

Sustainable Development of Southern Key Economic Zone

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Rapid and sustainable economic growth is a hot, urgent and strategic problem not only to the whole Vietnam's economy, but also to the current development of the Southern Key Economic Zone. The zone includes HCMC and seven provinces of Đồng Nai, Bình Dương, Bà Rịa – Vũng Tàu, Bình Phước, Tây Ninh, Long An and Tiền Giang and plays an extremely important role in the country's economic growth. It accounts for 18% of total national population, generates around 40% of GDP, and attains a growth 1.5 times and per capita income 2.2 times higher than the country's average. Nevertheless, in spite of fast and steady growth as compared to other localities, the Southern Key Economic Zone still has to cope with serious problems such as increasing social inequality, low living standard, and polluted environment. As a result, sustainable development is a pressing problem to its provinces which requires theoretical and practical solutions.

In recent years, economists have shed light on the concept of sustainable economic growth. It means that growth must improve and promote the living quality, indicated by increasing income, and higher quality of education, better health care and nutrition system, reduced poverty rate, purified ecological environment, more choices in life and employment, individual freedom, and rich cultural and spiritual life. Based on this concept, the zone's quality of growth is not high and sustainable as follows:

- First, the Southern Key Economic Zone has a growth rate of 1.5 times higher than the national average figure. In 2006, its GDP grew 12% while the national figure was 8.2%, including areas with high rates such as HCMC 12.2%, Bình Dương 15%, Đồng Nai 14.3%. Nevertheless, its growth still depends on extensive factors of capital, natural resources, and untrained labor. In terms of return on investment, the zone's ICOR increased to 5-6 from 3.5 before 2000, showing higher capital investment but lower GDP (ICOR- the Incremental Capital-Output Ratio (ICOR), is the ratio of investment to growth which equals to 1 divided by the marginal product of capital. The higher the ICOR, the lower the productivity of capital). In another way, more funds are invested to increase 1% of GDP. The rise in GDP of provinces and cities is also attributed to increasing flows of foreign direct investment into its industrial and export processing parks. This shows rapid urbanization of the zone's provinces and cities, but a lot of farm land must be used for

building industrial and export processing parks. That implies it has exploited large land resources for economic growth. Therefore, it is required to change into intensive growth in terms of enhanced labor productivity, and high efficiency of using capital and land by means of expanding services, knowledge-based and hi-tech industries, especially in big cities and provinces like HCMC, Đồng Nai, Bình Dương, and Bà Rịa- Vũng Tàu.

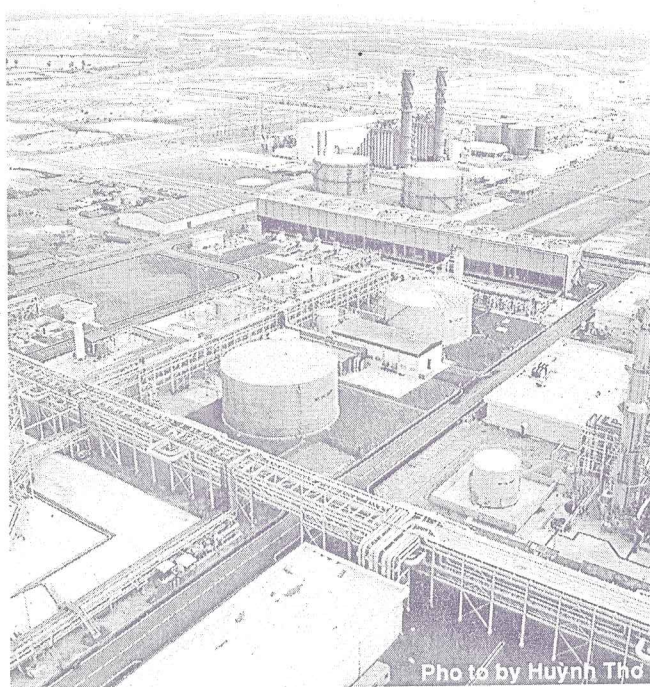
Second, the zone's high growth results to its per capita income topping the country's list, accounting for 2.2 times of the national average, including HCMC per capital income of US\$2,500. Nevertheless, the zonal people's living standard is not line with economic growth. In comparison with other countries in ASEAN, this indicator remains too low, for example, equal to 12% of Brunei, 32% of Malaysia and 6% of Singapore. In addition, the disparity in income among cities and provinces is still substantial, especially between HCMC and other provinces including Long An, Tiền Giang, Tây Ninh, Bình Phước, etc. The income gap among social groups is also very great, around 10 times between high and low earners. The social equality in income is truly a problem posed to the zonal governments. In recent years, the income of wage-earners has gone up; however, prices also soared, especially in HCMC, Đồng Nai, Bình Dương, etc., which reduced their actual income and living standard, particularly for immigrant workers. High economic growth along with high inflation has deteriorated benefits from economic growth. In this aspect, the zone's economic growth has yet to be sustainable over the past years.

Third, regarding social development in parallel with economic growth, the Southern Key Economic Zone's HDI (Human Development Index) is higher than other provinces across the country, about 0.780 against 0.709 (in 2004). Nevertheless, this index is much lower as compared to other countries in the world and Asia, which requires much more efforts to enhance it, especially in the educational and training sector. The quality of Vietnamese and the zone's education and training remains meager although the zone's rates of literates and 9th-grade students are heightened, particularly in HCMC, Đồng Nai, Bình Dương, Bà Rịa – Vũng Tàu, Long An, and Tiền Giang. Nevertheless, there are also evil deeds occurring in the education sector, for example, fraud evaluations and records of academic attainment and even corruption in enrollment and ranking. As for the tertiary education, no universi-

ties and colleges are accredited in ASEAN, even the HCMC National University which is considered the country's major academic institution.

In general, Vietnamese people have no chance to get access to high quality domestic education. Annually, thousands of Vietnamese students have to study abroad, even in surrounding countries such as Singapore, Malaysia, Thailand, and China. Therefore, it costs them hundreds of millions of US dollars while Vietnam has enough conditions to invest in building a high quality education. This is also an evidence to lessen the growth quality of Vietnam and the Southern Key Economic Zone.

The community health care should be also analyzed because it is an indicator of HDI and sustainable development. At present, the network of health care of Vietnam and the zone is better. Many private clinics are established; however, the zone still lacks high quality health care facilities. The Government remains puzzled in search of the best system of health insurance for the people. Furthermore, poor state management in health contributes to rocketing prices of medicine, which pushes poor people away from high quality health services. In the meantime, the state budget for building hospitals and clinics stays inadequate, and embezzlement in the health sector is still remarkable. In addition, the income of doctors and health servants is not high, so it is impossible to stop bad behaviors and corruption in the sector. This also reveals unsustainable development of Vietnam economy and the southern Key Economic Zone.



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Fourth, ecological and environmental protection is the core problem in sustainable development. The zone's high speed in growth and urbanization has produced bad impacts on the local ecosystem and environment. The zone is now home to more than 50 industrial, export processing and hi-tech parks out of the country's total 137. As a result, these parks are disposing a huge amount of waste under the form of liquid, gas and solid. According to environmental specialists, Đồng Nai River alone receives some 1.5 million cubic meter of industrial liquid waste every day. The river and others such as Soài Rạp, Thị Vải, Vàm Cỏ Đông, Vàm Cỏ Tây, and Tiền Giang are increasingly polluted due to waste from factories and residence. HCMC suffers the biggest injury due to highest degrees of fume, noise and waste. It is a matter of life and death of the zone because of its fatal impacts on local residents in recent years. Natural environment is over exploited carelessly, so the zone must encounter a lot of natural disasters such as storms, floods, river bank collapse, subsidence, etc.

In short, the above analysis helps to prove instability in the Southern Key Economic Zone's growth. This problem requires local governments to make careful plans in favor of sustainable development: Economic growth must depend on intensive expansion and reduce extensive factors, and must be combined with improvement of social life, ecology and environment. ■

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