



THE STATE CAPITALIST ECONOMY A SECTOR TO DEVELOP

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To apply creatively and further Lenin's thoughts of the NEP in order to develop different transitional stages appropriate to the present economic reform under the socialist orientation in Vietnam, the VCP has decided, after a lot of studies and discussions, to reform, develop and improve the performance of the public and collectivist sectors. The public sector will play the leading role and the collectivist sector will be developed gradually into the foundation for the economy, and at the same time, necessary economic and legal infrastructure will be built to encourage private persons to make investment and develop their businesses, cooperation between the public sector and other sectors, including the foreign one, will be expanded, and all state

capitalist forms will be applied widely.

The state capitalist economy, as a sector including all forms of cooperation between the public sector on the one side, and private and foreign sectors on the other, will play, as the VCP put it, "an important role" in mobilizing capital, know-how and managerial skills of capitalists for their interests and the national development as well. To make the state capitalist sector strong enough to play its role, the Government advocates the cooperation between the State and private persons with a view to beefing up local companies' production capacity and competitiveness, and moreover, improving the investment climate and ability of the management machinery to attract foreign investment.

To materialize this policy, the VCP Central Ex-

ecutive Committee of the 8th term, at its 4th conference, once again affirmed that in the mixed economy, the state capitalist sector was encouraged to develop. Necessary measures were introduced to help it develop as allowed by law and under the government control with a view to creating conditions favorable for the socialism-oriented industrialization and modernization.

Realities of the Vietnamese economic reform in recent years show that in current conditions, Vietnam couldn't omit completely the capitalist development stage and go directly to the socialism, but it could shorten this development stage. With its policy to develop the economy under the socialist orientation, the VCP advocates accelerating the industrialization and modernization program, devel-

oping the market economy, liberating the multilateral trade, attracting foreign investment, cooperating with foreign capitalists, encouraging the private sector, and equitizing loss-making state companies. This policy could allow the capitalist economy to recover to a certain extent. When the capitalist economy is strong enough, the best measure as Lenin pointed out, is not to destroy it but to orient it towards the state capitalist sector. Naturally, present state capitalist forms aren't similar to those in the Lenin's time (the early 1920s) and they have been much more diverse since. Nevertheless, however diverse they are, these state capitalist forms are still transitional stages leading to the socialism as long as the proletariat are in power and develop the socialism-oriented mixed economy in which the pub-

lic sector takes the leading role.

This view is firmly established because up to now, we could say that Vietnam has just finished its first transitional stage and it is mainly a small-sized agricultural country. Moreover, because of bad consequences left by the prolonged war and the centrally-planned and subsidized mechanism, Vietnam hasn't had the "ante-room" of the socialism, so it has to build it or some sort of "small bridges" leading to the socialism through the state capitalism. Developing state capitalist forms in the transition from a small-sized agricultural economy to the socialism is a way not only to develop its productive forces, industrialize and modernize the economy, but also to help Vietnam escape from poverty and backwardness, save it from falling farther behind surrounding countries, complete its industrialization and modernization program, make its people rich and society civilized and equal, and finally build the socialism successfully.

Aiming at these targets in the current economic reform, the state capitalist forms, in our opinion, should be established and developed based on the combination of private ownership and public ownership that proceeds from joint ventures. Participants in the state capitalist sector are state companies, local and foreign private companies, joint stock companies and laborers. Thus, this sector has the ability to attract and make use of capital, know-how and managerial skills from private investors, especially foreign ones. In such a role, the state capitalist sector is becoming a decisive factor in the process of changing the structure of industry according to demands posed by the mar-

ket economy and the industrialization and modernization program through the cooperation between the state and private persons in forms of joint ventures, joint stock companies and contractual co-operation businesses.

When the open economy is established, international cooperation becomes more and more extensive and intensive, the successful development of state capitalist sector in the mixed economy not only helps gain high growth rate and bridge the gap between Vietnam and foreign countries, but also creates new jobs and improves laborers' living standard.

In the development strategy which regards industrialization and modernization as both its target and moving force, in our opinion, full attention should be paid to the development of state capitalist sector. To a certain extent, the development of state capitalism is an important factor in pursuit of the socialist orientation because at present Vietnam hasn't got enough conditions to develop directly into the socialism so it should use the state capitalism as a means of achieving the socialist orientation. To Vietnam, to

make the best use of potentials of the private and foreign sectors to develop the state capitalism and use the state capitalism as a means of developing productive forces is the most promising way. By developing the state capitalism, the Government could attract not only foreign investment, but also domestic capital sources by equitizing state companies or working in partnership with private persons, thereby encouraging the private sector to develop. The development of the private sector could be oriented towards the state capitalism through various regulating measures.

In the present situation where economic relations are diversified and multilateralized, Vietnam could develop the state capitalism in different forms. The use of the state capitalism, as a sector in the socialism-oriented mixed economy consisting of the public sector that acts on behalf of national interests; and the private sector, could allow the Government to employ foreign investment and at the same time, protect the national independence and realize international cooperation based on an equal and mutual beneficial ba-

sis.

In short, to develop from small-sized production to large-sized socialist production and omit the capitalist stage according to Lenin's thoughts of the NEP and use of state capitalism, Vietnam should develop state capitalist forms as "firm small bridges" leading to the socialism. In developing the socialism-oriented mixed economy, if the private sector isn't oriented towards the development of state capitalism, it will fall into the capitalist orbit and does a lot of damage to the socialist regime. Full attention should be paid to this problem when applying Lenin's thoughts of the NEP and his concept of the use of state capitalism to Vietnam. But we couldn't allow ourselves to put too much emphasis on the role of state capitalism and consider it as the only objective in the transitional stage. The state capitalism is still part of the public sector to which the greatest importance should be attached. The public sector will be given the leading role and along with it, the collectivist sector will be also developed and those two sectors will form the foundation and the backbone of the economy.

