

1. The capitalist economy in Vietnam

In the past, the private sector wasn't recognized as part of the economy. Furthermore, it was considered as worthless and subject to the socialist revolution. In other words, it had to be depleted. After the VCP 6th National Congress, the economic reform was launched and a mixed economy was recognized and approved, private persons are allowed to engage in any businesses not banned by laws without any limits. Next VCP National Congresses and the 1992 Constitution re affirmed this policy. The 9th VCP National Congress assured that "the private sector is an important part of the economy. Developing the private sector is a long-term strategic problem. The private sector, or the capitalist economy, is provided by the State with necessary conditions for its long-term development in trades or businesses not banned by laws."

Hence, the private sector (part of the economy run by private persons or organizations) has developed well in recent years contributing a lot to the economic development. In the years 2001-02, after the Companies Law, 35,440 privately-run companies

with total registered capital of VND40,455 billion have come into being. This number is bigger than the number of private companies established in the previous five years

ing population and 53.3% of the working population with regular employment). In HCMC. in particular, the private sector plays an important role up to early 2002.

Table 1: The private sector in HCMC by early 2002

Class of concern	Total	Registered capital (VND billion)
Private company	7,307	3,630.9
Joins stock company	1,000	8,901.7
Limited company	14,218	24,699.4
One-man company	31	143.7
Partnership	1	0.5
Subsidiary	6,946	79.9

Source: HCMC Service of Planning and Investment

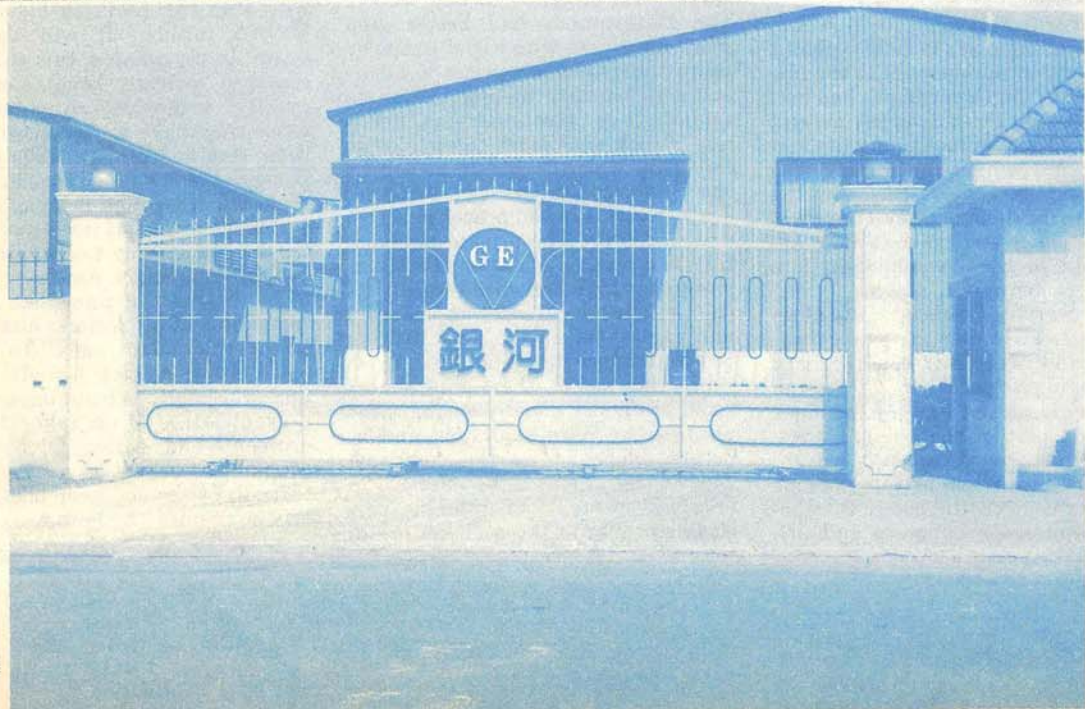
causing the number of private companies to rise to 74,393 by the end of 2001. In 2001, the private sector paid VND11,075 billion to the Treasury, representing 14.8% of the national budget income.

Statistics gathered in 2000 showed that the private sector accounted for 42.3% of the GDP (as compared with 39% by the public sector) and provided jobs for 4.6 million laborers (equaling 12% of the work-

At present, however, the private sector fails to reach its full potential. Of privately-run concerns, 87.2% have a capital of under VND1 billion; and 29.4% with a capital of under VND 100 million; and only 1% have a capital of VND10 billion or more. Most of these concerns meet with financial difficulty (70% of them depend only on their owners' wealth), backward production lines and lack of business information. This situa-

OWNERSHIP AND CAPITALIST ECONOMY IN VIETNAM TODAY

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tion makes their competitiveness and business performance poor. Some of them are on the brink of ruin.

The 5th VCP Central Committee Conference in February 2002 made a resolution to adopt more policies to develop the private sector, orient its development towards the industrialization and modernization program and the building of a socialism-oriented mixed economy in Vietnam. In this process, however, the VCP and Government have to deal with many problems, especially ideological ones.

2. VCP members in the private sector

The Vietnamese Constitution affirms the overall and absolute leadership of the VCP. The 8th VCP National Congress considered the task of developing the VCP and its leadership as the factor that determined the success of the economic reform and development. To enhance the VCP leadership and the fighting spirit of VCP members in the process of developing the market economy, the VCP must clarify notions of exploitation, capitalist economy and role of VCP members in the private sector.

It's necessary to agree on the rule that a VCP member mustn't use hired labor with a view to obtaining surplus value and thus becoming an exploiter of labor.

But the key question here is what the exploitation and exploiter is.

We can't see those who start private businesses and hire laborers are all exploiters. According to the Marxist notion of the distribution of

wealth, the laborer only receives part of his output, and the rest is used for the good of the community (social welfare, education, national defense, health care services, public service, etc.). This doesn't mean that those who work for private concerns (although they are well paid) are exploited and those who work for state-run concerns are free from exploitation (although they are badly paid).

Moreover, when investing in capital goods and labor cost, starting private businesses and making some profit, a private person is contributing to the wealth of the society, the national budget income, and creating new jobs. Thus, his profit is reasonable and lawful. Persons who deposit money with banks with a view to getting interest are encouraged and not considered as exploiters, why persons who use their money to start businesses, supply goods or services to the market and create new jobs for laborers are seen as exploiters?

According to Marx, a capitalist only becomes an exploiter of labor when his after-tax profit is large enough to allow his family to live without working, that is, living on labor, or surplus value produced by, of his employees.

Thus, the criterion for deciding a case of exploitation of labor must be based on this Marxist notion, not on the size of work force employed by the business owner. This will help solve the question why the VCP prohibits its members from becoming private business owners while encouraging all citizens (non-VCP members) to engage in any businesses not banned by law. Is private economy so good or bad that VCP

members aren't allowed to do while non-members are?

In the VCP view, its members, as part of the ruling party, will tend to make for the bad more than the good of the socialist revolution when running private businesses. This will make them lose their socialist ideal and fail to play their task as a ruling party. As for common citizens who carry out the VCP policies instead of acting as the leadership, they are encouraged to make the best use of their resources, skills and knowledge to contribute to the development of the mixed economy for the good of their own and the society as well.

Developing the private sector run by private persons or foreign investors means accepting the exploitation of labor and other negative effects to a certain extent. This policy, however, has its own positive effects when its help create new jobs for laborers (jobless now), increase the GDP, secure better income for the national budget, improve laborers' skills and absorb new technologies and managerial methods.

What the Government must pay full attention to when developing the private sector is the task of controlling the private sector and at the same time enhancing the role of laborers and party members working in this sector. By means of laws and inspections, the Government could force private business owners to obey laws, carry out the government's policies and ensure lawful interests for employees. This effort will help mobilize all possible resources from all classes to develop the mixed economy and build a wealthy, equitable, democratic and civilized society. ■

