



## ON PRIVATE BUSINESS DONE BY VCP MEMBERS IN THE SOCIALISM-ORIENTED MARKET ECONOMY

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### 1. Role of the private capitalist economy

In the past, the private ownership wasn't recognized and the socialist revolution aimed at removing it. After the 6<sup>th</sup> VCP National Congress, the economic reform was launched and the coexistence of various economic sectors was recognized. The private sector can engage in industries allowed by law. The VCP 9<sup>th</sup> National Congress stressed that "the private sector is a component of the national economy... and developing this sector is a long-term strategy... The Government creates conditions favorable for the development of private sector in industries as allowed by law."

This policy has helped the private sector develop fast in recent years. In 2001-02 after the Companies Law, the number of private concerns rose to 35,440 with a total registered capital of VND40,455 billion. This number was bigger than the number of private concerns formed in the five previous years making the number of private concerns rise to 74,393 controlling 24.3% of the gross investment. In 2001, the sector paid VND11,075 billion to the Treasury equaling 14.8% of the national budget income.

In 2000, the private sector accounted for 42.3% of the GDP (while the public sector contributed only 39%) and supplied jobs to 4.6 million laborers (or 12% of the working population). Totally, some 53.3% of the working population work for this sector now.

Table 1: HCMC Private sector up to early 2002

	Number	Registered capital (VND billion)
Company Private business	7,307	3,630.9
Joint stock company	1,000	8,901.7
Limited company	14,218	24,699.4
One-member limited company	31	143.7
Partnership firms	1	0.5
Company branch	6,964	79.9

Source: HCMC Service of Planning and Investment

However, this sector is not as strong as expected and it fails to reach its full potential. At present, 87.2% of companies have a capital of VND1 billion or lower; 29.4% are capitalized at less than VND100 million and only 1% have more than VND1 billion. Most of them face shortage of capital (70% of them rely only on their own sources of finance), obsolete machines and equipment,

and lack of information about markets and technical problems with the result that their competitiveness and performance are poor. Some of them are on the brink of ruin.

The 5<sup>th</sup> Conference of the VCP Central Committee (from Feb.18 to March 2, 2002) reviewed situation and role of this sector, and produced a Resolution to adopt new policies to help this sector develop faster and contribute more to the industrialization process.

### 2. Private business done by VCP members

The industrialization process and development of productive forces are associated with the growth of the working class and its political party as the leadership and decisive factor of the final victory. With this in mind, the VCP has paid full attention to the material and spiritual development of the working class and VCP members. It has beefed up the organization, ideology and political viewpoint of the party, and affirmed its absolute leadership of the national development (as recognized by the Constitution).

To enhance its leadership and fighting spirit in the process of developing the socialism-oriented market economy, the VCP must give clear answers to question of whether VCP members are allowed to do private business or not. And first of all, concepts of the capitalist economy and exploitation must be clarified.

We must agree and affirm that communists can't be exploiters by

hiring laborers to gain surplus value and make rich based on labor of others. But how do we define exploitation and exploiter?

We can't say that anybody who hires laborers and/or uses paid workers is an exploiter. According to Marx, laborers under any regime, after producing wealth, receive part of the fruits of their labor and the rest is used for the good of the society (so-



cial welfare, national defense, education and culture, health care, administration, environment protection, etc.) from which laborers themselves also benefit. Thus, it isn't certain that persons working for private businesses are exploited (their pay is usually high) and those who work in the public sector are free from exploitation (their salary is usually low).

Moreover, capitalists have to spend a lot of their money on capital goods, labor cost and raw materials before gaining some profit. In fact, they also contribute their labor to the production of wealth, pay taxes to the State and supply jobs to laborers. That is why their profit and income is totally legal.

Laborers who sell their labor take wage or salary, and those who pay for capital goods and raw materials get profits. It is very natural and reasonable, like income from savings accounts. It's unfair to praise and encourage persons who live on interest from bank deposits and have those who invest their money in business to create wealth and jobs accused of exploitation.

The Marxist concept of capital and surplus value maintains that a factory owner becomes a capitalist who exploits others when the surplus value (or profit) he gains every year — or the sale retained after taking away tax payments and his salary — is big enough for his family to live on without working, that is, to live on the fruits of labor of others.

In my opinion, this is the criterion for defining a capitalist and exploitation instead of the number of laborers he hired.

Thus, the act of defining and establishing what the capitalist economy and exploitation are in Vietnam today, and to what extent VCP members are allowed to do private business with a view to preventing them from becoming exploiters and capitalists must be based on Marx arguments of the capital and exploitation of surplus value. Therefore I think these arguments allow us to define a capitalist company and a family business, thereby understanding why the VCP allowed its members to run family businesses only.

The next question is why VCP members aren't allowed to do private business while other citizens are encouraged by the VCP to engage in industries as allowed by law. Is the capitalist economy good or bad? Why VCP members aren't allowed to do it as other citizens?

To understand this policy, we must see that one of basic character-

istics of a communist is the principle of refraining himself from doing exploitation. An exploiter can't be a communist.

The capitalist economy and exploitation of labor, like other things, have their own positive and negative effects. The problem is how to make the best use of the former and limit the impact of the latter. When a VCP

member does private business, his operation will cause more negative effects than positive ones on the development of the socialism-oriented economy. A situation in which too many VCP members do private business can reduce the role and willpower of the VCP in directing the struggle for economic growth and social equality. ■



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