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TO UNDERSTAND
THE 7th NATIONAL CONGRESS
OF THE COMMUNIST PARTY
OF VIETNAM

FOREIGN LANGUAGES PUBLISHING HOUSE

Hanoi - 1991

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FOREWORD

In 1991 many notable events will take place, one of which will be the 7th National Congress of the Communist Party of Vietnam.

When studying our country's history our historians who show objectivity and respect the truth must acknowledge the role of the Communist Party of Vietnam.

It can be said that over the past sixty years, especially during the early thirties when the Party was founded, each successive Congress has marked an important turning-point in the development of the Vietnamese nation. The 6th National Party Congress of the Communist Party of Vietnam, held in November 1986, was regarded as a landmark of paramount importance in the political life of the Vietnamese people because it mapped out new policies with a view to making our country a socialist one. Five years have now elapsed since that major event.

Over the 1986-90 period, although Vietnam has been beset with numerous difficulties and trials such as the economic embargo and periodic natural calamities, it has managed to score significant successes: the State-subsidized economy has been replaced by a mixed economy with a market-oriented system under the re-adjustment by the State, rocketing inflation has been controlled and living standards for the majority have noticeably improved. Particularly worthy of notice is the field of agriculture. In 1985 total food output reached only 18.2 million tonnes. In 1990 it rose to 21.5 million tonnes and in 1989 Vietnam was able to export rice for the first time in the history of this democracy. Total export turnover during the five-year period 1986-90 increased 220 per cent as

against the 1981-85 period. Political stability and social order have been maintained. Of course there will still be many difficulties in the years ahead, but they are inevitable with the new trends in renovation and development.

On the eve of the 7th National Party Congress of the Communist Party of Vietnam we introduce to the reader some documents relating to the above-mentioned basic problems in the hope that they may shed light on the social, economic and political situation in Vietnam.

THERE MUST BE RENOVATION IN 1986!

See
Documents
6th Congress

In the spirit of facing reality, the 6th National Party Congress held in December 1986 made a revision on the errors and shortcomings mainly in socio-economic field. At the same time the Congress also put forthward such objectives as stabilizing the socio-economic situation in all respects, continuing to create premises for national industrialization. That determination was shown clearly in the resolution of the Congress.

... The Congress affirms that the whole Party, people and armed forces, united as one, are determined to devote all their spiritual and material forces to continue carrying out the two strategic tasks, namely successfully building socialism and firmly defending our socialist Homeland of Vietnam and at the same time contributing to the struggle of the world's people for peace, national independence, democracy and socialism...

... On the task of building socialism, the Congress asserts: "The overall task and overall objective of the remaining years of the initial stage are to stabilize the socio-economic situation in every respect, continue to build the necessary premises for accelerated socialist industrialization in the subsequent stage."

The stabilization of the socio-economic situation implies stabilization and development of production, stabilization of distribution and circulation of products, stabilization and gradual improvement of the material and cultural life of the people, enhancing the effectiveness of organization and management, establishment of order and discipline and materialization of social justice.

The concrete objectives are to produce enough for consumption and accumulation; to create a rational economic structure so as to develop production; to take a step further in building and strengthening the new relations of production; to bring about changes for a better in social life; and to satisfy the needs of strengthening national defence and security.

While attaching prime importance to the task of socialist construction, the Congress affirms that the whole Party, people and armed forces must heighten vigilance, strengthen the defence capacity and the security of the country, be determined to defeat the enemy's multi-faceted war, of sabotage and to hold the initiative in all circumstances for the defence of the Homeland.

The Congress entrusts the Central Committee (Sixth Congress) with guiding the implementation of the tasks set in the Political Report. The following tasks are to be emphasized:

1. To elaborate and organize the implementation of the **three programmes on grain and foodstuffs, consumer goods and exports** so as to achieve the following targets by the end of the initial stage:

-To meet the needs of society in foodgrain, and to have some reserves; to meet in a stable way the essential needs in foodstuffs. The level of consumption of grain and foodstuffs should be high enough to ensure the reproduction of the workforce;

-To satisfy the demands in staple consumer goods;

-To turn out a number of main exports, to rapidly increase the export value in order to cover a major part of import requirement in materials, machinery, spare parts and other necessary goods.

The three-target programmes constitute the main content of the five-year plan for 1986-90, and require a high concentration of human and material resources for their implementation. We should combine the building of the economic-technical branches with

developing the strong points of each region, province and city along the line of expanding the production and circulation of goods, paying great attention to building the economy on the district scale, correctly utilizing and integrating the various economic sectors while promoting the leading role of the State sector.

The implementation of these programmes necessitates a balance between objectives, means and measures and harmonious deployment of the organization of production, science and technology, and economic policies.

These three programmes guide the streamlining of the national economy into a proper structure, first of all the re-arrangement of the production structure and the major adjustment of the investment structure so as to make effective use of the labour potential, the land and the currently available material and technical bases.

We should ensure that agriculture, as well as forestry and fishery, be the forefront and given priority in the provision of investment, energy, materials and working skills, first of all in the key areas, so as to achieve high economic efficiency. We should strive to develop light industry, small industry and handicrafts so as to meet the needs for common consumer goods, processed agricultural, forestry and marine products; rapidly increase the quantity of sub-contracted goods for export and other export items. We should continue to build a number of heavy industry establishments and substructures, first of all for the energy industry, communications and transport, in accordance with the real conditions so as to practically serve the objectives in economy and national defence in the initial stage and preparing the premises for promoting industrialization in the next stage. Service activities in production, circulation, daily life and tourism should be promoted.

The activities in the fields of science and technology, natural and social sciences, should be promoted and closely combined. We

should increase the level of investment while restructuring the managerial mechanism and reorganizing the contingent of scientific and technological workers, closely associating them with production and daily life, thus bringing about practical results and making them part of the social productive forces. Scientific and technological advances should be widely applied with a view to serving the three programmes first and foremost.

We should promptly amend and complement the economic policies, especially those concerning the provision of materials, circulation of goods, prices, taxes, credit, money and salaries, with a view to encouraging enterprises, workers, peasants, and hand-craftsmen to develop production further.

We should broaden and heighten the effectiveness of the external economic relations, promote export to meet the needs for import, widen our participation in the international labour division, first of all and mainly by promoting the all-sided relations in labour division and cooperation with the Soviet Union, Laos and Cambodia, and with other member countries of the Council for Mutual Economic Assistance. We should take the initiative in cooperating with the fraternal countries in charting and implementing the CMEA programme for assistance to Vietnam, and the CMEA General Programme for Scientific and Technological Progress till the year 2000. We should actively develop economic and scientific-technological cooperation with other countries, with international organizations and private organizations abroad on the principle of equality and mutual benefit. We should observe our commitments in external economic relations.

2. We should continuously carry out the task of socialist transformation, in proper forms and by proper steps, making the relations of production conform with the character and level of the productive forces. We should strengthen the socialist economy on all three aspects - ownership system, management system, and dis-

tribution system - enabling the State-run economy to exercise its leading role and, together with the collective economy, hold a decisive place in the national economy and control the other economic sectors. The development of household economy should be encouraged. We should make use of the active capabilities of the small-scale commodity-producing economy, at the same time mobilize and organize individual producers into different forms of collective production so as to enhance the effectiveness of their production and business, arrange, transform and use small traders, help to transfer those not necessary in the field of circulation to the production and service sectors. We should make use of private capitalist economy (small capitalists) in some branches while transforming them step by step through various forms of State capitalism; abolish private capitalist trade; expand many forms of association between different economic sectors on the principle of mutual benefit and equality before the law.

3. The economic management mechanism should be restructuring with a view to creating a driving force that would make economic units and the working masses eagerly develop production, enhance productivity, quality and economic effectiveness. We should resolutely do away with the bureaucratic centralized mechanism based on State subsidies, establish in a balanced manner the planning mechanism in accordance with socialist cost-accounting and business transaction in strict observance of the principle of democratic centralism. The new mechanism shall make planning its centre-piece and the correct use of commodities-currency relations and economic measures its main form of control combined with administrative and educational measures. It shall effect the division of managerial power on the principle of democratic centralism and establish order and discipline in all economic activities.

The renewal of planning must ensure the implementation of the resolution of the 6th Congress on the streamlining of the economy

and of the production structure, and a major adjustment of the investment structure. The plan must be worked out from grassroots level upward under the guidance and regulation of the centre in order to ensure a positive and realistic balance. We should closely combine branch planning and territorial planning. Economic contracts between production and business units must be guaranteed by the State economic arbitration system.

We should make full and appropriate use of economic levers in economic planning and management, on the basis of harmonious combination of the interests of the entire society, of collectives and of individual producers. The income of the collective and of individual producers depends on the results of their labour and the economic efficiency of their activities. Policies and regulations on the control of materials, labour, consumption of products, pricing, finance, credit, wages, etc., are to steer economic activities to implementing the objectives of the country's economic plan and create conditions and raise the demand for all economic units to do well cost-accounting and business transactions and all organizations and people to practise thrift in production and consumption.

The division of managerial responsibilities must be based on the principles of democratic centralism. Efforts should be made to overcome manifestations of bureaucratic centralism, indiscipline, regionalism, and selfishness. The right to autonomy in production, business transactions and finances of grassroots economic establishments and the production collectives' right to mastery must be ensured. Management bodies from the centre down to urban wards and villages should correctly perform their financial and economic management functions and should not interfere in production and business undertakings of grassroots units. The efficiency of centrally-run, unified and concentrated management should be ensured in spheres of national importance. At the same time, efforts should be made to ensure the initiative of local

authorities at various levels in the economic and social management on a territorial basis.

4. Resolutely resolve pressing problems relating to distribution and circulation of products with the following main measures:

The productive capacities must be released. Efforts should be focused on ensuring supply of raw materials and renovation of concrete policies aimed at strongly stimulating the production of essential goods and items which bring major sources of revenue for the State budget.

The State should closely control raw materials and goods turned out or imported by the State-run economic establishments, issue rational pricing policies and judicious modes of purchase and sale so as to have a firm hold on commodities and money. The socialist trade should be really shifted to commercial undertaking with ever higher quality of service aimed at taking control of the market. The central authorities should work out a decentralized system of price-fixing and price-control in keeping with the practical situation, ensure the normal operation of production establishments and the initiative of socialist trade in buying and selling.

To rapidly increase the volume of goods in circulation, we should expand the interflow of goods and do away with measures of restricting and splitting up the market according to administrative territories. We should promptly find out and severely punish speculators and traffickers.

We must markedly reduce the budget deficit by creating sources of revenue and increasing the turnover in conformity with our policies. Efforts should be made to cut back on expenditures, cancel or postpone spendings on what is not in urgent need, gradually reduce and eventually end the issuing of banknotes for budget expenditure. We should enforce the control of money in circulation, draw in idle money kept by the people, and achieve

quick turn-around of funds. At the same time, modes of clearance without the use of cash should be expanded in service of production and business transactions.

Diversified measures should be taken by the State to ensure the real wages of the working people and adequate supply of essential things for the army.

These measures should be taken in a homogeneous manner to step by step redress the balance between the volume of goods and money in circulation with a view to solving the pivotal issue, namely gradually reduce then put an end to inflation. On this basis, we will lower the tempo of price increase, stabilize prices and the purchasing power of money, lessen difficulties, and gradually stabilize the working people's life, first of all wage- and salary-earners.

In line with the above-mentioned orientation, the Party Central Committee (Sixth Congress) should promptly decide on concrete undertakings and policies, guide all branches and all levels to strictly observe them, with a view to effecting changes for the better in a given period of time.

5. Make and organize the implementation of social policies in a practical and efficient manner

Our social policies aim at bringing into full play all capabilities of the people and regard serving the people as the highest objective. To belittle social policies is tantamount to slight the human factor in socialist construction and national defence.

The primary economic and social task in the years ahead is to ensure employment for all working people, especially in urban centres, and for young people. The State should strive to create more jobs and carry out policies aimed at enabling the working people to create legitimate jobs for themselves. The rational re-allocation and redistribution of workforce should be made in each region and

in the country as a whole. The Labour Act should be promulgated. We should strive to reduce the annual population growth rate to 1.7 per cent by 1990.

Social justice must be exercised in accordance with practical conditions. Social security should be ensured and order and discipline should be quickly restored in all spheres of social life. The motto "Live and work according to law" should be acted upon. People engaged in illicit undertakings must be severely punished.

The efficiency of education should be raised to shape and develop comprehensively the socialist personality of the younger generation, train a contingent of working people endowed with cultural and technical knowledge, a high sense of discipline and creativeness, rationally distributed among different trades and branches, and meeting the need for the division of social workforce.

Efforts should be made to promote the quality of cultural, literary and artistic activities and create a socialist culture, literature and art imbued with the national character.

The network and efficiency of public health care and physical training and sports should be multiplied and improved, especially at the grassroots level, to better satisfy the demands of health care.

We should well implement the policy toward disabled soldiers, families of fallen combatants, families of cadres and army men now working or fighting at the front, families which have rendered meritorious services to the revolution, and retired cadres, workers and public servants. A socialist social insurance policy toward the entire people should be worked out and implemented step by step on the "joint efforts of the State and the people" pattern.

With regard to workers and public employees, a rational wage and salary system and necessary social allowances should be to ensure the material and cultural life of the working people and their families.

With regard to peasants, the relations between their interests and obligations toward the country should be dealt with satisfactorily. We should re-examine the policies concerning peasants and annul inappropriate ones.

As regards intellectuals, the most important thing is to correctly appraise their capabilities and create favourable conditions for them to utilize and develop their creativeness.

We must strictly implement the Party's policy on nationalities. more investment should be made and concrete economic and social policies applied with a view to bringing into full play the capabilities of the mountain regions in economic construction and cultural development and the care for the people of ethnic groups.

Favourable conditions should be created for overseas Vietnamese to build a united community which, while merging with the host society, keeps close ties with the Homeland, and makes ever bigger contributions to national construction.

6. Enhance our country's national defence and security capabilities

We should enhance the strength of the entire system of proletarian dictatorship, closely combine economy with national defence and inversely, speed up the building of the all-people's national defence, further strengthen the people's armed forces and the rear areas; promote education on all-people's national defence; make the people's army a regular and ever more modern one; build the militia and reserve forces; build the people's war array; strictly observe the Military Service Law and other policies regarding the rear areas. We should strengthen the organization for maintaining national sovereignty and firmly defending the borders, air-space, territorial waters and offshore islands; build and strengthen the border defence forces;

care for the army's spiritual and material life, and strengthen the good relationship between the armed forces and the people.

The defence of political security, the maintenance of social order and security should be carried out with the strength of all forces by all possible means, in every field and unit. The security forces should be made pure and strong and firmly rooted in the masses, with ever higher professional standard and absolutely loyal to the Homeland and the people. We should organize the masses' movement to safeguard the Homeland's security, make factories, offices, city precincts, villages, urban and rural districts safe in all fields, thereby forming safe areas and front-lines in the localities, purify and strengthen our ranks, check and punish the enemy's acts of economic, political, ideological, and cultural sabotage, as well as their intelligence and espionage activities.

We should enhance the role of the Party and the effectiveness of its leadership, institutionalize the Party's line and policies concerning national defence and security. Party committees and administrative organs at all levels should have a good grasp of the tasks of national defence and security and guide their implementation, considering it as their permanent important duty.

7. Intensify activities in external relations

We should combine the strength of our nation with that of our times in the interests of our people and in view of our internationalist obligations. We should struggle to preserve peace in Indochina, thus contributing to the maintenance of peace in Southeast Asia, in Asia and the Pacific, and in the world, against the policies of arms race and nuclear war threat of the imperialist circles, and elicit favourable international conditions for the building of socialism and for the defence of our Homeland. We should develop and enhance the special relationship between Vietnam, Laos and Cambodia; unite with each other and respect each other's

independence and sovereignty; promote multiform cooperation and mutual assistance to build and defend the Homeland...

... We should enhance the unity of the international communist and working class movement on the basis of Marxism-Leninism and proletarian internationalism; promote the cooperation among the fraternal parties in the struggle for peace, national independence, democracy and socialism. We should widen our relations with international organizations; strongly support the movement for national liberation and independence, against imperialism, colonialism and racism; promote our relations with all other countries on the principles of peaceful co-existence. We are ready, in the spirit of equality, guarantee for the independence and sovereignty of each other and mutual respect to negotiate to settle problems related to the Sino-Vietnamese relations, to normalize the relations and restore the friendship between the two countries, in the interests of the peoples of the two countries and of peace in Southeast Asia and in the world.

8. Bring into play the working people's right to collective mastery, raise the efficiency in management by the socialist State

Under the leadership of our Party, we should strengthen and promote the role of the Fatherland Front and mass organizations, first and foremost the Trade Unions, the Communist Youth Union, the Women's Union, and the Collective Peasants' Association. We should renew the content and working style of the mass organizations, vigorously turning to the grassroots units so that the majority of the people can take part in revolutionary movements. We should build up the contingent of the working class, the collective peasantry and the socialist intelligentsia, strengthen the worker-peasant alliance and pay attention to the education of the younger generation; enhance the unity of the whole people, of all ethnic groups and religious bodies, realize socialist democracy, respect and ensure the citizens' rights, fight red-tape

authoritarianism and bullying of the masses in leading and managerial bodies at all levels; regularly put into practice the mottoes "Let the people know, discuss, work and control", "All for the people and by the people." We should encourage and organize the masses to participate in economic and social management, and in economic reforms. Through the emulation movement for socio-economic development, we should train and foster the new man, build up new labour collectives, discover and foster young talents.

Raise the effectiveness in management by the State

We should uphold the position and role of the National Assembly and the People's Council at all levels, create conditions for the people-elected bodies to correctly discharge their functions, duties and rights as stipulated in the Constitution, strengthen socialist legality and management of society by the law. The duties, rights and obligations of the State organs should be clearly defined for each level on the principles of democratic centralism, making distinction between the function for administrative-economic management and that for production-business management, combining the management by branches with that by localities and regions. We must streamline the State managerial apparatus to enable it to institutionalize the Party's lines and undertakings into laws and specific policies, build and organize the implementation of the State plans, effectively manage and direct social and economic activities, maintain law, discipline and social order and security.

9. Build the Party to raise it to the level of a party in power with the heavy responsibility of leading the entire people to successfully realize two strategic tasks

Building the Party to make it powerful politically, ideologically and organizationally is a decisive factor for the development of our country's revolution. The main task of the ideological work is to

renew our thinking in all aspects of activity of the Party and the State, first of all to renew economic thinking, raise the revolutionary quality of cadres, Party members, foster the love for the country and socialism, the spirit of proletarian internationalism and awaken the masses' revolutionary will. We should renew the Party's organizational and cadre work, the working style, maintain the organizational and operational principles in the Party, raise Party members' quality and resolutely expel from the Party all those who are not sufficiently qualified as Party members, and heighten the fighting capacity of the Party's grassroots organizations.

We should democratize the cadre work, constantly assess, select and assign cadres while training and fostering them through studies and practical activities so as to have a contingent of cadres sufficiently qualified in moral and competent in leadership and management. We should pay attention to rejuvenate the contingent of successors.

We should seriously observe democratic centralism in Party life, raise the quality of Party Committee work at all levels. We should push ahead criticism and self-criticism in its right sense as a law of development of the Party, a yardstick to measure the democratic level in Party life and the sense of responsibility of the Party towards the people.

We should upgrade the Party's educational and control work. Party members should think and act for the ideal of Communism, in the interests of the revolution; fight opportunism under all forms, fight individualism, position- and interest-seeking departmentalism, parochialism, fight corruption, and the scramble for privileges and prerogatives. Party cadres and members who do not care for the people's interests, but only seek their personal interests are not worthy of being in the Party's ranks.

We should promote unity and oneness of mind in the political, ideological and organizational fields, on the basis of the Marxist-Leninist ideology and the Party's line and viewpoints. We should take care to maintain unity among the leading bodies of the Party, and on that basis, enhance the cohesion of the entire Party. We should preserve the unity and oneness of mind within the Party as we preserve the apple of the eye.

The Party Central Committee should speed up the elaboration of a comprehensive programme for the whole socialist revolution in the period of transition to socialism. We should work out a strategy for socio-economic development and a strategy for scientific-technological development.

That programme must interpret the wisdom of our entire Party and people, and shall be submitted to our Seventh Party Congress.

10. Raise the efficiency of guidance and direction

Proceeding from the demand of fully implementing all the tasks set by the Congress, the Party Central Committee elected by the Sixth Congress should take drastic measures to raise the leading and guiding efficiency of the Party and State apparatus. The most important links to be grasped are to make and enforce in time all the concrete policies, particularly economic policies, streamline the organization from the centre down to the grassroots levels so as to conform to the new tasks, assign cadres with good qualities and capacities to carry out the tasks, re-establish order and discipline in economic and social activities, launch mass movements to carry on vigorous and continuous revolutionary activities.

The Party Central Committee should direct the entire Party and society to undertake *a campaign to purify and raise the fighting capacity of the Party organizations, purify and raise the efficiency of the management of the State bodies; push back and do away with all negative phenomena, make social relations wholesome and observe social justice...*

See: The Revival of Agricultural Economy
HOW TO REVIVE AGRICULTURE? Management
1990

In the early 1980s, agricultural production in Vietnam met with numerous difficulties and was on the decrease (e.g. in 1980 food output in terms of paddy only reached 14.4 as against the given norm of 21 million tonnes). Those days, although we had to import foodgrain, and yet we could not meet the requirement of foodstuff.

In order to solve that problem, the Party and the State took a new measure "to make final-product contracts to working groups or members of agricultural cooperatives." (Directive No.100 by the Party Central Secretariat in January 1981). In 1988, in face of new requirements, the Party Politburo issued Resolution No.10 on renovation in economic management in agriculture. This resolution has indeed brought back to the peasant households the right to utilize land and enjoy the fruits of their labour. We introduce to the reader Part B of Section II dealing with the "Renovation in Economic management in Agriculture" of the above-mentioned Resolution 10.

(...)

**B. STRENGTHENING AND ENLARGING THE SOCIALIST
RELATIONS OF PRODUCTION, CORRECTLY
UTILIZING ECONOMIC COMPONENTS**

1. Implementing the regime of autonomous production and business undertaking in all State-run economic units of agriculture and transform them into socialist cost-accounting business

While bringing into full play the leading role of all the economic State-run system, we must consolidate the organization and renew the management of all the State-run enterprises, processing establishments, services in agriculture, forestry and fisheries so as to make them autonomous in their production and business, able to make profit, and completely abolish the State-subsidized regime.

The Council of Ministers must quickly concretize the content of Resolution 3 of the Central Committee and Decision 217 of the Council of Ministers in the managerial mechanism of State-run units in agriculture, forestry and fisheries so as to make them appropriate to the characteristics of production in each branch with the following supplementary points:

- Consolidating the State-run units of production and processing that have incurred losses for years by clearly determining the orientation of production, applying techno-scientific progress in production and management, and streamlining the contingent of staff. At the end of 1989, the units that will not have been able to apply new methods will be disbanded or transformed into more appropriate forms of ownership. Units that have to fulfil special tasks, especially those associating economy and defence in strategic and key areas, and units producing high-yield strains will benefit from the State assistance during a given period. We must readjust the size of forests and farms so as to make them more suitable to the actual techno-material state and managerial level. The surplus area of land or forests must be returned to the local authorities so that they may allot it to cooperatives, households, individuals or private business, which will carry out the exploitation. Even patches of land belonging to State-run units that have not yet been cultivated must be lent to peasants for production. It is forbidden to seize by force peasants' reclaimed land to establish State-run farms. In case some patches of peasants' land are needed for those farms to make a whole

enclosure, the farmers cultivating the land must be indemnified accordingly or given a new plot in compensation or conditions to help them to lead a normal life.

- Consolidating and developing State-run services such as irrigation, ploughing, supply of materials, seeds, tools, machinery, repair of machines, services for fighting pests and plant diseases, services for market sale, etc. In the renovation of management, we must link the responsibilities and interests of the service organs to the final products of the manufacturers through contracts. Insurances for plants and animals must be reorganized so as to be governed by a socialist cost-accounting regime not financed by the State; in mountain regions or regions having to overcome difficulties the cost-accounting regime must be implemented step by step. In case of epidemics the State budget will assume necessary charges to eradicate them.

2. Restructuring the organization of cooperatives and groups of production and renovating their managerial apparatus

Cooperatives and groups of production are peasants' economic units created by their own will under the leadership of the Party, the guidance and help of the State. They act upon the principles of self-management, self-responsibility as to the efficiency of production and profit, having a legal status of their own, equal before the law to other economic units, and having the task of developing the good points of the relations of socialist production.

Based on the natural, economic, technical and social conditions, the degree of managerial capacity of the cadres and the co-op members' occupations, the cooperative determines the forms, the size of organization, the orientation and task of production and business, the mode of management, the means of distribution and of consumption of products, in order to develop the production of

goods with a view to increasing the income, raising the co-op members' standards of living, the accumulation of reproduction and the welfare of the community, and fulfilling its duty to the State.

a) Reorganizing the administration of cooperatives

Cooperatives must opt for the production of goods and the socialist cost-accounting business along the line of specialization associated with general business undertaking, linking agriculture with forestry and fisheries, agro-forest-fishery sectors with processing industries and activities of different branches, associating production and processing industry with transport and services, and cooperating with family economy and with other kinds of cooperatives and with techno-scientific organizations of the same region, with a view to developing fully the productivity of land and labour and the efficiency of their techno-material bases and their own capital and credit.

We must consolidate and increase the communal cooperatives with profit-making production and business, transform oversized cooperatives in some provinces of the deltas and midland regions of the North, coastal regions of Central Vietnam and Tay Nguyen, whose production is insufficient and managerial administration inadequate, into cooperatives with appropriate size.

In low land regions, the delimitation of agro-forest or silvicultural business cooperatives according to the boundaries of villages and hamlets is frequent. In high mountain areas, only efficient cooperatives must be maintained; cooperatives which only exist in name must be transformed into groups of mutual assistance or into individual exploitations while the network of trade, services, communications and transport, the development of economic exchanges, the heightening of the cultural level of the population and the forming of cadres among people of ethnic minorities must be carried

out. Only when conditions are met must units of collective work be organized along appropriate lines.

In the South, in the near future, the essential thing to do is to maintain the groups of production. These groups must have their administration reorganized, their scope of business enlarged, their management renovated, the techno-material built up, their cadres better trained; they must cooperate with other economicotechno-scientific units, maintain the existing board of united managerial administration; only when conditions are sufficient (techno-material bases being ensured, cadres sufficiently trained, peasants of their own will voluntarily asking to join the cooperatives) will united groups or cooperatives of appropriate size be organized.

Cooperatives and groups of production must carry out publicly their managerial administration, develop fully the rights of the congress of co-op members, so as to make the latter truly take part in the management of production and business of the community. We must also develop the role of the Association of Peasants in education, in the raising of the peasants' socialist consciousness, encourage them to take part in collective production, in the management and control of the managerial administration of the cooperatives or the groups of production.

We must consolidate the managerial apparatus of cooperatives and groups of production so as to make them more efficient, unceasingly raising the degree of its managerial work, use highly qualified cadres, apply the principle of democratic management, eradicate embezzlement, profiteering behaviour, arbitrariness, autocracy, bureaucracy and oppressive measures.

We must analyse the reasons that have led to inefficient cooperatives and groups of production, and apply effective consolidating measures; redetermine the scale appropriate to them,

the adequate mechanism of production, increase their techno-material bases, renovate their managerial apparatus and appoint highly qualified and efficient cadres, etc.

For the people's fisheries, in the near future, we must find out appropriate forms and steps such as:

- Organizing adequate services and through the relations of selling materials and buying products, persuade fishermen to follow the orientation of State planning and sell their products to those services.

- Organizing forms of cooperation among fishermen in aquaculture, and in the exploitation of marine products and fishing. State-run units are to supply materials, professional advice and arrange for sale of the products.

- Creating and consolidating cooperatives and groups of production along appropriate lines according to their activities, the kinds of boats used, on the basis of willingness, mutual profit and democratic management.

The Ministry of Maritime Products must continue to study and propose various forms of cooperation with a view to popularizing them widely.

b) Realization of the regime of self-administration

In plannification

Cooperatives and groups of productions must take the initiative in production and business planning along the line of regionalization, the State policies of encouraging production, the contract system with State-run economic units and others, the requirements of market and their own capacity of production. Cooperatives and groups of production, production and business plans must be worked out after democratic discussion among the

co-op members; the State will manage, guide and help cooperatives and groups of production through the policies of economic levers and laws, but will not issue direct regulations.

Cooperatives and groups of production must strive to raise productivity, reduce expenses and lower the cost of production, carry out the cost-accounting regime along socialist lines, consider the increase of income of co-op members, the raising of the community budget, and the fulfilling of their duty towards the State and their customers as norms for evaluating the efficiency of their production and business.

On properties, budget and credit

Cooperatives and groups of production have the right to buy and sell properties which they no longer need (except for rice fields, forest land and water surface). As to buffaloes, oxen, draught animals, and small machines, according to their concrete situation, they can keep the part necessary to production as collective material for production, and sell the rest to their members according to the planning and contracts signed by the latter with the community. They must encourage their members to invest in the development of cattle-rearing (buffaloes and oxen), the purchase of tools and small machines in order to ensure the realization of the contract they have signed with the community, and the development of family economy. The State will sell high-powered agricultural machines to cooperatives and groups of production and small machines to their members. The State-run economic units which have at their disposal properties they no longer need must give them back to the State for it to dispose of them according to plans: cooperatives and groups of production have the priority claim to buy materials sold by State-run units.

Cooperatives and groups of production must increase their existing capital by increasing the accumulation of enlarged

reproduction and encouraging their members to invest in the community according to the policy of rational distribution of collective income. Besides this existing capital, cooperatives and groups of production can avail themselves of money lent by co-op members and inhabitants with mutual agreement as to the rate of interest, credit from banks or from associations and cooperatives. Cooperatives and groups of production are entitled to ask credit from co-op members' parents living abroad sent to them through Vietnam Bank for Foreign Trade for carrying out production and afterwards pay it back by exporting their goods. Cooperatives and groups of production can open bank accounts in Vietnam Bank for Foreign Trade if they have a fairly high income in foreign currency and ask credit in foreign currency to buy materials and equipment and pay back the capital and interest in foreign currency, and when the bank opts for the regime of business transactions, they can eventually buy foreign currency from them.

On materials, price and consumption of products

Except for taxes regarded as obligation, the relations of business between cooperatives, groups of production and State-run units are those based on equality and the law of supply and demand. State-run units and cooperatives and groups of production sign among themselves economic contracts for the supply and purchase of materials and products and are responsible for carrying out the clauses of the contracts.

Besides the materials bought from State-run organs according to planning norms and economic contracts, cooperatives and groups of production can buy materials from other sources for production and processing thanks to the association or cooperation with other economic units; they also can buy and sell things directly in the market. Cooperatives and groups of production are free to dispose of the surplus of products after paying the taxes to the State and fulfilling the contracts they have signed with State-run units. They

can sell it in the market. State-run units wanting to buy these products must follow the rule of mutual agreement between the buyer and the seller.

On import and export

The State encourages cooperatives and groups of production to develop more agro-forest or maritime products than the quantity referred to in contracts signed with economic State organs. Through the State organs of their choice, they can export their products and import materials and equipment necessary for production; they can take part in the organization of production or export business according to the principle of voluntarism, equality, and mutual benefit, and they have the right to use the foreign currency at their disposal to buy materials to increase production according to the law.

Techno-scientific problems

The State encourages cooperatives and groups of production to cooperate with techno-scientific research centres and schools to rapidly apply technological progress in production. The techno-scientific achievements gained by cooperatives, groups of production or co-op members can be guaranteed as to their copyright if they have been duly registered with State organs provided for this effect, and can receive an appropriate reward. High quality products, obtained through the application of scientific achievements are considered in the same way as those produced by State economic units. Technical and managerial agents of cooperatives and groups of production can be sent to complementary training courses which may be required. After the course, they return to the cooperative to which they belong and receive an appropriate pay.

On contracts, assignment of jobs and distribution of profit

-According to concrete conditions, we must unceasingly improve the system of contract of final products to the producer or groups

of producers and from the start link the plan of production to that of distribution. In cultivation, contracts are carried out to every household or groups of households. Cooperatives and groups of production must devise norms and fix prices to work out the contracts, devise plan of distribution (both in money and products) then sign these contracts with co-op members of each job in the cooperatives and groups of production, and announce them soon to all co-op members.

In cultivation, we must regulate the areas attributed to co-op members through contracts, eventually put an end to the State of piecemeal distribution, and ensure to the signatory areas with an appropriate plot for a period of about 15 years. We must classify adequately various kinds of land, determine with precision norms and prices for each step of job done on each kind of land in order to work out contracts, and stabilize the clauses of contracts for a period of 5 years, and only change them when the concrete techno-material conditions change. According to concrete conditions, cooperatives and groups of production must determine which stage of work must be fulfilled by the collectivity and which must be done by the co-op members (we must not set it as a rule that the collectivity's part is 5 stages and the co-op members', 3 stages), and secure each co-op member that has agreed to sign the contract an income of about 40% of the amount of product referred to in the contract and this income must be increased according to the number of stages of work which the co-op member has taken upon himself to fulfil according to the contract.

On the basis of general business undertaking and continuous development of reproduction, cooperatives and groups of production must again assign work to their members according to their own speciality, giving to each the task for which he is qualified. Whenever possible, we must encourage the people who are qualified for a certain job to carry out the latter and return the

patch of land allotted to them to cooperatives or groups of production. He who has given back his plot of land to cooperatives and groups of production is indemnified with a sum equivalent to the value of the plants that are being cultivated there and to the effort he has made to increase the fertility of the land and the means of production attached to it.

The principle of distribution must be based on the work done or the shares the co-op member has brought to the cooperative or to the group of production. We must abolish egalitarianism and the system of budget subsidies which are still widespread. We must not include voluntary work in the cooperative plan of income distribution, nor use the cooperative income to give supplementary subsidies to cadres working for the Party, the administration or the collectivity. The cooperative budget must not be used by Party Committee or People's Committee for other purposes than that of the cooperative. Cooperatives and groups of production must keep business accounts do without State subsidies, and distribute the income according to the branch to which the cooperative belongs after readjustment for each job. Cooperatives and groups of production must build step by step a special reserve fund for co-op members in case of natural calamities, crop failures, and a pension for co-op members who are too old to work.

Limit as much as possible managerial expenses for cooperatives and groups of production, for which the State has had instructions as to the percentage allowed out of the total income. Realize the contract system for managerial cadres according to the following principle: the portion allotted to them is bigger if the management is better and the expenses fewer; in case of bad management with high expenses and too much personnel, their income will be lowered and the personnel must be reduced.

For families which have done great services to the revolution, families of war dead, of wounded or sick soldiers unable to work,

without support and with economic difficulties: cooperatives and groups of production must appoint them to appropriate jobs, allot them better land nearer to their abode and advise the population to help them in hard agricultural work. Moreover, the communal People's Committee has the responsibility to take care of them. The Ministry of Labour - Invalids and Social Welfare and the Ministry of Finance must propose measures for the Council of Ministers to issue a policy on social fund in 1988 raised from the contribution of the population, of the production or business organs and State subsidies.

Before issuing any decision concerning any form of contract, determination of norms, system of distribution in cooperatives or groups of production, everything must be discussed democratically and publicly by the collectivity of co-op members.

In the renovation of the managerial mechanism and of the function and tasks of the managerial apparatus of cooperatives, groups and brigades of production must be redetermined, and consolidated. The managerial board must carry out proper procedures of production development, the development of business, and increase the cooperatives' income and at the same time fulfil its duty towards the State and towards customers. It must increase the guidance and control of the professional groups so as to make them realize properly the plan of production and respect the internal regulations of the cooperatives and groups of production and carry out the stages of work under the collectivity's responsibility. It must both adequately carry out the services for the contract signatories and help needy families fulfil their tasks of production. In the cooperatives and groups of production in which production and business are simple and the contract-based system of final products is still in force the managerial board must pay special attention to the services ensuring good conditions to signatories and needy families so that they can carry out the contract signed with the collectivity.

The Ministry of Agriculture and Food Industries must issue guidances based on experimental knowledge for cooperatives and groups of production to put into practice.

This year, 1988, the State will issue regulations for agricultural and fishing cooperatives (with transformations) and guidelines for cooperatives and groups of production to establish their rules and internal regulations appropriate to the above-mentioned policy of renovation. It will soon promulgate the code of laws on cooperatives.

On family economy

We must encourage cadres and workers of State organs and the members of agricultural cooperatives and groups of production to develop a family economy such as planting fruit-trees, industrial crop forests, raising cattle or poultry, carrying out aquaculture, undertaking small industries, handicrafts, or in-service businesses, etc., in order to increase the supply of goods for society and the family income.

State-run units and the collectivity have the duty to create conditions, guide and help households to develop their family economy according to regional and cooperative planning. The families have the right to use or to sell at liberty the products obtained from their work; in case State-run units or the collectivity want to buy the latter, they must strike a bargain with the producer.

3. Individual and private economy in agriculture, forestry and fisheries

The State acknowledges the long-lasting existence and the positive effects of individual and private economy in our advance towards socialism, recognizes its legal status, guarantees its equality in right and duty before law, and protects the right to honest work and that of legitimate income of individual households

and private persons and their right to hand down business enterprises to their descendants. It will create favourable conditions for these components to develop agriculture, animal husbandry, forest planting, aquaculture, exploit sea and water products, process agricultural, forest and water products, carry out agriculture services and develop various kinds of trades in the countryside. Violation of all the above-mentioned rights must be legally prosecuted; prejudices against individual and private economies must be eradicated.

The State encourages individuals and private persons to invest money, labour force, technology, etc., to develop production, all forms of cooperation between individual households and private persons, among people having money, means of production and professional qualifications and able people; it guarantees the correct realization of the principles of free will, mutual profit and democratic management, never using constraints in the domain of cooperativization; it guarantees the principle of mutual profit in the organization of State and privately-run companies for the development of production and technological renovation to increase economic efficiency.

In regions with large areas of uncultivated land, the State can rent or give the right to use fields, forest land or water surface to individual households or private persons for them to carry out the production or exploitation. For forest land and land planted with long-cycle industrial crops, the usufruct can be conceded for one or two periods of exploitation. For water surface and land cultivated with annual industrial or food crops, the period of concession can be 15 - 20 years. During that period, they have the right to hand down the use of land to their descendants, and in case they opt for another occupation they are allowed to transfer their right to other people. Private and household companies are allowed to hire workers to meet the needs of production according to State labour laws.

4. Development of different forms of association and joint companies with various economic components

We must help to develop associations and joint companies with a view to increasing production and activating the circulation of goods under suitable forms such as: investment of capital; of labour force to develop agriculture, forestry and fisheries, sale of products, associations between production and research and techno-scientific application, between production, processing and service industries, between units of central echelons and those of provinces and districts, associations between State-run units and collective, individual, private and family ones, in which the State-run ones play the leading role, chiefly as to the professional guidance and technological methods; the supplying of materials, the processing or selling of products, in order to improve the quality of the products and economic efficiency, and step by step promote production from small scale to the large one of socialist production. The associations or joint ventures must be based on the principle of free will, equality, mutual profit, and follow the State regulations to this effect.

5. Companies, regional associations of enterprises and general national enterprises

We must check all the existing companies, general companies and associations of companies in order to eliminate those which are not necessary and consolidate those which are really efficient.

According to the concrete situation, the Council of Ministers decides to create general national companies in some important branches of production and business. This creation must be carefully thought over on the basis of developing production and business and it must unite favourable conditions of guarantee and avoid formalism.

General companies will have the following tasks and rights:

- Unified management of the whole branch in all the processes of production and business, from investments, production of raw materials, processing, conservation and transport of these to the place of sale (including exportation), to the application of techno-scientific progress in production: elaboration of planning, policies, managerial regime, the formation and training of cadres and qualified workers specialized in this branch.

- Management of the budget for materials allotted by the State to purchase products on contract; close cooperation with all the regional levels in the working out of the planning, organization of production and business; stimulating the development of production along the line of management by branch associated with management according to territorial areas.

The general companies which are entrusted by the State the task of direct cooperation with foreign countries are entitled to manage foreign investments, to carry out business and are responsible before the State for reimbursing the capital invested.

- Fully guaranteeing the right of autonomy in production, business, and financial independence of each unit-member and developing mutual assistance between different members of the same company.

- Guaranteeing favourable conditions for the production and the sale of products of the unit-members (including family, individual, private person) according to the economic agreements signed; avoiding the rivalry among sellers and buyers, especially with exported goods, thus artificially raising prices and causing damage to exportation.

- Guaranteeing the legitimate rights of the members, whether it is the producer of raw material or the processor, the producer of consumer goods, or the exporter; paying a certain percentage of the income to the central and regional budgets; contributing to new

constructions while maintaining the infrastructure serving the region of crop specialization.

- Organizing the purchase and sale, the processing and exportation of all agricultural products of the branch which belongs to the province; fulfilling export contracts signed with foreign countries; giving back to the responsible organs for domestic sale the products that have not attained the exportation requirements.

The relations between general companies and the ones managed by regional authorities themselves are those of equality and of mutual profit.

THE ROLE OF STATE ENTERPRISES AND THEIR MANAGERS IN THE NEW ECONOMIC MECHANISM

The Resolution of the Sixth National Congress of the Communist Party of Vietnam stresses the necessity of changing the economic mechanism, i.e. "to do away with the bureaucratic centralized mechanism based on State subsidies, establish in a balanced manner the planning mechanism in accordance with socialist cost-accounting and business transaction in strict observance of the principle of democratic centralism.

On November 14, 1987 the SRV Council of Ministers granted, through Decision 217, business autonomy to State enterprises. The decision was followed up by other documents of a higher legal character which modify some of its provisions. One of them is the "Regulations for State Industrial Enterprises," some excerpts of which are now introduced to our readers.

REGULATIONS

FOR

STATE INDUSTRIAL ENTERPRISES

(attached to Decree 50-HDBT issued by the Council of Ministers, March 22, 1988)

Chapter I

ROLE, OPERATION AND TASKS OF ENTERPRISES

Article 1

State industrial enterprises (independent or incorporated and hereafter referred to as enterprises) are grassroots units and form the link of socialist national economy.

As financially independent legal persons, management of enterprises is exercised collectively by the working masses who also supervise the implementation of socio-economic policies of the Party and the State. Enterprises are also a scene of social life and activity; they are schools for the instruction of socialist management and the training of a new type of people for socialism.

Article 2

Enterprises operate on these main principles:

1. They operate under the leadership of the Communist Party of Vietnam and the management of the Government of the Socialist Republic of Vietnam. They are free to conduct business as they see fit and in keeping with the law;
2. The management of an enterprise is assumed solely by the director on the basis of collective ownership by the workers;
3. Socialist cost-profit accounting is applied, and harmony is ensured between the interests of the whole society and those of the collective and individual workers, with the interests of the workers as the direct driving force behind production.

Enterprises that cannot operate efficiently and are unable to continue in the socialist form shall be dissolved or turned to another form of ownership.

(...)

Chapter II

ASSETS

(...)

Article 4

The assets of an enterprise are owned by the entire people. They are placed by the State under the direct management and utilization of the collective of workers and the director for the development of production and business. It is the duty of the enterprise to preserve and incessantly replenish these assets with funds generated by itself or other sources, as required by the development of production.

The assets of an enterprise must be utilized in conformity with designed objectives and tasks, and production must be developed without letup, with the highest socio-economic efficiency. Whatever an enterprise owns must be fully inventoried.

The director, who bears the main responsibility for these assets must, together with the workers, protect them and see to their rational utilization.

Article 5

An enterprise may sell or rent what it does not need or cannot fully utilize. If fixed assets acquired with budget allocations are to be sold off permission must be sought from higher authorities. If, after a certain time, no reply comes from above, the enterprise is free to dispose of what it wants to. Illegal dealings in this matter are strictly prohibited.

Enterprises may acquire whatever they need for technological improvement, for the expansion of production and for higher

quality. Any changes which may result in modification of designed tasks must be approved by higher authorities.

Chapter III

ORGANIZATION OF PRODUCTION AND MANAGEMENT

(...)

3. THE DIRECTOR

Article 12

The director represents both the State and the workers. He runs the enterprise single-handedly and decides all operations in keeping with State plans, policies and laws and with decisions taken by workers at their congresses. The director is answerable to the State and the collective of workers for all operations of the enterprise.

Article 13

The director is assigned by a decision from higher authorities after consultation with the Party organization in the enterprise and after a vote of confidence has been taken by the workers.

The director is vested with full power to represent the enterprise in all activities. In his absence the first deputy-director or one of the deputy-directors will take charge.

Article 14

The director will have the last word on how the workforce should be organized to be efficient with a manageable size.

He is assisted in his functions by a number of deputies and the chief accountant.

4. PERSONNEL WORK

Article 15

All jobs will be assigned by the director who in so doing must based himself on the tasks of his enterprise and on prescribed qualifications.

Deputy-directors and the chief accountant will be nominated by the director with the approval by higher authorities. Other managerial posts will be assigned by the director himself.

Article 16

The director will organize professional tests and interviews and will regularly give remarks on people in his employ. Before making any nomination or assignment he should seek advice from the Party organization and the workers. Votes of confidence will be conducted in keeping with democratic principles.

(...)

Chapter IV

PRODUCTION AND BUSINESS OF THE ENTERPRISE

(...)

4. LABOUR, WAGES AND SOCIAL WELFARE

Article 37

The director employs his workers in keeping with the need of his enterprise and with the labour policy of the government. If labour is not available locally, he may turn to other sources. Matters relating to the well-being of the workers must be settled promptly and jointly by the local authorities and the enterprise, in keeping with State policies.

The director must organize production in an appropriate way to ensure employment. Contractual employment should be applied more widely in replacement of permanent jobs on State payrolls.

Article 38

The director is responsible for the strict implementation by means of regulations worked out by himself, of State regulations of work, labour, safety and industrial hygiene. Where safety cannot be ensured, the director must immediately call a halt to production. Workers are free to refuse to work where they feel unsafe for their lives.

The director has the right to award workers of salient merits and punish breakers of regulations, even by firing them. Workers, with good reasons, may ask for transfer or for retirement. In all these cases, due notification must be given to the concerned parties.

People who cause losses to State property or in human lives through negligence or irresponsibility will have to pay damages or will be brought to Court.

Article 39

Enterprises must strictly observe norms and quotas prescribed by higher authorities and must set up their own accordingly.

Posts and qualifications of office-holders must be based on State provisions and must be made public. Promotions must be based on the results of tests and on the performance of the people concerned.

Training must be done in a planned way, and enterprises must take full initiative in this regard.

Article 40

Enterprises pay their workers out of their own wage funds, in keeping with State provisions and on the basis of the actual performance of the workers.

They are free to choose their own form of payment (package payment by piecemeal is encouraged) and their own form of award provided that the workers get what is due to them, that productivity increases steadily, and that personal incomes rise proportionately to productivity.

How much a person can earn depends on his productivity, his efficiency and the quality of his work, as well as on those of the whole enterprise, and there is no limit to his maximal income. The State, however, controls the utilization of the wage fund and the income of an enterprise.

(...)

7. PRICES

Article 51

Prices are calculated on the basis of acceptable costs, on the actual value of the goods, on the situation in supply and demand and on State policies.

Regarding materials, products and services whose prices have to be set by the State, initial proposals will have to be made to higher authorities by the enterprises concerned, on the basis of pricing policies concerning such items.

Article 52

Other than such items, an enterprise is free to deal with customers in other materials, products and services, at mutually acceptable prices.

Enterprises are duty-bound to strictly observe State regulations on pricing.

(...)

9. IMPORT, EXPORT AND EXTERNAL ECONOMIC COOPERATION

Article 55

The enterprises whose products are destined for export may establish direct contacts with foreign markets. They may deal in foreign currencies with foreign trade banks, and may sell shares to foreigners or overseas nationals and obtain capital from such sources for export production. They must take full responsibility for such operations and must guarantee their financial viability. They must fully discharge all budgetary obligations. The enterprises that make export products on order of the State will receive preferential treatment in terms of material conditions.

Article 56

Part of the hard currency earned must be delivered into State coffers at official rates (or as a form of taxation). The rest can be disposed of by the enterprise concerned as it sees fit. The enterprises that borrow foreign capital for the import of materials and equipment will be exempted from such contributions or will be allowed reductions as long as they have not paid off their debts.

Article 57

The enterprises that meet State-prescribed qualifications may have direct contacts with foreign economic organizations in import-export, in direct cooperation and in joint ventures.

They are free to adopt any line of operation, to choose their partners and to opt for any way of cooperation. They may enter into economic contracts in line with Vietnam's Law on Foreign Investment.

Article 58

The enterprises that have products for exports and are in need of imports, but that are not directly engaged in import-export activities, may ask other economic bodies to represent them in such activities.

State control on foreign trade and foreign currencies must be strictly observed in the conduct of all import-export operations as well as in cooperation with foreign partners.

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STIMULATING PRIVATE ENTERPRISE

In March 1989 the Central Committee of the Communist Party of Vietnam (6th Congress) held its 6th Plenum. The Plenum was devoted to evaluating the implementation over the past two years of the Resolutions of the 6th Party Congress and determining directions for the next three years. The Plenum also dealt with problems concerning the structure of a mixed economy, including that of private enterprise. In his closing speech to the Plenum, General Secretary Nguyen Van Linh had the following to say :

"...Regarding the mixed economy : our conference has discussed in depth many aspects of this problem. We have reached virtual unanimity on the necessity, long-term strategic significance and expression of economic democracy involved in introducing this policy.

As Marx commented : "An economic system will not disappear by itself if its productive force remains and there is no other higher and more productive economic system to replace it." In both the short and long term, the State and co-operative sectors are unable to meet the many different needs of the people. The 'long term' cannot be precisely determined but will be decided by the level of development of the economy and the expansion of the socialist economy to the point where it can satisfy people's material needs.

The role of the private sector will come to an end when it can no longer be fully effective. The following attitudes should be avoided:

First, to be prejudiced against the private sector, to insufficiently value its role and potential, and tend towards restricting its development;

Second, to eulogize the private sector without acknowledging its limitations and freewheeling nature which can lead to poor management.

Our Central Committee has come to a clear and definite decision: recognizing the existence and development of private enterprise, and at the same time through economic and educational measures, directing it towards investing mainly in production and services and less in trade and the food industry, ensuring inventory and control by the State and gradually channelling such operations into the socialist orbit.

The State will issue laws clearly setting out limits on the areas of activity and professional occupations in which private individuals can set up business operations.

It is precisely through this process of management, regulation and control by the socialist State that we can *direct the capitalist economy to the different - high and low - levels of State capitalism*. In so doing, socialist reform can actually be carried out efficiently. There is no need to use the boring word "reform" with its connotation of severity. Overzealous reform only cause the restriction of productive forces in the individual and private capitalist economic sectors which are so badly needed in our society.

Directing private enterprise along the road towards State capitalism is an extremely difficult and complicated task that calls for determination and statesmanship from the socialist State. After all, according to Lenin, State capitalism is "an intermediary step between small-scale production and socialism"¹ and "a means of boosting productive forces."²

¹ Lenin, "Collected Works" (in Vietnamese). Progress Publishers, Moscow, 1978, Vol. 43, p. 276

While advocating the development of private enterprise, the Central Committee also demands the adoption of strong and effective measures to unfetter the State sector, iron out difficulties currently facing it, boost efficiency, guarantee its leading role in the mixed economy and at the same time strengthen and consolidate the co-operative sector. We are confident that the State sector will gradually come into its own as the nucleus of the new economic structure, set an example in productivity, quality and efficiency in managerial effectiveness, reach advanced levels in technical and technological operations, and demonstrate its capacity to influence other economic sectors and bring them into the orbit of the socialist economy.

In the above-mentioned address, Party Secretary Nguyen Van Linh re-affirms, "Our Central Committee has reached a clear-cut and just decision: to admit the existence and development of various sectors of the private economy."

The "Company Law" and "Private Enterprise Law", signed by Mr. Vo Chi Cong, Chairman of the State Council of the Socialist Republic of Vietnam, on January 2, 1991, excerpts from which are printed below, illustrate this new policy line.

COMPANY LAW

Chapter I

GENERAL

Article 1

All Vietnamese citizens of 18 years of age upwards, all Vietnamese economic establishments having *legalis home* status and

belonging to all economic sectors, and all social organizations have the right to found limited liability companies and joint stock companies as provided for by this Law.

Article 2

Limited liability companies and joint stock companies and enterprises which all members contribute a share of the funds, share profits and losses according to the size of their contributions and are only responsible for debts incurred by the companies within the limits of their contributions to company funds.

(...)

Article 4

The State guarantees the continuing existence and development of companies, guarantees equality before the law for them and other enterprises, and the legal profitability of businesses.

By law, companies enjoy the right to autonomy in all business activities.

Article 5

The right to ownership of the means of production, the right to inheritance of capital, property, all other legal rights and interests of all members of companies are protected by the State.

Article 6

All State bodies and units of the people's armed forces are strictly forbidden to make use of State property and public funds to contribute capital to companies or take part in the starting-up of companies in the interests of their own organizations and units.

Public servants and officers still servicing in the people's armed forces are not permitted to take part in the starting-up or management of companies.

(...)

Article 12

As provided for by law, companies have the right:

1. To choose office location, area of business activity and scale of operations;
2. To choose the form and method of borrowing capital;
3. To choose customers, conduct direct transactions and sign contracts with them;
4. To take on and hire workers in accordance with business requirements;
5. To make use of foreign currency earnings;
6. To decide how surplus income is used;
7. To have autonomy in all legal transactions.

(...)

Chapter III

LIMITED LIABILITY COMPANIES

Article 25

A limited liability company is one in which:

1. The capital share of all members must be contributed in total immediately upon the start-up of company. All shareholders must be listed in the company statutes. The company is not permitted to issue any kind of bond whatsoever;
2. Transfer of amounts of contributed capital between members can be freely carried out. Transfer of contributed capital from a member to a non-member must be approved by a body of members representing at least three-quarters of the statutory capital of the company.

(...)

Article 27

In instances where the membership of a company does not exceed 11 people; the starting-up and organization of company activities must observe the following requirements :

1. Having received a permit to establish a company and after the capital shares of all members have been collected, all members hold a plenary session to consider, approve and evaluate contributions in kind; the certificate of industrial ownership copyright, and approve the company statutes; to share the responsibilities of directing and managing the company; to appoint a director or invite another person to assume the directorship of the company :

~~2. In the course of operations, all members must be given the opportunity to make decisions on the following:~~

- a) Direction and operations as the company develops;
- b) Nominations or dismissal of its director;
- c) Amendments to company statutes;
- d) Approval of the final balance sheet for the financial year and distribution of profits among shareholders;
- e) Utilization of reserve funds;
- f) Mergers, transfers of ownership dissolution or extension of the life of company operations. Formalities to be observed in making such decisions should be set out in the company's statutes ;

3. The director is granted full authority to manage the company's affairs and has the right to act in the name of the Company under all circumstances. The director assumes personal responsibility or joint and reciprocal responsibility together with his associates before all the members for all actions taken in the name of the company.

The director's salary is decided by the decision of the membership.

(...)

Chapter IV

JOINT STOCK COMPANY

(...)

Article 30

A joint stock company is one in which:

1. The number of members, known as shareholders required by the company over the entire period of activity will be no less than seven.

2. The statutory capital of the company is divided into many equal parts known as shares. The value of each share is known as its nominal value. Any shareholder may purchase one or more shares.

(...)

Article 33

On year after the issuance of the start-up permit, if the company cannot be set up, those registering for the purchase of shares have the right to demand the return of funds contributed.

The founders must refund contributions within thirty days of receipt of such requests, and must cover all expenses incurred in setting up the company.

(...)

Article 37

The general assembly of shareholders is the supreme governing body of the company and comprises:

1. The general assembly convened to conduct all establishment

procedures, to discuss and adopt company statutes. The inaugural general assembly must be attended by shareholders representing at least three-quarters of the company's statutory capital and voting is on the basis of a simple majority;

2. An extraordinary general assembly is convened in instances where amendments are made to company statutes;

3. An ordinary general assembly is convened at the end of the financial year or at any time deemed necessary by the administrative council or governing body to settle all matters relating to the company's operations, within the framework of the statutes including the following:

a) Deciding on directions and operations and on the annual business plan;

b) Discussing and approving the balance sheet for the financial year;

c) Electing or dismissing members of the administrative and governing bodies;

d) Deciding on the proportion of profits appropriated for the establishment of the company, and the rate of profits to be distributed to shareholders; determining liability for losses incurred by the company in the course of business operations;

e) Examining and deciding on solutions in times of financial difficulty;

f) Considering actions taken by the administrative council which prove detrimental to the company.

Procedures regarding the convening of general assemblies, the volume of statutory capital which shareholders or their accredited representatives must validate at sessions of the general assembly, and procedures for approving decisions made by the

general assembly, must be set out in the company statutes

Article 38

The administrative council is the body set up to manage the company, and comprises from three to twelve members.

The administrative council is fully empowered in the name of the company to decide on all issues relating to the company's goals and interests, except for those which are within the competence of the general assembly.

The administrative council elects one of its members president. The president can concurrently hold the post of director (or general director) of the company, if the company statutes does not stipulate otherwise.

(...)

Chapter VI

CONCLUDING PROVISION

Article 46

This Law will take effect from the 15th of April 1991.

All prior provisions contrary to this law will become invalid from that date.

Within 180 days as of the 15th of April 1991, companies granted start-up permit by the competent authorities prior to that date should re-register for permission to undertake business activities under the provisions of this Law.

This Law was passed at the 8th session of the National Assembly of the Socialist Republic of Vietnam (8th Legislature) on 21 December 1990.

PRIVATE ENTERPRISE LAW

Chapter I

GENERAL

Article 1

All Vietnamese citizens of 18 years of age upwards have the right to set up private enterprises in accordance with the provisions of this Law.

Article 2

A private enterprise is a business unit with capital no less than the statutory capital, owned by an individual who is personally responsible, in terms of all his or her assets, for all operations. "Business" here means the implementation of one, some or all stages of the investment process ranging from production to consumption of goods, or provision of services through the market for profit.

Article 3

The State guarantees the continuing existence and development of private enterprises, guarantees equality before the law for them and other enterprises and the legal profitability of businesses.

By law, the owners of private enterprises enjoy the right to free enterprise and to autonomy in all business activities.

Article 4

The right to ownership of the means of production, the right to inheritance of capital, property, all the other legal rights and interests of the owner of the enterprise are protected by the State.

(...)

Article 7

Public servants and officers serving in the people's armed forces are strictly forbidden to set up private enterprises.

Chapter II

FOUNDATION, REGISTRATION, DISSOLUTION AND BANKRUPTCY OF ENTERPRISES

(...)

Article 9

Individuals having the right to set up private enterprises must satisfy the following conditions before being issued with start-up permits:

1. The objectives and area of activity must be specified. There must be a headoffice for transactions and detailed business plans;

2. There must be sufficient initial investment capital appropriate to the scale and area of business activity. This initial investment fund must not be less than that determined by the Council of Ministers;

3. The owner himself or herself or any person appointed by the owner to manage and conduct business operations should have the appropriate professional qualifications required by law for various fields of activity and trades.

Article 10

Upon receipt of an application form the People's Committee must issue or refuse to issue a start-up permit within thirty days where refused reasons should be specified. Where an applicant considers the refusal unjustified, he or she can lodge a complaint to an arbitrator at the next highest level.

(...)

Chapter III

OPERATIONS OF PRIVATE ENTERPRISES

(...)

Article 22

As provided for by law, the owners of private enterprises have the right:

1. To choose office location, area of business activity and scale of operation;

2. To choose the form and method of borrowing capital;

3. To choose their customers, conduct direct transactions and sign contracts with them;

4. To take on and hire workers in accordance with business requirements;

5. To make use of foreign currency;

6. To decide on how surplus income is used;

7. To have autonomy in all legal transactions.

Chapter V

CONCLUDING PROVISION

(...)

Article 28

This Law will take effect from the 15th of April 1991.

All prior provisions contrary to this Law will become invalid from that date.

Within one hundred and eighty days as of the 15th of April 1991, owners of private enterprises who have been granted start-up permits by the competent authorities prior to that date should re-register for permission to undertake business activities under the provisions of this Law.

This Law was passed at the 8th session of the National Assembly of the Socialist Republic of Vietnam (8th Legislature) on the 21st of December 1990.

THE DOOR IS LEFT OPEN

As far as international relations are concerned, Vietnam always advocates a positive line. In the external economic field alone, Vietnam has extensively carried out the open-door policy. The Law on Investment endorsed by the National Assembly of the SRV in December 1987 has been responded widely by circles of foreign businessmen in both capitalist and Southeast Asian countries.

(...)

Chapter III

INVESTMENT GUARANTEE

Article 20

The Government of the Socialist Republic of Vietnam shall guarantee a fair and equitable treatment in regard to any foreign organization or individual investing in Vietnam.

Article 21

In the course of its investment in Vietnam, the invested capital, property and assets of a foreign organization or individual shall not be requisitioned or confiscated under administrative procedure. The enterprise with foreign invested capital shall not be nationalized.

Article 22

The foreign organization or individuals investing in Vietnam shall have the right to transfer abroad:

1. Their share of the profits derived from business operation;

2. Any approved payments due to them for provision of technology or services;

3. The principal and interest due on any loan made in the course of business operation;

4. Their invested capital;

5. Other sums of money and assets in their legal ownership.

Article 23

The foreigner working in Vietnam for an enterprise with foreign invested capital or to carry out a business co-operation contract shall, after payment of income taxes prescribed by the regulations of Vietnam be authorized to transfer abroad their incomes in accordance with the stipulation on the foreign currency control of Vietnam.

Article 24

The conversion of Vietnamese currency into a foreign one shall be effected at the official exchange rate to be made public by the State Bank of Vietnam.

Article 25

Any dispute between the partners arising out of a business co-operation contract or a joint venture contract as well as any dispute arising between a joint venture or a fully foreign-owned enterprise and the Vietnamese economic institutions or between those enterprises shall first be settled through negotiations and conciliations.

If, however, the sides fail to reach an agreement, the dispute shall be referred to a Vietnamese economic arbitration body or any other arbitration or law-enforcement institutions as may be mutually agreed upon.

Chapter IV

THE RIGHTS AND OBLIGATIONS OF THE FOREIGN

ORGANIZATIONS AND INDIVIDUALS INVESTING

IN VIETNAM

Article 26

The enterprise with foreign invested capital and the foreign partner operating under a business co-operation contract shall be liable to pay a corporate income tax amounting from 15% to 25% of the earned profits.

For oil and gas and some other valuable and rare resources, the income taxes shall be levied at higher rates in accordance with international practice.

Article 27

Depending on the sector of investment, the geographical area where the investment is made, the scale of investment, the volume of exports, the volume of articles as substitutes for those essential import products which the domestic economy is still incapable of producing or is producing in insufficient quantities, the nature and duration of business operation, the State organ for administration of foreign investment may exempt a joint venture from payment of corporate income tax for a maximum period of two (2) years, counting from the year the joint venture starts making profit, and grant it a fifty (50) per cent reduction of the same tax for a maximum period of two (2) succeeding years.

In the course of its operation, losses incurred by a joint venture in any tax year may be carried over to the next tax year and made up with the profits of the succeeding years but not exceeding five (5) years.

Article 28

In exceptional cases where encouragement of investment is needed, the income tax may be reduced by the State organ in charge of management of foreign investment up to 10% of the earned profits, and the period of income tax exemption or reduction may be extended for a longer period than that provided for in Article 27 of the present Law.

Article 29

Enterprises with foreign invested capital and the foreign partners to contractual business co-operation venture shall have to pay rent for the use of any land and of any water and sea surface in Vietnam. In the case of exploitation of natural resources, they shall have to pay royalty.

Article 30

After payment of its income tax, the joint venture shall use 5% of its profits to raise a reserve fund. Such a fund shall be limited to 25% of the prescribed capital of the venture. The percentage of profits which shall be used to raise other funds shall be determined by a mutual agreement between the partners and stated in the charter of the venture.

Article 31

The enterprise with foreign invested capital shall deposit with the Vietnamese national budget the required sums to cover social insurance for the personnel of the enterprise in accordance with the stipulations of Vietnamese laws.

Article 32

Where any foreign organizations or foreign individual reinvest part of their share of the profits, they may receive a refund by the tax authorities of the income tax already paid on the reinvested profits.

Article 33

On transferring their profits abroad, the foreign organizations or individuals concerned shall be liable to pay a tax amounting from 5% to 10% of the actual amount of such profits.

A tax exemption or reduction may be granted by the State organ in charge of management of foreign investment in exceptional cases where encouragement of investment is needed.

Article 34

The enterprise with foreign invested capital shall be liable to take necessary steps for protecting the environment in the course of its operation.

Article 35

Export and import duties on exported or imported products of the enterprise with foreign invested capital as well as those of contractual business co-operation shall be levied according to the law on export and import duties.

The State organ in charge of management of foreign investment may decide a tax exemption or reduction in each specific case where investment is specially encouraged.

THE AUGUST 1945 REVOLUTION.

NEARLY HALF A CENTURY ON

On September 2, 1990 the people of Vietnam solemnly commemorated their 45th National Day. On that occasion, Do Muoi, Chairman of the Council of Ministers delivered an address to a large gathering in Hanoi in which he highlighted the significance of national liberation and socialist construction in Vietnam over the past 45 years. At the same time, he gave an analysis of the world situation and outlined the tasks ahead. Below are some excerpts from the speech.

... The past 45 years have been a period of glorious struggle and outstanding development in our nation's long history, starting with the victory of the August General Uprising which gave birth to the Democratic Republic of Vietnam.

The August Revolution brought to an end a dark century of enslavement on our own soil and ushered in a new era of national development, independence and socialism. Our people, far from being slaves, became citizens of a free and independent country and masters of their own land, rivers and mountains.

In order to preserve the achievements of the August Revolution, our Party led the people through two long drawn-out campaigns of resistance to French colonization and US imperialism with two high points - the victory at Dien Bien Phu and the Ho Chi Minh Campaign...

... Through those successes, our people held firmly to their

national independence and territorial integrity, making a major contribution to the common struggle for peace, national independence, democracy and social progress throughout the world and in particular, speeding up the movement for liberation in colonized nations.

Since the achievement of full independence and national reunification in 1975, Vietnam's revolution has progressed to a new stage of socialist construction throughout the country...

...Over the last 15 years - a time of great change, challenges and cumulative difficulties - we have endeavoured to heal the wounds of war, restore a heavily-damaged economy and gradually establish new systems of production. We have built the foundations of socialist infrastructure, developed the nation's cultural life, science, education, and health care systems, and established and consolidated people's power throughout the country.

Between 1976 and 1989, national production achieved remarkable development. Gross domestic product rose by 80%, national income by 52.9%, the value of industrial production by 102.5% and that of agricultural production by 62.8%. In 1989 Vietnam produced 21.44 million tonnes of food (paddy equivalent), or an increase of 7.95 million tonnes. The total value of exports rose by 717.2%. The number of scientists, technicians and managerial cadres rose - compared to 1975 - by 320,000 people trained to university level, 503,000 to secondary vocational level, by 4800 post-graduates, and 1.4 million technicians.

Our achievements have been great but our Party and State have made mistakes in strategic choices and leadership: impatience in implementing socialist reforms and immediately abolishing the mixed economy; stepping up industrialization at a time when we lacked the necessary infrastructure, delays in renovating economic management methods; and the overall re-adjustment of prices, wages

and currencies without regard to possible consequences, all of which have the country's economic and social life more difficult.

The 6th Party Congress undertook severe self-criticism regarding those errors and shortcomings and educated a comprehensive renovation of socialist construction in Vietnam.

Over the past three years, in implementing the Congress resolutions, our people have recorded initial, but vital, achievements in renovation. To our credit there have been significant changes in economic and social conditions: a much greater productive potential has been mobilized particularly in agriculture; inflation has been held in check, new management methods have taken hold and begun to produce results; living standards among the mass of the population have been raised. Promotion of people's democratic rights in the economic, political, cultural and ideological fields has brought about a new mood in society. People's confidence in the Party's leadership and management by the State has been gradually restored. National defence and security have been preserved...

...The advance towards socialism is an integral part of Vietnam's revolution. National independence and socialism have been closely-linked objectives during our 60 years of struggle and will continue to be so. The road indicated by Uncle Ho and chosen by our people is in accordance with current historical trends...

...From a very low starting - point, and taking into account after-effects of war and mistakes in economic policies and options over the years, our economy still faces tremendous hurdles and has not yet been stabilized.

The current reality is that *our level of economic development and people's living standards are too low* - an unfortunate fact and a major challenge to the nation.

We intend to overcome all these difficulties on the road to renovation. The guiding principle behind renovation is the promotion of self-reliance, thrift and diligence in building the nation, the release and mobilization of all productive energies, and the creation of stability and rapid development in the direction of socialism.

Obviously renovation is an urgent and vital issue for our country. We are embarking on it in a principled manner, that is, by the creative application of Marxism-Leninism to conditions unique to this country; by keeping to and furthering the ideals, morals and work ethic of President Ho Chi Minh, applying renovation in order to build socialism more effectively and not abandon it. In the process of renovation we should resist ideas alien to socialist objectives and our chosen path. We should reject any denial of the past and of our people's major achievements throughout an arduous revolutionary struggle full of sacrifices.

Renovation is a timely and appropriate reaction to contradictions in society and should ensure harmonious development in many fields - economic, social and political - between democracy and legality, between the Party leadership and the people's right to self-determination. Renovation is aimed at stabilization and development; and the latter in its turn will underpin the process of renovation.

Economic and social renovation should go hand in hand with the introduction of a new ethic, applied to economic and social management to achieve greater and greater efficiency.

We advocate comprehensive and multi-faceted renovation, but with the right steps taken at the right time. There should be a close connection between economic and political renovation. The need for renovation in Vietnam arises fundamentally from economic conditions. Only through economic renovation, resulting in

gradual improvements in living standards, can there be greater confidence and favourable conditions for renovation of the political system. However, we should not wait for the completion of economic renovation to start political renovation; this should be undertaken step by step both to accelerate economic renovation and strengthen political and ideological unity and solidarity among our people.

There can be no discussion of renovation without reference to the promotion of democracy and the assurance that people should be the real masters of national construction. Real democracy should not only serve the common interests of the people and the nation, but also protect each individual citizen's political and social interests. Democracy must be realized in order to mobilize all the potential - physical and intellectual - of the people in building a new order, enriching the people and strengthening the nation. Democracy is both an aim and a moving force in the development of the new society. However, it should be closely linked to discipline and legality and not be disassociated from centralism. We oppose bureaucratic centralism but not centralism with a democratic basis.

... As the process of renovation, initiated and led by the Party, spreads to encompass the whole of society, improvements in the role and efficiency of the State become an increasingly urgent issue...

We must struggle hard to build a firm basis for the State which fully recognizes the people's right to self-determination. We are well aware of the many weaknesses and shortcomings of the State and its inability to respond effectively to new conditions.

Firstly there are the negative effects of bureaucracy, of the bureaucratic and subsidy-based system that has long characterized the organization and activities of the State. Red tape often renders State bodies incapable of expressing the people's will and defending the legitimate interests of citizens. Privilege, prerogative and

corruption exist among more than a few State officials at all levels, especially in economic agencies, causing major economic and cultural losses and having political, intellectual and moral effects on society.

The fight against bureaucratism and corruption is currently an urgent task for the entire Party, people and armed forces, with the aim of bringing integrity to the State and promoting a healthy society.

The legal system has not yet grown into an effective tool which can be used by the State to underpin economic and social management and protect people's rights. While we advocate the strengthening of the commodity-based economy and encourage all sectors of the economy to intensify production and commercial activities to increase the availability of commodities to consumers, we have been slow to draw up specific legal provisions to guide and control such activities and ensure a dynamic but orderly development of society. This tardiness has caused gaps in production, trade and other fields of activity, resulting in negative phenomena; speculators, smugglers, tax evaders and the corrupt have been quick to exploit these and misappropriate State property and that of the people.

To overcome these problems and consolidate the framework of the State, we must implement the following:

First, promote the Party's leadership role in the activities of the State. We cannot discuss management by the State and people's right to self-determination without reference to the Party leadership. The Party acknowledges that it has a leadership role within a legal framework. The Party defines a political platform, directions, strategy and tactics to direct the State in the formulation of laws and policies. Through Party members working in State organizations, the Party puts into effect its political ideas and directions. The Party leads the State but does not play the role of a "Pooh-Bah" for State agencies in the management of their affairs.

Second, the law should become an efficient tool for the State in the management of all aspects of society, ensure the realization and preservation of democracy and freedom for the people, and maintain the fabric of society. The law should apply equally to all, without exception. The Party should set an example in law-abidance and in respect for the activities of State organizations and legal agencies. The Party resolutely opposes the abuse of power and interference in State affairs and the activities of judicial bodies.

Third, the machinery of State should be rationalized. Our structure is currently too cumbersome and operates at too low a level of efficiency; bureaucratism is endemic among State officials who appear isolated from the people and from reality, and operate in an atmosphere of stagnation; they lack discipline and a sense of responsibility towards the people and disregard the State's laws. This must change. The building of the machinery of State should result from hard work, and the employment of cadres should be restructured for maximum efficiency. The organizational system should continue to be renovated; central and regional State bodies should be restructured and re-organized. Supervision and control should be reinforced, and new problems tackled at once and not allowed to disrupt production and daily life. A body of State officials must be trained in management skills, and be thoroughly professional and characterized by morality, integrity, impartiality and dedication to their work, and motivated by a sense of responsibility to the people.

Fourth, to gradually perfect the economic and social management system in order to rapidly develop a commodity-based economy; releasing all energies and the active participation of all sectors of the economy, while at the same time consolidating the leadership role of the State sector. To separate the State's administrative function and those of production and commerce. To speed up the emergence of new management systems in the fields of planning,

finance, banking, and pricing, to improve macro-economic management by the State in order to solve critical problem facing production and the business sector.

The State must take responsibility for the development of education, health care, cultural life and social welfare, training, the exploitation of talent and promotion of a healthy society.

There should be immediate evaluation of the structures and policies set in train after the 6th Party Congress, rapid identification of contradictions which do not conform to reality and which generate management problems and thus negative influences in the economic, cultural and social spheres, and steps taken to swiftly rectify them.

Fifth, the State should genuinely be of a democratic nature. It should genuinely serve the people, be close to the people, respect them and trust them. The responsibilities of State officials and employees towards the people should be clearly defined, and the criteria for these made public so the people can exercise some control. Greater responsiveness towards the people and accession to legitimate demands and suggestions should be shown.

Our State should strive to maximize people's right to self-determination and oppose all encroachments on citizens' democratic freedoms. At the same time it should oppose all trends towards excessive democracy. We should resist all manifestations of bureaucratism, abuse of power and disorder; all influences separating democracy from discipline and legality, the rights of citizens from duty, and democracy from dictatorship.

The building of a socialist State essentially means the development of genuinely democratic institutions to care for the people, protect the people and create the necessary conditions for the people to participate in the running of all the nation's affairs.

Sixth, our State should strive to build up a strong national defence and security system to defend the homeland and the socialist order, and preserve national security and social order.

The task of national construction faces major difficulties and challenges. Responsibility for this task lies heavily on the shoulders of the Party and State.

The most important - most basic and urgent - task for our Party and people is to create the most favourable conditions for overcoming those difficulties, regulating and developing our economy **and society, boosting production, practising thrift and mobilizing all the physical and moral strengths of our society in order to speed up economic development through improvements in productivity, quality and efficiency.**

We should concentrate the nation's efforts on successfully implementing the 1990 socio-economic plan. First, we must work to achieve agricultural production targets, especially in the area of food. Both State-run and collectivized organizations must optimize conditions for agricultural production, especially in the use of fertilizers, insecticides and hydraulic systems. The entire food production industry needs urgent reorganization; the distribution system and consumption patterns must be better organized while exports must be efficiently managed. Distribution of food to people throughout the nation must be secured.

A pressing problem for handicraft production and industry generally is that of floating capital and long-term investment sectors and regions should provide the greatest assistance possible to production units by freeing up capital, speeding up capital circulation and the sale of products. At the same time supplies of raw

materials must be guaranteed. Measures should be taken to protect domestic industries.

Industry, particularly regional production and handicrafts, should continue to be restructured. Experience has shown that enterprises investing in new technology and reorganizing their management structures have improved production efficiency and that of their commercial activities.

The new management system means an end to stagnation, loss and reliance on State subsidies. Enterprises unable to adjust to these new methods and overcome current problems should be restructured both in organizational and staffing terms, and may even be allowed to fold.

Within the new production system, the leading role of the State sector should be emphasized, the collectivized sector strengthened and consolidated, other sectors of the economy encouraged and other activities promoted within the legal framework. The phenomenon of providing "blank cheques" for State-run or agricultural and industrial collectives should be eliminated.

In the area of distribution, we must first strengthen the State-run co-operative trading sector and restructure commercial and service activities so as to stabilize the market and prices. The State should exercise more control over non-State sector activities to ensure proper management and legality. People should be encouraged to invest more capital in order to increase production and generate greater wealth, and should not just engage in trade. **Commercial activities and services boosting both production and living standards should be encouraged.** We should stop the flooding of domestic markets by foreign goods, especially those being smuggled and used to evade tax. We should crack down on speculation, smuggling and illegal activities by persons and organizations in whatever economic sector.

Trading relations with other countries should be promoted and their efficiency increased. Exports should be boosted and at the same time domestic production increased to replace imports. The export-import system should be re-organized and the foreign currency system changed; new markets should be sought and active help given to units producing goods for export to overcome problems in production, overlapping commercial enterprises and random system of domestic purchasing and foreign sales should be eliminated. The revenue currency situation continues to be problematical. A crucial task is for State and economic bodies at all levels to impose strict financial and budget management, and address the issue of revenue collection by the State - an urgent requirement.

State organizations must constantly oversee and control production and other activities in various economic sectors - State, collectivized and private - in order to ensure that taxes are not ignored or remain uncollected. At the same time, the State should control expenditure of its limited financial resources appropriately and efficiently. Capital and raw materials should be directed towards preferential State projects and those yielding rapid returns. Optional projects outside the scope of the current plan should be definitely put on hold.

Our economy is still in difficulty and inflation remains at a high level. One of the best ways to fight inflation is, besides boosting production, making the collection and spending of State revenue more efficient and strictly controlling spending - in production, construction and daily life. Expenditure on administration should be reduced to a minimum, and all nominal spending and that for the sake of appearances eliminated. Control and supervision should be improved, instances of corruption and waste clamped down on, and all expenditure running counter to policy suspended.

These need to be an urgent reorganization of the banking sector. Control should be re-established over the use and management of

cash in State and financial organizations. The way of production and commercial organizations resorting to mutual accumulation of capital and delay the payment of debts should be quickly stopped. The problems caused by losses and bankruptcies among private credit unions should be quickly sorted out. The State bank should organize more efficient distribution of cash throughout the country to ensure that there is sufficient capital for production and commercial activities. Better way of raising capital should be introduced. Management and commercial foreign currency transactions should be improved to ensure uniform measures for State handling foreign currencies through the bank. Foreign currency should be conserved and foreign currency expenditure reserved for essential projects of national importance.

Some cultural and social activities are now encountering problems due partly to external cause but mainly to wishful thinking. In the past we did not pay enough attention to the leadership and management in those areas. The State has recently made some special decisions to improve the situation and changes have come about in the fields of education, health, culture, information and the media. The State must continue these efforts and actively solve problems regarding budgeting, investment policies, organization and management, in order to better develop our education, health care and cultural life.

Income distribution and welfare policy should be improved in order to encourage the development of creative talent and diligent and efficient work practices. The wage and salary system should be rapidly restructured to provide incentives for hard work and greater efficiency. In the short term further cost of living adjustments paid to cadres, administrators, the armed forces, the retired and social welfare recipients should be allocated to partially ease the difficulties encountered in their daily lives. Families of revolutionary martyrs, the war-wounded and invalids, families which served

the revolution, and retired cadres, etc. should receive better case. Old people without support, the disabled and orphans should receive assistance.

Implementation of these urgently-needed economic and social measures must be linked to the fight against corruption, with priority given to the fight against speculation, smuggling, bribery, deliberate breaking of the law for private gains, and the misuse of money and property belonging to the State and people.

The fight against corruption is a complicated one; it must be combined with educational, administrative and economic measures, with State control, education and supervision by mass organizations and with a concerted effort of the people. State bodies should re-examine and improve management techniques and remove gaps that can be exploited by bad elements.

Immediate sanctions should be taken in instances that are uncovered of speculation, smuggling, corruption, bribery and massive waste. Sentences for such offences should be spelt out and made known to the public. All instances of speculation, smuggling, corruption and bribery affecting the interests of the people should be considered criminal acts; they should be dealt with severely in accordance with the law and morally condemned.

The present situation requires that the Party and State authorities at all levels heighten their sense of responsibility, initiative and dynamism in leadership and management; at the same time they should maintain discipline and accurately implement Party and State resolutions and decisions, criticize and eliminate all tendencies towards and acts of arbitrariness and liberalism for individual or group gains and in contravention of policy and State law.

Over the course of our history of revolutionary struggle, our people have been deeply conscious of the fact that each success is closely linked with the profound sympathy and impartial assis-

tance provided by international friends and with solidarity and assistance from the peoples of the Soviet Union, China, Laos and Cambodia, fraternal socialist countries and by progressive forces the world over. Now, as we are undergoing nationwide renovation, support and assistance from international friends will remain very significant for our country's development. We wish to express here our consequent gratitude to friends in every country for their invaluable support, solidarity and assistance.

Our Party, State and people will maintain an unchanging policy based on peace, friendship and co-operation. We stress our profound aspirations for peace, stability, security and prosperity for all nations. We advocate joint efforts through dialogue and co-operation with other States with differing political systems in settling regional and world issues, thus actively contributing to the struggle for peace, national independence, democracy and social progress.

We advocate the broadening of economic, scientific and technical co-operation with all countries on the basis of equality, mutual benefit, and respect for independence and sovereignty.

We will work constantly to consolidate the special relationship of solidarity and co-operation between our people and the fraternal peoples of Laos and Cambodia. Vietnam supports the principled and constructive stand-point taken by the State of Cambodia and the peace initiatives put forward by it, other nations and international organizations for the settlement of the Cambodian question through peaceful negotiation.

We remain confident that the great Soviet people, holding high the banner of the October Revolution, will overcome difficulties and challenges currently facing them to continue their restructuring and achieve success in socialist construction. Our belief in the ultimate victory of socialism remains unchanged, as socialism is a

progressive and civilized path to development in accordance with historical trends.

We express our desire for the normalization of relations with China in the interests of the people of both countries and of peace in this region and throughout the world.

We welcome Chinese Premier Li Peng's statement to the 15th session of the 7th meeting of China's Standing Committee of the National Assembly : "Vietnam is a neighbouring country. Together with the political settlement of the Cambodian issue in a just and rational manner, China is ready to discuss with Vietnam the normalization of relations."

We also send friendly greetings to the American people and express our desire for the establishment of normal relations with the USA.

Vietnam will participate to the utmost in a process of co-operation, maintenance of security and development in South East Asia throughout the world.

We support the struggle by all nations for the maintenance of national sovereignty and development of genuinely democratic values, independence and freedom, for lasting peace, co-operation and mutual assistance leading to prosperity and happiness.

We are deeply concerned about the crisis in the Gulf region. We hope the crisis will soon be settled by peaceful means, within an Arab framework and on the basis of international law...

VIETNAM IN 1991

The 8th Legislature of the National Assembly of the SRV opened its 8th session in Hanoi on December 5, 1990. At this session, First Vice-Chairman of the Council of Ministers Vo Van Kiet delivered a report on "The Socio-Economic Development Plan for 1991." Published below is the second part of this report.

(...)

Part II

SOME ISSUES IN THE 1991 SOCIO-ECONOMIC PLAN

The report on the draft plan for 1991 dealt extensively with all the issues. Here I would like to emphasize some points.

First, some background to 1991.

On the domestic scene. Thanks to economic achievements and social and political stability over the 1989-90 period, the productive capacity of some key sectors such as oil and gas, electricity, cement and steel has increased, thus improving the economic situation and indicating significant future potential. At the same time, the first but vigorous battle of the anti-smuggling campaign has helped stabilize the exchange rate and protect domestic production, contributing in no small way to the re-establishment of order and discipline in commerce. If we concentrate on solving the remaining problems and accelerate renovation further under the guidance of the five-year plan and the ten-year strategy, we may cope successfully with emerging difficulties and continue to forge ahead.

In external relations. We begin implementing the 1991 plan in an international and regional context fraught with new difficulties. But there are at the same time new and particularly favourable conditions.

The profound crisis and fundamental renewal in the relationship among the member countries of the Commission for Mutual Economic Assistance, especially with regard to the Soviet Union, is posing major new problems for us. We have lost an important source of preferential international supply. But this recoincides with the broadening of international trading relations through our own process of renovation. We need to overcome these immediate problems in order to create favourable conditions for long-term relations with those countries. The lesson is to always take the initiative.

The initial success of our renovation process has met with considerable international approval. With a complete troop withdrawal from Cambodia and the Cambodian issue nearing a solution, these successes are creating greater opportunities for us to broaden our economic relations with the outside. The encirclement of and economic embargo against our country remains, but in common with other international trends it is showing signs of gradually losing its effectiveness. The European Economic Community has recently established formal relations with our country. Signs of improvement can also be detected in our relations with international financial and monetary institutions like the International Monetary Fund, World Bank and Asian Development Bank.

The year 1991 is the third in our process of renovation and the first of the 1991-95 five-year plan. It is also the year for effecting renovation along the long-term orientation of the 10-year strategy for socio-economic stabilization and development. In 1991 we will also benefit from the guidance of the resolutions of the 7th National Party Congress. We must strive to create a social environment favourable to the Congress.

That gives the background to the situation in 1991. Against that background and from that position we must take the initiative in our internal economic activities, preserve our sovereignty and be more sensitive in our external relations in order to accomplish the aims of 1991, thus taking a further strategic step and creating the necessary impetus for more vigorous development in the following period. If we miss the opportunity for a vigorous advance in 1991 it will take us many years to regain the levels of 1989-90 achievements.

The overriding aim of 1991 is to work to consolidate and develop the successes of 1990, solve the remaining difficulties and overcome newly-emerging ones in both the economic and social spheres, maintain living standards and political, economic and social stability and not allow major upheavals, in order to create conditions for faster and firmer measures in successive years.

First, we need to concentrate on key economic objectives ensuring an increase of 5.6% in GNP and 5.8% in national income, 6% in output from major industries, light industry and handicrafts, and 4.5% in agricultural output in order to meet the demands of the population for essential goods and ensure accumulation of budget revenue.

Second, we must further develop the successes of 1990 by vigorously promoting external economic activity, increase the value of exports by at least 16% (given that this is one of the decisive measures needed to balance our trade and overcome difficulties), and to continue to attract more overseas aid and capital.

Third, we must continue to control factors contributing to the high inflation rate by maintaining and expanding levels of production and construction, narrowing the budget deficit and preventing sudden price rises beyond the inflation rate predicted for 1990 - all of this to preserve the successes achieved through renovation.

Fourth, we need to concentrate on selective settlement of the most urgent social issues, first of all by boosting production to draw in more of the labour force, reducing difficulties in daily life especially for wage-earners in the non-productive and administrative sectors and the armed forces, the retired and social welfare recipients. We must raise the quality of services in education, training, health care, culture, information and physical training and sport on the basis of social equity, and pay special attention to solving the economic and social problems of ethnic minorities and mountainous regions in general.

Fifth, we will ensure national defence, social order and security, guarantee material and technical resources for the army and pay due attention to the material and spiritual needs of army personnel.

In short, the objectives set for 1991 are very important and involve many difficulties which will not be easy to overcome. I would just like to stress the following:

On economic objectives, the draft plan emphasized the policy of renovation with regard to management and structure, i.e. to continue developing a mixed economy with many forms of ownership and many forms of organization targeted at the three major economic programmes - agriculture, consumer goods and export industries.

With regard to agriculture, in 1991 we need to invest more in irrigation, provide more funds, materials and technology, and continue to improve policies with a view to boosting the output of food crops and a number of key cash crops. We must promote livestock breeding as a key area of production mainly through the supply of sufficient processed animal feeds. We will boost fisheries output and improve the quality of aquatic products. To assist the population in different areas with a range of measures designed to rehabilitate waste land and bare hills.

With regard to the consumer goods and processing industries, the State will apply subsidies to the State-owned and other sectors which have met the challenge of the market so they can continue to develop and achieve better results. To spend foreign exchange on importing enough ginned cotton to supply the textile industry (along with actively promoting cotton production within the country) to encourage the import of production equipment and modern small-scale technology for light industry, handicrafts and the export food-processing industry.

Our export activities have scored up some notable successes thanks to the development of agriculture, forestry and aquaculture, light industry and handicrafts, food processing and mining and some areas of heavy industry, and also thanks to policies aiming at expanding our relations with world markets.

Exponential growth in the volume of exports during 1989 and 1990 resulted primarily from the abolition of a centralized bureaucratic system of foreign trade and the shift to better foreign exchange control. In 1991, besides encouraging the production of goods for export we will continue to work to overcome the piecemeal pattern of exports and disputes in buying and selling. We will also take further measures to improve foreign exchange control.

In 1991 we will also take a further step in learning how to run a mixed economy. Based on market relations, all economic sectors, the State sector, companies, cooperatives, private citizens and individual and household economies will be encouraged for their own benefits to join in an integrated economic structure operating within a legal framework and aiming at implementing the plan and State strategy. The State economic sector must be supported by a series of policies regarding finance and materials supply, so the State can regulate and direct economic development along the right track. Co-operatives will also be reorganized step by step, so that each will become an enterprise of working people who voluntarily

contribute funds and manpower within a relationship of mutual assistance and equality to the business production and making profits. The effectiveness of the operations of co-operatives differs from that of an individual enterprise in that both the short-term and long-term interest of a co-op member must be definitively higher than those of an individual worker. That is what we aim for and must achieve. As regards private or joint State-private companies, we need to examine ways of developing them in a realistic manner, first on an experimental basis then, after evaluation, gradually expanding them along with the development of appropriate laws and commensurate with the capacity of the State to control such activities.

Our country still has huge potential in the area of intellectual and labour resources, in land, aquatic resources and mineral deposits, excess capacity in factories, mines and on construction sites, and through our comparative advantage on world markets. In order to realize this potential, the Party and State should promulgate more policies offering incentives together with new control measures to direct all economic activities along the line of the State plan.

It should be borne in mind that effective implementation of the above economic policies should create the material as well as financial conditions to ensure the success of social policy. By the same token, societal stability will help the productive sector to overcome current problems and continue to progress.

In 1991 we will encourage all initiatives by families and social organizations, especially in the countryside, and boost education and publicity aimed at reducing the birth rate by 0.06% compared with 1990 to stabilize population growth at 2.13%.

The provision of jobs for working people remains a vital issue, but this can be solved only step by step on the basis of increased production and further encouragement of all economic sectors and

those with the capital and technical skills to expand production and commercial activities in order to create many more jobs. In the towns, we should pay more attention to job training and re-training centres, and develop the job-finding service.

At present, wages are low and fluctuate throughout the wages system and among different sectors and occupations, regions and economic zones. This is of major concern to the Council of Ministers. The question of wages reform has been studied since 1990 and we will complete the process in 1991. In the immediate future we have to restructure the administrative and non-productive sectors, determine titles and qualifications as well as the required number of cadres and employees, remove the remaining subsidy practices, apply various forms of social insurance, streamline wages scale and grades in each sector, occupation and area, widen the gap between minimum and maximum wages in order to further encourage greater labour productivity, improvements in professional skills and the nurturing of talent.

Until then we will strive to ensure stable real incomes for working people, ensure allowances for personnel in the administrative and non-productive sectors, armed forces, and for the retired and other social welfare beneficiaries.

In the domains of health care, education and culture the State in 1990 boosted financial provisions over previous years and also obtained more assistance from international bodies. In 1991, while continuing along these lines we will pay more attention to disease prevention and treatment of common diseases. We will provide further support to several major specialized hospitals, strengthen the State-run school system and a number of colleges of economics, finance, banking and law, grant subsidies to a number of cultural, sporting and publishing institutions, expand the public funded health care network and education, with initial State assistance in terms of infrastructure.

The draft plan presented to the National Assembly has described in detail measures for implementation. I would like to further emphasize the following:

First, the experience over the past two years of building a market-oriented economy has shown the need for streamlining State-run enterprises. Those enterprises at district and even provincial level which have not been able to meet the challenge of the market should change their system of ownership or be transformed into self-managed collective enterprises if their workers so wish and have able and experienced management cadres. The State budget will retrieve the proceeds from properties sold after the restructuring of production and allocate them to other enterprises in which production is expanding.

The State-run trading system also needs rapid re-organization. We will restructure wholesale companies dealing in vital commodities and strive to ensure the flow of goods and maintain price stability throughout the country, and organize networks of State-run trading and industrial organizations to supply on time raw materials and equipment for agriculture, technical services and consumer goods for the countryside and purchase agricultural produce.

Second, we are overhauling the banking system but many questions remain and must be settled in terms of organization, management techniques and especially the body of banking workers in order to meet the requirements of a mixed economy and expand our international banking relations. To solve problems in the transition from subsidization to cost-profit accounting in the running of credit operations is a very complicated task. The present methods of currency circulation cause both inflationary pressures and shortages of cash for payment of business transactions. Solving this problem will take a long time. But right now in 1991 we have to apply an appropriate interest rate system, take initial steps toward the development of a money market and new methods of payment

in order to improve the payment capacity of State-run establishments, accelerate the flow of currency and help ease the current shortage of capital. Introducing treasury bonds into the money market will help raise loans from the public to fund budget expenditure. We will take radical steps to reorganize the credit organizations, and step by step invite foreign banks to open branches in Vietnam.

In 1991 we will promulgate a statute on foreign exchange under the Decree-Laws on Banking, with a view to encouraging import and export along the lines set out in the plan and ensuring stability of the market exchange rate.

In fiscal matters, we should take substantial steps towards overcoming deficiencies in our budgetary operations - a permanently inflationary factor; renovate the financial system and expand sources of revenues in order to boost receipts in a sound and equitable manner while ensuring essential expenditure is made on a strictly economical basis. To reorganize financial administration by enterprises, apply an accountancy regime subject to rigorous inspection and control in the gradual progression towards a legal auditing system (with a view to checking all irregularities in spending and accounting or the setting up of arbitrary systems for illegal and wasteful expenditure), improve the system of tax collection and ensure the observance of tax obligations according to the tax laws, issue a number of new decrees on taxation, and to reform the export-import tariff system in order to encourage export and import of essential goods and restrict the importation of goods which are not necessary at this time or can be domestically produced.

A common feature of our present financial administration is that budgetary operations at all levels, from the centre to the sectors and regions down to grassroots level remain arbitrary and vague and do not conform to regulations or statutory criteria. In spite of praiseworthy efforts, financial control has not caught up with the

needs of renewed financial arrangements. A legal audit system still remains to be instituted. This situation requires reform of the financial system including the appointment of cadres with forward-looking views, budget restructuring and especially the restoration of order and discipline in financial operations from the centre to regions and grassroots level. In 1991 the Council of Ministers will continue to see to the completion of a new policy on finance which truly complements the new economic system.

Third, we must fundamentally renew our external economic operations, from conception to organization and practice.

From 1991 on there will no longer be two different modes of goods exchange between Sector 1 and Sector 2. On the one hand, we have to make the most of existing relationships, continuing our transactions with markets in the Soviet Union and Eastern Europe, and on the other, seize new opportunities to expand our trade and attract investment as well as assistance from many other countries.

In the area of our three main commodities at present are crude oil, aquatic products and rice. As far as rice is concerned, export must be based on careful calculation in order to secure sufficient supplies for domestic needs.

As for aquatic products, export value in 1991 is projected to be 230 million US dollars - a major resource which can be exploited at higher levels. Apart from these three main commodity exports, the State will promulgate new policies aiming at encouraging more strongly all economic sectors to produce other goods for export. We should step by step form zones and sections specializing in the production or sub-contracting of export goods. We will join international export associations and enter into treaties in order to gain assistance in commercial practices and enjoy more stable markets and price protection according to international labour distribution.

On import, we need to use a substantial part of our foreign

exchange earnings to import essential commodities, namely petrol, nitrogenous fertilizer, steel and cotton. The Council of Ministers will assign concrete responsibilities and take charge of the management of these imports in order to protect the interests of exporters, importers and users.

All export and import operations will be conducted according to an integrated plan directed by the central government through mechanisms such as the customs office, the granting of quotas and licences, the granting of credits and management of foreign exchange. We will introduce, in a number of different forms, preferential projects for prospective foreign investors. We will further strengthen the State office in charge of investment cooperation with foreign partners so that it can help the State draw up policies, attract investment and make rapid and accurate assessments of major investment projects. We should bear in mind that reorganizing export and import activities and dealing firmly with smugglers is actually aimed at restoring order in trading activities. It is not intended to restrict exports or imports but to encourage those which abide by the law.

Fourth, we will continue studying how to complement existing laws and draw up other legal documents on the economy and direct and evaluate their implementation, with the aim of establishing market stability, ensuring equity and fair business practices. Business talent should be further encouraged while those activities harmful to others' interests, together with acts of fraud and deception, must be prevented and punished promptly and severely.

It can be said that although we have achieved a lot in the past few years of renovation in State economic management through legislation, much remains to be done in view of present economic and social requirements. In some areas we have to begin from the beginning. As it is, our law enforcement agencies are often unable to solve economic or civil disputes. So, we must on the one hand

speedily complement the existing laws and tighten the existing legal system, especially financial regulations, as a way of making a rapid adjustment to new economic relationships. On the other hand, we must quickly streamline the apparatus and the contingent of cadres, overhaul the activities of law enforcement bodies in order to meet the needs of investigation, prosecution and trial. We should stress the need to overcome failings in judicial processes. We have been slow to prosecute wrongdoers and too lenient in some cases of economic infringements, especially in recent instances of corruption and smuggling. We must correctly determine the offences and offenders and try them according to law. No organization or individual is permitted to illegally intervene in the proceedings of law-enforcement bodies. Offenders must be tried according to law no matter who they are and what positions they hold, in strict observance of the slogan "all citizens are equal before the law." No one will be allowed to stand outside or above the law.

Fifth, we need to continue renewing the administrative apparatus of the State. This is a question which merits more intensive study: how should the socialist State manage a market economy? What are the features of this system and what mechanisms need to be put in place? We have learned more about this from experience over the past two years, but many issues still require attention and investigation. In the immediate future, we need to better define the functions and duties of various ministries and see to it that ministries and financial agencies do not interfere in business decisions at enterprise level provided the latter abide by the law, so as to clearly separate the financial management function of the State on economy from the business management function of the enterprise. We need to assign clear responsibilities and powers to central and regional bodies in order to ensure a uniform process of economic management from the top down. We need to speed up reform of the administrative system, restructure State staffing levels and

boost the managerial effectiveness of the State. The Council of Ministers has set up a sub-committee to look into this question and hopes to complete the work this year.

Sixth, regarding the training and retraining of cadres, it should be acknowledged that in running a market economy our cadres need further training in both theory and professional techniques. That is why building up a body of cadres familiar with market mechanisms is a vital task. We must devise a State programme for retraining quickly and effectively a large number of business managers within enterprises and macro-economic managers at State level. At the same time we need to request more outside assistance in training.

We need to train a body of experts knowledgeable in export and import processes, who know how to exploit market opportunities and have a thorough knowledge of international business legislation and practices.

We must train a body of cadres capable of drawing up and negotiating on programmes, soliciting development aid from overseas and arranging loans from international financial organizations.

These measures submitted to the National Assembly, as well as other initiatives, must be given serious consideration and speedily implemented once approved. All are designed to expand markets at home and abroad, on the plains and in mountainous regions, in order to facilitate commerce and offer businessmen from all economic sectors more opportunities, primarily in exploiting our latent potential along the lines of the 1991-95 plan and development up to the year 2000.

Errata

Page	Line	Instead of	Please read
5	4	our historians	all historians
5	7 and 8	especially during the early thirties	since the founding
5	13	when the Party was founded	of the Party in 1930
5	18	new policies	a policy of renovation
		score	score

