

**CENTRAL INSTITUTE FOR ECONOMIC AND MANAGEMENT
CENTER FOR INFORMATION AND DOCUMENTATION**

REFORMING OF THE STATE ECONOMIC INSTITUTION SYSTEM

CONTENTS

I- THE REAL SITUATION OF THE STATE ECONOMIC INSTITUTION SYSTEM IN VIETNAM	3
1-Achievements	4
<i>1.1. On the drafting process</i>	<i>4</i>
<i>1.1.3. On the labor force participating into draft and implementation</i>	<i>7</i>
2-Shortages needed to be overcome	8
<i>2.1. On drafting and promulgating economic legal documents and policies</i>	<i>8</i>
<i>2.1.1. On the process</i>	<i>8</i>
<i>2.1.2. On the contents and quantities</i>	<i>13</i>
<i>2.1.3. On the participation forces</i>	<i>16</i>
II- REFORMING THE ECONOMIC INSTITUTION SYSTEM IN THE COMING PERIOD.....	20
1- Some requirements of new situation and new tasks	20
2- Contents and measurements of the reform for the state economic institution system	23
<i>2.1. Strategic point of view</i>	<i>23</i>
2.2. Oriented solutions	24
<i>2.2.1. Improving the contents and process of building law, economics policies</i>	<i>24</i>
<i>2.2.2. Improving the running mechanism of the state economy.....</i>	<i>28</i>

<i>2.2.3. Reforming the body of state management suits the requirements of international integration</i>	<i>29</i>
<i>2.2.4 Establishing participatory mechanism for enterprises, civil society organizations, international organizations in the process of implementating and adjusting economics institutions of the state.....</i>	<i>30</i>

I- THE REAL SITUATION OF THE STATE ECONOMIC INSTITUTION SYSTEM IN VIETNAM

The fact of the reform for the state economic institution system during the last two decades shows that Vietnam is following the “step by step forward” and “gradual adjustment” approaches. This reform mode is effective to help Vietnam avoid socio- economic shocks, guaranteeing the objectives of economic development and social order stabilization and maintainance. Along with the economic reform, the process to perfect the socialist oriented market economic institutions in Vietnam has achieved certain successes. The consortium of three small systems of the economic institution system as the whole including: the regulations regulating the economic “game rules”; the entities participating in economic “game”; and the mechanisms to undertake economic “game rules”- has been built rather well and going to be perfect. The state economic institutions have contributed to mobilize the creation, potentials, and social resources; whereby partly bringing significant achievements in terms of economic development and social progress of the country.

In which the bright point is that many legal documents are promulgated. The contents of legal documents are increasingly suitable with the market mechanism and international practices. Especially, the legal system has facilitated to implement the first steps in the transformation process for economic management of the State; that is to move from the direct intervention to the indirect influence into the production and business activities. A series of innovations in the drafting, assessing, promulgating as well as checking, reviewing and systemizing the legal documents in the wide scope and disseminating actively legal information have contributed to make “the game rules” entering well into the life and being implemented more seriously.

It can be said that, the economic “game rules” system as the whole not only establish legal corridor for business freedom implementation, multi-component economic development, social resources effective mobilization, to help the markets of the important production factors (labor market, estate market, financial market and science-technology market,...) form and run more effectively, but also create and further the international integration process.

However, the economic institution system of the State still has many shortages such as: the economic legal system is still inconsistent; many important laws have not been formed or not suitable with the market economy; the work of directing the socio- economic development still is in imperfect situation; the economic policy

system has appeared many factors making the market oriented reforms slow; the regulations are confused in dealing with the relationship; the capacities to create and run the institutions of the state machine still has limitations; the institution adaptation in the context of Vietnam accessing WTO is not clear.

1-Achievements

1.1. On the drafting process

Firstly, the work of drafting, assessing and promulgating legal documents begin in order following the united progress set by laws. The activities of controlling, reviewing and systemizing legal documents have been implemented in wide scopes. Information and legal document dissemination has been changed positively, fulfilling better diverse needs on legal information, contributing to improve awareness of complying laws of the people. Thanks to these efforts, the legal framework of the market economy has been gradual formed and increasingly completed.

Secondly, in the last years, the Party and the State have paid more attention on expanding the participation of the people, enterprises, civil society organizations, including the international organizations in the process of building, implementing and completing the economic institutions. This participation expansion is considered important measures to increase effectiveness and efficiency of institutions and step by step to implement democratization socio-economic life, making good conditions to facilitate enterprises, people, organizations,... participating in the state management and the socio-economic institutional reform in Vietnam.

Understanding well the great roles of enterprises, people, civil organizations and international ones in building, implementing, and completing economic institutions, the Party and State have promulgated a series of legal documents and policies to encourage their participation. These have been expressed via the Constitution 1946, Constitution 2001 (revised), Party Congress Documents, The Direction 30/CT 18/2/1998 of Politburo on the implementation of Grassroots Democracy, and a series government decrees on democracy in the state owned enterprises, communes, towns, state agencies,... Under the principle “people knows, people discusses, and people checks”, the role of enterprises and civil society organizations in the legal document drafting has been increasingly improved.

By strengthening the legal documents dissemination and legal support provisions to the people, even when the legal documents in the draft form, the drafting host agencies have collected many important contributive ideas from the people to the adjustments and promulgation for the core decisions regarding all aspects of socio-economic life. Under the regulations of the current legal documents, the participation rights of the enterprises, civil organizations into the socio-economic development of the country is gradually positioned clearer. Whereby, the community participation into economic development, hunger elimination and poverty reduction, healthcare and education development,.. have achieved many prospective results.

1.1.2. On quality and quantities

Firstly, by the last innovation process as the whole, the State has tried to build and promulgate a system of components to form economic institutions with the focus on the economic legal system and other large legal documents covering all aspects of the economy to fulfill the requirements for economic reforms of the countries.

- In terms of structures, basically, Viet Nam has established the core and important macro economic laws along with the concrete rules in the new context of the economy to build a socialist oriented market economy, such as laws to: i- market type development; ii- investment and business environment establishment; iii- competitiveness promotion and anti-monopoly; iv- macro economic stability and social equity guaranteeing,...

- In terms of quantity and types, from 1986 up to now, there are hundreds laws and ordinances promulgated and implemented. These institutional documents are promulgated by three state branches of executive, legal and justice. Just for the executive branch that is the government, the institutional legal documents have been issued at different levels including government, Prime Minister, ministerial level agencies, inter-ministries and city/provincial people committees. For the legal documents issued by the Prime Minister, the number reaches thousands each year.⁷

Table 1: The number of legal documents (QPPL) issued by Prime Minister in the period 2001-2007

⁷ Lương Xuân Quỳ, Đỗ Đức Bình (2010), State economic institutions in the market economy and economic integration of VietNam, Chính trị quốc gia Publisher, 2010

2001	2002	2003	2004	2005	2006	2007
55	76	86	84	68	57	43

Source: Author summarizes from “Legal document system of the Government”

Secondly, the contents of the legal documents are more suitable with the socialist oriented market mechanism and international economic integration, fulfilling the needs from economic reforms, especially the requirements for bringing into play the roles of state economic management. The concrete points are at the following:

(i) Allowing to implement the first steps in the transformation a series of the state behaviors: (1) Narrowing and loosening gradually the state management and increasing the market regulations; shifting the role of the state from “do instead of the market” to “do for the market” and “let the market” to run effectively; (2) Clarifying the state economic management functions and enterprise business production ones; (3) Shifting from micro management to overall management for all activities of the economy; (4) Shifting from the direct intervention with order and administrative characters to the indirect intervention by economic measures,...

(ii) Initially towards to the guarantee that the State implements suitable economic functions in the context of the socialist oriented market economy and make sure that legal foundations for socio-economic development in the country with the requirements: complying with the market rules and the needs of the real market economy; in the same time guaranteeing to implement the social objectives which are aiming to rich people, strong country, and equality, democracy society. The evidences are that the economic legal system and the state regulations are step by step facilitating for : (1) the development of the market types in Vietnam; (2) the establishment of investment and business environment for the enterprises; (3) the competitiveness promotion, anti-monopoly; (4) the guarantee of macroeconomic stability and social equity...

Thirdly, considering deeply each kind of institutional legal documents, we can see the positive side of these documents as the following:

(i) *There is a breakthrough in the laws and policies to develop the economic components.* It can be said that, the changes in the policies for economic component development since the reform undertaken are significant progress which are so important to innovate the economic awareness and thoughts as well as to express the resolution of the Party and State in creating a suitable economic

institutions with the socialist oriented market economy which the country is pursuing.

(ii) Trade policies have been changed in the freer direction. The innovation in the state trade policy is revealed in the three sectors such as domestic trade, export-import and trade-economic international integration. For the domestic trade, from 2001 so far, the trade policy continues to be innovated in the direction of liberalization with the concrete contents such as: promoting and facilitating the private economy in all sectors which are not prohibited by the laws, fostering to consume agriculture products through the contracts. In the foreign trade, the export-import policies continuously are updated and completed towards more liberalization. For the international economic integration, Viet Nam has been active to this process to expand the markets, take advantage capitals, technologies, skills and economic management experiences to foster strongly the industrialization and modernization work following the socialist orientation.

(iii) The land policy has been changed in the direction of establishing and developing the market for land using rights. Compared to the other policies, the estate policies in general and the land ones in particular have been innovated with slower speed. However, the land using right market and the land market factors brought about by the state policy have created significant development in the land-house market and the estate market.

(iv) The fiscal policy has been reformed in the trend of eliminating the state subsidy, forming and developing the capital market. This is mainly expressed through the tax tools and government expenditures:

- + The monetary policy has been reformed radically with the minimum direct intervention of the State and strengthening to use the monetary policy tools to impact to the monetary market.

- + Income policy has been innovated basically with the focus on the hunger elimination and poverty reduction with the recognition that the labor is a kind of goods.

1.1.3. On the labor force participating into draft and implementation

In terms of the entities participating into economic activities, two of three important ones -enterprises and civil society organizations are increasingly expressing their active and great roles in the market. SOEs have been reformed based on the clear identification of their functions of the state ownership with the state management to make sure the owners' right transparency and let SOEs to

compete equally with other enterprises belonging to other economic components. The non- public enterprises, especially the domestic ones, are contributing significantly to the economic development of the country. The block of the civil society organizations increasingly participates actively into the public service provision and takes the roles from the public agencies in providing some public services.

The State, so important entity, shows many positive innovations, such as: state management system structural reform; state economic function reform towards closer to the market mechanism.

2-Shortages needed to be overcome

While there are many efforts born and important results achieved, the state economic institutions system still does not reach the needs of the reform to develop the socialist oriented market economy. The state economic institutions system has revealed a plenty of weaknesses and shortages requiring the Party and the State to pay more attentions for perfecting. These are expressed through the following aspects:

2.1. On drafting and promulgating economic legal documents and policies

2.1.1. On the process

The process and mechanism to build legal documents are not really in a scientific, objective and democratic way:

Firstly, the process to promulgate the legal documents are not institutionalized fully.

(1) This is one of the causes leading to the limitations in co-operation. The regulations on the process to promulgate the legal documents just are in general principle form which are the same for all kinds of legal documents and state management agencies. In all legal documents there are no compulsory rules to apply in the cases that have no co-operation or bad one. In the same time, there is also no any measures to encourage good co-operation cases. At present, the process for public policy making is implemented under the regulation on drafting and promulgating resolutions of the Government in the Law on Legal Document Promulgation 1996, revised in 2002 which are just a framework with no clear in assigning responsibility, obligations and enforcement for collective entity or individuals in each step from drafting, selecting, assessing, and promulgating ones.

(2) Although the Law on Legal Document Promulgation (revised in 12/2002 and replaced by the Law on legal document promulgation 2008) possess new progresses in the examination order to pass laws, ordinances, but there are many issues not being mentioned such as: there is no any ways to revise, add in the same time the legal documents related to a new law, ordinance just promulgated or revised. This shortage leads to inconsistency in terms of contents making difficulties in law enforcement;

(3) The rule itself on the host agencies to build laws, decrees also leads to surface coordination. The host agencies to build laws, decrees regulating a certain sector usually are those which are the state management agencies for that sector. For example, the Law on the State Bank is mainly drafted by the State Bank. Therefore, in some cases, the host agencies may ignore the contributive ideas of the coordination if these ideas affect to the host agencies' interests which results from part interest meanwhile hurting the national interests. In the developed countries, the host agencies to draft laws usually being independent with the state management agencies regulated by this law.

Secondly, the progress to build laws and ordinances are still slow compared with the life requirements, even there is a fact that which issue is easy with fast drafting will be passed first, meanwhile there are very hot issues but difficulties which are left behind to draft.

Thirdly, the policy making proposals mainly resulting from the state agencies which are assigned to take charge the tasks of the state management. The policy drafting is usually implemented by ministries, level-ministry agencies, special government agencies, provincial committees. Therefore, the public policies are promulgated based on the consideration and analysis of the real situation and also based on the management wishes of each state management agencies. The participation for suggesting policy making ideas to build proposals and policy measures of the affected entities is very limited. There is very few public policies promulgated resulting from the entities who are dominated by the policies made by managers. This is one of the basis causes leading to the fact that some policies are difficult to implement, or once implemented the results are lower than expectations. The policy making ideas suggested and drafted are mainly implemented by the state management agencies (ministries, sectors, provincial committees), so that it is easy to appear the situation of suggesting proposals which are bias of the wishes of sectors and localities without noticing to the overall picture. Based on the assigned functions and tasks and based on the management situation, the ministries, sectors,

provincial committees suggest policy proposals in the assigned management sectors and they also are the host drafting agencies, so that there is lacking of the coordination among ministries, sectors and as a result, the policies are not comprehensive. The concrete evidence of this situation is that there is one issue but implemented by many ministries and sectors, meanwhile there are big issues but not having any proposals from ministries and sectors. This situation leads to the “empty space” in the state management with no policies to regulate.⁹

Fourthly, there are too many agencies to participate into the macroeconomic policies drafting meanwhile lacking of close cooperation among these policies, in the same time, in many sectors, there is no clear classification in terms of authorities among ministries/agencies so that it is difficult in clarifying which agency is the host one and which agency is the cooperative one. The limitations in the cooperation in law implementation and economic policies are revealed through the following reality:

(i) The discipline to comply with the rules on cooperation of some state agencies is not high. Although the current legal documents have set up the rules to respond to legal document drafting, but in the fact, it is difficult to collect comments from cooperative agencies.

(ii) The cooperation among ministries and agencies just is in a surface form. The contributive ideas are normally general, unclear and not useful. For the cooperation type through the way of establishing the proposal building groups or editing groups, the cadres to be sent for participation sometimes are not suitable with the assigned work and they have no understandings about the sectors needed to build legal documents. In other cases, the assigned cadres are the leaders who have limited times to have real cooperation with the host agencies.

(iii) Some host agencies have not respected the cooperation and have not cared about the contributive ideas from the cooperative agencies. In contrast to the unwilling situation for cooperation, due to the wish for avoiding responsibility and due to the lack of concrete regulations on cooperation, some host agencies send a series of requirements to take comments from many agencies even those are not in the suitable sectors.

(iv) The cooperation among agencies in the planning building is not good resulting to the low quality in the planning work affecting adversely to the state

⁹ Trịnh Thị Kiều Anh, Sự cần thiết hoàn thiện quy trình hoạch định chính sách công của Việt Nam trong thời kỳ hội nhập kinh tế quốc tế, <http://caicachhanhchinh.gov.vn>

investment efficiency. For provinces, the inter-province cooperation when building planning work and socio-economic development still lacks of coherence resulting to the overlapping and inefficient investment.

Firstly, the policy making process is still close. In the state economic policy making process, the objectives to benefit and suffer from these policies are the people and enterprises. A good and appropriate policy must be a policy that can fulfill the needs of the entities regulated by the policies. Normally, in the policy making process, the enterprises and the people need to be involved. In the other words, the policy makers should actively consider the comments and understand well the need, ability and wishes of enterprises and the people. In fact, this thing has not been paid enough attentions in Vietnam. The policy making is built with very little participation of enterprises and/or the people. There is almost no dialogues between policy draft agencies and enterprises/the people; and normally these objectives only are allowed to express ideas after these policies implemented and problems revealed.

Moreover, this participation if have any is almost in a surface form. In the several last years, the ministries/sectors assigned to be host in drafting legal documents have organized conferences and seminars for collecting advices. By the website of the Government, ministries/sectors also announce and get many contributive ideas of the people. Newspapers and journals also contribute actively in the policy mobilization. Nevertheless, the consultation to get the people comments, especially from the enterprises for the legal document drafting on the socio-economic issues still are facing a lot of barriers. The first one is that the legal foundation for the policy consultancy and mobilization in Vietnam is not strong enough; the second one is that the consultation to the people and enterprises comments for the legal documents are not real but still in a surface form. The laws and ordinances issued by the National Assembly (NA) and NA standing committees usually are the framework laws. To help the laws entering into the life, it is necessary to build the legal documents lower than laws (decrees, decisions, directives, circulations). However, the consultation to get comments from the people and business community is mainly undertaken with the proposals of laws, ordinances and decrees. Meanwhile, the life needs the concrete regulations. Such detailed issues are not consulted. So that, in many cases, there are suitable, objective and scientific contributions expressed in the drafting process but they are not used in the directive circulations. Along with this there is a common situation

that the host agency in drafting legal documents on the socio-economic institutions are not really fair in receiving comments in the consultation process.

It can be said that in Vietnam, there is no concrete regulations to mobilize the intelligence of the people, experts, scientists who take part in the policy making process so that it limits the way to see and solve the problems. For example, in the policy making process, the forecast work is very important. In the last year, some changes on prices, inflation situation in the world and in Vietnam reveal the fact that the policy forecast has many shortages. The policy forecast must base on the real and scientific foundations. If in the policy making process, there is no the participation of experts and scientist, the policy forecast will face a lot of difficulties.

In the public policy making process, there is no good information channel to receive contributions of the objectives under the policy influence. This thing affects to the willingness to policy implementation.

Meanwhile, many enterprise associations and enterprises have no understanding about their rights and responsibilities, resulting to the inactive position in participating for consultation. Some associations are afraid of conflicts, so that they try to avoid to speak out for enterprise interests. Almost enterprise associations/ enterprises lack of resources (human, financial resources, skills, information) to undertake research, consultation organization, effective mobilization and pursue to achieve the enterprises requirements. Among associations there is lacking of cooperation in the policy mobilization.

Sixthly, the agencies having authorities to approve policies have not paid enough attention to the policies which will be institutionalized in the laws and they have not implemented fully the regulations of the Law on legal document promulgation 2002 on the implementation for assessing the influence of promulgated legal documents to the socio- economic development. The policies institutionalized in the laws must be researched, assessed, and forecasted its influences, applied, experience drawn; and just bringing into the laws the policies which are assessed to be suitable with the facts. The fact shows that, if the authority levels have paid enough attention to the policy research in the period before embarking to build the laws, the law building process will be smooth and the laws will be easier to implement in the reality. There are many causes making the authority agency levels have no paid appropriate attention to the policy research and making. This work requires skill human resources and due budget to research. In Viet Nam, this factors still are weak and shortage.

2.1.2. On the contents and quantities

Firstly, the economic policy system is not enough, inconsistent and slow in the implementation

(i) Meanwhile having many efforts and achieving important results, this system does not catch the requirements of the reform cause to develop the socialist oriented market economy. There are lacking of many important laws or they are not complete, especially the laws regarding the regulations on competitive behaviors, ownership right protection, and other disputes (in particularly which ones related to the administration decisions). The biggest shortage of the economic policy system is the lack of legal documents under laws or the guiding documents for legal document implementation. Typically, these are laws and policies on income tax, speculation on anti dumping, estate, auditing, planning,...

(ii) Many important contents issued through the Party Resolutions related to the socio-economic reform are slow to institutionalize. For example, the state management to the assets belonging to the state, the estate business register, sound competition, monopoly control, state machine reform and political level system,...

(iii) The policy system is still inconsistent, overlapping in the regulations. This inconsistency is not only expressed among legal documents themselves but even in the one document. Some policies provided in the issued law have contents different from the policy contents which the government raised in the law proposals.

(iv) It is always late in promulgating the legal documents. Some regulations needed to adjust timely business behaviors and create necessary legal corridor to make the socio-economic development in the right direction are slow to issue. There are laws to submit the NA or the government but the NA or the government decided to stop or delay from the law building program. Along with this, there some laws those are passed by the NA but the policy contents are not oriented in the laws but assigned to the government, the prime minister to issue concrete regulations. So that, in the fact, many legal documents issued by the government, prime minister are slow compared with the effect of the laws and ordinances and so that laws have to wait the guiding documents to be enforced.

Secondly, the effectiveness of many economic policy legal documents are low due to unconvincing and unrealistic contents, which not solve the problems of the reality and still have big gaps. So that, many legal documents are slow to enter into the life or not possible to implement and once deployed have not received the

social support. In the fact, there are the cases that many policy legal documents were immobile after a short period to be implemented.

The country in the development period, especially in the international integration process, one thing which can not be denied is that many policies are not stable, confused and in the experimental process. So that the policies always are changed, especially those related to the built laws and ordinances.

Typical examples of low effectiveness of the economic institutions are Law on Bankruptcy, Law on Competitiveness,... Although approved by the NA in 1993 and revised in 2004, but so far the Law on Bankruptcy still has no full implementation guiding documents. Due to this fact, meanwhile the law passed more than ten years ago, but the bankrupt cases have no consistent legal foundations to be enforced. Similarly, the Law on Competition also was issued in 2004, but so far the implementation effectiveness is very vague. Consequently, there are many weaknesses so some enterprises take advantages, especially those are in the dominating positions in the markets. This hurts the social interests in general and small enterprises in particular. Besides, there is a series of legal documents to protect industrial ownership, consumers such as Law on Securities, Law on Accounting, Law on State Auditing also have low implementation effectiveness.

One of the causes leading this situation is that the responsibility mechanism to the laws and society of the objectives to be regulated have not paid enough attention by the policy makers and the legal system. The legal system of the country is built mainly to strengthen or maintain the state management in which focuses too much on creating patterns, framework to force the objectives regulated by the legal system to obey.

Thirdly, the contents of the laws still are too general and not concrete, push problems into lower legal documents to solve, therefore it is very difficult to implement and makes the laws less stable. The fact shows that almost laws although promulgated but could not be applied until having guiding documents in the form decrees, circulations of the executive agencies. For example, the Law on Enterprises 2005- a law has been considered having many breakthrough regulations in terms of guaranteeing the rules of the market economy, also had to wait the guiding documents from the government for a series of issues such as: business registration, state company transformation, foreign capital owned enterprises transformation, ownership to the state capital part in the stock companies and limited companies, and so on...

Fourthly, the possibility to implement some laws is not high. Many legal documents have to be revised and adjusted on enforcement. This is due to that the process of legal document building is not implemented seriously and detailed; the policy makers have not taken account fully into all consequences, chain effects, especially adverse affects can be born in the law implementation process and have no suitable plans to solve these problems. Besides, the possibility to implement laws are not high partly due to the legal documents building process is not implemented in a right way with some different causes such as: the law proposal building process has not appropriate time to be discussed openly, at least for taking full comments of the objectives regulated by the laws; the law proposals normally are built with the thinking bias in favour of the management of the state agencies and often are drafted by just specialized management agencies. Therefore, there are not few laws and legal documents just being issued but appeared unreasonable points need to be revised, even so difficult to enter into the life.

Fifthly, the contents of some laws, policies still are subjective, vested interest with the bias in favour of the ministries/sectors' interests meanwhile lacking of connections among policies, and not suitable with the market economy and the interest of the society as the whole. The fact of the law building shows that the ministries/sectors those build the laws always consider their ministries/sectors interests meanwhile not paid enough attentions to the national and the people interests to build policies. This thing affects adversely to the law effectiveness. One example can be easy to recognize is that the new promulgated laws have a trend to set regulations on the licenses, business conditions but not really facilitate enterprises. Moreover, the regulations on business conditions are different with various service kinds regulated by different laws, so that enterprises have to register fragmentally and inflexible. This thing makes enterprises get more difficulties.

Sixthly, the thoughts of subsidy, especially for the SOEs, in some policies have appeared again with wide and deep scope. This is revealed clearly in a series of important policies:

(i) In the land policies: the priorities of the government for the SOEs are expressed via the fact that these enterprises are provided lands for manufacturing and doing business without paying money or just much lower than the normal prices in the market.

(ii) In the fiscal policy: The government has devoted too much investment for the SOEs, even for some economic development programs which are costly and ineffective. Besides, the public investment policies have many weaknesses, the

public investment shares are too large and the effectiveness are very low. Meanwhile, the tax policy and law system are not completed, not covering all revenues, the policy to the tax exemption and reduction are applied in the too wide scope.

(iii) In the monetary policy: this policy has not followed completely the market principles. The government has provided credits with many priorities to the SOEs, especially the state economic groups.

The resulting consequences of this subsidy policy are the increasingly corruption in the state sector and low investment effectiveness. Besides, the over investment into the land and real estate market results in the “bubbles” in this market.

Seventhly, the discrimination and protection still exist in some policies. This discrimination is revealed fullest between the state economic sector and the private sector; and the protection are focused strongly on the domestic enterprises. It can be seen through these following policies:

The discrimination is revealed clearly in the land, credit and investment policies. Meanwhile the SOEs are subsidized with many priorities, the private enterprises are not only received any priorities from the State but also suffered a lots of troubles from the public policies: 1- As mentioned, meanwhile the SOEs are facilitated in terms of land or places to produce and do business, the private sector is facing a lots of difficulties in accessing the state functioning agencies to solve the issues such as grounds for production-business activities, capital borrowing procedures, enterprises establishment, tax code registration,... ; (2) Many tax and custom policies which facilitate the enterprises activities have been approved by the Government and Ministry of Finance but have not been implemented so far; (3) Up to now, the private economic groups have been not recognized in terms of legal status; the presence of the private economic groups in Vietnam is still in the direction orientation, and there are almost no policies for the private economic sector.

The protection to the domestic enterprises is expressed in many policies, but clearest in the tax and price policies. Typically, the special consumption tax reaches 83% for imported cars to protect the domestic auto industry.

2.1.3. On the participation forces

The capacities of the policy making agencies and those of the policies makers are limited, meanwhile each agency have to make too many policies, so that the

policy quality is not high. Just for the Ministry of Natural Resources and Environment, in 2008 they issued 51 types of legal policy documents belonging to 9 different sectors including land management, map measurement, water resources, minerals, environment, information technology, and some other sectors within its management authority. Meanwhile the number of the legal documents to be issued is very large, resources devoted for the drafting work are so shortage. Each legal document just is drafted by several people, the time duration to draft is too short, the information work for supporting the draft process is weak and lack of financial investment and necessary conditions. Therefore, it is easy to understand why the quality of issued economic policy documents is not high.

Along with this, it lacks of mechanisms to attract good experts to participate into the law building process.

On the state side, due to not clarifying and explaining the roles of the State in the economy, the determination of the functions of the state machine in general and each agency in particular faces a lot of difficulties. Because of this situation, the process of the machine re-arrangement looks so confused in the last 20 years. With the same reason, the state intervention sometimes is not timely and suitable, and as a result, many measures implemented ineffectively, even having adverse affects against expectations.

The important factor in the organizational system is a human one. Transforming to the market economy, but the civil servants of the old mechanism are still used. The thinking changes and new knowledge updates are so slow. The quality of the servant force so far does not meet the requirements of the reform in terms of thinking and knowledge, and this prevented much the economic institutional reform and the development of the country .

On the economic policy implementation

The work for policy implementation is not paid adequate attention to be equal to the policy making work. The details as the following:

Firstly, the related ministries, sectors and functioning agencies do not concretization timely the policies to be processes, standards, criteria close with the facts and suitable with the common or typical conditions of each region. Regarding international treaties in which Vietnam participates, the research and implementation of these treaties are not respected adequately, the process to make them suitable with the Vietnam conditions are slow.

Secondly, the investment for information, dissemination, announcement, clear guidance for the policy contents, the implementation method, the responsibility of each level, each sector,.. has not been paid suitable attention. The announcement and publishing of the legal documents have not been obeyed seriously by the state agencies. The legal dissemination is just in a surface form; their forms and the contents are not close to the needs and conditions of each objectives group, especially for the people in the rural, mountainous areas and ethnic people.

As a results, in many cases, there are legal documents promulgated with the expectations that they will assist much to the enterprises and the people as well, but due to the insufficiency in the information work leading to the fact that many people and enterprises have not known about such legal documents to take advantages from the priorities from the State. Consequently, the belief of the enterprises and people to the State goes down; the new issued policies are not welcomed and cared actively by the people and enterprises.

At present, Vietnam is lacking of a strong legal service system to support enterprises and the people to master the laws and comply with the laws in the daily economic activities and in the necessary cases to protect their legal rights and interests.

Thirdly, “the mechanism to implement” the economic laws, the same in everywhere following the market competitiveness mechanism, economic management decentralization mechanism, resources allocation mechanism, or participatory, reporting mechanisms,... is much influenced by the thoughts of the policy making agencies.

In Vietnam, the thoughts of discrimination, partial interests, responsibility avoidance, too many tasks take, especially the “civil servants are mandarins” thinking still exist in a large part of cadres and civil servants.

These types of thoughts have push the enterprises and the people always in the position of “begging” and the civil servants are “the givers”- which limits much the business initiatives in the society as well as appearing more cost transactions, making the business environment worse.

Fourthly, the guarantee conditions for legal enforcement is still weak. There are many cases that good people protecting laws are threatened in terms of their lives and human dignities. These dilemmas make the people do not want to struggle for laws protection and implementation.

The renovation of the organizational way and activities of the judicial agencies is very slow. The organizational way and activities of the courts, especially the trial activities have not yet brought into play the roles of the judiciary in the social life. The administrative procedures are still cumbersome and fragmentary making loopholes for the judicial principle violations, leading to some serious wrongfully cases. This fact reduces the operational effectiveness of each agency and each procedural period in particular and the judicial activities in general. The unreasonable points in the procedural laws are slowly to revise. The sentence enforcement and decisions in legal effects of the courts and decisions of administrative are not implemented timely and completely.

The legal enforcement is very weak resulting to the feelings of ignoring laws in a large part of the people which leads to the serious consequences in the long term. The infrastructure base to serve the state agencies, especially the law protection agencies are shortage and outdate. The means to support the implementation also are not enough with the very limited budget.

Fifthly, at present, Vietnam has no control, monitoring, and assessing mechanisms for the policy implementation. The law enforcement monitoring is very loose in many sectors resulting to the cheats and corruptions makes serious consequences in the socio-economic life. In the context that the civil servants in some areas are limited in terms of quantity and quality, the supervision gets more difficulties.

Along with this, this is almost no cooperation among related agencies as well as governmental levels in the monitoring and assessing of the law and socio-economic development implementation. So far, there is no legal documents regulating the supervision and assessment cooperation of the implementation for the sector development strategy and plan or the socio-economic development. The most common cooperation form is to set up the inter-sector survey delegation to check the plan and policy implementation. However, due to the resource limitations, such surveys and assessments are not undertaken frequently. Moreover, the information sharing among agencies is very weak, partly this has not become the administrative cultural standards, and lacks of consistency and comprehensiveness in the information system at present.

In the other hand, the individual responsibility in the policy implementation process has not been clarified. This fact leads to the irresponsibility of a large part of the civil servant force related to the policy implementation process. Meanwhile, we have no mechanisms to promote the supervisions of non-state and community

organizations To achieve this objective, it is necessary to further democracy and transparency in the policy making process from the state agencies.

Besides, Vietnam is lacking of transparent and effective supervision and assessment system for the socio-economic activities- an important factor to guarantee the sustain of the market oriented economic development process.

The purpose of the supervision and assessments is to guarantee that the activities of the economic system reach the expectation results avoiding the resulting risks from the wrong activities and financial and other resources wasting. The real economic activities in the last years show that the lack of effective supervision and assessment mechanisms making a lot of negative consequences in the economic management. There is no effective supervision along with the necessary enforcement measures and also lacks of useful measures to force the ministries, sectors and localities to provide fully information and reports under the current regulations.

Together with the clarification of the state tasks in the economy is the process of management decentralization. In the last time, the decentralization mainly bases on the criteria of scope but not bases much on the characters and contents of the issues. The decentralization which is not in the right way has resulted to the facts of “begging- giving”, push works to the higher levels and “discretion” of the local levels, especially provincial one. Unreasonable decentralization in the work will lead to the unreasonable organizational setting at all levels. Along with this, the effectiveness of the decentralization depends much on the cooperation mechanism among levels and the same level agencies. At present, the cooperation among levels seems ineffective; the cooperation among the same level agencies also is very weak, including the exchange necessary information. Up to now, there is almost no legal rules for compulsory exchange information or open information announcement for the state agencies. Therefore, it can be said that among three sub systems of the state economic institutions, including “economic laws”, the entities participating “the economic game” and the mechanism to “implement the economic game laws” the system of “the mechanism for implementation” is the weakest one in Vietnam at present.

II- REFORMING THE ECONOMIC INSTITUTION SYSTEM IN THE COMING PERIOD

1- Some requirements of new situation and new tasks

The real reform process for nearly 25 years has shown the necessity and correctness of the transformation from the centrally planned model to a market economy one under the state management with proactive, positive and open international integration. For a country with a low departure level such as Vietnam, the selection of market economic development, openness and deeper integration into the regional and global economy is considered a reasonable and effective choice to develop the productive forces, unleash the production force development and create infrastructure for socialism. To run well the market economy, however, along with the good and effective mobilization of the role of the State, it is necessary to continue to build and improve the market economy institutions to make soon “game rules”, organize “games, games styles” and create conditions for players to join equitably and legally in the games, even for withdrawing from the games under the rules.

Firstly, the reform of the state economic institution system is the inner requirement of Vietnam economy and administration, a key part of the restructuring for the social economy to transform the development model to quality priority to the sustainable development.

At the same time, globalization, internationalization and international integration in the coming period will be more exciting with very differences. That means that along with multilateral cooperation, the bilateral cooperation will be taken place very strongly, in many forms and increasingly diverse, including cooperation between two countries, between countries and regions, and between regions and regions, ... Since then creating sustainable momentums for development multilateral cooperation towards more comprehensive and coherent one. The main diversity in this link - cooperation has put the states involved to be governed and dominated by many different institutions, laws, etc. That requires states to adjust and improve their institutional systems for adaptation.

In this situation, building, adjusting and improving institutions in particular and the state economic institution in general for being suitable for rules of commitments, international integration have been urgent requirements to Vietnam. To adapt to new international and local conditions and situations, the improvement of market economic institutions in general and the state economic institution in particular need to ensure the following requirements:

Firstly, the promotion of the economic role of state and improvement of the state economic institution must obey and implement strictly the market economy principle and laws.

To implement this requirement, the most important priority task is to establish early a real market economy and comprehensive markets and elements of the market. All business productive activities, adjustment and governance of the state in the economy must comply with the principles of the market. All activities in the market economy, including direct and indirect ones, macroeconomic and microeconomic ones must be governed and adjusted by the market mechanisms, market laws and must obey competition; considering competition as motivation, the best method to enhance the production and business development. All interventions as administrative orders, deep interventions into the economy and the business production activities of enterprises are not suitable with the market mechanism and must be cancelled.

It's indispensable trend to build a “streamlined state but strong one” and “an effective government”, in the context that Vietnam has deeper integrated into the region economy and global one, the adoption and rapid creation a mechanism for free-market competition in Vietnam is really urgent. To make the market competition mechanism being implemented effectively, it should make uniform and consistent for two things: (i) strengthening the role and function of the market in regulating and allocating resources efficiently for development, (ii) the state adjusts itself the roles and tasks to meet requirements to promote the strengths and overcome the disadvantages of the market economy, openness and international integration.

Secondly, the reform for economic roles of the state and the improvement for the state economic institutions must ensure to be compatible with laws and international general rules, first of all is commitments which Vietnam signed with the international organizations.

The commitments of the market economy, openness and international integration can be regarded as standards to consider, evaluate advantages of a country. Therefore, the implementation for the economic role of the state as well as the improvement for the state economic institution must be implemented exactly under the market principles and commitments which Vietnam signed. According to these, Vietnam should build law documents, open free trade and investment, implement *Most Favored Nation Rule* and *National Treatment* principles to create advantageous and equal environment for production and business doing of foreign enterprises in Vietnam market. It's important that Vietnam has to positively innovate and reform to be recognized early as a market economy and be treated equally in international cooperation.

Thirdly, the reform for the state economic role and the improvement for the state economic institutions have to satisfy requirements on building a socialist oriented market economy with modern conditions.

The best general economic model for Vietnam in the coming period is *a socialist oriented market economy with modern conditions to ensure rich people, a strong nation, an equal, democratic and civilized society*. It's a synonym with having to improve early the state economic institutions towards to the state of law model. To obtain this objective, our state, besides the functions as other states do, it needs to pay more attention to two functions: (1) providing “public service” function, the very important service is “soft” one as simplifying administrative procedures, custom procedures, tax ones, etc. (2) the state has to implement well efficiently inspection and supervision functions to all of production and business activities as well as other activities. The improvement for the state economic institutions must be more complete, comprehensive, and transparent on laws, policies, making good conditions, equal and right in laws for the people who participate in “games” in the economy based on the market principles and fair competition.

2- Contents and measurements of the reform for the state economic institution system

2.1. Strategic point of view

- Improvement for the state economic institution is a frequent, continuous period, to have strategic orientation while timely adjusting for suiting with the development of the country and the world economy background in given periods.
- Improvement for the state economic institution to create motivation for ensuring rapid and suitable growth period of Vietnam in the international integration condition.
- Improvement for the state economic institution must ensure the orientation with entities which participate in the economy, in particular is political – economic – social orientation of the socialist Vietnam State.
- The the state economic institution is improved in harmonious relationship with economic non-economic institutions, where the role of enterprises community and people are special interested.
- The state economic institution is improved in tie relationship with international commitments which Vietnam has signed.

- The state economic institution must express the roles, functions of the state in new economic background, to tend to the development tectonic state model.
- The state economic institution must ensure the capacity of limit maximum negative effect which caused the economic cycles.
- The state economic institution must ensure the openness and transparency in building period and implementation policies.
- The state economic institution must ensure to form institutions to contribute for enhancing the social progress and equality¹

2.2. Oriented solutions

2.2.1. Improving the contents and process of building law, economics policies

To overcome the shortcomings in the law system and economics policies, it needs urgently to build, enforce and apply laws, policies which are not in place yet; in addition, in each law and economic policy, it need to implement well both content and process of building laws and policies.

(1) On contents: the law system in general and economic laws in particular need to satisfy some requirements following:

Firstly, ensuring the correctness and accuracy. It is urgent to overcome early the situation of building and perfecting laws following the tradition thought that is to make laws suit the fact or being step by step compatible with international laws. Because, once being laws that means right or wrong, not “suitable” or “step by step compatible”. The laws which base on this thought will create gaps in the laws. It’s a cause leading to the situation many law documents must be revised and added continuously but their effects are not high and still make contradictions, conflicts in running process.

Secondly, ensuring the concreteness and the details. As above mentioned, many Vietnamese law documents are general, lack of particular. It makes difficulties and wrong in implementation process. In fact of Vietnam, to enforce laws must have documents under laws such as: decree, circular, ... which guide to implement. Therefore, having no guide documents or guide documents are enforced late, event guide documents are different with laws, ... has been important reasons to make economics institution in general, economics law system in particular inadequate and weak.

¹ Do Duc Binh,

Thirdly, it must be practical. Laws must be comprehensive, covering all sectors, all respects in order to avoid difficulties during the running process. In the same time, the contents of laws must be associated with the practices and reflect exactly the requirements of the practices; also, it must be associated with thoughts and reflect the expectations of the people, enterprises and other organizations in the society. Thus, laws can be supported by people and enterprises, from which they actively and voluntarily obey the laws.

Fourthly, it must ensure the prediction. As we all know, the domestic and foreign areas of economic political and social life are always active, diversified development and complexity. Therefore, besides accuracy, concreteness and practice, the rules and laws need to be built based on the prediction. This contributes to well operate the correctness, concreteness and practice of the laws at the same time allow to minimize conflicts during the running process.

(2) With the process of building laws and policies: there are two main issues need to solve: reforming the process of building laws and reviewing the system of mechanisms, policies and laws which are enforced.

Firstly, reforming the process of building laws and policies. To push progress of building and enforcing laws, avoiding the situation that the host agencies to draft laws also implementing laws; it needs to strengthen the legislation role of National Assembly and implement comprehensively measures following:

(i) Doing well the process of policy identification to put into laws

Firstly, improving the regulations on forecasting and assessing the socio-economic impacts of legal policies. Especially, it needs to introduce in the Law of issuing legal documents closer and more complete regulation requirements of period policies research before planning law building programs. At the same time, it needs to implement seriously legal regulations on forecasting and assessing policies impacts, introducing only law projects which are prepared into the law building programs.

Besides, the contents of policies to put into laws has to be defined clearly. In fact, making policies, specially in Vietnam which is in integration and development period, the identification which view points policies base on, how study international policies suited Vietnam practices is a difficult work. However, difficulty doesn't mean we can't define. To overcome this difficulty, we have to study policies on the theatrical side and practices forecasting, social-economics

impact assessment of policies, policies comparing, choosing the best policies for Vietnamese practices and development needs of Vietnam.

In addition, policies have to be built stably. To implement this issue, it needs to build policies suited strategies and strategic development orientation economics industries in general development of the national economy. Policies just are stable once based on this. Of course, this stability doesn't mean nothing change but policies can be changed in order to adapt the economy development situation. However, policies need to be stable and consistent so that laws are stable.

Agencies which are responsible for making, proposing policies and the agencies which have authorities for approving policies, especially the ministries, branches should pay more attention to research and propose policies appropriately for the development of the branches. The fact that the ministries, branches are less interested in making policies, funding for making policies is too small comparing with funding for other projects, is the cause of many policies approved but not feasible, or policies to prepare for law projects not persuasive, are not put into laws. Besides, agencies have authorities for making and approving policies need to have close cooperation in researching policies in order to ensure inter-communication policies, creating favorable conditions for subjects applied in laws.

(ii) The task assignment in the state management structure in general and state management on economics in particular has to change on the direction: increasing law making task for the legislative organizations on the direction that laws must be more detailed, specific, and feasible. So, it needs to improve high quality of National Assembly representatives, at the same time, increase number of professional representatives who are able to participate in making suggestions to build law projects from at least above 40% (this rate is now about 25%).

(iii) Establishing the cooperation mechanism among functional organizations, institutes, scientists and relative organizations in the law making process.

(iv) Using local and foreign experts in researching, consulting, reforming and supplementing legal documents. It needs to build guideline documents at the same time with enforcing laws and decrees; overcoming early the incompatibility between guideline documents and legal documents enforced.

(v) Building policies needs to be transparent and match with general interests and social development; promoting general development, not for local interests of one ministry, branch or a few people. On this basis, policies and laws just create an equal legal environment for the adjusted subjects. So, it needs to change the way of

building and approving policies and laws to make it open and enhance opportunities for consultations, seeking opinions of subjects who are under the regulation before passing laws and promote the process of issuing guideline documents. In the legal document drafting process, it needs to facilitate institutes, organizations, individuals to contribute ideas, collect ideas from regulated subjects by legal documents based on suitable scope and methods. It needs to consider seriously opinions which contribute to a law project or a draft legal document in order to complement, improve draft legal documents. Example, the Law of Enterprises needs to have the active involvement of enterprises. The state should make mechanisms and facilitate enterprises to participate in the policy-law making process related to investment, production, business, ... In other words, it must apply the scientific method in testing policies which are expected to apply and methods of drafting laws which have been applied such as RIA, ROCCIPI. Besides, it needs to expand the subjects involved in policy research for the formulation of laws.

(vi) Revising laws must be implemented at the same time with all of relative legal documents in order to avoiding conflicts and overlaps among laws.

Secondly, re-checking systems, policies and laws which have been issued and applied such as:

(i) Reforming laws and regulations suitably to requirements of WTO; checking, rejecting documents which are not suitable and not compatible to the requirements of the trade agreements and investment agreements like as other agreements which Vietnam has signed or accessed; ensuring the consistency in all legal documents.

China's experiences show that, only after 3 years of accessing into WTO (from December 2001 to December 2004), China reformed and rejected 3000 documents issued by central organizations, 290.000 documents issued by cities and provinces under the central government. Checking, reforming and improving policies, laws to be matched with requirements of the international integration is one of the urgent tasks of the economics institution system of the state nowadays.

To do this, it needs to: build and improve the mechanisms of reviewing, controlling, supervising the constitutionality and legality in the activities and decisions of public authorities. In parallel with the improvement of the system of legal documents, it's necessary to build the strong foundation of socialist legal system, in particular, it needs to improve the sanction system because most cases do not strictly implement the laws first because of lacking of sanction systems or

sanction systems aren't in standard but not be adjusted and supplemented in time. In addition, the State should more clearly defines the quality, scope and powers among the activities of supervising of organizations under the state administrative system and the testing operation of the system of organizations of the Supreme People's Procurary of Vietnam.

The agencies have responsibilities for reviewing legal documents are courts. The reviewing, eliminating process must base on the viewpoint on equity and independent with competent bodies to issue administrative decisions. Also, it need to limit the use of official documents issued by own agencies instead of legal documents. The practice of using official documents as a source of laws has been relative common in Vietnam nowadays. This makes the legal environment loses its stability and unsystematic, lack of transparency, unpredictable and inconsistent because the official documents are easy to change, difficult to access and not be publicized. Official documents are only regarded as the guideline documents without forcing of the State to economics activities as well as to enterprises in business activities. So, it needs to avoid abusing this kind of documents in order to not make erroneously legal documents in the implementing process. This will be solved absolutely when the quality of legal documents are improved, social relations raised in production and business process of enterprises are anticipated and legislated.

2.2.2. Improving the running mechanism of the state economy

It includes: create quickly a market competitive mechanism, at the same time, it must maintain the just intervention of the state. The general trend must loosen the intervention of the state, strengthen the regulation of the market to production, business in places where the market operates effectively. The state should interest in operations which the state has strengths, comparison advantages at the same time, focusing on improvement aspects are weak, insufficient with higher requirements of the economy, integration and international competition. The state should concentrate on forces to do well three aspects as follows: (1) orientation of developing society – economy and an environment; (2) Ensurance advantage society – economy infrastructure, modern and effective of the development; (3) Providing the form of the regulative institution and leading the economy. To do that, the state has transformed the operative mode from direct and deep intervention on micro operations by major administrative orders to the indirect mode by economics solutions.

2.2.3. Reforming the body of state management suits the requirements of international integration

Enhancing the capacity of the state management machine which includes many contents, such as enhancing the administrative capacity and professional skills of officials, implementing institution and optimal management methods to support to politicians, leaders, managements and officials to promote an independence, creation, responsibility, ... for general interests. It should focus on strengthening effectiveness of controlling, supervising from two ways, (state management agencies to enterprises, organizations, people and contraries). It's very an important institution to ensure a transparent strong state, avoiding arbitrariness actions, corruption and a lots of other negative behaviors.

International experiences and the fact in nearly 25 years of Doimoi in Vietnam have shown that the process of reforming mechanism of economy management requires to reform in a basic way the system of the state management agencies. It is not only the structural changes but also including the changes of functions, tasks of each organization, changing the methods to work and the behaviors of each official in the public authorities. The continuous reform and improvement of the state management machine in Vietnam must implement comprehensively and consistently and have close assignment and co-operation among three branches of the legislation, executive and justice.

The control and supervision must be implemented in a right purpose to discover mistakes and adjust timely to direct activities in general and production and business activities in particular to intended objectives, not permit to make obstacles which cause inconveniences.

To do this, the government should concentrate on building, issuing, leading and controlling the implementation of institutions, the plans, the macro management policies to the socio-economic development. At the same time, checking and overcoming overlaps on functions, tasks among the ministries, organizations, ministry level agencies and local government; strong implementing competitive principles in public service providing. According to that, it should change the public services providing to some social organizations, non-government organizations or enterprises if these units operate more effectively. Otherwise, it should continue to issue and strongly implement the regulations on decentralization between central government and local one.

2.2.4 Establishing participatory mechanism for enterprises, civil society organizations, international organizations in the process of implementing and adjusting economics institutions of the state.

In the new local and international contexts, to continue to effectively implement the reforming policies, it should more strengthen to democratize the socio-economic life, in particular the implementation of democracy regulation at the grassroots level; it needs to more sufficiently institutionalize the openness and facilitate enterprises, civil society organizations and international organizations actively participating into general works. To more attract the participation of enterprises, civil society organizations and international organizations in building, implementing and improving the economics institution of Vietnam, it should particularly focus on demands and solutions as follows:

Firstly, continuing and improving the legal structure to ensure effectively the participation of enterprises, civil society organizations. To do this, first, the state agencies operate more openly and effectively, to facilitate enterprises, civil organizations, ... to participate spaciously and implement well the supervising right to the operations of the state agencies directly from the legislating procedures to the executive ones and the justice ones. Institutionalizing early completely, particularly issuing legal documents to run drafting, assessing, issuing legal documents on principles, implementing on processes to contribute to building really a state of law facilitating people, enterprises and organizations to contribute to give opinions and comments on the draft legal documents. The important thing is that policy makers to must listen actively and positively to critical opinions with good evaluation, whereby regulating and improving timely the shortages in the drafts or the issued legal documents.

The information system of legal documents, policy decisions on strategies, the socio-economic development plans, building and developing infrastructure, etc. should be publicized on media means and other propaganda tools on laws, policies in order to all people, enterprises, organizations, unions can understand and give opinions and effectively implement.

It should institutionalize quickly the decree on democracy at the grassroots level in higher level, making Ordinance on democracy at grassroots level become a law. It should institutionalize quickly the participation right of people, enterprises and civil society organizations through the building and issuing the Law on referendum and quickly applying this law in the life with the complete guideline documents. It should define clearly and fix specifically the responsibilities of the state bodies in

explaining, referendums and the responsibility of enterprises, organizations, unions in giving opinions, criticizing on specific issues.

Secondly, making driving forces, supporting, encouraging the effective participation of enterprises, civil society organizations, international organizations in the process of building, implementing and improving the economics institution in order to suit the domestic and international contexts.

- With enterprises: should strengthen more the participation, opinion contribution to the drafting law and making policy bodies. It requires the government to arrange more direct or indirect contacts, exchanges via television, online networks, etc. to listen and reply to enterprise feedbacks about their difficult problems which relate to institutions, economic policies. From this point, the government can define unsuitable and unpractical points in policies and laws. In addition, the government and policy-law making bodies should listen and acquire the critical opinions of enterprises to suggest to make some important policies and mechanisms, such as investment policies, land policies, tax policies, Law on enterprises, Law on trade, etc.

- With civil society organizations (including political organizations, professional social organizations, domestic professional unions, self management unions, etc.)

With the increasing importance of civil society organizations in the market economy, strengthening the attraction, encouragement and support to society organizations to participate more effectively in the process of building, implementing and improving economics institution is an indispensable requirement. To achieve that object, in recent time, besides enhancing to popularize policies, laws (right from being draft ones) timely in order to organizations can understand, implement and give feedbacks, the state should facilitate them to do well some aspects as follows:

- (1) Implementing well the citizen rights. The state economic institution should be built and improved in the direction of ensuring well, more advantageously for the participation of civil society organizations into activities such as information provision and citizen training, supporting to strengthen the capacity to the collective activities to help people to self-organize, mobilize all forces and co-ordinate to solve every work.

- (2) Supporting to find jobs, maintaining and strengthening incomes, improving life conditions for people.

(3) Participating in providing some kinds of public services. The state must transfer some public services to civil society organizations in order to achieve better socio-economic affects such as training services, improving skills for workers, starting enterprises programs, promoting work, promoting commerce programs, etc.

(4) Encouraging the participation of civil society organizations in the process of building, implementing laws and economics policies, strengthen the roles of these organizations in supervising activities and criticizing policies.

- With international organizations: the international organizations usually have strength in consulting to build laws, policies as well as training, improving the knowledge's on economics and business administration, science – technology, supporting producers to implement the process of business production based on international standards ... Therefore, like as enterprises and civil society organizations in Vietnam, the international organizations should be encouraged to participate in the process of building, implementing and improving the economic institution of Vietnam. However, the State should implement well and effectively the function of supervising, checking the operations of these organizations in order to limit maximum the negative operations which impact badly to sectors of economics – politics – society of the country.