

CHANGES IN OWNERS IN VIETNAM FROM 1986 TO PRESENT

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Abstract: from 1986 to present, with the policy of comprehensive renovation of the country, the Party and the State of Vietnam have made many important adjustments in ownership-related policies, which have created positive changes and contributed to the achievements of the Renovation. In this article, the author focuses on analyzing the changes in owners in Vietnam as a result of the aforementioned ownership policy, including: Firstly, owners including foreign elements are recognized; secondly, the important role of private owners is recognized; thirdly, members of the Communist Party of Vietnam are allowed to own private business and production facilities; fourthly, the ownership role of employees is recognized; fifthly, there are changes in the ownership structure in state-owned enterprises.

Keywords: owners, ownership relation, reform, Vietnam, economic development, marxist philosophy.

СМЕНА СОБСТВЕННИКОВ ВО ВЬЕТНАМЕ С 1986 ГОДА ПО НАСТОЯЩЕЕ ВРЕМЯ

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Аннотация: с 1986 года по настоящее время, проводя политику всестороннего обновления страны, Партия и Государство Вьетнама внесли много важных изменений в политику в области собственности, которая привела к позитивным изменениям и внесла вклад в достижения Реновации. В этой статье автор фокусируется на анализе смены собственников в результате вышеупомянутой политики владения во Вьетнаме, в том числе: во-первых, признаются владельцы, включая иностранные элементы; во-вторых, признается важная роль частных собственников; в-третьих, членам Коммунистической партии Вьетнама разрешено иметь частный бизнес и производственные мощности; в-четвертых, признается роль собственности работников; в-пятых, происходят изменения в структуре собственности на государственных предприятиях.

Ключевые слова: владельцы, отношение собственности, реформа, Вьетнам, экономическое развитие, марксистская философия.

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1. Introduction

According to the theory of Marxism - Leninism, ownership is the most important element in the production relationship structure and is the vital issue of the social classes. Therefore, solving the ownership problem is solving the basic problem in determining the economic development model and direction of each country. From 1986 to present, with the policy of comprehensive renovation of the country, the Party and the State of Vietnam have made many important adjustments in ownership relation related policies, which have created positive changes and contributed to the achievements of the Renovation. The changes in ownership in Vietnam are analyzed in this article as one of the results of the aforementioned ownership policy.

Owner is a very important element in the ownership relation. An owner can be: (1) a natural person who is an individual, a family or a group of people; (2) a legal entity - a company, a career association, a school, a non-governmental organization; (3) a government or state; (4) natural entity - a locality, a country [7, p. 38].

Around the world, changes in ownership objects, generally speaking, an outward extension of the concept of ownership, have led to changes in the ownership. For example, before, when the concept of ownership was to own the means of production, the employers were the owners. Nowadays, when knowledge plays an important (even decisive) role, intellectual workers are the owners of the means of production - their own intellectual [8, p. 69].

In Vietnam, in addition to the causes of the production development in general, changes in ownership, especially the recognition of more owners, which were not recognized before the Renovation, were the result of the Communist Party's reformed perception about the transition to the socialism. The comprehensive renovation

policy of the country has created fundamental changes in the composition of owners in Vietnam compared to the period before the Renovation. Therefore, when analyzing the status of changes of owners in Vietnam from 1986 up to now, it is necessary to emphasize this recognition and see it as an important factor creating the changes together with other factors.

2. Changes in owners

2.1. Recognition of owners with foreign elements

Before the Renovation, Vietnam restricted economic cooperation with foreign countries, especially with countries which did not belong to the socialist faction. However, since the Sixth Congress, with the policy of opening the economy, in 1987, the State enacted the Law on Foreign Investment in Vietnam, including many favorable conditions to attract investors. Therefore, in the context of the US embargo on Vietnam, many partners from countries, including Japan, France, Canada, etc. still invested in Vietnam. Since the early 1990s, especially since the US lifted the embargo and normalized relations with Vietnam (1995), foreign investment cooperation activities have been rapidly developed.

Up to now, the foreign investment has been present in almost all sectors and fields of operation in Vietnam, except for sectors and fields related to security and defense. With the motto "Vietnam wants to be friends with all countries in the world community and strives for peace, independence and development" [3, p. 516], Vietnam has actively participated in the integration process through many bilateral and multilateral cooperation with many countries and territories around the world, such as: In 1991 Vietnam signed a trade agreement with China, in 1993 Vietnam opened and resumed its relationship with the International Monetary Fund (IMF) and the World Bank (WB), in 1995 Vietnam joined the Association of Southeast Asian Nations (ASEAN), in 1998 Vietnam became a member of the Asia-Pacific Economic Cooperation Forum (APEC), in 2000 Vietnam signed the Vietnam-US trade agreement, on January 11, 2007 Vietnam officially became a member of the World Trade Organization (WTO), etc. Together with this process, many foreign individuals and organizations were recognized by the Vietnamese State as owners of plants, enterprises and even schools, and were granted perennial land use rights certificates.

The country's development practice has affirmed that the policy of opening and integration of the Party and State of Vietnam is completely correct. The recognition of owners as individuals and foreign businesses has contributed significantly to increasing the proportion of foreign-invested economic sectors. This area makes significant contribution to the national economy. However, foreign investors transfer interest earned in Vietnam to their home country, so the Gross National Income (GNI), or the remaining net income in Vietnam is much lower than the publicized GDP. This is one of the paradoxes and also an issue in attracting foreign investment - it requires a strict and appropriate management mechanism to make the annual Gross Domestic Income (GDP) not become a virtual number.

Moreover, some owners are foreign enterprises and private investors who also make a false declaration of contributed capital, making the State or private owned enterprises of Vietnam in joint ventures bear loss when sharing profits. Some joint-venture production facilities or 100% foreign-invested capital do not comply with the regulations on environmental protection, causing serious environmental damages, etc. These are the issues that need to be considered in order to have a mechanism to overcome, restrict and end this situation.

2.2. Recognition of important role of private owners

Before the Renovation, in Vietnam, there was the popular notion that it was necessary to quickly reform non-socialist economic sectors and to improve the bourgeoisie because they were exploiters and needed to take them to the right path of business as the collective labor. However, the reality has proved the opposite. The private economy, though forbidden, still has a strong vitality, because it creates a great impetus to motivate economic entities - that is the benefit.

Recognizing this, since the Renovation, the Vietnamese Party and State have made positive changes when acknowledging and confirming the role of private owners; created conditions for "all people *are allowed to do business freely in accordance with the law and are protected with the legal right to ownership and income*" [3, p. 432]. Therefore, all potentials in the people are stimulated and exploited for the economic development. Private owners not only demonstrate their role through the strong development of the private sector, but that role is also confirmed in participation in other economic sectors by contributing shares to state-owned enterprises or joint ventures with foreign countries.

At the 11th National Congress (January 2011), the Communist Party of Vietnam continued to affirm the motivating role of the private economy. In this Congress, for the first time, the Party advocated creating conditions for a number of private economic groups [4, p. 110]. Through this, it can be seen that the Communist Party of Vietnam has been very brave, not only in renewing economic thinking but also in making guidelines to promote the strong development of the private economy - associated with the form of non-public ownership which was restricted and prohibited in the period before the Renovation. At the XII Congress, the Party affirmed that "the private economy is an important driving force of the economy" [5, p. 103]. This reflects the recognition of the Communist Party of Vietnam for the contributions of private owners.

In particular, the 5th Conference of the 12th Central Party Executive Committee (May 2017) approved the content and agreed to issue a Resolution on private economic development to become an important driving force of the socialist-oriented market economy. The resolution stated the guiding perspectives: "- Developing a healthy private economy under the market mechanism is an objective requirement, which is both urgent and long-term in the process of institutional improvement and development of a socialist-oriented market economy in our country; is an important means to free up production power; mobilizing, allocating and effectively using the development resources. - Private economy is an important driving force for the economic development. The State economy, the collective economy together with the private economy are the key to developing an independent and autonomous economy" [1, p. 4]. These changes have created positive changes in socio-economic life and contributed to the country's development.

From 1986 up to now, private owners have been increasingly emphasized by their own contributions to the socio-economic development. However, it should be acknowledged that there is still a part of private owners who have not strictly abided by the State law. The phenomenon of tax evasion and mistakes in business and production still exists. Therefore, the problem is that the State must have a strict and effective management mechanism. In particular, the most important thing is probably to quickly complete and synchronize the related legal documents system in order to create a legal corridor for all economic entities to produce and trade in the fields which are not prohibited by the law and are also a basis for State management agencies to strictly handle violations. This will help promote the role of private ownership in the development of the country, while restricting the negative behaviors of this group of owners who are very sensitive to the market mechanism.

2.3. Allowance of members of the Communist Party of Vietnam to own private production and business establishments

Since 1986, with the view of renewing economic thinking, the Party and the State of Vietnam have taken a more objective view to appreciate the role of economic entities. Therefore, each citizen is encouraged to make rich legitimately. The policy of private economic development has made an important contribution to the overall success of the Renovation. One of the highlights of this policy is to allow party members to do private business.

The policy of allowing party members to do private business comes from recognizing the important role of private owners. This issue has been mentioned since the beginning of the Renovation, but until the 10th National Congress, it was officially put into the document due to the concerns whether Party members' doing private business is exploiting or not or whether allowing Party members to do private business is private capitalist economy or not. This is a very sensitive political issue, which was discussed at the Party Congress at all levels, and assigned scientists to study and collect opinions among the people. Basically, there are three groups of perspectives: the first group suggested that party members should be allowed to do private business to pioneer in the economic development; the second group affirmed that party members could not be allowed to do private business, especially private capitalist economy, because it would easily cause political ideological distortion; the third group thought that party members could do what they have to do in accordance with the law, but the important issue is how to do business. After 4 sessions of the IXth Central Executive Committee Session IX, the policy of party members for private economy was largely accomplished; however, the Party's document did not specify the capitalist or private economy although Vietnam still had clear division of private economic forms in reality. The Document of the Vth Central Conference, Session IX affirmed: "Party members who are owners of private enterprises and well abide by the Party Statutes and the Party and State laws and policies are still Party members" [2, p. 68]. Since then, many party members are good businessmen who have made significant contributions to the country's economic development.

The policy of allowing party members to do private businesses of the Communist Party of Vietnam has encouraged the party member to pioneer in the economic development. Obviously, this is a completely correct policy in line with the development trend and needs and aspirations of party members as well as the mass of the people, thus it has come into life and contributes to the success of the Renovation.

2.4. Recognition of the ownership role of workers

One point to note is that not before the Renovation is that Vietnam's State does not recognize the ownership of employees. The problem is that with the policy of abolishing the private ownership regime, establishing the public ownership with two basic forms as ownership by the whole people and collective ownership, a series of cooperatives were established, nominally basic means of production were owned by the cooperative members, but were ownerless in reality. Workers do not see close interests in the enterprises or the cooperatives that they "collectively owned". Therefore, they were indifferent and unenthusiastic about production. Farmers put all their energy into the field 5%, because they know for sure that they will enjoy all the results. Therefore, 70% of a farmer's income comes from a strong 5% return, while 95% of the land allocated to the cooperative only ensures the remaining income [6, p. 15].

Since the Renovation, Vietnam has had many new guidelines and policies to stimulate the production development. One of the effective measures is to pay attention to the interests of workers. The policy of equitizing state-owned and private-owned enterprises has allowed workers to participate in equities, meaning that they become shareholders who own the companies they work for. This creates a link in terms of benefits and

motivates workers to work more responsibly with their companies. However, in fact, workers who have shares but do not have the capacity to participate in management, they are still dependent and unable to really own. Therefore, the problem is the need to improve the capacity of workers. In this way, the role of their owners in the plants and enterprises that they contribute to new shares is really meaningful. Moreover, the situation of non-transparency in buying and selling shares of enterprises is still quite common. In terms of policy, all workers are given priority when buying shares of the company, but in many cases that number of shares has been implicitly sold in advance to a number of people who have a special relationship with the enterprise's leaders. As such, the opportunity for co-ownership of a company exists only on paper. This situation requires a transparent management mechanism for the equitization process in all enterprises of all economic sectors, especially in state-owned enterprises.

In agriculture, with the view that farming households are autonomous economic units, the State has enacted laws and by-laws to concretize the rights of land users. Although the latest Land Law of Vietnam (Land Law 2013 took effect from July 1, 2014) still stipulates that the land is owned by the people and is under the ownership of the State and is uniformly managed by the State (Article 4), but it can be said that the people have almost the same rights as the real owner of the land, except the final disposition. This policy facilitates farmers to attach more and invest more in their land to bring in higher economic efficiency. However, the current situation of planning and implementing land policies in Vietnam still faces many shortcomings, which needs to continue to be amended and supplemented to suit the social development trend in the new period. In particular, the issue of diversification of land ownership in Vietnam is an issue that needs to be considered thoroughly.

2.5. Change of ownership structure in state-owned enterprises

The change of ownership structure in state enterprises is associated with the equitization process of state-owned enterprises. Simply, this can be understood as the process of transforming an enterprise from 100% state-owned capital into joint stock companies. Accordingly, part or all of the state ownership in an enterprise is transferred to other forms of ownership.

Before the Renovation, because of the psychology of following the movement of setting up a large production base to advance rapidly, strongly and steadily to the Socialism, Vietnam developed a large-scale state-owned enterprise system, but due to the weak management capacity and lack of production materials, this system of enterprises was ineffective. In the face of this fact, the 7th National Party Congress was well aware that it was not advisable to maintain and develop the state-owned economy in a pervasive manner, thereby setting out the task of rearranging, renewing technologies and organizing State management organizations, changing the form of business, ownership or dissolution. At the 7th Party Central Committee Conference (November 1991), the Party proposed the policy of transforming a number of conditional state-owned enterprises into joint-stock companies and establishing a number of new joint stock companies for piloting, steered closely and drew thorough experience before expanding the appropriate scope. Shortly thereafter, the 10th session of the VIII National Assembly (December 1991) brought the equitization of state enterprises into the socio-economic development task of the 1991 - 1995. On June 8, 1992, the Chairman of the Council of Ministers (now the Prime Minister) issued the Decision No. 202/CT on pilot implementation of transforming a number of State enterprises into joint stock companies. Since then, the equitization of state-owned enterprises has become a consistent policy in order to raise capital and improve production and business efficiency of state-owned enterprises.

This policy has created a fundamental change in the ownership structure in a state-owned enterprise from a single state owner to a multi-owner entity from other types of ownership. After the equitization, the State only plays a role as a controlling or non-dominant shareholder in the enterprises, or no longer had an ownership role in the enterprises (this case is not discussed in this article). As mentioned above, the role of private ownership is expressed through the contribution of shares to state-owned enterprises. However, it should be noted that the goal set by the Party and the State of Vietnam when advocating the equitization of state-owned enterprises is "not for privatization" [3, p. 679]. After equitization, in addition to the State owner, there will be other owners, who may be employees working in the enterprises, possibly individuals and organizations outside domestic and foreign enterprises. This helps increase the supervision of the owners over the enterprises' activities. Thereby, the change in the subject of such ownership structure will lead to changes in the way of management and distribution of products in the enterprise, towards improving efficiency and competitiveness. As a result, equitization is considered a proper policy and an objective trend not only in Vietnam but also in the world, not only in state-owned enterprises but also in the non-state economic sector.

However, in some state-owned enterprises and corporations, even after equitization, the proactive and positive role of state ownership is still limited. Many SOE managers, due to their fear of losing personal rights, are afraid of slowing the equitization process, causing obstacles to the equitization of state-owned enterprises. Furthermore, after equitization, in many enterprises, the State only plays a role as a shareholder that does not dominate the enterprises, or even has no ownership role in the enterprises. Thus, the equitization process easily becomes privatized. This may help increase the economic efficiency of enterprises, but it will most likely lead to consequences on the way of developing socialist-oriented enterprises. It is thought that these issues need to be considered carefully when promoting equitization in the current period.

3. Conclusion

In the context of international integration and comprehensive renovation of the country, ownership relations in Vietnam in general and ownership structure in particular have been changing positively. In addition to some owners who only appeared in Vietnam after 1986, there are types of owners that have existed in reality before 1986, but they are not officially recognized, they only keep their very humble positions and roles in life. Since the Renovation, after being officially recognized, allowed and encouraged to develop, these owners have developed strongly and made an increasingly important contribution to the socio-economic development. However, the current change of ownership in Vietnam is posing a number of issues that need to be further addressed in order to maximize resources for the socio-economic development.

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