

THE QUALITY OF ECONOMIC GROWTH IN THE MEKONG DELTA THROUGH SOME MACROECONOMIC INDICATORS

Nguyen Hoang Trung^{1,2}

¹University of Economics and Law, Viet Nam National University Ho Chi Minh City

²Dong Thap University

ARTICLE INFO		ABSTRACT
Received:	03/8/2023	The article studies the quality of economic growth in the Mekong Delta through macroeconomic indicators, including economic growth, income, unemployment rate, poverty rate, life expectancy, mortality rate, and environment. The study is based on secondary data taken from the General Statistics Office 2021, the main analysis method is descriptive statistics, with the analysis of mean, absolute and relative differences in GDP indicators, income disparity, unemployment rate, poverty rate, death rate. The results show that the quality of economic growth is still mainly growth by scale, not growth in depth, the indicators showing stability and sustainability are not really satisfactory. Specifically, the unemployment rate is still increasing, people's health is not in good condition, and environmental pollution is increasing. The research results provide the basis for suggesting policies in order to improve the quality of economic growth for the Mekong Delta.
Revised:	19/9/2023	
Published:	19/9/2023	
KEYWORDS		
Quality of economic growth		
Poverty		
Mekong Delta		
Environment		
Income		

CHẤT LƯỢNG TĂNG TRƯỞNG KINH TẾ VÙNG ĐỒNG BẰNG SÔNG CỬU LONG QUA MỘT SỐ CHỈ TIÊU KINH TẾ VĨ MÔ

Nguyễn Hoàng Trung^{1,2}

¹Trường Đại học Kinh tế - Luật, Đại học Quốc gia Thành phố Hồ Chí Minh

²Trường Đại học Đồng Tháp

THÔNG TIN BÀI BÁO		TÓM TẮT
Ngày nhận bài:	03/8/2023	Bài viết nghiên cứu chất lượng tăng trưởng kinh tế vùng Đồng bằng sông Cửu Long thông qua các chỉ tiêu kinh tế vĩ mô, bao gồm tăng trưởng kinh tế, thu nhập, tỷ lệ thất nghiệp, tỷ lệ nghèo, tuổi thọ, tỷ lệ tử vong, môi trường. Nghiên cứu dựa trên dữ liệu thứ cấp lấy từ Tổng cục Thống kê 2021, phương pháp phân tích chủ yếu là thống kê mô tả, với việc phân tích sự khác biệt trung bình, tuyệt đối và tương đối của các chỉ tiêu GDP, chênh lệch thu nhập, tỷ lệ thất nghiệp, tỷ lệ hộ nghèo, tỷ lệ tử vong. Kết quả cho thấy chất lượng tăng trưởng kinh tế chủ yếu vẫn là tăng trưởng theo quy mô, chưa tăng trưởng theo chiều sâu, các chỉ tiêu thể hiện tính ổn định, bền vững chưa thực sự khả quan. Cụ thể, tỷ lệ thất nghiệp vẫn gia tăng, sức khỏe người dân không được tốt, ô nhiễm môi trường ngày càng gia tăng. Kết quả nghiên cứu làm cơ sở đề xuất các chính sách nhằm nâng cao chất lượng tăng trưởng kinh tế cho vùng Đồng bằng sông Cửu Long.
Ngày hoàn thiện:	19/9/2023	
Ngày đăng:	19/9/2023	
TỪ KHÓA		
Chất lượng tăng trưởng kinh tế		
Đói nghèo		
Đồng bằng sông Cửu Long		
Môi trường		
Thu nhập		

DOI: <https://doi.org/10.34238/tnu-jst.8486>

Email: nhtrung@dthu.edu.vn

<http://jst.tnu.edu.vn>

1. Introduction

The quality of economic growth is a major issue that has attracted the attention of many domestic and foreign researchers. A study in sub-Saharan Africa suggested that good growth quality is strong, stable, sustainable growth, increased productivity, and good social outcomes such as improved living standards for people [1]. This is based on an extensive literature that discusses different aspects of growth and their importance, such as the sustainability of growth [2], [3], the volatility of growth [4], [5], and the sectoral and poverty reduction aspects [6]. This shows that good growth quality is not only at a high level, but also important to improve living standards and welfare, and create better job opportunities. Therefore, how growth is generated is crucial for its sustainability and for accelerating job creation and poverty alleviation.

Another study argues that quality growth is high, stable, sustainable, and socially friendly [7]. Following this approach, they developed a growth quality index that focuses on the nature of growth and the social dimension of growth in relation to poverty reduction and environmental protection. Recent studies on the quality of economic growth, building upon the findings of previous research, have conducted a broader analysis, revealing more insights into the nature of economic growth's quality with considerations for both environmental sustainability and the mitigation of inequality [8]. These factors are also mentioned in the studies [9] - [11], emphasizing the significance of environmental preservation and equality in the context of economic growth's quality.

The above studies show that there are many criteria for measuring the quality of economic growth. Within the scope of this article's research, we solely focus on analyzing several indicators related to growth, income, employment, life expectancy, and the environment. This provides an overview of the economic growth quality of the Mekong Delta.

The Mekong Delta holds a very important position in politics, economy, society, defense, security, and trade with the Association of Southeast Asian Nations (ASEAN). It has a natural area of 39,734 km², accounting for 12.2% of the country's area, and a population of about 18 million people, accounting for 19% of the country's population. The Mekong Delta has about 150 district-level units, more than 1,000 commune-level administrative units, and nearly 10 million farming households; its economic scale is expanding, reaching about 970 trillion dong in 2020, accounting for 11.95% of the country's gross domestic product (GDP). Its gross domestic product (GRDP) per capita reached 56.02 million VND/person/year, and the rate of trained workers reached 62.8%. It is the largest granary of rice and aquatic products and fruit production in the country, contributing 31.37% of GDP of the whole agricultural sector and more than 50% of rice production, 65% of aquaculture production, 70% of fruit, 95% of exported rice, and 60% of exported aquatic products. It plays an important role in ensuring national food security and export. At the same time, the region has a lot of potential for oil and gas and renewable energy, such as wind energy, solar energy, and tidal energy. It also has a system of rivers and canals interlaced [12]. However, the development of the Mekong Delta has not been commensurate with the potential, advantages, and investment of the State; the infrastructure has not met the development requirements; the high-quality human resources have not been properly invested; and the standard of living has not been met. People's material and spiritual resources are still limited compared to some regions. Currently, the Mekong Delta is facing many challenges, especially from the impact of climate change, exploitation and use of water upstream, internal weaknesses of small production, lack of cooperation and association, infrastructure inadequate in response to large-scale production requirements, lack of logistics infrastructure for agriculture, inadequate and ineffective forms of production organization, agricultural cooperatives, unpredictable market fluctuations with green consumption trends requiring higher and higher safety standards. The bottlenecks in infrastructure are being invested in, but are still slow to be put into operation, making the region without new resources for development. In addition, the

Mekong Delta has been more severely affected by the COVID-19 pandemic than the national average and always has many potential risks. Therefore, a full analytical assessment is needed to suggest policies to improve the quality of economic growth for the Mekong Delta. The article assesses the present quality of economic growth in the Mekong Delta by utilizing crucial economic indicators. This assessment subsequently forms a foundation for devising policies aimed at enhancing the quality of growth within the Mekong Delta.

2. Methodology and data

2.1. Methodology

The primary methodology utilized in the article involves descriptive statistics and the average analysis of criteria such as income and life expectancy. This approach serves to depict the representative nature of income and life expectancy among the population in the Mekong Delta. Additionally, the study amalgamates the analysis of absolute and relative fluctuations in GDP, poverty rates, inequality, unemployment rates, crude death rates, and environmental indicators. The goal of this comprehensive analysis is to discern the evolving trends of these target variables, with the overarching aim of assessing the quality of economic growth in the Mekong Delta region.

The criteria selected for this analytical process are succinctly summarized from the studies presented in the introduction, as these factors collectively constitute the elements that shape the quality of economic growth. The data obtained from these analyses is visually presented through graphs spanning multiple years. Following this, the data is systematically aggregated and extrapolated to formulate policies based on the outcomes of the analysis.

2.2. Data

The data used in the article are mainly secondary data, collected from two sources: the General Statistics Office in 2021 and the Statistical Yearbook 2021 of the provinces in the Mekong Delta. The collected indicators include GDP, capital, labor, economic restructuring, income and inequality, education, health, and environment from 2017 to 2021.

3. Results and discussion

3.1. Economic growth in the Mekong Delta region

Based on calculations by Vietnam's General Statistics Office, the economic growth of the Mekong Delta is depicted in Figure 1, utilizing the GDP changes from 2017 to 2021 as a reference.

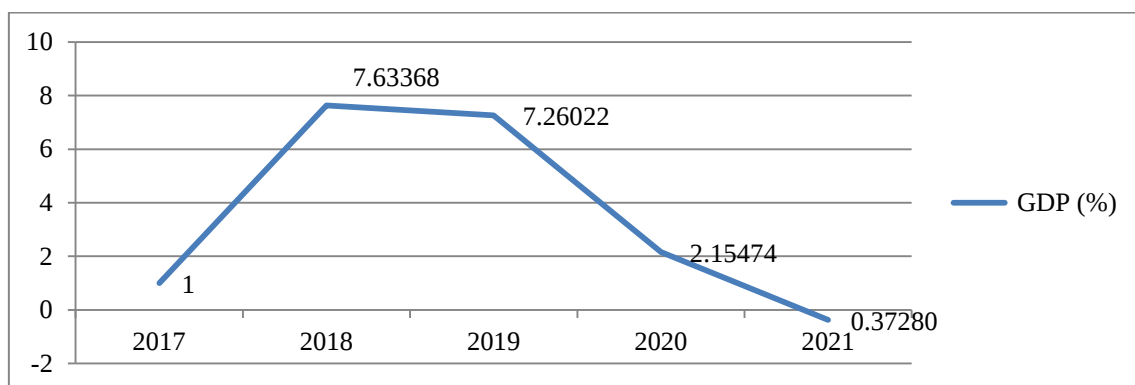


Figure 1. GDP growth of the Mekong Delta in the period from 2017 to 2021
(Source: Vietnam Statistical Yearbook 2021)

During the span between 2017 and 2018, the economy of the Mekong Delta exhibited remarkable growth. The structure of agricultural production shifted towards increasing fisheries and fruits and reducing rice, gradually forming large-scale concentrated production areas

specializing in the cultivation of key agricultural products (shrimp, pangasius, rice, fruit) in association with processing and consumption technology along the agricultural value chain. The plan to restructure the industry was initially implemented in the right direction and effectively, focusing on developing green, low-emission industries and improving the value of agricultural products through promoting the processing industry. Many localities had actively implemented a number of economic models suitable to nature, applying high technology and adapting to climate change. The economy of the Mekong Delta region, which had slowed down prior to 2019, had suffered a severe shock from the COVID-19 pandemic. The growth rate dropped sharply from 7.26% in 2019 to only 2.15% in 2020, and further fell to -0.37% in 2021, while the whole country still maintained a growth rate of +2.6%. Thus, in terms of economic growth, the Mekong Delta had been more severely affected by the COVID-19 pandemic than the whole country, due to its specific economic structure. Firstly, although it is not a modern economy, the proportion of services in the GRDP structure of the Mekong Delta is even higher than that of the whole country, even in the worst of times during the COVID-19 pandemic. Secondly, the inherent weakness of the Mekong Delta's industrial sector has hindered the region's economic growth from reviving. In 2021, the industrial sector dropped drastically (-2.26%), much lower than the 4.05% growth rate of the whole country. Third, the biggest economic bright spot of the Mekong Delta is the agricultural sector, which maintained positive growth rates in 2020 and 2021, at 2.02% and 1.57% respectively. However, the agricultural sector alone was not enough to revive the economy of the Mekong Delta because the other two sectors - together accounting for more than 70% of the GDP of the Region - both grew negatively at a rather deep level.

3.2. Income

3.2.1. The income of employees working in enterprises

A good economic growth is reflected in many indicators, including the income of workers. Figure 2 shows that the average income over the years tended to increase, indicating an increase in scale. However, when considering the growth rate over the years, there was a decreasing trend.

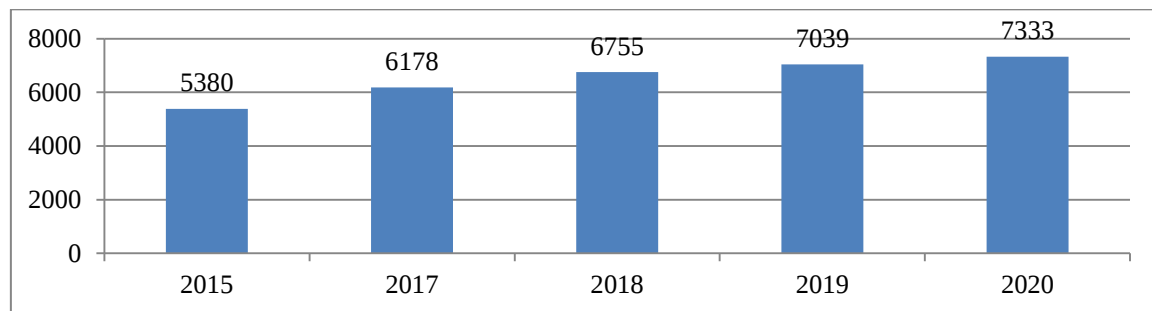


Figure 2. Average monthly income of employees (Unit: million VND)
(Source: Vietnam Statistical Yearbook 2021)

In 2017, there was an increase of 14.03% compared to 2015, followed by an increase of 9.34% in 2018 compared to 2017, in 2019 4.20% compared to 2018, and in 2020 4.17% compared to 2019. This is due to the fact that the current laborers in the Mekong Delta were mostly untrained; only about 7% of the total population was at university level, compared with 63% of the whole country, which shows that the training problem and the level of human resources in the Mekong Delta were very low.

3.2.2. Income disparity

The income gap between the highest and lowest quintiles of regions and the whole country is illustrated in Figure 3. The results show that the Mekong Delta region had a lower gap compared to the whole country and ranks fourth compared to other regions.

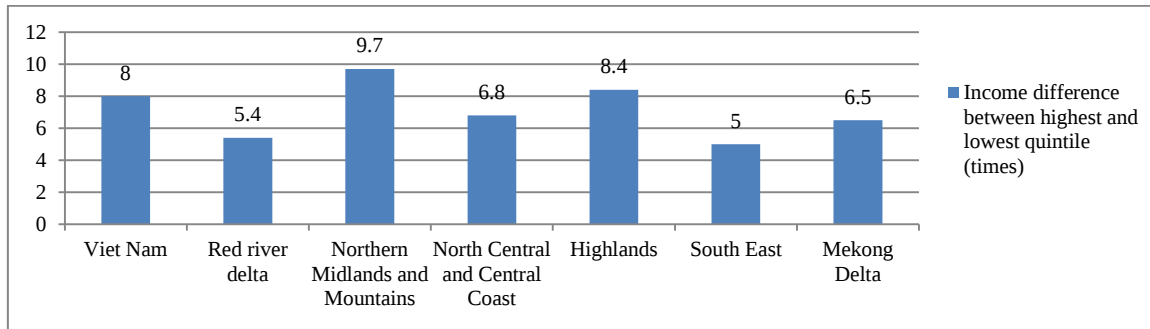


Figure 3. Income disparity of the Mekong Delta in 2021
(Source: Vietnam Statistical Yearbook 2021)

The Mekong Delta benefits from its distinctive geographical characteristics, fostering agricultural development and resulting in a lower income disparity. This environment enables individuals to generate income by creating jobs, even if they are not employed by state agencies or businesses. When considering economic progress across the localities within the Mekong Delta, the disparity is comparatively reduced compared to other regions.

3.3. The rate of households in poverty

By adhering to the Party's and State's policies and resolutions, the authorities of Mekong Delta's provinces and cities have continuously devised context-appropriate solutions. These measures encompass a diversified range of support to empower the impoverished in augmenting their earnings and achieving stability in their livelihoods. Consequently, the Mekong Delta has witnessed a significant reduction in its multidimensional poverty rate (measured by the extent of poverty), plummeting from 8.6% in 2016 to 3.8% in 2021 (Figure 4).

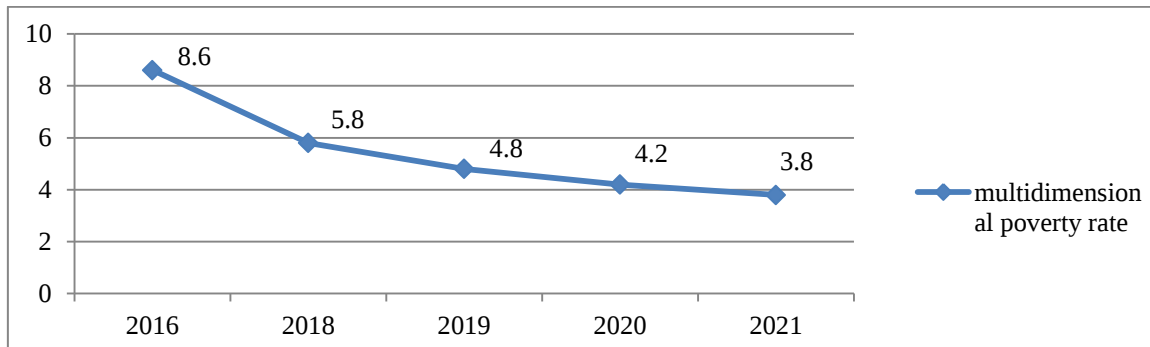


Figure 4. Rate of multidimensional poverty in the Mekong Delta
(Source: Vietnam Statistical Yearbook 2021)

Enact the policies and resolutions set forth by the Party and State, various policies have been put into action to bolster employment opportunities, extend business loans to individuals, provide training in production techniques, and implement comprehensive solutions. These encompass policies relating to healthcare, education, housing, clean water, hygiene, and information communication. Furthermore, several localities have taken on the task of guiding individuals toward cultivating high-value, economically sustainable crops. This proactive approach aims to establish resilient livelihoods for rural inhabitants, enabling them to break free from the cycle of poverty.

3.4. The unemployment rate of the Mekong Delta region

The unemployment rate in urban areas is higher than in rural areas and higher than in the whole region; the reason for this is because urban areas are densely populated, with high

population density and abundant labor resources. Rural population migration to urban areas in search of jobs is increasing, putting more pressure on job creation in urban areas (Figure 5). The unemployment rate in the Mekong Delta from 2015 to 2019 had tended to increase, especially in rural areas in 2018, which then decreased and increased again in 2019. From 2019 to 2020, anticipated reductions in the unemployment rate were projected for both geographical areas, encompassing both urban and rural locales. However, this rate was likely to increase again in 2021 due to the complicated development of the fourth Covid-19 epidemic and the prolonged social distancing period in many localities, which had pushed the unemployment rate up.

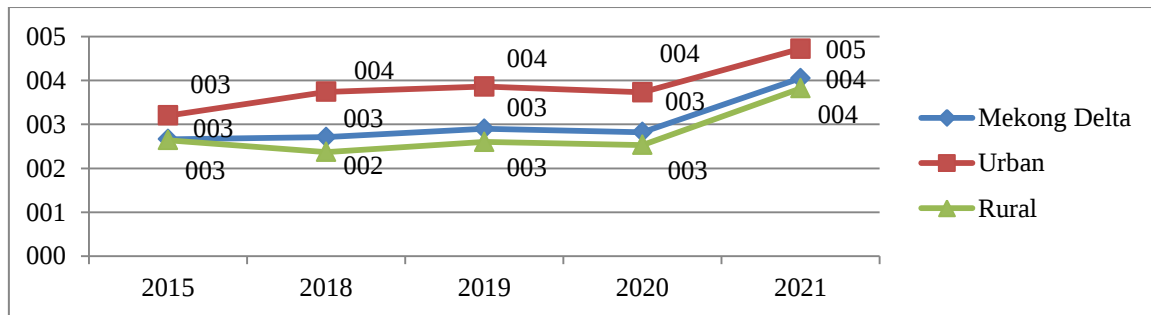


Figure 5. Unemployment rate in the Mekong Delta region
(Source: Vietnam Statistical Yearbook 2021)

Employment in industry and construction, and the service sector fell sharply, while that in agriculture tended to increase, contrary to the usual trends, mainly due to the number of workers losing their jobs in the southern provinces and returning to the locality to work in the agricultural industry.

In addition, the Covid-19 epidemic not only affected the formal sector, reducing the number of workers in this area, but also spread to the informal sector, depriving workers of the opportunity to find informal jobs. This has resulted in many workers being unable to find jobs, including temporary jobs during this period.

3.5. People's health

3.5.1. Crude death rate

From 2015 to 2018, there was a rise in the crude death rate from 7% to 7.6%. Nonetheless, the rate displayed a downward trajectory from 2018 to 2020, experiencing only a marginal increase in 2021, yet still remaining below the 2015 level (Figure 6).

This trend provides evidence of notable enhancements in medical care quality and nutritional standards for the populace when compared to previous periods.

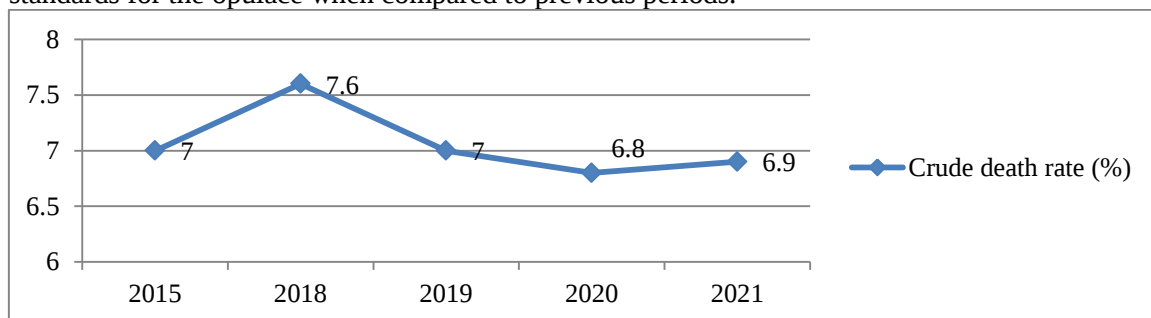


Figure 6. Crude death rate in the Mekong Delta
(Source: Vietnam Statistical Yearbook 2021)

This result is also associated with the economic growth of the Mekong Delta, showing that besides the economic concern, the government's policies are also directed to other aspects in order to ensure a quality and sustainable growth.

3.5.2. Average life expectancy

It can be seen that the average life expectancy in the Mekong Delta has improved significantly in recent years (Figure 7). This is a positive point in improving the quality of the population, but it also poses many challenges in making population policies to adapt to population aging and the issue of ensuring social security for the elderly in this region.

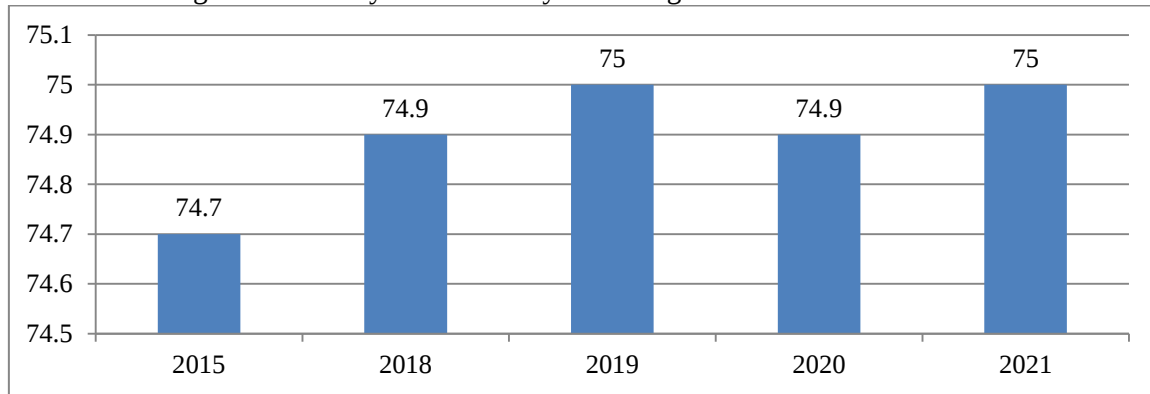


Figure 7. Average life expectancy of people in the Mekong Delta
(Source: Vietnam Statistical Yearbook 2021)

In the coming time, in addition to policies to improve population quality, it is necessary to synchronously develop projects on health care for the elderly, as stated in the goals of Resolution No. 21 [13]. In particular, improving healthcare for the elderly and the social security system, as well as labor policies for the elderly, can create conditions for the elderly to continue to participate in economic activities, helping to solve social problems, improve living standards, contribute to the promotion of goods and services, and increase production scale.

3.6. The environment of the Mekong Delta region

In the Mekong Delta, an important environmental risk phenomenon that has not been given enough attention is land subsidence with an increasingly rapid and serious level. The results of land subsidence measurement research conducted by the Ministry of Natural Resources and Environment between 2014, 2015 and 2017 with 339 measurement landmarks in Ho Chi Minh City showed that, in comparison with the elevation value measured in 2005 in Ho Chi Minh City and the Mekong Delta, there were 306 subsidence landmarks, with only 33 landmarks not subsiding or rising. Of the 306 subsidence landmarks, the settlement rate varied from 0.01 to 6.8 cm/year, with an average of 1.07 cm/year. The reason behind this is the excessive exploitation of groundwater resources [14]. According to the report of the Department of Water Resources Management, the combined extraction rate from the mentioned wells amounted to approximately 1.97 million m³/day, with the mining density in the subsidence areas varying from 3 m³/day/km² (in An Giang) to 249 m³/day/km² (in Ho Chi Minh City), and the average of the whole region was about 47 m³/day/km². In addition, the small-scale exploitation wells of households had an estimated exploitation flow of about 840 thousand m³/day. In general, in the whole Mekong Delta, areas without subsidence had a small density of water exploitation, and vice versa for areas with subsidence. For areas with different levels of settlement, the highest settlement (over 10 cm) had the largest groundwater extraction density (111 m³/day/km²). Riverbank and coastal erosion is a growing phenomenon in the Mekong Delta, which not only causes land loss and impedes water flow, but also poses a serious threat to buildings and people's safety. This is one of the environmental issues that requires special attention in the planning and development of the Mekong Delta. In the Mekong Delta, there are currently 562 landslide points with a total length of nearly 800 km; 55 of these are particularly dangerous and 140 are dangerous [15].

4. Conclusion and Policy Implications

The analysis of macro indicators related to the quality of economic growth in the Mekong Delta revealed that, despite achievements in terms of growth, population, income, and employment, various issues were also present, particularly the escalating environmental pollution. The scale of growth tended to increase, but the region's potential had not been fully exploited yet; growth had not delved into depth and was primarily derived from agriculture.

The unemployment rate of workers was still on an upward trend, necessitating synchronized solutions in terms of both the economy and education to enhance the qualifications of workers. Although the average life expectancy of the population had increased, the actual age of healthy living remained lower than the global average. From this, it was evident that improving the quality of economic growth in the Mekong Delta required policies that further promoted quality-driven indicators.

Policies to enhance the quality of economic growth in the Mekong Delta in a sustainable direction included the continuous refinement of market economy institutions, the development of high-quality human resources, and the rapid establishment of a specialized infrastructure system suitable for digital economic transformation and in line with the requirements of the fourth industrial revolution. Additionally, more attention should have been paid to policies regarding environmental protection and the improvement of the people's health quality.

REFERENCES

- [1] M. Martinez and M. Mlachila, "The quality of the recent high-growth episode in Sub-Saharan Africa," In *IMF working paper 13/53*. Washington: International Monetary Fund, 2013.
- [2] A. Berg, J. Ostry, and J. Zettelmeyer, "What makes growth sustained?" *Journal of Development Economics*, vol. 98, no. 2, pp. 149-166, 2008.
- [3] S. Johnson, J. D. Ostry, and A. S. Subramanian, "The prospects for sustained growth in Africa: Benchmarking the constraints," In *IMF working paper 07/52*. Washington: International Monetary Fund, 2007.
- [4] H. Badinger, "Output volatility and economic growth," *Economics Letters*, vol. 106, no. 1, pp. 15-18, 2010.
- [5] G. Ramey and V. A. Ramey, "Cross-country evidence on the link between volatility and growth," *American Economic Review*, vol. 85, pp. 1138-1151, 1995.
- [6] N. Loayza and C. E. Raddatz, "The composition of growth matters for poverty alleviation," *Journal of Development Economics*, vol. 93, no. 1, pp. 137-151, 2010.
- [7] M. Mlachila, R. Tapsoba, and S. J. A. Tapsoba, "A Quality of Growth Index for Developing Countries: A Proposal," *Springer Science+Business Media Dordrecht*, 2016, doi: 10.1007/s11205-016-1439-6.
- [8] X. Chao and B. Ren, "How does the urban-rural income gap affect the quality of China's economic growth?" *China Political Economy*, vol. 1, no. 1, pp. 136-148, 2018.
- [9] Kong et al, "Trade openness and economic growth quality of China: Empirical analysis using ARDL model," *Finance Research Letters*, 2020, doi: 10.1016/j.frl.2020.101488.
- [10] B. Lin and Y. Zhou, "Does energy efficiency make sense in China? Based on the perspective of economic growth quality," *Science of The Total Environment*, vol. 804, 2021, Art. no. 149895, doi: 10.1016/j.scitotenv.2021.149895.
- [11] X. Du, H. Zhang, and Y. Han, "How Does New Infrastructure Investment Affect Economic Growth Quality? Empirical Evidence from China," *Sustainability*, vol. 14, no. 6, 2022, doi: 10.3390/su14063511.
- [12] General Statistics Office, *Vietnam Statistical Yearbook 2021*. Statistical Publishing House, Hanoi, 2022.
- [13] Party Central Committee, *Resolution No. 21-NQ/TW, dated October 25, 2017, of the Sixth Conference of the 12th Party Central Committee on Population Work in the New Situation*, 2017.
- [14] Ministry of Natural Resources and Environment, *Report of the Department of Water Resources Management*, June 18, 2019.
- [15] Ministry of Agriculture and Rural Development, *Report of the General Department of Natural Disaster Prevention*, June 18, 2018.