



THE ROLE OF ECONOMIC GROWTH AND IMPROVEMENT OF WORKERS' LIFE IN THE PROCESS OF INTERNATIONAL INTEGRATION IN VIETNAM

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Abstract:

Economic growth, improvement of living and working life are fundamental issues which are addressed in every society in the development process. The goal of economic development is to facilitate the advancement of areas of social life, especially cultural and human growth, life quality improvement of people of all classes, laborers, etc. In recent years, the achievements of economic growth have contributed to improving the quality of workers' life; however, there have been many challenges that require the Government of Vietnam to take specific and appropriate measures to ensure both promotion of economic progress and improvement of workers' life in the process of international integration in Vietnam.

Keywords: economic growth, international integration, workers' life, Vietnam

1. Views on the role of economic growth and improvement of workers' life

Economic growth is an increase in gross national product or an increase in gross national product per capita over a given period (usually a year). The connotation of economic growth is expressed in scale and speed. The scale of growth reflects the increase more or less, while the growth rate is used with relatively comparative meaning and reflects the rapid or slow increase of the periods. From an economy-wide perspective, income is often shown as values measured by value criteria such as: Gross domestic product (GDP); Gross national income (GNP); Per capita income (GDP / person / year). If the scale and growth of the indicators reflect a high total income and per capita income, they are a positive sign in terms of economic growth.

Workers' life is a socio-economic category defined by the satisfaction of physical and spiritual needs of members in a society. As the level of satisfaction of material and

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spiritual needs for the population increases, improving workers' life is enhanced. According to the author, in order to improve the lives of workers, there are the following criteria:

- 1) The criteria reflecting working characteristics and conditions such as: job security for workers; the average length of working time in a day; rest time; labor intensity; proportion of work mechanized and automated; labor protection and occupational safety and hygiene; cultural activities, workplace spirit; transportation to work place of workers.
- 2) The criteria reflecting the consumption of material wealth in society such as: per capita income; consumption of essential food and foodstuffs; housing conditions (average area, type of dwelling); durable goods.
- 3) The criteria reflecting cultural and spiritual living conditions and health assurance such as the development of education and training systems; general education level of the population; status of people's healthcare; the development of cultural works; public transport system; situation of environmental sanitation.
- 4) General criteria reflecting the results of impact between factors such as: average life expectancy of the population; human resource development; the level of participation in social management of the population.

For improving workers' life, first of all, there must be economic growth (or increase in the income of the economy), because the income of the population depends on the total income of the economy (or the results of the economic growth process). In addition, to increase the improvement on workers' life in Vietnam, the increase in the total income of the economy must be greater than the increase in population size. In particular, for developing countries, the population growth rate is high, the economic growth rate needs to be higher than the population growth rate.

However, in fact, there are countries with relatively high per capita income, but the proportion of the poor population, not having access to health and education services, is higher than that of the countries with lower capita income. For example, in 2007, Brazil had per capita income 1.24 times than that of China and 2.73 times that of Vietnam, but Brazil's poverty rate was 21.5%, much higher than China's (4.6%) and Vietnam's (about 14%). Brazil's literacy rate was 88.6%, lower than that of China (90.9%) and Vietnam (90.3%). The average life expectancy of Brazil was 71.7 years old, while that of China was 72.5 years and of Vietnam was 73.7 years old (United Nations Development Program, 2007/2008, p.236, 244).

From the above analysis, it can be confirmed that economic growth is only a necessary condition, not a sufficient condition to improve workers' life. In order to improve workers' life, in addition to the necessary condition of economic growth, there must be sufficient condition, which is the role of regulating the distribution of economic growth results of the government. Specifically, the government deals with the following relationships:

- The relationship between final consumption and accumulation and reinvestment. In the context of limited economic conditions, if the government gives high

priority to the goal of accumulation and re-investment with the expectation of increasing economic potential to achieve high and long-term economic growth in the future, workers' living standards will not be lifted and vice versa.

- The relationship between personal consumption (increasing workers' life) and government consumption (for security, defense, diplomacy ...). In the context of limited economic conditions, if the government gives priority to the objectives of security and national defense, etc. then it is necessary to reduce the target of improving workers' life and vice versa.
- The government's income distribution policy: in the market economy, there are two forms of income distribution:
 - Distribution according to the contribution of resource factors or initial distribution, i.e. laborers enjoying salaries, landowners enjoying land rent, capital contributors enjoying profits and depositors enjoying interest. This form of distribution mobilizes and uses social resources more effectively. However, in reality, members of society own different amounts and quality of resources. Therefore, if only this form of distribution is implemented, it can lead to a rich-poor differentiation, making the income inequality worse, adversely affecting the workers' life.
 - Income redistribution. This form of distribution can be done in two ways. Firstly, direct redistribution, i.e. the state adopts the income tax policy (corporate income tax, personal income tax) to adjust income and share from high-incomers to low incomers through regular or irregular subsidies. Secondly, indirect redistribution, in fact, is a priority policy in providing access to public services for the poor, the disadvantaged and the poor regions. In fact, the implementation of income redistribution if not accompanied by improving production capacity for the poor people and poor regions; improving self-esteem, self-reliance to escape poverty can increase the dependence of poor people on the government, losing motivation to promote economic growth.

2. Status of the role of economic growth with improving workers' life in the process of international integration in Vietnam

2.1 Major achievements

In two decades (1991-2010), Vietnam achieved a relatively high economic growth rate, about 7.3% per year. Thus, the scale of GDP increased quite rapidly, from USD 7.94 billion in 1991 to USD 101.6 billion in 2010 (12.8 times that in 1991). GDP per capita according to the exchange rate of Vietnam increased from USD 118 in 1991, to USD 1,168 in 2010 (9.9 times that in 1991). This achievement has contributed to taking Vietnam out of the underdevelopment status and into the group of countries with low average income since 2008.

In the period of 2011-2018, despite many difficulties, Vietnam's economy still maintained a relatively high average growth rate, about 6.08% per year. GDP scale in

2018 was estimated at USD 240.5 billion, 2.17 times that in 2010; GDP per capita increased to about USD 2,540 (6.3 times that in 2000) (Ministry of Planning and Investment, 2019).

On the basis of the achievements in economic growth (necessary condition), the Government of Vietnam has rationally resolved the relationship between final consumption and accumulation and reinvestment; between personal consumption (increasing workers' life) and government consumption (for security, defense, diplomacy, etc.) and appropriate application of income distribution forms, combined with programs of national targets of poverty reduction, job creation and social security implementation, so Vietnam's improving worker life.

Workers' life has been significantly improved, reflected in the following aspects:

Firstly, the per capita income has been increasing. If in 1999 Vietnam's per capita income was only VND 295,000/person/month, then by 2018 it had increased to VND 3,760,000/person/month (increased by 12.74 times). As of 2016, the Southeast region was the region with the highest per capita average income/ month (VND 4,662,000), followed by the Red River Delta, Central Highlands, North Central and Central Coastal regions, and the lowest was the Northern Midlands and Mountains Regions (VND 1,963,000).

Secondly, the poverty rate decreased rapidly. In 1998, the national poverty rate was 37.4%, in 2010, it decreased to 14.2% and plummeted to 5.8% in 2016 (General Statistics Office, 2017, p.345). The ratio of poor households by multi-dimensional approach in 2017 was 9.2% and in 2018 it was estimated at 6.8% (Ministry of Planning and Investment, 2018). The achievements in poverty reduction have been made nationwide, from urban to rural areas and in all regions. In 1998, the urban areas had 9% of poor households, by 2016 the rate was only 2%, and in rural areas, this rate was 49.9% and 7.5% respectively. Vietnam is among the 18 countries that soon achieved the Millennium Development Goals, aiming to reduce by half the number of hungry people by 2015.

Thirdly, the consumption of material wealth of the population was raised. Along with the increase in per capita income, the quality of housing and the level of ownership of durable consumer goods, access to electricity and clean water have also increased significantly. In addition to ensuring daily living expenses, many households also purchased and accumulated assets, built houses, and the quality of life was significantly improved.

Fourthly, the health and education conditions of the population increased. In general, people's health and education conditions have been increasing. In 1995, the number of doctors per 10,000 people was 4.3, up to 8.4 by 2016; similarly, the number of hospital beds per 10,000 people increased from 17.8 beds to 27.8 beds. The literacy rate of the population aged 15 and above was quite high, reaching 95.1% in 2017, higher than that of the average income countries (90.0%).

2.2 Some major limitations

In addition to the above successes, there have been many challenges for Vietnam to improve the people's living standards such as:

Firstly, Vietnam's per capita income remains low and increases slowly compared to that of many countries. As of 2018, Vietnam's per capita income was about USD 2,500. Even if the target of per capita income is USD 3,000 by 2020, Vietnam is still in the group of countries with low average income, far less than Korea's development achievements. In 1962, Korea's per capita income was USD 87, and in 1996 it increased to USD 10,548. In 1996, Korea officially became an industrialized country, the 11th largest economy and the 29th member of the group of countries under the Organization for Economic Cooperation and Development (OECD). This success was achieved because during the period of 1963-1996, South Korea maintained a very high economic growth rate; averaged at 8.7% / year. Meanwhile, in the period of 1991-2018, Vietnam only achieved an average annual economic growth of about 6.5%.

Secondly, Income inequality leading to inequality in access to housing, sanitation, health and education services tends to increase. Vietnam's Gini coefficient increased slightly from 0.42 in 2002 to 0.431 in 2016 and the income gap between the richest 20% of the population and the poorest 20% of the population increased from 6.99 times in 1995 to 9.2 times in 2010 and 9.8 times in 2016. The increase in income disparity led to an increase in the social gap, such as the difference in high schools and university enrollment rates; difference in access to high quality health services. In fact, rich households often spend more on their children's schooling, especially on extra classes. With such investment, children of better-off households often have better academic achievements than those of poor households. The group of poor households is often more prone to diseases, but they use health services less than rich households.

Thirdly, HDI growth rate tends to decrease. In the 2000-2005 period, the growth rate of HDI reached 1.39%/year, in the 2006-2010 period, it decreased to 1.17% / year and in the 2011-2015 period it only reached 0.49%/year. The average number of years of schooling in Vietnam increases more slowly than that in many countries in the region.

In 1960, the average number of years of schooling for Vietnamese people was higher than that of Chinese people and Malaysian people (Vietnamese people: 3 years, Chinese people: 2.3 years, Malay people: 2.8 years), but by 2010, these two countries went far beyond our country (Vietnam: 6.4 years, China: 8.2 years, Malaysia: 10.1 years). Up to now, this indicator of Vietnam is behind that of many ASEAN countries.

3. Some suggestions to promote the role of economic growth and improvement of workers' lives in the process of international integration in Vietnam

The above analysis shows that, in order to the role of economic growth with improving workers' life Vietnam in the process of international integration, the Government needs:

Firstly, to maintain a stable macroeconomic environment on the basis of promoting economic restructuring in association with innovation of economic growth model, improving productivity, quality and operating efficiency of the economy.

Secondly, to implement the allocation of development resources according to the market mechanism. Specific planning and plans are needed to balance investment levels

for regions, as well as different sectors. Making higher levels of investment in motivational economic zones is necessary to create growth “fleets” to pull the Vietnamese economy. In addition, it is necessary to make reasonable investment in economic, cultural and social areas for other regions, especially the remote areas and ethnic minority areas in order to gradually reduce the gap in development levels between the regions.

Thirdly, to increase opportunities for low-incomer population groups to participate in and benefit more from the process of industrialization and modernization of the country. To expand the ability to accumulate assets for people to improve income and reduce poverty sustainably.

Fourthly, in order to harmonize the redistribution through rational regulation of income in the strata with the construction and consolidation of a multi-stage social security system. In the context of our country today, the objects of social policies are very diverse, so it is necessary to build, consolidate and increasingly improve the multi-level system of social security policies.

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