

## **Science conference: “OVERALL ECONOMY MODEL IN THE TRANSITIONAL PERIOD TO SOCIALISM IN VIETNAM: THEORETICAL AND PRACTICAL FOUNDATION”**

*Summarized by*

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In September of 2009, in Hanoi, Central Theory Council cooperates with National Economic University (NEU) to hold a science conference with the subject of “Overall economy model in the transitional period to Socialism in Vietnam: Theoretical and practical foundation”, with the joint of representatives from Central Committee of Communist Party of Vietnam, Central Theory Council, Central Party Office, Central Hochiminh Communist Youth Union and 400 delegators as scientists from universities, researching institutes... 80 writings, thesis by leadership of Party, State scientists, representatives for the State management agencies, which focus on 4 topics: 1) Common problems on theory and overall economy model in transitional period to Socialism in Vietnam; 2) Owning, economic backgrounds and State's role; 3) Relationship between market and State; 4) Economic growth and method to develop the economy have been sent to the conference. The conference also receives more than 200 opinions of representatives through specialists' interview.

In the conference, the delegates listened to 6 reports of scientists: Prof., Science PhD. Lê Du Phong, Prof., PhD Trần Ngọc Hiên, and Asst. Prof., PhD. Lê Cao Đoàn, PhD. Vũ Quốc Tuấn, Prof. Nguyễn Đức Bình, Asst. Prof., PhD. Đào Thị Phương Liên, and exchanges the opinions around four main subjects: the overall economy model of Vietnam in the coming time; Owning and areas in economy; Roles of State economy and the problems concerning to growth ; and economic development policies in globalization and integration into international economy context. All delegates answer the given questions together like:

- Does Vietnam choose the suitable current overall economy model? Whether we have to change or not? If there is any change, so how to change? What is the name of the new model?
- What is scientific and practical foundation to define the overall economy model in Vietnam in coming time?

- Nowadays there are many market economy models in the world. What has Vietnam studied in present and in the future?

- How to divide Vietnam's economy in the future? And what is the target of this division?

- How to understand the public property's role, economic backgrounds' role, especially State economy reasonably?

- Why there is something different, even controversial in judgment the role of State in managing the market economy in orientation to Socialism in passing time? Where are the deep reasons of those judgments from?

- What is the biggest barrier in renewal of State's role in managing the market economy in orientation to Socialism? What is break-through solution in renewal the State's managing role now?

- To one country with low economic development level and people's life, all aspects are low and backward in comparison with other countries. So, how to develop the economy quickly? How has economic growth model changed in the recent time?

- How to balance the relationship between economic growth and social equality in Vietnam?

With the name of overall economy model in Vietnam in period 2011-2020, the organization board of the conference gave 3 names to refer to specialists' opinions: *market economy model in orientation to Socialism*; *Socialism market economy model*; *Vietnam's*

*modern market economy model*. And they also gave three suggestions to take opinions for assigning the economy into backgrounds or economic sectors: 1) *The economy includes 5 backgrounds: State, collective, privacy, State capital, and foreign investment*; 2) *The economy includes two sectors: State and privacy*; and 3) *Economy includes 3 sectors: State economy, Private economy and Mixture economy...*

Through the total acknowledgement, and appreciation of the renewal achievements in developing economy of Vietnam in the past time, - we change from close economy to open economy; from managing the economy under the central plan mechanism to market mechanism; from united owner to diversified owner, exploiting potentiality and resource of the country; from single economic sector to multiple economic sector, raising the role of non-State economic sector, and exploiting the economic sectors' strength, - All delegates agree to say that "Vietnam country wants to go with other powerful countries in five continents". There is no way except for developing the market economy.

The market economy is product of human civilization. In over the world, there are different market economy models. America's free market economy is the origin of global economic crisis. The market economy controls Japan, so they have fallen in the whirl for many years but can not come out. China's socialism market economy gets many achievements and has a high growth rate even in current crisis but it also contains

the weak points... Welfare State market economy model in Sweden, Social market economy model in Federal Republic of Germany and market economy model in Europe – in general is the Democratic socialism, they seem to be the most successful, and develop the most stably but they are still not suitable with Vietnam because socio-economic standard and civilized level in Vietnam are still low in comparison with those country. In those models, there is no pure simple model; they are all interfered by State in different levels and performances.

The practice from countries in over the world shows that, the market economy can be completely built in the country with political institute with different specific models based on the own condition and target of each country. However, basically, the market regulation should hold the core role with its basic rules to control all market's activities. The main differences are shown in the key contents like: State's role, Public economic zone, Tax system; Social welfare; Open market. These factors are defined by socio-economic development standard, historical condition and particular characteristics in social culture in each country. Vietnam's market economy is not out of those regulations. Vietnam has chosen development model for market economy in orientation of socialism.

However the practical development of this model and scientists' judgment as well show that, the notion "The socialism orientation" of market economy is still unclear and there

remain some different ideas. Prof. Nguyễn Đức Bình (Ex-member of Political Bureau, formal Director of Hồ Chí Minh National Politics Institute, now under the name of Hồ Chí Minh National Academy of Politics and Public Administration) supports the notion market economy in orientation to Socialism", but does not support another calling "market model in transitional period", because this formula is too general, and abstract. Market economy can be understood, only go out and you can see, but Socialist-oriented is not seen. Moreover, transition to Socialism includes not only market economy but also other basic factors. Market economy does not bring the socialist orientation itself. In contrary, its natural characteristic is process to capitalism

Prof., Science PhD. Lê Du Phong (NEU) analyzes, in the end of XX century, market economy change to the new modern market economy model. This model bases on the advanced science technology foundation, cooperating harmoniously 4 factors: market, legally constituted State, civil society and deeply international integration. The modern economy aims to prosperity of country, nation, the wealthy of people, and equality of human.

Market economy model in orientation to Socialist which Vietnam has followed for more than 20 years helps the country break out of the serious crisis and get glorious achievements. However, it's difficult to explain the notion Socialist-oriented market economy, then practice shows that this economic model reveals many insufficiencies; so we can not

change the economic mind completely because we always to worry, consider whether it will come out of Socialist-oriented or not. Then, the institutions, policies and organizational solutions are not clear, transparent and definitive”.

The Professor considers that, in coming 10 years, if we still maintain the current economic model, our country will meet many difficulties in developing country. This makes the target till 2020: change our country to industrial one in modernization orientation not come true. He suggests a model "Modern market economy aims to guarantee wealthy people, strong country, equal, democratic, civilized society". This is internal value in global development process; it has been implemented in practical development.

According to Prof., PhD. Trần Ngọc Hiền, market economy orientation should be attached with modern age economic model: orientation to develop stably, it means “economic growth comes with social progress and environmental protection” as said in Communist Party’s document. This orientation arises on the base of knowledge economy’s being born and developed. So, If we want to develop the economy stably, it’s certain that we have to build a knowledge economy. Those sides develop together will realize the political target and create attraction.

Analyzing more deeply the problems of market economy model in Vietnam in the past time, Prof., PhD. Nguyễn Văn Nam, Principal of National economic University, said: Socialist-oriented model in renewal and developing

economy progress is not clear, even slim. Factor market economy is transferring to Socialist-oriented factor, when the gap between poverty and rich is big, division of poverty and rich is more and more stretched. Because mechanism and policies of managing now do not meet practical development, so the growth is impressive with number but the effectiveness is still low, fast but unstable. In the process of doing market economy model, the main role and Socialist-orientation of State economy are not clear. Effectiveness in operating of State enterprise, especially the economic cooperation is not compatible with State’s priority in many sides; there is still mixture between State monopoly and enterprise monopoly.

Prof. Nguyễn Văn Nam proposed: “Market economy model of Vietnam till 2020 is modern Vietnam’s market economy model”. Specific characteristic is modern market economy on the base of advanced industry, harmonious, stable development between economy, society and environment; people are center; equality is orientation for politics and economic targets; environment and condition push up the harmonious development of economic sectors.

With another name, Prof. Trần Minh Đạo (NEU), proposed that we should adjust the name of market economy model for Vietnam like “Vietnam’s Socialist-oriented market economy”. The basic figure of this model is a modern market economy with suitable, stable and firm development, progress without crisis and being friendly with environment. This modern guarantees

reasonable social equality, humanism, progressive social welfare.

Prof. Hoàng Đức Thân (NEU) thinks that the market economy model that Vietnam chooses in the new era is complete development model; he emphasizes that the main content of this model is to cooperate growth and social equality from the beginning and in the whole development progress. To use this model, he needs to change in mind of growth model; long vision in growth target.

Although there still different points exist, most of opinions in the conference propose a market model of building Vietnam's modern market economy. This is not completely new, it is only decisive confirmation in the basic principles of market economy and the way to country's prosperity with targets, policies which are suitable with social, political, cultural, historical characteristics of Vietnam. Vietnam's market model in new stage should take human into center, equality into orientation, high speed in economic development but it should guarantee equality, harmony in social and environmental problems.

About owner and sectors in economy, some opinions say that Vietnam needs to guarantee comprehension in owning, management, and distribution relationship. In owning relation, we should consider the multiple characteristic of owning forms and tendency to link the owners, form business organizations with mixed forms. With management relation, we have to change comprehensively in

micro and macro fields, the incompatible in management in these two levels will be prevented from developing.

The common principle should be grasped thoroughly is: the parts forming national economy are equal and equal in law without discrimination; they have supportive relationship in united system and contribute to implement the common target of the whole community. Nation and society can not discriminate under any forms, they have to create a equal, transparent, clear and stable environment to mobilize and use all resource effectively in developing country's society-economy.

According to most of scientists' opinions, we should not specify the role for each economic sector; because each economic sector operates under the law, they are all socialist-oriented market economy made-up parts, equal in law, develop for long term, cooperate and compete healthily; State economy is equal to other economic sectors. Every sector is the foundation but not any individual one. "Acknowledgement of main role" in the meaning of development orientation all economic sectors, leading and pushing all economic subjects operating under the united target belongs to State's role (Prof., PhD. Nguyễn Kế Tuấn –NEU).

It's not necessary to divide the Socialist-oriented market economy structure in Vietnam now into 5 economic parts, but only into 2 economic sectors: State economy (public economy) including the whole economic resource, property, natural resource, national wealth is managed by State and private economic

sector. The division of our economic into 5 parts is both wrong (in theory and practice), unnecessary (for nothing because we ask for equality in law) and impossible to do (because the features to divide are not clear). State economic sector play a macro management role in economy. State on behalf of citizens holds the main enterprises who supply income to national economic system, and this is field the private sector can not do or do ineffectively. The large quantity of enterprises is owned by State. To the businesses which have ability to compete should change the owning type to individualization or joint stock. The State enterprise should remove monopoly through limitation of expense and benefit; do not let the management board exploit the monopoly benefit for their own group benefit under State cover. And the rest, private economic zone will become main motivation in making property to national economy" (Prof., PhD Trần Minh Đạo suggested).

The role of State economy raises a lot of different opinions. According to Prof. Nguyễn Đức Bình, basic economy way in the transitional period should remain the co-existed and developed multiple parts in a long time, in there, State economy plays an important role; collective and State economy day by day become foundation of national economy... But some other opinions said that State economy can create one of important roles, but not play the oriented role and regulate the economy, and it also can not play the role to create environment for developing economy.

That role should belong to Socialism State under the Vietnam Communist Party leadership. To implement its role, State has to use different tools in co-supportive relationship. In condition of building Socialism Legislative State, the law system should be considered as leading, main and important tool. Concurrently, State also has to use other tool policies (tax, finance, money and plan,) and material tool (State budget, National reserve, infrastructure system of economy- society,...). In fact, the global financial crisis and economic regression happen in many countries and request the State deeply interfere in economic life to prevent the collapse of finance-banking system and the whole national economic system.

Moreover, the determination of "State economy plays the main role" creates the contradiction to the opinions which are confirmed and highly agreed, that is "economic backgrounds is the vital component to build the economy, equal with each other, and co-exists in the cooperative and competitive environment". So, we should emphasize the leading role of State in managing economy and really equal principles in law, wholesome competition and cooperation of the backgrounds in economy.

PhD. Trần Du Lịch (Hồ Chí Minh city) took care of State's role as one of three main objects in market economy (producer, consumer and State). He remarked that, we know mixing the position, role of these 3 subjects. Sometimes State does not do its own function, it interferes in other objects'

functions. For example, in managing macro economy, the most important role of State is orienting development target, forecasting the changes of market, controlling monopoly, creating wholesome competitive market. But, State has not focused properly, it interferes in price, salary... those are enterprise's functions. In his opinion, State needs to use indirect management tools for market, not the administration methods. State does not subsidize the business's risk, but it also does not create risk to business by its administration decisions". State management of market economy is to create legal frame which can reflect target and objective desire of State in developing process, then other objects can determine their own activities".

PhD. Trần Du Lịch continued to declare, although we have not completed the law system yet, we have covered all fields. Effects and efficiencies of State management on economy are not high because the State's interference in levels of Government is different and not suitable with the market economy's approaches. On the other hand, State is lack the observing tools and institutions to guarantee the joining objects following the given "playing rules".

About market international economy integration, the delegates said that, with Vietnam, international economy integration will bring into play the country's advantages and widely cooperate equally and co-beneficially with other countries, without differentiation of the political regime. The vital meaning is that we should have

renewal mind and "break-through" opinion in building Vietnam's economy independently in integration condition. We should have flexible policies which are suitable to international law and normal practice and firstly international commitment; and accommodate with national condition in assign labor and international cooperation. Independence and self-controlling in current era should include: opening the economy to the world, taking the advantage of era's strength, fully joining in globalization and area process, being willing to bilateral and multiple cooperation on the base of bilateral benefits.

In conclusion, the contents of reports and exchanging opinions of delegates, scientists in the conference show that although there are different opinions, all the scientists have reached the united agreement on the role of market economy mechanism in operating the economy, and developing market economy is necessary, right and intelligent. Vietnam's economic development model in reaching period is market development model; connect fast economic growth with social equality from beginning and in the whole development process. Vietnam's economic development is process of connecting tightly, harmoniously and reasonably 3 sides: economy, society and environment. Whatever the chosen model is, but it certainly is stable and fast development: developing with high fast and shortened speed but guaranteeing the equality, harmony with social, environmental problems; growth speed should come along with growth quality.

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