
The Interrelationship between Economics and Politics in the Study of Political Economy

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Abstract

The interplay between economics and politics forms a core focus in the study of political economy, where theoretical frameworks are juxtaposed with practical implementations. This relationship is pivotal in understanding how political decisions shape economic policies and outcomes, and conversely, how economic conditions influence political structures and actions. Theoretical perspectives, such as those from Marxist, Keynesian, and neoliberal schools, provide diverse insights into the mechanisms through which political power and economic resources are distributed and utilized. In practice, these theories are tested against real-world scenarios, including policy-making processes, governance systems, and economic reforms. This study delves into the theoretical foundations of political economy and examines empirical evidence to highlight the dynamic interconnections between political and economic spheres. It aims to elucidate the complex interactions that drive economic development, social equity, and political stability, thereby offering a comprehensive understanding of the multifaceted nature of political economy from theoretical and practical standpoints.

Keywords: Political Economy, Economic Policy, Market Orientation, State Intervention, Vietnam Economic Development.

Introduction

The intricate relationship between economics and politics forms the bedrock of political economy, a field that has evolved from theoretical foundations to practical applications. Understanding this interplay is crucial for comprehending how policies are crafted, economies are managed, and societies are shaped. In political economy, economic theories are not merely abstract concepts but are deeply intertwined with political ideologies and governance structures. This dynamic relationship influences everything from market regulations to social welfare programs, highlighting the role of political decisions in economic outcomes.

In the context of Vietnam, this relationship is particularly significant. The country's transition from a centrally planned economy to a socialist-oriented market economy has been driven by deliberate political strategies aimed at fostering economic growth while maintaining social equity. The Vietnamese experience offers valuable insights into how political will can steer economic transformation, balancing market mechanisms with state intervention to achieve developmental goals.

Examining the relationship between economics and politics within political economy from theoretical and practical perspectives reveals the complex mechanisms through which political authority shapes economic environments and vice versa. By analyzing the Vietnamese model, this study aims to elucidate the critical role of political decisions in economic development, demonstrating the necessity of a harmonious balance between economic freedom and political control to ensure sustainable progress.

Theoretical Foundations of the Relationship between Economics and Politics

The Concept of "Economics"

There are various definitions of economics. According to Adam Smith, the father of economics, in his renowned book "The Wealth of Nations," economics is defined as the science associated with the laws of production, distribution, and exchange. He argued that "wealth" only emerges when individuals can produce more with the available labor force and resources.

In essence, economics is the human activity that endeavors to perform tasks to efficiently utilize available resources such as money, health, innate talents, and other resources to create products that meet human needs, thereby generating material wealth for oneself.

Economic activity encompasses any activity that effectively uses one's available resources to

create goods and services, exchange them, and obtain a value greater than what was initially expended. Thus, the definition of "economics" at the inception of this science was simply: "the study of wealth." In "Economics" by P.A. Samuelson & W.D. Nordhaus, economics is described as a science that "studies how societies use scarce resources to produce useful goods and distribute them among different groups of people" (Ekelund Jr. & Hébert, 2016).

In the article "Knowledge Economy in Vietnam" by Ho Tu Bao, published in *Tia Sáng* magazine on July 20, 2010, it is stated: "According to a widely accepted definition, economics encompasses all activities of production, distribution, exchange, and consumption of goods and services of a community or a nation" (Bao, 2010).

Thus, economics can be understood as the concept that refers to human economic behavior in the production, distribution, and exchange of goods in the market. Discussing how societies utilize economic resources essentially involves analyzing the behaviors of individuals in production and consumption related to the use of these resources. Secondly, unlike other social sciences (such as Psychology, Political Science, etc.) that also concern human behavior, economics exclusively focuses on studying human economic behavior. This includes choices made in production, distribution, exchange, and consumption fields.

The Concept of Politics

The term "politics" in Western languages today originates from the Greek word "polis," which means city-state (such as Athens, a city-state that experienced various forms of government). The term "politics" was perhaps first mentioned in human history by Aristotle, an ancient Greek philosopher. Notably, it is also the title of one of his influential works, "Politics."

However, the concept of "politics" and fundamental political issues such as power and state organization were also addressed by other philosophers such as Confucius and Plato. Although Aristotle asserted that humans are political animals and that all moral citizens (excluding slaves and women) have the right to participate in politics, a common thread in the theories of these ancient philosophers is that political power is best held by wise rulers (Nguyen, n.d.).

In a broader sense, politics refers to human activities aimed at creating, maintaining, and adjusting common laws, which directly impact the lives of those involved in creating, maintaining, and adjusting these laws.

Political science (the study of politics) is an academic discipline that examines political regimes and political behavior; it describes and analyzes political systems and political actions; and it investigates the acquisition and use of power. The fields within political science include political theory, political philosophy (seeking fundamental elements of politics), civic education, political systems of different nations, political analysis, political development, international relations, foreign policy, military affairs, and law (Nguyen, n.d.).

Political Economy

Political economy is a social science that studies the relationship between economics and politics. The term "political economy" was first used in 1615 by Antoine de Montchrétien in his work *Traité d'économie politique*. The term "political economy" originates from the combination of Greek words meaning "political institution."

Economics

In another economics textbook, it is stated that "Economics studies how society solves three problems: what to produce, how to produce, and for whom to produce" (Anonymus, n.d.). Sometimes, to emphasize that modern economics primarily concerns market economies, it is defined as "a social science that focuses on the rational behavior of individuals and businesses as they interact through market exchanges" (Thiem, n.d.).

The Relationship between Economics and Politics in the Study of Political Economy

A fundamental issue in society and economic activities is the debate over the market, the state, and society. Over the past one and a half centuries, three major schools of thought have influenced this debate: liberalism, nationalism, and Marxism, significantly shaping human understanding.

Regarding the relationship between economics and politics, there are various perspectives. For instance, some argue that politics is more important than economics because discussing politics involves the role of institutions and the state. Without the actions of the state, there would be no policies for economic development. This view is representative of mercantilism, a theory that supports state-building and suggests that the market is secondary to the state's pursuit of its interests.

This theory holds that politics determines economics and economic relations within society. Mercantilism focuses on circulation; it considers money as the fundamental content of wealth and as the manifestation of a nation's prosperity. It relies on state power to develop the economy, with profits originating from trade, buying low and selling high, to accumulate currency and accelerate the advent of capitalism.

Thus, mercantilism did not recognize economic laws, and its research methods were empirical generalizations of the superficial phenomena of economic and social life. They only considered circulation and exchange for capital accumulation. Therefore, as capitalism advanced mercantilist principles became obsolete and had to give way to newer, more progressive economic theories.

Liberalism, exemplified by Adam Smith, posits that economics and politics should exist independently, as two separate entities with no necessary connection. This school of thought believes that economic behavior will be governed by market laws without the need for state intervention, and political factors are unnecessary. "The market aims to achieve efficiency, development, and consumer choice without political interference" (Gilpin, 1987).

Classical bourgeois political economists shifted the focus of their research from circulation to production, where "the labor of the poor is the source of endless wealth for the rich." They were the first to use scientific abstraction to study economic phenomena and processes, revealing the essence of capitalist production relations.

Thus, this school systematically identified the categories and economic laws of capitalist society, such as value, price, money, capital, profit, interest, rent, wages, and social reproduction. They also advocated for free competition under a self-regulating market mechanism.

However, classical bourgeois political economists had limitations, viewing the economic laws of capitalism as natural, absolute, and eternal. C. Marx wrote of classical bourgeois political economy: "Ricardo, its last great representative, ultimately consciously took the opposition between class interests, between wages and profit, between profit and rent, as the starting point of his research and naively assumed that this opposition was a natural law of social life. With that, bourgeois economic science reached its insurmountable limit."

In the mid-19th century, some economists supporting free enterprise argued that government and economy should operate independently. They replaced political economy with two new social sciences: political science and economics. The neoclassical bourgeois political economy school emerged, with Alfred Marshall as its leading representative.

Although Karl Marx also lived during this period and inherited many theories from Smith, Malthus, and Ricardo, he developed them extensively and advocated a method of resolving political-economic conflicts entirely different from his predecessors—through class struggle. Thus, Marx's political economy became a distinct school, known as Marxist political economy. The core of Marx's theory is the surplus value theory, which was later further developed by Vladimir Ilyich Lenin. Consequently, Marxist-Leninist political economy emerged. Marxism opposed previous viewpoints, asserting that political conflicts arise from the distribution of wealth and that political conflicts would end with the abolition of markets and social classes.

According to V.I. Lenin, the relationship between economics and politics is summarized in the New Economic Policy (NEP) as follows: "Politics is the concentrated expression of economics" and "Politics cannot fail to have priority over economics."

"Politics is the concentrated expression of economics," meaning that politics belongs to the superstructure, influenced and determined by the economic base. Politics arises from the economic foundation, which plays a decisive role in changing and developing political lines, ideologies, and political structures. The practice of socialist revolution and socialist construction in various countries, including our own, has eloquently demonstrated the decisive role of economics in politics.

Politics is the concentrated expression of the economy, so all sound political policies must

stem from the actual situation, accurately reflecting the current state of the economy. Ultimately, these policies are determined by the economic conditions. The economic situation is the starting point for selecting methods and policies to stimulate production development, aiming to perfect social production (Trinh, 2015).

"Politics cannot fail to have priority over economics" means that V.I. Lenin asserted: "From the fact that economic interests play a decisive role, it is absolutely impossible to conclude that economic struggles have paramount importance because the primary 'decisive' interests of classes can generally only be satisfied through fundamental political transformations; the crucial economic interests of the proletariat, in particular, can only be satisfied by a political revolution replacing bourgeois dictatorship with proletarian dictatorship" (Trinh, 2015).

Politics is the premise and prerequisite for economic development, ensuring that the working people effectively exercise political power and manage social activities, including economic ones. Therefore, the primary role of politics in economics is the most crucial factor for realizing the fundamental interests of the working class and is a societal requirement for developing an efficient economy for the benefit of all members of society.

Politics influences the economy, either promoting or hindering it. If political views are erroneous, they can undermine all economic achievements, causing the economy to develop in the wrong direction. V.I. Lenin stated: "... of course, I have said, am saying, and will continue to say that we should do less politics and more economics. But it is also understandable that for this desire to become a reality, there must be no political risks or political mistakes" (Trinh, 2015).

Therefore, for the economy to develop harmoniously with the influence of politics, it is necessary to pay attention to three aspects: economic policies, economic institutions, and economic actors.

Politics plays a guiding role and creates a stable socio-political environment for economic development. For a comprehensively developed society, politics must become an important tool, ensuring correct leadership in all fields of social life (Trinh, 2015).

Thus, economics and politics have a dialectical relationship. Economics is not separate from but integrated into politics, manifesting concretely in social life. Politics, in turn, influences the economy, most clearly reflected in the economic development policies of the Party and the State, providing a methodological basis for policymakers.

In the late 19th and early 20th centuries, under new historical conditions, V.I. Lenin (1870-1924) continued to defend and elevate Marxism to new heights. V.I. Lenin created a scientific theory of imperialism, formulated new theories on socialist revolution, and articulated the objective necessity, characteristics, and fundamental tasks of the transition to socialism. He also identified the regular processes in building socialism, with the New Economic Policy (NEP) having profound theoretical and practical significance for human development.

In summary, C. Marx, F. Engels, and V.I. Lenin executed a great revolution in political economy. Marxist-Leninist political economy is the sharp theory of the working class and the working people worldwide in their struggle against capitalism, successfully building communism.

The Relationship between Political Economy and Economics

In the methodological framework of political economy research, there is an interdisciplinary connection with many other sciences. One of the disciplines closely related to political economy, both theoretically and practically, is economics.

The Relationship Theoretical Aspect

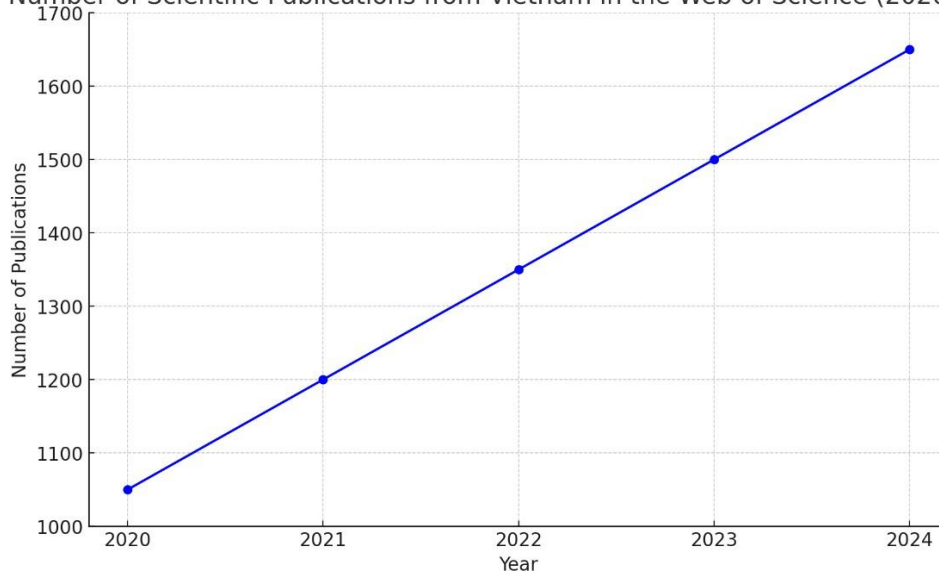
Political economy and economics are intimately connected. The theories of political economy are utilized for the qualitative research component of economics.

Practical Aspect

The relationship between economics and political economy is robust. Economics employs econometrics to substantiate the qualitative research with quantitative studies, thereby reinforcing the findings obtained through qualitative analysis.

Figure 1. Number of Scientific Publications from Vietnam in the Web of Science (2020-2024)

Number of Scientific Publications from Vietnam in the Web of Science (2020-2024)



Differences

In reality, these are merely different ways of expressing the research objects of economics. There is a general consensus that, first; economics is a social science because it focuses on the study and analysis of human behavior. As we know, economic issues arise only in the presence of scarcity. Therefore, the economic behavior of individuals is always closely linked to the scarcity of resources. Second, when resources are scarce, the economic choices of individuals or society can be reduced to the most fundamental choices that every community must face: what to produce, how to produce, and for whom to produce. Third, in a broader sense, economics can study how society manages scarce resources in both market economic systems (considering state intervention) and non-market economic systems. However, as we mentioned above, in the context of the contemporary world, the mixed economy or market economy model is the prevalent one. Hence, market economics remains the primary focus of economics.

In summary, disregarding the differences in the various emphases of expression, economics can be defined as a social science that studies how individuals and societies make choices regarding the use of scarce resources to produce outputs (both tangible and intangible) and distribute them among different members of society.

Political economy is a social science that studies the relationship between economics and politics. The term "political economy" was first used in 1615 by Antoine de Montchrétien in his work "Traité d'économie politique". The term "political economy" originated from Greek words meaning "political institution."

"Political economy" refers to the art of managing a nation's economy, distinguishing it from "economy," which refers to household management (the English term "political" derives from the Greek word "politike", meaning affairs of the state, while "economy" comes from the Greek word "oikonomia", meaning household management; political economy translates to "kinh tế chính trị" in Vietnamese). It can be said that political economy views economics through the lens of statesmen. The first systematic political economy theory was Adam Smith's in the 18th century. In his famous work "An Inquiry into the Nature and Causes of the Wealth of Nations" (1776, commonly referred to as "The Wealth of Nations"), Adam Smith elaborates:

Table 1. The Number of International Publications by Vietnamese Authors from 2020 to 2024.

Year	Number of Articles	Growth Rate (%)
2020	2543	N/A
2021	3120	22.7
2022	3450	10.6
2023	3980	15.4
2024	4200	5.5

Source: Web of Science

Recommendations

Current research papers, scientific works, and scientific articles should combine political economy and economics. Furthermore, they should integrate both qualitative and quantitative research. Additionally, theses and dissertations should follow the trend of combining both qualitative and quantitative research.

Application of the Socialist-Oriented Market Economy in Vietnam's Economic Development Today

Vietnam has overcome the challenges of the past 30 years of renovation amidst numerous difficulties. Significant progress has been achieved in transitioning to a market-oriented economy. Compared to the early days of reform, Vietnam's market economy has advanced to a higher level. The market system is more complete, and market factors are more refined. The influence of market laws and relationships is increasingly evident and robust. Vietnam's economic growth has consistently maintained a high and stable pace. It is recognized as one of the world's fastest-growing economies, with economic development improving steadily over the years. Per capita income in Vietnam increased from USD 1,273 in 2020 to USD 2,109 in 2025. Importantly, Vietnam's economic development is relatively robust. Analysis by World Bank policy experts comparing Vietnam with other countries globally and regionally confirms Vietnam's early achievement of certain millennium development goals.

After 10 years of WTO accession, Vietnam's economy, despite global financial crises and public debt challenges, has maintained an average growth rate of 6.29% per year, a significant achievement. The Economic and Social Development Plan for 2020-2024 reflects Vietnam's commitment to becoming a middle-income country and fundamentally transforming into a modern industrialized nation by 2024.

This context presents new challenges for building and implementing macroeconomic policies in the coming period. Vietnam's future macroeconomic policies must adhere to WTO commitments with a developmental approach rather than mere compliance. Furthermore, achieving middle-income status and industrialization entails gradual changes in state-society relations and economic complexity, necessitating differentiated policies to harmonize diverse requirements for shared development goals.

Thus, constructing institutional frameworks, managing policies, and enhancing macroeconomic management are critical keys to ensuring the success of these objectives. As Vietnam's economy becomes more complex, better risk management is required. Transitioning to a middle-income and industrialized nation requires improved macroeconomic management capacity and effective policy implementation. As Vietnam achieves higher income status, it will receive fewer external preferential supports and must rely more on its internal strengths, necessitating elevated levels of state macroeconomic policy construction and implementation.

Vietnam's Socialist-oriented Market Economy today represents a completely new model. Therefore, developing this economy is an ongoing process of refinement, innovation, and continuous improvement in understanding, theoretical thinking, and practical application. The resolutions of the 12th Party Congress clarify and demonstrate new developments on many crucial points, including those addressed for the first time.

Firstly, Vietnam's Socialist-oriented Market Economy operates fully and coherently under market economic laws. In practice, Vietnam's economy is gradually recognized as a market economy, and by 2018, WTO members will fully recognize it as such. This means our economy exhibits common characteristics of market economies, such as business and competition freedom, openness and liberalization, ownership diversification, price determination through supply-demand relationships, entrepreneurial spirit promotion, competition as a development driver, resource allocation for development, and addressing internal economic weaknesses according to market principles.

Secondly, Vietnam's Socialist-oriented Market Economy is modern and internationally integrated, reflecting deep and broad international integration processes across multiple levels over

recent years, integrating Vietnam's economy into the global market economy by adhering to global standards for development, implementing liberalization in trade, investment, finance, services, skilled labor, and crucially, complying with international commitments signed, striving to reform internal economic structures, meet criteria for full market economy recognition.

Therefore, continuing to refine development frameworks, innovating growth models, restructuring the economy to enhance productivity, quality, efficiency, sustainable rapid development, participating in global value chains and production networks, developing knowledge-based economies, emphasizing innovation on modern scientific-technological foundations, establishing efficient markets for production factors, goods, and services, developing advanced social security and welfare systems, promoting and perfecting civilized standards in production and consumption are crucial.

Thirdly, the market plays a primary role in mobilizing and efficiently allocating development resources, the main driving force for unleashing production potential. In recent years, the strong development of private economic sectors, FDI areas, state-owned enterprise equitization, stock market development, public service socialization, innovative public-private partnerships in basic construction and infrastructure development, have contributed significantly to unlocking production potential and all development opportunities within and outside the country.

Fourthly, our Party has affirmed the stronger role of the private sector in previous phases, viewing "the private economy as one of the drivers of the economy". This time, our Party asserts more decisively that "the private economy is a crucial force in the economy". In recent years, hundreds of thousands of private enterprises have contributed to the dynamic development of the economy, playing a crucial role in job creation, raising people's incomes, boldly innovating and leading in many production sectors.

New businesses. During the integration process, many private enterprises have expanded internationally and asserted their brands in the global market. Vietnam's entrepreneurial force is vast and widespread, encompassing various types and scales, increasingly influential in national development policies.

Fifthly, state resources are allocated strategically, planned, and developed policies must align with market mechanisms. In a developing economy like Vietnam's, the state plays a crucial role in socio-economic development. The state utilizes its resources, alongside tools and policies, to guide and regulate the economy, promote business production, advance societal progress, ensure social equity, and protect the environment. However, under current conditions, state resource allocation cannot be arbitrarily subjective, disregarding development plans and strategies, but must align with positive market signals, ensuring transparency and effectiveness.

Conclusion

The current state of teaching political theory subjects at the university level from the perspective of students highlights both challenges and opportunities in higher education. Inclusion in this context entails examining how diverse student backgrounds, perspectives, and experiences intersect with the curriculum and teaching methods. Students emphasize the need for inclusive pedagogical approaches that accommodate varying levels of prior knowledge and different learning styles. They advocate for curricula that reflect contemporary political issues and global perspectives, fostering critical thinking and civic engagement. Inclusion also involves addressing gaps in representation within the academic discourse, ensuring that marginalized voices and perspectives are heard and respected. Moreover, students value inclusive classroom environments that promote open dialogue, respect for differing opinions, and the cultivation of empathy and understanding across ideological divides. As universities navigate these complexities, fostering inclusive teaching practices becomes integral to preparing students for active citizenship and leadership roles in an increasingly diverse and interconnected world.

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