

Vietnam economic integration and poverty gap existence

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Introduction

In 1986, Vietnam - on the bank of an economic crisis, started the path of economic renovation (Đổi Mới) after more than ten years applying the model of central planning economy where the state managed, controlled and decided everything from production to distribution. It seems that the “fence-breaking” reforms of the previous decade had shown promise and that the situation was dire enough to demand a more systematic approach. Đổi Mới thus began a process of macroeconomic stabilization, unshackling the economy from state controls and gradually integrating with the global economy. More durable foundations for a market economy were built over time. And in competently managing the transition from a planned to a market-economy structure, Vietnam succeeded where many countries that had been part of the former Soviet Union have failed and became a major development success story with the per capita GDP growth since 1990 as among the fastest countries in the world (*Vietnam 2035, 2016*). The growth appeared remarkably stable and inclusive that has made a contribution to alleviating poverty and improving non-income dimensions of welfare.

Achievements

Less than 30 years after the start of the economic reforms (Đổi Mới) in 1986, Vietnam has built up an impressive record of strong economic with an average GDP growth per capita of 5.5% a year since 1990, three and a half times increase in average income. Growth has benefitted from its remarkable stability and a strong external orientation of the economy and as a result, poverty has fallen rapidly. In 2015, Vietnam became a transformed, dynamic, and middle- income economy. Social outcomes have improved dramatically across the board. Using a variety of international and national poverty lines, poverty has fallen rapidly since the launch of Đổi Mới. The \$1.90-a-day poverty rate fell from 50% in the early 1990s to 3% in 2015 (*Vietnam 2035, 2016*). A part from that, the Vietnamese population is better educated and the life expectancy is also higher than most countries at a similar per capita income. The maternal mortality ratio has fallen below the upper-middle- income country average, while under-five mortality has fallen by half. Electricity is now available to almost all households comparing to less than half in 1993. Access to clean water and modern sanitation has risen from less than 50% of all households to more than 75%.

Gap existence

Although Vietnam has avoided the large increases in inequality as in other fast-growing countries, the differences between the rich and the poor are still significant. The movement from

collectivism toward a market economy has enabled the talented and hard-working people to flourish. But it also leads inevitably to some inequality in outcomes and opportunities among various social groups. In this paper, the inequality of opportunities is mentioned for three main marginalized groups: ethnic minorities, people with disabilities, and urban migrants. Members of these groups have faced particular challenges, despite strong government commitments to their full inclusion in society.

Inequality of opportunities for Ethnic Minorities

The biggest equality challenge is the substantial gap in socio-economic outcomes between the people coming from 52 ethnic minorities and other Vietnamese. This division is driven in part by steep disadvantages in opportunities among ethnic minority children. For a long time, migration seems to be a pathway to economic integration for many ethnic minorities. Three interrelated circumstances made a triangle of inequality of opportunity for ethnic-minority children including poor education, malnutrition, and low access to sanitation.

It can be attributed that, the higher poverty among ethnic minorities roots from low educational attainment. The modest ethnic minority enrollment at tertiary and upper-secondary levels is a consequence of many factors, including childhood malnutrition, in turn driven by poor sanitation. Completing the ridiculous cycle, children who grow up in poor households with less-educated parents are much more likely to drop out of school early, be malnourished, and lack adequate sanitation.

Therefore, to help ethnic minority people to better participate in and benefit from the growth process, interventions should be directed towards raising both their endowments and returns to these endowments. For the former objective, policies should be designed to help ethnic minorities to have better access to basic social services, infrastructures, wage employment. For the latter objective, interventions should be directed towards reducing language barriers, improving the quality of education, overcoming stereotypes etc...

Inequality of opportunities for people with disabilities

Vietnam has many people with disabilities, the number is likely to increase rapidly as the old-age population expands, by one projection to more than 12 million by 2035. As Vietnam reaches upper-middle-income status, it will face the rising expectations of people with disabilities and their families for greater inclusion especially with the availability of various Government's commitments. Among these, the Law on Disabilities, passed in 2010, and the UN Convention on the Rights of Persons with Disabilities, which Vietnam ratified in February 2015 should be first mentioned. The national constitution also has contents on protecting people with disabilities. The Law on Disabilities guarantees different rights of people with disabilities which include: To participate on an equal basis in social activities; To live independently and integrate into the community; To enjoy exemption from or reduction of certain contributions to social activities; To be provided with health care, functional rehabilitation, education, vocational training, employment, legal assistance, and access to public facilities, means of transport, information technology and cultural, sports, tourist and other services suitable to their forms and degrees of disability... On paper, Vietnam's policies for people with disabilities are highly inclusive. But there are substantial shortcomings in implementing a broad agenda. More than half the children with severe disabilities never pass through the doors of a schoolroom while getting them into schools is crucial to provide them with basic opportunities to participate in society and to

engender attitudes of inclusion among others (*Vietnam 2035, 2016*). In the global context, many people with disabilities have been hidden from society and sometimes been segregated in residential institutions and special schools. But recent global policy has tended to include them in society, considered them as subjects of the law with clearly defined rights rather than objects of charity. This approach recognizes disability as the result not of impairment but of the interaction between a person and his or her environment. To get the policy implementation effective, in addition to the issuance and monitoring of the policy, the government should create space for social organizations for people with disabilities in Vietnam where they can advocate for themselves through their own organizations as in some other countries.

Inequality for urban migrants

Urban poverty tends to focus on the migrant group who could hardly get the household permanent registration in the city where they live and work. The multi-faceted nature of poverty with numerous non-income dimensions that may include pollution, personal safety, working and housing conditions, or exposure to abuses, all of which are becoming increasingly acute for low income migrants who are technically classified as non-poor by both income measure and expenditure measure. Urban migrants lack equality of opportunity due to the household registration system. About more than 5 million Vietnamese do not have permanent registration where they live. Those who live in major urban centers without permanent registration face difficulties in access to services for health, schooling, social protection, and utilities as well as challenges in employment and social connections. However, It usually takes time and cost to apply for permanent registration, so that some decided to live in major cities as temporary residents for several years. To help this group, the government should reform policies that can either loosen the link between service access and permanent registration status or make it easier to obtain permanent registration or eliminate differences in service access between those with temporary and permanent registration... This can help to reduce costs and inequities for this marginalized group./.

Key Reference:

The World Bank and The Ministry of Planning and Investment of Vietnam (2016), Vietnam 2035: Toward Prosperity, Creativity, Equity, and Democracy.