

## BASIC ISSUES OF VIETNAM'S MARKET ECONOMY AND DIGITAL ECONOMY IN THE CONTEXT of POST-COVID-19

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### Abstract:

The socialist-oriented market economy in Vietnam is a particular form of the market economy with the most basic characteristic being the existence of many forms of ownership, many economic sectors, and a wide variety of businesses type of enterprise in the context of the increasingly developed social division of labour. In the movement and development of the socialist-oriented market economy in Vietnam, the development of the digital economy is inevitable and plays an increasingly important role. Faced with the severe impacts of the COVID-19 pandemic, the digital economy is currently and will be the focus of development for many countries, especially in the post-COVID-19 period. Vietnam is in the process of developing and perfecting a full and modern market economy in the direction of socialism and international integration, in order to strongly liberate and continuously develop the productive power of the economy with many forms of ownership as current, Vietnam's market economy needs good policies to create a turning point and breakthrough in the economy based on the development of the digital economy. From approaching the philosophical, social philosophy, through the research and analysis of documents of previous researchers, the guidelines, policies and laws of the Communist Party of Vietnam, the Government of Vietnam, this article focuses on researching the basic issues related to Vietnam's market economy and digital economy in the post-COVID-19 context.

**Keywords:** market economy, digital economy, Vietnam, COVID-19

### Introduction

Vietnam is in the process of developing and perfecting a full and modern market economy with socialist orientation and international integration. Both practice and theory in recent years have proved that the policy and direction on developing a socialist-oriented market economy is a creation of the Communist Party of Vietnam, is the application of Marxism-Leninism to the specific conditions and circumstances of Vietnam. With the development of science and technology, the impact of the Industrial Revolution 4.0, the process of globalization and international integration, the socialist-oriented market economy in Vietnam is facing many opportunities, at the same time, it also faces many challenges, clearly recognizing the characteristics and problems of the socialist-oriented market economy and the digital economy in

Vietnam in the post-COVID-19 context is one of the urgent issues, has profound theoretical and practical significance for Vietnam today.

#### Theoretical basis

Based on the theoretical basis of Marxism-Leninism, guidelines, guidelines and policies of the Communist Party of Vietnam and the State of Vietnam on building and developing a socialist-oriented market economy and digital economy in the current period of innovation and integration.

#### Practical basis

The process of leadership, direction and implementation of the Communist Party of Vietnam and the Government of Vietnam and localities in the construction and development of the socialist-oriented market economy and the digital economy of Vietnam.

#### Research methods

The article uses dialectical and historical materialism methods in research and specific methods include analysis, synthesis, logic and history.

#### Research techniques

The article uses document analysis techniques, research and document analysis of previous researchers, guidelines, policies and laws of the Communist Party of Vietnam and the Government of Vietnam on the construction and development of a socialist-oriented market economy, on the digital economy in the current period of innovation and integration in Vietnam.

#### Research questions

Q 1: What is the process of awareness of the socialist-oriented market economy of the Communist Party of Vietnam over the congresses?

Q 2: What is the socialist-oriented market economy associated with the digital economy in Vietnam?

Q 3: What are the problems and challenges facing the digital transformation process in Vietnam?

Q 4: What are the limitations in developing a socialist-oriented market economy associated with the digital economy in Vietnam today?

Q 5: What are the solutions to develop the socialist-oriented market economy associated with the digital economy in Vietnam today?

#### Research purposes

The purpose of the article is to analyze and clarify the basic content related to Vietnam's market economy and digital economy in the post-COVID-19 context.

#### Contents

##### **Overview of the process of awareness of the socialist-oriented market economy of the Communist Party of Vietnam through the congresses**

Over 35 years of renovation, the awareness of the socialist-oriented market economy in Vietnam is increasingly clear. The development of the market economy has contributed to affirming: "The path to socialism in our country is consistent with the reality of Vietnam and the development

trend of history. Achievements, experiences and lessons learned from practice create an important premise and foundation for our country to continue to innovate and develop strongly in the coming time"[2,16-17].

The 6th Congress of the Party (1986) - The Congress set out the comprehensive reform of the country. Congress set out a policy to develop a multi-sector economy, on the basis of "consolidating the socialist economy" and "using all the capabilities of other economic sectors"[1,44], asserting that the multi-sector economic structure is a characteristic of the transition period to socialism. The Congress proposed the policy of renovating the economic management mechanism, abolishing the centralized planning mechanism of bureaucracy and subsidies, building a new economic management mechanism with "planning as the centre", "planning is the number one feature of the new economic management mechanism"; at the same time, "correct use of commodity-money relations is the second characteristic of the new management mechanism", "requires production to be linked to the market, all economic activities must compare costs with effective" [1,65].

The 7th Congress of the Party (1991) had formed a view on the development of a multi-sector commodity economy in the direction of socialism. The Congress determined "Continuing to build a multi-sector commodity economy and renewing the economic management mechanism", affirming "to promote the strengths of all economic sectors, compete and cooperate at the same time. complement each other in the unified national economy" [1,273-274]

The 8th Congress of the Party (1996) continued to affirm the policy of "developing a multi-sector commodity economy, operating according to the market mechanism with state management in the direction of socialism" [1,468] and asserted that "commodity production is not opposed to socialism but is a development achievement of human civilization, objectively existing and necessary for the construction of socialism" [1,481]. The congress advocated reforming the state economy and the cooperative economy, implementing "equitization of state-owned enterprises to mobilize more capital, creating more motivation to promote enterprises to do effective business", "developing economic development cooperation with many diverse forms, from low to high...", organizing more facilities to contribute shares and direct labour participation of cooperative members, distribute according to labour results and shares. " [1,479].

At the 9th Congress of the Party, the term "development of a socialist-oriented market economy" was officially used in the Party's Document. The 10th Party Congress (2006) affirmed 5 economic sectors: state economy, collective economy, private economy (individuals, smallholders, private ownership), state capitalist economy and foreign-invested economy developed together in our country's economy.

The 11th Congress of the Party had included in the program of building the country in the transitional period to socialism (Added and developed in 2011) the view on building a socialist-oriented market economy: Developing a socialist-oriented market economy with many forms of ownership, different economic sectors, forms of business organization and distribution" [3,74], "The state economy plays a leading role. The collective economy is constantly being consolidated and developed. The state economy together with the collective economy has increasingly become the solid foundation of the national economy" [3.73-74], "Market factors are created synchronously, types of markets are gradually built and developed, both following the rules of the market economy and ensuring the socialist orientation" [3,74].

At the 12th Party Congress, the concept of a socialist-oriented market economy had been clarified in terms of content, objectives and implementation method. Following that, the 5th Plenum of the Central Committee (term XII) issued Resolution No.11-NQ/TW dated June 3, 2017, on perfecting the institution of a socialist-oriented market economy, which indicated "Building and perfecting the socialist-oriented market economy institution is a strategic task, an important breakthrough, creating motivation for rapid and sustainable development" and Resolution No. NQ/TW dated June 3, 2017, on developing the private economy to become an important motivation of the socialist-oriented market economy, which affirmed that the private economy is the driving force for economic development.

On the basis of practical summaries, theoretical research on economic development and the country's renovation process, the 13th Congress of the Communist Party of Vietnam pointed out the basic contents of the socialist-oriented market economy as follows: "It is a modern market economy with international integration, fully and synchronously operating according to the laws of the market economy, managed by the socialist rule of law, by the Party. Communist Vietnamese leadership; ensuring the socialist orientation for the goal of "rich people, strong country, democracy, justice and civilization" suitable to each development stage of the country. Vietnam's socialist-oriented market economy has many forms of ownership and economic sectors, in which: the state economy plays a leading role; collective economy and cooperative economy are constantly consolidated and developed; the private sector is important motivation; Foreign-invested economies are encouraged to develop in accordance with socio-economic development strategies, master plans and plans" [4,128-129]. The document of the 13th Party Congress had supplemented and developed a number of new views on the socialist-oriented market economy, reflected in emphasizing the need to continue to unify and raise awareness of the socialist-oriented market economy; clearly state the close relationship between the State, the market and society; building an independent and self-reliant economy; improve the efficiency of international economic integration.

Thus, both practice and theory have proved that the perception of the socialist-oriented market economy of the Communist Party of Vietnam has gradually been concreted. Many mechanisms, policies and institutions of the socialist-oriented market economy in Vietnam are gradually improving, modernizing, and gradually becoming more suitable for regional and international markets.

### **Socialist-oriented market economy associated with the digital economy in Vietnam**

Over 35 years of renovation, awareness of the socialist-oriented market economy is more and more complete in Vietnam. The legal system, mechanisms and policies continue to be perfected in accordance with the requirements of building a modern market economy and international integration. Market factors and types of markets gradually develop synchronously, associated with regional and world markets. The reforms in the direction of economic freedom and the development of a market economy in Vietnam have achieved many results, reflected in the fundamental establishment of property rights and other rights in business and continued improvement. benevolent; The level of government involvement in the economy in Vietnam is moderate; start-up activities in Vietnam are becoming easier and cheaper and the cost of business registration is also reduced; The overall investment framework has been modernized and made easier for foreign investment, the financial sector has continued to grow, and lending directed by state-owned commercial banks has narrowed in recent years; The Government of Vietnam has more effective spending plans with specific measures and responsibilities of agencies in

government spending; The State Bank of Vietnam has made a significant improvement in fiscal policy, contributing to raising the economic freedom index, building a market economy according to international practices; The Enterprise Law No. 59/2020/QH14 in 2020 also brings about an improvement in building a market economy in Vietnam. In which, the State recognizes the long-term existence and development of various types of enterprises; recognize and protect property ownership, investment capital, income, and other lawful rights and interests of enterprises and business owners; Lawful assets and investment capital of enterprises and business owners shall not be nationalized or confiscated by administrative measures. Enterprises have the right to conduct business in industries and trades that are not prohibited by law and their business autonomy rights are also recognized.

The results in Vietnam's economic development cannot fail to mention the impacts from the industrial revolution 4.0 in particular and the digital economy. In particular, Vietnam's economy is expected to grow more slowly due to the re-emergence of the COVID-19 epidemic, which has disrupted labour sources, reduced industrial output and disrupted agricultural value chains. The COVID-19 pandemic poses unprecedented challenges and great difficulties to the entire economy, has been having a strong and profound impact on all industries, regions and other subjects. Although the Government of Vietnam has had timely policies in the first support package to support and rescue some economic sectors and those most affected, the pandemic has become complicated again in the world. Many localities in the country have been and will be a more comprehensive and heavy impact on the economy. This situation requires the Government to consider a new support package in 2021 and beyond, with a large scale and wider coverage to continue to remove difficulties, maintain economic development and prepare for the post-pandemic recovery period.

Aware of the position, role and importance of the digital economy for the country's development in the context of integration, the Party and the State of Vietnam have always paid great attention to and have many policies and solutions that have related to the transition to the digital economy. The most recent can be mentioned Resolution No. 36-NQ/TW, dated July 1, 2014, of the 11th Politburo, on promoting information technology development to meet the requirements of sustainable development and integration. international. Institutionalizing the Party's policy, the Government has issued many resolutions on this issue. Most recently, the Government's Resolution No. 41/NQ-CP, dated May 26, 2016, on tax incentives to promote the development and application of information technology and the Digital Directive 16/CT-TTg, dated 4/5/2017, of the Prime Minister, on strengthening the capacity to access the Industrial Revolution 4.0. In August 2018, the National Committee on E-Government was established with the Prime Minister directly serving as the Chairman of the Committee. The Strategy on Industry 4.0 and the Action Program on Digital Transformation is being researched, drafted and will be integrated into the Socio-Economic Development Strategy for the 2021 - 2030 period. In addition, many related regulations The digital economy is also reflected in related laws such as the Law on Electronic Transactions (2005), the Law on Information Technology (2006), the Law on Radio Frequency (2009), and the Law on Cybersecurity (2018).

A fact that we can feel quite clearly in recent times is that the process of digital transformation has been - will make our future change drastically. With the digital economy, too, the core is the organizational models and operating methods of the economy based on the application of digital technology. The rise of the digital technology sector has paved the way for innovation and global growth. The adoption of technological advances over the years has impacted businesses as well

as every aspect of life. Digital technology has driven many businesses to improve their development models, create new industries, and blur geographical borders.

The recent COVID-19 pandemic and social distancing have helped businesses realize the increasingly important role of digital transformation. However, it is also the COVID-19 pandemic that has shown that the digital transformation process in Vietnam is facing a number of bottlenecks that need to be focused on removing, specific manifestations:

Firstly, digital infrastructure and services, including hard infrastructure and telecommunications networks as the foundation to create soft infrastructure are digital services that help optimize economic activities that have not yet met the maximum demand as originally expected.

Secondly, digital resources include a data ecosystem (national database on agriculture, finance, population, land management) and useful open knowledge for timely plan prediction and making decisions to bring about high economic efficiency has not been fully implemented compared to the requirements of reality.

Thirdly, digital transformation policy, including services, policy on transformation from e-Government to digital government, policy on training high-quality digital human resources, policy on digital business investment, policy on digital transformation. In fact, information security, digital sovereignty and intellectual property still have many limitations and shortcomings and have not kept up with the trend of development.

Fourthly, the protection of privacy in the Internet environment, data leakage, trading and exploitation of personal and business data is also a matter of concern in the development of the digital economy in Vietnam today.

Fifthly, the state management, especially tax collection, ensures the rights of workers for the current cross-border trade and service provision.

Sixthly, the reality also reflects that the digital transformation process in Vietnam is still slow, lack of digital skills and human resources, a lack of digital thinking or the challenges of digital culture in businesses, especially working with small and medium enterprises in Vietnam.

Seventhly, ensuring safety and security in the digital environment is also an important issue if the digital economy is to become one of the main pillars of the economy.

Eighthly, the rapid transformation of business models in the digital economy has led to a number of legal regulations not keeping up. Due to the rapid development of science technology, digital economy, new business methods and innovative ideas, state management agencies are still confused in managing digital economic activities.

### **Inadequacies and limitations in the development of a socialist-oriented market economy associated with the digital economy in Vietnam.**

Inadequacies and limitations in the development of a socialist-oriented market economy associated with the digital economy in Vietnam are specifically expressed in the following basic points:

Firstly, the improvement of institutions, innovation of growth model, economic restructuring, industrialization and modernization is still slow, has not made a fundamental change in the growth model; productivity, quality, efficiency and competitiveness of the economy are not high. In the context of digital technology affecting the development of the economy in general, it is

very important to innovate the growth model taking into account new factors such as technology trends. Institutions and policies for the development of the socialist-oriented market economy in Vietnam in association with the digital economy are still inadequate. In operating and managing the economy, the legal framework has not kept pace with the rapid development of business models associated with digital technology, causing difficulties for the business community. and loss of tax revenue to the state budget. The level of active participation in the development of Vietnam's digital economy is still limited and somewhat spontaneous.

Secondly, the capacity and technology level of the economy is still low. Science and technology, innovation is not really a driving force for socio-economic development; The new national innovation system has just been formed, has not been synchronized and effective. The industry is still mainly processing and assembling, the added value is not high; Supporting industries develop slowly, localization rates are low, and effective participation in global value chains is still limited. This is one of the issues that need to be paid great attention to when currently, according to experts, the value contributing to economic growth is mainly foreign-invested enterprises, while the Most domestic enterprises only do outsourcing, but create little added value. Although the level of technology application in management, operation, production and business activities of Vietnamese enterprises has improved, it still does not meet the requirements set forth. In addition, there are a number of other limitations and challenges, such as the socialist-oriented market economy institution has many problems and shortcomings that have not been resolved; the institutional capacity building is still limited; low quality of laws and policies; structure and quality of human resources have not met the requirements; The connection and technology transfer between FDI enterprises and domestic enterprises are still limited... These issues also have an impact on the development of a socialist-oriented market economy associated with the digital economy in Vietnam today.

### **Solutions towards the development of a socialist-oriented market economy associated with the digital economy in Vietnam**

Firstly, researching to have regulations and policies to encourage and support the private sector to participate in development cooperation, especially to participate in projects related to Vietnam's existing strengths such as agriculture and forestry, agro-forestry product processing, tourism.

Secondly, the Government of Vietnam needs to continue promoting institutional reform, especially perfecting the legal framework and policies on the establishment, organization and operation of business organizations, especially enterprises through amending and supplementing legal documents such as Law on Enterprises (amended), Law on Investment (amended), Law on Tax Administration, Law on Labor Code (amended), Law on Land (amended)... and guiding documents to ensure implementation uniformity, specificity and transparency; highly feasible, easy to implement and suitable to conditions and characteristics as well as promoting the existing strengths of Vietnam in the context of integration.

Thirdly, strengthening the initiative and active regional and international linkages.

Fourthly, conducting a review to minimize administrative procedures, business investment conditions; encouraging enterprises to apply science and technology, exploiting opportunities of the Industrial Revolution 4.0. Approaching new technology solutions through policies to improve national technological capacity in key fields of the digital revolution, applying SMAC technology based on digital and sensor technology platforms (S), mobile applications and

machine-to-machine communication (M), big data analytics (A) and cloud infrastructure (C), IoT, biology, nano, 3D printing.

Fifthly, drastically implement the fundamental and comprehensive renovation of education to create creative human resources for society, ready for the digital revolution - the industrial revolution 4.0.

Sixthly, provinces in the Central Highlands need to create conditions for the private sector to access resources for development, especially land, capital, labour, access to science and technology, and promote creative innovation and application of science and technology in production and business.

### **Conclusion**

Recently, the EU-Vietnam Free Trade Agreement (EVFTA) and Investment Protection Agreement (IPA) are major events of Vietnam and the EU, opening up many export opportunities for Vietnamese enterprises to the EU market and vice versa, European enterprises will also increase investment strongly in Vietnam market thanks to commitments on incentives from Vietnam. In that context, the process of developing and perfecting a full and modern market economy in the direction of socialism and international integration will be further tested and confirmed in practice, helping Vietnam to overcome challenges, adapting to international standards, creating important and necessary momentum for the overall development of the country and society. In Vietnam, the COVID-19 pandemic and digital technology will accelerate the process. Digital economy development goes faster, notably e-commerce activities, cashless economic transactions are increasingly developing in Vietnam, creating opportunities for businesses to promptly grasp and apply using the tools of the digital economy. Vietnam's socialist-oriented market economy has many forms of ownership and economic sectors, in which: the state economy plays a leading role; the collective economy and the cooperative economy are constantly consolidated and developed; the private sector is an important driver; Foreign-invested economy is increasingly encouraged to develop. At the same time, raise awareness about the development of the digital economy in the socialist-oriented market economy in Vietnam, thereby making the best preparation for this development trend in the present and in the future.

This study was conducted to analyze the basic issues related to the market economy and the digital economy of Vietnam in the post-COVID-19 context. The results show that the perception of the socialist-oriented market economy of the Communist Party of Vietnam has gradually been concreted. Many mechanisms, policies and institutions of the socialist-oriented market economy in Vietnam are gradually improved, modernized, and becoming more suitable for regional and international markets. The socialist-oriented market economy in Vietnam has a close relationship with the digital economy. Inadequacies and limitations in the development of a socialist-oriented market economy associated with the digital economy in Vietnam are reflected in the improvement of institutions, renewal of growth models, economic restructuring, industrialization, and modernization. modernization is still slow, has not made a fundamental change in the growth model; productivity, quality, efficiency and competitiveness of the economy are not high. The capacity and technology level of the economy is still low; socialist-oriented market economy institutions still have many problems and inadequacies that have not been resolved; the institutional capacity building is still limited; low quality of laws and policies; structure and quality of human resources have not met the requirements. From the research



results, the article proposes some solutions towards the development of a socialist-oriented market economy associated with the digital economy in Vietnam. The study also affirms that, with the strong development of the trend of digital technology and the digital economy, Vietnam needs to raise awareness about the development of a socialist-oriented market economy in association with the digital economy; continue to improve institutions and legal frameworks to facilitate the digital economy with the strict and effective management of the State.

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