

# THE ISSUE OF PRIVATE ECONOMIC DEVELOPMENT IN THE SPIRIT OF THE XIII CONGRESS OF THE COMMUNIST PARTY OF VIETNAM

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**Abstract:** The private economy is increasingly occupying a large proportion and playing an important role in the economic development of the country. Our Party and State have affirmed the importance of the private sector in the process of economic development - society. In this article, the author refers to the issue of private economic development in the spirit of the 13th Party Congress.

**Keywords:** Private economy, Vietnam, Party Congress.

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## I. INTRODUCTION

Vietnam is in the period of accelerating industrialization and modernization of the country to become a modern industrialized country. In 2019, according to statistics, the private economic sector is generating about 42% of GDP, 30% of state budget revenue, attracting nearly 85% of the national labor force [1,p.24]. From there, it can be affirmed that this economic component is really an important driving force of the country's economy. But, in order for the private economy to develop to its full potential in all industries and fields, the requirement at this time is that it needs timely attention and support from the Party, State, and authorities at all levels as well such as the efforts of enterprises to make the private sector contribute more to the comprehensive and sustainable development of Vietnam in the future.

## II. CONTENT

### 1. Perspectives on the private economy in Vietnam

Private economy is used to refer to economic sectors based on private ownership of means of production, including individual economy, smallholder and private capitalist economy. Both of the above economic sectors belong to the same mode of private ownership of the means of production; however, the size of ownership is different. Since implementing the doi moi policy, the Communist Party of Vietnam has consistently advocated multi-sector economic development. Our Party has affirmed: The private economy is an important component of the national economy. Private economic development is a long-term strategic issue in the development of a socialist-oriented multi-sector economy, making an important contribution to the successful implementation of the central task of economic development, industrialization, to modernize and improve the country's internal resources in international economic integration.

In the transitional period to socialism, the existence of the private economy is an objective necessity and the reform of this economic sector is one of the basic and long-term economic tasks of this whole journey. . To do so, we must have the right attitudes in regard to the private economy and recognize the development prospects of the private economy in the multi-sector economic structure.

## 2. The private sector in the 13th Congress of the Communist Party of Vietnam

### 2.1. Private economy through Party congresses

*Before 1986, the private economy had not been properly understood in the socio-economic economy. The 6th National Congress of the Party (December 1986) with the spirit of "looking directly at the truth, properly assessing the truth, stating the truth" [2, p.694], our Party admitted wrong mistakes in the arrangement of the economic structure and "in perception as well as in action, we have not really acknowledged that the multi-sector economic structure in our country has existed for a relatively long time" [2, p. 705]. Since then, the Party has advocated: "There must be policies to pave the way for workers to create their own jobs, stimulate people to put capital into production and business, save consumption to accumulate reproduction on a large scale whole society" [2, p. 737], "it is necessary to have a policy of properly using and renovating other economic sectors" [2, p.738]. In order to create conditions for the further development of the private sector, in the socio-economic development strategy to the year 2000 of the Seventh National Congress (1991) clearly stated: "Everybody is free. do business in accordance with the law, have their ownership rights and legitimate income protected" [3, p. 159], and "encourages people to increase their income and get rich based on labor results and economic efficiency" [3, p. 159] to do so, the Party Central Committee emphasized: The individual economy "is developed in industries in both urban and rural areas, without limiting business expansion" [3, p.164]; The private capitalist economy "is developed without limitation in terms of size and area of operation in industries not prohibited by law" [3, p. 164]. After 10 years of conducting the doi moi process, at the 8th National Congress of Deputies (1996), the private economy was identified by our Party as the need to "create favorable economic and legal conditions so that economic private businesses can rest assured to invest in long-term business" [4, p.376], with the emphasis being: "Individual economy, smallholder has an important and long-term position" [4, p. 379]. Since then, the Party has advocated: "encourage private capital to invest in production, secure long-term business, protect property rights and legitimate interests, create favorable conditions coupled with enhanced management, guide to do business in accordance with the law, beneficial to the nation's livelihood" [4, p. 379]. At the 9th National Congress of Deputies (April 2001), the Party affirmed: "Consistently implement the policy of multi-sector economic development. Economic sectors doing business according to law are all important components of a socialist-oriented economy for long-term development, cooperation and healthy competition"[5, p. 86]. On March 18, 2002, at the Fifth Conference of the IX term, the Central Committee passed Resolution No. 14-NQ/TW "On continuing to renovate mechanisms and policies, encourage and create favorable conditions, private economic development" has officially created favorable conditions for the private economy to develop with many important solutions. Especially from the 10th National Congress of Deputies (2006), our Party clearly stated: "On the basis of three ownership regimes (all people, collective, and private), many forms of ownership and ownership have been established economic sectors: state economy, collective economy, private economy (individuals, smallholders, private capital), state capitalist economy, foreign invested economy... The private sector plays an important role and is one of the driving forces of the economy" [6, p. 147]. At the 11th National Congress of Deputies (January 1, 2011), our Party determined it was necessary to: "Complete mechanisms and policies to strongly develop the private economy to become one of the driving forces of the economy" [7, p. 35]. By the Resolution of the 12th National Congress (January 1, 2016) of the Party, there was a new development in recognizing the role of the private economy: "Vietnam's socialist-oriented market economy has a productive relationship with the Vietnamese economy. Progressive production, suitable to the development level of the productive forces, has many forms of ownership, many economic sectors, in which the state economy plays the leading role, the private economy is a driving force, importance of the economy; subjects of all economic sectors are equal, cooperate and compete according to the law" [8, p. 40]. Then, at the 5th Conference of the Central Committee of the Party (term XII) issued Resolution No. 10- NQ/TW dated June 3, 2017 on "Developing the private economy becomes a driving force for the development of the private sector." importance of the socialist-oriented market economy" with the general goal: "Developing a healthy, efficient and sustainable private economy, truly becoming an important driving force of the economy socialist-oriented market, contributing to rapid and sustainable socio-economic development, constantly improving people's living standards, realizing social progress and justice, ensuring national defense and security, soon turn our country into an industrialized country in the direction of modernity" [9, p. 90].*

Thus, nearly 35 years of renovation, our Party's awareness of the importance of the private economy in the multi-sector commodity economy has made a new development: from an unrecognized, restricted position development, the private economy in Vietnam has undergone significant changes, with the step by step being "untied" and gradually becoming an indispensable component in the socialist-oriented market economy. In other words, the private economy is recognized as an important organic component of the socialist-oriented economy, the development of all economic sectors in which the

private economy is the most advocated consistency, is a long-term strategic issue during the transition to socialism in our country

## **2.2 Private economy in the 13th congress of the Communist Party of Vietnam**

### **2.2.1. Private economy an important driver in economic development**

The 13th Party Congress affirmed: "Strongly developing the private sector in terms of quantity, quality, efficiency and sustainability, has really become an important driving force in economic development. Remove all barriers and prejudices, create all favorable conditions for the development of the private economy..." [10, pp. 240]. This is a big and consistent policy of the Party while promoting the further development of the private economy; while promoting the role of this economic sector in socio-economic development, strengthening national security in the new situation.

Firstly, it shows the continued renewal of economic thinking of the Party to match the development reality of the economy after more than 30 years of doi moi. When defining "the private economy as an important driving force" of the economy, it is aimed at the active role of this economic sector. The increasingly strong growth of the private sector in our economy is clearly shown. From the place that only exists "slowly", "moderately" in the centralized and subsidized bureaucratic mechanism, there is always concern about the risk of being "reformed", being discriminated against not only in social consciousness but also in social consciousness also in state mechanisms and policies, the private economy has risen strongly in the doi moi period, contributing more and more to the state budget, creating jobs for the society and promoting its potentials available advantages in each locality as well as in the whole country. Products of the private economy have reached difficult markets, requiring high standards of quality, design, safety in consumption, competition and have been able to stand firm in those markets for many years.

Secondly, when it comes to the private sector, talking about the role of the "important driving force of the economy" of the private economy shows the recognition of the Party, State and people for their great contributions of this economic sector into the process of socio-economic development, strengthening national security and defense.

With the participation of the whole political system and the widespread entrepreneurship spirit in society, the business environment has been improved. Since then, it has led to the strong development of the private economy in a number of fields such as construction, processing, manufacturing, auto industry, air transport, finance, banking, etc. significant role in developing Vietnam's national brand in industries and fields with great potential and strengths. The trend of developing innovative start-up business models is active; Currently, there are more than 3,000 active startups, many of which are successful.

The private sector makes a large contribution to GDP and promotes rapid economic growth, specifically: The private sector contributes over 40% of the economy's GDP and shows signs of increasing thanks to the economic growth rate faster than the overall growth rate of the economy. The private sector contributes about 42.1% of the economy's GDP and shows signs of increasing.

Create many new jobs: The number of laborers aged 15 and over working in the economic sector accounts for the majority of the labor force and is increasing. In 2019, the number of employees working in the private sector accounted for 83.3% of the total number of employees aged 15 and over working in the whole country, equivalent to nearly 45.2 million people.

Contributing to expanding revenue sources and increasing state budget revenue: With the rapid and diversified development, the private capitalist economy has obtained a significant result, contributing to the increasing state budget. With the rapid development in both scale and speed of the international integration process, the private economy has significantly contributed to that work with the creation of a large volume of exports (agriculture, forestry, fisheries) seafood, handicrafts), and at the same time expand investment possibilities and become a partner to attract investment capital from abroad into Vietnam, import modern machinery, equipment and technology through which make full use of and promote all resources for domestic economic development.

Vietnam is in the process of expanding external economic relations, actively integrating into the international economy, participating more and more deeply and fully in world economic organizations such as AFTA, APEC, WTO, etc. Therefore, the role of the private sector cannot be ignored. With inherent advantages such as flexibility, responsiveness to rapid change, this area has brought a source of capital to the country. Simultaneously, in the process of integration, the private economy has entered into joint ventures, associated with foreign countries or acted as brokers in various and flexible forms to facilitate attracting external forces, taking advantage of the experience of management as well as

absorbing new technologies for the process of industrialization and modernization in our country. In fact, there are many Vietnamese companies abroad who want to invest in their homeland (currently every year, billions of dollars of money are sent from abroad to relatives in Vietnam, most of which is for investment purposes), manufacturing business).

The development of the private economy in recent years has contributed to consolidating the "popular position", stabilizing the socio-political environment, enhancing political and spiritual potentials, economic potentials and potentials scientific and technological force of the all-people national defense. The widespread development of the private economy, especially in rural, remote and isolated areas, where borders and islands have directly contributed to the improvement of the entire people's defense posture; gradually meet the regular and unexpected needs of the armed forces. Individual economic household owners, small owners and private enterprises in all regions of the country have effectively participated in the implementation of many policies on the rear of the army, "repaying gratitude" to the families of war invalids and martyrs family with meritorious services to the revolution; supporting militia and self-defense activities... That shows that the potential, role and value of the private sector's contribution to the cause of national construction and defense is enormous. And, the view that the private economy is "an important driving force of the economy" continues to be affirmed by the 13th Party Congress as being objective, scientific, and people-pleasing.

### ***2.2.2. To encourage the formation and development of strong private economic groups***

This is the message to arouse the desire to get rich of the whole society. From there, creating a basis for the maximum mobilization of resources for socio-economic development, strengthening national defense and defending the Fatherland. Because the private economy is essentially an economic component that the entire population can participate in; always dynamic and creative in the market mechanism and possessing the "industrious and flexible" qualities of the Vietnamese people.

On the other hand, at present, in the private sector, many enterprises have become the "leading cranes" of international stature. Vietnam's economy is known to the world through the names of private economic groups, such as Vingroup, T&T Group, Thaco, Vietjet, FLC, Vinamilk..., which have an influence on the global supply chain. Many private enterprises have achieved high export turnover, making important contributions to economic growth, budget revenue, job creation, and social security. In addition, the private sector also cooperates with the State to contribute to the prevention and control of epidemics and natural disasters, to aid people in distress, to sponsor sports tournaments, football clubs, and economic events the great society of the country. Currently, Vietnam has about 29 private enterprises with capitalization value on the stock market exceeding 01 billion USD(12), with 06 billionaires joining the world billionaires club in 2021[11].

Encouraging the formation and development of strong private economic groups is a continuation of the views of the previous congresses, demonstrating the strategic vision of the Communist Party of Vietnam for the private sector in the economy. Conditions of international economic integration with many current fluctuations. Shows a shortcut to take the lead, soon complete the goal of industrialization and modernization of the country, and at the same time promote the creative dynamism in each Vietnamese person.

Thus, at the 13th Party Congress, many new issues of private economic development have been clarified and deepened. Affirming the important role and driving force of the private sector in international integration. The private sector has played an important role in mobilizing social resources, transforming the economic structure, creating jobs, and increasing incomes for workers, especially in the fields of investment, business and tourism, urban areas, automobile production, high-tech agriculture, commerce and services. The recent outstanding performance of private economic groups is the clearest evidence for the role of the private economy in socio-economic development in Vietnam.

In order for the private economy to be truly an important driving force of the economy, the 13th Party Congress determined that the relationship between the State, the market and society should be better resolved. It is necessary to strongly reform the management method of the State in the direction of transferring tasks that the State does not necessarily have to do to social organizations. Therefore, the State must: "Create all favorable conditions for the private economy to develop quickly, sustainably, grow in size, improve in quality" [10, p. 45]; resolutely "Eliminate all barriers and prejudices, create all favorable conditions for the development of the private economy; support the private economy to innovate, modernize technology and develop human resources, improve labor productivity. To encourage the formation and development of large private economic groups with strong potential and regional and international competitiveness. Striving to 2030, there are at least 2 million enterprises with the proportion of the private sector's contribution to GDP reaching 60-65%" [10, p. 240]. This new thinking is consistent with theory and practice so that the private economy can reach out in the integration trend.

### **III. CONCLUSION**

Vietnam's economic development in recent years has proven that the private sector plays an important role in the development of the socialist-oriented market economy that we are pursuing of the three cores to develop an independent and self-reliant economy (along with the state economy and the collective economy). However, in order for the private economy to truly become a solid "footstep" of the Vietnamese economy, the requirement that the Party and State should soon have stronger and more drastic solutions. At the same time, it is also necessary to strive for the rise of enterprises of the private sector, because only then can they bring into full play the great potential and strength of this economic resource in the period of international integration economy today.

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