The Role of the State in Orienting the Market Economy in Vietnam Today

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Abstract:
Market economy is an inevitable trend in economies worldwide. Based on an analysis of the state's role in guiding the market economy, the article proposes several solutions to enhance the state's role in directing the market economy in Vietnam today. These include: strengthening the leadership of the Party in state economic management activities; supplementing and improving market-oriented socialist economic institutions; professionalizing the civil service corps; enhancing the efficiency of state-owned economic entities; intensifying inspection, supervision, and combating of bureaucracy, corruption, and wastefulness; and promoting international exchange and cooperation.

Keywords: state, market economy, orientation, economic institutions, corruption.

Introduction
With the economic achievements of nearly thirty years of reform, it can be affirmed that choosing the path of developing a market economy in our country is entirely correct and suitable for the level of development of Vietnam's productive forces in the current stage. However, the market economy, with its drawbacks, especially under the impact of the global economic crisis, poses significant challenges for Vietnam in effectively harnessing all national resources to achieve the goals of prosperity, strength, democracy, fairness, and civilized society, ensuring the socialist orientation. This reality demands that the state, as the instrument of the class and labor in transforming the old society and building a new socialist society, must play a leading role in guiding the current market economy in our country.

The Role of the State in the Market Economy
The market economy is understood as a high stage of commodity economy development, a type of economic organization where economic relations are regulated by economic laws such as the law of supply and demand, the law of value, the law of competition, the law of monetary circulation, etc. In other words, it is an economic organization in which economic resources are allocated according to market principles.

The market economy has its roots in slave society, took shape in feudal society, and reached a high level of development in capitalism. Both commodity economy and market economy are based on the division of labor in society and the diversity of ownership forms of the means of production, making producers both independent and interdependent, compelling...
economic entities to exchange goods. However, there are differences in the levels of development between the commodity economy and the market economy. The commodity economy emerged from the natural economy, contrasting with it but remaining at a low level, mainly involving small-scale production with manual techniques and low productivity. In contrast, the market economy represents a high stage of commodity economy development, where various markets have formed relatively comprehensively, and economic laws are fully manifested. Therefore, the market economy became distinctly apparent with the advent of capitalist production. This has led many to mistakenly believe that the market economy is solely a product of capitalism. However, in reality, capitalism did not produce the market economy; it is a common achievement of humanity.

In any society that uses the market as a means to allocate economic resources, the economy generally exhibits the following characteristics: Economic entities are independent, have the autonomy to produce and conduct business, and bear their own profits and losses; prices are primarily regulated by supply and demand; the market system is developed, comprehensive, and efficient; the economy is highly open and operates according to inherent market economy laws such as the law of value, the law of supply and demand, and the law of competition; there is a complete legal framework and macroeconomic management by the state. With these characteristics, the market economy drives the dynamism, creativity, and adaptability of economic entities to achieve maximum profit while eliminating outdated, rigid, and inefficient elements, thereby effectively utilizing social resources. However, the pursuit of profit and the harsh laws of the market also pose several issues that need to be addressed, such as wealth disparity, unethical business practices, and the decline in the quality of the living environment.

Alongside the emergence of the market economy, various perspectives on the role of the state in regulating the market economy have also appeared. For instance, Adam Smith (1723–1790), an English classical political economist and a prominent representative of the 19th-century liberal economic school, argued that the state should limit its intervention in economic processes and allow the economy to operate according to its inherent laws. He believed that if economic entities were free to pursue their interests, the invisible hand of market competition would make them socially responsible, the desired products for consumers would be produced appropriately in terms of type and quantity, and the balance between consumers and producers would be automatically formed in the competitive market. After a period of applying this theory, capitalism achieved certain successes. However, overemphasis on the self-regulating role of the market led to a series of crises, the most severe being the Great Depression of 1929–1933, which necessitated a reevaluation of the free market economy theory.

Faced with this reality, J.M. Keynes (USA) proposed the "General Theory," asserting that the market economy must be regulated by the state, combining the Invisible Hand with the Visible Hand in economic regulation. His theory became the foundational basis for building economic models in Western Europe and North America. However, after a few decades of effective operation, the economies of Western countries fell into recession, particularly in the 1970s when the world faced a severe energy crisis.

To address the limitations of this economic model, economists such as V. Hayek and M. Friedman advocated for developed countries to adjust their economic models towards neoliberalism. This model suggests minimizing the role of the state, emphasizing the role of the private sector, reducing national budget expenditures on public benefits, and adjusting income distribution to favor capitalists, thereby encouraging them to invest in production.

Although there are many different perspectives on the role of the state in the market economy, these viewpoints generally agree on the state's certain role in economic regulation. In practice, the regulation of the market economy must stem from the interests of those who hold the means
of production in society. Therefore, under capitalism, regulating the market economy must aim to ensure the core interests of the capitalist class, and under certain conditions, the state is willing to sacrifice the interests of the working masses, who constitute the majority but do not hold the primary means of production. In a socialist society, where the working class and the working masses hold the main means of production, the state's economic regulation aims to liberate humanity and promote social progress. The state's guiding role is carried out by: the state establishing the institutional framework for the market economy, overseeing the implementation of this framework in practice, and through the leading role of the state-owned economic sector.

Issues in Implementing the State's Role in Orienting Vietnam's Market Economy Today

With the spirit of "looking straight at the truth, evaluating the truth correctly, and speaking the truth clearly," the 6th National Congress of the Communist Party of Vietnam (December 1986) affirmed the necessity of comprehensive renovation, starting with economic thinking. With this perspective, the Party laid the fundamental groundwork for the formation of a market economy in Vietnam. By the 7th Congress (June 1991), while affirming the policy of continuing to build a multi-sector commodity economy that harnesses the strengths of various economic sectors in both competition and cooperation within a unified national economy, an important conclusion was reached: commodity production is not opposed to socialism; it exists objectively and is necessary. Continuing this path, the 8th Congress (June 1996) set forth the task of promoting comprehensive and synchronous renovation, further developing a multi-sector economy operating under market mechanisms with state management oriented towards socialism.

Taking a significant step forward, the 9th Congress (March 2001) defined the socialist-oriented market economy as the general model for Vietnam during the transitional period to socialism. This is a multi-sector commodity economy operating under market mechanisms, with state management oriented towards socialism. This marked an important shift from perceiving the market economy as a tool or management mechanism to viewing it as an integrated whole, the economic foundation for socialist-oriented development. Inheriting the thinking of the 9th Congress, the 10th Congress further clarified the fundamental content of socialist orientation in developing the market economy in our country, expressed in four criteria: development goals; development directions; social and distributive orientation; and management.

In the Platform for National Construction during the Transitional Period to Socialism (supplemented and developed in 2011) adopted at the 11th National Congress of the Party, it is reiterated: Developing a socialist-oriented market economy with various forms of ownership, multiple economic sectors, types of business organizations, and distribution forms. Economic sectors operating in accordance with the law are all important components of the economy, equal before the law, and develop sustainably, cooperatively, and competitively. The state economy plays a leading role. The collective economy is continually consolidated and developed. The state economy, along with the collective economy, increasingly becomes the solid foundation of the national economy. The private economy is one of the driving forces of the economy. Foreign-invested economies are encouraged to develop. Mixed forms of ownership intertwine, forming increasingly diverse economic organizations.

The achievements after nearly thirty years of renovation affirm the correctness of the Party’s transition from a centrally planned, bureaucratic, and subsidized economic model to a socialist-oriented market economy model. However, the market economy, with its inherent downsides, especially under the powerful impact of the global economic crisis, has been posing significant challenges to our state in orienting the economy towards the goals of a wealthy people, a strong country, and a democratic, just, and
civilized society. This is evident in several aspects as follows:

First, under the impact of the global economic crisis, the market economy institutions in our country are revealing many limitations and inadequacies. The primary focus is on the shortcomings of the system of rules and standards regulating the behavior of economic actors, where there is both an excess and a shortage, with overlaps between regulations still quite common. Additionally, the work of inspection and supervision to ensure the fair and equal implementation of these standards among actors has not been truly effective. The system of markets (goods and services, capital, labor, technology, real estate, etc.) is still not synchronized.

Second, as an important tool of the state to regulate and orient the market economy, the state economic sector is always identified as playing a leading role. However, in practice, the efficiency of this sector has not been commensurate with its potential and advantages. Moreover, in recent years, the losses incurred by state-owned enterprises have caused serious consequences, affecting the overall development speed of the economy and its regulatory role in our market economy.

Third, with the complex fluctuations of the market economy in the current conditions of integration, there is an increasing demand for the professionalism of the civil service. Meanwhile, the quality of human resources in the state apparatus remains a challenging issue, with the cumbersome and overlapping operations of public agencies still acting as an obstacle that needs to be resolved.

**Strengthening the Leadership of the Party in State Economic Management**

The Communist Party of Vietnam, as the vanguard force and faithful representative of the interests of the working class and laboring people, holds the leadership role in transforming the old society and building the new, socialist society with the mission of liberating humanity and society from all oppression, exploitation, and injustice, thus creating conditions for each person to develop comprehensively. Therefore, strengthening the Party's leadership in state economic management is aimed at achieving this noble goal. To fulfill its role effectively, the Party must:

1. Enhance the Party's leadership role in institutionalizing viewpoints, policies, and guidelines into state laws and regulations.
2. Promote the pioneering and exemplary role of Party members working within the state apparatus, thereby motivating individuals and collectives within the state machinery to accurately follow the objectives and directions set by the Party.
3. Emphasize the spirit of solidarity, self-criticism, and criticism within grassroots Party organizations to enhance the combativeness and fortitude of Party members in the current complex context.
4. Clearly delineate the leadership role of the Party from the managerial functions of the State, avoiding situations of overreach, abuse of power, and overlap between the Party and the State.

**Supplementing and Perfecting the Market Economy Institutions**

Market economy institutions are understood as a comprehensive set of rules, regulations, and systems of economic entities and organizations established to regulate market transactions and exchanges. Therefore, perfecting market institutions means enhancing its constituent components. To achieve this, a coordinated implementation of solutions is necessary:

First, intensify the construction and completion of rules and standards for economic behavior in the market as a basis for regulating the actions of economic entities. Along with a system of norms serving as a framework for the activities of economic entities, a flexible economic policy system needs to be established to quickly adapt to market changes.

Second, the state must ensure that laws, rules, and standards for economic behavior are enforced fairly and equitably among business entities. To accomplish this, the state must
eliminate actual discrimination among enterprises of different economic sectors; control natural monopolies; and enhance the capacity of intellectual property protection agencies and competition management authorities in handling cases of unfair competition and market dominance abuses. Additionally, transparency and accountability must be emphasized in policy management, development projects, and business activities, allowing the public to monitor decisions made by regulatory agencies.

Third, develop the market elements and types of markets comprehensively, such as the capital market, real estate market, labor market, science and technology market, etc. To do this effectively, an environment and conditions conducive to free production and business must be created, diversifying forms of ownership and economic sectors. Ensuring freedom of occupation in accordance with the law, free circulation of goods, and free credit. Enterprises should have the autonomy to make decisions and proactively conduct their business.

Building the Professionalism of the Civil Service

The civil service workforce is considered a decisive factor in enhancing the effectiveness of state operations. Therefore, it must be viewed as a breakthrough phase to create rapid and effective transformation in building the current state apparatus. According to us:

- The recruitment of officials and civil servants must be reformed and considered a fundamental step. Only by doing so can individuals with sufficient moral qualities and professional competencies be selected. This process must ensure transparency, equality among all individuals participating in the examination and selection process.
- Job assignments must align with the professional capacities of civil servants, establishing a conducive working environment and learning opportunities. Compensation and benefits must correspond to their contributions to the job.

- There must be regular plans to evaluate professional competencies, using this as a basis to assess civil servants and decisively remove individuals who are morally corrupt or professionally incompetent.
- Efforts must be intensified to streamline the workforce, ensuring a lean yet effective state apparatus.

Enhancing the Efficiency of State-Owned Economic Sector Operations

The state-owned economic sector, with its leading role, is considered a crucial factor through which the state regulates and directs the economy towards socialist objectives. However, due to its heavy reliance on subsidies and limitations in management capabilities, the activities of this sector have not been truly effective and have not met the requirements. To address this situation, the following measures need to be implemented effectively:

- Promptly review and comprehensively assess the operational status of state-owned economic entities. Based on this assessment, develop appropriate plans for these entities.
- Accelerate the equitization of state-owned enterprises, viewing it not only as an economic task but also as a political mission that must be carried out. Simultaneously, enhance autonomy and accountability, especially the accountability of the leaders of state-owned enterprises.
- Reduce and move towards eliminating preferential treatment for state-owned enterprises to create a fair competitive environment between the state-owned economic sector and other economic sectors.

Strengthening Inspection, Supervision, and Anti-Corruption Measures

Corruption and wastefulness pose significant challenges, hindering the country’s construction and development efforts and affecting the state’s role in the economic system. Therefore, the following comprehensive and flexible measures must be implemented:
Firstly, raise awareness across the entire political system and among the general public about the causes and consequences of corruption. This will build high political determination in the fight against corruption within the entire political system and society. This effort must be closely linked with promoting the study and emulation of Ho Chi Minh's moral example to establish proper public service ethics.

Secondly, overcome barriers in law enforcement, especially regarding anti-corruption laws. The Anti-Corruption Law must be implemented effectively. Additionally, integrate related legal systems, such as the Law on Practicing Thrift, the Law on Inspection, the Law on Auditing, and grassroots democratic regulations.

Thirdly, establish mechanisms to control power within the Party and state apparatus, ensuring that power is restrained by power itself.

Fourthly, expedite the completion and strict implementation of regulations on asset declaration by officials and civil servants.

Fifthly, in parallel with accelerating the reform of the state apparatus to improve management capacity and efficiency, minimize opportunities for corruption. Strengthen and enhance the quality of inspections, audits, and supervision, and strictly handle corruption cases, particularly those causing public outrage.

Sixthly, establish mechanisms to ensure the oversight activities of the public, mass organizations, and the media in the fight against corruption. Alongside this, enhance the knowledge, sense of responsibility, and self-discipline of citizens in purifying and cleaning up the ranks of officials and Party members. Additionally, implement regulations and mechanisms to protect citizens in this struggle. Furthermore, reform the salary, bonus, and material and spiritual benefits systems for officials and civil servants.

Strengthening International Cooperation and Exchange

In the current context of globalization, cooperation and exchange with other countries, especially developed nations, is an essential need for every country. For our nation, such cooperation is more crucial than ever. International cooperation opens up opportunities for the country to access external resources such as capital, scientific and technological advancements, high-quality human resources, and particularly the experiences of countries with developed market economies in managing the economy and addressing the instabilities caused by the downside of the market economy. However, in this process, it is important to avoid mechanically and rigidly applying the experiences of other countries to our own context and to remain steadfast in our socialist goals.

Conclusion

Developing according to the market economy model is an inevitable trend for economies today. Utilizing its advantages to develop the economy and achieve the goals of a wealthy people, a strong nation, and a democratic, just, and civilized society is a correct direction that our Party and State have chosen. However, developing a market economy also contains the risk of deviating from socialist orientation. Therefore, the state, in its role as the "reins holder," must skillfully adjust to ensure rapid yet correctly oriented and sustainable economic development.

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Reference


