

THE IMPACT OF GOVERNMENT STRUCTURE REFORM TO THE ECONOMY DEVELOPMENT OF VIETNAM IN 2010

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INTRODUCTION

Vietnam has been shifting from command economy to a market one by an open policy to integrate into the global community of information society. In recently years, Vietnam has been continually forwarding its work in order to access to the global community, which has established an unheard-of advantageous environment in the history. This favorable condition, however, puts new demand on organization in accordance with the market economy: The Government is under the pressure that never occurred in the past, of which the fundamental specific characteristics is the change of the economic system, from the Stated-controlled-economy to market economy and the developments of civil society in the condition of the extending international interaction in the world scale. The environment factors have brought new opportunities and threats, leading to the change of the Government structure.

This paper is mainly focus on the analysing of government structure reform and the ipact to the economy development of Vietnam in 2010

1. GOVERNMENT STRUCTURE REFORM IN VIETNAM

1.1. Environment factors that lead to the reform of the government structure

1.1.1. *International Forces*

Globalization is a tendency which leads to absolutely economic, social interacting in the contemporary world. This world has to accept globalization, as far as each Government cannot rule its country separately in the civilized world.

Together with globalization is the collapse of socialism, and then the end of cold war, so the corollary is the re-division of the world's poles after the cold war. Socialism received a set back; however, after losing balance, the values of socialism have been restored differently. These factors must be taken into consideration in terms of environment characteristics that lead to political changes in Vietnam, include the changes of Government and the puclic sectors reform.

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After the collapse of socialist states in USSR and the Western Europe, these countries still maintain the relationship with Vietnam in various levels. A large number of Vietnamese workers who went to these countries according to official agreement on labor cooperation settled there or dispersed to other European or America countries, added a large part to overseas Vietnamese communities in the world. Information on social changes in these countries will cause various emotion and perception that impact on domestic citizens.

A community of over 3 million Vietnamese overseas populations has gathered in an international force that more and more repercussive to domestic politics day by day. They are having stronger and stronger voice in connection with international force that can not be ignored when consider the environment of the Government of Vietnam.

The streams of Vietnamese going abroad and settling there, especially in Eastern Europe and Northern America have given various domestic and overseas pressures to the public sector reform.

1.1.2. Political Systems and Forces

Although Vietnam has launched out market economy for more than two decades, the power of command economy and one leading party politics system still remains its strength. This power strength keeps playing an important role, contributing to protect the internal political stability. This characteristics of Vietnam raises confidence and attraction for foreign investors, in comparison with some countries, such as Thailand, The Philippines, Indonesia and others.

Moreover, the tendency of social democratization has been gradually increasing indispensably and strongly influences on every aspect of social life, so it influences on the operation and structure of the Government.

1.1.3. Economic Systems and Forces

Vietnam is in the process of completely and absolutely failure of the command economy system. During the first period, equalizing process was taken place slowly but when the stock market enters to the orbit in the recent year, the privatizing process is taken place eventfully up. Definitely, it is along with completely privatizing process of companies, including state-owned enterprises and companies of others sectors of the economy, market economy system enters gradually to trajectory and the real values will have manifest in economic lives of civil society.

The question is how to keep developing and to accelerate rapidly to shorten the gap?

Complicated legal framework is also an obstacle. Law on tariff is too complicated. It is a necessity to simplify, clarify these regulations.

1.1.4. Technological Development and Changes

Some changes related to Technology development in contemporary Vietnam society are the attendance of Vietnam to AFTA and admission to WTO. These events gave pressure to tariff protection

which helped to protect domestic industry, forced domestic businesses to improve their technology to enhance their competitive capacity in the more and more widening market in international scale.

Expanding industries, expanding the community bring the necessity of protecting the environment. The Government of Vietnam already participated in many international commitments on environmental protection and sustainable development and the National Assembly of Vietnam have proclaimed the law on protecting the environment. The Government of Vietnam has already signed and established an environmental police department within the Ministry of Public Security. Vietnam also joined Interpol, its role include the responsibility of overseeing the security of the environmental security between borders.

Information technology development will definitely result in increasing internet transactions, including an *e-Commerce*, an *e-Administration*, an *E-gov*, all of social activities in your screen – *e-Society* with all its advantages, where every geographic border is shortened. A recent greater advance, *mSociety* with a serial of new categories, such as *mCommerce*, *mLearning*, *mTourism*, *mEntertainment*, *mService*, *mAdministration* and *mGovernment*... all these new facts has resulted in the appearing of unheard-of corollaries in the history of mankind, which led to the need for fully, intelligently and flexibly thinking about responses of the Government in the future.

1.2. Government structure reform in Vietnam

1.2.1. Approaches to Government Structure and Organization

The Vietnam Government System includes The Government (the central government); People's Council and People's Committee at various levels (the local government). This is the system of administrative bodies which have functions of executive power exercising and the system of institutions and organizations which have jurisdictions to hold and run every field of social life and individuals and organizations' activities in society.

In Vietnam, **“State power is unity with delegation of power to and co-ordination among state bodies in exercising legislative, executive and judicial rights”** (Article 2, the Constitution 1992). This is an important point governing the organization and operation of Vietnam State system.

State power is unity with delegation of power to, and co-ordination among state bodies: legislative power belongs to the National Assembly and only the National Assembly has right to make constitution and laws; executive power belongs to the Government and local government system, in which the Government is the highest state administrative organization; judicial power belongs to People's Courts and People's Procuracies, in which People's Courts have right to judge, and People's Procuraries have right to prosecute and supervise judicial activities.

On the base of above allocation of power, we have 3 types of state organs: State authorities (the National Assembly and the People's Council at various levels); executive organs (the Government, ministries, ministry-rank agencies, agencies of the government and the People's Committee at various

levels); and judicial, controlling and supervised organs (people's courts and people's procuracies at various levels)

According to the legal regulations, among three types of state agencies, state power bodies have higher legal status. The National Assembly, the highest State authority in the Socialist Republic of Vietnam, exercises right of supreme supervision of all State activities; decides on fundamental domestic and foreign policies, on national socio-economic, defence and security tasks and the social relations and activities of citizens. It also decides on the main principles governing the organization and functioning of the State apparatus. At each domain, the People's Council is the State authority solving national issues which arise in the local and its own issues.

About state government system, The executive power in Vietnam includes administrative power (i.e. executive in actions) and statutory power (*pouvoir réglementaire*). According to regulations of the Constitution 1992, the Government, the highest administrative State body of the Socialist Republic of Vietnam, holds right of operating and managing frequent work of State System. Beside administrative power, the Government also has statutory power (i.e. power to promulgate legal documents under law for guiding to executive laws and for fields under law).

Under the leadership of the Governments, State-authority becomes a system executing uniformly administrative rights in the whole country, from central to grass-root level. Moreover, this is closed-rank system. From up to down, Vietnam's government system has four levels: Central level (government, ministries and administrations at the same level with Ministry), provincial level (central cities), district level (district, township, provincial city) and communal level (town, street). According to the regulation of law, juniors must obey seniors, execute tasks assigned by seniors, get supervision and control from seniors, take responsibility and report to seniors.

The government has been adjusted corresponding to requirements of State Management. Since we started market – oriented economy in 1986, principles of state management have changed step by step to agree with background of economy system. Changes in state management have brought about changes in structure and operation of the government system at various levels, included (1) the Separation of state management from business and production management; (2) the Combination of management by sector and management by region; and (3) the Privatization of some state management fields.

These years, the change of government system of Vietnam happens in two opposite trends. While central administrative organizations are minimized, the number of local administrative organizations tends to rise. After 1976, administrative system was restructured. At provincial level, a series of provinces are merged. However, because of not concerning to history, nature, culture and labor factors of locals, the merger not only doesn't achieve the expected aim of economic-social development, but also leads to long conflict situation as a result of partial thought. And it stimulates the need of separating provinces and districts; re-building administrative units like before, so that they can be suitable with natural, economic-social conditions of each local. The division of provincial

administrative units are carried out in a long time and basically finished in 2002. Obviously, Vietnam history and culture factors have definite affects to the formation and the development of official system, especially to the local government.

Beside the reform in the structure of economic administration, the period from 1992 to 1995 is the one in which there are basic changes in the Vietnam's opinion and awareness as well about the state administration and the state administration reform. In 1995, the state administration reform was determined as the central duty of the state construction. In 2001, the government has the Program on Master State Administration Reform in the period of 2001-2010.

In each stage, the government built the programs of state administration reform and had the plans to implement these programs. These programs were built on the basis of new opinion about the roles of the government in the market economy, the new awareness about the functions, the duties of the administrative offices which are suitable to the demands on managing the market mechanism as well as the specific conditions of Vietnam's policy, economy, society, culture.

The the state administration reform in Vietnam during recent period, from 1995 to now, although it gained some achievements, basically it is still slow, lack the determination and inefficiently. Yet there are some weaknesses, the activities of reforming the state administration during the past time are the direct influences, leading to the changes in the functions, duties, power and structure of the government system. And this is considered as the very important point of view, having collective characteristics from many points such as laws, economy, history and culture with the changes in the structure of the government system.

1.2.2. Changes in structure and organization of government system

State administration reform in Vietnam has carried out for more than 10 years, and its 3 main components are reforming administrative regulation system, rearranging administrative organizations and developing civil servant staff in order to build a powerful and modern administration which can satisfy the demands of new period – opening period following market mechanism in the context of industrialization and modernization.

In the process of state administration reform, administration apparatus has many changes in direction of curtailing to prevent cumbersomeness and waste; of specifying clearly functions, authorities to prevent the overlap and strengthen responsibilities and efficiencies of management. Then, the number of ministries, ministry-rank agencies, Government bodies, Prime Minister's agencies and organizations of local government system have been rearranged step by step. There are few Prime Minister's agencies; most of Government bodies are given to ministries, ministry-rank agencies; some are dissolved and move the functions to ministries; and many ministries have been merged. This process has continuously carried on in many years.

Since 2002, the Government's structure has changed three times

1.2.2.1. Changes of ministries and Ministry-rank Agencies

a. Changes in quantity and name

At the first session of National Assembly XI in 2002, the National Assembly determined new structure of the Government, hence Government's structure changed in comparison with it used to be in 2001:

- Four out of 23 ministries, ministry-rank agencies changed their names in accordance with their functions and tasks.

- Establishing three new ministries and ministry-rank agencies.

- 19 out of 23 ministries and ministry-rank agencies (82.6 %) nearly changed nothing.

With these changes, the number of ministries and ministry-rank agencies increased from 23 to 26, with three new ministries: Ministry of Posts and Telecommunication, Ministry of Natural Resources and Environment, National Commission for Population, Family and Children.

In an effort to facilitate the performance of the government, at its first session on 31/7/2007, the 12th National Assembly of the Socialist Republic of Vietnam considered and approved The Resolution on organizational structure of the Government and number of deputy Prime Ministers of the Government in the XIIth term. Accordingly, the number of deputy Prime Ministers of the Government rose from three to five, and the number of ministry and ministry-level agencies reduced from 26 to 22. The reduction in detail is as follow:

(1) To merge the Ministry of Aquiculture with Ministry of Agriculture and Rural Development into Ministry of Agriculture and Rural Development (with the establishment of General Directorate of Aquiculture under the Ministry of Agriculture and Rural Development)

(2) To merge the Ministry of Industry and Ministry of Trade into Ministry of Industry and Trade with the function of state management from production to consumption

(3) To abolish the Committee of Population, Family, and Child; Then the function of state management on population is assigned to the Ministry of Health (establishing the General Directorate of Population under this ministry); the function of state management on Family is appointed to the Ministry of Culture, Sport, and Tourism; and the function of state management on children is appointed to other related ministries.

(4) To merge the Committee of Sport and Ministry of Culture and Information into one ministry, which is also commissioned with directing the General Directorate of Tourism, and renamed as Ministry of Culture, Sport, and Tourism

Pursuant to Resolution No. 01/2007/QH12 dated July 31, 2007 of the first session of the XIIth National Assembly of the Socialist Republic of Vietnam on organizational structure of the Government and number of deputy Prime Ministers of the Government in the XIIth term, there are 22 ministries and ministry-level agencies, namely:

I. Ministries

1. Ministry of National Defence
2. Ministry of Public Security
3. Ministry of Foreign Affairs
4. Ministry of Justice
5. Ministry of Finance
6. Ministry of Transport
7. Ministry of Construction
8. Ministry of Education and Training
9. Ministry of Agriculture and Rural Development
10. Ministry of Industry and Trade
11. Ministry of Planning and Investment
12. Ministry of Health
13. Ministry of Science and Technology
14. Ministry of Natural Resources and Environment
15. Ministry of Information and Communications
16. Ministry of Home Affairs
17. Ministry of Labor, War Invalids, and Social Affairs
18. Ministry of Culture, Sports and Tourism

II. Ministry-level agencies

19. Government office
20. Government Inspectorate
21. State Bank of Vietnam
22. Committee on Ethnic Minority Affairs

It is believed that these changes may help reduce overlapping among agencies of the government and improve its flexibility and effectiveness.

b. Changes in internal structure of ministries and ministry-rank agencies

Together with the changes in quantity and name of ministries and ministry-rank agencies, there are also many changes in internal structure of these organizations. Some ministries carried more functions and tasks, widened management space when receiving Government bodies.

According to Government's Organization Laws 2001, the internal structure of ministries and ministry-rank agencies includes: the Office of the Ministry; Ministry's Inspector; Departments; Offices and General Offices; and especially, in the structure of ministries, there are also non-profit organizations.

According to these above-mentioned regulations, the internal structure of ministries and ministry-rank agencies has many basic changes after 2003. It is regulated in the Government's decrees promulgated in 2003 -2004 on functions, tasks, authorities and organizations of each ministry, ministry-rank agency, and government body.

1.2.2.2. Changes in Government bodies

Up to 2001, there were 24 governmental organizations.

After 2003, Government bodies have many changes. Only 45.83% of governmental organizations remain as they used to be while 13 agencies out of 24 Government bodies (54,16%) have changed:

- 2 out of 24 agencies changed their names to be appropriate to its functions and tasks.
- 5 out of 24 agencies are now under the management of ministries.
- And 5 out of 24 agencies were dissolved to establish new ministries.
- Office of the State Audit of Vietnam was shifted to be under the National Assembly, no longer is a Government body.

With these changes, the number of Government bodies reduced from 24 to 13 agencies, which is correspondent to the policy of curtailing state administration system and implementation of decentralization of state administration in the direction of developing interdisciplinary ministries and ministry-rank agencies. This change is also synonymous with changes in state management scale and internal structure of ministries.

Then, the number of governmental organizations is 13 organizations left. The same as ministries and ministry-rank agencies, after 2003, the internal structure of Government bodies has many changes. It is regulated in the Government's decrees promulgated in 2003 -2004 on functions, tasks, authorities and organizations of each governmental agency.

1.2.2.3. Changes of local government

The local government system in Vietnam includes People's Council and People's committee at all levels; province's level (provinces, cities directly under the central government), district's level

(districts, district towns, townships, cities directly under province) and commune's level (communes, precincts, towns).

According to regulations of the National Assembly, in 2001, there are 61 provincial administrative units over the country, including 04 cities directly under the Central Government and 57 provinces. After 2003, due to the division provinces, the number of provinces and cities under the central government increased from 61 to 64, the number of districts (districts, urban districts, town, and cities directly under the province) has also increased. Also with this trend, the number of professional units within People's Committee at provincial and district level and the number of provincial and district departments and equivalent units has also increased, in comparing before and after 2003.

1.2.3. Top management of Vietnam governmental system

Recently, the senior personnel of governmental system (the government) has had many changes in both the number and specific personnel. In only 5 years of Vietnam's 11th National Assembly (2002-2007) has changed twice in the government personnel. In the first session of the eleventh National Assembly in 2002, there were changes in quantity of government member and specific changes in personnel. The second change happened in the ninth session of the National Assembly XI, 2006. Up to the 11th National Assembly (2002-2007), Government's senior staff has significant changed in number and especially, changes in specific personnel. The 3rd change happened at the first session on 31/7/2007, the 12th National Assembly of the Socialist Republic of Vietnam which considered and approved The Resolution on organizational structure of the Government and number of deputy Prime Ministers of the Government in the XIIth term. Accordingly, the number of deputy Prime Ministers of the Government rose from three to five.

2. IMPACT OF THE GOVERNMENT STRUCTURE REFORM TO THE ECONOMY DEVELOPMENT IN VIETNAM

2.1. Positive effects of the Government structure reform to the economy development of Vietnam

Some present macroeconomics indicators and forecast

Target	Unit	2008	2009	2010e	2011f
Growth GDP	%	6.1	5.3	6.7	7.0
		8	2	0	0
Gross domestic product	Billi on VNĐ	1,477,717	1,645,481	1,892,303	2,138,303
Gross	Billi	89.	91.	98.	10

domestic product	on USD	55	53	56	1.82	
Average income	Billi on USD	52	1,064	1,033	1,157	1,1
Industrial production growth	%	60	14.0	7.6	13.90	14.50
Retail Growth	%	0	6.5	18.60	16.00	18.00
Consumer price index	%	89	19.2	6.5	11.50	7.20
Export	Billi on USD	90	62.58	56.58	70.93	76.
Import	Billi on USD	41	80.83	68.92	82.38	90.
Trade deficit	Billi on USD	.51)	(17.25)	(12.34)	(12.45)	(13
FDI registration	Billi on USD	00	75.50	21.00	15.00	17.00
FDI disbursement	Billi on USD	50	11.00	10.00	11.00	12.00
Credit growth	%	79	20.74	37.00	27.00	25.00
Sponsor money growth	%	76	20.40	28.00	25.00	25.00
Rate USD/VND	VN D/USD	486	17,435	18.500	19.000	22.

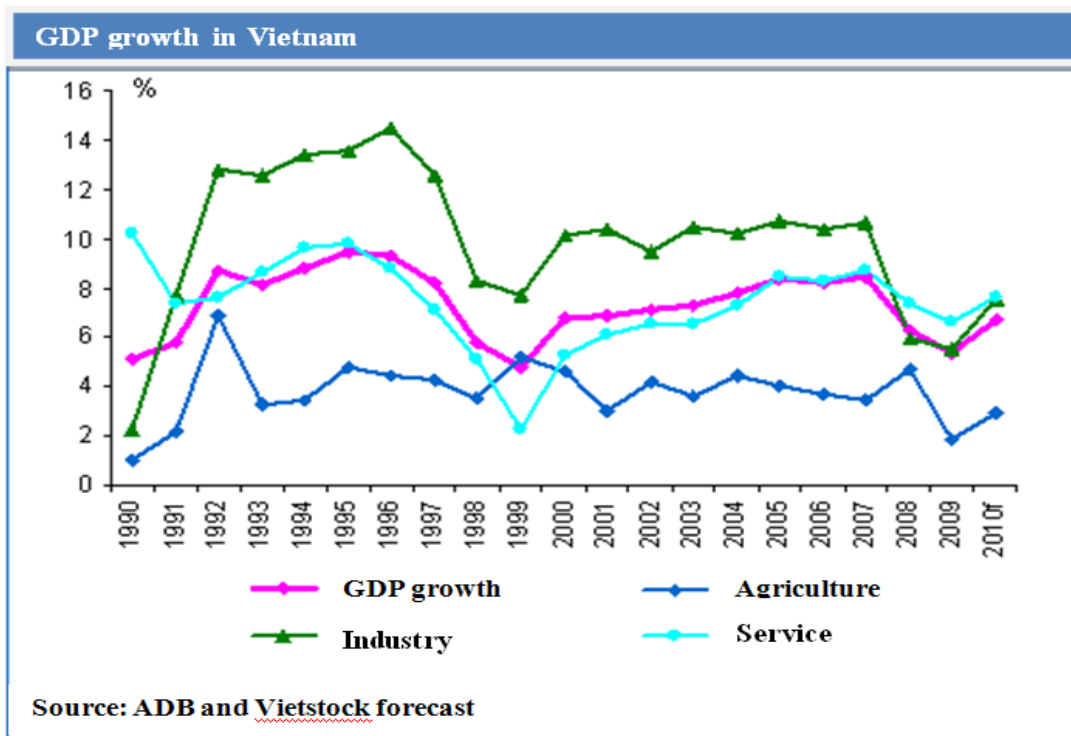
Source: General Statistics and Vietstock forecast

It is positive for the economic growth in 2010. It is noted that industrial production recovered impressively, at the growth rate of nearly 14%. State sector investment help maintain growth momentum in 2010. In spite of being strongly influenced by the global economic crisis, Vietnam's economic growth remains relatively high speed and gradually improves over the quarter. GDP growth

in the first 9 months increases by 6.52%, and it is forecast to be able to reach 6.7% for the whole year of 2010.

Specifically, the third quarter GDP growth reached 7.2%, much higher than the 5.83 and 6.4% in the first quarter and the second one. Thus, in 2010 Vietnam's GDP growth has improved a lot compared to 5.3% in 2009. Vietnam's GDP growth is much higher than that of other Southeast Asia countries, but lower than China's and India's.

Noticeably, the industry has recovered impressively. Industrial areas and building has increased by 7.29% for the 9 months of 2010, 4.64% higher than that of the same period last year. In particular, in the 11 months of 2010, industrial production has grew in 13.8%, nearly doubles the 7.3% increase compared to that of the same period in 2009.



Export has increased strongly despite lower crude oil exports. The growth of the foreign invested areas is at a high level, reaches nearly 40%. Import has also increased strongly again due to the growing needs of the foreign invested businesses

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Unit: Milion USD

N umber	Export	2009 0	11T/201 0	+/- Same period
T otal		56.584	64.281	24. 50%
1	Domestic economic Sector	26.730	29.479	21. 60%
2	Area the State Capital Investment	29.854	34.802	27. 00%
	Crude oil	6.210	4.466	- 22.60%
	Other goods	23.644	30.336	40. 30%
Major items				
1	Textile, sewing	9.004	10.036	22. 60%
2	Shoes	4.015	4.505	25. 30%
3	Seafood	4.207	4.494	16. 30%

4	Crude oil	6.210	4.466	-	22.60%
5	Electric, computer	2.774	3.218	28.	50%
6	Wood, product wood	2.550	3.037	33.	10%
7	Rice	2.662	2.900	15.	80%
8	Jewel, precious metal, and product	2.723	2.823	4.1	0%
9	Machine,accessories, equiupment	2.028	2.763	51.	30%
0	Rubber	1.199	1.985	92.	80%
1	Coffee	1.710	1.563	2.3	0%
2	Transport and accessories	922	1.425	64.	40%
3	Coal	1.326	1.330	12.	20%
4	Electric wive and electrical cable	879	1.183	53.	80%
5	Petrol	854	1.167	31.	70%
6	Cashew nut	849	1.011	32.	40%
7	Product from in plastic	802	937	28.	60%
8	Iron, steel	302	909	179	.10%

19	1	Bag, suitcase, hat, umbrella, wallet,	721	849	29.40%
0	2	Chemicals and Product Chemicals	358	571	78.10%

Source: General Statistics and Vietstock forecast

Imports also experienced a rapid increase thanks to the needs of the foreign invested enterprises. A positive point is that the import of machinery and equipment reached the top in the list. Imports in the first 11 months of 2010 increased to U.S \$74.9 billion, by 19.8% over the same period last year. Domestic invested sector only rose up by 8%, while the area of foreign investment increased to 39.9%.

This shows a strong recovery of the imports which was mainly by businesses with foreign capital investment importing materials to produce goods for export such as cotton, fabric, and other raw material producers.

The commodity with the highest import is machinery and equipment with the value of US \$12.36 billion, increased by 7.6%, indicating that the need to expand investment and production has increased significantly. Steel stood at the second with the export of US \$5.3, increasing by 14.7% over the same period.

The commodities having high increase in the import rate were textile, plastic products, wood and wooden materials, materials for textile, apparel and footwear.

Unit: Million USD

N umber	Import	2009	11T /2010	+/- Same period
T otal		68.830	74.9 37	19.80 %
1	Domestic economic Sector	43.957	42.5 35	8.00%
2	Area the State Capital Investment	24.873	32.4 02	39.90 %
Major items				
1	Machine, accessories, equipment,	12.369	12.0 81	7.60%

	device				
2	Iron, steel	5.327	0	5.57	14.70
				%	
3	Petrol	6.159	6	5.46	-
				4.30%	
4	Cloth	4.224	7	4.82	26.10
				%	
5	Electric, computer, component	3.391	8	4.61	31.50
				%	
6	Plastic	2.823	6	3.37	33.00
				%	
7	Car	2.943	6	2.55	-
				3.90%	
8	Materials of textile, shoes	1.935	4	2.37	36.40
				%	
9	Other Metal	1.616	7	2.29	61.90
				%	
0	Animal feed and material	1.723	2	1.97	22.10
				%	
1	Chemical	1.598	3	1.84	25.30
				%	
2	Chemical product	1.555	0	1.82	30.20
				%	
3	Plastic product	1.081	6	1.28	32.20
				%	
4	New medicine	1.098	0	1.14	16.60
				%	
5	Wood and material of wood	888	3	1.04	28.60
				%	
6	Textile fibre	792	6	1.01	41.70
				%	

7	1	Fertilizer	1.349	980	-
					21.30%
8	1	Papers	761	830	19.90
					%
9	1	Other transport	578	802	51.40
					%
0	2	Other product from in mineral oil	532	673	40.50
					%

Source: General Statistics and Vietstock forecast

2.2. Some existing problems

- The increase in inflationary pressure caused the instability in the economy, which happened due to mixed factors such as natural disasters, world commodity prices rise, the VND value lost and the increase in the money supply.

On average, inflation in September, October and November experienced the strongest increase over the same period for the past 20 years. Consumer price index (CPI) over the same period last year skyrocketed from 8.18% in August to 11.09% in November. Accumulating in 11 months, the CPI was up to 9.8% in 2010 and inflation will be certainly two digits higher than that. This is the highest inflation rate since 1992 till now, except in 2007 and 2008.

- VND devalued by 11.17% since November, 2009. The main cause was the current account deficit was large, the belief in state currency declined and dollarization in the economy grew rapidly.

- Since 2008 until now, the exchange rate has always been a hot issue of the economy. The exchange rate between USD and VND from the approximately 16.500 VND in the late 2006 has skyrocketed to 21.500 VND / USD in the last months of 2010. Around this time, there has always been a big difference between the official exchange rate and free one.

Within 10 months prior to the date of August, 18 2010, the State Bank had to 3 times adjust the inter-bank rate, raising a total of 11.17% to 18.932 VND / USD. The current listing rate is 19.500 VND / USD, but the exchange rate on the free market rocketed to 21.500 VND / USD. Compared to other countries in the region, Vietnam Dong is depreciating strongly even when basing on the official exchange rate. In fact, Vietnam Dong is decreasing by 20% against the Japanese Yen, more than 17% against the currencies of Thailand and Malaysia, and nearly 8% against the Chinese Yuan.

- Credit growth in 2010 could even reach 27%, money supply reached 25%. It is noted that foreign currency credit growth was higher than the local currency. The banking system is experiencing difficulties in raising capital.

- Interest rates remained very high mainly due to unexpectedly high inflation, tightening monetary policy, rapid increase in the state sector investment and high pressure from regulations, especially Circular 13.

- The banking system faced many difficulties beyond the unstable economic situation, the requirements of Circular 13 and the increase of minimum charter capital to 3.000 billion.

3. SOME CONCLUSIONS AND RECOMMENDATIONS

The Government Structure reform has brought many positive effects to the economy development of Vietnam, especially in 2010. Under the leading of the Government, In spite of being strongly influenced by the global economic crisis, Vietnam's economic growth remains relatively high speed and gradually improves over the quarter. GDP growth in the first 9 months increases by 6.52%, and it is forecast to be able to reach 6.7% for the whole year of 2010. However, there still some existing problems of the economy as high inflation rate, VND devalued...ect. Many factors cause these above the problems and remaining a lot of weaknesses in the process of reforming the Government structure is very important factor. It is possible to mention the following major shortcomings:

- In recent years, the fact of Vietnam has shown that there are many circumstances in which the executive body has been “abridged” by merging some agencies mechanically. This mechanical merging, in fact, is the abridgement only in terms of formalism, but there is no improvement in the working process, the apparatus is still unwieldy. The matter is that there will be a scientific base for improvement of apparatus only if we bring out the “function” of each agency and specify its “task”.

- The rules on jurisdiction, administrative responsibility of the Government in every level have been defined step by step; however, it is not sufficient enough to solve the problem of “the subordinates do not listen to the superiors”, which is very popular in permanent Vietnam administration.

- Pursuant to the law, the functions of the grassroots level are very hard and overcharged. In recent years, the changes of local governments are not very much; the main changes are in administrative divisions and standardizing the titles.

- In recent years, the structure of the Vietnam Government system has had considerable changes, especially at central Government. Although the structure has been abridged step by step, it is still bulky. Although the rules of the divisions’ functions, duties, authorities, and structure have been step by step specified, in fact, they still have many contradictions, overlap.

- The formalism is still very hard. We do not pay appropriate attention so that to get changes in structure suitable to the new management mechanism, and the new demands in the new context.

- The professional of Vietnam administration is still low. The staff of public servant is very big, but a large number of them are not well schooled in administration. After a series of training courses, many public servants still did not get expected results.

- In Vietnam, programs and plans on administration reform are made by many various levels; their mandatory character is not high. This brings about the unmethodical implementation.

The structure of government system in Vietnam has many changes; however, still has many shortcomings which require continual reform in order to achieve the expected goals of the programs on Administration reform. To do this, intellectual, effort and time is required.

Over the past more than 10 years of public sectors reform, Vietnam has also drawn some helpful initial practical experiences, those are:

To carry out the reform synchronically in the overall political system, building the Party, reforming the state apparatus;

Administration reform must be combined with economic reform;

To take the view, consistent principle to build specific programs of action. There must be a focused, consistent and resolute direction, close supervision;

There must be unity from top to bottom. In each stage should have tested before deploying in mass to avoid the many-time repeat. To find a breakthrough for each stage, creating the impetus for the reform process;

To start from Vietnam reality, at the same time to apply the experience of other countries. The continued reform of state administration in Vietnam has many advantages, namely:

+ The reform of state administration has contributed to promoting integration and innovation process, create the new spirit of governing the country;

+ The great determination and timely leadership of the party in time is an important factor to ensure victory over the reform.

However, reality has shown this is a task *facing many difficulties* and challenges. Specifically:

+ The inertia of the apparatus is very large. Bureaucracy evil, corruption is too heavy, rooted in the administrative system in Vietnam, it takes time and needs patience to remove;

+ The outdatedness in thinking, method of operation is too large, it takes time to adjust gradually;

+ There remain many problems in the course to overally solve problems due to the synchronized mechanism;

+ Vietnam lacks the knowledge and experience necessary for administrative reform. Qualifications of some cadres are backward compared with the general requirements.

These existences are the main barriers that the reform of government structure in Vietnam is

facing today. They prevent reform, slow the country's renovation process. Particularly, they are risky to further erode people's confidence toward the nation's executive apparatus in the process of innovation.

It should be emphasized that these barriers have very deep origins, which it is not simple to overcome. One of roots is the operating mechanism is not appropriate, the lack of scientific methods existing today in most organs of the state apparatus. In many sides, that mechanism has a negative impact on social life in the contemporary Vietnam society. For example, the burning of people, of the businesses was slowly processed, many times stood on the spot; the liability of service was unclear causing no one had clear responsibilities for the specific job, and is ready to push each other between the organizations and individuals once there was a mistake etc. It can be seen the handling of environmental pollution is burning in many places today, the difficulty-making for the process of investment in projects etc. as typical illustrations for the above-mentioned situation. Vietnam will be very difficult to overcome the current difficulties, even difficulties are more increasing without changing the existing operation mechanisms.

To want to successfully reform, Vietnam must clearly overcome these challenges with many appropriate solutions, including changing the operation mechanism of the state apparatus can be considered a key. The country needs a dynamic operation mechanism with clearly-explained responsibility. Beside that, learning and sharing the experience in public sectors reform from foreign countries in the globalization process as ASEAN, Korea, Japan...ect is considered to be good solution to enhance the effects of the public sector reform in Vietnam.

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