

Globalisation and the Transition  
from Central Planning to Market Regulation:  
Moldova and Vietnam

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## I. Introduction

This paper considers the process of transition from central planning to market regulation with reference to two country experiences, Moldova and Vietnam. The transition process for the former was an unmitigated disaster, perhaps the worst peacetime economic collapse in the three century history of capitalism. For the latter, the process was one of astoundingly smooth adjustment to a market economy, with quick and successful integration into the world market, in contrast to Moldova's quick and catastrophic integration. The two countries contrast by their major differences. One was small in both territory and population, the other the twelfth most populous country in the world. Moldova was in practice an integrated, dependent province of Russia with no institutions of the national state; Vietnam was a country that have been independent or in struggle against occupiers for centuries.

While the latter difference in particular is part of the explanation for disaster on the one hand and success on the other, much more important were the policies followed in each country with respect to integration into the world market. This conclusion is developed as follows. Section II presents the analytical framework for the discussion of Moldova and Vietnam, and it could be applied to all countries in transition. Section III deals with the success story of Vietnam, and Section IV the catastrophe of Moldova. The final section summaries the argument and presents several generalisations that remain relevant for transition countries.