

## Applying Marxist Economic Philosophy in the Process of Building a Socialist-Oriented Market Economy in Contemporary Vietnam

*Aplicação da filosofia econômica marxista no processo de construção de uma economia de mercado com orientação socialista no Vietnã contemporâneo*

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### ABSTRACT

Marxist philosophy, particularly its theory on the mode of production and relations of production, provides a scientific foundation for understanding the laws governing economic dynamics. This article analyzes the core economic principles in Marxist philosophy and their application in constructing Vietnam's socialist-oriented market economy. By examining the compatibility, adjustments, and innovations in applying these doctrines, the article highlights achievements, limitations, and proposes several solutions to further refine Vietnam's unique economic model amid global integration.

**KEYWORDS:** Marxist philosophy; Marxist-Leninist political economy; Market economy; Socialist orientation; Vietnam; Relations of production; Productive forces.

### RESUMO

A filosofia marxista, particularmente sua teoria sobre o modo de produção e as relações de produção, fornece uma base científica para a compreensão das leis que regem a dinâmica econômica. Este artigo analisa os princípios econômicos centrais da filosofia marxista e sua aplicação na construção da economia de mercado de orientação socialista do Vietnã. Ao examinar a compatibilidade, os ajustes e as inovações na aplicação dessas doutrinas, o artigo destaca conquistas, limitações e propõe diversas soluções para aprimorar ainda mais o modelo econômico singular do Vietnã em meio à integração global.

PALAVRAS-CHAVE: Filosofia marxista; Economia política marxista-leninista; Economia de mercado; Orientação socialista; Vietnã; Relações de produção; Forças produtivas.

## 1. INTRODUCTION

Karl Marx stands as one of the most profoundly influential thinkers in the history of economic and social doctrines (Nguyen et al., 2017). His propositions in *Capital* and related works have become a cornerstone of scientific socialism, particularly in dissecting the dynamics and contradictions of the capitalist mode of production. Beyond merely describing contemporary realities, Marx articulated a revolutionary worldview that orients the inevitable progression of human history, through the dialectical interplay between productive forces and relations of production, and between the economic base and the superstructure. In Vietnam, Marx's doctrines were early embraced and valorized by President Ho Chi Minh from the early 20th century. During the leadership of national liberation, nation-building, and defense efforts, the Communist Party of Vietnam has creatively applied Marxism-Leninism in accordance with the country's specific conditions. After achieving independence, Marxist-Leninist theory continued to serve as the guiding compass for national development, aiming toward socialism (Hoa, 2023).

The most pivotal turning point in applying Marxist theory to Vietnam's economic domain was the launch of the Renovation (Đổi Mới) initiative at the Sixth National Party Congress in 1986. This represented a revolutionary shift in theoretical thinking, leading to a comprehensive transformation from a centrally planned economy to a socialist-oriented market economy (Suong, 2020). This model, with its distinctive features, affirms the correctness of blending market economy's objective laws with socialist orientation goals.

Vietnam's socialist-oriented market economy is defined as an economy that operates fully and synchronously according to market principles, under the management of a socialist rule-of-law state led by the Communist Party of Vietnam, toward the objectives of "a prosperous people, a strong nation, democracy, equity, and civilization." It fuses the efficiency and dynamism of the market with the humanism and social orientation of socialism. However, applying Marxist economic principles to this model is not mere mechanical replication but a creative, selective, and flexible adaptation process attuned to the ceaselessly evolving realities of the world and national strengths.

Over nearly four decades of Renovation, Vietnam's economy has achieved remarkable milestones: high GDP growth rates among regional peers, structural shifts toward industrialization and modernization, marked improvements in people's livelihoods, and an elevated international standing (Phuong, 2022). Concurrently, the socialist-oriented market economy model has revealed notable limitations and

challenges, such as rising social inequalities, risks of digital lag, institutional reforms lagging behind integration demands, corruption, waste, and tensions between economic growth and environmental protection.

In the context of globalization and the Fourth Industrial Revolution, continued research, internalization, and application of Marxist philosophy to Vietnam's economic development is a strategic imperative. This study holds both theoretical and practical significance: it elucidates Marxist economic principles under new conditions; objectively and scientifically evaluates successes and shortcomings in Vietnam's application; and proposes solutions to refine the socialist-oriented market economy model moving forward. In particular, analyzing the relations between productive forces and relations of production, and between the economic base and superstructure amid integration and digital transformation, will provide scientific substantiation for policy formulation in the new development phase (Phuong, 2024).

From this significance, this article focuses on three main contents. First, it presents the core theoretical foundations of Marxist economic philosophy, emphasizing foundational views on the mode of production, relations of production, and the role of objective laws in economic dynamics. Second, it analyzes the application of Marxist theory in Vietnam's economic model transition from 1986 to the present, clarifying characteristics, achievements, and emerging issues, while discussing theoretical and practical aspects needing further refinement, and underscoring the urgent role of dialectical and creative thinking in future development.

## 2. MARXIST PHILOSOPHY ON ECONOMICS

### 2.1. Mode of Production

In Marxist philosophy, the mode of production is the central concept for analyzing the motion and development of human social history. The mode of production is the unity of productive forces and relations of production, existing in a dialectical relationship (Tran & Duong, 2023). Productive forces reflect humanity's level of mastery over nature through tools of labor, labor skills, and scientific-technological knowledge, while relations of production embody interpersonal relations in production, particularly ownership of means of production, distribution, and organization of production. Marx posited that productive forces are dynamic and the primary determinant in the mode of production. When they reach a certain level of development, they "conflict" with existing relations of production that no longer accommodate the new productive capacities, leading to crises and demands for transformation. This is an objective law, generalized by Marx: "At a certain stage of development, the material productive forces of society come into conflict with the existing relations of production", sparking social revolution from that contradiction.

According to Marx, human history has traversed basic modes of production: primitive communism, slave-owning, feudal, capitalist, and communist. Each mode is historically specific and replaced when relations of production stifle productive forces. Notably, Marx foresaw the inevitable demise of capitalism as contradictions intensify between the socialized character of productive forces (mass production, high division of labor) and the private character dominating ownership relations (capital accumulation in the hands of a minority). However, Marx also emphasized humanity's unique role in consciously adjusting this relationship. Changes do not occur spontaneously; interventions by consciousness and political organization (exemplified by the proletariat) play a crucial role in dismantling old relations and forging new ones. This provides a theoretical basis for socialist-oriented nations to apply flexibly: not merely awaiting capitalism's natural evolution, but proactively constructing new socioeconomic formations.

In Vietnam, prior to Renovation, the centrally planned economy model exposed limitations in advancing productive forces (Phu, 2010). The shift to a "socialist-oriented market economy" exemplifies adjusting relations of production to better align with productive force development, adhering to Marx's core thesis on their interrelation.

## 2.2. Relations of Production and Historical Necessity

In Marxist philosophy, relations of production are the social forms in which material production occurs, decisively shaping class structures, ownership regimes, and distribution mechanisms. They encompass not only ownership of means of production but also organizational, managerial, and distributive modalities of labor products. Marx termed them "relations between people in production," representing society's most fundamental social ties in the economy (Kha, 2019). Per historical materialism, relations of production are not immutable but evolve with the level and demands of productive forces. Marx asserted that progressive development of relations of production is not merely economic but profoundly historical-social. The replacement of old by new relations is a dialectical process of historical necessity, unfolding when their contradictions peak.

Marx analyzed historical socioeconomic formations as bridges, each an intermediate step between modes of production. For instance, capitalism is viewed as the "material precondition" for socialism's emergence. Marx affirmed that social organization never outpaces its material base. Thus, reforms or revolutions are feasible only when productive forces mature, necessitating change. Accurately grasping and applying this view holds profound practical implications. Nations skipping intermediate stages or mechanically adopting socialist models amid backward productive forces risk crises or stagnation. Conversely, pursuing growth without aligning relations of production exacerbates social injustices, breeding deep conflicts. In Vietnam, post-1975, with low productive forces, the subsidy-based model stifled economic dynamism

and exposed contradictions. Renovation was initiated from a reevaluation of ownership-management-distribution relations, diversifying ownership forms, multi-sector economics, and opening for integration. This vividly demonstrates flexible application of Marxist relations of production theory to Vietnam's specifics.

### 2.3. Relationship between Economy and Politics-Society

Marxist philosophical theory underscores the dialectical relation between the economic base and superstructure. Per Marx, the economic base (encompassing the mode of production and relations of production) determines the class nature and structure of the superstructure (state, law, politics, ideology). In essence, the economy forms society's material foundation and determinant, while politics-law reflects and safeguards the ruling class's interests therein (Rosenberg, 1974). Marx wrote: "In the social production of their existence, inevitably enter into definite relations, which are independent of their will... The totality of these relations of production constitutes the economic structure of society, the real foundation on which arises a legal and political superstructure." This illustrates that economic base changes inevitably entail superstructure transformations. The relation is not absolutely one-way; the superstructure, specifically state, law, and political systems, can react upon the base, maintaining order, incentivizing production, and reforming institutions to align with development trends (Dung, 2014).

This perspective illuminates politics' role in economic development. In capitalist society, the state is the bourgeoisie's domination tool, safeguarding private ownership and capital accumulation. In socialist society, the state serves the proletariat, directing, organizing, and regulating the economy toward equity and progress. Vietnam's "socialist-oriented market economy" exemplifies this thesis: proactively "guiding" economic development via the socialist state's role. Vietnam recognizes that an apt political-legal system is essential for effective state economic operations in a market mechanism. Opening for integration, attracting foreign investment, and joining regional-global economic bodies like WTO, CPTPP, and RCEP demonstrate Vietnam's proactive use of policies and laws to propel economic growth while upholding people-centered, equity-driven development, true to Marxist philosophy on the superstructure's role.

## 3. CURRENT APPLICATION IN VIETNAM

### 3.1. Transition to Market Economy

The 1986 Renovation marked a historic turning point in Vietnam's economic development. After over a decade of central planning, the economy revealed severe flaws: low labor productivity, subsidy mechanisms stifling production incentives, inflation exceeding 700% in 1986, and dire living conditions. In this context, transitioning to a market economy was an objective imperative to unleash societal

resources, advance productive forces, and progressively reshape relations of production toward socialism, aligning with Marx's core thesis on their compatibility.

Vietnam's chosen socialist-oriented market economy eschews "privatization" or state abdication, instead dialectically conceiving: fully respecting market principles (competition, business freedom, diverse ownership...) while ensuring state management and regulation for communal, equitable, and socialist goals (Mai, 2022).

Since then, Vietnam has incrementally refined institutions for a modern market economy: enacting Investment Law, Enterprise Law, amending the Constitution to affirm business freedoms, and diversifying economic sectors. The private sector is deemed a "key driver"; foreign direct investment (FDI) significantly contributes to GDP growth, exports, and technology transfer.

Creatively applying Marxist theory, Vietnam distinguishes this market economy from capitalism. Socialist orientation manifests in: the state's strategic planning role, ownership of key sectors (energy, food security, strategic infrastructure), and redistributive policies (taxation, social subsidies) to mitigate inequalities and secure workers' rights. Adopting the market economy is a "creative interpretation" of Marxist doctrine in Vietnam's context, affirming that socialism does not negate markets but harnesses them as tools and organizational forms suited to transitional historical stages.

### 3.2. Reconceptualization of the Model of Relations of Production

Renovation's crux lies not solely in economic management shifts but in fundamental theoretical reconceptualization, the "rethinking" of relations of production tailored to Vietnam. Previously, state-centralized ownership, thorough collectivization, and administrative distribution epitomized socialism; since 1986, Vietnam has progressively acknowledged ownership diversity and equality, reflecting the logical evolution of relations of production per Marxist tenets. On ownership, Vietnam now recognizes five forms: state, collective, private, mixed, and foreign. Permitting and protecting private ownership of means of production marks a theoretical-policy breakthrough, affirming relations of production's historical specificity. The private sector, as a production-business agent, contributes over 40% of GDP and employs over 85% of informal labor (Tu, 2019).

On distribution, from egalitarian "leveling," Vietnam has shifted to "labor, production-business efficiency, and societal contribution", aligning with Marx's emphasis on labor productivity's decisiveness and equity in social product distribution. Progressive income taxes, social welfare, and mandatory insurance have regulated incomes, aiming to "leave no one behind." Reconceptualizing relations of production is not wholesale negation of the old model but a practical summation, lesson-drawing, and theoretical advancement for new contexts, embodying flexible Marxist philosophy application through Vietnam's lens. As General Secretary Nguyen Phu Trong affirmed: "We neither follow the capitalist path

nor copy any other nation's socialist model; our chosen path blends Marxism-Leninism seamlessly with Vietnam's specifics."

### 3.3. Integrating Economy and Society, towards "Equity in Development"

A highlight in applying Marxist economic doctrine in Vietnam is prioritizing the nexus between economic development and social progress-equity. In Marxist philosophy, communism's goal transcends high labor productivity to liberate humanity from oppression and exploitation, fostering abundant material life and full individual potential.

From Renovation's outset, the Party stipulated: "Economic development pairs with social progress and equity in every step and policy." This embodies Marxism's "people-centered" spirit and socialism's profound humanism. Practice shows, over three-plus decades, alongside GDP growth, Vietnam has notched standout poverty reduction and human development gains. Multidimensional poverty plummeted from over 58% (1993) to 4.3% (2022); the UN ranks Vietnam among top improvers in Human Development Index (HDI). National target programs in healthcare, education, social housing, universal health insurance... have solidified access to basic security for all strata (Thao, 2019).

Economy-society integration faces new challenges. Urban-rural and regional wealth gaps widen; informal and migrant workers' insecurity surfaced acutely in COVID-19. Globalization's competition may exacerbate efficiency-equity tensions absent apt regulation. Applying Marx's "human liberation" thesis requires Vietnam to build inclusive social security, enhance education quality, protect labor rights, and promote green growth tied to sustainability, true to "development for the people, by the people, serving the people."

### 3.4. Achievements and Challenges

Creatively applying Marxist philosophy to Vietnam's socialist-oriented market economy has yielded key achievements across three dimensions: economic growth, political-social stability, and international stature.

Economically, Vietnam sustained average GDP growth over 6.5%/year (1990–2019). Economy size exceeded \$400 billion in 2022, ranking among the world's top 40. Vietnam emerged as a "new production hub" in global value chains, excelling in electronics, textiles, high-tech agriculture. Socially, poverty alleviation, welfare, education-health policies drove evident progress; the UN hails Vietnam for fastest social advances among developing nations. Politically-defensively, internal stability, public trust consolidation, and deep integration fostered a peaceful, independent, cooperative environment, yielding "soft power" in international relations.

However, the model confronts challenges: unsustainable growth quality; low innovation capacity; incomplete market institutions; corruption and vested interests distorting economic relations; rising

income inequality; climate change and pandemics demanding policy shifts. These challenges stem directly from development processes and "mirror" uneven or insufficiently creative Marxist application. Thus, Vietnam must elevate productive forces (digital economy, green tech), innovate relations of production (transparent governance, institutional reform), and uphold socialist goals (security, equity, sustainability).

#### 4. DISCUSSION

Applying Marxist philosophy to Vietnam's socialist-oriented market economy construction is a multifaceted process, blending theory and flexible practice. Over three decades of Renovation, Vietnam has garnered vital economic-social achievements yet faces significant challenges. This discussion delves into four key aspects: Creativity in approaching and applying Marxist theory; Imperatives for modern productive force development; Needs for apt relations of production reform; and Balancing economic growth, social equity, and sustainable development.

##### 4.1. Creativity in Applying Marxist Theory

A decisive Renovation success factor is creatively applying Marxist philosophy, not mechanically emulating Soviet or Chinese models, but grounding in Vietnam's historical-cultural realities. As General Secretary Nguyen Phu Trong stated: "We build a market economy but steadfastly pursue socialist goals. This is a fundamental theoretical innovation unique to no other nation."

From a Marxist lens, Vietnam's creativity manifests in:

Transitioning from central planning to market economy without abandoning socialist orientation, absorbing market's objective laws while advancing universal values of equity, democracy, human development. Diversifying means-of-production ownership, with state ownership pivotal in strategic sectors, affirming private, collective, and foreign ownership's positive roles, dialectically suiting transitional "diversified relations of production."

Leveraging globalization to bridge development gaps via FDI attraction, trade openness, and tech innovation, echoing Marx's insight on capitalism's inexorable global production expansion. Creativity also shines in the Communist Party of Vietnam's proactive reconceptualization of the "socialist state's role": shifting from total control in subsidies to "development facilitation", focusing on legal frameworks, strategic direction, macro-regulation, fair competition safeguards, and social welfare. Compared to traditional socialist models, Vietnam's practical theoretical innovations craft a "unique" model, sustaining Party political leadership amid dynamic, deeply integrated economic growth.

##### 4.2. Developing Productive Forces, an Imperative in the New Era

Marxist philosophy perpetually emphasizes productive forces' decisive historical role. Amid globalization and the digital age, advancing productive forces is vital for Vietnam, in industrialization, modernization, and economic restructuring.



Modern productive forces rest on three pillars: science-technology, high-quality human resources, and advanced governance. To align with Marx's spirit, Vietnam must: Aggressively pursue digital transformation and science-technology integration in spearhead sectors like processing-manufacturing, smart agriculture, logistics, finance-banking, smart education... Build innovation ecosystems centering enterprises, with universities and institutes as bases, state coordinating strategy. Refine tax incentives, financial support, and intellectual property protections.

Elevate human resource quality via vocational education, high-tech training, languages, digital skills, and creative thinking for youth labor. This shifts from "cheap labor" to "high competitiveness", a key productive force development indicator. East Asian lessons show that only with advanced productive forces, stable politics, and sound industrial policies can socialist-oriented industrialization succeed.

#### 4.3. Reforming Relations of Production, the Key to Unleashing Development Dynamics

In Marx's doctrine, relations of production organize social production, encompassing ownership, management, and distribution. As productive forces evolve, relations must adjust to avoid "stifling" as Marx critiqued in feudal or monopoly capitalism.

In Vietnam, post-three-decade Renovation, relations of production have positively evolved yet harbor bottlenecks: State economic sector inefficiency, many state-owned enterprises (SOEs) underperforming, wasting societal resources. Restructuring SOEs market-principled, transparently, with citizen oversight is essential for substantive state economy leadership. Private sector potential, especially SMEs, remains untapped due to capital access barriers, tech limits, and value-chain linkage lacks. Policies must evolve from "acknowledging private" to "promoting healthy private growth." Distribution mechanisms inadequately reward labor proficiency and production efficiency, weakening incentives. This necessitates wage-bonus-tax reforms reflecting true labor value, while safeguarding vulnerables via security and progressive taxes.

Reforming relations of production, grounded in Marxist theory yet concretized in action: transparent governance, institutional overhaul, anti-corruption and vested interests, fair business environments, is the key to new public-private dynamics.

#### 4.4. Balancing Economic Growth, Social Equity, and Sustainable Development

Marxist philosophy transcends interpersonal production relations to exalt comprehensive human liberation. Applying it to development policies cannot halt at GDP figures but must harmonize growth–equity–sustainability, realizing every citizen's development rights. Vietnam has advanced in poverty reduction and social security expansion. New-phase challenges mount: Widening income inequality, especially urban-rural and top 10% vs. bottom 40%. Rapid growth's environmental tolls: Mekong Delta

climate impacts, urban pollution, industrial waste surges. Social security risks, with informal labor at ~56% (2022).

To embody "socialist" in market economy, Vietnam must: Bolster welfare, universal social insurance, unemployment subsidies, health coverage. Advance green-circular economy, incentivizing emission reductions, recycling, clean energy. Safeguard labor-human rights, especially in high-standard FTAs (CPTPP, EVFTA). These orientations align with Marxism's progressive humanism: centering people in development, unleashing creativity, ensuring healthy living, what we now term "sustainable development."

## 5. CONCLUSION

Applying Marxist philosophy to Vietnam's socialist-oriented market economy construction embodies a revolutionary, creative, historically apt process. Anchored in Marx's core dialectical theses on productive forces-relations of production, and economy-politics-society interrelations, Vietnam has flexibly adjusted its development model, from subsidies to state-managed market economy, while affirming democracy, equity, civilization as socialism's core values. Three-plus decades of Renovation evidence key achievements in economic growth, social stability, international integration, and national stature elevation. Challenges persist: wealth disparities, corruption, environmental degradation, and urgent digital-green imperatives. Thus, innovatively and creatively continuing Marxist application is essential to modernize productive forces, align relations of production, and harmonize economic-social progress. This process also affirms the correctness and viability of Vietnam's socialist path in the new era.

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HOANG, Nguyen Huy. Applying Marxist Economic Philosophy in the Process of Building a Socialist-Oriented Market Economy in Contemporary Vietnam. *Kalagatos*, Fortaleza, vol.22, n.3, 2025, eK25043, p. 01-11.

Received: 08/2025  
Approved: 11/2025