

The *Doi Moi* policy and its impact on the poor

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In December 1986, the government mandated the *Doi Moi* (open door) policy, shifting from a centrally planned economy to a market oriented one. The current trend shows growing inequality between the rural and urban population, and between the rich and the poor. Privatisation and liberalisation increased the social gap in the access to basic social services in general and to education and health in particular, and increased the vulnerability of the rural poor.

In December 1986, the government mandated the *Doi Moi* (open door) policy, shifting from a centrally planned economy to a market oriented one, inside the framework of state regulations. The main thrust of the *Doi Moi* is to promote a multi-sector economic system, emphasising the state sector while encouraging the private sector. To achieve economic integration, the open door would be implemented gradually in order to stabilise the political and social situation.

Increased vulnerability among the rural poor

Poverty is still mainly a rural problem in a country where some 80% of the population live in rural areas, and two-thirds of them remain largely dependent on agriculture for a living. Geographical remoteness, seasonality, periodic health crises and natural disasters worsen the situation of the rural poor. Furthermore, formal non-farm rural employment has failed to grow, and the safety net formerly provided by the collective system—a system that hindered productivity and income growth—has disappeared, increasing the vulnerability of the rural poor (World Bank, 1998).

In addition, the gap in income between rural and urban areas has widened somewhat, as has the income gap within rural communities among people of different ages, genders, ethnicities, and assets. Per capita income in the richest region is 4.5 times higher than that of the poorest (Viet Nam Living Standard Survey, 2000).

Before *Doi Moi*, although the number of people living in poverty was high, the inequality in economic development and basic social services was low because of the government's «sharing food, sharing clothes» policy. After privatisation and liberalisation, there is greater disparity between the access of the rich and the poor to basic social services in general and to education and health in particular.

Basic social services: widening the gap

Doi Moi has brought about a significant change in managing basic social services: users have to pay a service charge. While rich people can afford these fees, the poor often cannot. By encouraging private and foreign actors to play roles in providing basic services, the government created new opportunities that the poor are not able to seize. As the private sector is profit oriented, they provide services mostly in the urban areas. As a result, the rural poor have no access to the services.

Education and the poor: low income, low education

Data from the Viet Nam Living Standard Survey in 1993 and 1998 show that illiteracy rates vary according to region and affluence. The rate is high in poor regions and

among those in the lowest expenditure quintile.² From 1993 to 1998, the literacy rate was declining in the first two quintiles (VLSS, 2000). As early as the 1990s, the literacy rate is similar in income groups 2, 3 and 4 while the rate of the first group is lower and of the fifth group is higher than that of the country as a whole. However, data for 1997-1998 showed that there was a bigger inequality among groups, and a concentration of illiteracy in the lower expenditure groups. People with poor educational backgrounds have fallen into low expenditure groups and people with better education are able to seize new income-producing opportunities.

The quality of education for the children from poor families has worsened. The number of adequately trained teachers has decreased and the poor suffer from a shortage of textbooks, while children from rich families have access to textbooks, tutoring and extra classes.

Education fees are high, and they limit the number of children going to school. Even though primary education is free in public schools, other fees such as the fee for school construction and fees for textbooks and clothes are relatively high. Data in 1998 show that the costs for primary education account for 4.4% of the total expenditures of low-income groups. The numbers for secondary and higher education are 9% and 21% respectively (Nguyen Nguyet Nga, 1998). For a family with two children, the annual education fee could be about 15-30% of the total family expenditure (Tran Thi Van Anh, 2001), which is very expensive for many households.

Healthcare services for the poor: low quality, distant, unaffordable

Privatisation of health care has reduced the availability of services in many rural areas. As data collected from VLSS in 1992 and 1998, the infant mortality rate in poor households decreased 14.72%, from 39.4 per thousand in 1992 to 33.6 per thousand in 1998. The rate in non-poor households fell almost twice as much, 28.78%, from 34.4 per thousand in 1992 to 24.5 per thousand in 1998.

The gap in access to healthcare services between the rich and the poor has increased, due to income disparities and geographical proximity to health centres, as shown in Table 1. The poor have difficulties in accessing health services although they need them the most.

Annually, total expenses (other than food) per person from the first quintile are about USD 81 and for each person from the fifth quintile are about USD 417. If a person from the first group goes to hospital, she or he could pay 22% of their total annual expenses for the hospital fee. The proportion of a person from the fifth group is only 4.6%. If service users have health insurance, this is much lower, but only 6.2% of people in the first group have health insurance, while 28.7% of the fifth group do (Dullop, 1999 cited in Asian Development Bank, World Health Organisation, 2001). The rich benefit from government healthcare services much more than the poor.

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² The survey divides Viet Nam's population into five quintiles according to household expenditures. The first quintile is the lowest and the fifth one is the highest.

TABLE 1

Access to healthcare services by income quintiles					
INDICATORS OF ACCESS TO HEALTHCARE SERVICES	FIRST QUINTILE (POOREST)	2	3	4	FIFTH QUINTILE (RICHEST)
Access to healthcare service/person (number of visits)	2.4	3.2	3.8	3.7	4.6
Access to government hospital (number of visits)	3.2	3.8	4.6	7.2	9.6
Access to private health care clinics (number of visits)	15.8	15.4	22.8	18.5	24.2
Annual rate of hospitalised people per 1,000 people	33.9	43.5	49.7	61.9	63.3

Source: Dulloop 1999, cited in ADB, WHO 2001.

It is important to note the differences in the use of healthcare services between the rich and the poor. The poor seek healthcare services only when they are severely ill. They often find cheap places such as retail medicine sellers and/or community healthcare centres—where the quality of service is poor. By contrast, the rich can afford state hospitals and private healthcare clinics.

The government also provides subsidies for a certain number of the poor who are sick by giving access to medicine and hospitals free of charge. However, the number of people who receive subsidies has decreased. In 1994, 57% of people received the subsidies; in 1998 only 42% did (ADB, WHO 2001). Consequently, the number of poor people who suffer from sickness but do nothing about it has increased.

The landless new phenomenon

Doi Moi has shifted the agricultural production system from a centralised, collective model to the private ownership of land. This change has transformed people's lives in many ways. These reforms, enshrined most recently in the 1993 land law, guaranteed individual farmers five crucial rights over their lands: exchange, mortgage, transfer, rent, and inheritance. The reforms have been credited with increasing production, as well as giving agricultural households greater security of tenure. Farmers are now free to make their own commercial decisions, but also to bear the consequences of poor decisions.

In some regions, privatisation of land, implemented via land allocation policies, has resulted in landlessness. The Mekong Delta region, where most rice for export is grown, has seen the greatest increase in landlessness. A 1997 study, carried out by the Centre for Agricultural and Rural Development Consultation reveals that the number of landless households in the Mekong River Delta has increased from 12,250 in 1994 to 83,650 in 1997 (Mauny and Hong, 1998).

Many households sell all or part of their land, merely to survive, or to pay off debts. This was not allowed during the cooperative period. In a country where there are very few income-generating opportunities in the rural areas besides farming, this is placing these households under considerable strain.

A key constraint for landless and near-landless households is the fact that they need their children to help earn income. As a result, children often quit school very young. At the same time, some parents who work as hired labourers do not want to leave their children at home, so they bring their children with them to the fields, thus depriving them of their education.

Commercialising agriculture: the poor at risk

Since the *Doi Moi*, Viet Nam has been in transition from subsistence to commercialised agriculture. Large areas of land have been used for commercial agricultural production. Within a decade, Viet Nam has become the second largest rice exporter in the world. Tea and coffee are two major exports. Benefits gained from exporting products have significantly improved the livelihoods of many farmers.³

However, the poor are at risk in this transition period due to fluctuating agricultural prices. In general, agricultural production is risky because success greatly depends on weather and market price. To secure agricultural production for producers, the government provides protections for certain products (rice, for example) by establishing a minimum price to ensure producers a profit. However, many agricultural products such as coffee, tea, and rubber are not protected. The lack of a safety net has put millions of farmers at risk.

Conclusion

Implementation of *Doi Moi* has brought about significant changes in the socio-economic situation of the country during the last 15 years. The current trend shows growing inequality between the rural and urban population, and between the rich and the poor. If this trend continues, most of the more than one million people who enter Viet Nam's labour force each year will be squeezed into poorly paid, part-time employment in the already overcrowded rural sector or into low-income jobs in informal services. The land will be brought into unsustainable cultivation, and environmental degradation will worsen.

Progress in poverty reduction is under threat, as is access to health and education services by the poor. But, as the World Bank indicated in 1998, by reinvigorating rural reforms without neglecting safety nets, Viet Nam should be able to ride out the current crisis and be well placed to thrive when it ends. ■

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3 The last decade witnessed two bitter experiences negatively affecting the livelihood of millions of agricultural producers. The first was the removal from production of thousands of hectares of mulberry because of disadvantages in a competitive market. The second was the dropping price of coffee, which led to the removal of thousands of hectares of coffee.