



TOWARDS A RETURN OF INDUSTRIAL POLICY?
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Trade, Growth, Employment, and Wages in Vietnam

*Research Project: Globalization, Adjustment and the Challenge of
Inclusive Growth: Furthering Inclusive Growth and Industrial
Upgrading in Indonesia, the Philippines and Vietnam*

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Inclusive growth ? (Ifzal Ali and Juzhong Zhuang, ADBI, 2007)

- ***The concept*** itself embodies the focuses on both creating opportunities and making the opportunities accessible to all.

- ***The main outcomes*** of inclusive growth comprise of:
 - (i) high and sustainable growth;
 - (ii) abolition of institutional impediments and enhancement of access of all social groups to opportunities;
 - (iii) improvement of capacity for individuals and different social groups so that they can actively participate in the growth process and;
 - (iv) management of risks arising in the development process.

- ***Measures required*** to achieve outcomes of inclusive growth:
 - (i) related to broadening job opportunities and promoting productivity;
 - (ii) Involves strengthening capabilities in the form of human or social capital ;
 - (iii) concerns the provision of social safety nets and targeted interventions

- **Previous studies:**
focus on one or several aspects of inclusive-growth-based development strategy in combination with industrial upgrading.
- **Research objectives**
 - To clarify interactions between growth, shift in economic structure, job creation, and wages in economic integration and industrial policy reform.
 - whether the economic opportunities from economic policy reforms – including Vietnam's domestic economic reform and economic integration – were transformed into high growth, leading to job creation, productivity improvement, income improvement and shift of labor structure in line with industrial upgrading?
- **Research methodology**
 - Qualitative approaches: cited information from other studies, and most updated information and statistics, since 1986
 - Quantitative approaches: computing TFP growth in growth-accounting framework, and computing elasticity of employment to growth.

Content

1. Overview of Vietnam's economic reforms since 1986 with the focus on trade and FDI policies
2. Vietnam's economic performance in terms of growth, employment and wages
3. TFP and elasticity of employment to GDP growth in the years of 1986-2007
4. Key findings and conclusion of the research

1. Overview of VN's economic reforms

Economic reform in Vietnam can be divided into four periods:

1986-1988: The 6th Party Congress acknowledged the existence and role of the multi-sector economy, emphasized the importance of broadening opportunities and choices for everyone so as to promote economic development and to improve living standard → initial step in getting familiar with principles of mkt economy

1989-1995: Developing mkt-oriented economy, to industrialize and proactive integrate into world economy

The comprehensive reform package in 1989 includes: price liberalization; devaluation and unification of the exchange rate; reducing subsidies for SOEs; encouraging private sector, including FDI

1996-1999: Stagnant economic reform

2000-2008: Strong economic reform, with many policies to promote private sector development, liberalize investment and trade, and further integrate into world economy. Legal framework for market economy is further improved.

WTO membership in 2007 marks VN's deeper integration into world economy.

1. Overview of VN's economic reforms (cont.)

The key economic policy reforms in the past over 20 years were aimed at promoting:

- SOE reform,
 - private sector development,
 - financial and banking reform, and
 - trade reform (trade and investment liberalization)
- > ultimately accelerating industrialization and modernization as well as pro-active international economic integration.

These reforms also enhanced both the economic opportunities and risks, which produced significant impacts on economic growth, shift in economic structure, job creation, shift in employment structures, and changes in wages in Vietnam.

2. Growth, employment and wages

2.1 Growth

	1986-88	1989-96	1997-99	2000-07	2008
Economic growth (% , 1994 prices)					
GDP	4.16	7.51	6.23	7.63	6.18
Agriculture - forestry - fishery	1.83	4.11	4.36	3.90	4.07
Industry - construction	8.13	9.28	9.55	10.24	6.11
- <i>Manufacturing</i>	-	5.76	10.34	11.96	9.94
Services	3.69	8.73	4.82	7.16	7.18
Economic structure (% , current prices)					
GDP	100.0	100.0	100.0	100.0	100.0
Agriculture - forestry - fishery	41.6	33.4	25.7	22.1	22.1
Industry - construction	27.1	26.6	33.0	39.6	39.7
- <i>Manufacturing</i>	-	14.5	17.1	20.4	21.1
Services	31.3	40.0	41.3	38.3	38.2

1986-88: Performance not as expectation: high inflation, bad harvest in agr., low GDP GR

1989-96: high GR, *Supply:* Service contributed mainly (~50%), but Industrial&Service sector increased very high, key premising for important contribution to GDP GR; *Demand:* ensure food security and became rice exporter, export contributed importantly to Growth

2000-07: high GDP GR close to long-term trend; Industrial&Service sector mainly contributed to GDP GR -> positive shift of structure. Demand: invétment & export – contributed 7 importantly to GDP

预览已结束，完整报告链接和二维码如下：



Employment and wages (cont.)

: increased over time & shift of labor structure

	1986	1988	1989	1996	1997	1999	2000	2007	2008
	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
	72.91	72.54	72.20	71.25	70.15	68.91	65.09	54.15	52.46
	13.87	14.07	13.95	11.37	11.66	11.95	13.11	19.98	20.84
	-	-	-	8.00	8.29	8.59	9.44	13.50	-
	13.22	13.40	13.86	17.38	18.20	19.13	21.80	25.87	26.70
	1986-1988		1989-1996		1997-1999		2000-2007		2008
	540		725		741		1.024		848.6
	341		400		298		-109		-151.2
	103		97		140		566		524.85
	-		76		114		359		153.65
	97		228		304		568		474.95
	1986-1988		1989-1996		1997-1999		2000-2007		2008
	63.06		55.15		40.17		-10.65		-17.82
	18.98		13.38		18.87		55.21		61.85
	-		10.54		15.39		35.07		18.11
	17.96		31.47		40.96		55.44		55.97