

COMBINATION OF ECONOMIC GROWTH WITH SOCIAL IMPROVEMENT AND EQUALITY DURING RENEWAL PROCESS IN VIETNAM

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I. Vietnamese Communist Party's renewal policy and attitude

Looking back the time before renewal, due to many reasons mainly the subjective, voluntarism policies of communist Party and Government in socialist transformation and socialist construction followed a obsolete model, our country, just a few years after reaching the pinnacle of glory of national liberation and national unity gradually fell into stagnation, recession and then serious economic and social crisis.

With the guideline “Look *straight to the fact*” the sixth Party Congress seriously made a self-criticism about previous mistakes and proposed an overall renovation policy for the country. Among them were contents directly related to the combination of economic growth and social equality and social improvement as the following: (1, pg.75-76).

- Transformed the economic from centrally planned economy, red tape and

administrative subsidies model, based on producing material public-ownership regime under the form of state-owned and community-owned to multi-sector commodity economy, in order to liberate production force, promote economic growth, improve living standard.

- Came to unanimity in economic and social policies, considered the level of economic growth is material condition for implementation of social policies; however, social goals are purpose of economic activities.

- Ensure that labors received an appropriate income that depends directly on their working result and economic effectiveness, encourage them to work enthusiastically. Respect proper benefits of citizen classes in legal and helpful business activities.

- Acquired and applied achievement of the World's Scientific Technical Revolution, made science, technology become strong motive force to the social-economic development of Vietnam.

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- Give mind in satisfying education demand of citizen, appreciate training working force with appropriate technology to social labor allocating requirement.
- Strive for improvement of medical activities quality and reach clearly breakthrough in citizen health care.

Since the sixth Party Congress, overall renovation of our country is stronger. Before arisen problem in life, Vietnam communist Party appreciate logical argument based on practical activities within our country and expand our view, reference to experience of other countries. From that, the seventh, eighth, ninth, tenth Party Congress and other Central Conference between terms of Congress. More and more the Central Conference defines the overall directive economic model, general target and policy system in Socialist construction process, especially aspects related to settlement of economic growth and improvement and social equality.

1. Overall economic model and target of socioeconomic renovation

As we all know, the sixth Party Congress just proposed the policy to change to multi-sector commodity economy, consider planning is the first specific characteristic and sound using the relationship of money-commodity is the second specific character of new economic management mechanism. *Political program of Building up our country during transitional period to socialist*, approved by seventh Party Congress, presented first time the formula; “Develop socialist-oriented multi-sector commodity economy, operates as market mechanism under

State management” (2, pg. 9-10). This formula was later adjusted to “Develop multi-sector commodity economy, operates as market mechanism under Socialist-oriented State management”. To the next step, the ninth Party Congress, while repeating the above content, it was definitive confirmation “That is socialist-oriented market economy model..., our country overall economy modal during transitional period to socialist” (3, pg. 86, 88).

As in this model, we use market mechanism as a role of human civilization achievements to make dynamic and push up economic growth, continuously improve living standard. We will not ape the free market economy –also base on theory of classical liberalism or new liberalism. The fact showed that, the free market economy itself did not automatically lead to social improvement and equality, on the other hand, sometimes it obstructed above targets, generate many difficult social and economic problems. We flexibly used the “invisible hand” of the market mechanism and visible hand of the State to overcome failure of the market in solving social problems based on improvement and equality principles. We took reference and acquired selectively good experiences of market economy model with regulation of social welfare, but we did not copy this model. Because each country has its own socio-economic situation and traditional culture, they can not apply mechanically a model from outside.

Originating from Vietnam circumstance after many decades of revolution against invaders under the guide of national

independence and socialism, Vietnam Communist Party soundly uses macro management and regulation tools on the socialist-oriented market economy to harmoniously combine between economic growth and social improvement and equality, between material live and spirit live direct to the target: *“Wealthy people, strong nation and equal, democratic and civilized society.”*

2. Policy of combining economic growth and social improvement and equality during renovation process.

Without stop in defining an overall economic model and general target of socio-economic development during transitional period to socialist in Vietnam, the process of renovating our Party theory of argument on the relationship of economic growth and social improvement and equality since sixth Party congress up to now, we reach many significant achievement, it represented in establishment of a large policy system with *development philosophy* which has a practical direction meaning as the following:

Firstly: Economic growth must connect closely to social improvement and equality in each developing step and policy. This is coverable policy.

Secondly: Respect the proper rights of labor and subject of all economic sectors; subject of all economic sectors; perform distribution model as working result and economic effectiveness as well as capital contribution and other resources to business activities and by social welfare.

Thirdly: Job settlement is decisive factor to develop human resources, stabilize and develop economy, make society healthy, satisfy make society healthy, satisfy legitimate aspiration and urgent requirement of people.

Next: Encourage people enrich legally as well as positively reduce poverty and eliminate hunger. Consider the advance rich part of people of significant for the development. At the same time, instructing, supporting poor people better themselves to be well off.

Then: Consider education and training is national prior policy to raise intellectual standard of people, train human resources, cultivate talent- significant factor to develop the society, grow economic stably and fast. Carry out social equality in education; create favorable condition for people to be studied.

Sixth: Together with education and training, science and technology are national prior policies, and driven force for industrialization, modernization, gradually develop knowledge economy.

Seventhly: Carry out the comprehensively the policy of protecting and caring people health, strive to reduce rate of disease sufferer, improve physical force, increase life expectation and develop our race. Carry out social equality people health care to all classes of people with subsidized policy and medical insurance for the poor.

Eighthly: Develop an advanced culture with national charm character; consider culture is spirit foundation of society, it is both target and motive force for socio-economic development.

Ninthly: Socio-economic strategy put people, as role of individual as well as community, to the central position, create chance for them to develop and take benefit of their ability.

II. Practical situation of solving relationship between economic growth and social improvement and equality in Vietnam during the past 20 years

As their function stipulated in Socialist Republic of Vietnam's Constitution, Government and National Assembly of Vietnam institutionalized policies mentioned above of Vietnam Communist Party to a specific Law system, policy, strategy, plan, program, project to put into practice. For example: Foreign Investment Law in 1998, Law of popularizing Elementary Education 1991, Law of Land in 1993, Labor code in 1994, Civil code in 1995, Business Law in 1999, Law on science and technology in 2000, Cultural Heritage Law in 2001, Law on Environment protection in 2002, Education Law in 2004, Law on Social Insurance in 2008...; 126, 133, 135 National Target programs on job settlement, reducing hunger and eliminating poverty in all over Vietnam, develop society and economy in exceptional poor communes 1998-2000; Comprehensive strategy of growth, reducing poverty and eliminating hunger 2001-2010; Scientific and Technical Development Strategy 2001-2010; etc. Thanks to that, renovation process of Vietnam reaches many significant achievements during the last 20 years in improvement and equality of society that connected closely to economic growth; also there are some weakness and shortcoming.

1. Achievement

*** Economic growth**

Vietnam Economy grew fast in recent years. Average GDP growing rate in 1986-1990 was 4.4%, in 1991-2000 was 7.5%, in 2001-2005 was more than 7.5%, in 2006 was 8.23%, and in 2007 was 8.46%. In recent two years, because of global economic crisis, GDP of 2008 was 6.18 % (4, pg.71) and estimated 5.2% in 2009 but Vietnam's growing rate is among those with good rate in region as well as in the world.

Chance of development is provided to every economic sector, social classes. Total GDP per person ranges from 200 USD per person in 1999 to 1.034 USD per person in 2008 (4). Living standard improved obviously.

*** Carrying our social improvement and equality**

In labor and career aspect: since 1991 to 2000, there were 1-1.2 million jobs provided per year; in 2001-2005 were 1.4-1.5 million. In 2006, added more 1.57 million people found their jobs while the number of 2007 was 1.6. Vocational training develops step by step, and the rate of labor who was trained increased from less than 10% in 1990 to about 23% in 2007 (5, pg.35).

Poverty reduces and hunger elimination achieved an impressed result. As National standard (which has been increase for several times), poverty and hunger rates were reduced from 30% in 1992 to 13-14% in 2008. While as standard issued by World Bank and General Statistic Office, the rate of common poverty reduced from 58% in 1993 to 29% in 2002 and about 17% in

2008. Accordingly, Vietnam “completed the target before global schedule: reduce 50% of poverty in 2015: which defined in Millennium Goal of The United Nations (6, pg.1).

Education develops in scale, diversifies in form of school and class, from pre-school, elementary school to higher education. Up to the end of 2008, more than 40 provinces, cities attained standard popularizing secondary school. The rate of literate people (for those who is 15 years old or higher) increases from 84% in the late 1980s to 90.3% in 2007. Since 2006 up to now, yearly, the scale of secondary vocational education increases 10%, scale of university and college education increase 7.4%. Poor student can borrow money with preferential interest rate from Vietnam bank for Social Policies.

Scientific and Technical activities: achieved an acknowledgeable stepg. Scientific and technical staffs (include Social Science, Natural Science, Technical Science,...) contribute in providing scientific ground for renovation plans , policies making; acquire, control and apply effectively technique imported from other countries, especially in Informatics and Communication fields, create a new

variety which has high productivity by cross-breeding, survey and exploit petrol and gas, develop electric power, construct bridge, build ship with large capacity, produce vaccine...and have some idea in informatics as a first stepg.

People health care activities: Improving. Community health index increased. Dead rate of children less than 5 years old reduced from 81‰ in 1990 to about 30‰ in 2005; rate of children under 5 years old malnourished reduced from 50% to 24%. Expansible vaccination implemented, many fatal disease was eliminated or controlled. Up to now, malaria, bronchocele in ethnic mountainous area reduced 60% in compare to the year 1995. Average longevity in 1990 was 63 while it was 74.3 in 2007.

Human Development Index (HDI): increase regularly and continuously during the past decades from 0,561 in 1985 to 0,599 in 1990, 0,647 in 1995, 0,690 in 2000, 0,715 in 2005 and 0,725 in 2007 (7, tpg.168), respectively. In comparison to GDP per person, Vietnam’s HDI in 2007 raises 13 levels: GDP per person is in level 129 over 182 countries while HDI is in level 116 over 182 countries. That means Vietnam Socio-economic development as well as

social equality and improvement are better than some developing countries of which GDP per person is higher than Vietnam’s. See the table hereafter

Compare Vietnam’s HDI to other countries’ in 2007 (7, p. 172-173)

Name of country	HDI	Criteria				HDI level over 182 countries 2007	GDP/person level (USD PPP) minus HDI level 2007
		Average longevity 2007	Literate 2007	Rate of going to school 2007	Average GDP per person PPP/USD 2007		
Vietnam	0,725	74,3	90,3	62,3	2.600	116	13
Equatorial Guinea	0,719	49,9	87,0	62,0	30.627	118	- 90
Egypt	0,703	69,9	66,4	76,4	5.349	123	- 20
South Africa	0,683	51,5	88,0	76,8	9.757	129	- 51
India	0,612	63,4	66,0	61,0	2.753	134	- 6

2. Shortcoming

Besides many achievements, the solved relationship between economic growth and social improvement and equality in Vietnam has some shortcoming and weakness.

** In Economic field*

Up to now, Vietnam is a developing country with low average income/person. More than 50% of labor working in Farming, forestry seafood; industry is in small scale, service was not developed. The socialist-oriented market economy was not institutionalized harmoniously. Economic growth mostly depended on expanding development such as: processing, assembling, natural resources exploiting, using large amount of capital, low technique, high material consuming. Therefore, quality of growing, effectiveness and quality of growing, effectiveness and competition power is low.

Report on Politic in the tenth Party Congress pointed out that "Economic sectors operate legally are parts of socialist-oriented market economy, equal under law; they also develop for long-term, soundly cooperate and compete" (8, pg.83). Actually, there are many cases that private economic sectors were not created equal chance to approach input factors of business (such as land, finance, economic information, policies, mechanism...) as State economic sectors. The distribution and regulation of income between class of people, fields of business, region are unreasonable. Many goods and service (like electricity, water, fuel, oil...) are sole by some State large corporation or

economic group and this prevents health competition, deforms this kind of market and also push up the price leading to loss of consumers, etc.

If economic equality is foundation of social improvement in general, such unreasonable elements can bring about a negative impact to implementation of social improvement and equality in other aspects (for example: job settlement, poverty reduce and hunger elimination, education and medical development...). On their turn, the unstable and unhealthy development of those aspects affect negatively back to economic development.

** In social field*

- In recent years, the rate of reducing poverty tends to be slower, the situation of re-poverty is remained, especially in mountainous areas, ethnic areas and where often affected by natural disaster, epidemic disease and since 2008 we have been affected by economic and financial crisis and high inflation within the country. As standard given by World Bank and General Statistic Office, up to the end of 2008, common poverty rate of Vietnam was 17%, in equivalent to 14-15 million people over 85 million populations. The income gap between 20% of the richest and 20% of the poorest increases from 4.43 in 1992-1993 to 8.14 in 2006. Thus, poverty reducing and hunger elimination help the poor enrich to average and well-off is a big challenge to social development prospect base on improvement and equality in Vietnam.

- Although unemployment ratio decrease from 8-9% in early 1990s to 4.64% in

2007, from early of 2008 up to now, unemployment ratio tends to increase because many companies have to narrow their business activities, even close down in context of global economic crisis. Particularly, in rural areas, situation of lacking jobs is quite serious. Ratio of used working time within working age just reached 80%. If we convert the remained 20% to 250 working days/person/year, that means 3-4 million of people are unemployed, among them are mainly. If we convert the remained 20% to 250 working days/person/year, that means 3 to 4 million of people are unemployed, among them are mainly uncomplicated labors that has not been trained.

- In education field, lecturing and studying content are both overloaded and old-fashioned; training structure is unbalanced; method of teaching and learning is obsolete, quality of human resources is generally low, can not afford requirement to improve industrialization and modernization. There are clear difference of studying conditions, infrastructure of school and class between rural and urban areas, lowland and mountainous areas. The rate of children of poor or nearly poor family come to class at their right age and study higher tends to reduce.

- In the field of health care, although medical system is expanded, device and equipment are deficient and distributed unreasonably and inconvenient for people. Medical insurance, hospital fees collecting and examining and treating mechanism for poor people is inadequate. Estimate that each year,

there are ten of thousand of poor or nearly poor have to borrow on interest, sell their domestic fowls, animals or fixed assets to pay for hospital fees. Therefore, for the poor with illness, especially serious illness, it requires high quality medical service and they can be driven to extremity.

- Besides, many social acute problems due to the reverse of market economy, specially while the role of State management is weak, execution of laws is not strict, the corruption situation, trafficking, and other social evils such as drugs, prostitution leading to the spread of HIV/AIDS... are occurring in many places. Ecological environment in many cities and rural areas was polluted to warning level.

The shortcomings and weakness above make the combination of economic growth and social improvement and quality under desired result over the past 20 years.

III. Petition of specify viewpoint system

From above expression, one basic and urgent problem poses to Argument and Practical study circle in Vietnam is how and what to do to promote gained achievement, overcome shortcoming and weakness during the socio-economic development progress in the past time, then make the combination between economic growth and social improvement and equality from now to 2020?

Actually, there is no easy, simple answer for the question above. However, based on general requirement of Vietnam

Communist Party, practical experience – both succeeded and no succeeded ones – the renovation process in Vietnam together with referring the world's experience, we would like to propose some petition as the following^(*):

Firstly, in a socialist-oriented market economy, economic growth and social improvement and equality implementation can and need to be premise and condition for each other. Economic growth creates material condition to implement social improvement and equality; on its turn, well implementing social improvement and equality will become motive force to speed up economic growth. There is not social improvement and equality in an in-effective, low quality and some times stagnated or recessed economy. And there will be no fast-growing, high effective and stable economic development in a society which labors have low qualification; a remarkable rate of population is unemployed or lack of jobs...

Secondly, combining economic growth and social improvement and equality must be implementing immediately in each step and each policy of development as proposed by Vietnam Communist Party. It can not wait until the economy develop to a high level then implement social improvement and equality, also we can not sacrifice social improvement and equality to run after economic growth purely for ethnic

benefit. Therefore, each economic policy has to direct toward social improvement and equality; each policy that ensure social improvement and equality has to push up economic growth whether in short-term or long-term, direct or indirect. Any mistake or partiality in designing or practicing an economic or social policy will negatively affect on or other target of socio-economic development process, even harmfully affect both targets.

The third is combination of economic growth and social improvement and equality can not rely only on re-regulation or re-distribution of income of people classes. Inheriting and developing achievement of renovation process over the past 20 years, now we have more necessary premises and conditions to ensure all people, especially those belong to easy-harm or disadvantaged group will have chance to equally approach basic social service in education, training, medical, career, credit, social sponsor, legal consultancy, ...so that they can manage and gradually improve their living condition as well as contribute to build the country.

Then, for implementing social improvement and equality in multi-sector and multi-ownership market economy, it must be absolutely overcome remnants of average distribution mechanism, equally distributed produced resources and wealth, ignoring quality and effectiveness of manufacturing, business and effort, intelligence, assets contributions, of each person to the common development of the country, as the mistake in the period

^(*) Read Phạm Xuân Nam (editor in chief): Manage social development based on improvement and equality principles. H.: National Politics Publisher, 2001,pg. 77-81

before renovation. Also, we can not mainly spend produced wealth to implement policies to ensure social improvement and equality that exceeds allowed ability of the economy. Because, it can reduce necessary conditions to push up economic growth leading to economic stagnation, depression and lastly can not implement policies for society to ensure equality and improvement. Consequently, each step, each specific policy for development must be reasonably combined between economic growth and social improvement and equality so as these sides will not obstruct even annul the other but support together to develop.

Next, combining economic growth and social improvement and equality step by step and policy by policy requires extremely care to cultural development. In broad sense, culture includes thought, morality, life style, education, science, public information... not only literature, art. As this meaning, one important task of social development management is how to deeply bring cultural elements, human civilized spirit to all social life and people's relation: from behavior in family, school, society to business activities, communication... In order to implement the above said, Vietnam Communist Party and Government have to actually consider education-training together with science-technology is National policy, continuously improve cultural standard of people, cultivate personality, treat well talented and righteous people, gradually build a knowledge society based on knowledge

economy which are human civilized and advanced, uphold good value of culture as well as open to quintessence of human culture. By that, we can prevent and drive back social evil, ensure the healthy development of society and economy and Vietnam stability.

Sixthly, to well combine economic growth and social improvement and equality in socialist-oriented market economy, the role of macro management and regulation is deeply important. Due to impact of law of value, rule of competition, law of supply and demand, strong points of market economy is that it always stimulates technical improvement, rationalize business activities. However, it is affected by benefit; the market economy can not avoid non-government spontaneous factors as especially it can not automatically lead to social improvement and equality. Therefore, Socialist state has to know how to take advantage of market mechanism to create dynamics and develop manufacture, speed up economic development as well as correctly use legal tools, policy, plan and material strength of state economy to overcome defect of the market to ensure social improvement and equality, protect legitimate benefit of people.

IV. Propose some basic solutions

The specific view point system said above needs to be applied skillful to determine basic solution to ensure a better social improvement and equality during process of increasing quality of socialist-oriented market economy development.

Firstly, from now to 2020 and may be the next decade of 21st century, Vietnam must have an appropriate strategy, policy and route to strongly turn from developing in scale to developing in depth based on application of modern technical and scientific achievements, with majority of labor has high qualification, and ability to enter designing, manufacturing branch of key industry, produce good with high value, trade mark and prestige within the country and in the world. Thanks to that, Vietnam's economy will grow faster with higher quality, thus the labor receive income suits them to incessantly improve their living standard. Actually, this is a method to bring about social improvement and equality that focus on human development, change to socialist-oriented market economy in Vietnam.

Secondly, specific management policies also need to be adjusted to create favorable conditions for all economic sectors, enterprises, classes of citizen to approach business "in put" factors equally. Those in put factors include both tangible and intangible such as land, credit, technique, business environment, economic information... Strictly eliminate asking-giving mechanism and remnant of ordering administration management with many inconvenient procedure, create difficulty for normal activities of enterprises.

Thirdly, For "out put" result of business activities, we need to better continue distributing based on working result and economic effectiveness principle, at the same time distribute based on capital

contribution and other resources to business activities.

The distribution based on working result and economic effectiveness principle considered the main because labors with high quality, productivity, effectiveness are the most important source that generate social wealth. However, in condition of turning to multi-sector market economy, besides distribution based on working result, distribution based on capital contribution and other resources to business activities must be equal.

Of course, recognizing it that means accepting the existence of exploiting surplus value relations in a limited range. But, this is unavoidable problem while standard of labor in Vietnam is low, the requirement to attract investment capital, technology of foreign company as well as private company in Vietnam to agriculture, industry and service in order to push up economic growth, create more jobs, increase salary, improve living standard is natural objective.

Founders of science socialist have pointed out that: dialectic of history is human society has to pass "indispensable kingdom" to reach "Free kingdom". K.Marx wrote: "people gain freedom [freedom from exploiting-PXN] when it is not because of ideal of people but decided and allowed by manufacturing force" (9, pg. 632-633).

One thing that, the State needs to supplement, adjust article, regulation that will not conform in Law and Regulation and policy related to harmoniously adjust benefit between employer and

employee, ensure that labor will not be over exploited by capitalism but receive adequate payment to their spent force.

The forth is, while investing State resource for development, it needs specific plan and lay out to balance investment for different areas. Invest higher in main dynamic area is necessary to make motive force to pull Vietnam economy toward. However, we must pay attention to invest in other areas, especially the mountainous areas, remote areas, ethnic areas to gradually reduce the gaps of development level between those areas, over come the situation of “natural inequality” and “inequality by history” step by step, stabilize society and politic, ensure the social development based on improvement and equality principle attached with economic growth in all areas in the Vietnam..

Fifthly, Among policies related to re-distribution of Gross domestic product, we should not pay attention to distribution by social welfare. Because, the term social welfare is limited within common benefit that all people can gain. In actual circumstance, object of social policy is diversified; therefore we need expand social welfare policy to *multistage social security system*.

That system include: i) social preferential policy to at least ensure average-above living standard for people who deserve to The Revolution and War Resistance; ii) Social insurance policy: to mobilize to contribute a part of income at normal time leave for difficult time (unemployment, illness, old age...); iii) Social welfare policy to

help easy-harm and weak people such as the disabled, alone old people, orphanage, street children...; iv) social assistance policy to assist people heavy impacted by natural calamities and enemy-inflicted destruction or risk in lives; v) social interdependent policy to uphold the traditional mutual affection and love, “The good leaves protect worn-not leaves” in community to overcome difficulties, reduce poverty and eliminate hunger.

The sixth is, implement an uncompromising struggle with closely management from the highest level, use the most “made up army”, many combined methods to prevent and push back illegal enrichment affectively. Because this is factor both harm economic growth and social improvement and equality and create large social unfairness.

Those with illegal enrichment mainly belong to two group: cheater in commerce, speculator; the second is degenerate and retrograde officers always find way to take advantage by their power and position (especially in land survey, real estate, capital construction, finance, tax, customs...) to squeeze money from State and people. Moreover, in fact, many economic cases show sophisticated collusion between the two groups above.

Both groups have antagonistic benefit to benefit of society. They must be punished and eliminate by justice. If they continue to develop and collude closely, soon or later they will rudely renovation process from inside, make the socialist-oriented market economy a

desolate and waste market economy, both prevent fast, healthy and stable economic growth and prevent social improvement and equality, create discontent in community, create danger to the existence of life-work **Wealthy people, strong nation and equal, democratic and civilized society** Vietnam Communist Party and people are striving.

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