

In the transition to the market economy, the real estate market experienced great and sudden changes, which cause a lot of worries and troubles for investors, policy-makers and the public as well. Could it be a consequence of an obsolete policy on land or an inevitable change of an economy in transition?

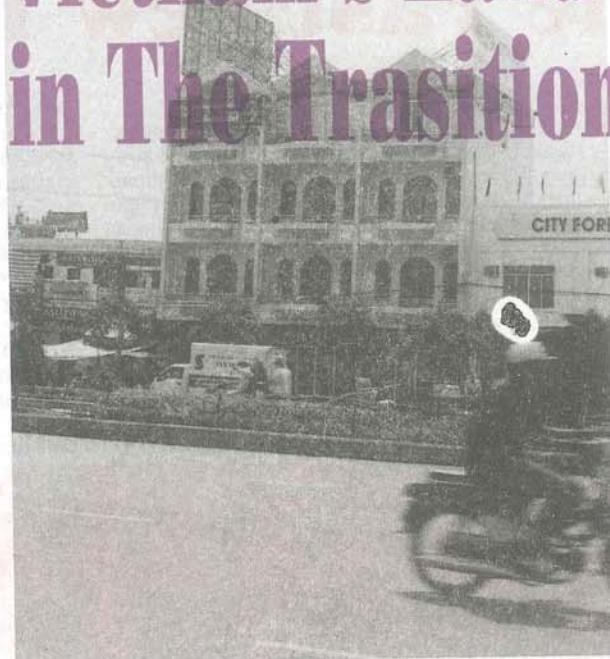
The land policy is always a product of a political regime. What will happen when the real estate market is controlled by the 'invisible hand'? What are necessary adjustments if the Government maintains its current point of view?

The land policy adopted by the VCP and Government is based on the Marxist theory of common ownership of all means of production including the land. This philosophy seems to cause trouble when the market economy is developed in Vietnam.

After the 6th national congress of the VCP in 1986, the market economy came into being in Vietnam. This reform required major adjustments to the land policy and the logic behind it. In 1988, the 10th Resolution recognized peasant family as an independent unit (all peasant families had to join agricultural cooperatives before this Resolution) and they were granted right to use land within a 3-year or 5-year period which was too short for peasants to use the land effectively or invest their money and energy in it. The Land Law introduced in 1993, in fact, was an effort to make the land policy suitable to

Demands posed by the economic development process. The 1993 Land Law still affirms the common ownership of land but peasants, and other land users, are allowed to use the land for longer periods and enjoy other rights relating to the land use (handing down to their

Vietnam's Land Policy in The Transition Period



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tion maintains that the land, like other means of production, is under the common ownership, that is, they are owned by the people as a whole. This means that Vietnam couldn't follow that direction. Then how can solve the above-mentioned problem while ensuring the socialist orientation? In my opinion, the Government can take the following solutions.

(1) The trade in the land use right - that is, in real estate - must be recognized in order to enhance the effectiveness of the land use right. Purposes of the use of land in each region must be publicized. Wrong uses and speculation in land must be handled properly.

(2) As for the duration of the land use right, Vietnamese citizens can be free from all kinds of time limit while foreigners aren't allowed this.

(3) The land limit could be removed with a view to encouraging the development of commodity economy but a progressive tax could be imposed on areas beyond the limit.

(4) Expertise and work ethic of the army of officials responsible for the land management must be enhanced in order to save the public from risks and troubles.

A lot of problems have arisen from the land policy and they are hindering the economic growth. It's about time the Government took strong measures to reform the land policy, which I believe the public will support. ■

children, mortgaging, transferring or leasing, etc.)

In the past few years when the market economy developed quickly and social relations became more complex, the demand for land, and trade in the land use right (which was in fact the trade in land) were on the increase, which led to problems to which the Land Law offers no solution. Although the trade in land isn't recognized by law, a market for real estate has come into being in an effort to make the supply meet the demand. The trade in real estate has become hotter which led to speculations. In such a situation, local governments adopted different approaches based on local conditions to deal with the land fever with the result that the market for real estate fell into chaos. Generally, all approaches taken by local governments are only shotgun ones while the market needs strategic and long-term ones.

The situation in the real estate market poses a lot of problems:

- Should the ownership be separated from the land use right? If it is the case, will the State lose its control?

- Is the length of time in which the land user is granted long enough for them to develop, or is it must be longer?

- Is the land limit is necessary? How does it affect the economic development? How will violations of the land limit be handled?

- What legal infrastructure is needed to facilitate the healthy development of the real estate market?

Facing these problems, many people are of the opinion that the Government had better recognize the private ownership of land according to international practices.

Should Vietnam follow this direction? To answer this question, we could look at the socialist orientation adopted by the 9th national congress of the VCP in 2001. This orienta-