The Relationship between the State, the Market, and Society in the Management of Social Development: Issues facing the Development of a Digital Society in line with the Spirit of the 13th National Party Congress

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Abstract: *After more than 38 years of renewal, Vietnam has shifted its social development management (coupled with the centrally planned economy) to a model that involves multiple resources and actors, including the State, the market, and society. As a result, only when the relationship between the State, the market, and society is appropriately managed, can each stakeholder bring their role into full play and complement the other to promote social advancement.*

Key words: *the State, the Market, the Society, social development management, 13th National Party Congress.*

The 13th National Congress of the Communist Party of Vietnam in January 2021 marked a significant development in the theoretical understanding of managing the relationship between the State, the market, and society. It clarified the role of the State in the socialist-oriented market economy with specific content, intervention and regulation mechanisms, methods, and tools [(1)]. The Congress said, "The market plays a decisive role in determining the prices of goods and services[(2)]," in "mobilizing, allocating, and utilizing resources[(3)]." "Social organizations and social-occupational organizations participate in shaping and regulating market economic relations[(4)]," and "participate in providing feedback on laws, mechanisms, and policies of the State, as well as in supervising State agencies, cadres, and officials in law enforcement[(5)]." These new theoretical insights need to be further studied, institutionalized, and concretized in the management of the development of a digital information society.

1. The state, the market, and society are three interrelated elements in the management of social development, which primarily relies on State institutions established through the Constitution and laws, creating a "rule of game" for market participants and a legal framework to ensure that all organizations and citizens are able to do whatever the law allows. It also relies on corporate

institutions including corporate regulations, rules, and culture, which play a role in regulating business activities in line with market mechanisms and the law. Social development management is also based on social institutions, whose written and unwritten norms and regulations govern social relationships and individual members of these organizations.

Social development management also involves other institutions such as the State apparatus, public and private non-business units, and economic, social and community organizations.

There is also a combined mechanism encompassing administrative management (such as budget allocation), market principles (such as competition in accessing public investment, regardless of state or non-state sectors), and community mechanisms (such as self-governance in villages and self-regulation in social organizations). Social development requires diverse resources, including those of the State (such as budget, finances, public investment, land, knowledge, human and digital resources, and science and technology), business resources (such as capital, management knowledge, science and technology, and human resources), and social resources (such as land, capital, and cultural and human resources).

The relationship between the State, the market, and society in social development management is multi-dimensional. It involves the relationship between management subjects and objects; between market entities; between social strata, social communities, social organizations, and social institutions within the State and the market; between public interests and business interests, and the interests of each social stratum and community; and between State resources, business resources, and social resources. The fundamental nature of the relationship between the State, the market, and society is complementary and optimizes Vietnam's social management, but these three elements can only be truly complementary if they are placed in a socialist-oriented market economy, a law-governed socialist state, and a socialist democracy. Any effort to weaken any of the "trio" will lead to conflicts, worsen the shortcomings of each element, and adversely affect social development management.

A law-governed socialist state emphasizes the rule of law and public service ethics; a modern, full market economy with respect for law compliance and business integrity; and a civilized and democratic society operating on the basis of the rule of law coupled with social ethics. Social development requires impartial laws, with the State operating according to the rule of law and protecting human rights and the rights of citizens. The supremacy of law is followed by all organizations and citizens and gradually becomes a self-disciplined habit. The rule of law applies not only to businesses, society, and citizens but also primarily to State agencies and officials. The more society develops, the more private enterprises are encouraged to better fulfill social responsibilities, improve welfare for workers, ensure workers' rights, and participate in providing non-profit social services. Social organizations also apply business management methods to increase the scale of funds and promote financial growth, thereby better achieving their goals, missions, and ethical values. In summary, the rule of law, public service ethics, business integrity, and social ethics come together as a "common model" to ensure that the State, the market, and society coordinate closely and effectively, are complementary, and that they collectively promote sustainable social development. The right and insightful leadership of the Party plays a decisive role in ensuring effective and harmonious coordination between the State, the market, and society in social development management in Vietnam.

2. The market economy, on one hand, helps allocate resources effectively, promote free competition and technological innovation, improve labor productivity, filter out inefficient businesses, harness the creativity and dynamism of the workforce, and develop production. On the other hand, it is profit-driven and therefore tends to ignore the provision of public goods and services. Some businesses are willing to maximize their profits at the expense of public interest, such as causing environmental pollution or producing counterfeit goods.

In a market economy, unequal distribution leads to wealth disparity, differences in living standards, and developmental gaps between regions. Imperfect competition can reduce the effectiveness of market mechanisms and can result in monopolies. The self-regulating nature of the market can also trigger economic crises and leave long-lasting consequences.

Therefore, a judicious and well-balanced role of the State, combined with the full utilization of societal strength, is crucial to fully tapping the advantages of the market and address its shortcomings.

First, it is necessary to complete institutions on protecting the property rights of all organizations and individuals; to create a fair playing field for all market stakeholders to freely do business, ensure equal competition, prevent monopoly, and eliminate rent-seeking groups. State tools, policies, and resources are used to maintain macroeconomic stability, secure major economic balances, create a favorable and transparent environment for businesses, and regulate, guide, and promote economic development (in association with cultural and social development, environmental protection, and the safeguarding of national defense and security).

Second, income should be redistributed through a social welfare system to address social injustices. Social welfare in a market-oriented socialist society involves various stakeholders, with the State playing a leading role, and is characterized by basic and essential public services provided either free or with low fees, to fill the gap for goods and services not produced by the private sector. In a market economy, the State may grant to non-state sectors the authority to administer some public services in order to promote competition, using the people's satisfaction as a measure of service quality.

Third, social security should be built on a mechanism of financial contribution distribution and sharing, to help people maintain a minimum income and survive difficult circumstances. This social security system is backed by the State, including financial support, to carry out some social welfare functions, such as helping the poor and ethnic minorities purchase health insurance, and providing cash assistance to those who lose their jobs due to natural disasters or epidemics as seen during the COVID-19 pandemic.

Fourth, the State invests in areas where there is as yet no contribution from the private sector. State investments in the development of infrastructure and basic and essential public services create a favorable environment to attract private resources in line with the motto "public investment leads to private investment." The State creates potential markets (such as science and technology) in which the private sector has not yet invested. Once the markets are attractive enough to lure private investment, the State can transfer and invest in new industries and professions.

Fifth, it is important to promote business integrity, transparency and accountability in business operations, coupled with strengthened inspection and supervision of legal compliance among businesses. Business integrity should be upheld to ensue that, while seeking profits, enterprises protect the environment and respect the rights of workers and consumers. Transparency and accountability provide the springboard for State agencies, the media, and society to monitor the performance of enterprises and to expose illegal business activities and violations of social ethical standards.

Sixth, it is necessary to promote the role of social organizations, and social-occupational organizations, in enhancing coordination and cooperation in regulating market relations to minimize spontaneity, balance supply and demand, and prevent the risk of cyclical crises. It is also essential to ensure a balance between social organizations and social-occupational organizations with regards to policy impacts to prevent "rent-seeking groups" from attempting to gain advantages at the expense of the legitimate interests of other social groups, especially vulnerable ones.

Seventh, education and communication should be accelerated to improve public awareness of market developments, particularly of the "herd behavior" that can cause chaos in the market. It is necessary to shape wise consumer behavior to prompt businesses to respect business ethics and consumer rights, and minimize negative external impact. The spirit of mutual support needs to be promoted in the community to support disadvantaged and vulnerable people.

3. The State is the only organization having the authority to promulgate laws, collect taxes, own public assets, establish the military, police, and courts (among others), to maintain public power and ensure national defense and security, and to foster a favorable environment for development. However, the State often faces the "birth defects of power," such as corruption, bureaucracy, power abuse, and interference in all economic and social aspects, which exacerbate the "defects" of the market and society. State policies and resources often become entangled in the narrow interests of ministries, sectors, and localities. Public services are prone to stagnation and lack of dynamism, which affect service quality and lead to recipients' over-dependence on and irresponsible use of services, especially free public services. Constant resource constraints make it difficult for the State to meet the diverse needs of society.

Therefore, the State can only make full use of its role and strength, minimize defects, and effectively control power when it appropriately applies market principles to public administration and brings the people's democratic rights into full play by:

First, ensuring transparency and accountability of the State to guarantee that the people and businesses enjoy equal access to State resources and public services and the "ask-give" mechanism is eliminated. It is necessary to formulate mechanisms on receiving and handling market information and social feedback effectively so as to build and enforce practical laws and policies and minimize subjective and voluntarist interventions. The mechanism on the control of State power should be completed to prevent and combat bureaucracy, corruption, and negativity.

Second, applying market principles to public administration. The "public ownership, private management" model helps enhance the effectiveness of administrative agencies, public non-business units, and state-owned enterprises, especially in human resource management and product quality management. Competitive principles should be adopted in the provision of public services and in access to State resources, such as bidding for public investment packages and public procurement, to use State resources more efficiently, minimize corruption and waste, and enhance the responsibility of officials and public servants.

Third, promoting national aspirations, social responsibility, and business integrity. National aspirations and self-reliance motivate enterprises to advance while maintaining a solid foothold in the domestic market, penetrating the global market, competing with foreign enterprises, contributing to strengthening the State's economic potential, and building an independent and self-reliant economy. Social responsibility and business integrity encourage enterprises to join hands with the State and society in addressing social issues and improve welfare for their employees.

Fourth, improving the effectiveness of social oversight and criticism by the Fatherland Front, political-social organizations, social organizations, the public, and the media. All draft laws and policies seriously take into account the public feedback gathered through various forms and channels. It is crucial to strengthen social supervision of the implementation of policies and laws to detect and address shortcomings, newly-emerged issues, and the difficulties faced by individuals and businesses.

Fifth, mobilizing social resources to supplement and compensate for limited State resources. Land, financial, human, and cultural resources of economic organizations, social organizations, religious organizations, families, and individuals are mobilized through appropriate mechanisms to help build public welfare projects such as rural transportation, kindergartens, cultural houses, gardens, and parks. Investment, in the form of public-private partnerships (PPP), coupled with long-term contracts and the sharing of responsibilities between the State and the private sector, creates a breakthrough in the development of infrastructure and social services which previously relied solely on the State budget.

Sixth, combining legal institutions with social institutions and State management with community self-management to raise the effectiveness of social development management, especially in the community. Social institutions consist of social values, knowledge, and experience which have been accumulated over the years and become ethical principles, customs, and habits regulating human behavior. When used properly and combined with formal institutions, they will help translate legal awareness into life. Promoting the self-management role of the community will compensate for limited State resources and reduce the risk of excessive bureaucracy while ensuring the exercise of democracy at the grassroots level in matters that the people can handle better than the State.

Seventh, promoting active and proactive thinking of the people in exercising their rights and obligations and participating in State management. A law-governed socialist State can only be formed when the people are fully aware of their rights and obligations and obey laws and societal ethical norms. Rights must be associated with obligations, such as paying taxes to ensure sufficient State revenue for public benefits and using public services responsibly in association with paying fees and sharing resources with the community in social development.

4. "Society" operates on the basis of combining legal institutions and social institutions, where social institutions supplement and support legal institutions. Social organizations bring together individuals with common purposes on a voluntary and non-profit basis. They operate in compliance with State laws and internal regulations to meet the legitimate and legal interests of their members and to participate in State management. However, each community or social organization often pursues its own interests, which sometimes conflict with each other, even harming common interests. As members of social organizations are diverse in demand and ideology and are only weakly connected, they are prone to manipulation and instigation by malevolent elements, some of which even embrace extreme ideologies. Social organizations have the advantages in addressing certain issues at the community level or in a specific industry or profession but are unable to solve complex, multi-sectoral or large-scale issues.

Therefore, the role and positive aspects of society and each individual can only be fully and correctly tapped under the unified management of the State based on the rule of law, the reasonable application of market principles, and the cooperation, sharing, and collaboration of businesses.

First, law is one of the most important tools to guarantee the unified management of the State based on the rule of law, creating an institutional framework for stakeholders to compete freely in the market, for social organizations and communities to exercise self-management, for citizens to be free to do what is not prohibited by law, and for people to enjoy their freedom without being impeded by the freedom of others. In this case, the State's unified management is not opposed to self-management but is opposed to localism and anarchy. Community self-management is not opposed to the State's unified management but to bureaucracy, authoritarianism, and dictatorship.

Second, financial mechanisms should be completed to enable social organizations and community organizations to receive support from the State and sponsorship from businesses and foreign sources in a way that their independence and capacity for social supervision and criticism are not affected by bureaucracy and are not influenced by the sponsors. This approach will ensure the combination of State, business, and social resources to serve public interests, protect the legitimate rights and interests of members of social and community organizations, and eliminate the risk of being influenced by hostile forces which intend to threaten national interests.

Third, market principles should be applied to the management of non-profit organizations. Resources of these organizations come from State support, business sponsorship, and their own economic-financial activities. It is necessary to shift the method of financial support sourced from the State budget for non-profit organizations from "demand-based" to "outcome-based", especially in bidding for service packages using the State budget accompanied by specific targets. Non-profit organizations should not reject profit but instead seek ways to make profit beneficial, to be reinvested to serve social development goals rather than being distributed to the board members. Therefore, non-profit organizations need to professionalize economic activities to ensure sustainable financial resources for their operation and fulfillment of their social responsibilities.

Fourth, it is essential to promote substantive democracy in association with tightening enforcement of discipline and State laws and regulations, while preventing and controlling abuses of freedom and democracy that harm the interests of others, violate the law, and threaten social security. Hostile forces, reactionaries, and political opportunists often exploit freedom and democracy to gather forces and exert influence to oppose the State, contrary to the people's interests. It is important to enhance communication, mobilization, education and persuasion alongside strengthened enforcement of discipline and State laws and regulations to ensure that social organizations operate according to these laws and regulations, bringing tangible benefits to their members and the country.

Fifth, there is a need to coordinate the resources and responsibilities of the State, businesses, and trade unions to improve the welfare of workers. Progressive institutions on labor and labor relations play a role in promoting the social responsibilities of businesses, primarily by ensuring the legitimate rights and interests of workers in enterprises (such as trade union rights, insurance, safe working environments, rest periods, skills training, and others).

At the same time, it is necessary to define the responsibilities of governments at all levels in ensuring welfare for workers (in areas such as land planning, and the development of infrastructure development, social housing, cultural institutions, schools, and medical stations in industrial parks). Priority should be given to attracting investors who are committed to fulfilling social responsibilities and cooperating with trade unions to build harmonious, stable, and progressive labor relations.

Sixth, it is imperative to strengthen the connection, cooperation, sharing, and collaboration between the State, businesses, and social forces to improve management and boost socio-economic development. This approach includes a mechanism to ensure that the State is close to the people, listens to the people, and promptly addresses their problems. It also involves a mechanism to connect farmers, the State, scientists, and businesses to promote sustainable agricultural development, overcome the shortcomings of small-scale and fragmented farming, and counteract the negative impact of market spontaneity on farmers' lives. It is also important to hasten the formation of an innovation ecosystem and tighten the link between businesses, research institutes, and universities. Businesses should serve as the center and scientists as the driving force in order to ensure the effective application and commercialization of inventions, develop the science and technology market, and bring knowledge to life.

5. The 13th National Party Congress particularly emphasized social development management in the context of digital transformation and the digital society. The Congress set forth the tasks to "develop the digital infrastructure and ensure cyber security, create favorable and safe conditions for people and businesses to access digital resources, and build large-scale databases"(6). The 10-year socio-economic development strategy for the 2021-2030 period underlines the need to "renew thinking and actions, proactively seize the opportunities created by the Fourth Industrial Revolution associated with international integration to restructure the economy, develop the digital economy, and the digital society"(7).

The overarching intention is to comprehensively implement national digital transformation to develop the digital economy and the digital society. Vietnam aims to complete the building of a digital government by 2030 and rank among the top 50 countries globally and third in ASEAN in terms of e-government and a digital economy. Other goals include implementing digital transformation in national governance, State management, production, business, social organization, and natural resource management. Vietnam also strives to accelerate digital transformation in other select sectors and areas, especially small and medium-sized enterprises, and to apply and develop new technologies with priority given to digital technology, 5G and beyond, artificial intelligence, blockchain, 3D printing, the Internet of Things, cybersecurity, clean energy, and environmental technology to improve economic productivity and efficiency.

It is necessary to build a legal system to promote innovation, digital transformation, and the development of new products, services, and economic models. "Greater attention should be paid to social development management; and expanding democracy should go hand in hand with maintaining discipline and regulations"(8). Other tasks include accelerating the development of an e-government evolving to a digital government, focusing on developing digital infrastructure for State agencies; developing an integrated system connecting large databases (especially data on population, health, education, insurance, business, land, and housing) to facilitate socio-economic development and people's lives.

The 13th National Party Congress emphasized the importance of "Strengthening the management and development of various forms of communication and information on the Internet; and resolutely fight against and eliminate harmful, distorted, reactionary information affecting political and social stability and cultural traditions"(9).

The aforementioned orientations demonstrate that social development management in the context of digital transformation is to be carried out at all levels, sectors and areas. Therefore, social development management amid digital transformation encompasses development of the information society and making full use of the opportunities it brings, and preventing and combating its negative impacts. Cyberspace has become the main battlefield of the information war and the fight against hostile forces to protect the Party's ideological foundation and directions, and defend the truth, justice, and the values of socialism.

To implement these orientations, it is crucial to make full use of the role of the State, the market, and society. The State not only creates institutions and laws to facilitate the development of new business models and promote digital transformation and the development of a digital society, but also invests in the development of science and technology, digital infrastructure, human resource training, and the building of a digital government with digital data to serve State management, the people, and businesses. The State takes the lead in creating not only "supply" but also "demand" for the development of the digital economy and the digital society, especially in promoting digitized social management projects, with a typical example being the national population data project and other digital projects. Jurisdiction in cyberspace has become part of national sovereignty, closely linked with the State's role in ensuring cybersecurity. State agencies serve as the key force in cyberspace operation.

Businesses are encouraged to invest in new business areas, e-commerce, and science and technology, among others, and to participate in projects to develop digital infrastructure and digital government. They are entitled equal and transparent access to information. Business integrity in cyberspace contributes to promoting social responsibility, especially in eliminating malicious information, fake news, and irregularities such as tax evasion.

The role of society itself as a digital citizen in the management of the digital society has become increasingly important. The successful building of a digital government will promote transparency, putting State agencies and officials under social supervision, as well as enhancing society's ability to provide feedback on the impact of management agencies's decisions. If the online community behaves responsibly in cyberspace, it will create a social foundation for cybersecurity. Every digital citizen participating in communication, e-commerce, and other activities has the responsibility to contribute to building a disciplined and orderly digital society which can effectively resist the subversive activities of hostile forces in cyberspace.

(1), (2), (3), (4), (5) *Documents of the 13th National Party Congress, National* Political Publishing House, Hanoi, Vol. 1, pp. 130 - 133.

(6), (7), (8), (9) *Documents of the 13th National Party Congress*, Ibid., Vol. 1, pp. 142, 214, 215.