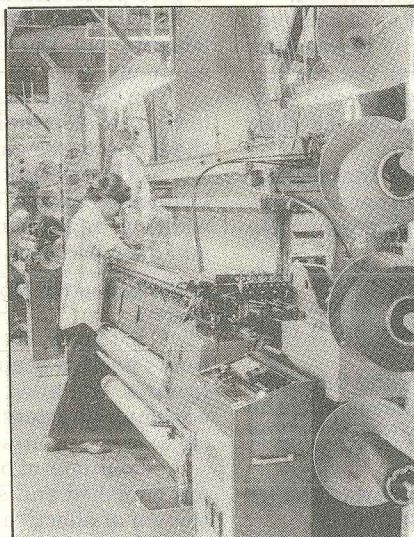


# ENCOURAGING ALL ECONOMIC SECTORS TO DEVELOP AS A WAY OF CREATING JOBS



by Dr. NGUYỄN THUẬN

**D**evelopment process of the real economy in general requires different forms of ownership along with different economic sectors. The development and diversification of economic sectors are both preconditions and inevitable product of the commodity market, or the market economy to be precise.

Encouraging the development of all economic sectors not only ensures conditions necessary for development of the market economy and a fair competition, but also produces an important force to develop the economy, and tap all potentialities (labor, land, skill, natural resources, capital, etc.).

Encouraging the equal development of all economic sectors in Vietnam has recently become a sign of progress in the economic renovation. The 1992 Vietnam constitution affirmed that: "The Government develops the multi-sector real economy operating according to the market mechanism under the management of the Government" (article 15), "The government's economic policy aims at making the people wealthy, the nation strong and satisfying as many material and spiritual needs of the

people as possible by liberating potentialities of all economic sectors (public, private, personal, corporate ones), improving material and technical infrastructure, expanding technical and economic co-operation with the world" (article 16), "In private and personal sectors, all kinds of companies without size limit are allowed to form in businesses beneficial to the national economy. Family business is encouraged to develop" (article 21), "All companies in all sectors are equal before law and must fulfil all obligations to the Government, their capital and assets are protected by the Government. All companies can work in partnership with domestic and foreign partners within the law" (article 22).

Vietnam is an underdeveloped and agricultural economy which is appropriate to the development of family businesses. Although the Government has made a lot of efforts to expand the public and corporate sec-

tors, but the private sector and family businesses still play important roles in the economy.

After 1986, the Government recognized officially and took measures to develop all economic sectors equally. The Sixth Conference of the VCP affirmed that the structure of economic sector in Vietnam included the public (or socialist) sector, personal sector, private sector and state capitalist sector. So non-public sectors have made good progress since. These sectors accounted for 69.6% of the national income in 1986, 71.9% in 1987, 77% in 1988 (a peak), 72% in 1990. These sectors also attracted the better part of labor force: 23,371,300 laborers or 85.3% of the labor force in 1986, 23,887,300 laborers (85.4%) in 1987, 24,870,100 (87%) in 1988, 25,238,300 (87.8%) in 1989, and 26,873,100 (88.7%) in 1990. A survey in the VIE/90/007 project conducted in 1992-1993 showed the same result:

Table 15: Jobs in different economic sectors

Self-employment	Public	Private	Corporate	Others	Total
83.2%	6.52%	9.17%	0.12%	0.99%	100%



Thus, "Realizing the multi-sector economy without discrimination; refraining from nationalization of legal properties or collectivization of means of production, and enforcement of business form; and encouraging operations beneficial to the national economy" (1) proved to be right ways of the Government and Party to mobilize all resources and create new jobs, especially in the economy of 374,837 non-state businesses and 2,268 state-run ones in manufacturing industry and 10,281 thousand farmer households.

Giving encouragement to equal development of all economic sectors is a way of connecting the process of economic development with the affirmation of the economic structure and selecting appropriate technology. It's also a measure to connect the economic development and creating new jobs effectively.

Various programs to supply capital, loan, credit, technology and information to the people are positive measures taken by the Government to encourage all economic sectors to develop. In 1993, the national job promotion program carried out 15,746 projects with total loan of VNĐ 220,666 million creating 238,489 new jobs. Thus, a loan of one million supplied by the program could create 1.08 new job.

Apart from the national job promotion program, each locality had better carry out small job creating projects according to guidelines of the Decision No 120/HĐBT issued by the Council of Ministers on April 11, 1992: "Creating jobs is a responsibility to governmental bodies of all levels, all social organizations and all laborers. The government should adopt appropriate policies and measures, including giving financial support, to encourage businesses and laborers of all economic sectors to create new jobs".

In 1993, of 5,765 job creating projects carried out all over the country, 4,895 ones with total investment of VNĐ 70,248 million were carried out in the primary industry and created 198,074 new jobs, that is to say, one million for 1.16 job; 870 projects with investment of VNĐ50,526 million created 40,415 jobs in the small industry and handicraft (one million for 0.8 job). On average, in 1993, with VNĐ220, 774 million loaned and 238, 489 new jobs created, small job creating projects created 1.08 job from a loan of one million.

Besides the public treasury, the Government has secured capital from international organizations. For example, up to Aug 2, 1994, 37 projects



financed by Czechoslovakia government have received total capital of VNĐ259,417.61 million and created 23,759 new jobs. In 1993, the Vietnam-Germany Job Creating Program supplied VNĐ7,731 million to 505 projects and created 6,112 jobs.

In recent years, however, although the policy on encouraging the equal development of all economic sectors has been adopted, but non-public sectors didn't make good progress in comparison with their potentialities. In order to accelerate the economic growth rate and create more jobs by developing all sectors equally, we think that the following measures should be taken in the coming years:

- Reforming the public sector with a view to improving its efficiency and competitiveness; reducing the level of subsidy and number of subsidized enterprises; and equitizing state enterprises.

- In equitizing state enterprises, some problems should be solved:

- + Diversifying the ownership and helping laborers become co-owners of enterprises in order to improve business efficiency.

- + Legislating for all activities of businesses.

- Encouraging private and personal sectors to develop within law and within permitted fields.

- The Government should take measures to encourage investment and protect property ownership ■

(1) *The Strategy for Socio-Economic Development from Now Until 2000*, Sự Thật publisher, 1991, p.14.

