

# Socio-economic Development in Vietnam over 30 Years Innovation in Angle of Philosophy

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**Abstract:** In the article the author focuses on analyzing “transformation”, socioeconomic breakthroughs in Vietnam for over 30 years of innovation (1986 - 2020). In the philosophical angle to make objective & specific reviews & assessments on the “historic” achievements in Vietnam’s socio-economy with 2 aspects: achievements and restriction. Thence, legitimate and scientific guidelines & viewpoints for socioeconomic development by the Communist Party, State, and Government of Vietnam have been further asserted. These are the scientific foundations for Vietnam to apply them to the sustainable social development in the context of strong impacts by the Industry 4.0; especially the great impact of the Covid-19 epidemic on Vietnam and the world.

## 1 INTRODUCTION

Natures in substances in socioeconomic structures have been explained in theories for socioeconomic development in the world so that social purposes and objectives will be better conducted. In the philosophical angle, development means the tendency of maneuver of things, from the low level upward, from simplicity toward complexity; and from incompleteness to more completeness, etc., Development is the tendency of all things and phenomena; however, each thing and phenomenon goes through different development process. Accordingly, Vietnam’s socioeconomic development for over 30 years of innovation has been under impacts by many factors, including both objective conditions and subjective factors. That is the signal of variety and diversification in Vietnam’s current socioeconomic development.

## 2 MATERIALS AND RESEARCH METHODS

The author has utilized the sources of research-related articles published in both local and foreign magazines & journals; assessments by international organizations, and scientists in the world, etc., by

applying historical, logical, assessing, statistical, analyzing, inductive, deductive, and surveying methods to address put - forward issues.

## 3 RESEARCH RESULTS

### 3.1 Breakthrough Ideology in Switching the Extensive Economic Development into the Intensive One

For over 30 years of innovation since 1986, Vietnam has made crucial achievements in the career for the national industrialization and modernization. From a backward agricultural economy with 90% of the population doing the agricultural cultivation, Vietnam has built up the material - technical facilities and socioeconomic infrastructure to gradually meet the career of industrialization, modernization & form or shape an environment to attract social resources for development: “Our country has never had the structure, potentiality, position and international reputation today” (Phuc, 2020).

For the economic growth, for over 30 years of innovation, Vietnam’s economy has grasped much higher growth rate compared with that in before the age of innovation and has been ranked in the group with high growth rates in the world. The scale of the

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economy has rapidly and highly increased with the Gross Domestic Product (GDP) by 2014 reaching about USD 184 billion. Since 2008, the average GDP per capital has reached over USD 2,900. Vietnam has been excluded from the group of developing countries with low incomes to participate in the group of developed countries with average incomes (Hue, 2016).

During the 2011 – 2013 stage alone, Vietnam's growth model had been transformed from extensivity into intensity with more attention to the growth quality. The Incremental Capital Output Ratio (ICOR) has been improved. It declined from 6.9% during the 2006 – 2010 stage down to 6.5% during the 2011 – 2015 stage. The growth quality has been improved to some extents while the level of production technologies has been partially improved; the ratio of the process industry in the industrial production value has tended to increase and the ratio of the exploring industry has gradually declined, etc.,

Thanks to the breakthrough ideology in the market economy's development, the International economic integration together with efforts for innovation over the past time, they have helped the investment environment in Vietnam continuously improve and attracted more and more investment capital for development. The total social investment as well as the proportion of social investment capital in comparison with GDP have constantly increased and maintained at high levels, of which those during the 2004-2009 period increased by over 40% and Vietnam was in the list of the highest investment countries in the world.

Vietnam's economic structure has initially transformed toward the modern direction when agricultural areas decrease and those for services & industries increase; the economic structure and components continue moving toward the direction of potential uphold by economic sectors and in combination of several ownership models; the laborer structure has experienced positive transformation attached with the process of economic and exported goods structures when moving toward the gradual increases of industrial product rates & simultaneously the gradual decreases of agricultural products and raw materials, etc.,

Positive roles of economic entities in Vietnam have also been realized for over 30 years of innovation. The Government economy has gradually & better upheld its core roles; State-owned corporate system has been gradually re-structured and equitized in line with the Corporate Law and its number has remarkably declined. The collective economy has initially been innovated. The number of private

enterprises has increased drastically, gradually enhancing their business efficiency, addressing the employment, and further & further made contributions to GDP. The Economy with Foreign Direct (FDI) has been encouraged for development and made crucial contributions to the socioeconomic development, employment, and exports, etc.,

Vietnam has gradually formed full, sufficient, and synchronous market factors and market types with throughout operation in the attachment with the regional and international markets. The goods and service market has gained the development and accomplishment in terms of scales. During over the past 15 years (2005 - 2020), the average growth rate of the retailing commerce has always been 2 - 3 times higher than the average growth speed of GDP in the same period.

The financial and monetary markets in Vietnam develop rather strongly and actively now; the stock market has initially been formed, making contributions to diversifying investment capital sources; the insurance market has made positive contributions to stabilizing production and inhabitants' lives; the currency rate, prices of foreign currencies, and gold have been basically stabilized; the real estate market has gained certain development with rather synchronous technical & social infrastructure systems that have been making contributions to urbanization and the economic structure transformation toward industrialization, modernization, and boost-up of the country's socioeconomic development; the labor market has been formed with quite profuse supply of laborers from 15 years old plus. The number of laborers has increased from 50.51 million (at the end of 2010) to 53.65 million (at the end of 2013) and 55.8 million (at the end of 2019). 2019 was the first year in which the laborer rates in Vietnam's agricultural, forestry, and aquiculture fields decreased at the 2nd ranking after the service sector (Anh, 2020).

At the Vietnam Reform and Development Forum organized at the end of 2018 in Hanoi, Mr. Ousmane Dinone, National Director of World Bank in Vietnam stated that Vietnam had gained outstanding socioeconomic achievements. During over the past 30 years, the economy has achieved an average annual growth at almost 7%, thence, the average income per capita has increased 5 folds. According to him, Vietnam's development was with the coverage and the rate of poor households had decreased under 7% compared with that of 60% at the end of 1980s. He assessed Vietnam was a remarkably developing export country.

However, over the past 30 years, the economy has still extensively developed but slowly transformed into the intensive development. The legal, mechanism, and policy system hasn't been accomplished or synchronized. Thus, its quality hasn't got high; the legal propaganda, dissemination, and enforcement work with assurance for disciplines has remained limited; the economic structure has been slowly transformed; the right of freedom to do business hasn't been fully respected; the business environment hasn't really assured for fair & healthy competition among enterprises of all economic sectors. Enterprises have still encountered many queries and troubles when entering, operating, and withdrawing from the market; prices of some essential goods and services haven't really complied with principles and rules in the market economy; corporate administration has remained poor so it hasn't caught up with the international standards or met the needs in the market economy, etc.,

State-owned enterprises, including many economic groups and corporates haven't fully shown their roles as the core forces for the government economy; their production and business outcomes have been low, causing wastes and losses; the collective economy has suffered from long-lasting and poor issues. Most of private enterprises have been in a small scale while FDI ones haven't met the objectives of technology transfer, especially high technologies, source technologies, and progressive management levels; etc., the macro-economy hasn't been firmly stabilized; the independence and self-reliance of the economy haven't got high yet but the economy has remained much dependent on some external markets.

### 3.2 Dialectics for Socioeconomic Development in Vietnam

As the objective inevitability and the impressive economic development, Vietnam experiences fast changes in the population and social structures. Vietnam's population from 60 million in 1986 increased up to about 97 million in 2018 and it is estimated to increase to 120 million by the year 2050. At present, 70% of the population is under the age of 35 with an average longevity of over 76 years old, higher than that in such countries with similar incomes in the region. The mid social class is forming – accounting for 13% of the population and estimated to increase to 26% in 2026.

Human Capital Index (HCI) of Vietnam ranks at the 48th place out of 157 nations and territories while ranking at the 2nd place in ASEAN, behind Singapore

only. One Vietnamese baby born at the moment will gain a productivity of 67% compared with a peer who is given with full study and health care when the baby grows up. Vietnam is a country with the highest HCI among the nations with average incomes. The enhancement of the labor force's levels to create jobs with higher productivity in a large scale in the future is also attached with special importance by Vietnam (Paquet, 2004).

General education in Vietnam is rather good. The past 30 years of innovation have been an important historical stage in the development career of Vietnam; in that context, Vietnam's education has made many changes and development both in the scale and quality. The movements of educational generalization from the primary level to the high school one have been continuously deployed and made certain achievements. Vietnam has accomplished the primary educational generalization in the year 2000; the primary educational generalization at right ages at the level I in 2004; and the secondary educational generalization in 2010. The educational and training quality has been improved with the new development steps. One of the demonstrations for this lies in the hallmark by Vietnam's students in the world's intellectual playground. They have made brilliant achievements at regional and international Olympic contests, especially during the 4 years (2016 - 2020), 100% of the Vietnamese participants got prizes. During the 2000-2015 period, Vietnamese students gained 101 golden medals, 169 silver medals, 174 bronze medals, and 43 Certificates of Merits. Vietnam grasped impressive results in the Program of International Student Assessment (PISA) in 2012 and 2015, thence, Vietnamese students' achievements further exceeded those of students in many OECD nations.

The medical field has also made much of great progression when the living standards have been further and further improved. According to the assessment by United Nations Development Program (UNDP), Vietnam is listed as one of the countries with outstanding medical achievements compared with GDP. From 1986 until 2017, the death rate in infants had decreased from 35.6% down to 1.7% (out of 1,000 infants). The average longevity had increased from 70.5 to 76.3 years old from 1990 to 2016. The National Health Care Coverage Index stood at 73% - higher than the average rate in the region and the world, 87% of the population had gained medical insurance. The medical sector had gained such many outstanding achievements as the whole population medical insurance, accomplishment of MDGs, minimization for

hospitals, and Vietnam was voted as a member in WHO's Executive Board, etc., For the prevention and fight against Covid-10, the Doctor Kidong Park, Chief Representative to WHO in Vietnam greatly appreciated Vietnam: "We are very impressed by what the Government, Ministry of Health, and the locality have done over the past days". According to him, Vietnam's medical surveillance system has effectively operated so cases of diseases have been punctually and timely detected. After the first cases were found in Da Nang (July 2020), Vietnam's epidemic preventive and fighting system quickly reacted to the cases and synchronous measures of distancing, supervision, trace-follow, zoning to eliminate the epidemic had been deployed. Representatives to WHO, international organizations, and experts also greatly appreciated the provision of information on the epidemic happenings publically, transparently, and punctually by Vietnam and thought that this assures for strengthening the people's trust for Vietnam's epidemic prevention and fights.

For over the past 30 years, the supply of basic service had experienced many positive changes. The access of the people to the infrastructure had been remarkably improved. By 2016, 99% of the population could use the electric lightning compared with the rate of 14% in 1993. The rate of people accessing to rural clean water had been improved, increasing from 17% in 1993 to 70% in 2016 while that in cities was over 95%.

However, Vietnam's fast growth and industrialization have caused many negative impacts on the environment and natural resources. The total consumption of electricity has increased three folds during the last 10 years. With more dependence on fossil fuels, the energy sector emits almost 2/3 of the total greenhouse gas emission nationwide. The need for water use increases more and more while its capacity remains at a low rate, reaching 12% compared with the world's standards. The unsustainable exploration of natural resources like sand, seafood, and wood may cause negative influences on long-term potentials for development. In addition, the majority of the population and Vietnam's economy are both vulnerable to effects of the climate change.

Strong urbanization, economic, and population growth pose bigger and bigger challenges for waste management and pollution treatment. Vietnam's waste amount is estimated to increase double in less than 15 years' time. Besides, there is the issue related to sea waste. According to the estimates, 90% of the sea plastic waste globally is disposed from 10 rivers, including Mekong River. Vietnam is also one of the

10 nations in the world hidden the most severely by the air pollution. The water source pollution is causing severe aftermaths to the productivity of significant industries and the people's health.

The Government of Vietnam is making efforts to minimize the impacts of the growth on the environment and to effectively adapt to the climate change. Strategies and plans to boost up the green development and sustainable exploration of natural resources have been applied. The Government has also applied measures to minimize and adapt to the climate change, cope with the harsh weather, and natural calamities through the deployment of the program called the Nationally Determined Contributions (NDCs).

In addition, Vietnam's population has got aging quickly; by the year 2050, the group of people over 65 years old will increase by 2.5 times. The gap in the living standards among localities, especially in the ethnic minority groups, will get wider and wider. The gender gap at birth remains high and gets wider and wider (115 in the year 2018), which shows the situation of gender discrimination still exists.

### 3.3 Solutions to Address Imposed Issues

Firstly, the State and authorities at all levels in Vietnam need to check and review the promulgated regimes and policies. If any regimes or policies aren't relevant any more but they hinder the development of economic facilities and enterprises, they should be eliminated because all management activities by the State and the authorities at all levels are to form, create favorable conditions for the economic facilities and enterprises to freely uphold their creativity in production – business activities.

Secondly, Vietnam need to encourage both domestic and foreign investors to invest in hi-tech sectors, manufacturing industry, new material industry and support small and medium-sized corporate to invest in innovating technologies, create motivations for new development & trigger the economic development, enhancement of productivity & product quality, and competitiveness in the local, international, and regional markets. Simultaneously, many added values should be brought about to increase TFP's contribution ratio to the GDP growth. High technologies should be specially applied to the agricultural production as well as the agricultural, forestry, and aquatic processing industries.

Thirdly, to narrow down the gap among areas and territories between the plains and mountainous midlands; between cities and rural areas, the State

needs to work out relevant management policies and regimes to attract local and foreign investors to invest in distant & remote areas, those areas with poor technical infrastructure yet they will still get profits at least the same as profits when investing in places near urban areas with more favorable conditions. When industrial works are formed, they will attract many laborers and create much employment for the people, bring about incomes for the localities whereas urban clusters will be formed to gradually improve the residents' material & spiritual life in the area, and gradually narrow the gap with the plains. At the same time, the gap of income unfairness among the residential groups will be narrowed down. That is also one of the contents for the economic growth together with realizing the social progress and fairness & protecting the current environment in Vietnam.

Fourthly, the State needs to holistically change teaching and learning syllabus, contents, and methods to attach the teaching & learning with the maneuver of the socioeconomic development. The guideline is to teach students to know how to become good people, how to work, and cut down academic and theoretical things. However, the State also need to invest in education and effectively enforce the educational socialization yet still being able to support and help the poor children to go to school. The State should study and delete tuition fees for children learning at kindergartens, primary, and secondary schools nationwide so that all children can go to school. Going to school isn't only their rights but also their obligations. These will gradually realize the objective of a society with learning and studying for the whole life. Fifthly, the State and Government of Vietnam need to legitimately invest in the preventive health care, conduct "prevention is better than cure", invest in communal and district health care to lessen pressure for higher routes and avoid wastes of unfully used technical & material facilities in communal and district routes (Lan, 2019).

## 4 DISCUSSION OF THE RESULTS

Vietnam's breakthrough development has recently been acknowledged in the international communication. Bloomberg asserts: Vietnam is transforming strongly, from a country that exported crude oil, coffee, and footwear into a production center that attracts globally big groups.

The Financial Times (the UK) quotes the impressive growth figures in many fields that show

Vietnam's rapid development. In 2017, Vietnam led the South East Asia region when being able to attract USD 6 billion 2017 in the IPO market. Ho Chi Minh City's stock market becomes one of the world top stock markets after VN-Index increases by 17%, exceeding other big markets in Asia. Vietnam has also exceeded Indonesia to become a big exporting country although Vietnam's market accounts for 1/5 of Indonesia's economy while the author of an article published in Brookings Institution's specialized page (the USA) called the S-shaped country with the phrase "Vietnam's magical thing" after having highlighted Vietnam's achievements in the context of the sluggish economic & commercial situations. The author assessed "Vietnam's experience is not only useful for developing countries but also developed ones". According to the author, crucial factors for Vietnam to have grasped these achievements, besides such objective conditions as young labor source and political stability, etc., like legitimate decisive policies on global economic integration, national liberalization, and investment in human resource, and infrastructure must be presented.

Those above-mentioned assessments are with complete basis when Vietnam's economy – society continues their prosperity and remarkable achievements, in which the growth rate of GDP in 2018 reached 7.08% - the highest level over the last decade while the exports gained 238 USD billion and the export plus reached a recording amount of USD 7.2 billion. The scale of the economy increased so strongly, in 2018, with the estimated amount of over USD 240 billion, 1.3 times higher than that of 2015 (Phong, 2019).

The independence and self-reliance of Vietnam's economy have been gradually enhanced. The successful enforcement of dual objectives for growth & inflation restriction, etc., has paved paths for better implementation of the tasks to assure for social welfare, social order security, and safety. Those positive results have created spreading effects, strengthened the trust in the people, both local and foreign strategic investors.

## 5 CONCLUSIONS

The 4th Industry (4.0) has been basically changed the humankind's civilized production. This Revolution takes place at a faster speed, in a broader scope, from production to life, from individuals' activities to organizations, enterprises, ministries, sectors, and even the government, strongly affecting all aspects of the socioeconomic life, especially in the fields of

education - training, HR development, leading to changes in models and motivating the social production force's development. In the philosophical angle, the Industry 4.0 also creates great challenges to countries and peoples. To grasp this tendency, Vietnam enjoys favorable conditions to take full advantages of jumping at chances and minimizing imposed difficulties as well as the challenges to shorten the gap in development, especially the economic development in countries in the region and in the world, to successfully realize the objective of the national industrialization and modernization. The success for over 30 years of innovation in Vietnam has enhanced Vietnam's economic & national defense potentials, prestige in the international arena and firmly defended the political security, independence, sovereignty, and the territorial integrity of the Fatherland, making contributions to realizing the objective of "Rich people, powerful country, fairness, democracy, and civilization".

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