

# Some solutions of Vietnamese government to the impact of the global financial crisis

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**Abstract.** The global financial crisis started in the United States and blew all over the world in 2007 - 2009 was one of the worst crisis that impacted almost countries around the world. Vietnam although was not directly and quickly influenced by the crisis, most of its economic activities were passive and the economy growth even fell down. The Vietnamese government was very active to implement policies to react to the global financial crisis. They however were just temporary because they were only short term reactions or saved the economy of Vietnam from the crisis but they created neither sustainable, long term factors nor growth motivation for the economy itself and enterprises as well.

## 1. Overview of the global financial crisis and its impact on the Vietnamese economy

### *Overview of the global financial crisis 2007-2009*

The crisis that broke out in the middle 2007 in U.S. recently was the most severe one since the Great Depression 1929-1933. It originated from the panic of the mortgage market, then spread to the stock market and the banking system. It "submerged" many economies, "cleared" large companies including world leading banks and financial institutions such as Bear Stearns, Lehman Brothers, Merrill Lynch, Fannie Mae and Freddie Mac, AIG (US), London Scottish Bank (UK), Fortis (Belgium), Hypo Real Estate Holding AG (Germany), FCG (Japan), etc.

The crisis spread to countries which had direct economic ties with the United States, especially with Lehman Brothers and secondary housing credit market. In Europe, UK, Iceland, Ireland, Belgium and Spain were the most seriously degraded countries. In 2008, these countries had to nationalize leading banks like Northern Rock, HBOC, Bradford & Bingley (UK); Glitnir, Straumur Investment Bank, Reykjavik Savings Bank (Iceland); and Anglo Irish Bank (Ireland). Many other banks either had to change ownership such as Catholic Building Society, Alliance & Leicester, London Scottish Bank (UK) Fortis (Belgium), Hypo Real Estate Holding AG (Germany) or were placed under the governments' special supervision such as Dunfermline Building Society (UK), Kaupthing and Landsbanki (Iceland). In Asia, the worst affected countries were Japan, South Korea, Hong Kong, Singapore and Malaysia.

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The crisis pulled down these economies and led to declined employment, income but boost social issues on a rise. In 2008, the world economic growth rate decreased 1.1% compared to 2007 and 1.2% in 2006 (only 3.9%), of which developed countries decreased respectively 1.1%

and 1.5% (1.5%); ASIAN NICs decreased 3.6% and 4.2% (1.5%). In the developing countries however as poorly open economies, the impact of the crisis was not as strong as it was for the developed countries. The growth rate, therefore, was 6.9%<sup>(1)</sup> (see Figure 1).

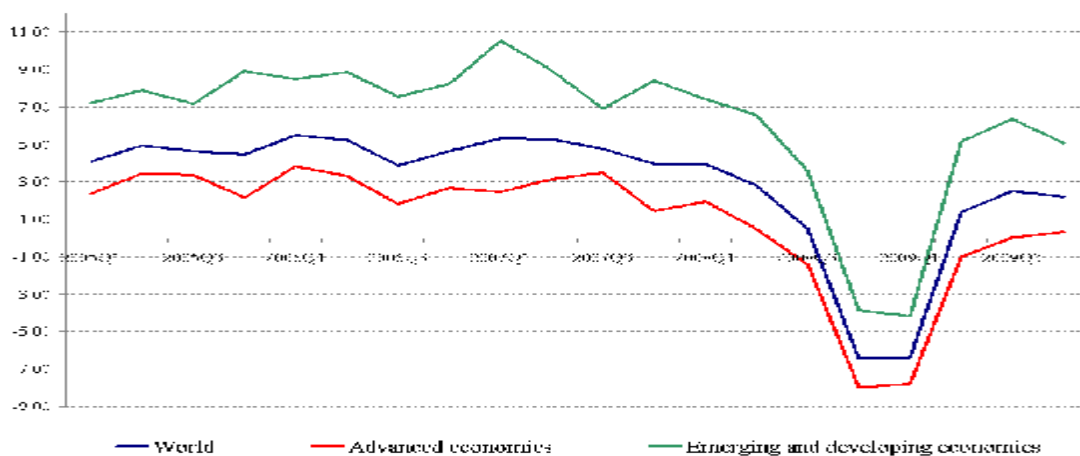


Figure 1. Quarterly economic growth rate (Worldwide, 2005-2009).

Source: [http://commons.wikimedia.org/wiki/Image:World\\_GDP\\_Growth.png?uselang=vi](http://commons.wikimedia.org/wiki/Image:World_GDP_Growth.png?uselang=vi)

<sup>(1)</sup> Although the financial crisis became intense in 2008, its consequence broke out in 2009. The world economy growth rate only reached 1.1%, decreased 2.8% compared to that of in 2008. The international trade declined more slowly than in 2008 but was still high (declined 11.9% in 2009, 20% in 2008). The declined trade strongly affected the exporting economies, including Vietnam's main markets such as Hong Kong, Singapore, South Korea, Thailand and Malaysia. In order to rescue, most countries pumped money into their economies through stimulus packages with hundred or even thousand billion dollars. According to the Asian Development Bank (ADB), this crisis dashed around 50,000 billion dollars (excluding the damage caused by the economic recession). Interventions had helped some economies to recover, but fell into another disaster - a debt disaster, in which the U.S. became the world

largest debtor with government debts of 9,130 billion USD, accounting for 65% of GDP<sup>(2)</sup>. Many countries, although their debt was not as much as the U.S.'s, were alarmed of the risk of default, including the world leading economies. *BusinessWeek* launched a list of 10 countries at risk of "drowning in debt" since the debt/GDP ratio was at dangerous level, typically Iceland, with debt in 2009 was 310% of GDP, followed by Japan 227%, Greek 124% and Italian 120.1%<sup>(3)</sup>.

#### *Crisis impacts on the Vietnamese economy*

In Vietnam, the impact of the crisis seemed to be slower and lighter than many other countries. Until late 2008, after nearly a year of

<sup>(1)</sup> Economic of 2008-2009, Vietnam and the World (Vietnamese), Journal of Vietnamese Economy, p. 131

<sup>(2)</sup> Global crisis and some problems for the Vietnamese economy (Vietnamese), <http://ncseif.gov.vn/Default.aspx?mod=News&cat=110&nid=13758>

<sup>(3)</sup> Ten countries on the brink of sinking in debt (Vietnamese), <http://vietbao.vn/Kinh-te/10-quoc-gia-co-nguy-co-chet-chim-trong-no/11146035/48/>

the crisis in the U.S., Vietnam really witnessed the economic decline. The impact was lighter because firstly, while other countries had to close series of enterprises, many new enterprises were established in Vietnam (21,000 new established enterprises in first 6 months of 2009); secondly, while many leading enterprises of powerful economies went bankruptcy, in Vietnam the large enterprises are still stayed, only about 20% of enterprises (mostly small and medium size) were at risk of bankruptcy; and thirdly, while most countries severely degraded, many countries got negative growth rate, Vietnam achieved positive growth rate with 3.14% even at the worse time of the crisis - first quarter of 2009 - and as twice as the world growth rate in 2008<sup>(4)</sup>.

Despite the fact above, it did not mean that impact of the global financial crisis to the Vietnamese economy was small. Conversely, the impact was a bit strong compare to the stamina of the country.

Export sector was firstly, most directly and heavily affected by the crisis. This is because on one hand, Vietnam economy is an open market (export – import accounts more than 150% of GDP); on the other hand, the U.S. - the epicenter of the crisis - is the biggest export market of Vietnam (usually accounts for 23-25% of total export turnover), and other major markets such as Japan, EU, Australia were also seriously degraded. Therefore, import demand in these countries was significantly reduced (consumers applied “tightening the belt” policy). In addition, right from fourth quarter of 2008, most of these markets increased protection and refused orders to deal with lack of liquidity and to protect domestic enterprises. It significantly reduced price and volume of imports. As consequence, in the second half of 2008, export turnover of Vietnam began to decline. The proportion of U.S. and EU markets

in the total export turnover of Vietnam reduced from 20.7% and 18% in 2007 to 17.7% and 16.5% in first 9 months of 2008<sup>(5)</sup>. In 2009, turnover from seven major export markets of Vietnam (accounting for nearly 80% of the total export turnover of the country) are lower than in 2008, in which the U.S. market decreased by 5.5%, EU 14.4%; ASEAN 16.4%, Japan 27.7%, etc. Compared to 2008, total export turnover of Vietnam reduced 10% (about 6.3 billion dollars), of which crude oil decreased 40.2%, shoes 14.7%, etc. To be worse, many products increased in volume but significantly reduced in turnover (due to falling prices), such as rubber increased 11.1% in volume but decreased 23.5% in turnover; the corresponding figures were 11.7% and 18% for coffee, 25.7% and 8% for rice, 7.1% and 7.2% for cashew nut<sup>(6)</sup>.

Clearly, the export enterprises of Vietnam were influenced by the global financial crisis. They not only faced a decrease in demands, but also must deal with many additional effects, such as increasing the price of US dollar, tightening credit activities, etc.

In the activities of FDI, thank to the “inertia” of the investment flow from 2007, Vietnam still achieved a remarkable record of registered capital in 2008 with 64.1 billion U.S. dollars, which was 3 times higher than 2007 and 5.3 times higher than 2006. However, the impact of the global financial crisis led to a slowdown of implementation progress of investment projects since investors had to tighten their budgets. The implementation capital rate in 2008 only reached to less than 18% (the rate of 2007 was 37.6% and 2006 was 34.5%). In 2009, as the largest investment partners of Vietnam such as Taiwan, Malaysia,

<sup>(4)</sup> Financial crisis depresses the World economy (Vietnamese), [http://www.vhdn.vn/index.php?view=article&catid=&id=8269&tmpl=component&print=1&page=&option=com\\_content](http://www.vhdn.vn/index.php?view=article&catid=&id=8269&tmpl=component&print=1&page=&option=com_content)

<sup>(5)</sup> Impact of global financial crisis on foreign investment and economic growth of Vietnam in several upcoming years (Vietnamese), <http://ncseif.gov.vn/Default.aspx?mod=News&cat=110&nid=12741>

<sup>(6)</sup> Export and Import situation of December and the whole year 2009 (Vietnamese), <http://www.customs.gov.vn/Lists/TinHoatDong/Print.aspx?ID=17576>

Singapore, Japan, and Hong Kong were in heavily economic recession, FDI in Vietnam was also sharply reduced. The amount of registered capital in 2009 was only 21.4 billion (including supplementary capital), decreased 70% compared to 2008. Especially, this amount was only 300-400 million in many months. Implementation capital in 2009 was estimated to reach \$10 billion, decreased \$1.5 billion (13%) compared to 2008.

Crisis also affected the flow of indirect investment into Vietnam over these 3 years. If in 2007 indirect investment accounted for 8.6% of GDP, in 2009, this rate was only 2%. The crisis pushed investors into difficulties in searching financial resources, so they did not want to invest more, or even had to withdraw capital to invest in less risky sectors. In 2008-2009, the amount of indirect investment withdrawn from Vietnam each year was about 600 million<sup>(7)</sup>, which showed that foreign investment in Vietnam was not beyond the influence of the crisis.

Although monetary and financial sector in Vietnam was not as intense as the U.S. and other European countries because it was not directly affected by the crisis, however, in the first half of 2008, the operation of this market had many changes: interest rates rose, bond market began to stagnation and stock market continuously declined. In the monetary market, within 4 months (from February to June 2008), the basic interest rate increased 2 times which was from 7.25% per year to over 14% per year. Interest rate of capital mobilization increased up to 17-17.5% per year, the Bank of East Asia even raised it up to 19.2% for the 3-month period. In the interbank market, interest rate was even higher, up to 40% per year (March and April of 2008). Accordingly, the interest rate of loan also increased, even up to 21% per year. At that time, the credit of commercial

banks was in the "hot" state, especially real estate outstanding loans in two economic centers - Hanoi and Ho Chi Minh City. Generally, within the first 3 months of 2008 (January to March), outstanding loans of commercial banks in the whole country increased by 180,000 billion Vietnamese dong<sup>(8)</sup>.

In the stock market, the decline also appeared. Compared to early 2008, the VN-Index declined almost 70%, of which the HASTC-Index fell below 100 points at some points of time. This situation led to a number of foreign investments (about \$500 million) to withdraw from the stock market in Vietnam. Those numbers were not large compared to the total value of market capitalization, but it had a strong influence on investors, making the market becomes bleak. There was data displaying within a month that both HASTC and HOSTC sharply lost points, respectively 17.9% and 24.9%. This dragged the loss of VN-Index from 859 points on February 20, 2008 to 428.05 points on May 30, 2008<sup>(9)</sup>.

An increase in interest rate led to an increase in capital price. Vietnamese enterprises, therefore, could not escape from the crisis. In late 2008, there were more than 200,000 over 300,000 enterprises strongly affected by the crisis, including 70,000 businesses and a half of handicraft villages (about 5 million out of 10 million households) were before the brink of bankruptcy. The growth rate of the economy was slower since late 2008. From the peak of growth of 8.48% in 2007, right in the first quarter of 2008, this number dropped to 7.4%. After that, the economy continued to slowdown and led to a growth rate of only 6.23% in 2008. Decline also extended to the first three months of 2009. Economic growth rate in the first quarter of

<sup>(7)</sup> Portfolio foreign investment of 2009 decreased along with recession (Vietnamese), [http://www.cpv.org.vn/cpv/Modules/News/NewsDetail.aspx?co\\_id=30066&cn\\_id=391163#](http://www.cpv.org.vn/cpv/Modules/News/NewsDetail.aspx?co_id=30066&cn_id=391163#)

<sup>(8)</sup> Economic of 2008-2009, Vietnam and the World (Vietnamese), Journal of Vietnamese Economy, p. 14

<sup>(9)</sup> "Crisis" and opportunity (Vietnamese), <http://info.123mua.com.vn/khung-hoang-va-co-hoi/tin-LMJbAgAUWL.html>

2009 reached only 3.14% - its lowest level over the two decades. The crisis dragged the growth rate of 2009 down to 5.32%, less than 0.91 percentage points compared to 2008, and 3.13 percentage points compared to 2007.

Unemployment went along with the crisis. Series of business had to narrow their operations or even closed down. It made fairly large number of workers temporarily off work or lost their jobs. In 2007, the number of workers in companies operating in industrial zones and export processing zones were cut down to 541,000 people. By 2008 that number was 30,000<sup>(10)</sup>. In the first 9 months of 2009, 110,818 employees in the business sector lost their jobs, of which women accounted for 31%. In the handicraft village sector, the number of unemployment also reached to 40,348 people, of which women was 41.2% (excluded more than 100,000 people had to stay rotation due to lack of work)<sup>(11)</sup>. Even Vietnamese employees working overseas were in a fear of losing jobs, since the large markets such as Taiwan, Korea, Singapore, Malaysia and Czech Republic not only stopped reception, but also managed to bring workers back to Vietnam before the due time. The weak groups such as women workers, rural workers, workers in industrial zones were the one who might lose the most.

## 2. Vietnamese government's solutions under the impact of global financial crisis

### *Public spending sharp cut and managing improvement*

Since March 2008, the Government of Vietnam had anticipated the problem of the U.S' economy and planned to prevent in time.

Resolution No. 10/2008/NQ-CP on April 17, 2008 proposed the specific measures to prevent crisis, including measures to reduce public spending, notably from the budget. Public spending is necessary for countries, but in Vietnam, it was not used efficiently while the budget was deficit due to crisis. Therefore, in 2008, the government decided to cut 10% of the average administrative costs of agencies using the State budget. Firstly, it was expense on unnecessary activities such as festivals, ceremonies, meetings, travels, etc. This was considered a wise and in time decision of the Government, in order to save capital for production. Secondly, it was expense on inefficient investments or unnecessary works, and in replacement, focused on nearly completed works and efficient works. After the policy was implemented, the growth rate of government spending in 2008 was nearly 1% lower than in 2007 (8% compared to 8.9%). Although the speed was still slow, this number still was a worth in the situation of facing crisis.

Along with cuts in expenditures from the state budget, the Government also reviewed investment activities from loans, and limited total investment loans for SOEs, firstly economic groups and Corporation 90 and 91.

### *Tax extension and exemption for business activities*

In order to prevent economic recession, Vietnam Government issued a policy of tax exemption, reduction and extension. In particular, small and medium enterprises were reduced by 30% of enterprise income tax for the fourth quarter of 2008 and the whole year 2009; 70% remaining was extended during 9 months. Exporter enterprises were entitled to be repaid 90% of its value added tax on inputs used to produce the exported goods, and another 10% will be repaid too when they collected all documents relating these goods. The government also decided to reduce the 50% value added tax since February, 2009 for 30 groups of goods and services which tax level were changed compare to 2008 such as coal,

<sup>(10)</sup> Vietnam starts to feel results of the global financial crisis (Vietnamese), 14/2/09, <http://www.vntrades.com/tintuc/name-News-file-article-sid-40267.htm>

<sup>(11)</sup> Number of job-lost workers decreased in the third quarter of 2009 (Vietnamese), <http://thitruong.info/?pc=news&p=estore&id=2118&cid=9>

soil stones, sand, gravel, mechanical products as production tools, automobile and automobile components (including engines, gearboxes, clutches), industrial concrete products, color metals, precious metals (except import gold), etc. Also for the labors, the Government advocated to extend personal income tax in the first 5 months of 2009.

#### *Carrying out demand stimulus*

To cope with economic recession, demand stimulus (both for investment and consumer demand) is the solution that many countries have been applied. Vietnam Government created two demand stimulus packages in 2009 which was an unprecedented case in Vietnam.

The first package which worth \$1 billion was carried out from Feb. 1, 2009 to Dec. 31, 2009; and the second package which worth \$8 billion was implemented from April 1, 2009 to Dec. 31, 2011. The purpose of these two packages was to support organizations and individuals through interest rates when borrowing from the banking system. Interest rate support level was 4% (less than half of bank's interest rate). Supporting objectives were organizations and individuals, especially small and medium enterprises who engaged in business sector. The first package was to "rescue", the second package was to "pushing up" the economy.

Just two months after the implementation of the first package, there was more than 202,130 billion Vietnamese dong of supporting loans reached the borrowers. For the whole year, there was 415,216 billion dong being lent by banks and credit institutions with supporting interest rate, in which state-owned enterprises borrowed nearly 60,000 billion dong, non-state enterprises 290,000 billion and the households over 65,000 billion. Thanks to the supporting package, many enterprises had overcome the difficult period caused by the global financial storm. In rural areas, the Government also spent 51 billion dong to assist farmers purchasing more agricultural tools and materials, whereby rural people were not only out of crisis, some of

them even get out of poverty in a sustainable manner. Thus, with these two economic stimulus packages, Vietnam has pumped and will pump into the economy more than 146,000 billion dong (approximately \$8.6 billion), in which regular expenditure for the welfare was about 9,800 billion<sup>(12)</sup>. Up to now, the first package was completed and has promoted effectiveness in rescuing the economy out of recession. The second one has been implemented.

In addition to compensation for interest rates, the Government also approved the credit guarantee mechanism for enterprises with initial capital of less than 20 billion and less than 500 employees (excluding the service sector). Guarantee's duration matched with loan duration and business cycle with the maximum guarantee level of 100% for original loan and interest incurred. Maximum guarantee fee equaled to 0.5% of the amount guaranteed per year. Initial capital for the Risk compensation fund, which was 200 billion dong, was allocated to the Vietnam Development Bank.

#### *Implementation of flexible monetary - financial policy*

Vietnam's economy has not yet escaped from the heavy impact of inflation in 2007 (with highest CPI of 12.63% since 1996), still then it had to confront the financial crisis. Operating monetary policy in the condition of fighting both inflation and economic recession was not easy. Like many other countries, the Government of Vietnam used the monetary policy to attack the two targets above.

In the last few months of 2007 and early of 2008, when prices of goods and services were highly increased, the Government directed the State Bank to expand the scope of carrying out the requirement reserve ratio for deposits over

<sup>(12)</sup> Vietnamese economy in 2009 and some thoughts on transition understanding (Vietnamese), <http://www.tinkinhte.com/nd5/detail/viet-nam/phan-tich-du-bao/kinh-te-viet-nam-2009-suy-nhan-thuc-luan-chuyen-doi/77795.113121.html>

24 months (previously was not higher than 24 months), and to increase 1% requirement reserve ratio (10% from May 2007).

The next step was to change the ratio of outstanding loans for securities to not exceed 20% of initial capital of credit institutions (previously was 3% only). In 2008, facing the fluctuation of the domestic and global economic situations, the Government of Vietnam adjusted 8 times for basic interest rate (especially five times for the last 3 months of the year) and re-discount interest rate; 5 times for reserve requirement and reserve requirement interest rate; 3 times for exchange rate; and 2 times strongly increased the inter-bank rate. Change in monetary policy was "tightening" at the beginning and gradually "loosening" at the end of the year<sup>(13)</sup>.

Along with an increase in interest rates, the Government released 20,300 billion dong of obligated bonds to commercial banks, strictly controlled the securities and property investment loans; and strengthened the management of foreign currency exchange dealers. Those policies and measures proved its effect in inflation control: consumer price index decreased from 3.91% in May to 2.14% in June, and 0.18% in September, 2008.

In 2009, monetary policy was more stable, thank to the policy impact of 2008. During the year, the State Bank reduced basic interest rate only once from 8.5% to 7% per year in February, and maintained to the end of November. It increased again to 8% in December 1st. There were three adjustments in re-discount and re-financing rates, two in Jan and April, and one in December. There was one time reduction in requirement reserve ratio in March. There was also 2 adjustments in exchange rate amplitude: one time widening from  $\pm 3\%$  to  $\pm 5\%$  on March 24<sup>th</sup>, and one time narrowing from  $\pm 5\%$  to  $\pm 3\%$  on Nov 26th.

Inter-bank VND/USD exchange rate was adjusted up to 17,961 VND to 1 USD, applied from November 26, 2009, which was increased by 5.4% compared to November 25, 2009.

*Launching the "Vietnamese people use Vietnamese goods" movement which encouraged organizations and individuals to strongly support the domestic market*

In the condition of crisis and global economic slowdown, export markets were shrinking and prices of many items in the world market were declining (although export volume of many items was still increasing), many businesses were back to focus on the domestic market. With a population of nearly 86 million, with the Vietnamese consumers who were classified as "easy satisfy" and quite "strong" in spending, with a total flow of goods in the retail market increased about 18-20% annually, etc. this really was an ideal market for business and even can be compared to the Chinese, Indian, or Russian markets.

In order to promote the domestic market and create a driving force for business activities, on July 31, 2009, the Political Bureau advocated the campaign "Vietnamese people use Vietnamese goods". This did not only mean promoting patriotism, building consumer culture, but also a positive policy response to deal with the impact of the global financial crisis. With purpose of turning this campaign into a long-term movement, the government called for consumers to use domestic goods as personal consumption; public procurement, domestic producers and businessmen to use domestic materials and equipments for project implementation. The government will support enterprises in certain activities, such as organizing market surveys, establishing retail distribution network; organizing domestic products' seminars, exhibitions and fairs; supporting to sell domestic products in rural areas, industrial parks, export processing zones and trade promoting in the domestic market; etc.

<sup>(13)</sup> Monetary policy in globalization (Vietnamese), [http://www.vnbaorg.info/index.php?option=com\\_content&task=view&id=2391&Itemid=38](http://www.vnbaorg.info/index.php?option=com_content&task=view&id=2391&Itemid=38)

### **3. Looking back at Vietnam Government's responses to the impact of crisis**

If reviewing from the fourth quarter of 2008 when crisis was realized (economic growth slow-downed to 5.7% from 6.5% of 3 previous quarters) until the second quarter of 2009 when the economy started showing signs of recovery (growth rate reached 4.5%, one and a half time higher than the first quarter), and then continued to increase in the next quarters (Quarter III increased 5.8%, quarter IV increased 6.7%), it can be said that Vietnam had escaped from the crisis so quickly that many people thought Vietnam was not affected by this crisis. In fact, Vietnam "fled" through the crisis. It was firstly thank to the effectiveness in operating macro policies with active and creative responses of the Government.

Admittedly, in overall, the response of the Vietnam Government before the impact of the financial crisis is proper and creative. First, the Government's action of spending 2 consecutive economic stimulus packages in a year showed the determination and efforts in rescuing the economy from the impact of crisis. This is an action that even countries with the most powerful economies are still very cautious, especially with a second package. It is daring but needed action that make an economy in stagnation and recession (from late 2008) became active in mid-2009. Many businesses operate again, people return to work; inflation is being controlled at one-single-digit rate; and the economy grows again. This success of anti-crisis policy in Vietnam is acknowledged by many international organizations. Mrs. Victoria Kwakwa, Director of the World Bank in Vietnam, confirmed: "Recently, Vietnam has announced important macro-economic actions that all in the right direction in terms of ensuring the stability of macro economy, which we all consider important to continue growing. This success was globally recognized". The Head of Australian Chamber of Commerce in Vietnam, Clive Randall, also said that the Government of Vietnam "has control the fiscal

policy in a very impressive manner, and that has made the impact of inflation reduced to a manageable level" and Vietnam "are getting out of the cycle faster than other developing economies in Asia, and even in the world".

However, the anti-crisis policies of the Government also have limits:

First, despite the fact that the coordination of policies against crisis had an impact of re-establishing the balance of the macro economy in 2009, the results were not really solid. The support packages of interest rates and exemptions of postponing corporate and personal income taxes have significantly reduced budget revenues (50% VAT exemption for 30 commodity groups and exemption for personal income taxes reduced budget revenues of about 28,000 billion VND), leading to large budget deficits (4.7% of GDP in 2008 and 7% of GDP in 2009). The Government's supporting policies, which favor export than stimulating the domestic market, had helped increasing the trade deficit rate in 2008-2009 (27.8 % in 2008 and 21.6% in 2009).

Second, there were inequalities between organizations and individuals in accessing to the preferential policies of the Government. For example, the Government support packages aimed only at supporting enterprises' production and business (production stimulation), not for all activities and the whole economy. Even among the enterprises, there were only about 20% of them be able to receive these incentives. Lower taxes or postpone enterprises income tax only benefits enterprises that have profits, meanwhile loss enterprises couldn't access this capital although they were the ones who need it in the first place. This resulted in a budget reduction while the aim of helping loss ones to get out of the hard time of crisis still hadn't been achieved.

Third, the risk of increasing debt of the Government was higher. In order to help the economy, the Government has spent over one hundred trillions VND from the budget, of



which supporting for enterprises' interest is up to 17 trillion, while the budget revenues are tight and now continue to decrease because of tax exemptions anti-crisis programs. So, to compensate the deficit, the Government must borrow. Currently, government debt is up to 40% of GDP (2009), an increase of 3.5% compared with 2008, but we will have to wait a very long time for the enterprises to develop until we can repay the debt.

Fourth, the potential risk of inflation and credit risks was also high. The supporting in interest rate and loosening in monetary policy made the total means of payment and credit increased at a high level. In 2009, the total credit increased 37.73%, capital mobilized in credit organizations increased 28.7%, total means of payment increased 28.67%. That had contributed to raise up businesses in the short-term, but in medium-term and long-term there will be high pressure of re-inflation. On the other hand, flow of the Government' supported capital is directed to the enterprises, but what those enterprises use the supported capital for was difficult to control, which could lead to the phenomenon of debt swapping or changing the capital's purpose. In fact, the capital intended to support interest rate can be used by enterprises to repay high-interest old loans or invest in real estates, gold, silver, dollars, or securities, etc.

Fifth, the solutions for the impact of crisis that the Government had made are only temporary. They were just limited at "responding" or "saving" the economy from the disaster, but could not set out a specific long-term goal - not any solution for the development of the economy after a recession. In general, the support programs, including interest rate supporting and taxes exemptions or postponing of the Government, are all directed to the enterprises but not the factors that can create long-term competitiveness, such as construction of transport's infrastructure, or building houses, health care and the environment, the development of science and education, etc. These are the factors that really motivate the growth of enterprises in the future.

Looking back at the response of the Government of Vietnam to the impact of the crisis, we can see the persuasion of the decisions more clearly, so we can have experiences to deploying the next step more efficient, especially with the second support package being deployed this year. The success of the Government's intervention is already known and recognized, but there are still different explanations for the other sides of those interventions. However, there is no perfect policy. In fact, each policy has its own positive aspects and limitations. So in order to evaluate the effectiveness of those policies, we need to consider the level of "exchange" and assess more objectively, thus we can have more appropriate and effective solutions.

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**Tóm tắt:** Cuộc khủng hoảng tài chính khởi phát tại Mỹ và bùng nổ trên toàn cầu năm 2007-2009 được đánh giá là cuộc khủng hoảng trầm trọng, ảnh hưởng nặng nề tới nhiều quốc gia. Việt Nam tuy không chịu ảnh hưởng nhanh chóng và trực tiếp của cuộc khủng hoảng này song hầu hết các hoạt động kinh tế đều rơi vào trạng thái trì trệ, tăng trưởng kinh tế giảm sút đáng kể. Chính phủ đã nỗ lực thực thi hàng loạt biện pháp ứng phó trước ảnh hưởng của cuộc khủng hoảng, song nhìn chung đó mới chỉ là những biện pháp tình thế, dừng lại ở việc ứng phó hay cứu vãn nền kinh tế khỏi vòng suy thoái, chứ chưa nhằm vào các yếu tố tạo ra sức cạnh tranh lâu dài, do vậy chưa tạo được động lực tăng trưởng cho nền kinh tế cũng như cho các doanh nghiệp trong tương lai.