

INEQUALITY

Matters

ISSUE 03 / MAY 2021



OXFAM

WHY IT'S CRITICAL FOR A HUMAN ECONOMY IN VIETNAM



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INEQUALITY MATTERS / 03

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Dear Readers!





Globally, the way we run our economies needs to change. The over reliance on GDP growth has paved ways to rigged policies that benefit the richest individuals and corporations, instead of measures that ensure a sustainable development and the people's welfare. This economy model is exacerbating inequality, perpetuating poverty and trapping many millions in poorly paid and precarious work.

In Vietnam, the last twenty years have seen significant economic progress for ordinary citizens, especially with a strong record of poverty reduction. However, the current economy model is struggling to ensure that everyone benefits equally from the development process. Inequality persists on several important dimensions such as voice, access to education and healthcare. Marginalised people are often women, poor people, ethnic minority groups, or people living in remote areas.

The COVID-19 pandemic has exposed, fed off and increased existing inequalities in almost every country at once, and Vietnam is no exception. Despite being one of the most successful countries in containing the pandemic, Vietnam risks falling into the 20 countries with the fastest growing poverty rates due to its impacts. The pandemic has also revealed the alarming number of informal workers unprotected by social security, and the huge burden of unpaid care work undertaken by women in the country.

Inequality Matters spells out dimensions of inequality that laden the people's lives when the economy focuses on GDP growth. Discussions by experts from Harvard University, the Mekong Development Research Institute (MDRI), and the Vietnam Academy of Social Sciences pose the question on whether Vietnam's development achievements can compensate for the harm that the environment and society suffer.

Oxfam urges governments and policymakers to work together towards building a "Human Economy" that is people-centred instead of a "for-profit economy" that is disrupting social cohesion in many countries. A Human Economy, built for the many - not the few, can bring an end to inequality and eradicate poverty for good. A Human Economy is to save the environment for next generations.


I hope that you will find this Inequality Matters Issue informative and meaningful, and I look forward to hearing your thoughts and perspectives, for a fair, equal, and sustainable Vietnam!

Babeth Ngoc Han Lefur
Country Director, Oxfam in Vietnam

I



**TOWARDS
A HUMAN
ECONOMY
IN
VIETNAM**



Lan works in a factory and two other jobs in Dong Nai province, Vietnam. Her low wages and high cost of living mean that she can't afford for her children to live with her full time and relies on her parents to take care of them while she is away working.

She works on 1200 pairs of shoes a day, yet she can't afford to buy even one pair for her son on the amount she earns each month.

Photo: Sam Tarling / Oxfam





Max Lawson

Head of Inequality Policy, Oxfam International

Globally, the way we run our economies needs to change. Our current economic model, known as neoliberalism, is broken. It is creating huge inequality. 26 people have the same wealth as the bottom half of humanity. It is failing to end poverty and is trapping many millions in poorly paid and precarious work. The COVID-19 pandemic further revealed fatal weaknesses in the current economic model. Therefore, Oxfam is proposing a new economic model, known as a Human Economy.

In Vietnam, the last twenty years have seen significant economic progress for ordinary Vietnamese citizens, especially with a strong record of poverty reduction. Many have seen their lives improved. However, the country's economy is facing great challenges in ensuring that all citizens benefit from the development process. Our research in 2017 pointed out that Vietnam's 210 super rich earned more than enough in one year to lift 3.2 million people out of poverty and end extreme poverty.¹ It is time for Vietnam to tread a new path, building on its unique history, and shift to a Human Economy.

How would a Human Economy differ from today's economics? What would that mean for Vietnam?

A Human Economy would measure what matters. The current measurement of economic progress, GDP, is completely outdated and unfit for the purpose. A Human Economy would seek to measure the many things being left out of GDP calculations. They include the distribution of growth between rich and poor people. They include broader measures of wellbeing, multi-dimensional poverty and environmental sustainability. They include factoring in the harm being done to the environment. They include recognising and redistributing the

many millions of hours of unpaid care work being performed by mainly women each day. Measuring what matters is vital to planning more progressive and equal economies. A Human Economy will put people and planet before profit. It will build successful economies and societies where people are at the centre of economic thinking; where industry and the market are made to benefit the majority, not simply a rich few; and where planetary and environmental boundaries are not transgressed while social foundations are met.

A Human Economy would focus on bringing an end to extreme wealth. In many countries, including Vietnam, there has been a rapid increase in wealth of a very small minority at the top of our societies.

Having too much wealth in too few hands is not good for any society, and a Human Economy would seek to end extreme wealth and reduce inequality. A key way to do this will be through progressive taxation, where the richest pay their fair share of tax. For example, taxation on inheritance, which Vietnam does not have, is key to building fairer societies, otherwise today's rich will become tomorrow's aristocracy. This is unhealthy for the economy.

Tax revenue can be used to provide universal free education and healthcare for everyone. The costs of healthcare and of private tuition and private education weigh heavily on the pockets of Vietnamese people. Free universal healthcare would greatly lessen people's concerns of getting sick. Investing in good quality public education means that people will not have to spend their money on private schooling and that the children of the poorest will have as much chance as the children of the richest.

Many, especially women, are in very low-paid,

low-skilled and precarious jobs. This is true for a large number of Vietnamese citizens living on minimum wage, which is currently not enough to escape poverty. Their work is mainly sewing shoes or garments to provide for global supply chains, generating huge profits for their shareholders whilst paying poverty wages to their workers.

In a Human Economy, this must change. We must see decent work and decent wages. Countries with a fair living wage and good trade unions are among the most equal and progressive in the world. At the same time, we need to ask for more new business models and a spectrum of business approaches that deliver more sustainable and inclusive development. Vietnam should learn from its own experience and the global best practices to foster new businesses that do not focus primarily on profit for a small group of wealthy shareholders.

These are just some of the ingredients of a Human Economy. There are many others. What is clear is that continuing on the same path, with the same economic approach, is not an option. A new approach is needed, both globally and in Vietnam to tackle the dangerous gap between rich and poor, social division and insecurity. A Human Economy, built for the many - not the few, can bring an end to inequality and eradicate poverty for good. A Human economy is to save the environment for next generations.

Economies across the world have valued GDP growth more than other aspects of national development. But in 2020, nearly half of humanity is living below the poverty line, trying to survive on five dollars fifty a day. Economic growth alone, especially where it is not inclusive, will not beat poverty. ■

¹ Oxfam (2017). *Even It Up: How to Tackle Inequality in Vietnam*

II

GDP GROWTH

A convenient beacon that can hurt

Nguyen Tue Anh

*Visiting Postdoctoral Fellow Center for International Development,
Harvard University*

Despite the COVID-19 crisis, Vietnam remains its positive GDP growth in 2020.¹ Besides, thanks to economic successes, poverty head count reduces while income per capita increases.²

However, developing countries like Vietnam are facing the classic conundrum: growth vs. sustainability and equality. Whilst it has been enjoying the triumph of the world's fastest GDP growth in the last years, the repercussions on our environmental and social equality have not gone unnoticed.

It's hard to dismiss developmental and material gains in Vietnam due to economic growth; the critical question is whether the gains we have celebrated outweigh the costs to the environment and society in years past and to come. And to a large extent, the answer is “no” for Vietnam.

¹ GSO (2020). Socio-economic situation in the fourth quarter and the whole year 2020. <https://www.gso.gov.vn/en/data-and-statistics/2021/01/socio-economic-situation-in-the-fourth-quarter-and-the-whole-year-2020/>

² Data from the World Bank Group.



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“The welfare of a nation can scarcely be inferred from a measurement of national income as defined by GDP.”

- Simon Kuznets, the economist who invented GDP



VIỆT BÉ PHỐ
810.425.196
HÀNG LÃI, 810.425.196

“Not all that can be counted counts”³

GDP is a convenient tool, but an oversimplified one.⁴

Included in GDP statistics are not all activities that are economically quantifiable or visible. Reliance on GDP as a guide for economic policies easily puts women’s role in the shade and shadows the value of household welfares.

A rough calculation based on the United Nations’ report indicates a significant underestimation of the value of work.⁵ On average, women in both developed and developing countries are underpaid by half of a typical working day while for men, it’s approximately a sixth to a fifth of a day’s salary respectively.⁶ The total value of unpaid care and domestic work is estimated to range from 10 to 39% of GDP, more significant than that of many key sectors.

In Vietnam, women in all sectors earn less than men, up to 22% in some sectors, equivalent to an average of 1 month of unpaid work per year.⁷ Women are more likely to work for less in exchange for more secured and flexible jobs since it’s widely and culturally believed that the responsibilities for family housekeeping are in women’s hands. Uncounted in GDP, women devote more than 5 hours a day to household tasks while their male partners spend a third less.⁸ Policies focusing on growth can magnify the role of men vs. women in the midst of already-existing gender discrimination problem.

³ Quote by Einstein

⁴ As a post-war economic indicator, the statistics based on GDP narrow governments’ focus on tax revenue, household spending vs. business investment and governments’ debt. At war, a country can see expanding GDP as government spending on military equipment increases, however undesirable it might mean.

⁵ United Nations (2015), *The World’s Women 2015: Trends and Statistics*.

⁶ *Ibid.*, calculated based on Figure 4.22 (page 112) compiling of data from 10 developing and 25 developed countries. A typical working day is 8 hours. Women in developing countries spend, on average, 4 hours and 30 minutes per day on unpaid work, and men 1 hour and 20 minutes, hence, over 56% and 16% respectively. In developed countries, women spend 4 hours and 20 minutes (over 54%) and men spend 2 hours and 16 minutes (around 26%) per day on unpaid work.

⁷ I. Chowbury, H. Johnson, A. Mannava, and E. Peerova (2018), *Gender Gap in Earnings in Vietnam: Why do Vietnamese women work in lower paid occupations?*

⁸ L. T. Thu et al. (2018), *Women’s Economic Contribution through their Unpaid Work in Vietnam*.





Wealth is neither Happiness nor Stability

If GDP zooms in a country's wealth and its relative size to the world, it blurs the important background of well-being and social welfare in such an environment. In maximising GDP and chasing GDP growth, countries enter an ever-growing-and-never-can-be-won race.⁹

Economic growth had made a difference to Vietnam but not to relative poverty.¹⁰ While the gap between the 20% poorest and 20% richest did not change in 1990-2016, disparities between the super-rich and the super-poor have become more apparent and

inequality between different regions and ethnicity has got worse.¹¹ With uneven distributions of hospitals and schools among different regions, people of poor background and of ethnic minorities are deprived of opportunities to mobilise and develop, which then would create next generations of similar destiny.

The popular idea that GDP growth translates into better well-being for the common has been recently criticised at length.¹² Trickle-down effects



*Relatives of patients sleep along a corridor at a hospital in Da Nang City, central Vietnam
Photo: Pham Vo Hoang Giang / Oxfam*

of wealth concentrated in the hands of the richest population were merely hypothesised but have not been adequately proven.¹³ Whilst the rich get richer, rather than distributing wealth, they might be incentivised to keep wealth by influencing economic and political institutions. The decoupling relationship between inequality and growth may also harm the political stability of a country.¹⁴

⁹ Real GDP per capita was traced back to 1000 B.C. and the study shows that materialistically, we are on average earning many times more and at a faster rate in these couples of centuries than ever before. See more J. B. De Long (1998)

Estimates of World GDP, One Million B.C - Present. Data collected by the World Bank and World Development Indicators from 1961 onwards also shows a consistent increase. Since everyone is racing and all is getting wealthier, the race is non-stop.

¹⁰ Gini Index from 1990 to 2015 has remained between 25 to 40. Distribution of income by poorest and richest quintiles remain roughly the same. The World Bank (2019), Poverty & Equity Data Portal.

¹¹ The World Bank (2014), *Taking Stock An Update On Vietnam's Recent Economic Developments*.

¹² Stiglitz, J.E., A. Sen, and J. P. Fitoussi (2009), *Report by the Commission on the Measurement of Economic Performance and Social Progress*.

¹³ Kuznets himself also said that his theory was a hypothesis that needs to be proven. See Kuznets (1995), *Economic Growth and Income Inequality*.

¹⁴ D. Acemoglu and J. A. Robinson (2002), *The Political Economy of the Kuznets Curve*. This paper warned of these dangers.





Photo: Oxfam



Wealth vs. Sustainability

What we know for sure is that pro-growth liberalisation policies come with huge environmental costs. Impacts on the environment are believed to be offset when higher income makes new ecological technology more affordable and production more efficient.

A key driver for policy focus is how much economic growth has driven demand for electricity. In Vietnam, while average annual GDP growth is around 5-6% per year, energy demand has grown around 14% p.a. Power production has grown roughly 15% from 2000-2010 and shot up to above 25% from 2012. In fact, since 1990, electric supply growth has surpassed that of GDP.¹⁵ One prominent issue in any power sector in the era is a transition from fossil fuels to renewables in generation. It should especially be so in Vietnam where CO₂ intensity is higher than the world's average and its 2 metropolitan areas are among the world's most polluted cities.

The challenge for the sector under pressure of strong growth is to maintain affordability, reliability and sus-

tainability in energy generation. Since the beginning of 2000s, Vietnam embarked on the market liberalisation path in the energy sector to meet these objectives via private participation in renewable generation. However, the belief to rely on private sector to pick up on incentives to invest in renewables should be revised. Even the UK with the most liberalised energy sector has started to question this model as their system has failed to deliver reliable and affordable electricity. As our climate clock is ticking, the share of fossil fuel has risen, coal share more than double¹⁶ while solar power projects are still pipelined. If current power plant projects carry on, worryingly, our energy is not getting greener.¹⁷

¹⁵ Data from U.S. Energy Information Administration (2019) *International Energy Statistics - Vietnam*.

¹⁶ Data from Danish Energy Agency (2017) *Overview of The Energy Sector: EXECUTIVE SUMMARY*.

¹⁷ *Renewables and fossil fuel energy both increase consistently from 1964 to 2017 and outlook to 2020 based on 2016 updated data shows that the share of fossil fuel is getting bigger. See more at T. A. Nguyen (2017), Liberalisation, the World Bank and investment in the electricity systems of Vietnam.*





Photo: Adam Patterson / Oxfam

Prosperity vs. Longevity

An obsession with GDP data is a problem as the focus on growth is distracted from other issues.

GDP growth acts a helpful beacon as long as it is thoroughly understood by users of what it can and cannot tell. While the most commonly used indicator in economics certainly shows us useful snapshots of the economy and its key components, these statistics should not be confused with measures of development and well-being. Even so, when abused, this misconception can bring about long-run detrimental consequences, much more than what differences it can make to our material life. In fact, the persistent pursuit of growth is taking its toll on the ecological and social balance that our lives are depending on.

Increasing inequality is not only rooted in the pursuit of economic growth driven by the rich and the mythical reasoning of trickle-down economics, but also could lead to political instability while growth based on mass consumption and production would worsen the existential issue of climate change.

As an emerging economy, Vietnam still needs to grow. But what matters is not the fastest possible growth but how such growth could be translated into well-being and sustainability. In order to do that, it's crucial to step back from growth-driven economic policies and the one-size-fits-all neoliberal growth model. What matters is not how much growth but its quality. ■

The real cost of healthcare in Vietnam

Oanh is a 27-year-old kidney dialysis patient who lives in Hanoi. She moved to Hanoi from rural Me Linh district so that she can receive the hospital treatment she needs three times a week. Government health insurance covers the cost of her dialysis, but Oanh has to pay for her daily medication herself. She cannot afford a kidney transplant.

“I feel sad for myself when I see the prescriptions I cannot afford. People who can afford medicine are healthier. I feel that my life is too difficult and I am stuck. It is really unfair.”

Oanh earns around \$50 a month unofficially by selling tea in the hospital, which just about covers her medical costs, but as she lacks permission to work there, she worries she will be stopped. Her partner’s income has to cover all other essentials, such as rent and food. Oanh’s parents have had to sell farmland and assets to cover the cost of her emergency care.

“When people are sick, all poor families have to borrow money. If the government provided support

when we are sick, I would have fewer burdens. My life wouldn’t be as hard.”

Vietnam’s economy has grown rapidly in recent years but people like Oanh are yet to fully profit from this. There are still 13 million people living in poverty - often ethnic minorities, women and people living in rural areas.

Pregnant women from poor households are three times more likely to go without antenatal care. A quarter of the population lack health insurance and even those that are insured still have to pay extra in order to get the care they need. A total of around three million people in Vietnam are pushed into poverty each year due to medical costs.

Oanh and her family are locked in a cycle of debt. She and her partner can’t even think about getting married or having a family because of this situation. It shouldn’t be this way. With the right medical support, dialysis patients can have a good quality of life and the ability to earn a livelihood.





Photo: Crunchy Frog / Oxfam




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*“GDP measures everything except that which makes
life worthwhile.”*

- Robert Kennedy, U.S. Senator

III



BEYOND GDP

The importance of unpaid
care work



Today's extreme wealth is also founded on sexism. Our economic system was built by rich and powerful men, who continue to make the rules and reap the lion's share of the benefit. Worldwide men own 50% more wealth than women.

Women are supporting the market economy with cheap and free labour and they are also supporting the state by providing care that should be provided by the public sector.

Oxfam has calculated that women's unpaid care work alone is adding value to the economy to the tune of at least \$10.8 trillion a year, a figure three times larger than the tech industry.

Care work is crucial to our societies and to the economy. It includes looking after children, elderly people, and those with physical and mental illnesses and disabilities, as well as daily domestic work like

cooking, cleaning, washing, mending, and fetching water and firewood. Without someone investing time, effort and resources in these essential daily tasks; communities, workplaces, and whole economies would grind to a halt.

Governments around the world can, and must, build a human economy that is feminist. This world would be one where everyone has secure jobs paying decent wages, where nobody lives in fear of the cost of falling sick, and where every child has the chance to fulfill their potential.

Feminist economics and gender equality are fundamental to a human economy, and a core part of this new, fairer, human economy is to fully address the role of unpaid and underpaid care work. Only by fundamentally changing the way that this work is done and how it is valued can we build a more equal world.

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Globally, 42% of women of working age are outside the paid labour force, compared with 6% of men, because of unpaid care responsibilities.

- Oxfam, “Time to Care” report (2020)



Ms. Tien, from Cao Lanh district, Dong Thap province, works all by herself to cover living costs for her child, her old mother and her school age sibling. Her husband left her a few months after she gave birth. Tien sent the baby to her mom and went to Ho Chi Minh city to work for a garment company.

Three days before going into labour, she was still busy making shoes. “Monthly salary of 4 million Dong can’t afford the rental, so I have to do extra work to buy milk for my baby,” Tien burst into tears talking about her child.



Realising women's rights towards gender equality, why is progress so slow?

*Babeth Ngoc Han Lefur,
Country Director, Oxfam in Vietnam*

Societies in which the gap between rich and poor is much lower are those in which women are treated more as equals.

Social norms and attitudes keep women subordinate and unable to take advantage of educational, political and economic opportunities. A research commissioned by Oxfam entitled “Gender stereotypes against female leaders” revealed that barriers constraining women’s ability to obtain leadership positions are many. One of those is voters’ stereotypical attitude toward female leadership, which may have resulted in the low percentages of women in elected bodies including the National Assembly and the People’s Councils. Voters use double standards when deciding whether or not to select a female candidate, expecting a good female leader to first fulfill her role as a mother and a wife before taking on her work responsibilities; or how successful woman should look like in the contemporary Vietnamese society, that is: only those female leaders who can handle their dual roles and responsibilities both in families as traditional women and in the workplace as modern women are considered ideal.

Corporate attitudes have improved in a number of places, but a lot more needs to be done. Particularly, more dedicated resources need to be committed in companies to develop comprehensive gender policies within their organisations as well as in business operations. Oxfam has carried out numerous researches (and quantification) that demonstrate time and time again that the world economic prosperity is dependent on the huge but unrecognised contribution made by women through unpaid care work. If all the unpaid care work done by women across the globe was carried out by a single company, it would have an annual turnover of USD10 trillion, 43 times that of Apple’s.

Vietnam has been largely externally funded to push for gender equality. Vietnam has made great advance both in gender policies and practices - Vietnam gender equality law of 2005 is one of the most progressive gender law in Asia. But this trend has been weakening with end of or reduced funding and other support, or investment only in economic empowerment. This has gone hand in hand with an overall regression of the progress made, gender development practitioners and specialists fear that the gains made are being lost. ■



Photo: Le Thi V. / Investing in Women Initiative project



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Ms. Le Thi V., 35, a garment worker: “My day starts at 5:30 am and ends at 10 pm. First thing of the day is doing laundry, then I take the kids to school. Around 7:30 am, I go to work at the factory. At 5 pm, I pick up my children, go home, buy food, then cook and clean. The evening is not relaxing if you have to entertain a small child while helping the older one study. Before bedtime, I prepare things for the next day... Every day goes like that. All of those work, from small to big things, all is done by me. My husband doesn't help. After work, he goes home, eats, and then walks around the neighborhoods. He said housework and childcare are women's duties.”

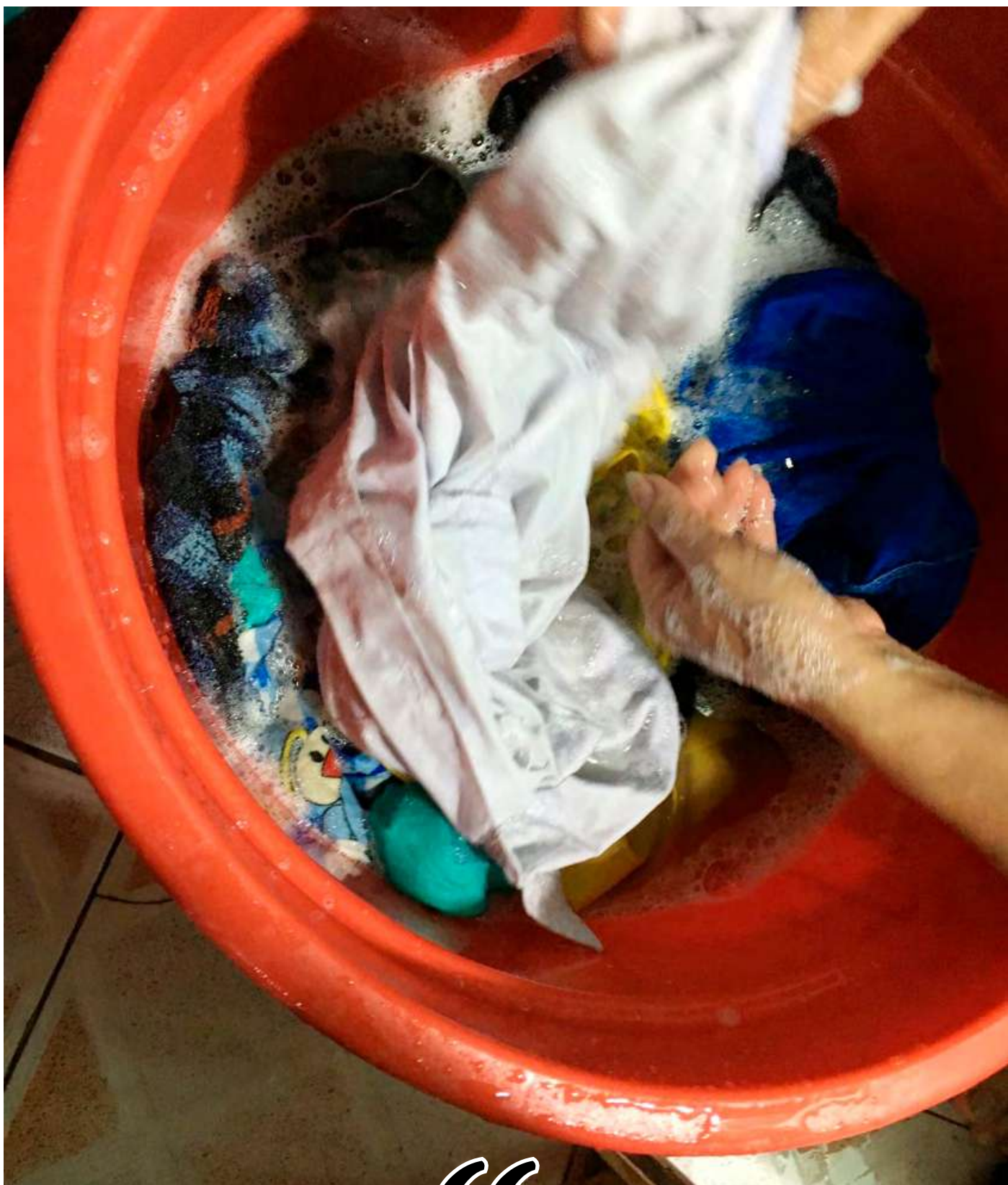


Photo: Le Thi N. / Investing in Women Initiative project



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Le Thi N., 27, a garment worker: “Often on my period, my back hurt when I sew too much. My husband is very kind - he has been never loud with me, but he does not like doing these things. My company has the regulation to allow female workers to take 30 minutes off during their menstrual period, but after working here for 8 years, I have not seen anyone asking for a break. Everyone is worried about what to do, but I need a break.”

IV

BEYOND GDP

The importance of multidimensional well-being measures

Phung Duc Tung

The Director of Mekong Development Research Institute (MDRI)



Photo: Oxfam



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“It only takes such a small amount to save so many lives. If they (the wealthiest) pay their taxes, it doesn’t just benefit the poor people, it helps the families and the economy. For example, if a poor child with an eye problem gets the healthcare they need, he or she can continue going to school, learn more, get a higher education and a better future.”

*- Dr. Le Thi Cam Thanh,
Vice Director of the Government Eye Hospital of
Can Tho Province, Vietnam*

Rapid and continuous growth over the years has lifted around 40 million Vietnamese people out of poverty. However, growth is now benefiting the rich more than the poor. Inequality in living standards in Vietnam has increased over the years. Vietnam’s GINI coefficient in 1993 was 0.33, but in 2016 it increased to 0.44. In 1993, the richest 20% had an income that was 4.4 times higher than the poorest 20%. By 2016, that income gap was already 10-fold higher.

There are currently around 10 million poor people in Vietnam, most of whom are ethnic minorities living in remote areas with limited access to basic public services, which are of low quality. Existing policies can hardly lift these households out of poverty as they are composed of the elderly living alone, people with disabilities and orphaned children. They need stronger and specific social protection policies which can cover their basic needs at a standard that is higher than the current poverty line. This is either because they cannot participate in the country’s development process, or benefit from macroeconomic growth because they do not have the opportunities nor the capability to seize them.

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“Of all the forms of inequality, injustice in health care is the most shocking and inhumane.”

- Martin Luther King

Education and Health: quantitative achievements but qualitative challenges



On education, in Vietnam there is little discrepancy in school enrollment rates between urban and rural areas, between boys and girls, regions, and primary and lower secondary school levels.

The big issue in Vietnam lies in what students are being taught, quality of education and the gap in education quality received by students. A review of education quality at the primary school level (VNEP project) shows that test scores in Mathematics and Vietnamese of grade 3 to 5 students in the Northern Mountains, the South Central Coast, the Central Highlands and the Mekong Delta are only half of what students in other regions got, and only a third of the score registered in the Red River Delta and the South East. It shows that education inequality is manifested as early as primary level, with students in less developed areas having fewer opportunities to attain higher levels of education. It is especially true for children from ethnic minorities and those living in remote areas. Differences in quality of



Photo: Crunchy Frog - Oxfam



A scene at Quang Tri Hospital
Photo: Oxfam



The teacher Giang A Pua and her pupils of H'Mong
Photo: Oxfam

education received by students will lead to unequal opportunities and widening gaps in income and living standards of future generations. This means that the goals of narrowing down the rich-poor gap and leaving no one behind would be increasingly hard to attain.

On health, Vietnam has achieved impressive results in improving the health of its people. Life expectancy has increased from 65.2 years in 1989 to 73.6 years in 2019. The policy of universal health insurance coverage is nearly completed.

This achievement is largely attributable to efforts and policies related to public health¹ and the expansion and quality improvement of the commune and village health system. Vietnam is one of 10 countries who rapidly met their Millennium Development Goals (MDGs) on health. But there are still large and persistent differences in health indicators across regions, ethnic groups and between rich and

poor households, including differences in rates of malnutrition, maternal mortality, under-five mortality and access to essential services such as prenatal care. The capacity of health facilities in rural areas (mountainous and islands) is limited, especially due to the lack of qualified and experienced health workers. Centering on hospitals has meant that commune health stations have yet to meet people's needs for primary healthcare, resulting in an unequal access to quality health services between people from rural, remote areas, and those living in cities.

The absolute increase in household out-of-pocket health spending continues to challenge about 10% of the population that do not have health insurance. Health insurance card holders still have to pay unforeseen and burdensome out-of-pocket amounts such as the cost of using equipment purchased from a socialised source, drugs not covered by insurance and costs of transporting patients, meals and accommodation for family members taking care of patients.

¹ Examples are extensive immunization programs, maternity health care programs, and free health insurance schemes for poor households.

An economy assessed by multi-dimensional and sustainable development metrics

Vietnam is also facing enormous challenges in its ambition to achieve these goals, not just in the areas of poverty reduction and inequality. Vietnam is among the countries most affected by climate change along with epidemics. In particular, natural disasters in the Central region and droughts in the Mekong Delta have become increasingly severe in recent years. Resources for the Targeted Programs are increasingly limited as the budget can mainly cover just regular government expenditures and most donors have withdrawn from Vietnam. Pollution is increasing, especially air pollution in big cities due to the high demand for energy to power economic growth and increasing reliance on fossil

fuels. Gender and decent/sustainable job issues have improved but still exist, such as gender-based violence, discrimination at work and in the families, and women's participation in leadership positions remains low.

More than ever, in addition to economic growth, Vietnam needs to promote the use of indicators of poverty and multidimensional inequality, especially education and health dimensions; sustainable development metrics should be the basis for making economic development policies in order to create a harmonious and sustainable economy that serves the people. ■



A H'Mong family / Photo: Oxfam



Lives of labour workers on their days off - Photo: Oxfam

Having kids should be happiness - why are we worried?

In one of our dialogues with garment workers, many of them worried that their salary could not afford their children's education. For most of them having young children, the school fee looks okay now if they cut other expenses. But school fee will cost much more when the kids grow up; and this is the biggest concern of many workers.

Xuan has a three-year-old child and works at a garment company in Dong Nai. She sends her child to a private kindergarten at a cost of VND 1.5 million per month. The cost of private schools is higher than public schools, but it is better for Xuan because her children can be taken care of beyond school hours when she works overtime. Each extra hour of overtime she works, she must pay VND 10,000 to the school fee. According to her company's regulations, she only gets VND 10,000 per month for child support. During peak time, workers can work up to 74 hours in overtime per month. Therefore, with the company's VND 10,000 support, workers are forced to manage by themselves by asking their parents,

grandparents, relatives, friends or neighbours to help pick up the children and look after them, otherwise they will have to pay up to VND 730,000. This is the case for workers with one child. If they have two children, it is even more expensive.

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“We have three school-age children. Early in the school year, we already contributed more than seven million Dong, not to mention the money we spent on stationary, coaching fees and hundreds of other things. So, we farmer-parents can never improve our living standards, not to mention enrich ourselves.” - A group of poor Kinh respondents, Ha Noi.

“They say there is no rich-poor discrimination but when richer households contribute more to a school, their kids are looked after better. When [the school administrator] shows us a donation booklet, we cannot donate just a few thousand, it needs to be a few million Dong. Poor people dare not say ‘no’ for fear of negative consequences for their kids. So, we would agree to contribute and then pay by instalments.” - A parent of a primary school student, HCMC.

“Health is our wish”

What worries garment workers the most is their children, or their spouse, or themselves getting sick. 36% of interviewed workers reported they were having health problems such as asthma, stomach-ache, high blood pressure, diabetes, heart problems, etc. They cannot afford medical treatment, most of them had to borrow money. We knew a worker who was prescribed for four month treatment of depression but she could only take medicine for one month. Right after she felt a bit better, she stopped the treatment because she couldn't afford it.

53% of the workers shared they could not pay the medical bills. Being well is the wish as many said: “If we get sick, we will definitely be broke.”

Nguyen Thanh Phung, 37, has been working in the garment industry since 1999 and has been at her current company in Dong Nai for 12 years. She is married and has had two miscarriages. She wants children, but health issues have prevented her from keeping her pregnancies. She has a chronic heart disease and high blood pressure, which requires daily medication. She has been

sick for three years and often has headaches and dizziness. Her husband has hepatitis C and does not work. Because of her health, Phung's work performance has declined.

“

“You have to wait for the whole day if you use a health insurance policy... My son-in-law had a heart attack. He has a health insurance policy. He was hospitalised. They called his family members in and asked for advance payment of 40 million Dong. His family had no money, so his siblings contributed money so that he could have an operation ... What if no money was contributed? A guy from a poor household would have died. How could they collect money at midnight...? Nowadays you really need money if you want better care from a doctor ...”

“There is different quality of service between an insurance policy holder and non-holder. The non-holder is prescribed with lower quality medicines. In hospital, poorer people see richer ones give bribes, the former have to follow suit. So, the poor become poorer...”



Photo: Oxfam



Below minimum living standards in normal conditions ... Most vulnerable in the time of pandemic

Workers and migrant workers in the informal sector are among the groups hit hard by COVID-19. They are labourers without a labour contract, waste collectors, domestic workers, street vendors, unlicensed small businesses, motobike taxi and taxi drivers, porters at wholesale markets, and workers in the service sector.

Even under normal conditions, income of most migrant workers does not meet the minimum living standards. Workers in the informal sector, especially migrant workers, do not have access to social protection policies, since most of them do not have a labour contract. They do not have social insurance, and thus their employment opportunities and income are often seriously affected by shocks. In the time of COVID-19, these workers groups have been suffering from reduced working hours or job loss, substantial drop in income or even income loss. The domestic workers mostly work on an hourly basis and do not have labour contracts. Consequently, they do not have any long-term job prospects and do not receive any compensations when they lose their job.

The group of street vendors who sell goods that are not considered essential are not allowed to continue their businesses when the policy of “social distancing” is implemented. Ms. T., a member in a self-help group in Phuc Xa ward, Ba Dinh, Ha Noi shared: “Since the epidemic started, my selling goods on the street

shrank and now stopped altogether to prevent the virus spread. I know it’s necessary to do that. But my family’s income totally relied on it. We are not selling anything now and no one hires us to do anything for money. We are living hardship day by day on very little.”

A large number of motorbike taxi and taxi drivers who borrowed money to buy vehicles are losing their jobs together with their ability to pay debts, and the risk of falling back into poverty.

Waste collectors still have to work every day, being exposed to the high risk of COVID-19 infection, while they do not have instructions nor appropriate equipment to protect themselves.

A number of migrant workers who lost their jobs were able to return to their hometown, but about 50% of them are still living in Hanoi without jobs and income. Meanwhile, most of them still have to pay monthly expenses such as housing, electricity and water, without any financial support from their family in the countryside. They are facing a shortage of food and utilities.

Labourers without a contract and migrant worker groups also lack protection equipments such as good-quality masks, hand sanitiser, and the knowledge to protect themselves from the risk of infection.



In time of COVID-19, people come first.

The economic crisis caused by Corona virus could push over half a billion people into poverty unless urgent and dramatic action is taken.

“All levels, sectors and localities...must prioritise people’s health and lives - that’s the ultimate goal; we choose to take economic loss for it.” - Vietnamese Prime Minister’s Directive 15, March 2020

“You can recover from a drop in the GDP, but you can’t recover from death.” With that grim but straightforward logic, Argentina’s President Alberto Fernández instituted a tough lockdown early in the pandemic to limit the spread of COVID-19, July 2020

“So it is our task first of all to save people’s lives, as best we can, and secondly to keep economic activity going.” - Angela Merkel, Chancellor of Germany, March 2020

“Together we can learn the lessons from this unprecedented crisis, to build a more human economy and a fairer world.” - “Dignity not destitution” Oxfam media briefing 2020





*Tran Thi Hien sorting scraps at her house
Photo: Network for the Rights of Migrant Workers (M.net)*

Tran Thi Hien lives in a small garret of a run-down house close to Hanoi's Red River with her husband and two sons, one aged 23 and the other 13. The 43-year-old scrap collector had a rare Saturday off work, having taken her mother to the hospital for arthritis treatment the previous day. It was draining on Hien, both mentally and financially. The mother had been unable to walk but could not get treatment sooner because Bach Mai hospital was a major COVID-19 hotspot and only started receiving new patients in May. The trip cost the family VND3 million, the equivalent of what Hien made in a month before the pandemic hit.

"Now, I have nothing," says Hien teary eyed. "We are in the negative." She and her husband who is a motorbike taxi driver are the main breadwinners for the family of four, but since February, her husband

has had no customers, so the only income they've had came from discarded cans, bottles, cardboard and wires Hien could find by digging through trash bags on the streets. On the best day during the pandemic, she made a mere VND90,000.

On most days during social distancing, she made zero. To make matters worse, scrap prices have dropped by half so many people chose not to sell. "People see me on the streets and they don't want to come close," Hien recalls, despite wearing a mask at all times when out. "Even if they have scrap to sell, they don't because they don't want to be exposed."

Hien feared catching COVID-19 too, but with her hungry son constantly on her mind, she defied lockdown rules every day to collect scraps even though buyers were closed throughout the month



HIEEN'S STORY

of April. The worst day came when after repeated warnings from the police, she was taken to the station to pay a VND150,000 fine. Hien had no cash, neither did her husband who had to borrow money to finally get her out. "People are dying en masse, why are you out? You've got to stay home, even if you're hungry," Hien recalls the police saying.

For the past five months, Hien's family lived off food donations from charitable organisations. They got mainly rice, instant noodles and fish sauce. Pork price has doubled since the start of the pandemic, meaning most meals consisted of just rice, vegetables and eggs. On a rare occasion, Hien treated her family to VND40,000 worth of pork but the dinner left everyone hungry. The pork was too smelly to be edible, which triggered Hien's husband into an angry tirade that almost resulted in the rice cooker

being smashed. "In such situations, we women have to give in, I leave the house and wait 'till his anger subsides," Hien says. "My husband is alright, it's all because of our economic situation."

It's not just food that's been lacking. Hien's landlady reduced her rent by VND200,000 once but that was not enough to ease the debt burden, considering the monthly bill usually exceeds VND3 million. The government's social security package for informal workers would definitely help, Hien says, but she doesn't know if she'll ever receive it. Hien had already filled out the necessary application twice, most recently in mid May, but she has yet to get the result. The landlady says she'd need to go back to her home village to get the funds. But relatives at home tell her only dirt poor people at a certain age are eligible.

V



BEYOND GDP

The importance of environmental sustainability

**Exceeding the limits - The reality of
an overburdened Mekong River Delta**

Nguyen Ngoc Huy

Senior Climate Change Advisor, Oxfam in Vietnam



Alkaline soil in Long An
Photo: Xuan Truong / Oxfam



The use of pesticide in farming, chemicals in manufacturing, and waste water pouring directly into ramifications of the river have exposed the lower basin to grave contamination.

A drop in water inflow from Upper Mekong exacerbated salinisation that has made inroads to a vast area of the Delta. The shortage of incoming water can be rooted in partly climate change-related reduced rainfall in the upper basin, and partly in hydroelectric dam building that hinders the flow of Mekong River. Until November 2019, there have been 13 major hydroelectric dams coming into operation mainstream, and the construction of another 12 hydroelectric dams have been scheduled. To make the matter even worse, to the West of the Annamite Range where some Mekong river branches lie, the small and medium-sized hydroelectric plants also contribute to the depletion of water flowing downstream. Against this backdrop, currently, inequality exists between residents living in the river delta who bear the brunt of hydroelectric building and operation and climate change, and corporations and governments who rake up profit out of investing in hydroelectricity in the upper basin.

Gap between the policy and implementation

Severe drought and salinisation that came into play at the end of 2015 and early 2016 brought the government to introduce Resolution 120 on Sustainable and climate resilient development of the Mekong Delta in the year later 2017. This resolution is remarkable with a national stature and a long-term 2050 vision. The policy will provide a framework to recover natural patterns, realting to the flooding cycles of Mekong River, and help people transform their livelihoods. Farmers in Mekong River Delta can, therefore, better adapt to the rising sea level and salt water intrusion. The reality of the

policy implementation, nonetheless, does not echo the Resolution 120's spirit. After 2 years coming into effect, residents living in the Delta still face the corosive impacts of drought and salinisation.

The shortcoming to be seen in the implementation of Resolution 120 is the lack of uniform water resource coordination. The government tends to resort to instant response, such as closing the drainage in the face of salinisation, without taking into account a flexible operation of the infrastructure adaptive to changing nature.



The solution for Mekong Delta River: balancing between human activities, and exploiting the natural resources and environment



Farmer and his damaged crops

Photo: Xuan Truong / Oxfam

Inevitably, the Mekong River Delta is prone to salt water intrusion over the years, which is driven by the adversial impact of climate change and the operation of upstream reservoirs. Therefore, swift change to the new context is needed.

However, in order to address the root cause of the issue, Vietnam needs to include the Mekong River flow management in its ASEAN agenda with the technical support and consultation from NGOs, non-ASEAN countries, scientists in Vietnam and beyond. Water Resource in Mekong River basin needs to be allocated equally and sustainably, ensuring the right of all people to access to fresh water.

Globally, hydroelectric plants have been disassembled to give a new lease to the living environment and ensure the balance of ecosystem, protect biodiversity and the environment. The Mekong Delta in particular and countries where the Mekong River runs through should follow suit by pursuing renewable energy such as solar, wind and

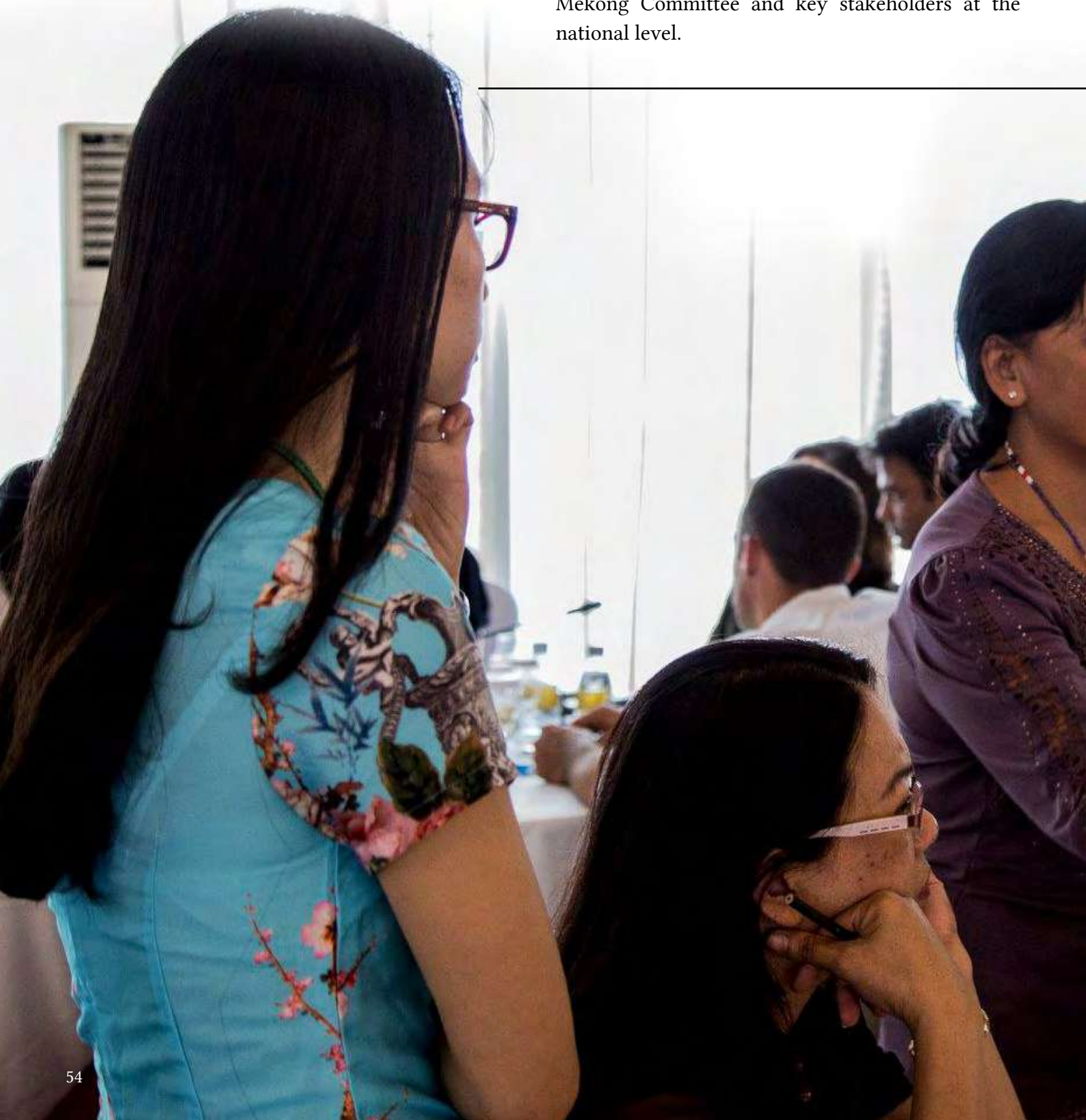
tidal power generated by households, businesses, and electric power companies.

Besides, it is important that both Vietnamese people and government change the approach to using water resource for production activities and household use, from overconsumption and low efficiency to a more sustainable manner. Among other things, solutions can be harvesting rainwater for household consumption, in community groups, and at workplaces; promoting the installation and application of renewable energy for aquatic farming and merging into national power grid; adopting solar energy-powered treatment of brackish water into clean water and residential clusters levels.

Along with abovementioned technical solutions, education and raising community awareness about protecting water resource from being contaminated, and making good use of water should be incorporated into schools, residential communities for the sustainable development of the people. ■

Shared river, shared voice

Huynh Kim Duyen is the vice president of the Ca Mau Women Union in Ca Mau province, Vietnam. She is a vocal leader who actively works and consults with people from grassroots to national and regional leaders with the support of Vietnam Rivers Network. In the five grassroots consultations convened, Ms. Duyen shared with the community information about the Don Sahong Dam, an analysis of its potential impacts and sought the community's support and views. As a result, she represented the communities' key concerns and demands to the Vietnam National Mekong Committee and key stakeholders at the national level.



“When we provide enough information to people about the topic, they raise their voices and concerns strongly,” she said.

“Men are generally more comfortable sharing their ideas, but I observe women care about their children and their livelihoods so much. Therefore when they are aware of their rights and recognise the (potential) impacts on the Mekong River, they strongly advocate to stop the dam construction in order to protect the river.”

Ms. Duyen believes that in order to make changes happen, people must be aware of their rights and be able to present their concerns and position on hydropower development. Thanks to Oxfam’s Inclusion Project, women groups who are affected by hydropower development are able to raise their concerns and call on the Mekong Country governments to take their concerns into consideration. “Whether you are living upstream or downstream, you have the same rights to access and benefit from water resources,” Ms. Duyen said.



*Ms. Huynh Kim Duyen speaking at a meeting
Photo: Oxfam*

VI



A HUMAN
ECONOMY AND
INTRODUCTION
OF NINE
INGREDIENTS

A Human Economy will put people and planet before profit. It will build successful economies and societies where people are at the centre of economic thinking; where industry and the market are made to benefit the majority, not simply a rich few; and where planetary and environmental boundaries are not transgressed while social foundations are met.

The governments need concrete policy changes towards nine essential ingredients of the Human Economy for people and planet, contrary to the economy where we put profit first.

9 essential ingredients of a Human Economy provide stronger, more stable and sustainable ways of running an economy in the long term.



Figure 1. Essential Ingredients of a Human Economy

A HUMAN ECONOMY

Captures people-centred approach

Puts people and planet before profits

Works for the many not the few,
cares for ordinary citizens

Beyond simply GDP - multidimensional poverty
and inequality, unpaid care work, environment

Managing markets, not being managed by them

End extreme concentration of wealth

Progressive taxation

Universal public services

Gender equality

Fair wages

New forms of business

Citizens' participation



Photo: Oxfam



1

First, a Human Economy would seek to measure what matters, to measure the many things currently left out of GDP calculations.¹ These include the distribution of growth between rich and poor people, multidimensional poverty and inequality. They include environmental sustainability for which planetary and environmental boundaries are not transgressed while social foundations are met.² They include factoring in the harm being done to the environment. They include recognising and redistributing the many millions of hours of unpaid care work being performed by mainly women each day. Measuring what matters is vital to planning more progressive and equal economies.

¹ This is in line with a report of “Commission on the Measurement of Economic Performance and Social Progress” (CMEPSP), prepared by top economists: Joseph Stiglitz, Amartya Sen, and others, which identified the limits of GDP as an indicator of economic performance and social progress and recommended broadening the scope for measuring economic progress by including measures of quality of life, inequality and well-being, as well as indicators related to sustainable development and the environment. See <https://ec.europa.eu/eurostat/documents/118025/118123/Fitoussi+Commission+report>.

² A new idea on measuring an economy, called “doughnut economies”, is that there are planetary boundaries and social foundations that economies should respect; and countries should focus on fulfilling social needs and staying within planetary boundaries. See more analysis at Raworth, Kate (2017) *Doughnut Economics. Seven Ways to Think Like a 21st-Century Economist*, Random House Business Books.

2

Second, markets can be incredible engines of prosperity, but we cannot let the engine drive the car. With unprecedented challenges, in particular climate change and recently the COVID-19 pandemic, active management of markets is more necessary than ever.

3

Third, the Human Economy would focus on bringing an end to extreme wealth. Since 2015, the richest 1% has owned more wealth than the rest of the planet.³ Extreme concentration of wealth into the rich few could render policies to be captured to benefit only the rich few, which is harmful for any society. A Human Economy would seek to end extreme wealth and reduce inequality. A key way to do this will be through progressive taxation, where the richest pay their fair share of tax.

³ Oxfam (2017). *An Economy for the 99%*

4 & 5

Fourth and Fifth, the foundation for harmonious development in the Human Economy is progressive taxation. State budget revenue from this taxation can be used to provide universal free public services, especially education and health, for everyone. Free universal healthcare would bring a huge relief from worry about becoming sick to everyone. Investing in good quality public education means that people will not have to spend their money on private schooling, and that the children of the poorest will have as much chance as the children of the richest.



Photo: Oxfam

6

Sixth, the Human Economy takes into account measures for gender equality and unpaid care work. Gender equality is not simply about social attitudes or the correct laws. It is also an economic issue as women can be a huge driver of inclusive economic growth. We need to fully measure regularly the contribution of unpaid care to the economy and take steps to reduce it, using public services, and redistribute it fairly between men and women.



Photo: Oxfam

Seventh and Eighth, businesses and business activities have always been backbones of the economy. The Human Economy encourages businesses to apply new business models, which are hybrid, responsible, and inclusive. Models balance the benefits of people, including investors, employees, communities and consumers, and sustainability of the planet, which helps develop companies' competitiveness in the long term. The development of hybrid, responsible and inclusive business models which pursue both financial sustainability and social and environmental contribution will be a trend of creating competitive advantages in future business models.⁴ Those are also sustainable business models creating decent jobs with fair and living wages for employees.

7 & 8



Photo: Centre for Indigenous Knowledge Research and Development

⁴ See more examples for inclusive business models in Oxfam (2018). *The Future of Business: Shaping inclusive growth in South-East Asia*



Photo: Oxfam

9

Ninth, finally, in any sustainable economic model, participation of ordinary citizens matters. The Human Economy is not an exception. It is an accountable economy and ordinary citizens have their say in governance. The influence of the rich and powerful on policy making is minimised. A government is transparent and accountable to all citizens through various mechanisms and forms, especially fostering civic space, stimulating and supporting active citizenship and higher level of democratic decision making.



VII

VIETNAM: Building a Human Economy in 2021-2030 period, with a vision towards 2045

Nguyen Thang
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Photo: Oxfam

The accelerating Industrial Revolution 4.0 (4IR) is altering structures of many sectors in the economy, as well as generating strong and mixed impacts on the labour market. Technology and innovation are emerging as a new and vital engine for Vietnam's development. Despite the great benefits it ensued, these factors can also create new challenges in controlling inequality due to sharply increasing returns to ideas, capital and skills in relation to low returns to labour.

In many countries, the process of globalisation is seen as going too far and too fast and thus requires some adjustments. It results in the rise in protectionism tendencies in some major world powers. Trade flows of goods and investments tend to decline. Although new-style FTAs such as CP TPP, EVFTA are expected to bring positive impacts on growth, they can possibly contribute to rising inequality in Vietnam, since skilled labour groups and wealthy population will benefit more from these agreements than the rest.

The acceleration of aging population, urbanisation, middle-class transformation in emerging economies, climate change, environmental pollution, non-traditional security, etc. are among the prominent and emerging trends that have multidimensional effects on the contemporary world. Towards 2030 or even further to 2045, increasing wealth inequality potentially threatens the social cohesion in particular and the development of Vietnam in general.

Building A Human Economy in Vietnam: Promoting inclusive growth¹ and curbing the soaring wealth inequality

In my opinion, Oxfam's concept of "Human Economy" shares similarities with the Vietnam Sustainable Development Strategy for 2011-2020, which views people as the centre of sustainable development.²

We should lay out a strategy for an inclusive development.³ The solutions must keep inequality in check, enhance the Human Economy, and maintain social cohesion through:

- Promoting equality of opportunities in accessing essential public services.
- Controlling wealth inequality with an appropriate plan in implementing property tax, inheritance tax.
- Promoting inclusive digital platforms that are beneficial for all such as e-commerce, cloud computing, etc. to tackle income inequality.
- Encouraging new business models, hybrid business models that pursue dual goals of financial sustainability and contribution to society.⁴
- Designing and implementing effective programs to support ethnic minority groups and other disadvantaged groups to participate in and benefit from the development process.
- Counting unpaid care work to fully recognise women contribution to the country's development.
- Creating multiple information channels to enhance transparency and accountability, and mechanisms to strengthen people's participation that are apt for the transition towards a middle-class society in 2030. ■

¹ Solutions to promote inclusive development are detailed in the 2015 Vietnam Human Development Report "Growth for All" co-created by the Vietnam Academy of Social Sciences and the United Nations Development Programme in Vietnam

² Source: Decision on Vietnam Sustainable Development Strategy period 2011 - 2020 432/QĐ-TTg, dated 12 April 2012

³ Solutions to promote inclusive development are detailed in the 2015 Vietnam Human Development Report "Growth for All" co-created by the Vietnam Academy of Social Sciences and the United Nations Development Programme in Vietnam

⁴ Globally, there have been good experiences in this model. For example, in a multinational cooperative in Spain (which has 13 billion dollars in income and 74,000 workers), the decision was made democratically; the work is guaranteed, and the difference between the highest and lowest income employees is no more than nine times.



OXFAM

INEQUALITY
MATTERS

Why It's Critical for
A Human Economy
in Vietnam



ISSUE 03