

I. MARKET

Market made its appearance at the same time as production and exchange of goods did. When the science and technology become more advanced, labor division more specialized, ownership of means of production more diversified, then the quality and type of goods become more numerous, and the size and volume of the market more developed.

There are many definitions of the market, but basically, they have no contradiction to one another. They only reflect various aspects or viewpoints of researchers. I would like to present a new one here: Market is a set of conditions (economy, technology, income, trend and fashion, tradition, etc.) and relations (supply and demand, money and goods, competi-

lowing phases:

- Phase 1: The market first comes into being along with the primary production. Its size and volume are small, relations in itself are loose and accidental. It's a primitive market.

- Phase 2: The market exists in the centrally planned economy. In this phase, by laws and policies, a state monopolist market is formed, main buyers and sellers are governmental bodies. On aspect of management and ownership, the market is divided into organized and non-organized markets, central and local markets. Nature of this division is the will to limit and later on, to eliminate the non-organized and local markets in order to establish the absolute mo-

mechanism in its strict sense hasn't come into being in Vietnam yet. Accelerating the economic renovation and developing an overall market strategy, therefore, are serious requirements of the economy on the way to development and integration into the current trend of the world.

II. STRATEGY FOR FORMING THE MARKET

Strategy for developing the market includes all plans, short-, medium-, and long-term policies on market development suitable to the mobilization of all sources of the country in a certain period and to changes of the world market.

Originally, in the multi-sector economy, the size and volume of the market depend on level of labor divi-

MARKET AND MARKET POLICY

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tion, etc.) in which all kind of goods and currencies are exchanged.

Thus, in researching the market and mapping out a market policy, we should base on the complex of economic and non-economic factors; motives and targets of persons who operate in the market and all subjective and objective factors affecting them.

Due to different viewpoints, the market is divided into many kinds: domestic and foreign markets, rural and city markets, markets for agricultural or manufacturing products, etc. Generally, we could divide it into two: market for inputs (or market for factors of production) and market for output (or commodity market).

In Vietnam, the formation of market could be divided into the fol-

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use of strong points of the market, and on the other hand, we should:

- Analyzing our comparative advantages and their changes over time.

- Selecting priority targets and satisfying demand for efficiency in a certain period: because there are many targets which should be hit, many demands which should be satisfied, whereas our resources are limited. So we have to work out the opportunity cost, marginal rate of substitution and use the compensation principle to select right targets and demands.

- Calculating all relations and their reverses in order to select main trading product and create dynamic for the stable and fast economic de-

law.

- Protecting legitimate benefits of both producer and consumer, and making all socio-economic relations develop healthily within the legal system.

Thirdly, we should pay enough attention to the macro-economic planning.

If we can't deny the role of the market in creating active development factors of the economy, then we must accept that in this day and age, we can't leave the economy to the market. Therefore, we should innovate contents and methods of planning, and change the function of planning business from distributing to forecasting and processing data. Basing on general balances and direc-

Fourthly, by monetary and financial policies, the government not only regulate the market at macro-economic level, but also influence on the supply and demand relation and market price by means of public expenditures or goods and services supplied by the public sector.

Fifthly, in Vietnam nowadays, there are no finance market (including money and capital markets) and labor market in the strict sense. The absence of these markets make Vietnam's system of market incomplete and go short of necessary inner dynamic. So the formation of the finance and labor markets becomes a matter of great urgency.

Sixthly, international affairs today are considered as economic rela-



velopment. With a high growth rate, quantity and types of products supplying to the market will increase and the market demands will be satisfied accordingly. Moreover, when the economy develops, personal income together with the market demand, will rise, then the size of the market will expand.

Secondly, we should perfect the legal system in order to meet the following requirements:

- Creating legal infrastructure necessary for fair competition between economic sectors, and encouraging the people to make money within the limits set by law.

- Ensuring the inviolability of personal assets and the freedom to do business in any areas unrestricted by

tions worked out by the planning business, we could find out new orientation, and to some extent, find out ways to regulate the market. The following example could clarify this argument.

In the world today, it takes from one to three years to drive out an industry, five to ten years to defeat one foreign product. In engineering industry, many technologies have the life expectancy of five to eight years. In information industry, many technologies have existed only for two or three years. What will happen, what trend will appear in two, three or eight years later? The market can't answer this question but the planning business can give us a kind of forecast or orientation.

Looking for new markets became main task of foreign policy of many countries and Vietnam can't be an exception. As for Vietnam, a strategy for North American, Middle Eastern, European and former-USSR markets is of great importance. Realities of the situation force us to integrate Vietnam's market into the above-mentioned markets.

In short, our market policy should accelerate the formation process of markets of all kinds with a view to establishing the same market mechanism as other countries do, moreover, this policy should also overcome shortcomings of the "invisible hand" and help the market develop healthily.