

# On the Sustainable Development of the Southern Key Economic Zone

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## 1. Problem

Fast and sustainable development is not only a strategic and urgent problem to the Vietnamese economy, but also a topical one to provinces in the Southern Key Economic Zone (SKEZ) today. This zone, comprising eight provinces and cities – HCMC, Đồng Nai, Bình Dương, Bà Rịa – Vũng Tàu, Bình Phước, Tây Ninh, Long An and Tiền Giang – plays an important role in the national economic growth because it accounts for 18% of the population and 40% of the GDP, and gains a growth rate of 1.5 times higher, and a personal income of 2.2 times higher, than the national average. This zone, in spite of its continuously high growth rate, is facing many social issues, such as social divide, low living standard of the working class, and especially serious pollution. That is why the sustainable development becomes more urgent to all provinces and cities in this zone, which should be solved in terms of both theory and practice.

## 2. Situation

In recent years, many economists have clarified the concept of sustainable development. As the equivalent to the quality of economic growth, the sustainable development expresses the fact that the economic growth should ensure improvements in the quality of life in terms of higher income, better education service, better health care service and nutrition, reduction in poverty,

cleaner environment, more options in life and employment, more personal freedom and a better spiritual life.

With such concept of sustainable development in mind, we can see that the development of the Southern Key Economic Zone in recent years was not high and sustainable, which reflects itself in the following aspects:

a. Although this zone gain a growth rate that is 1.5 times higher than the national average: 12.1% in 2007 compared with 5% (this figure was higher in some provinces and cities, such as 12.6% in HCMC; 15% in Bình Dương; and 15.1% in Đồng Nai), its development was still based on extensive factors, such as bigger investment, and exploitation of natural resources and cheap labor while its human resource is not well trained, especially in foreign languages and managerial skills.

Regarding the investment efficiency, the ICOR has been higher: from 3.5 in 2000 to 5.0 or 6.0 in recent years. This means that increases in investment didn't produce the same increases in the GDP. In other words, an increase of 1% in the GDP now requires bigger investment. Increases in the GDP in this zone also come from increases in foreign direct investment in industrial parks and export processing zones. This progress leads to fast urbanization, which means that large areas of farming land have been turned into industrial estates and natural resources in

this region become exhausted. Generally speaking, the economic growth of this zone is more extensive than intensive.

b. The economic growth allows higher personal income in SKEZ. It is about 2.2 times higher than the national average. The highest personal income in this zone is found in HCMC – some US\$2,500 a year. But it doesn't mean that the living standard of the working class is improved at a rate equal to the economic growth.

This personal income is still lower than the personal income of surrounding countries: it is equal to some 12% of Brunei's; 32% of Malaysia's and 6% of Singapore's one. Moreover, income gap between individual provinces is still wide, especially the one between HCMC and such provinces as Long An, Tiền Giang, Tây Ninh, and Bình Phước.

The income gap between different classes is also wide: income of the richest group may be 10 times higher than the one earned by the poorest one, which poses questions of social equality for local governments. In recent years, income of laborers working for companies has increased to certain extent, but market prices also rose due to high inflation rates, especially in HCMC, Bình Dương and Đồng Nai, which made the real income of wage earners become smaller. The living standard of the working class, especially migrant laborers, got much lower.

High inflation rates have made the high growth rate meaningless and laborers got almost nothing from the economic development. This fact proves that the recent development is not sustainable.

c. Regarding social progress which is usually considered as an indispensable of the economic growth, the HDI found in the SKEZ is higher than other zones in Vietnam. It rose from 0.709 in 2004 to the present 0.780. But this index is much lower than the ones gained by Southeast Asian and Asian countries, which means that all provinces, inside and outside the SKEZ, still have a very long way to go.

Of various components of the HDI, full attention must be paid to quality of education service because it is very poor, in the SKEZ and the whole country as well, and can't bear comparison with neighboring countries. Although the literacy rate and popularization of secondary schooling have been improved remarkably, especially in HCMC, Đồng Nai, Bình Dương, Bà Rịa - Vũng Tàu, Long An, and Tiền Giang, results of these efforts are not long lasting enough because local authorities paid too much attention to records they wanted to report to the central government. Dishonest estimation of pupils' learning record led to a widespread situation in which pupils with poor knowledge kept going to higher classes. Many parents were ready to offer bribes to help their children get admitted to good schools or get good marks. Such phenomena have become a headache to the whole educational system.

As for higher education and vocational training, no college or university in the SKEZ and Viet-

nam as well reaches Southeast Asian standards. Even the HCMC National University that is considered as the leading university among Vietnam's key ones is not recognized by regional countries. Generally, local students have no chance of getting access to high-quality education at home. Thousands of them from the SKEZ have to make studies abroad, including in such Southeast Asian countries as Singapore, Malaysia and Thailand, or China. This means that Vietnam has to spend millions after millions dollars on training them because it couldn't enhance the quality of its education services in spite of its high growth rates. This situation forces us to reconsider the quality of economic growth in Vietnam and in the SKEZ as well.

Health care and public health affairs also need examination because they are also components of the HDI and the sustainable development. At present, the public health caring service in Vietnam and the SKEZ in particular has been improved to a certain extent because all classes have been allowed to engage in this service. Many privately-run hospitals,

clinics and doctor offices have come into operation but the best part of population can afford high-quality health caring service. Medical insurance for the public is not perfect enough because the national insurance scheme couldn't cover all classes.

State control over the health caring service is not effective, which make prices of drugs skyrocket while the personal income didn't rise accordingly. A series of cases of poisoned food that have been discovered recently made the public distrust the public health authorities. Meanwhile, public investment in the building of hospitals and public health centers is very limited, and corruption in this system is still widespread. Official income for doctors and nurses is not equal to their education and role to the public health, which made many of them ready to take money from patients and pharmaceutical companies. Such dishonest practices in the public health service reflect the unsustainable development of the SKEZ.

d. Protection for the environment is the core of the sustainable development. Long and fast



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urbanization along with economic development in the SKEZ in the past decades has affected badly the environment. At present, the SKEZ houses 88 operational industrial parks, export processing zones, and high-tech parks; and hundreds of industrial estates. A large volume of solid waste, smoke and effluent from these parks is dumped to the environment. Experts estimated that the Đồng Nai River received some 1.5 million cubic meters of effluent, including 278 tonnes of suspended impurities, 231 tonnes of BOD5, 493 tonnes of COD, 89 tonnes of total nitrogen, 12 tonnes of total phosphorus, various kinds of poisonous heavy metal and many other toxic substances. The water pollution could be seen clearly in all rivers in the SKEZ, such as Thị Vải, Soài Rạp, Vàm Cỏ Đông, Vàm Cỏ Tây, and Tiền.

The highest degree of pollution is found in HCMC. In 2007, Hà Nội and HCMC ranked among the world's most polluted cities. Smoke, dust, noise, pollutants in water supplied to the public, and large volume of household waste, etc. are unsolved problems

to the HCMC government. In spite of its efforts, treatment of waste and effluent in HCMC hasn't produced intended results. Many pollution treatment works have been carried out very slowly, such as projects to treat Nhiều Lọc and Lò Gốm canals and upgrade the sewerage, with the result that HCMC is often flooded after some heavy rains.

We should accept that local authorities are not competent enough to build and control waste treatment works effectively and scientifically. For example, some dumping grounds and treatment works are situated upstream of the city (in Bình Chánh and Củ Chi Districts), which produces dangerous consequences because waste can permeate through the ground and go with underground water to rivers causing environmental issues for districts downstream. Unreasonable building of waste treatment works repeats in Long An Province when a dumping ground was situated upstream from Thủ Thừa District by the Vàm Cỏ Tây River. This plan is unreasonable because even the most advanced tech-

nique can't prevent liquid from waste and rubbish from permeating through the ground and into rivers. One good experience worth learning is from Singapore where dumping grounds and treatment works are built by the sea, and then they are turned into tourism sites.

Protecting the environment has become a matter of life and death to the SKEZ because effects of pollution and changes in the climate on human existence are increasingly clear. This has become obvious in recent years when this zone suffered more and more natural disasters caused by changes in the climate and careless exploitation of natural resources. Many storms have swept coastal provinces, such as Bà Rịa - Vũng Tàu, Long An, Tiền Giang and HCMC as well. High tides cause regular floods in HCMC and show no sign of improvement in spite of newly built sewerage. Careless exploitation of sand from rivers led to landslips along river banks while exploitation of underground water may force HCMC to suffer subsidence in the coming years. This problem also should be solved to ensure the sustainable development.

### 3. Suggested measures to achieve sustainable development for the SKEZ

To help the SKEZ achieve sustainability in its economic growth in years to come, the following measures should be taken:

a. Provincial governments in the zone should form a joint board responsible for monitoring and directing the economic growth for the whole zone based on comparative advantages of each province in order to avoid scattering or duplication of investment projects. The board op-



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erates according to a mechanism for coordinating efforts by each province. Principle of this mechanism is consensus and benefits for all involved parties. Acting as assistants to the board, a group of secretaries can manage daily jobs of coordinating development projects. The board may have more authority than local governments in order to ensure efficiency of the coordination mechanism, especially in cases of conflicting interests between local governments.

b. To ensure a sustainable development of the SKEZ, changes in the structure of industry must aim at promoting intensive development, and improving efficiency of employment of inputs (capital, labor, land, and technologies, etc.) by developing the service sector, knowledge-based economy, pollution-free industries (such as tourism, finance, banking, insurance, consultancy, port authority, information and biological technologies, etc.). Provincial governments should reject investment projects employing obsolete technologies, consuming raw materials and power more than necessary, producing outputs of medium quality, and causing pollution.

c. Besides promotion of economic growth, provincial governments should develop social infrastructure in order to enhance HDI components in the whole zone. All possible resources should be mobilized to develop the education and health care services with a view to helping the public benefit from the economic growth. Provincial governments should adopt policies to support development of these services, especially allocation of land to projects – run by either local or foreign investors – to

build schools, hospitals and health centers of international standards.

d. Provincial governments should establish a mechanism for controlling effectively environmental issues in order to protect the eco-system of the whole zone, especially such big rivers as Bé, Saigon, Vàm Cỏ Đông, Vàm Cỏ Tây and Tiền. Pollution-causing factories of any kind of ownership should be closed and fined. Punishment for waste dumping should be severe enough to prevent any intention to violate the law instead of limiting it to some formalities or reformatory measures. It's about time for provincial governments to insist on law enforcement more than dependence of awareness of the public because the awareness only comes into being when laws are enforced fairly. A person who drops litter and gets away with it will certainly keep dropping litter. Such person only stops doing so if the litter-dropping act is fined severely. When such fines become normal among residents, they can develop awareness of environmental issues.

The above analyses allow us to conclude that the economic growth in the SKEZ is not sustainable. This means that in future strategies for economic growth, provincial governments should pay full attention to the sustainability of their socioeconomic development plans, especially in the following aspects: (1) intensive development by promoting the knowledge-based economy is much better than the extensive one; (2) economic growth should be linked with improvement in the quality of life; and (3) economic growth should not cause harm to the environment. ■

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