

Vietnamese market economy from the perspective of cultural center-periphery relations

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Received 13 May 2015; published 15 October 2015

Abstract: *Currently, in Vietnam, there are many conceptions of a socialist-oriented market economy. However, interpretations of socialist orientation and the characteristics of the socialist-oriented market economy in Vietnam given by scientists have not yet made clear the characteristics of socialist orientation of the economy that Vietnam is building. Meanwhile, Vietnam's experts and economic managers tend to promote private enterprise to play a dominant role in the market economy following the general pattern of the world. This article clarifies specific cultural features of Vietnamese market economy, analyzes the roles of state-owned and private enterprises as well as the center-periphery relations of each economic sector through the perspective of cultural center-periphery relations. On that basis, the article affirms the socialist-oriented market economy is to establish center-periphery relations, in which the center-periphery relations are equal, fairly competitive, what has brought a positive contribution from the state-owned and private sectors to Vietnam's economy.*

Key words: Market economy, Socialist, Center-peripher

Vietnamese market economy from the perspective of center - periphery

One of the most significant innovation works of Vietnam is to build up a market economy, which manifests a

tendency of becoming afferent and integrated to the world. In its struggle for national liberation before, Vietnam was proud to be a center of the world. The world, or at least half of it, also considered the country the center. The

war, however, made Vietnam behind the state of the art progress of the world. The center of the world's revolution was at a risk of getting out of the periphery.

Vietnam, as aware of the issue, took profound innovations, of which a crucial change was about innovating economic thinking. An innovation in economic thinking, first of all, is to change the thinking of a planned economy. When the Socialist faction in Europe collapsed, we had to re-identify center of the world and re-think the economy in ways to grow up with the world so as to avoid a periphery position. Then the market economy is an unavoidable option. The market economy is a popular and central rule for development; once Vietnam's economy yearns for growth, it cannot be out of this central effect. At the world level, we are moving as vector that is from a periphery towards the center.

In this light of thinking, Vietnam's Communist Party determines that the socialist-oriented market economy shall be a model during the transition period. To complete an institution for the market economy, therefore, is a significant premise that fosters processes of an economic restructuring, growth model altering, and macro-economic stabilizing.

Vietnam's market economy has got initial achievements for 30 years of innovation, contributing to its socialist-oriented development, motivating its step-by-step motto of 'wealthy people, powerful country, democracy, equality, civilization'. There are issues, however, that have not addressed; for instance, an issue of relations between state-owned and private enterprises, or how to assess a central role of the state-owned sector, or how to judge for periphery positions of the private sector, it is supposed the state-owned entrepreneurs to be a center that conflicts with nature of the market economy, isn't it, etc. Such problems are of relations between center - periphery. To consider and address the questions, it is essential to quote actual operations of international economic rules, but one must not forget to take into account domination of one national unique culture.

Vietnamese market economy from the perspective of culture

The world is approaching a knowledge society. And, after incorporating ideas of international scientists, organizations, and UN organizations, we would like to sum up a definition: A knowledge society *is a non-stop manufacture-based society that utilizes a variety of knowledge at every area with assistance of cutting-edge information and communication*

technology, aiming to nurture human beings in the planet equally, peacefully, and stably. That production and use of knowledge through an environment of education - training and research - implementation raises values of knowledge in fields of economics, sciences, and technology, which is typically named knowledge-based economy and high technology. That sort of society can be built and developed in all nations regardless of socio-political regimes (refer to Nguyễn Văn Dân, 2015, p. 93). It is a society that is responsible and humane to people. It is not only a knowledge economy, but it, most importantly, is a society of assuring human rights, equality, and security as well. Thus, the market economy within the knowledge society is not a pure economic economy, but a humane market economy.

Despite general rules, the market economy has an impact of historical - cultural - social conditions of each nation. Thus, a process for converting Vietnam's planned economy since the subsidy period into the market economy will manifest such general rules and economic management in accordance with a market mechanism within the Vietnamese typical conditions of history - culture - society. Developed capitalist worlds and developing nations are all heading to a humane market economy; it means

to move towards to an economy that serves human with better lives and better satisfies materialistic, cultural, and spiritual demands. This tendency has been making nations of different socio-political regimes altogether exist and solve global issues, such as population, environment, global security, and human security, etc.

In this light, the State and Communist Party of Vietnam advocated developing a socialist-oriented market economy. With an aim to build up a society of 'wealthy people, powerful country, democracy, equality, civilization' as affirmed many times by the Communist Party (Communist Party of Vietnam, 2011, p. 23), the country's socialist-oriented market economy conveys its specific historical - cultural - social aspects and its true humanity as the United Nations' spirit.

At a macro global level, thus, Vietnam's socialist-oriented market economy is a unique part of the popular rules of the world's market economy. That uniqueness is a sole orientation of Vietnam. We are moving to be a part of the world's center from a periphery position. Relations between the market and the socialist orientation shall be built and operated in the way that we can integrate into the world during globalization progresses, and that we can avoid a risk of permanent exclusions from the periphery. This is a problem for

Vietnam's managers at state-owned and enterprise levels.

To address the above issue at a macro level, Vietnam must be good at a micro level, which means the country shall be able to build a civil economy that has the market characteristics but complies with a socialist orientation. This is hard and to address, Vietnam needs to identify characteristics of a socialist economy of a new model. The new model, nevertheless, has not been found in the world.

According to Prof. and Dr. Đỗ Hoài Nam, Vietnam Academy of Social Sciences, social orientations within developing the market economy in Vietnam are as follows (Đỗ Hoài Nam, 2013):

- Developing the market economy shall contribute to implementing national goals that step-by-step transit to socialism so as to achieve 'wealthy people, powerful country, democracy, equality, civilization, mass ownership'.

- Well addressing big relations during implementation of national goals in each phase of transition towards socialism.

- Assuring management effects and effectiveness of the Rule of Law of Vietnam that is of the people, by the masses, and for the people, under leadership of the Communist Party of Vietnam during the nation growth in

general and modern market economy development.

According to other scientists, socialist orientations of the market economy model manifest humane nature that can be stated as following standards (Lê Anh Sắc, Doãn Công Khánh, 2014):

- 1) All socio-economic growth strategies of the Government and enterprises must take into account use effectiveness of natural resources, with a supreme awareness of the fact that such resources are inexhaustible.

- 2) To surmount social consequences of the market economy, the Government needs to found and strengthen work activities in insurance - charity organizations to guarantee basic lives for those who leave the labor force.

- 3) The Government has been increasing expenses for public commodities and services, health care, education, investment appropriate for labor re-production for current and future generations.

- 4) Best investment for future is to best satisfy current demands. A good economy of following periods must derive from investment in presence. The market economy, hence, that Vietnam is heading should grow in the way of effecting demands; to boost demands aims to stably foster supplies.

However, we think such explanations about socialist orientations of Prof. and

Dr. Đỗ Hoài Nam are general and convey the path of a planned economy in subsidy periods. Characteristics of socialist orientations of Vietnam presented by other scientists have not shown typical orientations for the economy Vietnam has been building. Such characteristics are mostly same as ones of modern capitalist economies. This is truly a difficulty since the world has not got socialism and socialist market economy. Old characteristics, such as planned economy, private sector elimination that are considered to be of socialism, then practices happened in former socialist nations in Europe were proved to be invalid. We renounced this model to apply the market economy which is a specialty of capitalist economies, but we still want it to the path of socialism. So what is our right way to avoid falling in the voluntarism any more time?

Scientists often emphasize a regulatory role of the State, which is considered as a significant point of socialist orientations, but Dr. Lê Anh SẮc and Dr. Doãn Công Khánh, Commerce Research Institute said that 'Although socialism and capitalism are two distinct socio-political regimes but both are at limitation of natural resources, commodities, and services comparing to people's demands, so necessary production must be

commodities manufacture. Therefore, it is certainly necessary to apply management upon the market mechanism of regulatory or mixed economic mechanisms' (Lê Anh SẮc, Doãn Công Khánh, 2014). Thus, the regulated market economy is not a sole characteristic of socialism.

It is said that the socialist-oriented economy has existence of state ownership. Dr. Lê Anh SẮc and Dr. Doãn Công Khánh, however, affirmed that 'Amidst state organization modes (slave-owner state, feudal state, capitalist state), any state admits two types of ownership of state and private ownerships. Capitalist states' economic development history proved that existence of the two ownership types do not block commodity circulation processes. In contrast, thanks to these kinds of states, governments could partly restrict defects of the market economy. On the other hand, they could create fairly competitive environments among different ownerships and economic sectors' (Lê Anh SẮc, Doãn Công Khánh, 2014).

It is said that socialist orientations for the market economy means the public sector shall be a steering economic role (*Socialist-Oriented Market Economy*, <http://vi.wikipedia.org/wiki/...>). In reality, nevertheless, our state-owned enterprises have not successfully

promoted their key role and cannot deserve to be a flagship of the whole economy. Corruption and wastes are popular in this sector. Therefore, roles of the private sector of Vietnam's economy were discussed with a raised question 'Who is playing a dynamic for the national economy?' at an Economic Forum Spring 2015 held on 21 April 2015 in Vinh City, Nghệ An. In fact, the number of the state-owned enterprises has been 4,000, accounting for 30% of the domestic GDP, taking up to over 60% of the total credits, and about 45% of the total assets. The State claimed that the state-owned enterprises are able to do what the private sector are unable. The public sector, however, make up 99% fertilizer production, 97% coal exploitation, 94% gas - electricity manufacture, 91% telecommunication, 88% insurance, etc. It means the public sector, together with the private one, are producing and making businesses. Besides, foreign direct investment (FDI) enterprises accounts for 67% of total exports, making up approximately 70% industrial production values (Economic Forum Spring 2015). So the question is that whether the private sector play a steering role?

Regarding this issue, Minister of Planning and Investment Mr. Bùi Quang Vinh affirmed that 'the private sector must be the most crucial

groundwork and dynamic to contribute to domestic economic growth and stabilization; otherwise, Vietnam can never achieve either growth or strength and autonomy'. Besides, Mr. Phạm Việt Muôn, Former Deputy Head of the Steering Committee for Innovation and Enterprise Development said that 'If the private sector's position is not reversed to be an economic dynamic, then the public sector stay the same'. Experts of the Fullbright thought that 'Vietnam's economy is running by one engine. Three domestic engines include the public sector, private sector, and agriculture which are all in troubles; only one foreign engine that is FDI enterprises are able to run smoothly'. Dr. Lư Bích Hồ, Former Director of Institute of Development Strategy said that 'We still claim that the public sector play the steering role, but meanwhile all power should be for boosting the private sector until this sector is powerful enough to replace the former' (Economic Forum Spring 2015, 2015).

Assoc. Prof. and Dr. Phí Mạnh Hồng, Hanoi National University and Assoc. Prof. and Dr. Trần Đình Thiên, Vietnam Economic Institute, in 2014, said that 'Socialist orientations accompanied with private ownership maintenance and development, then 'developing a socialist-oriented market economy' sounds contradictory'. They

thought that the State regulatory policy should be as limited as management through public policies and services rather than being an owner of state-owned enterprises (Phí Mạnh Hồng, Trần Đình Thiên, 2014). Economic experts and managers, obviously, have a tendency to promote the private sector be a pivotal role of the economy like common models in the world. Meanwhile, many scientists said that in a socialist-oriented market economy, 'the public sector play a steering role of the economy, public and collective economies have been a strong groundwork of the economy' (*Socialist-Oriented Market Economy*, <http://vi.wikipedia.org/wiki/...>).

However, amidst many opinions about the role of the private sector above, then if the opinion of the steering role of the public sector in the socialist orientations valid?

The only characteristic of socialist orientations of Vietnam's market economy is the one led by the *Communist Party of Vietnam*? But this is an exogenous characteristic of purely political nature, not an attribute of endogenous nature of the economy. That the Communist Party of Vietnam leads the economy is inevitable since the Party led the whole nation. Prof. and Dr. Đỗ Hoài Nam said that to contribute to specification of socialist orientations in Vietnam's market economy, we need to 'persevere in

pursuing approach methods of political directions of development goals (...). That is an invariant principle' (Đỗ Hoài Nam, 2013). Hence, regardless of the motto of 'socialist orientations', the Communist Party is still a leader.

So if particular cultural characteristics of Vietnam's market economy cannot be identified to get the world's recognition, then either we have to duplicate a thorough economic model from abroad, accept integration into international central economic model, or we fail to get the world's recognition when the world is asked to recognize cultural characteristics that cannot make up nature of the market economy, and then we are at risk of being ejected from the periphery of a international historical flow. Probably aware of this issue, on diplomatic aspects, Vietnam's Government always calls nations for their recognition for Vietnam's purely 'market economy' rather than the '*socialist-oriented market economy*'. We may suppose that the 'socialist-oriented market economy' only aims for identifying a political stance on domestic aspects to affirm determination to follow socialism of the country, even though General Secretary Nguyễn Phú Trọng remarked at a discussing session on the Draft Amendment to the Constitution in 1992, a path to construct socialism is a long term process, 'no one know if complete socialism exist in Vietnam

until the end of the century' (refer to *The draft has not echoed as summons*, <http://tuoitre.vn/tin/chinh-tri-xa-hoi...>). Minister of Planning and Investment Bùi Quang Vinh said that 'We delve into the model but have not found one. There is nothing like that to seek' (*Socialist-Oriented Market Economy*, <http://vi.wikipedia.org/wiki/...>). It turns out reality is so different from theory, it is definitely impossible to state that 'many theoretical and practical issues about the market economy, development and management of it are clearly addressed, which provides scientific foundation to relevant decisions, paths, mechanisms, and policies for development of the Party and the State (Đỗ Hoài Nam, 2013). Does that statement sound subjective? Obviously, Vietnamese scientists care too much about theories rather than practice to address issues.

At a national micro level, to affirm the socialist-oriented market economy is to found relations between center - periphery. Vietnam, in this case, would like its public sector to be a flagship, its private sector is periphery. Current state-owned enterprises, however, including stock enterprises, equitized corporations decentralized responsibility to each economic unit, are not same as the state-owned ones in the subsidy period. At the same time, private enterprises are not purely

periphery in the meaning of ejection. Over the past decade, the private sector has made important contributions to the national GDP. Meanwhile, many state-owned companies fail at making profits, and corruptions exist mostly in this sector. Thus, the relations of center - periphery in this light must be in equality and of fair competition so that both of them actively contribute to the domestic market of Vietnam. No sector should be compulsory with the steering role.

So once the national socio-economy is led by the Party and followed the socialist orientations (a special cultural characteristic of Vietnam's market economy), then we just frankly call its right name as simply as 'market economy' so as to integrate to the world. Then we may have opportunities to exchange experience with the world to altogether grow, aiming to avoid any risks of being behind and ejected □

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