

BASIC THEORETICAL AND PRACTICAL PROBLEMS OF THE DEVELOPMENT OF SOCIALISM-ORIENTED MARKET ECONOMY IN VIETNAM

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For a long time, because of insufficient understanding of socialism and socialist state, a system of socialist countries has been formed and operated according to an economic mechanism and a management mechanism moulded by this understanding. In practice, shortcomings left after decades these mechanisms existed force us to find ways to understand more exactly the role of socialism in the history of humankind. With new and sufficient understanding of the socialism, especially in the modern time, the VCP has made changes to the socialism by adopting the market mechanism, however, the VCP has also insisted on the principle that the market economy in Vietnam should be oriented towards the socialism and a new management mechanism would be formed according to this principle.

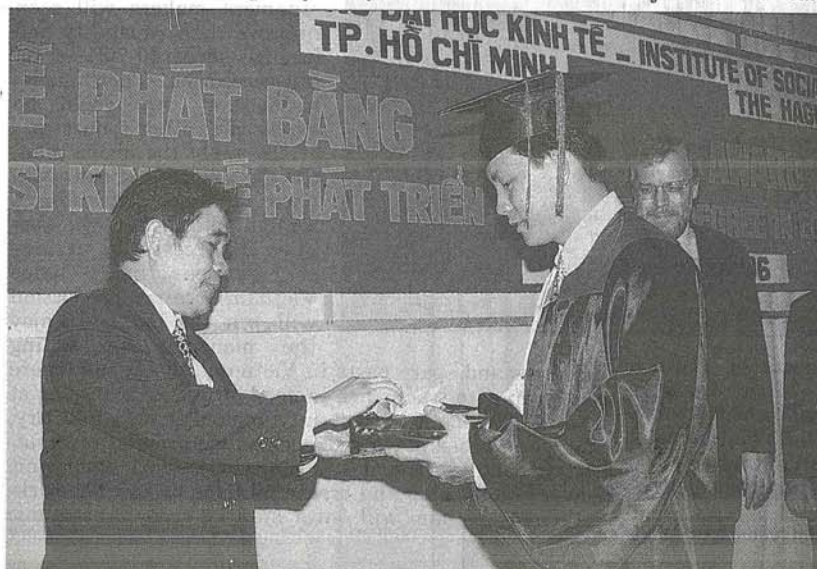
From this strategic principle

have arisen many theoretical and practical problems along with different explanations that need to be clarified. Many people are of the opinion that the market economy can't be at peace with the socialism, or in other words, they are two categories that can't reconcile with each other in both theoretical and practical aspects and the combination of socialism and market economy is only a subjective will.

We think that this opinion, perhaps, originated from the prejudice about the past socialist regime with the economy characterized by the public ownership and the centrally planning mechanism; or from the insufficient understanding of the socialism innovated by the process of reforming the economy. Reality shows that when the VCP decided on the socialism-oriented market economy, the above-mentioned characteristics were adjusted. We can

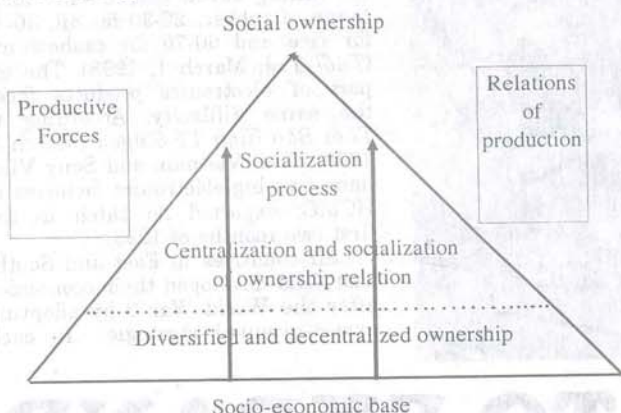
see that in the transition from the centrally-planned mechanism to the socialism-oriented market economy, the system of economic relations were changed: other forms of ownership were allowed to exist beside the public ownership; the government used economic instruments, instead of administrative orders, to regulate the economy; the government's control over the economy was distinguished from the business management, etc. In reality, the new economic relations have operated well reflecting the reconciliation between the market economy and the socialist orientation and shown that there was no antagonistic contradiction between them but internal one needed for the development process.

As we know, there are always interfaces, besides differences, between these views; or in other words, these views have many common points: they recognize that the market economy develops from a low to a higher level, from free market economy to planned market economy and the process of socializing the market economy is inevitable. We can see that economic blocs or unions in the world are different forms of the economic socialization. So the socialism-oriented market economy can be considered as a higher stage of the development process, or as a result of the historical process. This process is regulated by the ground rule that relations of production must be appropriate to characteristic and development level of productive forces, that is, along with the development of productive forces, relations of productions must be improved accordingly and the main feature of this



improvement is to orient the ownership relation toward socialization or centralization.

In fact, productive forces and relations of production are considered as two interacting agents in the process of socializing ownership relation (see Figure 1).



When productive forces are at a low development stage, there exist many forms of small and decentralized ownership. As the productive forces develop, the process of centralizing and socializing the ownership relation will make its appearance and peak at the social ownership. The formation of groups, joint stock companies, multinationals or big farms in rural areas is considered as signs of the process of socializing the ownership relation to a certain extent resulting from the interaction between those two agents.

With such a view, the socialist public ownership will be established as the objective inevitable by the correspondence between the relations of production and characteristic and development level of the productive forces.

From another view on the relation between the market economy and the socialist orientation, we can see that the market economy appears as a mode of operation of productive forces while the socialist orientation as a set of relations of production (ownership, distribution and control) that the mode of operation tries to establish. The socialism here can be seen as a socio-economic base depending on the public ownership which is the unique basis for building a real civilized and equal society. In our opinion, it's the law that helps the VCP insist on the development of the socialism-oriented market economy.

It's worth emphasizing that we

discuss here the development of the socialism-oriented market economy, not the socialist market economy. Thus, the market economy could be considered as a means of building the socialism, and the socialism is the inevitable in the future. Therefore, in a country ruled by a communist party, the economy should be oriented towards the socialism, regardless of whether this orientation is mentioned or not. With this profound understanding of the inevitability, the VCP will use consciously and actively all possible methods to accelerate this process through the

manipulation of market mechanism. So it's necessary to understand inherent features of the market economy thereby working out appropriate courses of action. The market economy has many features, we want to mention here its main features on which we can act to accelerate the process of socializing the ownership relation according to the socialist orientation.

Feature 1: The market economy could be seen as the commodity economy at a high level of centralization and socialization and the commodity economy is a mixed economy by nature. Thus, the mixed economy is a precondition for the market economy. In other words, a mixed economy is the necessary condition and the suitable level of socialization is the sufficient one. So we must recognize the mixed economy when developing the socialism-oriented market economy. The problem is how to orient different sectors of the mixed economy towards the socialism. This could be achieved by establishing the socialist ownership of the main part of productive forces, in other words, the leading role of the public sector must be affirmed. The leading role doesn't mean that the public sector must include all industries, but it must control key industries that provide a basis and dynamic for the economy and affect the formation of structure, trend and growth rate of the economy. In addition, the state capitalist sector will be of great help

to the public sector. Other sectors should be also developed along with the cooperation between the public sector and other sectors that could be seen as a stage of transition to the public ownership. This cooperation is a measure to influence, direct and regulate the mixed economy in preparation for the socialist public ownership.

Feature 2: The market economy is an open one which is globalized to a great extent. So it's necessary to adopt open policies on foreign relations and investment. To Vietnam, it is also the shortest and the most effective way to gain access to modern technology, develop the productive forces and pave the way for economic development. If we close the door or keep it only slightly open, we will miss opportunities to develop the economy and integrate into the world market, and therefore, we will fall behind. This means that we will meet with difficulties in making a revolution in relations of production as expected.

In short, there must be a suitable and flexible strategy on foreign relations with a view to modernizing the productive forces and accelerating the socialization of ownership relation.

Feature 3: The market economy could be regulated through macroeconomic instruments and the role of the government in the market economy is different from that in the centrally planned economy. The government can use these instruments (especially the mechanism for controlling the economy) to orient the economy towards planned targets. Thus, the formation of a mechanism for stimulating, regulating and controlling economic relations will be of great importance to the development of productive forces.

Feature 4: The market economy includes in itself competition and unruly development, so it must be controlled by a law system. This system will facilitate the interaction between superstructure and infrastructure in the operation of the socialism-oriented market mechanism.

Finally, a socialist policy on social affairs will be able to help people feel certain about a better society in the future.

In short, from what are mentioned above, we are of the opinion that the development of a socialism-oriented market economy is an objective law, viewed from the interaction between the productive forces and relations of production.