Project Title: “Economic growth and social equality in Vietnam from 1986 to 2010”
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“Doi Moi” policy has been conducted for more than twenty-five years in Vietnam and the economy has been attained significant achievements. However, during this time, social equality has been worsening. Social inequality can be construed that a part of the population is living under poverty line; men are unequally benefited from public services, and unequally treated in imperfect markets. Eventually, social inequality leads to more serious income inequality.

A large number of quantitative researches had been done in the world to look for evidences of the relationships between economic growth and income equality. Surprisingly, quite few of them shared the same result, while a larger numbers of other researches showed different or opposite conclusions.

Theoretically, Joseph E. Stiglitz argued that there was a trade-off between equality and efficiency. To get more equality, some amount of efficiency must be sacrificed and eventually economic growth would be narrowed. Philippe Aghion however, proved that with imperfect capital market, the more income inequality, the less economic growth in the long run.

1. Objectives: In such circumstance, this research project is conducted to look for answers of the three (03) following questions: (i) Is it possible to pursue economic growth at the same time with social equality? (ii) How the pie of Doi Moi had been recently distributed among the population of Vietnam? and (iii) what could be the right suggestions for policy makers to adjust distributional policies for the coming years?

2. Main contents: This research traces back from basic arguments of well known economists about equality vurses efficiency, and individual income vurses social welfare to explain the affecting mechanism of social inequality on growth; and analyse how income distribution has occured in Vietnam since 1986 (the starting point of Doi Moi) up to 2010. Beside the purpose to reidentify the concept of “social
equality”, this research aims to provide policy makers with relevant suggestions of distributional policies for a sustainable development.

3. Results obtained: The research came to following conclusions: (i) Social equality is indeed “developmental equality”. This means men should be provided with conditions that help them be able to maximize their contributinal potentials to the society, as well as minimize their harmful potentials that could occure, either by “make ends meet” or by abusing ones’ position; (ii) “Developmental equality” is a main pilar of, and positively contribute to sustainable development; (iii) Distributional policies in accordance with “developmental equality” should focus on three (03) typical income groups:

- **The poverty group** (income group under absolute poverty line): The Government shall have to provide this group with minimum necessities as fundamental conditions for their further development;

- **The middle groups** (from above absolute poverty line to under the Supreme Rich group). Equality applied to these groups could be equally treated in a fair institution and perfect markets;

- **The Supreme Rich group** (1% richest): Equality applied to this group could be strict regulations that help prevent or minimize the monopoly advantage and possibility of power abusing for personal profits.