





*“the evolution of history is a natural historical process, in conformation to objective and natural rules”*

**The development of human society has undergone five socio - economic formations**

Primitive communism

Slavery

early stage is socialism as a formation that inherits the essence of capitalism and has higher development than capitalist society

Feudalism

Capitalism

Communism

a high socio-economic formation is the inheritance and development of a lower socio - economic formation

the development of human society progresses from low to high, from less to higher perfection

The historical development of human society has witnessed socio - economic formations which produce no goods and have no market economy.

The development of commodity economy and market economy is also a process following rules of development from low to high, from less to higher perfection, associated with the development of socio - economic formations.

In such logic of history, market economy is an achievement of the mankind, which has reached high and perfect level in capitalism

**The market  
economy**

*has fostered the replacement of feudal socio - economic formation with capitalist socio - economic formation  
has also experienced the development process from low to high, from less to higher perfection  
are also diversified, with such forms as free market economy, social market economy...*

# 1. Marx, Engels and Lenin on market economy and socialism

Market economy and socio - economic formations are parallel, of the same direction and meet each other in capitalism

Both capitalism and market economy are the objective products of history, and the achievements of human civilization



*“humanity was suffering because of capitalism, but rather humanity would suffer more if there were no capitalism”*

**Market economy promotes capitalism, but also makes it reveal contradictions to resolve, in order to continue growing. In fact, capitalism has constantly self-adjusted to adapt to, and fit the new historical conditions.**



# Socialism



# Capitalism

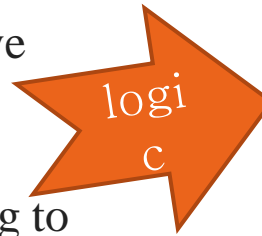
Socialism is a continuance of capitalism, which is of higher level than capitalism

Capitalism has made full facilities preparation for socialism

Socialism and capitalism have no difference in terms of material facilities and economic base except for

*Superstructure*

The market economy has a positive contribution to constructing and developing material facilities for capitalism and thus, also contributing to preparing facilities for socialism



**without market economy,  
there would be no capitalism**



**no socialism, a society born later  
and having higher development  
than capitalism**



*whether market economy  
exists in socialism?*

# Two different perspectives revolve around this issue



F. Engels

as there is no private ownership of means of production in socialism, there would be no production of commodity and thus, no market economy

production of goods still exists in socialism



Eugen Dühring

So far, no socialism has been born from a highly developed capitalist country, so it is difficult to assert with certainty and persuasion whether socialism contains production of commodity or not

# In fact, in developed capitalist countries, the working class represented by its vanguard Party has not won the government

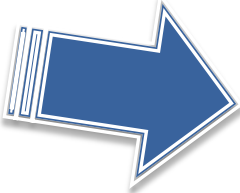
The working class has taken power and held social leadership in pre-capitalist countries, or a bit higher than that, in average capitalist countries.

After seizing  
power,

these countries do not use, but ignore market economy, which results from human civilization, and serves as one of effective measures to develop productive forces.

As a  
consequence,

good ideas about a future society just remain ideals which cannot be realized in practice due to too weak economic base.



Such desirable social policies of the humanity  
cannot come to real life.

In addition,

the fierce ideological struggle between two factions

the socialist camp and the capitalist camp

the misconception that regards socialism a society totally different from capitalism

have resulted in the fact that

the idea of using market economy cannot exist in the countries following socialism for decades.

*was somewhat subjective, impatient when predicting that Russia could be developed after several years without the use of a market*

Decades after V.I.Lenin's mistakes in Communism-in-war policy, his changes in New Economic Policies (NEP) were not recognised by

Only after the collapse of socialism in the USSR and Eastern Europe, could market economy have its position and confirm its role in a number of countries following socialism, such as Vietnam and China.



worth





**The development practices and classic theories of Karl Marx all confirm the necessity and popularity of market economy in the development of every nation and country.**

**for countries that have not experienced market economy, to solve development problems**

**MUST**

escape backwardness & have physical, spiritual conditions to meet social and humane objectives.



1

- develop a market economy in the true sense

2

- promote the potentials of the market for the development

3

- achieve maximum economic efficiency

## *2. Some basic characteristics of the socialist-oriented market economy in Vietnam*

The development of market economy is an inevitable mode to build socialism, especially for countries on the path to socialism but not undergoing capitalist development stage, such as Vietnam and China.



The question in Vietnam today is not whether to develop market economy, but what features this market economy should have.

# Basic elements when referring to a market economy



The existence of independent owners



Markets existing in sync with the corresponding institutions



A pricing system decided by the supply-demand relationship of the market



Free competition that works as the basic principle of market economy



The State having an important role

development ways of market economy are much diversified,  
not following a uniform

plans and patterns of economic development are particular, depending on the historical conditions and specific circumstances of each country and nation

**The existence and development history of world's market economy models has confirmed that, market economy models are always adjusted in:**



**Social - human objectives receive increasing emphasis**



**The State's role in directing, organizing and regulating development is acknowledged**

Until the late 70s of the twentieth century, the market economy only existed in capitalism with two main forms:

**free market economy model**

**social - market economy model**



socialist - oriented market economy (in Vietnam)

socialist market economy (in China).

However, socialist – oriented market economy, which was established not long ago, is still in the process of testing, shaping the structure and nature.

As a  
result,

no solid factual basis is available for a theoretical system of socialist – oriented market economy with complete and rigorous logical content.

The concept of "socialist - oriented market economy" was confirmed in the Congress IX of the Communist Party of Vietnam in 2001.

At Party Congress XI,  
the Party declared:

*"Continuing to improve the institution of socialist-oriented market economy is an important prerequisite for accelerating the process of restructuring the economy, renovating growth model, stabilizing macroeconomy; is one of three strategic breakthroughs in the next 10 years"*

In the documents of the Party, the basic characteristics of socialist – oriented market economy in Vietnam are presented relatively specifically.

*"that is a multi-sector economy, operating according to the market mechanism involved the management of the State, under the leadership of the Communist Party; it both follows the rules of a market economy, and is led, governed by the principles and essence of socialism"*

**It is expressed specifically  
in the following points**



FIRST

market economy is the economic basis for the society to proceed on the path to socialism in Viet Nam

Practices of the world and Viet Nam in recent years have demonstrated that no economy other than market economy can take the role as the economic basis for social development generally and socialism building particularly. That also confirms, by real practices in Viet Nam, the classic tenet of Karl Marx on the role of market economy in human evolution as presented above.



the socialist orientation in socio – economic development requires that the development of market economy in our country is for building a society with *"rich people, strong country, democratic, just and civilized society; owned by the people; highly developed economy based on modern*

The goal of “ rich people, a strong country” can only be achieved when the productive forces are developed

The development of market economy is the basis and prerequisite for productive forces development, and economic growth.

However, the socialist orientation is shown not only in the goal of developing productive forces in response to the need of economic growth, but also in the goal of tackling social problems, first and foremost in promoting social progress and justice.

Economic growth and assurance of social progress and justice are two contents of rapid, efficient, stable growth of our country.

Socialist orientation requires the assurance of economic growth, of social progress and justice; as well as the unity and organic combination of economic growth with social progress and justice at all development stages of market economy in our country.





one of the basic elements of a market economy is the existence of independent owners in various economic sectors and forms of ownership.

The socialist - oriented market economy in Viet Nam is a mixed economy, which includes various economic sectors and forms of ownership coexisting in a unified whole.

Forms of ownership in the socialist - oriented market economy are based on two major forms: *public ownership (public property)* and *private ownership (private property)*.

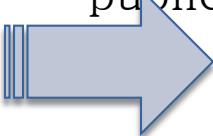
Mixed ownership, which is formed based on the mixture of different types of ownership, results from the cooperation, joint venture between different owners, namely the State, collectives (groups) and private owners

The fact that public ownership has increasingly become solid foundation, while other types of ownership have been in a strong, unrestricted, interwoven development, abiding by the laws, should be considered as the basic type of economy during the socialist -

Previously, as per traditional views, the forms of ownership were unique: state-owned, collective

or private.

After over 25 years' innovation, a mixed economy has gradually been formed and thriving; equitization is gradually becoming a major organizational form of public ownership economy.



public property includes not only unique state ownership and collective ownership, but also the part of state ownership and collective ownership in the mixed economy.  
private ownership includes not only unique private ownership, but also private ownership in the mixed economy.

the fundamental meaning of public ownership is increasingly being fortified and strengthened in key

areas:

- The capital of the publicly owned economy still plays an important role in the total social investment.
- State economy holds key positions in the economy.

regarding the equality between economic sectors

The clarification of the nature and economic model of the country during the transitional period to socialism, and no formal affirmation of the leading role of state economy are regarded innovative points of the Draft amendments to the 1992 Constitution compared with the 1992 Constitution.

Based on the Platform for national construction in the transitional period to socialism (supplemented and developed in 2011), Article 54 in the Draft amendments to the 1992 Constitution

states:

1

• Vietnam's economy is a socialist - oriented market economy with various types of ownership and many economic sectors

2

• Economic sectors are all important components of the national economy, with long-term development, equal and competitive cooperation under the laws

Article 19  
in the 1992

Constitution:

The State economy becomes the solid  
foundation of the national economy, was

determined to keep the leading role

Section 2, Article 54  
of the  
Draft Amendments of  
the 1992 Constitution

Economic sectors are all important components of  
the national economy, with long-term  
development, equal and competitive cooperation  
under the laws.

Compared with the 1992 Constitution, *these is a new point*, confirming  
different economic sectors all have equal roles, and are *important  
components* of the national economy; no economic sector is presumed to  
play the key, fundamental role in the national economy.

a series of state corporations have  
suffered deterioration, stagnation,  
even on the verge of bankruptcy due  
to corruption, wastefulness, poor  
management. Some ideas consider the  
state economy as a giant who can only  
rely on the state budget, but without



despite facing great  
difficulties, many  
enterprises from other  
economic sectors have  
been struggling to survive  
the regional and global  
economic and financial

**the confirmation that our national economy consists of various forms of ownership, without voluntarist identification which one is the mainstream, fundamental component economy in the national economy, is correct.**

because

shows the equality between economic sectors,

All economic sectors are under the control of the socialist Government, and all aim at developing the national economy; therefore, they should be treated equally.



liberate productive forces, promote economic growth, as well as rapid and sustainable development.

Therefore, it is necessary to create a levelled playing field for all economic sectors to reveal their intrinsic capacities, and thereby contributing more to the society.



## Whether the state economy holds a major role or not?

*Only Vietnam views the state economy plays a major role. State-owned enterprises should have fair completion, which indulged children are more likely to become spoiled, that trees living in glass houses cannot withstand hurricanes. So, only when they are left to live in a normal environment, subject to the winds of competition, and striving for the better, can state-owned businesses operate more effectively. Nevertheless, the process of support reduction should be scheduled carefully, as they cannot stand immediate cut-off. The weaning to a child cannot occur overnight; likewise, the reduction should be done gradually to have a more*



Dr. Le Dang Doanh



## Whether the state economy holds a major role or not?

Of course, there are also ideas that, if the state economy is not confirmed to hold the key role, our country's development towards socialism cannot be ensured.

In our opinion, the assurance for the country's development towards socialism does not rely on the stipulation that the state economy plays a key role, but on its effectiveness.

Moreover, if we do not change our mindset, the view that "state economy keeping the leading role" will be no different from the misleading viewpoint some time ago that "relations of production can go ahead, paving the way for the development of productive forces", and it is very likely that subject




**How to promote the controlling and managing role of the State through a regulatory system of policies and**

**legislation?**

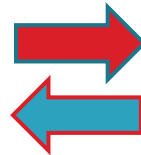
# *i plead the* 5<sup>th</sup>

## promoting economic growth as well as ensuring justice

Social justice is a historical economic, political, ethical, legal category that reflects the relations between individuals, between individuals and communities, between a community with other communities to ensure the living conditions, development opportunities; in the implementation of obligations and enjoyment of benefits ... at a level corresponding to certain social development.

Among the factors affecting social justice, economic development has a special role.  regulates social justice in the sense that, after all, a certain economic development level defines a certain level of social justice.

economic development and high total social product are conditions for the implementation of social justice.



social justice can act as a condition for economic growth



The transformation into market economy acknowledges the existence of various forms of ownership and different economic sectors.

However, the coexistence of private ownership and other types of ownership surely results in conflict

If private ownership receives the same treatment as to public ownership and collective ownership,

healthy  
economic  
relations

uncomplicated  
administrative  
procedures

economic  
sectors are  
all equal

mutual interaction  
and support  
between economic  
sectors will  
motivate  
economic  
development.

**The question put forward is:**

economic growth must aim at social justice

social justice must also facilitate economic development

Party Congress X points out, requires:

*"the implementation of social progress and justice must be done right in each step and in each development policy; economic growth must go hand in hand with the development of culture, health care, education ...; all social problems must be solved for the goal of human development. The distribution is done primarily according to labor, economic efficiency, capital contribution and other resources through social welfare."*



income distribution is done primarily according to business efficiency and labor productivity; besides, distribution can also be based on capital, property, intellect contribution, and social welfare.

Labour is the main source of material and spiritual wealth for the society, thus creating the country's wealth.

Therefore, to implement justice:

distribution based on production and business efficiency must be defined as the primary type of distribution

a favourable environment should be created for everyone to get rich with their own labour

Incomes gained from capital, property and intellect contribution to production and business are the distribution forms acknowledged by law.

Only on this

it can encourage people to get rich justifiably

The **key objectives** in both the income distribution and redistribution policies of the Government in the development of socialist – oriented market economy in Vietnam

Increasing the number of rich people

reducing the number of poor people

eliminating famine

decreasing the rich-poor gap

SEVENTH

the State's role  
in the socialist – oriented market economy

For a socialist – oriented market economy,  
the State has an extremely significant role

cannot clarify

- the operation mechanism of the economy
- what the State does
- what and how the market does

*Vietnam's socialist rule-of-law State of the people, by the people, and for the people under the leadership of the Communist Party of Vietnam, who has enough bravery and self-renewal ability to sustain the socialist orientation in developing a modern market economy.*

Fulfill

cannot

have an effectively  
operating market economy

The Party and State have to renovate their way of leadership and management of the country and society in the context of market economy, industrialization, modernization, proactive integration into world economy under the impact



## 3. Some lessons for North Korea

1. It is necessary to renovate thinking (renovation in thinking), especially economic thinking. It is important to realize that market economy is an achievement of humanity.

Humanity has witnessed socio-economic formations which have no market economy. As we have analyzed above, C. Marx, F. Engels and especially V.I. Lenin during the implementation of a New Economic Policy (NEP) did not deny market economy. On the contrary, in the logic of their thinking, there will be no successful building of socialism without market economy. In order to transit from a centrally planned subsidized economy to a market economy, Vietnam has undergone a severe ideological struggle. Moreover, thanks to the practice of the renovation years Vietnam can be able to renovate fundamentally its economic thinking.



However, the purpose of the development of market economy is not simply for economic aims, the more important aim that economic is social aim, humanistic aim. In the relation to social development and human development, economic development serves only as a means. Vietnam intends to direct its market economy with socialist orientation in order to overcome negative impacts of market economy and at the same time, to make market economy serve the social development and human development. Because, according to Marx's view, one of the most important features of socialism is human development: "the free development of each is the condition for free development of all"




## 2. It is necessary to be proactively open and integrate with the world.

The issue of proactive openness and international integration of Vietnam is resolved within a careful and gradual process that has brought about effective results. With the policy of “Vietnam wants to become the friend of all countries and nations in the world”, Vietnam is ready to become a friend and reliable partner of all countries and responsible member of international organizations.


While in the past (prior to the Renovation period) Vietnam had established the relations only with socialist countries, today Vietnam has diplomatic relations with almost all countries in the world (189 countries). Thus, the achievements of foreign policy help Vietnam develop its market economy, learn the development experiences of other countries and receive the helps and supports of many countries in the world. Hence the status of Vietnam in the world arena has been becoming higher and higher. Vietnam becomes the country well-known





3. Together with the process of economic renovation and expansion of foreign relations, it is necessary to renovate the regime to make it appropriate for and facilitate economic development.

This is a very necessary work but should be performed very carefully. While economic mistakes can be corrected, political mistakes may lead to the change or event the loss of the regime. This is also the most worrying problem of the countries that implement the process of renovation. The practices of renovation and openness of socialist countries has demomstrated that point. However, market economy will not be able to be developed strongly and the process of international integration will encounter many dificulties if the development of market economy and the process of international integration are without an appropriate and suitable political regime/ institution.



The practice of 30 years of the Cause of Renovation in Vietnam has confirmed that with appropriate solutions/measures and suitable steps a country can develop market economy, carry out international integration and at the same time retain and sustain political stability. At present, Vietnam is classified as one of countries with high political stability in the world.

The above are some lessons I would like to draw from the development experience of Vietnam in recent years and hope that they could be useful for North Korea in their course of building and development of socialism in the specific political and cultural context of North Korea.

# CONCLUSION

Viet Nam is still a developing country.

It is necessary to implement strategic objectives at the same time, such as ensuring economic growth, implementing social progress and justice, as well as protecting the ecological environment ..., which do not always go in the same direction

However, these goals must be attained and thus, the State has a particularly

important role

*Obviously*, there must be the State's intervention and regulation in the economy to ensure economic growth on a large scale, the natural and social

environment protected and

*Particularly*, the State should intervene in distribution relations to ensure resources distribution, first distribution and redistribution in such a way that attaches economic growth with social

progress and justice

**THANK YOU FOR LISTENING**  
**HAVE A GOOD DAY :)**

**Prof., Dr. Pham Van Duc**

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Academy of Social Sciences*

