

# Understanding sources of Vietnam's economic growth in the time of

## “DOI MOI”

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Since the day of the “Doimoi” in 1986, Vietnam's economy has substantially changed due to high GDP growth. To understand this “high economic growth performance”, we will analyse the sources of growth by way of country- specific growth accounting. The result indicates that capital accumulation, in the form of physical capital, has been the main determinant growth factor of Vietnam during the Doimoi process. The contribution of labour force participation, being about 25%, has remained stable and the technological progress (TFP) should in the meantime be attributed only a minor role. This paper also shows that not manual labour but skilled labour (human capital) and productivity are strongly related to GDP growth. My short study concludes that although the economic growth has been mainly driven by the expansion of input factors, human capital and TFP growth rate should be recognized as the main factors that help the country to achieve sustainable economic growth during the next decades.