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David Greenberg

The Economic Development and Economic Rights Progression of Vietnam

I. Introduction

Since the end of the Vietnam War in 1975, Vietnam has undergone monumental economic changes. Although, like any country, Vietnam still has a lot of room to grow and improve, overall Vietnam is an economic development success story. The question that will be explored in this paper is how Vietnam has been successful in both their economic development and pursuit of economic rights for their citizens. The purpose of looking at Vietnam's policies regarding development is to eventually draw lessons from this example that may be applicable to other developing countries. Different economists have different perspectives on what constitutes economic development. These different perspectives must be considered when declaring a country to have been successful in the field of economic development.

There are three main schools of thought in economic development: orthodox, new orthodox, and liberationist. The orthodox concept considers development primarily in the sense of GDP per capita growth. The new orthodox concept still considers economic growth important but recognizes that distribution of wealth is important as well. This approach focuses on improving life in ways that are universally valued such as increasing longevity, improving knowledgeability, and allowing all people to be able to have a "decent" standard of living. Finally, the liberationist concept rejects the "Western" concept of development through economic growth. Much like the new orthodox concept of development, the liberationist ideology argues that expanding people's capabilities is important. However, rather than define three key functionings, liberationists would argue that the important capabilities vary across

country and time based on the needs of the people. Because of this belief, liberationists believe that an essential feature of successful economic development is the involvement of the people in helping to shape policy. It can be argued that Vietnam has experienced successful economic development by each of these three standard views. In addition, Vietnam has also successfully progressed towards realization of the economic rights of its citizens.

Economic rights are a concept that is often tied closely together with economic development. Improving economic rights would in fact constitute development under both the new orthodox and liberationist development theories. International human rights are defined by the International Bill of Human Rights. Economic rights, as the focus of this paper, will be defined by two important documents within the International Bill of Human Rights, the Universal Declaration of Human Rights (UDHR) and the International Covenant on Economic, Social, and Cultural Rights (ICESCR). The UDHR and ICESCR both have provisions specifically mentioning the “right to work” (UDHR Article 23 and ICESCR Article 6 and 7), the “right to education” (UDHR Article 26 and ICESCR Article 13), the “right to health” (UDHR Article 25 and ICESCR Article 12), the “right to food” (UDHR Article 25 and ICESCR Article 11), and the “right to housing” (UDHR Article 25 and ICESCR Article 11). The final right guaranteed by these documents that will be discussed is the “right to social security” (UDHR Article 22 and ICESCR Article 9). Vietnam has ratified the ICESCR and is thus obligated to ensure the progressive realization of its citizens’ human rights as detailed in the covenant. Therefore, it is reasonable to hold Vietnam responsible for advancing the economic rights detailed in these documents. Vietnam has been successful in improving the economic rights of its citizens. Vietnam is the subject of this paper because it has succeeded in both economic development and advancing economic rights.

This paper will examine how Vietnam has achieved their success in economic development over the past four decades. Section II will discuss different indicators related to economic development and economic rights to justify the claim that Vietnam succeeded in economic development. Section III will give a general overview of Vietnam's recent history with a specific focus on the 1986 Doi Moi reforms which is responsible for much of Vietnam's success. The next several sections will discuss the most important aspects of Vietnam's economic development and economic rights progression in the following order: Section IV will look at poverty, Section V education, Section VI health, and Section VII housing improvements. Finally, the conclusion in Section VIII will not only summarize the previous sections but also attempt to draw lessons from Vietnam's experience that can be applied to other developing countries. The purpose of this paper is to contribute to the body of knowledge regarding the efficacy of various economic development policies by drawing broad lessons from Vietnam's specific experience.

II. Indicators of Success

The purpose of the paper is to examine how Vietnam has been successful in its economic development and to try to find broader lessons that can be applied to other countries. Thus, it is essential to first provide evidence that Vietnam has succeeded. This section will look at a wide variety of economic indicators to show that Vietnam has improved dramatically. The first indicators that will be considered are those that would be used to support the orthodox concept of economic development. Important indicators for this relate to productive capacity for the country and especially the economic growth of Vietnam. Gross Domestic Product (GDP) per capita is an indicator of a country's standard of living. However, GDP really measures the market value of all final goods produced in a country in a given year. For this reason Gross National Income

(GNI) per capita is also considered which adds incomes earned by foreign residents and subtracts income earned domestically by non-residents. As such, GNI per capita can be considered a better measure of actual per capita incomes in a given country in any given year. Finally, percent growth in GDP is an important measure to determine how rapidly an economy is growing. Table 1 shows Vietnam's GDP per capita (PPP constant 2005 international \$), GNI per capita (PPP constant 2005 international \$), percent growth in GDP, and percent growth in GDP per capita for years 1986 until 2012. This chart shows the substantive economic growth that Vietnam has enjoyed since 1986. As mentioned previously, 1986 marks the beginning of the Doi Moi reforms which helped Vietnam move from a purely socialist economy to a more market-oriented one.

By 1988 GDP was growing rapidly in Vietnam and has not fallen below 5% in any year since. In the middle of the 1990s the growth rate even approached 10% which is extremely high. Vietnam enjoyed an average growth in GDP of about 6.5% per year over this period. This is a very high rate of growth to be sustained over such a long period of time. GDP per capita growth is smaller because during this period Vietnam also had rapid population growth. However, the fact that Vietnam still had a nearly 5 percent growth in GDP per capita average over this period is very impressive. As shown in the chart, growth was slow for the first few years after the Doi Moi reforms but picked up dramatically by 1989. GDP per capita has more than tripled since 1986. GNI per capita was first measured for Vietnam in 1989 but has also more than tripled since then. It is important also that although GNI does lag behind GDP the difference is not very large. This indicates that the vast majority of domestic production is translating into domestic income. A large gap would indicate that the rapid growth of the economy is benefitting non-residents more than residents of Vietnam. The rising incomes and production in Vietnam's income are

very encouraging and show that Vietnam has succeeded in developing in the traditional sense of economic growth. Orthodox economists would point to these indicators as one sign of success.

Table 1: Measuring Success through Per Capita GDP and GNI Improvement

Year	GDP per capita growth (annual %)	GDP growth (annual %)	GDP per capita	GNI per capita
1986	0.43	2.79	904.11	
1987	1.07	3.58	913.74	
1988	2.62	5.14	937.69	
1989	4.86	7.36	983.260	988.15
1990	3.12	5.10	1013.96	952.27
1991	4.03	5.96	1054.82	1001.56
1992	6.73	8.65	1125.80	1089.10
1993	6.22	8.07	1195.82	1152.22
1994	7.03	8.84	1279.83	1247.80
1995	7.76	9.54	1379.13	1363.66
1996	7.60	9.34	1484.00	1460.79
1997	6.48	8.15	1580.14	1551.32
1998	4.15	5.76	1645.77	1615.32
1999	3.21	4.77	1698.66	1675.25
2000	5.36	6.79	1789.78	1765.63
2001	4.86	6.19	1876.69	1852.68
2002	5.09	6.32	1972.29	1943.05
2003	5.66	6.90	2084.00	2053.90
2004	6.26	7.54	2214.39	2178.47
2005	6.30	7.55	2353.88	2310.67
2006	5.80	6.98	2490.34	2436.69
2007	5.97	7.13	2639.13	2566.19
2008	4.50	5.66	2759.03	2677.07
2009	4.29	5.40	2877.44	2753.90
2010	5.31	6.42	3030.30	2912.67
2011	5.14	6.24	3186.14	3047.42
2012	4.14	5.25	3317.99	3165.95
Average	4.96	6.57		

Source: World Bank Data Bank

However, orthodox economists are also interested in a shift of the economy to a more market oriented and manufacturing based system. The shift of Vietnam from a central planning to a more market oriented economy will be discussed in greater detail in Section III. Here we will look at the shift in the structure of Vietnam's economy to a more industrial, manufacturing dependent one. In absolute terms, the output of the manufacturing sector has increased dramatically from 1986 to 2012. In 1986 Vietnam's manufacturing sector contributed 2,304,408,830 constant 2005 U.S. dollars to the economy (World Bank World Development Indicators). In 2012 Vietnam's manufacturing sector value added to the economy had increased to 19,843,783,408 constant 2005 U.S. dollars (World Bank World Development Indicators). This represents a nearly 9 fold increase over 27 years in output from the manufacturing sector. What is interesting is that, contrary to what the orthodox economist would expect, the percent of manufacturing output in GDP has actually decreased slightly over this period from around 22% in 1986 to 17% in 2012 (World Bank World Development Indicators). Clearly there has been a vast improvement in manufacturing production. Therefore the decrease in its percentage of GDP suggests that there has been even greater improvement in other sectors of the economy. As a result, orthodox economists would likely still consider Vietnam's development a success. However, increasing productive capacity, average incomes, and shifting the structure of the economy are not the only important measures of success in economic development.

Another very important measure to consider is poverty. There are multiple ways to measure poverty in a country. First, there are two different types of poverty that one can measure: relative poverty and absolute poverty. Relative poverty refers to an agent's poverty in relation to the other agents in an economy. Relative poverty is measured by the percentage of the population with less than half the country's median income. This paper will instead focus on

measures of absolute poverty. Absolute poverty measures look at poverty in reference to a set level of income. Internationally there are two poverty lines that are commonly used. The \$2 a day poverty line has become the standard poverty line internationally. The \$1.25 a day poverty line has become the standard upon which extreme poverty is based upon. In assessing the extent of the poverty problem, economists look at headcount indicators such as the number or percent of the population whose income is below the poverty line and poverty gap measures such as the average income short-fall from the poverty line of the poor. The poverty gap ratio compliments headcount ratios because the poverty gap percentages take into account the intensity of poverty. Incomes also often differ substantially between urban and rural regions and therefore it is sometimes helpful to look at separate poverty lines for these two different regions. Important indicators of poverty reduction are shown in Tables 2 and 3:

Table 2: Measuring Success through Poverty Reduction

Indicator Name	1993	1998	2002	2004	2006	2008
Poverty gap at \$1.25 a day (PPP) (%)	23.6	15.1	11.2	7.2	5.3	3.8
Poverty gap at \$2 a day (PPP) (%)	43.6	34.2	28.0	20.8	16.3	13.5
Poverty headcount ratio at \$1.25 a day (PPP) (% of population)	63.7	49.7	40.1	28.3	21.4	16.9
Poverty headcount ratio at \$2 a day (PPP) (%)	85.7	78.3	68.7	57.0	48.1	43.4

Source: World Bank World Development Indicators

Table 2 shows a dramatic reduction in poverty in Vietnam. In 1993, 85.7 percent of Vietnam was living under the \$2 a day poverty line and 63.74% was living under the \$1.25 a day poverty line. This means that in 1993 more than half of Vietnam's population was living in extreme poverty and less than 15 percent of Vietnam's population escaped poverty. However, this improved rapidly between 1993 and 2008. By 2008 close to 60% of the population enjoyed an income exceeding the \$2 a day poverty line. Although much improvement is still needed, a

huge portion of Vietnam was able to escape poverty during this period. Even more impressive is the fact that in 2008 only 16.9% of Vietnam was under the extreme poverty line of \$1.25 a day. Again, Vietnam must continue to improve in this area so that this measure is as close to zero percent as possible. However, the fact that nearly half of Vietnam's population rose out of extreme poverty in 15 years is a monumental accomplishment. Success is also seen when one considers the change in poverty gap over this same 15 year period. In 1993, the poverty gap at \$2 a day was 43.55% and the gap at \$1.25 was 23.57%. By 2008 both of these percentages had dropped dramatically, the \$2 a day gap was 13.5% and the \$1.25 gap had fallen all the way to 3.75%. These absolute measures of poverty all show that Vietnam has had fantastic success in its development from the perspective of reducing poverty.

Table 3: 2010 National Poverty Data

Indicator Name	2010
Poverty gap at national poverty line (%)	5.9
Poverty gap at rural poverty line (%)	7.8
Poverty gap at urban poverty line (%)	1.4
Poverty headcount ratio at national poverty line (% of population)	20.7
Poverty headcount ratio at rural poverty line (% of rural population)	27
Poverty headcount ratio at urban poverty line (% of urban population)	6

Source: World Bank World Development Indicators

Using the national poverty line data that are available separately for urban and rural sectors in Table 3 we can observe a clear difference between urban and rural poverty. The national poverty line in Vietnam changes over time and is calculated by taking into account the costs of both food and non-food necessities to determine the income needed for a household to acquire its basic needs. In 2010, the national poverty line in Vietnam was calculated to be "653,000" Vietnamese Dong "per person per month" which is the equivalent of about 35 2010

U.S. Dollars (World Bank 2012, pg. 3). Over the course of a month this would average out to just over \$1 a day and so the national poverty line is actually set lower than the international \$1.25 extreme poverty line. Rural poverty lines are typically set lower than urban poverty lines because of lower incomes and food prices. The lower food prices are due to households either directly being involved in agriculture or benefitting from lower transportation costs. The rural poverty line was set at “400,000” per person per month and urban poverty line at “500,000” per person per month for 2010 (World Bank 2012, pg. 4). One might wonder why the national poverty line is significantly greater than both the rural and urban poverty lines. This is primarily explained by “differences in the overall methodological approach” used in calculating the poverty lines since the national poverty line is based on the “Vietnam Household Living Standard Survey (VHLSS)” and the rural and urban poverty lines are based on “a short-form questionnaire and local consultations” (World Bank 2012, pg. 4). In 2010, 20.7% of the population was under the national poverty line in Vietnam. This is higher than desirable as it indicates that a fifth of the population is poor relative to the rest of the citizens. There is a major difference in poverty headcount ration for the urban and rural poverty lines. The urban poverty rate is only 6 percent which is very low. Meanwhile, the rural poverty rate is 27 percent which helps to explain the relatively high national poverty rate. This indicates a huge discrepancy between incomes in rural and urban parts of Vietnam. The poverty gap measures are much more encouraging. The national poverty gap in Vietnam in 2010 was only 5.9%. The rural poverty gap was not much higher at 7.8% which means that although poverty is common in rural areas the relative severity is not as bad as the poverty gap in absolute measures. In 2010 Vietnam’s poverty gap in urban areas was a mere 1.4% which is extremely impressive. This indicates that the 6% of urban citizens in Vietnam experience only minor poverty in relation to other urban

residents of Vietnam. Overall, the various indicators of poverty in Vietnam show that, while there is room for improvement, poverty in Vietnam is not nearly as much of a problem now as it was just two decades ago. This indicates that Vietnam has experienced successful economic development.

Other methods of measuring development focus more directly on the extent to which people's well-being is improving. New orthodox success is measured by greater functioning achievements in the fields of education, longevity, and standard of living. These functioning achievements indicate that peoples' capability sets are expanding. One such measure is the Human Development Index (HDI). The HDI is an index to measure the extent to which people enjoy greater longevity, knowledgeability, and a "decent standard of living". Longevity is judged by the life expectancy at birth in the index. Knowledgeability criteria actually changed in 2010 but the UN has created a series which is comparable over time based on mean years of schooling and expected years of schooling. Finally, a "decent standard of living" is determined by the logarithm of GDP per capita in PPP\$ in this index. A similar and important measure is the Human Poverty Index. The main difference between the HDI and HPI is that the HPI measures the deprivations experienced by a population. The HPI is based on the same three basic foundations of development as the HDI and the new orthodox concept of development. In the HPI longevity deprivation is measured by the percent of a population expected to die by age 40. Knowledgeability deprivation is represented in this index by the percent of a population that is illiterate. Finally, a deprivation in terms of economic provisioning—the inability to enjoy a "decent standard of living" is measured by both the percentage of malnourished children ages 0-5 and percentage of people who do not have access to safe drinking water. The HDI and HPI measure the same basic concepts in different ways. Looking at both indices gives a clearer

picture of the state of key human functionings. The HPI, however, fails to take into account that some individuals may suffer deprivations along multiple dimensions. In 2010, the HPI was replaced by the United Nations by a new index called the Multidimensional Poverty Index (MPI) in order to address the HPI's weakness. The MPI has the same concept as the HPI but instead measures whether specific deprivations exist at the household level. Longevity is based on two deprivations: if there is at least one malnourished child in a household and if one or more children have died. Knowledgeability also is based on two deprivations: if no member of the household has completed at least five years of schooling and if one or more school aged children are not enrolled in school. Finally, a "decent standard of living" is measured by six deprivations. These deprivations are if a household has no electricity, no access to clean water, no access to proper sanitation, has a dirt floor, uses dirty cooking fuel, and no car or no more than one of the following: bicycle, motorcycle, radio, refrigerator, telephone or television. Since these measures are all complimentary they are shown together in the chart below:

Table 4: HDI, HPI, and MPI

Indicator	1990	2000	2005	2007	2010	2011	2012
HDI	0.439	0.534	0.573	0.59	0.611	0.614	0.617
HPI		28.2	21.2	15.2	12.4		
MPI						0.017	

Source: United Nations

The human development index for Vietnam shows that there has been significant improvement. The rise in GDP per capita during this time period improved Vietnam's means to improve human well-being, but is not the only reason the HDI improved. Vietnam also increased the extent to which resources were translated into improvements in people's well-being. Life expectancy will be discussed in greater detail in Section VI while the various components of the knowledgeability aspect will be discussed in Section V. The HPI also shows improvement. From

2000 to 2010 the HPI for Vietnam nearly halved. This indicates that the proportion of the population deprived of the three key functionings significantly declined over this period. Finally, although the MPI is only available for 2011 its 0.017 index is very low compared to most countries. In addition, the UN estimated that only “4.2” percent of the population is multi-dimensionally deprived and that the intensity of this deprivation is only “39.5” percent (United Nations, Table 2). Only two of the twenty countries within \$1000 of Vietnam’s GDP per capita have a lower MPI. This indicates that households in Vietnam are not very deprived compared to other developing countries. These indicators help bridge the gap between economic development and economic rights but are certainly not the only measure to consider.

The United Nations Millennium Development Goals (MDGs) is another measure that advances the assertion that Vietnam has experienced development success. The UN MDGs are a set of eight goals for international economic development by the end of 2015. The MDGs are as follows: “to eradicate extreme poverty and hunger”, “to achieve universal primary education”, “to promote gender equality and empowering women”, “to reduce child mortality rates”, “to improve maternal health”, “to combat HIV/AIDS, malaria, and other diseases”, “to ensure environmental sustainability”, and “to develop a global partnership for development” (United Nations website). Each of these goals has specific targets to be met by the end of 2015.

Vietnam has made significant progress towards the MDGs. The first goal has specific targets to “reduce by half the proportion of people living on less than a dollar a day”, “achieve full and productive employment and decent work for all, including women and young people”, and “reduce by half the proportion of people who suffer from hunger” (United Nations website). Vietnam has had success in this particular goal. As mentioned earlier in this section poverty reduction in Vietnam has been substantial. Vietnam has already surpassed the first target.

Vietnam has yet to meet the second target of achieving full employment. However, this target was extremely difficult for all countries because of the downturn of the global economy. Finally, Vietnam has hit the third target. Progress towards this target is measured by the percentage of children under 5 years old who are malnourished and underweight. In 2000, “26.2” percent of Vietnam’s children were underweight (World Bank World Development Indicators). This more than halved by 2010 when this figure had fallen to “12.0” percent (World Bank World Development Indicators).

The second MDG is technically accomplished only when net enrollment in primary school is 100%. Although Vietnam has not quite reached this goal, it has gotten impressively close as the primary school net enrollment rate in 2011 was “99.3” percent (World Bank World Development Indicators). The UN notes that Vietnam has also made headway in the third MDG: “The primary net enrolment rate is now 91.5 percent for girls and 92.3 percent for boys, the lower secondary net enrolment rate 82.6 percent for girls and 80.1 percent for boys, and the upper secondary net enrolment rate 63.1 percent for girls and 53.7 percent for boys” (United Nations website). In addition, “the labor force participation rate is 73 percent for women, compared to 82 percent for men” (United Nations website). Finally, “women’s representation in the National Assembly is currently [at] 24.4 percent” and will hopefully continue to rise (United Nations website). Hopefully the recent increase in females completing secondary education will further decrease the gender gap in labor force participation and representation in the National Assembly.

Vietnam has also met the fourth MDG of reducing child mortality. The specific target for this goal is to reduce the “mortality rate of children under five [by] two thirds” (United Nations website). Vietnam has enjoyed a major decrease in child mortality rates from “58 per 1,000 live

births in 1990 to 16 in 2011” (United Nations website). The fifth MDG has two targets which are to “reduce by three quarters the maternal mortality ratio” and “achieve universal access to reproductive health” (United Nations website). Vietnam has not met this first target, but demonstrated significant progress as the maternal mortality rate declined “from 233 per 100,000 live births in 1990 to 69 per 100,000 live births in 2009” (United Nations website). The UN also reports that, while there are still major differences in access to reproductive health care based on region and ethnicity, overall the accessibility of such care has increased.

Vietnam has made great progress on the sixth MDG. According to the UN, Vietnam recently created a policy that is directed at improving prevention and treatment resources for HIV/AIDS. Vietnam succeeded at preventing the spread of other major diseases such as malaria. MDG number seven has four targets: “integrate the principles of sustainable development into country policies and programmes; reverse loss of environmental resources”, “reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss”, “reduce by half the proportion of people without sustainable access to safe drinking water and basic sanitation”, and “achieve significant improvement in lives of at least 100 million slum dwellers, by 2020” (United Nations website). The United Nations acknowledges that Vietnam has met the first two targets for this MDG but is unlikely to meet the third despite making progress in this area. Little information is provided by the UN on how much progress Vietnam has made on the fourth target.

Finally, although the eighth MDG is less country specific than the first seven, Vietnam has still made efforts towards this goal. The United Nations notes that since 2000 Vietnam has become a member of the World Trade Organization and has increased their involvement with the UN and the Association of Southeast Asian Nations (United Nations website). Although

Vietnam will not completely fulfill each of the eight MDGs by 2015, it is very impressive that many have already been met. In addition, significant progress has been made for any goals not yet met. There are many countries in the developing world which have failed to make progress in one or more of these goals. Vietnam stands out as an example of a country which has made a true effort to reach its goals for a better society.

The final measure of development considered in this paper is one that measures economic rights improvement and is called the Social and Economic Rights Fulfillment Index (SERF Index). The SERF index is an interesting indicator to look at for multiple reasons. First, the SERF index takes into account the fact that the economic rights listed in the ICESCR are expected to be realized “progressively” (ICESCR Article 2). This index incorporates progressive realization of rights by measuring current indicators against historical observations of possible achievement levels based on GDP per capita. An advantage of the SERF index is that it combines multiple economic rights into an overall index while also providing index rankings for the individual rights measured. The economic rights measured by the SERF index are the rights to education, health, food, work, and housing. Each right index is dependent on one or more indicators which are “based on reliable data, measured with objective methods, legitimately comparable across countries and over time, and publicly accessible” (Fukuda-Parr, Lawson-Remer, and Randolph 2011, pg. 5). Education is determined by using “primary school completion rate” and “combined school enrollment rate” (Fukuda-Parr, Lawson-Remer, and Randolph 2011, pg. 6). Health uses indicators on “contraceptive use rate”, “child (under 5) survival rate”, and “age 65 survival rate” (Fukuda-Parr, Lawson-Remer, and Randolph 2011, pg. 6). Food is determined by “% [of] children (under 5) not stunted” in height (Fukuda-Parr, Lawson-Remer, and Randolph 2011, pg. 6). Work is based upon “% [of citizens] with [an]

income [of less than] \$2 (2005 PPP\$) per day” (Fukuda-Parr, Lawson-Remer, and Randolph 2011, pg. 6). Finally, housing is determined by looking at the “% [of] rural population with access to improved water source” and “% [of] population with access to improved sanitation” (Fukuda-Parr, Lawson-Remer, and Randolph 2011, pg. 6). An index is calculated for each of these rights and these indexes are averaged to calculate the final index. A country’s SERF index can be broadly interpreted as the percentage of the feasible level of rights enjoyment achieved given the countries available resources. A score of 100 would indicate that the country is fulfilling its citizen’s rights to the greatest extent possible. For a more in depth explanation of the SERF Index and how it is calculated refer to “An Index of Economic and Social Rights Fulfillment: Concept and Methodology” (Fukuda-Parr, Lawson-Remer, and Randolph 2009).

The SERF index is a relatively recent project and due to the availability of the indicators selected there are only 11 years of data currently available. Over time as new data becomes available and the index continues to be calculated this index will become an increasingly valuable tool to measure the progression of economic rights. The data currently available shows the improvements that Vietnam has enjoyed over the past decade. Below is a chart with the overall index scores for Vietnam from 2000-2010. Scores from countries in the same region as Vietnam are included to establish a frame of reference.

Table 5: SERF Index for Vietnam and Selected Comparison Countries

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Vietnam	69.2	69.7	73.9	74.5	77.6	77.1	79.7	79.7	81.0	81.2	81.5
China	75.5	76.0	75.8	76.0	79.8	81.4	81.2	81.3	80.1	80.8	N/A
Laos	49.8	50.7	51.2	52.1	52.9	54.5	55.0	55.8	58.0	59.0	60.1
Thailand	82.4	82.9	84.3	84.4	84.4	84.4	85.7	86.0	86.6	87.4	87.5

*Data available at <http://www.serfindex.org/2013-international-serf-index-downloads/>

Vietnam's core index score in 2000 is mediocre but over the 11 year period Vietnam shows impressive improvement. Although Vietnam's score was significantly below China's score in the rankings for 2000, Vietnam's quick improvement allowed it to surpass China's score by 2008. Vietnam has also consistently been ranked far higher than Laos in its core index. Thailand, one of the consistently high performers in the SERF Index, is ranked above Vietnam for the entire 11 year period. It is however notable that the gap between index scores for Vietnam and Thailand has declined by more than 50 percent. When compared to any of these countries it is clear that Vietnam has enjoyed the biggest improvement in rights fulfillment. This indicates that Vietnam's increases in available resources going towards the fulfillment of its people's economic rights has been greater than that of China, Thailand, and Laos. Although the core index gives a good broad picture of Vietnam's economic rights progression, it is useful to examine each of its individual right indexes to show which areas Vietnam has experienced success. Table 6 shows Vietnam's index scores for each of the 5 rights represented by the SERF index over the same 11 year period.

Table 6: SERF Index for Vietnam by Economic Right

Right	Education	Health	Housing	Food	Work
2000	89.83	98.61	77.25	48.12	32.39
2001	90.32	98.37	79.42	48.12	32.39
2002	89.79	100	80.93	58.23	40.31
2003	89.21	98.72	82.37	61.95	40.31
2004	89.21	98.64	83.70	64.64	51.80
2005	85.09	98.84	84.89	64.64	51.80
2006	87.78	98.15	87.20	66.52	58.85
2007	87.76	99.31	87.70	64.64	58.85

2008	87.41	99.41	89.08	67.32	61.63
2009	86.90	99.39	90.59	67.32	61.63
2010	87.58	99.34	91.73	67.32	61.63

*Data available at <http://www.serfindex.org/2013-international-serf-index-downloads/>

The right to education is the only rights index which is actually lower for Vietnam in 2010 than it was in 2000. However it has consistently stayed at a relatively high level, never falling below 85, and is only slightly lower than it was in 2000. Health is clearly Vietnam's strongest area as the rights index score is excellent throughout the 11 year period. Vietnam achieved a perfect score of 100 for right to health in 2002 —thus setting the benchmark for all countries regarding what is feasible— and it has yet to fall far below that level. Housing improved dramatically over the 11 years and is now Vietnam's second strongest area, surpassing its education ranking in 2008. The right to food and work both feature woefully low scores initially in 2000. Although Vietnam must still improve in both of these areas, the rapid rise of the index scores from 2000 to 2010 is encouraging. In fact, Vietnam's right to work index score nearly doubles between 2000 and 2010. Each of these rights will be explored in greater detail later.

It is clear that Vietnam is a success story regardless of whether one's concern focuses on the realization of social and economic rights or economic development as conceptualized by multiple perspectives. The question remains: what has caused this success? The remainder of this paper will seek to answer this question. There are many different development strategies and identifying which Vietnam has employed is the first step in understanding its success. This is where we will begin our discussion of Vietnam's economic development policy in the following section.

III. Background on Vietnam

Overall, Vietnam's development strategy can be defined as a variant of redistributive strategy with export promotion components. According to Keith Griffin's *Alternative Strategies for Economic Development*, the redistributive strategy has five important components. First, the redistributive strategy often begins with an initial redistribution of key productive assets such as land (Griffin 1989, pg. 168). Second, the government will sometimes try to facilitate citizen's participation in development by creating necessary local institutions (Griffin 1989, pg. 174). Third, a large investment into human capital, essential social services, and key infrastructure are often observed in this strategy (Griffin 1989, pg. 168). Also, governments will often target unemployment and utilize job creation policies to sustain redistribution (Griffin 1989, pg. 167). Finally, in order for this strategy to be sustainable there must be rapid growth throughout the period in which the strategy is implemented so that the poor can be made better off without making the non-poor worse off (Griffin 1989, pg. 178). Vietnam's primary source of encouraging rapid economic growth was by using an export promotion strategy. The rapid economic growth needed for the redistributive strategy to work has been shown in the previous section. The other four key components of the redistribution strategy are demonstrated by the policies highlighted in the following discussion.

Vietnam's story of development begins in 1975 after the conclusion of the Vietnam War. The country reunified under a communist government and pursued a central planning system similar to the Soviet Union and China. This period lasted for about ten years until the Doi Moi policy reforms initiated rapid change and growth of the national economy. However, this period of central planning left Vietnam with some important building blocks which would be important for future development. First, Vietnam had invested heavily in the human capital of its citizens during this period (Thoburn 2009, pg. 3). Specifically, education and health were very important

to the government while constructing the five year plans that preceded Vietnam's transition to a more market oriented economy. This is reflected partially by the strong SERF index scores for right to education and health at the onset of the period for which the index is calculated. The second key part of Vietnam's socialist economy which helped its later development was actually the collectivized agricultural system that was put into place (Thoburn 2009, pg. 3). Although collectivized agriculture has historically resulted in low output due to the incentive issues faced by workers in such a system, this system actually helped lead into an equitable distribution of land for poor rural farmers after the transition of Vietnam's economy began. Finally, the government made early investments in infrastructure, such as modern electrical systems, that would go on to benefit the country in the long term (Thoburn 2009, pg. 3). These early features of Vietnam's economy set the conditions necessary to pursue the redistributive strategy.

With this background in mind, the success story of Vietnam's development really begins in 1986 with the Doi Moi reforms. These reforms were the response to the failure of key aspects of the Vietnamese central planning system which had led to massive inflation, negative economic growth, and wide spread poverty (Thoburn 2009, pg. 3). The Doi Moi reforms enacted many changes necessary to revive the economy in Vietnam. First, planned prices were gradually brought closer to market prices for most goods. Basic economic theory suggests that when prices are held at an arbitrary level which does not equate supply and demand there is inefficiency. When prices of goods are held at a lower level than the market clearing equilibrium there are shortages and thus many poor households are unable to acquire the goods they needed or wanted. By raising the prices of these goods, as a response to the shortages, inflation is caused. However, Vietnam's government chose to continue to raise prices to market levels to decrease shortages in the economy of many goods so that households would be better off. This fits in with the

redistributive strategy because as the shortage of goods in Vietnam's economy was reduced poor households were able to achieve a higher standard of living.

Other key reforms sought to restructure the economy. One such reform de-collectivized agriculture in rural Vietnam. This land reform allowed households to gain long term land use right over agricultural lands. This is directly taken from Griffin's first component of the redistributive strategy. By granting households long term property rights for farmland, Vietnam rapidly increased agricultural productivity as agricultural workers suddenly were given a much greater incentive to work. Rather than be paid a fixed wage for meeting some government determined quota assigned to their commune, households could now directly benefit from their efforts in production and thus both the efficiency and output in Vietnam's agricultural sector increased dramatically. As farmers gained ownership of land much of the rural population in Vietnam began rising out of poverty. This was an essential step in solving many of Vietnam's problems from the central planning era. In addition, Vietnam's industrial sector, which had once been composed purely of state owned enterprises (SOEs), was opened to both domestic public investment as well as foreign direct investment. The government still retained significant ownership and control over many SOEs but now allowed the majority of ownership to be public. In addition, private firms not controlled by the government were allowed to compete with these SOEs forcing there to be a more competitive market for many goods in Vietnam. Much like agricultural restructuring's role in reducing rural poverty, allowing control of firms by entities other than the government raised efficiency and productivity which made the urban population of Vietnam better off.

Another reform that helped jumpstart the development of Vietnam was the trade liberalization policies implemented. Prior to the reforms, Vietnam's central government had a

legally enforced monopoly on all foreign trade (Thoburn 2009, pg. 4). This monopoly was abolished as part of the Doi Moi reforms. In addition, the government replaced their import quotas with a tariffs system (Thoburn 2009, pg. 4). Simultaneously, the government significantly devalued the dong, the national currency of Vietnam, and restricted the money supply to decrease inflation (Thoburn 2009, pg. 4). Together, these reforms encouraged an increase in both imports and exports which was very beneficial to Vietnam's economy. However, rather than completely freeing trade, Vietnam wisely chose to limit imports via tariffs and pursued rapid export expansion. Part of this export expansion was accomplished through trade agreements. Trade agreements that helped Vietnam's export growth included a 1992 agreement with the European Union which gave Vietnam "generalized system of preference" to these markets, the 2000 United States Bilateral Trade Agreement which removed trade restrictions that had been placed on Vietnam exports following the war, a regional free trade agreement called Association of Southeast Asian Nations (ASEAN) Free Trade Area (AFTA) that encouraged exports to the rest of the South East Asian countries, a free trade agreement with China, and eventually inclusion as a member into the WTO in 2007 (Thoburn 2009, pg. 5). By pursuing this form of trade liberalization Vietnam's manufacturing industry was able to grow rapidly with both protected domestic markets and increased access to foreign markets through export. The increase in trade resulted in an increase in the supply of many goods which helped reduce the shortage of domestic goods and resulted in a decrease in the inflation rate. The focus on trade liberalization also helped to attract foreign direct investment. The policy of export promotion allowed Vietnam to enjoy the high levels of economic growth needed to successfully pursue its redistributive strategy.

This increase in direct foreign investment, although only indirectly caused by the Doi Moi reforms, was a critical piece in Vietnam's development. Prior to the Doi Moi reforms, there was virtually no foreign direct investment in Vietnam. However, this quickly changed after the Doi Moi reforms were instituted and in less than a decade foreign investment had surpassed 2 billion US dollars (Abott et al. 2008, pg. 1). Clearly this surge in foreign investment helped to jumpstart industry in Vietnam and helped the development of its industrial sector. However, many economists argue that foreign direct investment was not that important in Vietnam's long term development because investment as a percentage of GDP dropped dramatically by the 2000s (Abott et al. 2008, pg. 4). It is likely that foreign direct investment was a more important factor early on in Vietnam's development but as time went on other factors became more important to Vietnam's development. The remainder of this paper will look at more specific aspects of the Vietnamese economy and will view development more from a new orthodox or liberationist view point valuing things such as education and health as key pieces of the development in Vietnam.

IV. Poverty

As shown in section two, one of Vietnam's greatest successes has been its dramatic reduction in poverty. This section will explore some of the policies that lead to this result. The structural changes implemented as part of the Doi Moi reforms listed in the previous section explain part of Vietnam's poverty reduction but not all of it. First of all, it is important to note that Vietnam's development plans were designed to be human-centric. In other words Vietnam's government recognized that development cannot occur only on a macro scale but must affect individuals and households directly. A major focus of poverty reduction policy in Vietnam was through job creation. Reducing poverty by increasing employment is arguably the most

sustainable policy as it allows citizens to raise their own incomes without direct payments from the government in the form of social welfare programs, which can be both costly and encourage people to not participate in the labor force. As stated by the Prime Minister in the preface of Vietnam's Poverty Reduction Strategy Paper, "the Government of Vietnam takes poverty reduction as a cutting-through objective in the process of country socio-economic development" (IMF 2004, pg. iii). Policies implemented were selected with the mindset of helping the citizens of Vietnam, not just the government or overall economy. Because of the wide variety of policies used to target poverty in Vietnam this section will be divided into sub-sections as follows: strategy overview in Section A, increasing employment in Section B, development of the agricultural sector in Section C, expanding access to credit in Section D, development of industries in urban regions in Section E, investments in key infrastructure projects in Section F, and finally social welfare programs in Section G.

A. Strategy Overview

The Poverty Reduction Strategy Paper is a key document, which was created by Vietnam's government alongside the IMF and World Bank in 2003, which details concrete steps approved by the Prime Minister to be taken for economic development and describes the state of Vietnam's economy. Because this document covers a wide variety of topics it will be referenced throughout this paper. Following the preface, this document contains a 2002 decision by the Prime Minister which would have a major effect on Vietnam's development implementation. The decision establishes a "Steering Committee for the Comprehensive Poverty Reduction and Growth Strategy (CPRGS); the Poverty Reduction and Growth Facility Programme (PRGF); the Poverty Reduction Support Credit Programme (PRSC)" (IMF 2004, pg. iv). This Steering Committee was the government body that was charged with the mission of reducing poverty in

Vietnam and, as such, was a very significant step in the implementation of the overall poverty reduction strategy. By having a team of top government officials assembled to ensure that the policies described in the rest of the report are implemented Vietnam signaled that poverty reduction was one of the main goals of its development strategy. This is consistent with the priorities of a typical redistributive development strategy. The Steering Committee was successful overall in implementing the policies detailed throughout this section as evidenced by the dramatic reduction in poverty enjoyed by Vietnam's population.

The CPRGS is the broad strategy that Vietnam used to shape its development efforts. The introduction of this document lists many important goals which reflect the concepts of development discussed earlier in this paper. The first goal is to “promote rapid and sustainable economic growth coupled with attainment of social progress and equity” with particular focus “on developing agriculture and rural areas, ensur[ing] food security, creat[ing] jobs, [and] increase[ing] rural income” and with an even more specific focus on ensuring adequate “attention [is given] to the living conditions of ethnic minority peoples” (IMF 2004, pg. 2-3). This first goal is the broadest as well as the most important. It signals Vietnam's understanding that economic growth is important but also constitutes development if it is accompanied by an equitable increase in people's standard of living. In addition, it correctly identifies one of the most difficult aspects of poverty reduction in most countries by specifically creating a focus on the most disadvantaged members of society, rural ethnic minorities. It also mentions creating jobs as a primary means for reducing poverty. Many of the policies Vietnam included under the CPRGS were considered poverty reduction strategies by job creation. The second goal is “creat[ing] an equal business environment for all types of enterprises from all economic sectors, including enterprises with foreign direct investment (FDI), [particularly] regarding their access to

public services and business and investment opportunities, and encourage[ing] the development of small- and medium-sized enterprises” (IMF 2004, pg. 3). The third goal is to continue implementing structural reforms as detailed in the previous section’s discussion of Doi Moi policy. The fourth goal is to “provide poor households with opportunities to raise their income by accelerating broad-based growth of agriculture, industry, and services; expand and develop markets to distribute consumer goods, improve socioeconomic infrastructure; ensure equal access to basic productive and social services” (IMF 2004, pg. 3). The fifth goal is to “encourage human development and reduce inequality, and give priority to health and education development, environmental protection, prevention of HIV/AIDS transmission and infection, gender equality and improving the lives of ethnic peoples” (IMF 2004, pg. 3). This particular goal directly reflects the influence of the UN MDGs. The next goal specifically mentions the relief of urban poverty by increasing employment, providing ample and adequate housing, and assuring that basic public services are universally accessible (IMF 2004, pg. 3). Another goal is to “develop and expand social protection and safety nets for the poor” (IMF 2004, pg. 3). This goal is intended to ensure the right to social security which is mentioned in both the UDHR and ICSECR. The final goal mentioned is to “at the Grassroots Level to improve citizens’ participation in the planning and implementation of decisions about community socio-economic development” among other things such as increased transparency by the government (IMF 2004, pg. 3). This final goal compliments the rest of the goals as it adds a liberationist perspective on development to the orthodox and new orthodox perspectives reflected in other goals. It is highly significant that Vietnam listed these as its goals in regards to poverty reduction. Policies are a direct result of the intent of the government. The listed goals make it clear that Vietnam set its intent based on the strong foundation of international development that has been built by bodies

such as the UN, World Bank, and IMF through documents such as the UDHR and ICSECR and based upon the broad range of theories of what actually constitutes economic development. Additionally, elements of the redistributive strategy are explicitly mentioned in several of the goals.

B. Poverty Reduction by Job Creation

As previously mentioned many of the policies included in the poverty reduction plan focused on job creation. The general strategy of increasing employment to reduce poverty is a smart one. By utilizing policies meant to increase employment the government was targeting poverty with long term solutions, as opposed to short-term fixes in the form of welfare payments. In Section II when indicators of development success were presented changes in employment were noticeably absent. The reason for this is that there has been little change in employment since the relevant data became available for Vietnam in 1996. The unemployment rate has consistently remained extremely low. In a low income country such as Vietnam people had to work in any capacity they could in order to feed themselves and their families. Vietnam needed more productive employment so that these workers could make enough to be above the poverty line. In addition, the population has increased dramatically in Vietnam since 1996. In addition to this increase in population, there have been demographic shifts within the population. The percentage of the population that is working age has increased significantly over this period and there has also been a migration to urban areas of Vietnam. Vietnam needed substantial job growth in order to keep up with the growth of the population and the changes in demographics or poverty would have been in danger of increasing. The statistics showing these trends are shown in Table 7:

Table 7: Trends in Population Demographics, Labor Force, and Unemployment

Year	Population (Total in Thousands)	Labor Force Participation (% population 15-64)	Unemployment, (% of total labor force)	Population ages 15-64 (% of Total)	Rural population (% of Total)	Urban population (% of Total)
1996	73156.7	83.7	1.9	59.0	77.4	22.6
1997	74306.9	83.6	2.9	59.7	76.9	23.1
1998	75456.3	83.5	2.3	60.4	76.5	23.5
1999	76596.7	83.4	2.3	61.2	76.1	23.9
2000	77630.9	83.2	2.3	62.0	75.6	24.4
2001	78621.0	83.0	2.8	62.8	75.0	25.0
2002	79538.7	82.9	2.1	63.7	74.5	25.5
2003	80468.4	82.6	2.3	64.6	73.9	26.1
2004	81437.7	82.4	2.1	65.4	73.3	26.7
2005	82393.5	82.1	..	66.3	72.7	27.3
2006	83313.0	81.8	..	67.2	72.1	27.9
2007	84221.1	81.5	..	68.0	71.5	28.5
2008	85122.3	81.4	2.4	68.8	70.9	29.1
2009	86025.0	81.3	..	69.4	70.2	29.8
2010	86932.5	81.3	..	70.0	69.6	30.4
2011	87840.0	81.6	2.0	70.3	69.0	31.0
2012	88775.5	81.9	1.8	70.6	68.3	31.7

Source: World Bank World Development Indicators

As shown in the table, population in Vietnam has increased by nearly 15 million people since 1996. In addition, the percentage of Vietnam citizens who are working age has increased by more than 10 percent. A simple calculation shows that the number of people who were working age in Vietnam increased from about 43,185,317 people in 1996 to around 62,655,541 in 2012. In order to keep pace with these changes Vietnam needed to create nearly 20 million new jobs over this time period. The great success of Vietnam is that there has hardly been any

change in the reported unemployment rates. Unemployment in Vietnam did not go above 3 percent of the total labor force between 1996 and 2012. This is a monumental achievement when you consider the unemployment rate in the United States did not fall below 3 percent during this same period. Interestingly, the labor force participation rate has actually slightly decreased during this time period. There are two possible explanations for this: either job creation has been slightly slower than working age population growth or, due to increases in income, some households have shifted to having one wage earner instead of two. It is unclear which of these explanations is more accurate to describe this change however the decrease is rather insignificant in comparison to the massive growth in population demonstrated. Finally, over the 1996 to 2012 period there was about a 10% shift in population from rural to urban areas. This has important implications that will be discussed later in this section. Overall, Vietnam's government correctly identified that the best way to fight poverty was through job creation. Vietnam not only wanted to increase the number of jobs but also sought to make these jobs higher paying so that the average Vietnamese citizen would be able to afford more than the basic necessities. This is a key step as a country develops from a low-income country to a middle-income country and attempts to gain status as a high-income country. As a result Vietnam chose the following policies to reduce poverty.

C. Agricultural Development

One of the most important parts of Vietnam's poverty reduction strategy was the development of the agricultural sector of the economy. The government recognized that the fight against poverty starts in the rural parts of the country. The CPRGS stated that at the time of the report "77% of the population and 90% of the poor" "live in rural areas" and that "70% of the income of rural inhabitants comes from agricultural activities" (IMF 2004, pg. 64). As such,

developing the agricultural sector of the economy was a good starting point for Vietnam's poverty reduction strategy. In order to help accelerate the development of its agricultural sector the government of Vietnam chose to implement a variety of different policies. The first type of policy Vietnam used was to continue the de-collectivization and privatization of farms that began in the Doi Moi reform era. Much of economic organization theory revolves around what is known as the principle agent problem. The principle agent problem refers to how the owner of a firm can motivate the workers of the firm to put in the maximum possible effort. This problem is sometimes tricky since the principle often benefits more than the agent does from the agent's labor. Thus, if the agent's wage is set independently of effort or output the agent will have an incentive to work less hard or efficiently. The best solution to this problem is for the principle and agent to be the same person. This then provides incentive to the agent to work as hard as possible as the primary beneficiary of their own labor. This is exactly what was accomplished with Vietnam's land reform policy.

Under the central planning system Vietnam's government was the principle and the masses of rural peasants were the agents. Due to the scale of the Vietnamese agricultural sector and the geographical range of rural areas in Vietnam, this resulted in very high monitoring costs for the government. As such, workers under this system had little incentive to work their hardest as wages were not very high. Vietnam's government recognized that this was the main problem of their system and chose to change course. Vietnam created a program that split up agricultural land and gave long term land use rights to rural agriculture workers in as equitable way as possible. As predicted by theory, this caused people who were given land rights to work harder farming their land than they had when working on government owned farm collectives. The result of this policy was a significant increase in both output of crops and incomes of rural

farmers. In 1985, right before the implementation of land reform, the value added to Vietnam's economy from the agricultural sector was about "5,299,399,768" in constant 2005 US dollars and value added per worker was "260.8" also in constant 2005 US dollars (World Bank World Development Indicators). By 2012, after the land reform had been long completed, value added increased to "14,127,900,502" constant 2005 US dollars and value added per worker increased to "467.7" constant 2005 US dollars (World Bank World Development Indicators). The fact that the average worker in Vietnam became nearly twice as productive over this time period shows how powerful the principal agent problem can be and how changing incentives can significantly alter output. The overall increase in agricultural production is a product of both land reform and the other policies Vietnam designed to develop its agricultural sector.

Vietnam also targeted increasing agricultural efficiency in other ways and encouraged the diversification of crops. The government authorized studies of the agricultural market and the production process to find ways to increase output and assure that the domestic demand for food was met. Also, food security was established as a top priority so that, beyond satisfying the needs of the domestic population, rice could become a primary export of Vietnam. As will be discussed later in this section, Vietnam also created credit programs specifically designed to ensure loans were given to owners of farms so that investments could be made in more efficient technology such as high yield seeds and agricultural machinery. The best indicator available to judge increases in agricultural technology is tractors per 100 square meter of arable land used. In 1985 there was only "56.3" tractors used per 100 square meters but by 2000 this figure skyrocketed to "262.5" tractors (World Bank World Development Indicators). Unfortunately, this data is not available after 2000; however this tenfold increase indicates that increasing farmers' access to technology was successful in Vietnam. Increases in access to agricultural technology increased

efficiency accordingly. These increases in efficiency also help explain the dramatic increases of value added by agriculture.

Vietnam also used unique policies to develop its agricultural industry. One such policy was to “vigorously develop forestry” as part of the agriculture industry (IMF 2004, pg. 65). The government of Vietnam recognized that a significant portion of the rural regions were forested and thus people in these regions had a comparative advantage in lumber production. By expanding labor production Vietnam hoped to increase rural employment and income to reduce poverty in these regions. However, the government also sincerely cared about the environmental effects of cutting down trees at a growing pace. The goal was to increase the output of lumber without negatively affecting the natural environment of Vietnam. The government accomplished this goal by setting minimum standards for forest expansion per year and made provisions for the maintenance and protection of certain forest areas. In 2011 Vietnam’s land was 45 percent covered by forest (World Bank World Development Indicators). In this case, Vietnam correctly identified a comparative advantage based on its natural resources and chose to make it a focus of poverty reduction strategy. Vietnam also chose to explore potential growth in the aquaculture industry (IMF 2004, pg. 65). Again Vietnam’s government correctly identified an area in which it could create jobs and expand its agricultural sector because of its geographical advantages. Because Vietnam has a large coast there was potential for growth by developing the offshore seafood industry. This creates jobs, thus reducing poverty, and also increases and diversifies the food supply, thus reducing food poverty. Vietnam’s ability to recognize the advantages inherent to their country and exploit these advantages to achieve its development ends is one of the reasons for their success.

The increases in agricultural output that resulted from these policies helped relieve poverty from an income perspective as these farmers are able to sell more crops and thus enjoy an increase in income. In addition, since poverty is also measured in terms of access to nutritious food, increases in agricultural output helps to relieve domestic food poverty in Vietnam. This is particularly important as Vietnam had experienced a demographic shift with more citizens living in urban areas. Traditionally much of agricultural production in developing countries, such as Vietnam, is commonly for family consumption. However, as the proportion of the population engaging in agricultural activity decreases, unless food imports are increased, those still working in the agricultural sector must provide for more people. The need for increased agricultural production was further heightened by the large increases in Vietnam's population. By increasing farmer's productivity, Vietnam increased average income in rural regions where the majority of the country's poor population live thereby reducing income based poverty. Simultaneously, this helped fulfill the increasing demand for food in the domestic market and satisfy citizens' right to food by reducing food poverty incidence and severity.

D. Expanding Access to Credit

Another policy Vietnam used to try to relieve poverty was expanding access to credit, particularly for small businesses. Prior to the Doi Moi reforms SOEs was the sole form of production for most goods. Following these reforms the government needed some way to support the development of small and medium sized business ventures so that they could compete with the large established SOEs that dominated the market. In the CPRGS these small businesses were called "small and medium enterprises (SME)" and were recognized as critical vehicles for development as they would provide jobs for many of the nation's unemployed while contributing to the sustained growth of the national economy (IMF 2004, pg. 37). The government established

the “Office for SMEs” which was charged with the task of helping these ventures develop both on the national and local levels (IMF 2004, pg. 37). In particular, the government wanted to make sure these businesses had “easy access to Government support programs in various areas including investment and credit, land use, market information, technical consultancy, training services, human resources development and other services” (IMF 2004, pg. 37). The government decree further stipulated that the Office for SMEs will “ensure that SMEs are able to access bank credit; the State will establish various funds to support investment, offer medium and long term loans, establish a fund to provide credit services to SMEs” (IMF 2004, pg. 37). Access to credit is particularly essential for any business that is starting up. Without credit it would be impossible for most businesses to begin as there are usually large investments needed to acquire the basic inputs for production, such as capital and labor. Take the example of a small local convenience store; the owner will need money to either rent an existing building or in some cases to physically construct a store. On top of that, the store owner will need money to initially invest in stocking the store with products and hiring workers to help sell the goods. Since the average Vietnamese citizen would be unlikely to have the money to invest in such a venture creating a government program to give average people access to capital is essential for economic development. Expanding access to credit on a large scale is a significant vehicle for poverty reduction because as businesses are created the demand for labor increases. As a result, unemployment will decrease and even those who were earning meager wages should be able to earn higher wages due to a shift in the demand for labor. Also, as previously mentioned, special credit programs were established to make sure credit was available for agricultural ventures. By giving farmers loans they are able to invest in more productive agricultural technology and increase output. This increase in agricultural productivity is essential for development in

Vietnam and so expanding access to credit was an important piece of Vietnam's poverty reduction strategy.

E. Development of Industries in Urban Regions

This strategy is yet another way to increase employment in Vietnam. Development measures have already been discussed for rural regions of Vietnam. However, the government recognized that the growing population in its cities required job creation at the same pace. As such, Vietnam instituted policies that would encourage the development of both large and small businesses in urban areas. Two objectives from the CPRGS in this section are "encourage small-scale private enterprises (e.g. retail and wholesale establishments, factories) to expand their investments, adopt a long-term business perspective, and employ more workers" and "encourage large companies and enterprises in the transportation and construction sector, as well as other sectors that have the potential to absorb labor, to hire more people and to create stable jobs for the poor" (IMF 2004, pg. 69). One way that the government encouraged small firms to expand and hire more workers was through improving access to credit as described previously.

Encouraging large companies in Vietnam to create jobs was easy as most of these firms were still partially owned by the government. Increasing employment in SOEs was simply a matter of the government requiring these firms to expand and create more jobs. In addition, for both small and large firms Vietnam's government tried to encourage hiring more workers by giving "income-tax reduction for enterprises proportionate to the number of workers to be recruited" (IMF 2004, pg. 69). This was primarily targeted at domestic firms which were relatively labor intensive. As a result, this measure increased both employment and wages of workers. In addition, since land rights were often given out on a long term basis but were still technically owned by the government there could be negative consequences for failing to expand and hire more workers.

Vietnam's government threatened to "take back the production site of inefficient enterprises and give it to other more efficient ones to rent" (IMF 2004, pg. 69). How one defines an enterprise to be either efficient or inefficient can be quite subjective. As such, this provided further incentives for businesses to expand and hire more workers since risk-averse firms would try to avoid being seen as inefficient due to a lack of compliance with development goals. Vietnam's approach of creating strong incentives for firms to hire more workers succeeded because the firms themselves made these decisions. Because the firms chose to hire more workers these were commonly more long-term solutions to poverty and unemployment as opposed to temporary governmental programs that could have been created to provide employment.

Vietnam also used other strategies to develop industry in these urban areas. The government decided to "improve and expand the vocational training system and job services to enable the urban poor to have stable employment, increase their earnings and gradually improve their living conditions" (IMF 2004, pg. 70). The fact that Vietnam had an existing vocational training program was certainly beneficial. However, facing the increases in population and shift to a more urban based demographic, as discussed before, the government realized that this system needed an overhaul. By training unemployed citizens of urban areas for specific jobs Vietnam helped the unemployed to improve their future employment prospects. Since the skills acquired in these programs would increase productivity of labor, participants would have both a higher likelihood of gaining employment and would earn a higher wage if hired. This program also benefited the firms in Vietnam since they were able to hire new workers who are already trained for a specific type of job. This reduces the cost to the firm of hiring additional workers since training a new worker often costs both time and money. This type of program is an

investment in human capital as prescribed by the redistributive strategy. This is a very good solution to the potential problems of having job growth lag behind population growth.

F. Infrastructure Investments

Vietnam also used large scale investments into infrastructure development as a poverty reduction policy. Again, this is a textbook element of the redistributive strategy. Infrastructure investments were in both physical buildings such as “housing, scientific research institutes, schools, hospitals” as well as service based infrastructure such as “electricity, transport, post and telecommunication, irrigation” (IMF 2004, pg. 49). Investments in these kinds of infrastructure projects help alleviate poverty in multiple ways. First of all, physical construction of buildings takes a great deal of labor and as such this is yet another measure that seeks to reduce poverty through increasing employment. As mentioned previously, job creation is one of the best ways to reduce poverty and helps to fulfill the citizens’ right to work. However, job creation was not the only benefit of these investments. Many of these projects were designed specifically to allow citizens to better enjoy guaranteed human rights such as housing, education, and health. Investments in better public services such as electricity not only increase the well-being of households but also allow businesses to develop and thrive in rural areas of the country. As access to public services increase, firms affected can produce more efficiently and reduce their costs of production thereby increasing profits. Also, the specific inclusion of irrigation public works projects is essential as it helped increase the productivity of Vietnam’s agricultural industry generally and the incomes of rural populations specifically. Since a greater proportion of Vietnam’s poor live in rural areas, irrigation projects are an excellent way to target rural poverty relief. Finally, investments in “scientific research institutes” are highly beneficial to development (IMF 2004, pg. 49). One of the best ways to spur rapid economic growth is through innovation.

Many high income countries such as the United States have been able to sustain economic growth in their economies through technological changes. Vietnam's investment in infrastructure for scientific discovery is a smart long term investment. This does not address the issue of poverty as obviously as the other forms of infrastructure included in this program, but creating the capabilities for high level scientific research leads to creation of jobs requiring highly specific skills and training. These occupations are usually high wage jobs due to the high level of education and skill needed. Increasing employment in these occupations create more productive employment which reduces poverty. Through the educational improvements, which will be discussed in the following section, a greater proportion of Vietnam's population will hopefully become qualified for these high wage jobs leading to innovation and rapid economic growth. Overall, these infrastructure investments improve economic efficiency, since private investments would be sub-optimal. Pursuing these particular infrastructure projects was an excellent way to help reduce poverty among the citizens of Vietnam.

Although infrastructure projects were a key part of the CPRGS as described above, these kinds of investments were not a new strategy to Vietnam in the 2000s. Vietnam had previously invested heavily in the construction of roads throughout the country and this strategy has been continued throughout the past decade. Roads are one of the most important types of infrastructure economically. Roads, at the most basic level, foster easier and less costly exchange of goods. For rural populations a new road system connecting to an urban area has more than one benefit. First, before any roads exist the development of roads helps create markets where they did not previously exist and thus encourages economic development. People in rural areas will be able to access goods and services that were previously unavailable to them when these first road projects are finished. As road systems become more developed access to existing markets

expands and the transportation costs of sending crops to the larger urban markets typically decreases significantly. As a result farmers can then charge a lower price for their goods, thus increasing the demand for them. Assuming the demand for food is relatively elastic, which is common in developing countries, this should increase farmers' income. In addition, consumer goods produced in the cities can be transported to the rural regions more cheaply. These goods will then likely cost less which allows rural populations to expand their consumption without changes of income. These same effects apply to the urban population of Vietnam in the opposite way. Firms in the cities of Vietnam are able to access new rural markets and more cheaply reach existing markets due to the construction of roads. In addition, the agricultural production from rural Vietnam is better able to reach a city which improves the welfare of these populations. In a study done on a World Bank funded road construction project from 1997 to 2001 in Vietnam it was found that on average the project improved rural access to markets and that these effects were more beneficial to poorer communities in Vietnam (Mu and Walle 2007, pg. 1). As such, investment in road construction and renovation projects seems to be an appropriate poverty reduction strategy. Unfortunately, it is somewhat difficult to judge the progress of road development in Vietnam because the relevant data is unavailable prior to 1990. However, based on the data the World Bank has available, significant improvements are observed. In 1990 there were "96,100 km" of roads throughout Vietnam (World Bank World Development Indicators). This had increased to "160,089 km" by 2007 (World Bank World Development Indicators). Even more important than the pure amount of roads is the amount of goods transported by road. Data for this indicator is only available from 2003 to 2010. In 2003 "12,338 million tons per km" of goods were transported (World Bank World Development Indicators). Over just 7 years this increased by almost threefold to "36,179 million tons per km" of goods (World Bank World

Development Indicators). Although this does not show the starting point prior to the implementation of road construction projects the fact that there was so much improvement after the majority of roads had already been constructed suggests that the amount of goods transported by road increased dramatically due to these infrastructure projects.

G. Social Welfare

The final type of policy Vietnam employed to alleviate poverty was creating social safety nets for certain groups of people. The very first objective in this strategy was to “focus support on the poor, ethnic minority groups and other vulnerable people in society” (IMF 2004, pg. 83). Rather than direct monetary payments to citizens who qualify based on a set criteria as is often seen in social welfare programs, Vietnam sought to provide safety nets in other mediums. Vietnam focused on assuring that poor households had access to basic necessities and important social services. Rather than giving payments to households so that they could better access things such as food, health care, and education, the government chose to reduce the cost of these services. Since there are large regions of Vietnam which are prone to flooding in the rainy season the government sought to increase investments in flood resistant housing to reduce the damages done to these households. Vietnam wanted to pursue solutions that would help poor and vulnerable people gain employment whenever possible. However, in cases where a person was unable to work in any capacity Vietnam’s government stated that it would attempt, whenever able, to provide humanitarian support in the form of food, clothing, and other basic needs. Access to social security programs is one of the rights guaranteed in documents such as the ICSECR and UDHR. Social security programs commonly take the form of direct payments from the government to the citizens in need. Some economists argue that these programs are actually harmful since they are often extremely costly to the government, they provide incentives for

some people to drop out of the labor force thus creating a free rider problem, and as a result can be unsustainable in the long-run. This long term unsustainability problem is actually prevalent in the United States' welfare system as programs such as Social Security and Medicare have helped contribute to the massive debt of the government and have begun to spur questions regarding how these guaranteed safety nets can be paid for in future generations. Vietnam's system focused on making social services and basic needs cost less for people who needed it. This system costs the government less money than direct payment systems. Since the cost of this system is lower it is likely to be more sustainable long term.

V. Education

Education is not only a human right itself, it is also instrumental in securing other human rights and fostering economic development. Without some form of education a person is not qualified for most jobs and if they can find employment it is often for a very low wage. One of the first and most important skills gained through education is literacy. If someone is illiterate it can be very difficult for them to acquire essential information that they need to make decisions that affect their daily lives. This is why one of the early focuses in most primary school systems is teaching children how to read. If someone is literate they at least have the chance to learn in the future without advanced formal schooling. This is why achieving universal primary education is an UN MDG and is explicitly guaranteed in both the UDHR and ICESCR. For economic development purposes, establishing universal primary education is not enough. A country of people with just primary education will continue to be a low-income country until its education system develops to the point where most if not all of its people are able to access higher forms of education. Theoretically, as education increases the variety of jobs a person is capable of doing increases and the wage is usually positively correlated with education as a

result of increased labor productivity. Through education people are able to expand their capabilities and achieve greater autonomy. This is the goal of new orthodox development theory.

There have been countless studies on the returns of education generally. However, the returns on education depend mostly on individual conditions of the country and population. Luckily, several studies have specifically focused on returns on education in Vietnam during periods of educational reform. One such study looked at the returns of education for the highest level of education attained by an individual and found that in their sample this average was “8.43 years” which is “very high for a low income country such as Vietnam” (Arcand, D’hombres, and Gyselinck 2004, pg. 7). The traditional OLS estimates find the return to schooling in Vietnam to be only 2.6 percent. The researchers in this study used three instrumental variable regressions in an attempt to create more accurate estimates of the return to education. The instrumental variable used in the first regression is parental educational level. This regression estimated the overall return to education for an additional year of education to be 7 percent (Arcand, D’hombres, and Gyselinck 2004, pg. 9). This estimate may be a result of children attending school for more years, since it is measuring the effect of education generally. Theoretically, an adult who has received a high level of education would be more likely to value education for their children. In this study “only 5% of [the] sample has no education while 60% and 30% finished lower and upper secondary school, respectively” (Arcand, D’hombres, and Gyselinck 2004, pg. 7). If an increasing population of educated adults causes children to complete more years of schooling, then the overall return to education would be high as estimated in this study. Although this study did not address it, completing each additional level of education usually has increasing returns to education. To determine if this is the case in Vietnam a different study looked at the rate of return for education based on each level of completion (primary, secondary, and college) and

estimates the effects based on both wage and employment changes that occurred between 1998 and 2006 (Oostendorp and Doan 2012, pg. 923). It was found by this study that the return to education for primary school was only .2 percent, but that return on secondary education was 2.5 percent, and furthermore return on a college level education in Vietnam was 6.2 percent (Oostendorp and Doan 2012, pg. 933). This suggests that, although just completing primary school does not affect future earnings by a lot, continuing your education to secondary school and even college has a substantial effect. Clearly, this means that primary school completion is still very important because without this there is no way to continue ones education to the point where significant effects on wage are observed. These two studies complement each other well. Most of the adults in Vietnam have completed primary school and this explains why the returns to this level are low. A large proportion of the adult population have also completed secondary school and thus the returns are much higher than primary school but still not very large. However, college education is far less common in Vietnam and thus the returns to education at this level are very high. If educated adults are encouraging their children to pursue more education, particularly at the college level, as the first study suggests then the overall returns to education would be relatively high as estimated in both studies. If this trend continues a greater proportion of the population will likely pursue a college education each generation. However, as a college education becomes more common in Vietnam the return to this level of education will also decline over the coming generations. If demand for highly educated workers does not change and the supply increases, then the value, in future earnings, of a college degree will decrease as predicted by basic labor theory. Another study that looks at the disparity in educational expenditure and success in urban Vietnam finds that for the “most severely

disadvantaged” the policy of free tuition is not sufficient for educational achievement of children (Cameron 2012, pg. 4).

As mentioned in previous sections, Vietnam made the development of their education system a priority well before even the Doi Moi reforms were created. This is reflected by the strong starting point the SERF Index shows for the right to education in 2000. However, due to the overwhelming importance of education, Vietnam still recognized it as one of the most important improvements needed when making the CPRGS in 2003. As opposed to many of the other policies included in the CPRGS, as discussed in section IV, which were intended for both short and long term development, improving education is a long term solution that can dramatically alter the size and structure of a nation’s economy over the course of multiple generations.

Vietnam shaped their educational development plans for the upcoming decade in 2001 in the “Strategy to Develop Education 2001-2010” which is described in the CPRGS (IMF 2004, pg. 73). The overall goal of the government was to “establish an education system for the people that is more egalitarian and of higher quality” (IMF 2004, pg. 73). Although Vietnam had already established a better education system, at least in terms of primary school enrollment rates, than many of other developing countries by this time there was still major disparity throughout the system. Access to education generally was still not quite as widespread in rural areas and particularly among ethnic minorities as it was in urban areas by this time. In addition, the quality of teachers and schools varied widely throughout the country. For wealthy families it was fairly easy to send their children to top schools. However, poor families were often stuck sending their children to public schools where the quality of the education was much lower. In response the first part of Vietnam’s educational development strategy sought to create a more

standardized and modernized national curriculum (IMF 2004, pg. 73). In addition, Vietnam sought to improve the quality of the teachers across the nation by revamping the teacher training program (IMF 2004, pg. 73). The government took two important steps in making sure its educational system became more equal by making it so that schools across the country all teach the same basic curriculum and by increasing the average quality of teachers. In addition, the government sought to “continue to complete the structure of the national education system” (IMF 2004, pg. 73). This goal included multiple aspects but most importantly it called for the creation of schools for “ethnic minority peoples and in remote and isolated regions” (IMF 2004, pg. 74). This was an essential measure as it was targeting the problem that there were still some communities without access to a school that was close enough to send children to.

Vietnam continued to attempt to improve access to education with a plan to “construct the package of exemptions and full support mechanisms in primary education for children from poor households covering school fees, cost of textbooks, contribution fees, cost of meals, lodging costs, transport costs” (IMF 2004, pg. 74). Again, this was an essential measure because it addressed one of the underlying issues preventing 100% primary school enrollment. In addition to issues of access based on geographic disadvantage, some poor families still were unable to afford sending their children to primary school despite the fact that tuition for public primary schools had long been free (Cameron 2012, pg. 10). The reason these families could not afford to send their children is, although there were no tuition fees, the other costs involved in education such as buying necessary supplies like textbooks cost more than many families still living under the poverty line could afford. As a result, many children from poor households would start primary school but be unable to finish or keep up with classmates from households that could provide the necessary resources. Finally, in order to accomplish the various measures to improve

the educational system Vietnam committed to increase the percent of the national budget for educational spending from “15” to “20” from 2000 to 2010 (IMF 2004, pg. 75). According to the World Bank, Vietnam actually only spent “18.7” percent of their government’s budget in 2010 (World Bank World Development Indicators). Even though this share is lower than the target percentage, given the economic growth over this period and the still significant raise in percent spending on education Vietnam’s government clearly spent much more on education in 2010 than they did in 2000. Vietnam’s educational reforms have focused on primary school, and to some extent secondary school.

The problem that still exists in Vietnam is that only a very small percentage of the population continues all the way through college. This will need to be a focus for educational policy moving forward so that the large returns on education at the college level, as shown in multiple studies, can be enjoyed by a greater proportion of the population. The past educational reforms have been a large part of Vietnam’s transition from a low-income to a medium-income country. Increasing enrollment in college is a key improvement needed for Vietnam to continue its development towards future status as a high-income country. However, because of Vietnam’s efforts to improve the quality of access to earlier levels of education, they are now able to turn their focus towards improving access to higher education for the future.

VI. Health

The right to health is often considered one of the most important rights because if someone is unable to receive proper health care their lives will be shortened and it may become difficult for them to work, pursue education, or enjoy other aspects of their life. This is considered especially crucial to those in the new orthodox school of economic development as

longevity is considered one of the three universally valued functionings. As mentioned in the discussion of Vietnam's investments in infrastructure, the government selected hospitals as one of the key pieces of infrastructure than needed to be further developed. This section will look more closely at Vietnam's efforts to fulfill its citizen's right to health. The SERF Index indicates that since 2000 Vietnam has enjoyed the greatest success in fulfilling the right to health. Due to the importance of this right it is essential to understand how Vietnam has achieved this success.

The CPRGS outlines the general strategy on right to health. Vietnam sought to “promote the grass-roots health system, maintain and develop community health services; give priority to combating diseases that affect most the poor (reproductive health, infectious diseases, HIV/AIDS, childhood illnesses and other social illnesses); improve the quality of health services; ensure that the poor have access to quality health services; [and] provide support to the poor with health service subsidies” (IMF 2004, pg. 7). Much like education, improving the right to health can take two forms: expanding access to care and increasing quality of services. In terms of expanding access to health care this often took the form of physical construction of hospitals and clinics as key infrastructure investments. This is important in both urban and rural areas. Urban areas needed to update their healthcare infrastructure to properly serve a rapidly growing population. For these urban centers, Vietnam believed that public “investment in big and modern hospitals will allow communities to gain more access to basic health care” (IMF 2004, pg. 51). The phrase “big and modern” actually refers to both components of improving health care as big indicates a focus on creating facilities large enough to adequately meet demand for health care while the term modern refers to creating facilities with the technological resources to give people the best possible care. Meanwhile, many rural areas did not have access to nearby health care facilities and so investments in these areas were needed to expand access to health care for all

citizens. Vietnam's government acknowledged it was essential to "ensure that 100% of commune and villages have clinics" (IMF 2004, pg. 75). In addition, other infrastructure investments discussed in section IV also helped expand access to health care. For example, investments in roads help make travel time to hospitals much shorter for rural communities than those without a developed road system leading to urban areas, or wherever the nearest hospital is. Considering that a significant part of health care is emergency services, the time it takes to get to the nearest hospital can literally be a matter of life and death for people. Ideally, the construction of clinics would make it so that patients in rural areas do not often need urban hospitals. However, these clinics still had far less resources than big urban hospitals. When the level of care needed is beyond the capabilities of a clinic the ability to quickly transfer a patient to an urban hospital is essential.

Another form of increasing access to health care is making medicine more available. Vietnam's government wanted to "develop pharmaceutical industry into a spearheaded business, guaranteeing sufficient supply of quality and safe pharmaceutical products" (IMF 2004, pg. 57). This measure is important for multiple reasons. First, pharmaceutical work is usually a relatively high wage profession, compared to unskilled physical labor, and so by developing this industry within Vietnam more productive employment is created and this reduces poverty. As poverty decreases, the average citizen's ability to afford health care increases and this lessens the burden on the government to subsidize health care for the poor. In addition, by "guaranteeing sufficient supply" of medicine, the population of Vietnam is better able to access the medicines necessary to recover from many curable diseases. Finally, the focus on distributing "quality and safe pharmaceutical products" reflects the quality improvement aspect of right to health progression. The government ordering an increase in the supply of medicine without any mention of quality

potentially could lead some companies to increase supply by trying to bring pharmaceuticals to market that have not gone through proper testing or cutting corners in quality in other ways. By emphasizing that these products must also be safe and of sufficient quality, it is clear to pharmaceutical firms that increasing supply at any cost is not acceptable. In fact, “the target for 2010 [was] to standardize practices of all pharmaceutical producers, researchers and businesses” (IMF 2004, pg. 57). After these reforms, the Drug Administration of Vietnam (DAV) regulated the quality of medications and instituted minimum standards of quality and trial testing periods. All pharmaceutical products had to be approved by the DAV to be sold on the market, much like the FDA in the United States. The cost of research and development in the pharmaceutical industry is very high. An absence of regulated standards creates an incentive for pharmaceutical firms to significantly reduce costs by decreasing the quantity and duration of new product trials. This could easily lead to the release of drugs which are simply unsafe for public consumption. Standardizing the process of bringing a new drug to the market eliminated the incentives to reduce testing of new products, since products that do not meet the national standards would not be sold in the market. Vietnam continued to institute pharmaceutical reforms with a plan “to invest in modern technologies and equipment in pharmaceutical production [and] build new industrial manufacturers for anti-biotic and pharmaceutical materials” (IMF 2004, pg. 57). These public investments were also designed to increase both quality of and access to health care. Demanding that pharmaceutical companies increase supply and quality of medicine may not work if these companies do not have the resources to do so. Although these investments were targeted at SOEs, ideally private firms would then be incentivized to innovate their production processes too so that they can be competitive in an open market. These key pharmaceutical reforms significantly advanced the right to health in Vietnam both through access and quality.

Vietnam recognized that western medicine was essential to the well-being of its people but also realized that traditional medicine was important. There is a deep historical and cultural connection in many Asian countries to natural and herbal remedies as a form of health care. Whether the government actually believed these treatments were as effective as those recommended by Western medicine is irrelevant. They understood that completely abandoning a form of medicine that was ingrained into the culture of their country would not be taken well by many people. Vietnam chose to “promote the application of traditional medicine in health care” and “encourage the development of herbal and traditional medicines to reduce the cost burden for the poor” as part of their health care development strategy (IMF 2004, pg. 75). The fact that these kinds of medicines were considered a viable way to reduce health care costs among the poor is interesting but unsurprising. Pharmaceutical drugs need significant monetary investments just to bring to the market and then they must be manufactured by a firm whose ultimate goal is to profit from these enormous initial investments. On the other hand, herbal remedies originally developed before the introduction of Western medicine because they relied on things that grew naturally in Vietnam in abundance. For a rural family under the extreme poverty line, finding a certain plant that can help cure an illness is probably far less costly than purchasing drugs from a pharmaceutical firm seeking profits. In addition, because these remedies had been used for generations some people may trust these medicines more than Western medicines, regardless of whether this trust is warranted. It would have been beneficial to conduct studies on the effectiveness of these traditional remedies, however this was noticeably absent from Vietnam’s strategy on health care development. Perhaps this was seen as unnecessary since knowledge of which remedies are effective is informal knowledge passed down through generations based on past experience. This particular aspect of Vietnam’s health care development is somewhat

unique and really reflects the liberationist development concept of improving well-being through culturally sensitive means.

Vietnam also tried to improve health care in rural regions by increasing the proportion of communities that have access to professional staff such as doctors. Vietnam set multiple targets for 2005 and 2010 which are detailed in Table 8 below:

Table 8: Targets for Increased Presence of Health Care Professionals in Rural Vietnam

Year	Goal 1	Goal 2	Goal 3
2005	100% of inter-commune polyclinics will have doctors	65% of all communes will have a doctor (mountainous areas: 50%)	100% of commune clinics will have midwives (60% will be secondary midwives)
2010	Same as 2005	80% of all communes will have a doctor (mountainous areas: 60%)	100% of villages will have at least primary health-care staff

Source: IMF 2004, pg. 75

There is little doubt that increasing the presence of doctors in rural communes will increase quality of health care for these communities. Many of these communities did not have licensed physicians before these reforms. By providing the proper professional staff for commune clinics people are able to access much higher medical care than they could without a doctor without traveling to a large urban hospital. This may also result in a significant decrease in the cost of health care for some rural populations due to a substantial decrease in the transportation costs of reaching the nearest doctor. It is also significant that Vietnam targeted increasing the presence of midwives in addition to doctors. A midwives expertise is primarily in reproductive health. Therefore, assuring that 100% of communes had midwives employed by their health clinics is

likely to improve both maternal and infant health. Rural populations commonly have higher rates of maternal death due to child birth as well as infant mortality due to lack of access to proper health care. The universal presence of midwives in rural communes by 2005 likely played a major role in helping Vietnam meet the fourth UN MDG and demonstrating significant progress on the fifth MDG as discussed in section II. In order to assure that the quality of all these health care professionals was relatively equal the government “expand[ed] training to develop local health staff, with priority given to on-site training of ethnic staff in mountainous, remote, and disadvantaged areas” (IMF 2004, pg. 75). In addition, “to encourage health care staff [to] work in mountainous, remote, [and] isolated areas that lack medical staff,” Vietnam created incentive based “policies [such as higher] salary, [better] health insurance [and] social insurance, and preferential training” for those willing to relocate to and work in such areas (IMF 2004, pg. 75). This is a major reason why Vietnam was able to meet its fairly ambitious goals in Table 8. Many of these villages did not have any health care professionals already living there. Since Vietnam cannot force health care professionals to move to these areas without infringing on their human rights, creating a system laden with incentives was the best way to get enough professionals to relocate to fulfill the goals in Table 8.

VII. Housing

It was previously mentioned that Vietnam invested in housing as a form of infrastructure. This section will focus more extensively on this aspect of Vietnam’s development since it is also an economic right. The right to housing refers to people’s right to have adequate housing. The term adequate housing often means having housing that includes basic features necessary for a decent quality of life such as proper water and sanitation systems. Those living in urban slums or in rural huts without access to clean water and proper sanitation are not fully enjoying their right

to housing despite the fact that they have a physical roof over their head. Although access to water and sanitation are not the only important factors in determining whether housing is adequate, data on other factors is often unavailable. Thus access to clean water and proper sanitation are often considered to be the best representatives of whether housing is adequate. This is why the SERF Index measures the right to housing with indicators regarding these two key features of housing. As Table 6 showed, Vietnam's fulfillment of the right to housing improved dramatically. Given Vietnam's continued focus of development with the economic rights of its people as a priority, it should come as no surprise that the right to housing, in its full sense, has been reflected in Vietnam's development efforts. Because of this Vietnam focused on the right to housing from both the perspective of physical buildings and access to adequate resources such as water and sanitation.

The building of physical housing has been mentioned in section IV but will be discussed here in greater detail. Housing problems in urban and rural regions are completely different. The problems associated with urban housing are usually the number of poor people living in slums. As the urban population in cities increases, which occurred at quite a rapid pace as shown in Table 7, it can be difficult for supply of adequate housing to keep up with demand. When this effect is seen the result is an overcrowding of the poor into slums which often do not have the necessary resources to be considered adequate housing situations. Vietnam's strategy to increase productive employment so that wages paid to workers rise is one part of the solution to this housing problem. However, if the private sector does not respond quickly enough to the increasing demand for better housing, the responsibility for fulfilling these people's rights falls on the government. Thus the government committed to "develop policies of urban housing development for the poor communities and low income people" by ensuring "current living areas

[would] be upgraded in accordance with financial resources” (IMF 2004, pg. 70). This was in addition to the investments in infrastructure projects to build more housing in urban areas as mentioned in section IV. The government also chose to “create conditions for the poor to contribute to infrastructure projects in their commune, district, or town, so that they can have opportunities for income-generating employment” (IMF 2004, pg. 70). In other words, not only did the government invest in housing construction and improvement projects for urban poor, they wanted to hire many of these poor workers as labor for the projects. By doing this, these workers are able to earn higher wages and are also likely to work harder on these projects since they are personally invested in the quality of the housing. This strategy of housing development is very clever as it addresses a problem of urban poverty while simultaneously reducing urban poverty.

The problems facing rural housing development are quite different. While in urban housing situations much of the problem arises from overcrowding of slums, in rural housing the problems often have more to do with having adequate housing. Adequate housing can refer to both the physical structures of the homes and the resources households can access. A prevalent problem in Vietnam is that during their long rainy season floods are very common in certain regions and homes are often destroyed by these natural disasters. In these disasters there is a very real possibility of loss of life due to particularly severe floods. However, even when there is no loss of life, the loss of a home is still devastating for most rural families, particularly for poor families that may already barely be able to afford necessities such as food. One region which is commonly affected by these floods is the Mekong River Delta. The CPRGS addresses this explicitly with government plans to “develop residential quarters that are flood resistant in Mekong River Delta” (IMF 2004, pg. 83). In addition, the government established an “Emergency Relief Fund” which would help families who lost their home to a natural disaster

flood rebuild and gain the necessary resources for survival (IMF 2004, pg. 84). Specifically, Vietnam would try to ensure victims receive the “necessary factors of production (such as seeds, trees, livestock, and tools for cultivation)” and there would be centers to “store food, foodstuffs, and clothes in each community where natural disasters are frequent so they can be distributed quickly to disaster victims” (IMF 2004, pg. 84-85). The government also tried to reduce the potential consequences of natural disasters with programs “organizing training, and transferring knowledge and practical experiences about managing natural disasters” so that for less severe floods at risk communities would be able to avoid loss of life and reduce the economic damage enough that government emergency relief would not be needed (IMF 2004, pg. 84). However, for those regions not affected by natural disasters the primary concern regarding housing is whether or not households can access the basic resources they need such as safe drinking water or proper sanitation.

Most of the discussion in previous sections has focused on the work of the Vietnamese government for economic development and rights fulfillment. However, the government is not the only entity that has helped the people of Vietnam better enjoy their economic rights. Rural water and sanitation projects funded and run by groups from outside Vietnam seem to have been a significant contributing factor to Vietnam’s improvement in their right to housing. As it turns out, a significant portion of rural housing development, in terms of access to necessary resources, has been funded by the Danish through a program called “The Water Sector Program Support (WATERSPS)” (Andersen 2001, pg. 2). This was part of a partnership between Vietnam and Denmark for development assistance and this particular program “provides and administers grant assistance to capacity building and implementation” of rural water and sanitation improvement projects (Andersen 2001, pg. 2). A recent study researched the success and effects of two such

Danish funded projects that sought to improve water and sanitation systems in rural villages in Vietnam (Dang 2012, pg. 423). What is particularly interesting about this study is that although this study focused on rural water and sanitation improvement the main purpose of the study was actually to evaluate “how participation has been practiced and perceived by different related stakeholders” in this project (Dang 2012, pg. 423). The study focused on two villages where this project was first implemented, although the project itself is still ongoing as it is designed to help develop this infrastructure in many of the rural villages in Vietnam (Dang 2012, pg. 423).

Ultimately, this study finds that the project “has established a number of piped water schemes that supply clean water for ordinary villager’s everyday consumption, putting an end to the utilisation of contaminated water” (Dang 2012, pg. 441). Since “contaminated water has been identified as the main cause of common disease in the communities,” “incidence of waterborne and sanitation related disease was significantly reduced. This meant that villagers could save more money to purchase more sophisticated means of production, to improve productivity of crops, or purchase labour saving devices like washing machines” and “it was observed that many households upgraded or constructed new bathrooms and latrines using piped water” (Dang 2012, pg. 441-442). These kinds of infrastructure improvements are life changing for the people in these villages and as these kinds of projects continue to be implemented the populations of rural Vietnam will continue to be made better off.

However, of the two villages only one succeeded in encouraging local participation. In the first village participation in the full sense was used, which means that villagers were included in every part of the process from initial planning to implementation of the plan so that the project could best meet their needs (Dang 2012, pg. 430). In the second village the only participation of villagers was in the form of physical contributions to building the system (Dang 2012, pg. 430).

It was observed that full participation in village one led to a sense of ownership of the project and that the system was better maintained by the villagers (Dang 2012, pg. 431). Many of the villagers in the second case did not fully understand the project due to a lack of participation and thus after the initial implementation maintenance of the system by local villagers was poor (Dang 2012, pg. 430). This speaks to the importance of allowing local participation in development and thus this particular example supports the liberationist view of development.

Denmark is far from the only international entity which has helped the development of water and sanitation systems in rural Vietnam. Another group that has assisted in this development is an “International NGO, East Meets West Foundation (EMWF), and its subsidiary, Reach Vietnam” which has targeted “75 communities” in various provinces of Vietnam since 2007 (Suardi 2011, pg. 1-2). These projects have also been very successful because of their focus on having communities participate in the projects. By the time of the report “EMWF ha[d] built 66 systems and connected 26,745 households, benefiting 133,725 people” and there were “another 10 systems [in the process of] being developed to connect a further 5,955 households” (Suardi 2011, pg. 4). These are just two examples of foreign governments or NGOs that have come into Vietnam to help develop the infrastructure to provide safe drinking water and adequate sanitation systems to the rural population. Beyond the obvious benefits to the rural citizens of Vietnam, allowing foreign entities to direct the development of these essential systems was helpful to the government of Vietnam. Since the costs of these projects were covered mostly by foreign aid the government of Vietnam was able to direct their resources to other areas of development which did not receive as much international attention, such as the ones described in previous sections. In addition, the groups that came in to implement these projects were able to augment the scarcity of engineers in Vietnam with comparable

expertise on water and sanitation development. Denmark sent groups of engineers to help run their development projects while EMWF is an organization that has focused extensively on the development of these systems in impoverished communities world-wide. The expertise of these groups allowed them to implement solutions in the most cost-effective ways so that the foreign aid could go to help as many Vietnamese villages as possible. Since governments are only required to directly fulfill economic rights that are not otherwise fulfilled by private or by other public organizations, allowing these foreign groups to help fulfill its citizen's right to housing was a brilliant strategy.

VIII. Conclusion

Vietnam's development experience teaches many important lessons that can be applied for other developing countries. First, Vietnam showed that the redistributive strategy of development can be successful. Recall that there are five main components of this strategy: initial redistribution of key productive assets, facilitation of citizen's participation in development, large infrastructure and human capital investments, unemployment reduction policies, and rapid economic growth. The first component was accomplished through breaking up agricultural communes and granting households long term land use rights. The second component was met to an extent in certain local projects but overall was not a major focus of macro policies. However, investments in infrastructure, education, and health care were major staples of Vietnam's strategy. Job creation policies were also featured prominently in Vietnam's development plans. Finally, Vietnam was able to achieve the rapid economic growth needed to sustain a redistributive strategy. This final component is essential otherwise redistribution makes the poor better off at the expense of other citizens. The successful implementation of Vietnam's

variant of the redistributive development strategy is not the only lesson that can be learned from this strategy

When drawing lessons that can be learned from the economic development of Vietnam it is important to mention one point: there is no such thing as a universal economic development strategy. Every country has a dramatically different starting point for development. Differences in the problems a country faces, population demographics, geography, culture, history, not to mention government resources all dictate how a country must act to best develop their economy. A country that tries to copy and paste Vietnam's strategy as a plan for development will likely fail as a result. Instead what struggling countries must learn from the case of Vietnam is how to approach development. Vietnam's policies clearly reflect the influences of the different dominant ideologies in economic development as well as key human rights documents such as the UDHR and ICSECR. A successful development strategy must incorporate elements from a range of development ideologies.

Successful economic development plans also must be tailored to the unique conditions and problems of the country. Vietnam originally followed a central planning socialist economy but when the government realized that this system was not working for the people it dramatically changed its course. The government saw that the majority of its poor people were living in rural areas and because of this agriculture was made a top priority. Farm collectives which did not produce enough output for domestic needs were replaced by giving long term land rights to households. This dramatic change in policy simply changed the incentive structure of the agricultural sector. This change in policy on its own increased output substantially. However, Vietnam did not even stop there and choose to further implement policies such as expanding credit, building better and more extensive irrigation systems, and studying agricultural

production to determine the best methods given Vietnam's unique rural geography helped improve one of the most important sectors of its economy. Even still, Vietnam's government did not think this was enough. On top of all these other policies Vietnam looked at its natural resources and figured out the best way to use them to increase incomes for their people. This is why Vietnam chose to focus on developing the lumber and aquaculture industries. The lesson here is that Vietnam was able to dramatically improve the life of the average citizen because they used a multi-policy approach that tried to solve the problems of rural poverty by attacking it relentlessly from all angles.

Successful economic development plans must be forward thinking to anticipate future problems and opportunities. Unemployment was not a problem in Vietnam when most of the policies were created yet so much of the poverty reduction strategy focused on creating jobs. This is because Vietnam realized that the changing demographics of their country required an aggressive expansion of the labor demand. If Vietnam ignored these future changes then it would have been nearly impossible to reduce poverty because the increasing labor supply would have created a large surplus of unemployed workers which would have created more poverty than could be relieved by the other policies Vietnam used. To target this job expansion Vietnam created heavy incentives for firms of all sizes to hire more workers and created and improved vocational training programs for the unemployed so that they would then be better qualified for higher wage jobs. This made it so that firms choose to hire more labor because it was beneficial to their businesses. This strategy worked brilliantly as Vietnam's unemployment rates have stayed very low despite a massive growth in the labor force.

Another lesson is that strategies that improve economic and social rights can simultaneously promote growth. Targeting human rights fulfillment for disadvantaged groups in

particular is compatible with rapid economic growth. There have been many cases where a government tries to pursue economic development from a top down approach. These governments assume that as long as GDP per capita is rising then everyone will be better off. Unfortunately, in practice this kind of development often tends to make the well-off even better-off and hardly affects the lives of the poorest and most disadvantaged people in the society. In contrast Vietnam used a bottom up strategy of development where there was a heavy focus on grassroots development and many government programs specifically targeted the most disadvantaged people in society such as ethnic minorities. For example, the vast majority of Vietnam was already receiving at least a primary school education. Many countries would look at those good rates of enrollment and be satisfied. But the Vietnamese government recognized that there was still inequality in access to education for these disadvantaged populations. Making primary school free was a fairly aggressive policy already but to solve this problem by further subsidizing other costs of attending school for the poorest families demonstrates Vietnam's willingness to go above and beyond to help its people fulfill their economic rights.

Another major lesson from Vietnam is that fulfillment of rights can be accomplished in many ways. The methods used by high income countries may not be feasible or desirable for a low income country. This is demonstrated by Vietnam's approach to fulfilling the economic right of social security. Many countries, with the United States as a prime example, seek to fulfill this right by providing direct payments to those who meet the necessary criteria. Even worse, some countries refuse to acknowledge this right altogether and do nothing to create a social safety net for the people who truly need it. Vietnam decided that its social security program should be based on fulfilling the needs and rights of its population. Families that are too poor to buy enough food to properly fulfill the nutritional needs of their children can get subsidized or even

free food depending on their ability to pay for food. Those who lose their homes to natural disasters such as flood can get assistance from the government to rebuild their homes and the government will even help make sure the designs and materials are relatively flood resistant to try to prevent this from being a problem again in the future. Anyone who is physically capable of working but are unemployed and need assistance will get it through training programs so that they can gain employment. By simply fulfilling its people's needs Vietnam avoids a free rider problem turning the system into a "welfare state" where people are dependent on direct payments long term. This approach is far less costly than direct payments and as such it is far more sustainable.

Vietnam's experience also shows that incentives are very important. Ultimately, many of the goals a government may have cannot be forced upon a population without utilizing a non-democratic system or violating other human rights, both of which would be considered counterproductive to many development economists. Incentives, however, are an extremely powerful tool as they create the conditions for people to make the choices the government wants while exercising free will. The improvements Vietnam made in its health care sector are a textbook example of how incentives can be implemented. Vietnam needed health care professionals to relocate to some of most remote and geographically undesirable regions of the country so that these communities could have access to quality health care. As a result Vietnam put a plethora of incentives in place to encourage doctors and other health care staff to relocate to these areas. Although some doctors might have relocated due to non-economic motivations, such as humanitarian concerns for their fellow countrymen, it seems quite unlikely that this would have occurred on a sufficient scale without a detailed and lucrative incentive system.

By no means is Vietnam a perfect country. There are certainly still problems in the economy of Vietnam and human rights have not been completely fulfilled. Vietnam's economic development and human rights progression will continue for a long time to come. However, in terms of progressive realization of economic rights Vietnam has undoubtedly demonstrated significant progress. Vietnam is notable because they have taken the right approaches to development and this is why they are a success story. The government of a developing country needs to really examine the conditions in their country to determine the underlying causes of current problems and project what could become a future problem. Then for each problem the government finds it should implement a plethora of policies that target the underlying causes so that together these individual solutions combine and truly solve the problems. This is the lesson that must be learned from Vietnam's economic development and economic rights progression.

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