



**Nguyen Duc Thanh, Nguyen Thi Hoa, Pham The Anh**

# **GERMAN SOCIAL MARKET ECONOMY LESSONS FOR VIETNAM**

**Supported by:**



**Konrad-Adenauer-Stiftung**



**Nguyen Duc Thanh, Nguyen Thi Hoa, Pham The Anh**

**GERMAN SOCIAL MARKET  
ECONOMY  
LESSONS FOR VIETNAM**



# CONTENTS

GERMAN SOCIAL MARKET ECONOMY .....	iii
LESSONS FOR VIETNAM .....	iii
1. EXECUTIVE SUMMARY .....	1
Introduction.....	1
2. Historical context.....	3
3. What is a “social market economy”? .....	5
4. Core values.....	7
5. Fundamental principles.....	9
6. Policy framework .....	13
The role of state – market – civil society .....	13
Monetary and fiscal policy .....	14
Property rights .....	15
Education policy.....	16
Labor market policy .....	16
Media policy.....	16
Open market policy .....	17
Environmental policy .....	18
7. Lessons for Vietnam.....	19
The role of state – market – civil society .....	20
Monetary policy, fiscal policy .....	22

Property rights.....	24
Competition policy.....	26
Education policy .....	28
Labour market policy .....	30
Media policy .....	31
Open market policy.....	32
Environmental policy.....	34
Appendix: Contents of the full study .....	38
Bibliography .....	41
Disclosure appendix.....	45

## **EXECUTIVE SUMMARY**

### **INTRODUCTION**

The social market economy (SOME) model was implemented for the first time in West Germany in 1948, bringing in the “miracle” that turned Germany from a collapsed economy after World War II into a prosperous nation with generous welfare, leading the development of the EU today. Since then, the model has been applied not only in Germany but also in a number of other developed countries. This research aims at providing a comprehensive summary on the theory and practice of the SOME and then proposing relevant implications for Vietnam.





## 2

### HISTORICAL CONTEXT

✦ The SOME is not only induced by the German situation after the World War II (WWII) but also by the ideologies beforehand. The “market” part of the model is derived from ordoliberalism, also called as “Freiburg School” which was developed during 1930-1950 by economists and legal scholars of the University of Freiburg. The “social” part of the model is strongly affected by Christian ethics. The social security system was actually originated back to 1881 under the Chancellor Otto von Bismarck as an effort to prevent the socialism prevalence.

✦ Four years after the WWII (transitory period): Germany was divided into four regions occupied by the USA, the UK, France and Soviet Union all of which adopted the post-war centralized economy model, deteriorating the already-poor economy. To save the situation, a currency reform was implemented in 1948, marking the beginning of other policies of the SOME model to be adopted in the Trizone.

✦ The Federal Republic of Germany (West Germany) was established on 23 May 1949 and the region occupied by the Soviet Union was established as the German Democratic Republic (East Germany) on 7 October 1949.

✦ From 1949 to 1990: West Germany applied the SOME while East Germany was a Soviet-style socialist economy.

✦ During 1949-1966, West Germany witnessed the “economic miracle”. The economy operated along with the lines of market economy mechanism. However, the economic growth leveled off in the later years.

✦ A significant change in the government was observed in the succeeding period. The Godesberg Program was implemented, marking a much higher degree of state intervention into the market which aims at rocketing the economy to provide better social security. However, that program did not work. After the Brandt period, Helmut Kohl became the Chancellor who reduced the government intervention in the economy apart from going down in history for enabling and promoting the German reunification.

West Germany and East Germany were unified in 1990. The socio-economic model of East Germany was transformed to implement the SOME model.

## WHAT IS A “SOCIAL MARKET ECONOMY”?

✦ There is no official definition of the social market economy. Its founding fathers such as Ludwig Erhard, Walter Eucken and Müller-Armack only stated its formula: “The Social Market Economy aims to combine freedom on the markets with social stability”.

✦ In comparison with the market economy, the SOME model is closely related but divergent as it allows the state to intervene through the establishment of an economic order.

✦ Ordoliberalism is different from interventionism because ordoliberalism asserts the minimal government intervention in the economy. The redistribution of the economic outcome is the main task of the state.

✦ The Freiburg School and the Keynesian School, though share the same feature of allowing certain degree of state intervention, differ in the way of intervening. Keynesianism favors interventions that stimulate the demand side despite the risk of high inflation while the ordoliberalism aims to keep price stability and low inflation.

A research by Bertelsmann Stiftung (2012) calculating the degree of SOME implementation in eight countries shows that Germany scored 7.42 out of 10. Another study by Helfer (2015) covering a

much wider range of countries reveals that developed countries such as New Zealand (8.261 out of 10 in 2010), Germany (7.733), and the USA (7.621) have significantly higher scores than underdeveloped countries. Vietnam's index is noticeably low at 5.468 in 2010, indicating a great distance from the theoretical SOME.

## 4

### CORE VALUES

✦ From the Basic Law (the German constitution) it can be seen that the highest value that German society aims to protect is human's dignity. The legal system, institutions and government are all built to serve the society. The next eighteen articles protect the fundamental freedom rights.

✦ The four core values of the SOME are freedom, justice, subsidiarity and solidarity.

✦ Freedom is definitely neither chaos nor irresponsible spontaneity, people have to respect each other's freedom and to be responsible for their own actions.

✦ The three dimensions of justice are included into the SOME model. First, achievement-based justice implies that the distribution of social outcome should grow proportionately with the contribution. Second, need-based justice permits social outcome to be distributed to those who in need but unable to obtain due to certain circumstances. Third, opportunity-based justice argues that the difference in achievements may result from the unequal opportunity at the start. To cope with that problem, it is important to ensure equal opportunity regarding access to education.

✦ The principle of subsidiarity is a particular characteristic of the SOME model. It states that the lower level of authority has the priority in decision-making over the higher one if the former is either able to or more efficient to solve the issue. This principle is applied in various contexts. In the economy, market mechanism is the primacy, any solution by the state, if necessary, is only secondary. In the social context, the individual is responsible for his own life before looking for any assistance from the third person. In the structure of administrative system, local government makes decision for the issues in the local area and take responsibility for its decision before central government. The aim is to assign the right and responsibility to the smallest unit possible.

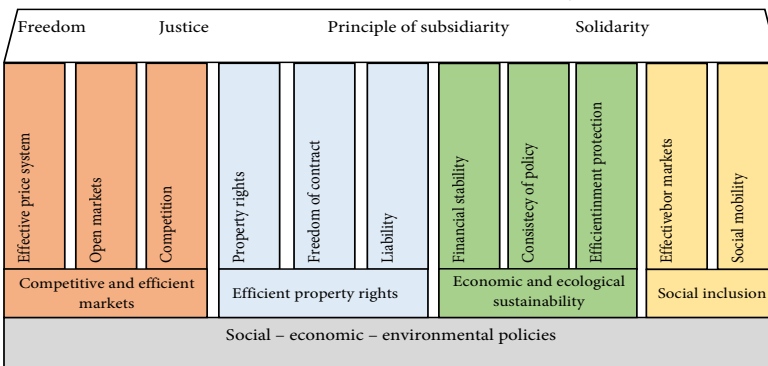
Finally, solidarity seems to be the most robust evidence of the influence of Christian ethics on the model. The social cohesion and mutual assistance among people of different backgrounds, ethnic groups or generations are highly valued.

## FUNDAMENTAL PRINCIPLES

The original model includes eleven fundamental principles being categorized into two groups. The first group consists of seven constitutive principles: a functioning price system, primacy of the monetary order, open markets, private property, freedom of contract, liability, and continuity of economic policy. The remaining group consists of four regulative principles: antitrust policy, income policy, correction of externalities, and correction of anomalous labor supply.

The SOME has been further developed to become more eclectic and policy-driven. The study of Bertelsmann Stiftung (2012) named it the principles of *modern* social market economy. The eleven principles of the modern SOME are categorized into four groups as shown in Figure 1.

**Figure 1 The Modern Social Market Economy Model**



Source: Authors' compilation

These principles can be summarized as follows

1) *An effective price system* allows prices to be established by the economic laws, not by any centralized authority. Any state intervention (e.g. subsidies and transfers) violates this principle because it distorts prices, which hence convey distorted signals to the economic agents (Dickertmann & Piel, 2005).

2) *Open markets* implies not only the free cross-border movement of production inputs (as in the original model) but also the low barriers to market entry for potential entrants.

3) *Competition* contributes to economic growth and power decentralization through its classic, stable, and dynamic functions (Seitel, 2005). Its classic political functions are to limit the impact of state power on the private market players and to control private economic power. Its stable functions are to produce the goods and services according to consumers' demand, to force enterprises utilize optimally the factors of production. Lastly, the dynamic function is to motivate firms to invest in research and development and innovation. While the original model endorses perfect competition, the modern SOME accepts the existence of monopoly and oligopoly.

4) *Property rights*: Private property has been conclusively proven to be the key factor for economic growth (Franke & Gregosz, 2013). The modern SOME model, though, emphasizes on the rights and responsibilities embedded in the property right instead of concentrating solely on private property.

5) *Freedom of contract* means that people are free to choose their partners, to discuss, enter a contract and implement it without any force from a third party.

6) *Liability* implies that people are liable of their decisions (Suntum & Ilgmann, 2014). Eucken has been skeptical of the limited liability companies; he believes that major shareholders should be fully liable. However, the modern SOME has been more eclectic, recognizing different levels of corporate liability.



7) *Financial stability* not only points to the stability on the financial market but also the price stability. The latter requires that the central bank is independent from the political pressures.

8) *Consistency of policy* concerns the time-inconsistency and the principle-agent problem in modern economics. Policy changes should be anticipated and consistent over time so that economic agents are informed.

9) *Efficient environment protection*: While the original model only mentions the correction of environmental externalities, the modern one emphasizes on the instruments to protect the environment. Economists prefer the market instruments but in reality the legislations and regulations such as sanction and prohibition still dominate.

10) *Effective labor markets*: The ordoliberal economists agree on intervention in labor market regardless of their skepticism about wage cartels and minimum wage which cause suspended competitive equilibrium wage.

11) *Social mobility* refers to the movement of people along the socioeconomic status ladder. The modern SOME argues that a high-quality education system at low cost for everyone contributes to the realization of this principle.



## 6

# POLICY FRAMEWORK

## THE ROLE OF STATE – MARKET – CIVIL SOCIETY

✦ In the German society, human is put in the center. Economic activities, political institutions and the state are meant to serve the society.

✦ The state is featured by the separation of power, rule of law and democracy (Currie, 1993; Stockmann, 2001; Waarden, 2015).

✦ The separation of political power in Germany is formed horizontally and vertically. The horizontal separation is the classic distinction between the legislative, the executive and the judicial. According to The Heritage Foundation (2019), the German judicial system is highly effective with a score of 75.4 out of 100. The vertical separation is the power decentralization from the federal, to state and to city authority.

✦ Regarding rule of law, according to the World Justice Project (2019), Germany is among the countries with the highest rule of law index in the world, 0.84 out of 1.0, ranked the sixth in the world.

✦ The state's power is also controlled through accountability and strong influence of civil society. According to World Bank data during 1996-2017, Germany is in the group of countries with high accountability, voice of civil society and the exercise of civil liberties.

✦ According to The Economist Intelligence Unit (2018), Germany is one of the countries with “full democracy”, scoring 8.86 out of 10.

✦ The SOME model requires a strong state but minimal government intervention into the market. Two principles must be followed (Stockmann, 1991). First, the principle of subsidiarity indicates that a state-participation solution is usually secondary if there is a viable alternative from the market mechanism. Second, the principle of market conformity means that in case of intervention, it is necessary to comply with as much as possible the market mechanism.

## MONETARY AND FISCAL POLICY

✦ Monetary policy of Germany aims to maintain price stability. Monetary policy is assigned to the European Central Bank. Whether the European Central Bank's decisions are independent politically is still controversial.

✦ Meanwhile, the Federal Central Bank of Germany is known to have great independence in its decisions from the government and parliament and to have great accountability. Dumiter (2014) shows that the Federal Central Bank of Germany is in the group of highest independence, transparency, and accountability in the world.

✦ For the case of EU members, fiscal policy plays a more important role in stabilizing business cycles (Tenhofen, Wolff & Kristen, 2010).

✦ Germany signed the Stability and Growth Pact in 1997 and the Treaty on Stability, Coordination and Governance, a new stricter version of the Stability and Growth Pact, in 2012.

✦ According to the report of the Federal Ministry of Finance of Germany (2019), Germany continues to fully achieve the agreements in these two treaties. Germany has not only succeeded in keeping the nominal deficit below the limit (3% of GDP) but has also maintained a budget surplus of 0.5% to 1.7% of GDP since 2014. The high GDP growth and the budget surplus in recent years have contributed significantly to reducing the debt ratio. In 2018, the debt to GDP ratio decreased by 3.6 percentage points to 60.9% of GDP.

## POLICY FRAMEWORK

✦ Regarding government spending, a high level of spending is aimed to having a positive contribution to increase of social security: social spending accounts for more than 50% of the federal budget and, at the government level in general, accounted for about 24% of GDP in 2018.

✦ According to The Heritage Foundation (2019), Germany has a great tax burden and high government spending but its financial health is good, indicating the government's ability to control its revenues and expenditures.

## PROPERTY RIGHTS

✦ According to The Heritage Foundation (2019), Germany's Property Rights index is 80 out of 100, implying a high level of protection for property rights.

✦ The labor freedom is generally guaranteed. Germany has a few laws that restrict the occupational freedom. These are the high barriers such as experiences and health concerns for occupations in such industries as crafts and mechanical art (Bertelsmann Stiftung, 2012).

✦ Regarding real estate, private land ownership is protected by the Constitution and the legal system.

✦ Germany has strong intellectual property protections.

✦ Public assets, rights and responsibilities on public assets are assigned to specific legal entities according to the principle of subsidiarity.

### **Competition policy**

✦ Competition regulations are documented in the German Act Against Restraints of Competition (1999).

✦ The enforcement authorities include the Federal Cartel Office, state cartel authorities, the Monopolies Commission and the Appeal Court. Both in legal theory and in practice, the Federal Cartel Office is the most significant authority to enforce competition law. The federal and cartel agencies have almost judiciary autonomy.

✦ The efficiency of German traditional antitrust practices, though, have been challenged by the development in the digital market in recent years (Mund, 2018; Budzinski and Stöhr, 2018).

## EDUCATION POLICY

✦ Germany is well-known for high quality education system with automatic tuition fee waiver. In 2015, government spending on education in Germany accounted for 4.8% of GDP. The education system appears flexible, creating more choices for students.

✦ In accordance with the principle of subsidiarity, the education system in Germany is markedly different from state to state and the local authority has great autonomy in deciding their own education models and programs.

## LABOR MARKET POLICY

✦ The state interferes strongly in the labor market. Interventions aim at strengthening and protecting the organizations that represent workers such as labor union rather than those represent employers. According to The Heritage Foundation, the German Labor Freedom Index in 2019 is 52.8 out of 100, belonging to the group that has “mostly unfree” labor market.

✦ According to Soltwedel (2005), Germany properly implemented both passive labor market policies and active ones. The enforcement of these policies is the main task of the Federal Employment Agency, which is an autonomous body with legal capacity and directly answerable to the federal government.

✦ The general statutory minimum wage became effective in Germany on January 1, 2015, and was introduced at a level of €8.50 gross per hour.

## MEDIA POLICY

✦ Regulatory bodies include the Federal Networking Agency, the Federal Cartel Office and fourteen regional media agencies, all of which operate independently and effectively.

## POLICY FRAMEWORK

✦ Regarding press, the German Press Council – a self-regulatory organization formed by associations of journalists and associations of publishing houses – develops and enforces the German Press Code.

✦ The press and film industry largely function along the lines of market economy principles while the television and radio broadcast sector is characterized by the dual (public and private) broadcasting system. According to the Center for Media Pluralism and Media Freedom (2016), about 80% of the German population over the age of thirteen watch television and 74% listen to the radio every day. About 46% of the population uses the Internet and 33% access the printed newspapers/magazines.

✦ In order to maintain pluralism in broadcasting, public stations are organized in a pluralistic manner - the composition of the radio assembly is representative for the importance of social groups as political parties, associations, churches, etc.

✦ According to a report by the Center for Media Pluralism and Media Freedom (2016), media pluralism in Germany is at low-to-moderate risk.

## OPEN MARKET POLICY

✦ Germany commits to free movement of goods, services, workers and capital within EU areas.

✦ Regarding trade of goods, the tariff barriers have been significantly removed. According to The Heritage Foundation (2019), the average German tariff rate is 2% and the trade freedom index is 86 out of 100. However, non-tariff barriers are still intensively applied.

✦ In terms of capital freedom, Germany is among few countries that have the maximal Chinn-Ito Financial Openness Index (scoring 1.0 out of 1.0) which implies free cross-border capital movement.

✦ Regarding movement of workers, there is a lack of legal regulations on the immigration of skilled labor in Germany (Bertelsmann Stiftung, 2012).

✦ Regarding barriers to market entry, German law has created some barriers such as long processing time, complicated procedures and high capital requirements (Bertelsmann Stiftung, 2012).

## ENVIRONMENTAL POLICY

✦ According to a report of European Council (2019), Germany has a comprehensive set of environmental law and policies which are implemented efficiently. Further, the citizens have strong awareness on environmental protection and demand greater efforts in environmental protection.

✦ Important environmental protection instruments include green taxes, green public procurement, environmental funding and investments. Germany has made significant efforts in reducing CO2 emissions.

✦ Germany's environmental tax revenue is the lowest in the EU, accounting for 1.86% of GDP in 2016 (EU average: 2.44%). Energy tax revenue makes up 1.54% GDP, lower than the EU average of 1.88%.

✦ Germany spent €19,185 billion (0.6% of GDP) on environmental protection in 2016, an increase of 6.7% (yoy). The government's general funding for environmental protection amounted to €88,849 billion during 2012-2016, the second highest in the EU. However, it is criticized that the government uses a part of environmental tax revenues to finance social security.



## LESSONS FOR VIETNAM

Introduced in an economically- and politically-collapsed period of Germany yet being astonishingly successful, the SOME model is to give valuable lessons for developing countries. By the end of the Second World War, Germany had experienced and failed many socio-economic models and ideologies including the war-served central planning model, the postwar central planning model, capitalism, tyrannical monarchy, immature democratic Weimar and Nazism. Germany aspired to find a way which overcomes fundamental shortcomings of these models and, at the same time, harmonizes with the country's preserved culture, customs and social values. The SOME has proved itself qualified to these aims and efficient in balancing the economic and social goals at least until recently.

Vietnam also seeks a development model that not only balances the economic and social goals but also accepts its distinctive informal characteristics such as norms and cultures. Due to the war that led to the the nation unification lately in 1975 and the extremism against capitalism, Vietnam's economy remained stagnant in consecutive eleven years of Soviet central planning economic model. Only since 1986 has Vietnam begun to take the slow and cautious step in applying the market economy model while having no prior experience. The entrenchment of

formal and informal institutions makes changes more difficult. Even if an underdeveloped country could mechanically imitate the formal institution of a developed country in one night, the formal institutions would take much longer than that, maybe decades, centuries or forever. Therefore, imitating the SOME model for the case of Vietnam seems impossible and likely to be inefficient. Nevertheless, the SOME is a successful exemplar that Vietnam can learn valuable lessons from. This section aims at depicting those lessons for Vietnam.

### **THE ROLE OF STATE – MARKET – CIVIL SOCIETY**

First of all, the spirit of the SOME model is that the whole social and institutional design is to serve people. People are precisely the sole subject of all social processes, as stated in the first article of the Basic Law. “People” here are specific people that are the members existing in society in the presence, not the abstract and general man. It also implies that the institutional system, the law and the whole social design are not intended to serve or maintain a regime or an ideal. On the contrary, regimes or ideals must serve the specific people living in that society. Therefore, the entire institution and the legal system place people at the center. The first article in the Basic Law protects human dignity and the entire first chapter (nineteen articles) protects human basic freedoms; all of the values, theoretical principles and socio-political institutions in fact serve that purpose.

Different from the Basic Law of Germany, Chapter I (thirteen articles) of the Constitution of Vietnam refers to the protection of the political regime. To apply the social market economy, the first significant lesson is that people should be put in the center in the construction of society and institution. Human dignity is to be respected and the political authority is aimed to serve the society, not the other way around.

Regarding the role of state in economic activities, the state should reduce its interferences in the economy. The main task of the state is to focus on social objectives while creating sound conditions for market

operations and fair competition. In order to do that, it is necessary to create a clear legal corridor for property rights, encourage privatization and allow more independent and pluralistic media to provide transparent and objective information for economic entities. Since the Doi Moi reform, though being reduced, the state's interference into the economy has still been significant. The judiciary does not maintain its relative independence towards the government and parliament. Civil society is not strong enough to pressure accountability of the government.

Regarding the state model, the state should improve its accountability and allow counterbalance authorities to mitigate power abuse. Vietnam's Voice and Accountability index is low compared to other countries in the region, only slightly higher than Laos and much lower than ASEAN countries. According to Dinh Tuan Minh, Nguyen Khac Giang, Nguyen Duc Thanh, Nguyen Quang Thai, & Do Thanh Huong (2016), Vietnam's current political system is nominally a one-party political system yet, in fact, has many features of a *dominant* one-party political system. The authors warn that without timely measures Vietnam's political system easily be at the risk of degeneration in which the dominant party becomes an obstacle to the market economy and restraint civilian development as has happened in India and the Russian Federation. In Vietnam, the role of civil society is still weak. Law on civil society has not been established yet. The Draft Law on Association was proposed in 2016 as the first step but the Draft creates barriers rather than a legal corridor for the establishment of associations. The Draft has not even been approved. According to the World Bank data during 1996 – 2017, Vietnam's voice and accountability index is low, only slightly higher than Laos and much lower than other ASEAN countries.

Although the Constitution clearly demands for the vertical and horizontal separation of power, the power division is limited in practice. The legislative, the executive, the judiciary and all vertical authorities belong to one party, which leads to serious corruption and low accountability. The Corruption Perception Index of Vietnam has never surpassed the average and always been among the most corruptive

countries in the world. According to The Heritage Foundation (2019), Vietnam's Government Transparency Index is among the lowest (34 out of 100) and "corruption and nepotism are rife within the Communist Party of Vietnam and state-owned companies".

In the legislative, the proportion of full-time delegates is low (about 30% as of the 13<sup>th</sup> National Convention in 2016). In addition, because the National Assembly meets only twice a year and the questions are not binding on implementation, many socio-economic issues are raised year after year without noticeable progress. The National Assembly has almost no possibility of reversing the decisions adopted by the Central Executive Committee of the Communist Party of Vietnam.

The judicial system is not independent, controlled by the communist party at all levels. The Judicial Effectiveness Index of the Heritage Foundation is also low at 40.3 out of 100, making Vietnam an "unfree" country on this aspect.

Efforts should be made to improve the rule of law. Vietnam's legal system is still incomplete and in developing stage of establishment, many activities are not regulated by any legal documents. Although many laws have been enacted in recent years, their quality and enforcement power remain weak. The rule of law index of Vietnam is low, ranked 81 out of 126 countries, and among the worst countries in Asia (World Justice Project, 2019). The index shows that the state power is not controlled, which implies easy power abuse, and government activities are badly audited and monitored. On another aspect, according to The Economist Intelligence Unit (2018), the Democracy Index of Vietnam is 3.08 out of 10, implying that it has been put under an authoritarian regime. The government should reduce further its interference in the economy and gradually allow political freedom.

## **MONETARY POLICY, FISCAL POLICY**

According to Nguyen Duc Thanh et al. (2014), after nearly thirty years since the Doi Moi reform the monetary market of Vietnam is relatively

free. The state bank of Vietnam has increased its independence in using monetary policy instruments to control inflation. The credit flow's destination is less controlled due to less distorted interest signals. The exchange rate is mainly set by the supply and demand in the market in which the State Bank intervenes through monetary instruments rather than administrative orders as previously. Barriers to entry in financial market are gradually reduced upon accession to WTO. Bank equitisation and policies for stock market have not made much progress despite the increase in the supervision of financial safety of the State Bank and the National Financial Supervisory Committee.

Nevertheless, monetary policy and fiscal policy are inefficient. First, there is a lack of central bank independence, which deteriorates monetary policy's effects. The independence index for the State Bank of Vietnam is considerably low, even lower than that of many other developing countries (Duong Thi Thuy Nga & Do Van Vinh, 2014). The governor of the State Bank is a member of the cabinet, appointed by the prime minister and responsible to the government and the National Assembly. Therefore, the governor's decision is inevitably affected by political pressure from the government. The government should gradually return the independence to the central bank while demanding its accountability and efficiency. The central bank should be allowed to perform in its original function of keeping low inflation while the growth target is entrusted to the production sector.

The state-owned bank equitization has not been well implemented. Three out of four state-owned banks have been equitized but the state ownership ratio is still high with a legal requirement of over 65% as per Resolution No. 15/2014 in 2014. The share of total assets of state-owned bank has been nearly 50% of total assets of all banks since 2009. In comparison, the state ownership ratio in German state banks was just slightly higher than 50% (Schmit, Gheeraert, Denuit & Warny, 2011) and the state-owned bank assets' share of the total financial assets of the banking system was about 40% in 2014 (OECD, 2014).

Regarding fiscal policy, the rate of recurrent expenditure is increasing. Fiscal policy is featured by constantly high budget deficit (5.64% GDP in 2016, 3.5% GDP in 2017) and high public debt. According to The Heritage Foundation (2019), Vietnam's Fiscal Health Index is 40.7 out of 100, which implies government's poor ability in budget management. Regarding fiscal policy, monitoring and controlling state budget must be more efficient. The first step is to enhance accountability and transparency.

## **PROPERTY RIGHTS**

Property right is not only a basic human right but also a deep motivation for people to participate in economic activities. Therefore, property rights need to be clarified, respected and enforced.

Pham Duc Trung, Dinh Tuan Minh, Nguyen Thi Luyen and Nguyen Dinh Cung (2016) points out that the legal framework of public property rights has been relatively complete. However, there are many issues that need to be considered. Firstly, public assets have not been valued on the basis of supply-demand principles but mainly on the relationship between the authority and the entity who is granted the right over public assets. Second, the quality of management and responsibility for public property are low. A certain governmental authority can be in charge of many rights over the public assets including the right to manage and to use and the right to allocate the assets to another entity. Typical examples are the allocation of land and natural resources prevalently to state-owned enterprises. Thirdly, no systematic measurement of costs and benefits of exploiting public assets has been founded. Therefore, there is no proper assessment on the results and efficiency of the projects that use public assets in the economy.

Public properties (land and natural resources) belong to "all the people" and are managed by the state. The concept "all the people" is ambiguous, causing confusion not only in theory but also in practice which creates loopholes for corruption. Regarding land, many

demonstrations were carried out due to unjustified land appropriation. In fact, land generally is under the control of certain authorized state agencies and officials. Change of land use purpose and transfer of the right to use land are not based on market mechanism principles but on political orders. This has led to the fact that land becomes a governmental tool to create favors for state-owned enterprises and foreign investment, which causes inefficiencies and unjustified allocation.

Regarding natural resources, the owner is also the “all the people” represented by the State and exercised by the state. However, the form of ownership may change or disappear due to the physical morphology of the property. Featured as such, the right to dispose of natural resources is wider than the right to dispose land. The entity responsible for managing natural resources are governmental administrative agencies from the central to local levels. As for oil and gas, PetroVietnam is the one who directly exploits and has the right to allocate oil and gas exploitation rights to other organizations and individuals through open bidding, competitive bidding and contractor appointment. This model of exercising management rights, along with establishing the leading role of the state economy, has created a dominant advantage of state-owned enterprises in accessing resources. In terms of disposition, local governments are allowed to dispose, that is, the decision is totally in the hands of a number of specific public officials. This mechanism does not create an equitable opportunity for the efficient allocation of resources because transactions are made purely on administrative orders, not supply-demand principles.

For the state-invested assets, transparency is a severe problem. There is no official and complete announcement of the total value of state capital. Public assets invested in state-owned enterprises have not been properly priced according to market principles, so the efficiency of capital investment in the state-owned enterprises sector are low.

Regarding private ownership, as mentioned, there is no private ownership of land and natural resources in Vietnam. For other types of tangible assets, Article 32 of the 2013 Constitution stipulates that

“everyone has the right of ownership of their lawful income, savings, houses, living materials, means of production, capital portions invested in enterprises or other economic organizations”, private property rights are protected and only subject to compulsory acquisition and at market prices. However, the mechanism of land acquisitions and compensation is not satisfactory, which leads to riots such as the case of Thu Thiem and Dong Tam.

For intellectual property, the system of intellectual property rights in Vietnam still has flaws and the implementation is not strict. According to the Heritage Foundation (2019), Vietnam’s Property Rights Index stood at 49.8 out of 100, implying poor property rights protection.

It is necessary to take measures to improve the law on public property. The first action is to establish public property rights. Regarding ownership, it is necessary to clarify the term of ownership – “all the people” – that is to clarify the content, subject, implementation method, management sanctions for each public property. Regarding the right to use and disposition, it is necessary to specify the subject and require full accountability. Second, public assets must be classified, assessed and priced according to market principles, which should be integrated to national database. This will improve allocation efficiency. Third, the public asset management apparatus must be professional and specialized. Finally, there is a need to improve the legal content of the law and give more respect to private property.

## **COMPETITION POLICY**

For economic activities to operate effectively, competition policy also needs to be improved. Nguyen Thi Thu Trang, Dinh Tuan Minh, Dau Anh Tuan, Nguyen Thi Dieu Hong and Pham Ngoc Thach (2016) provides a thorough examination of the legal framework, especially the Competition Law of Vietnam, describes the actual situation and proposes solutions to improve efficiency of competitive activities. Specifically after nearly three decades of implementing the economic



reform policy, Vietnam's competition legal system is considered to be relatively comprehensive and in accordance with international standards, thereby creating a legal framework for general competitive environment as well as specific business activities.

However, the competitive practices in Vietnam still have many problems. Businesses and consumers' rights and interests are violated due to antitrust behaviors. One of the reasons documented in Nguyen Thi Thu Trang et al. (2016) is the flaws of the code against antitrust behavior of Vietnam. The competition law has some legal loopholes that allow many antitrust behaviors to occur and competition law enforcement institutions are not independent, professional and effective.

The first solution at hand is to amend the antitrust laws. The form of anti-trust agreements should be supplemented by including also words and implicit actions and improve the handling process of violations of competition laws. In addition, the antitrust practices should be revised so as to take into account the common practices in other countries. The antitrust behaviors should be identified by analyzing their natures instead of comparing to some behaviors listed in the code (Nguyen Thi Thu Trang et al., 2016).

The second solution is to pressure the role and efficiency of authorized agencies. Germany has Federal Cartel Office, state cartel authorities, the Monopolies Commission and the Appeal Court. These specialized agencies in Germany have great power and independence. By contrast, the agency in charge, Vietnam Competition Authority, is dependent and limited in power. The Vietnam Competition Authority should be granted more independence and play more active roles in investigating suspected entities.

Finally, the legal framework should support and promote fair competition. Firstly, state-owned enterprises are documented to suffer from huge losses but still operating. It is necessary to gradually stop favoring state-owned enterprises and let them compete fairly, the self-selection processes then eliminate poorly-performing ones which

improve general productivity of the industries and the economy. Secondly, as property rights are essential to motivate economic activities, property rights should be specific and clear so that businesses can assure that their properties cannot be appropriated by interest groups who can exploit the ambiguity of property rights law. Thirdly, due to the technology advancement knowledge as an asset plays an increasingly important role as one of the company's competitive advantages. Currently legal system has not created proper legal corridor for many emerging businesses such as shared economy and multinational enterprises. Therefore, the law on intellectual property also needs to be reviewed, adjusted and further developed.

## **EDUCATION POLICY**

World Bank figures show that Vietnam's ratio of public spending on education to GDP (5.7% of GDP in 2013) is much higher than many countries in the region, even compared to countries with high economic development. The proportion of the population in the economy is higher (Germany 4.8% in 2015, Singapore 2.9% in 2013, Malaysia 4.7% in 2017, Thailand 4.1% in 2013).

Vietnam's education has achieved certain positive results. The state supports students up to high school by charging low tuition fee, attempting to eliminate illiteracy, providing better assistance to disadvantaged people, training more teachers and upgrading infrastructure, easing the process of opening private schools. The PISA index shows that the scores of reading, math and science skills of 15-year-old students in Vietnam remain relatively good over the years.

However, there are still many problems. Firstly, the quality of education in public schools is still low. Public schools charge much lower tuition fees than private schools but seem to be of inferior quality, reflected by the fact that many parents try to get slots private schools for their children. That children who are rich get slots in good school is unfair in the notion of "justice in opportunity" in the SOME model.

In addition, educational achievement obsession and fraud are serious. Since the university entrance examination was abolished and replaced by the typically-easier high school graduation exam in 2015, hundreds of cases have been found cheating such that the scores of students were changed by certain educational staffs. A stark example is that a student in Hoa Binh who scored 0 out of 10 in physics, 0 out of 10 in chemistry and 1 out of 10 in mathematics had his respective scores raised to 9, 9.25 and 9.2 and ranked the third in his cohorts to get to a university. More importantly, the students whose scores were lifted up were typically the descendants or relatives of those who work in the public service sector. Not only does this situation implies injustice but also inefficient allocation of opportunities. The fraud in examinations leads to inequality in distribution in the viewpoint of SOME model. The ineffective distribution also takes place even after graduates enter the labour market where recruitment in many positions in public sector and state-owned enterprises are based on relationship rather than on competence of candidates.

Academic freedom has not yet been highly respected even at undergraduate and graduate levels. Schools must use the textbook and follow the curriculum published by the Ministry of Education instead of being free to choose their preferred books. It is criticized that many students are passive and lack of critical thinking and creativity. Freedom to politics-sensitive knowledge and new perspectives are restricted even in university and postgraduate because subjects in the program framework and the content of the subjects are controlled by the Ministry of Education and other relevant departments. In addition, it seems that universities are more focused on teaching than on researching.

Some recommendations are as follows. Academic freedom and integrity should be respected. There are new ideas coming along with trade openness therefore welcoming new perspectives and ideas is increasingly important. Policies to reward research activities should be enhanced. Sanctions are needed to strictly punish cheating in and after exams and not only by the Ministry of Education but also by the courts. In addition,

the changing the exam mode from paper-based to computer-based is very likely to decrease cheating in exams. This can be a considerable investment in education therefore gradual transfer is recommended.

## **LABOUR MARKET POLICY**

On the one hand, the labour market in Vietnam is becoming more flexible and dynamic. The Labor Freedom Index of Vietnam is 62.8 out of 100, which implies a moderately free labor market (The Heritage Foundation, 2019). According to Tran Dinh Thien, Le Van Hung, Pham The Anh, Ma Ngoc Nga, and Nguyen Thi Tuyet (2014), Vietnam's labour market has been liberalized since Doi Moi reform in 1986. People are free to choose their occupation and workplace. Vietnam's regulations on hiring and firing workers are quite open, making it easy for employers to adjust their business plans. As a result, there has been significant shifts of labour force from the low – productivity and low – income industries to the high – productivity and high – income ones. The degree of freedom of labour market of Vietnam is quite high compared to other countries in the region such as Indonesia, Cambodia, China and Thailand but lower than such developed countries as Singapore and Japan.

On the other hand labor policy is not efficient in protecting the rights of workers. Employees and employers are free to negotiate wages and remuneration in compliance with the Labor Law but merely on individual base, the role of trade union is weak. The Labor Law regulates the minimum wage and remuneration but the minimum wage criticized is much lower than the basic need. Tran Van Tu (2009) points out that the minimum wage only meets 60-65% of basic needs of workers and is very close to the poverty line because it does not take into account the housing fee. Wages in the public sector are often significantly lower than those in the non-public ones. Although Decree No. 50/2013/ND-CP allows state-owned enterprises to set their own salary scales. The salary promotion path in the public sector is not reasonable because wages are adjusted on tenure basis.

## LESSONS FOR VIETNAM

Trade union is the only representative organization protecting the legal rights of employees in Vietnam. However, trade unions are scattered and inefficient. Their main activities are to organize social events such as visiting the workers' family in case of wedding, funeral or accident, instead of negotiating for the workers' benefits. Nearly 5,000 strikes that occurred between 1995 and 2012 were associated with workers' inadequate compensation and poor working condition. None of these strikes were initiated or organized by trade unions except for one in Dong Nai. The reason for this is the complicated procedures for carrying out legal strikes and the weak belief, if any, of workers towards in labor union. Therefore, it is recommended that strike procedures be reduced and simplified. Legal corridor should be clear to improve the role of trade unions. For example, the right of collective bargaining should be legalized.

“Copying” Germany’s labor policy is essentially not feasible because the German state has sufficient financial resources and extensive experience in labor market interventions. However, Vietnam might learn from Germany. Firstly, there should be clear and simple procedures for strikes and policies to strengthen the role of trade unions. Secondly, establishing the legal corridor for workers’ right of co-determination. Protecting the basic rights of workers is essential to maintaining social stability. In addition, the state administrative apparatus should be streamlined and wages should be merit-based or contribution-based instead of being tenure-based.

## MEDIA POLICY

Vietnam’s media has made positive changes Since Doi Moi reform. Information is exchanged more freely than before, probably due to the loosened control of Communist Party of Vietnam and the inevitable development of digital technology and social networks.

However, control over all three main media areas namely newspapers, radio – broadcasting and film is still very strong in Vietnam. The Press Freedom Index, compiled and published by the Reporters

Without Borders (Reporters sans frontières), of Vietnam has been low over the years. Vietnam ranked 176 out of 180 countries in 2019 just ahead of China, Eritria, North Korea and Turkmenistan. The Law on Cyber Security which basically serves as a tool to reinforce the power of the Communist Party of Vietnam on the Internet came into effect in early 2019. Due to this law, the rights of free speech on the Internet will be further limited.

The state should gradually liberalize media and communication, allowing the implementation of the basic human rights stipulated in the Universal Declaration of Human Rights (1948) and Article 25 of the 2013 Constitution which declares that “the citizen shall enjoy the right to freedom of opinion and speech, freedom of the press, of access to information, to assemble, form associations and hold demonstrations. The practice of these rights shall be provided by the law.” As pointed out, communication policy is very important both in politics (by enhancing information transparency and diversity, putting pressure on power groups, increasing accountability) and in economic development (by contributing to fair competition, protecting consumers and effecting monetary and fiscal policy etc.).

## **OPEN MARKET POLICY**

Vietnam’s open market policy has seen many positive changes in international trade while investment and finance openness are still limited. In terms of trade in goods, Vietnam generally has implemented as per its commitments to the World Trade Organization (WTO). The import tariffs of the majority of commodities are reduced and cut in accordance with or faster than the agreed tariff-cutting roadmap. According to The Heritage Foundation, the Free Trade Index of Vietnam is 79.2 out of 100, implying moderately free interanational-trade market. The combined value of exports and imports is equal to 200.3% of GDP. The average applied tariff rate is 2.9 percent. As of June 30, 2018, according to the WTO, Vietnam had 80 nontariff measures in force.

Foreign investment restrictions related to commodity trading have been eased. The state remains involved in the financial sector.

Regarding trade of goods, while many countries have used intensively technical barriers and sanitary measures as a tool to limit imports of such products as agricultural products, Vietnam does not even implement them for the purpose of protecting human health and the environment let alone their use as an import barrier. Similarly, trade remedies (anti-dumping, subsidy and safeguard) are also committed by Vietnam and have been enacted by the law, but their implementation is still ineffective. After more than ten years of implementation, Vietnam has only conducted three trade defence investigations. Should any industry be protected, it is necessary to change from tariff measures to other non-tariff measures.

Regarding trade in services, apart from the commitment to open the services market in the WTO have most of Vietnam's Free Trade Agreements (FTAs) hardly taken any other significant steps. Even within the WTO, Vietnam's commitments on service market openness are still very conservative and limited. In terms of quantity, Vietnam opened 11 of the 12 services sectors in the WTO, but the depth of the opening in each sector is relatively limited. Consequently, many service industries, especially those that have long been monopolized by state-owned enterprises such as transport, telecommunications, entertainment, etc., have been protected for too long from natural competition pressure, leading to increasingly inefficient operations. It is recommended that Vietnam be more open in the service market with thorough plans and analyses.

Regarding investment, the agreements within the framework of WTO are also considered to be the most significant among all free trade agreements of Vietnam. Bilateral agreements on investment protection and WTO commitments on investment are quite strong in manufacturing industries but limited in service sector. According to The Heritage Foundation (2019), the Free Investment Index of Vietnam is profoundly low, at 30 out of 100, implying severe restrictions on foreign investment in Vietnam.

Regarding capital market openness, no legal framework has been settled for capital movement except for the Decision No. 1590/QĐ-TTg which approves the schedule of the capital opening process. The capital free movement is still a very primitive concept in Vietnam and capital transactions often takes place under the table. The Chinn-Ito financial openness index of Vietnam is low (0.41 in 2016, ranked 99 in the world) while Germany is one of the countries with absolute financial openness. The first step is to complete the legal framework for capital cross-border transfers.

Vietnam agrees on labor market openness. Cross-border movement of labour is quite easy in Vietnam. Since skilled workers are lacking, labor policy focus on attracting skilled workers. The regulations on worker immigration are relatively complete but not fully instructive and clear, causing ambiguity for enterprises which want to recruit foreign workers.

Vietnam's trade openness is a self-developing process in itself, in line with the intrinsic demand of the economy rather than from external pressure. Vietnam does not seem to have sufficiently cautious and comprehensive plans when entering a free trade agreement with another country. The participation of enterprises and industry representatives is still lacking. In addition Most of Vietnam's free trade agreements which have been negotiated/ signed are not the results of thorough research and investigations but of "diplomatic presents" that Vietnam offered to its partners on their visits (Dau Anh Tuan, Dinh Tuan Minh, Nguyen Thi Thu Trang, & Pham Ngoc Thach, 2014). It is recommended that Vietnam be more open to international trade and that the role of enterprises be stronger in free trade agreement negotiations.

## **ENVIRONMENTAL POLICY**

The Environmental Protection Law of Vietnam has basically been developed quite recently (first adopted in 1993) and many shortcomings are observable. Vietnam signed international conventions on environmental protection such as CITES, Bazen Convention, Ozone Layer Protection



Convention. However, it is obvious that environmental pollution has become more serious recently due to the loopholes of the environmental protection laws and inefficient implementation.

The economic growth over the past three decades has paid a high price for the environment. Disorganized and inefficient urban planning is one of the major causes of environmental problems. Another reason is the lack of transparency in which state-owned enterprises receive privileges. In private sector, many private companies including foreign-owned ones do not strictly follow environmental protection law while corrupted state officials have made it even so common that the incurred cost in this process is often referred as one type of “lubrication fee”. The first Planning Law was passed lately in 2017 and came into effect just in 2019.

Information on discharges of toxic waste from factories, improperly-handled waste mountains, forest fires due to ecosystem change, and seriously-damaged mangrove areas has been prevalent on news and media. An example is the discharge of waste of Vedan Company to Thi Vai River had happened for 14 years, culminating in 2008. Another disaster was the dead fish along the coast and other environmental harms caused by the waste discharged by Formosa in 2018. In the above two cases, the companies proved that they had complied with the law and that they were licensed and paid the discharge fee as regulated. This posed an alarming question about the effectiveness of the environmental law in Vietnam.

One more serious problem observed through these two cases is that despite its seriousness and obvious documented environmental damages, the actions of the state in resolving these problems were very limited. The press pressure and nearby citizens play the main role in raising the problems and demanding solutions. For example, citizens have taken photos as the evidence of the huge amount of discharged waste by Formosa and tons of dead fish on the sea coast. Scientists and environmental experts raised their voices.

Environmental protection activities are not well coordinated, which causes inefficiencies and ambiguity. An example is the

destruction of a part of Chu Yan Sin National Park to build Krông K'mar hydropower plant. The national park should be protected but that project was actually passed and completed in 2008. Another hydropower project, the Ea K'tuor, which potentially destroys Chu Yan Sin National Park was proposed in 2012. This project was not been approved by the People's Committee of Dak Lak province but the Ministry of Industry and Trade confirmed it would continue to be implemented. Another one was the Đrăng Phôk hydroelectric plant project, planned to be built at the core of Yok Đôn National Park. This project has been proposed since 2007 and has encountered strong objections from environmentalists and local authorities, but it was not until 2016 that the project was stopped by the central government. Despite strong objections from environmentalists and local authorities, it still took nearly ten years because only central authorities are authorized on monitoring such project.

By 2020, most (if not all) of the environmental goals has not been achieved. Attendees in national conventions often aim at higher goals and stricter standards without considering the actual situation. For example, Euro 4 emission standard rather than Euro 2 standard was chosen so as to quickly have a clean atmosphere. But this is far from reality as most vehicles meet Euro 2 standard only. Only vehicles sold since January 1, 2017 meet the Euro 4 standard.

Based on the actual situation and learning experience from Germany, some solutions can be proposed. Policy makers should seriously re-consider the environmental costs of economic growth. This in turns affects the prices charged on enterprises for their activities. If the environment is exchanged for economic growth (especially focusing on a certain group of interests), it will create injustice and damage inter-generation solidarity. Even developed countries also experienced this trade-off and chose hot economic growth but this usually lasted for a shorter period, like Japan for about ten years, than in Vietnam.

Besides, instead of setting ambitious and unrealistic goals, the government should firstly focus on reviewing environmental protection

laws. Sanctions should be clear and rigorous. Planning and bidding of economic projects should be more transparent, allowing the participation of scientists and citizens.

Setting general environmental rules and goals can be made at central government but management should be conducted at the local level, which is in accordance with the principle of subsidiarity in the SOME model. This implies that environment-related decisions that can be decided at the local level. This is particularly relevant for the environment-related activities because each local region will have different environmental and ecological characteristics, and it is the local residents who are the best at understanding and monitoring environmental changes.

Finally, it is important to raise people's awareness of their rights and how to protect the environments. For instance, programs on waste classification and ecosystem can be conducted for free. Many Vietnamese might never hear about waste classification which is not emphasized at schools.

# **APPENDIX: CONTENTS OF THE FULL STUDY**

<b>ACKNOWLEDGEMENT</b>	<b>i</b>
<b>LIST OF ABBREVIATIONS</b>	<b>ii</b>
<b>CONTENTS</b>	<b>iii</b>
<b>LIST OF FIGURES</b>	<b>v</b>
<b>EXECUTIVE SUMMARY (VIETNAMESE)</b>	<b>1</b>
<b>1. INTRODUCTION</b>	<b>13</b>
<b>2. HISTORICAL CONTEXT</b>	<b>14</b>
<b>3. WHAT IS “SOCIAL MARKET ECONOMY”?</b>	<b>19</b>
3.1. Definition of “social market economy”	19
3.2. Comparisons with other models	20
3.3. Social market economy index	22
<b>4. CORE VALUES</b>	<b>23</b>
4.1. Freedom	25
4.2. Justice	26
4.3. Principle of subsidiarity	27
4.4. Solidarity	28
<b>5. FUNDAMENTAL PRINCIPLES</b>	<b>28</b>
5.1. Efficient and competitive markets	31
5.2. Efficient property rights	33

## APPENDIX: CONTENTS OF THE FULL STUDY

5.3. Economic and ecological sustainability	36
5.4. Social inclusion	38
<b>6. POLICY FRAMEWORK IN GERMANY</b>	<b>40</b>
6.1. Role of State – Market – Civil society	41
6.2. Monetary and fiscal policy	43
6.3. Property rights	45
6.4. Competition policy	48
6.5. Education policy	49
6.6. Labor market policy	51
6.7. Media policy	52
6.8. Open markets	53
6.9. Environmental policy	54
<b>7. IMPLICATIONS FOR VIETNAM</b>	<b>56</b>
7.1. Role of State – Market – Civil society	57
7.2. Monetary and fiscal policy	58
7.3. Property rights	59
7.4. Competition policy	61
7.5. Education policy	62
7.6. Labor market policy	63
7.7. Media policy	64
7.8. Open markets	65
7.9. Environmental policy	66
<b>8. CONCLUSION</b>	<b>68</b>
<b>APPENDIX</b>	<b>70</b>
1. POLITICAL PARTIES IN GERMANY	70

2. FOUNDING FATHERS OF THE MODEL	74
3. EXECUTIVE SUMMARY (ENGLISH)	76
<b>REFERENCES</b>	<b>96</b>

## BIBLIOGRAPHY

Bertelsmann Stiftung (2012). Index of Modern Social Market economics: Explorative Study.

Budzinsk, O. & Stöhr A. (2018). Competition policy reform in Europe and Germany - Institutional change in the light of digitization. *Ilmenau Economics Discussion Papers*, Vol. 24, No. 117.

Curie, D. P. (1993). Separation of Powers in the Federal Republic of Germany. *The American Journal of Comparative law*, Vol. 41, Issue 2, <https://doi.org/10.2307/840717>.

Dau Anh Tuan, Dinh Tuan Minh, Nguyen Thi Thu Trang, & Pham Ngoc Thach (2014). Tự do thương mại quốc tế. In T. Dinh & T. Pham, *Báo cáo phát triển nền kinh tế thị trường Việt Nam 2014*. Tri Thuc Publishing House.

Dickertmann, D., & Wilpert Piel, V. (2005). Social market economy: Principles and functioning. In R. H. Hasse, H. Schneider & K. Weigelt, *Social Market Economy Principles and Implementation - Economic Policy from A to Z* (2nd ed.). Paderborn: Konrad-Adenauer-Stiftung.

Dumiter, F. (2014). Central Bank Independence, Transparency and Accountability Indexes: a Survey. *Timisoara Journal of Economics and Business*, Vol. 7, Issue 1, DOI: 10.2478/tjeb-2014-0002.

Duong Thi Thuy Nga & Do Van Vinh (2014). Measuring Central Bank Independence for Vietnam, *Journal of Economics and Development*, Vol.16, No.1, pp. 40-59.

Federal Ministry of Finance of Germany (2019). *German Stability Program 2019*. Berlin.

Franke, S., & Gregosz, D. (2013). *The social market economy: What does it really mean?*. Berlin: Konrad-Adenauer-Stiftung.

Helfer, H. (2015). Social market economy: Towards a comprehensive composite index. Discussion Paper. *Center for Interdisciplinary Economics*. ISSN 2191-4419.

Kleihenz, G. (2005). Labor market order. In R. Hasse, H. Schneider & K. Weigelt, *Social Market Economy Principles and Implementation - Economic Policy from A to Z* (2nd ed.). Paderborn: Konrad-Adenauer-Stiftung.

Mundt, A. (2018). Sixty years and still exciting—the Bundeskartellamt in the digital era. *Journal of Antitrust Enforcement*, Volume 6, Issue 1, April 2018, Pages 1–4, <https://doi.org/10.1093/jaenfo/jny002>.

Nguyen Thi Thu Trang, Dinh Tuan Minh, Dau Anh Tuan, Nguyen Thi Dieu Hong, & Pham Ngoc Thach (2016). Xây dựng môi trường cạnh tranh lành mạnh, công bằng. In T. Dinh & T. Pham, *Từ nhà nước điều hành sang nhà nước kiến tạo phát triển*. Tri Thuc Publishing House & Friedrich Naumann Stiftung.

Pham Duc Trung, Dinh Tuan Minh, Nguyen Thi Luyen, & Nguyen Dinh Cung (2016). Xây dựng hệ thống quyền tài sản rõ ràng, hoàn chỉnh, và được bảo vệ chắc chắn đối với tài sản công. In T. Dinh & T. Pham, *Từ nhà nước điều hành sang nhà nước kiến tạo phát triển*. Tri Thuc Publishing House & Friedrich Naumann Stiftung.

Seitel, H. P. (2005). Competition. In R. H. Hasse, H. Schneider & K. Weigelt, *Social Market Economy Principles and Implementation - Economic Policy from A to Z* (2nd ed.). Paderborn: Konrad-Adenauer-Stiftung.

Tenhofen, J., Wolff, G., & Kristen, H. F. (2010). The Macroeconomic Effects of Exogenous Fiscal Policy Shocks in Germany: A Disaggregated SVAR Analysis, *Journal of Economics and Statistics*, Vol. 230, No. 3, pp. 328-355.



## BIBLIOGRAPHY

The European Council (2019). The Environmental Implementation Review 2019. Country report – Germany.

The Centre for Media Pluralism and Media Freedom (2016). Media Pluralism Monitor 2016 - Monitoring Risks for Media Pluralism in the EU and Beyond - Country report: Germany.

The Heritage Foundation (2019). *Index of Economic Freedom 2019*.

Tran Dinh Thien, Le Van Hung, Pham The Anh, Ma Ngoc Nga, & Nguyen Thi Tuyet (2014). Phát triển và tự do hóa thị trường lao động. In T. Dinh & T. Pham, *Từ nhà nước điều hành sang nhà nước kiến tạo phát triển*. Tri Thuc Publishing House & Friedrich Naumann Stiftung.

Waarden, F. V. (2015). ‘Made in Germany’: What about also its Legal Institutions?. Trong B. Unger, *The German Model - Seen by its neighbors*, SE Publishing, ISBN-13: 978-0992653743.



# DISCLOSURE APPENDIX

## Author's Certification

The following author who are primarily responsible for this report, certify that the opinion on the subject or issues and/or any other views or forecasts expressed herein accurately reflect their personal views and that no part of their compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in this research report: Nguyen Duc Thanh, Nguyen Thi Hoa, Pham The Anh (VEPR Microeconomic Team).

This document has been prepared and is being distributed by Viet Nam Institute for Economic and Policy Research (VEPR) and is intended solely for the customers of VEPR and is not for publication to other persons, whether through the press or other means. Advice in this document is general and should not be construed as personal advice.

## Additional disclosures

VEPR has procedures in place to identify and manage any potential conflicts of interest that arise in connection with the authors. Any confidential and/or sensitive information is handled in an appropriate manner. All contributions and exchange please send to: Viet Nam Institute for Economic and Policy Research, Room 707, E4 Building, 144 Xuan Thuy Street, Cau Giay district, Ha Noi. Email: [info@vepr.org.vn](mailto:info@vepr.org.vn)

- **MORE WORKING PAPERS**

**VMM19Q3 Viet Nam Quarterly Macroeconomic Report, Quarter 3 - 2019**

**VMM19Q2 Viet Nam Quarterly Macroeconomic Report, Quarter 2 - 2019**

**VMM19Q1 Viet Nam Quarterly Macroeconomic Report, Quarter 1 - 2019**

**PD-07: Evaluation of the Law on Public Debt Management of Vietnam and some Policy Implications**

**PD-06: Minimum Wages in Viet Nam: Preliminary Observations**

**PD-05: A brief on impacts of Brexit on the World Economy and Vietnamese Economy**

**WP-18: Development characteristics of SME sector in Vietnam: Evidence from the Vietnam Enterprise Census 2006-2015**

**WP-17: The 19th National Congress of the Communist Party of China: Preparation for a New Era**

## **CONTACT US**

### **Viet Nam Institute for Economic and Policy Research**

University of Economics and Business, Viet Nam National University, Ha Noi

Address: Room 707, E4 Building  
144 Xuan Thuy str, Cau Giay dist  
Ha Noi, Viet Nam

Tel: (84-24) 3 754 7506 - 704/714

Fax: (84-24) 3 754 9921

Email: [info@vepr.org.vn](mailto:info@vepr.org.vn)

Website: [www.vepr.org.vn](http://www.vepr.org.vn)

Copyright © VEPR 2009 - 2019