysis we can see that the development of Vietnam's economy matches other developing countries, and that there is not much difference between them, as reflected in its economic development stage characteristics. Asian economies have similarities, in the role of export-oriented strategy, opening up, and the change of industrial structure shows the characteristics of small open industrialization, at the same time, there is therefore nothing special about the so-called Vietnam model.

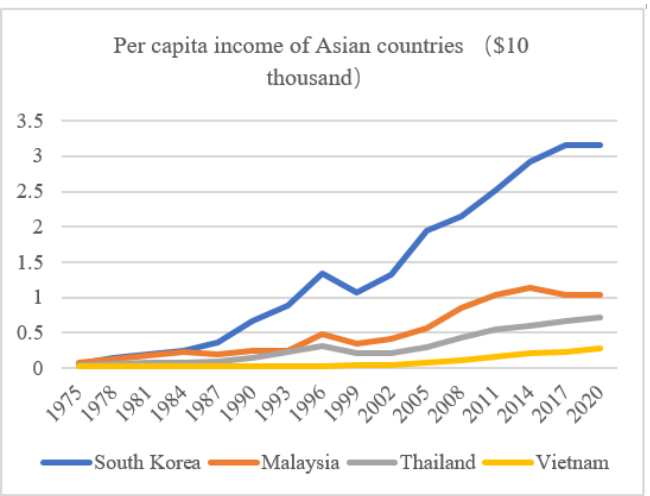


Figure 4. Per capita income growth level of Asian countries.

Table 3. Economic performance of Asian countries at different stages of economic development.

	2021 Per Income (US $)	Time taken to reach different income points (years)			Annual growth rate (%)		Change in currency value (%)		
		Up to $1,000	Up to $2,000	Up to $5,000	Up to $1,000	$2,000-5000	Up to $1,000	$1,000-2000	$2,000-5000
South Korea	34801	14/1977	7/1983	6/1989	6.4	9	9.8	8.2	-2.4
Malaysia	11399	7/1977	11/1988	17/2005	5.9	6.6	-3.1	0.6	2.2
Thailand	7336	8/1988	15/2003	8/2001	5.5	3.6	2.7	3.4	-3.8
Vietnam	3725	22/2008	6/2014		5.7		34.8	5.2	

4. New challenges brought by 'Innovation and opening up' to Vietnam's economy

More than 30 years of vigorous reform have allowed Vietnam's economy to develop greatly. However, there are still many problems to be solved in the process of innovation and opening up, which have become obstacles to the process of reform. The most serious problems include the following two aspects:

4.1 Serious inflation

Before the reform and opening up, there was inflation in Vietnam. From 1981 to 1985, the Vietnamese government implemented the 'dual price' mechanism for many commodities, which made the national price deviate from the market price. The market price rose too fast, which meant that wages could not keep up with price rises, which led to the rapid depreciation of the currency. In only one year from 1984 to 1985, the market price rose 300% [12]. This led to stagnation and even regression of economic development. The Vietnamese government discovered this serious problem and began to implement a single price. However, this series of reform measures led to the emergence of a more serious inflation crisis, with the inflation rate exceeding 700%, which affected the economic development of Vietnam. Since then, inflation has been a constant presence in Vietnamese society, with the food and restaurant industry being the most affected, as Vietnamese people have to bear the high cost of food. After the implementation of reform and opening up in 1986, Vietnam's economic development ushered in new opportunities, and the situation turned positive. By 2007, the inflation rate was controlled within 10%. In the second half of 2007, the subprime mortgage crisis in the United States spread to the rest of the world, foreign investment quietly withdrew from Vietnam, and the market was short of dollars. In order to ensure exports, the central bank of Vietnam sold a large number of dong in the market and bought dollars, leading to a sharp rise in the price of the dollar and gold. In 2008, Vietnam's domestic price index rose more than 22%, and inflation started to increase. Since 2009, the world economy has continued to slow down and has still not escaped from the whirlpool of the 2008 world economic crisis. Vietnam's efforts to attract foreign investment declined significantly, and its import and export trade experienced negative growth. Falling exports have had a big impact on Vietnam, but inflation has eased. However, since the beginning of 2011, Vietnam's price inflation has continued to rise month by month, and even increased 20.8% at its peak. Inflation has eased slightly in recent years, to 3.41% in 2019. After years of inflation, which had become more common in the market in dollars and gold, the government's control of inflation will be greatly reduced. Until now, inflation has persisted, the economy is still unstable, and the future of many companies is worrying.

4.2 Extremely unbalanced economic development

In the context of the market economy, Vietnam only focuses on how to grow its economy, which leads to uneven levels of development and a widening gap between the rich and the poor across the country. The phenomenon of severe polarization is common in society. Unbalanced development is mainly reflected in the following three aspects: first, the poor lack material goods. There is a lack of

necessary survival materials, and the needs for education and health care are not being met. Second, poor people are more likely to be affected by disasters and family changes. In the event of an accident, the whole family will face extreme poverty. Third, the basic right to survival of people in poverty is not guaranteed. From the perspective of urban and rural areas, the poor population is mainly concentrated in rural areas. From 2010 to 2020, the average incidence of the rural poor in Vietnam was 13.6%, and the number of poor people accounted for 94.7% of the total poor population [13]. In terms of geographical distribution, the poor population is mainly concentrated in northern Vietnam and mountainous areas, which not only have the highest incidence of poverty, but also have the largest absolute number of poor people. The poor are unevenly distributed, mainly in rural and mountainous areas. Despite the rapid economic development of Vietnam, the government has only done superficial work in poverty alleviation, and has failed to lift poor people out of poverty.

5. Suggestions for Vietnam and other developing countries

Just like Vietnam, China started the process of market-oriented reform in the 1980s, and it also encountered similar problems to Vietnam. Based on China's experience, I will put forward some suggestions for how Vietnam can solve the problems caused by market-oriented reform. Most of Vietnam's tax revenues are now turnover taxes, especially VAT, but income taxes make up only a small part of the total. Turnover tax is ultimately transferred to consumers, that is, the general public, and income tax is directly levied on the benefit people [14]. Turnover taxes do nothing to narrow the gap between the rich and poor, unlike income taxes. The increase in income tax is conducive to the country's primary distribution of wealth to the middle- and low-income classes so as to narrow the gap between the rich and the poor. At this critical moment, Vietnam should introduce policies and measures to vigorously encourage industrial relocation in the eastern coastal areas [15]. While promoting industrial relocation, the government should promote the different advantages of different regions, engage in scientific planning and overall arrangement, and allow similar industries to operate in the same region to promote the formation of an industrial belt. Vietnam should also promote the advantages of industrial clusters and avoid allowing local government to engage in non-standard competition behaviour. In this way, each region will have its own comparative advantages, allowing the economy to develop in a balanced way, and people's income can be roughly equalized. In order to address the relatively serious inflation of recent years, the Vietnamese government should strengthen the market price supervision and reduce inflation expectations. It will be necessary to strengthen monitoring and analysis to grasp the laws of supply and demand and the price fluctuations of important commodities to ensure that major price fluctuations do not occur in the process of industrial upgrading as a result of changes in the consumption structure [16]. Vietnam should establish a market early warning mechanism, provide important commodity information in a timely and accurate manner, implement information symmetry, and overcome production blindness.

Although there is no unique Vietnam model in its reform, its experience and practical practice of innovation and opening up have certain reference value for the reform of other developing countries.

First, is the innovation of Vietnam in seeking truth from facts based on the analysis of its national conditions? The development of any country requires theoretical guidance, but at any time in the theory of needs according to their own actual situation, combined with the actual situation of their correct use theory to guide practice, to better promote the country's economic development. For backward countries seeking development, it is also necessary to adhere to and develop the guiding role of good theory in the practice of reform. Vietnam began to develop from backward productive forces, and there is still a big gap between the development level of its social productive forces and the original requirements of society. At the beginning, Vietnam exceeded the objective level of productivity, ignored the actual requirements, slavishly imitated the Soviet model and blindly pursued a planned and single economy, which had a serious impact on the economic and social development of Vietnam. In the evolutionary process of Vietnam's market economy, the Vietnamese party and government no longer stuck to the doctrine of the Soviet Union, but carried out economic system

reform in the country based on the national conditions, and successfully turned to a policy of high-speed development, which promoted the transformation of Vietnam's economy and society. On the other hand, the Vietnamese government seized the opportunity to actively promote positive interaction in all aspects.

During the 1980s, profound transformations occurred in the international economic and political landscape. This upheaval began in Eastern Europe, in the Soviet Union, and led to changes in diplomatic relations, and to the establishment of the Association of South-East Asian Nations (ASEAN), which opened the doors to greater trading opportunities between countries. Vietnam in this period was committed to respect for sovereignty and the principle of mutual benefit when it came to the development of various kinds of economic relations with other countries. Now, as an indispensable member of ASEAN, Vietnam's foreign trade also gradually played an irreplaceable role in its domestic economic development.

6. Conclusion

As a traditional agricultural country, Vietnam fell into serious economic difficulties due to foreign wars and deficiencies in its own system after its reunification in 1975. In order to overcome these economic difficulties, Vietnam implemented a market-oriented reform policy of innovation and opening up in 1986. After more than 30 years of innovation, Vietnam has made great strides in that area. It has changed the situation of poverty and instability, dealt with internal troubles and foreign invasion, and the living standards of its people have been significantly improved. In Vietnam, opening up to the level of industrial structure and economic development level for pattern analysis, found the Vietnamese economic development process and developing Asian countries such as South Korea, Thailand and Malaysia is not too big difference, embraces the characteristics of small open industrialization, also don't want to exist a unique mode of Vietnam. At the same time, Vietnam's market-oriented reform has also brought new problems to itself, the most prominent of which is serious inflation and an extremely unbalanced economic development. But Vietnam was able to address the new challenges through tax reform, industrial relocation, and enhanced monitoring and analysis. Although the Vietnamese model is not unique, analysis shows that the ways in which the specific national conditions of the country were addressed by the innovation and opening up strategy, are still worth learning about, especially for developing countries that need some sort of reform to overcome their economic difficulties.

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