

Vietnam

Background

- Was French colony
- War for independence began in 1955 >>> rebels took control of North (recognized by USSR and China). US/France took control of South
- Vietnam war – US left in 1973. Unification of South and North in 1975.
- Estimated 2m-4m Vietnamese dead, 1/2m Cambodians
- War crimes – napalm, agent orange, bombing of villages, atrocities by US and S. Vietnam government

Contemporary impact

- 1000s still killed by unexploded ordnance
- 10% population disabled
- Much of agricultural land still contaminated
- Agent orange >>> relatively high rates of cancer and birth defects

Post-war

- Established socialism
- Most enterprises state owned
- Emulation of China – workers paid in-kind, poor but little inequality
- Population mostly rural
- Most trade with USSR and China

Doi Moi

- Breakup of USSR and shift to markets in China >>> economic crisis
- World Bank offered \$1.5b grants if SOE's privatized, but government refused
- Began Doi Moi - reforms to create "market socialism" in late 1980s - mid-1990s
- Reforms gradual
- Sold 1/3 SOEs
- Allowed FDI and majority foreign ownership of domestic firms

Doi Moi

- Decollectivization of agriculture and distribution of land to rural households, though land still owned by state (similar to China)
- SOEs remained, though could retain profits and make decisions independent of planning agencies
- Most prices decontrolled
- Loss of jobs in SOEs

Market socialism

- Communist party wanted to “advance socialist relations of production commensurate with the development of productive forces.”
- Hoped that, as long as could maintain high levels of investment, could unite both pro-market and communist partisans
- Retained state ownership in:
 - Finance (state banks hold 94% of bank assets)
 - Telecommunications
 - Transportation
 - Heavy industry
 - Land and natural resources
 - Good that affect broad economy (cement, steel, oil)

Economy today

- Over last decade, average annual GDP growth – 5%
- Per-capita GDP (PPP) around \$8000 (same as India)
- Tripled since 1990
- Exports increased since 2000 10x
- Exports:
- Oil, fisheries and primary agricultural products
- Mfd goods – 40% Samsung phones, other electronics, footwear, garments
- 2000 – Normalized relations with US
- 2007 – Joined WTO
- 2015 – Joined ASEAN Economic Community

- Most X to China, Korea, Japan, Australia
- Imports machinery and industrial inputs
- $CAB > 0$, mostly due to primary product exports
- Unlike Bangladesh, Vietnam has sought out FDI and most mfd goods produced by subsidiaries of foreign firms, not by local sub-contractors
- Intel, Nike, Canon, Samsung all active in Vietnam
- Privately owned local firms mostly small or medium scale enterprises

Labor

- Minimum wage = \$180/month. 3/4 living wage for individual in industrial areas.
- Avg. manufacturing wage about the same.
- Wages have doubled since 2007 and increased by 25% in last 4 years.
- Unemployment rate = 2.2%
- 42% population employed in agriculture, 25% manufacturing, 33% services

Labor standards

- Government passed Vietnam Labor Code in 1994
- Ratified most ILO conventions and others adopted in Labor Code
- 48-hour work week, 8 hours/day. Max. 30/month overtime with 1-1/2 pay (more for holidays and regular days off.)
- Government encourages skill development and requires minimum 5% increase in pay with acquisition of new skill.
- Unions allowed in law, but most workers belong to Vietnamese General Confederation of Labor (VGCL)
- VGCL provides legal education for workers, labor laws and rights.
- Strike wave in early 2010s, but education in labor law reduced strikes
- Most strikes against foreign firms.
- Labor laws are enforced, in keeping with some continued adherence to socialist ideals, but effort to attract FDI >>> conflict

Social Conditions

- Social indicators exceed most countries at similar level of development. Much improvement occurred before Doi Moi, when health clinics and schools established in most villages
- Gini index = 36
- Life expectancy = 76 (WHO)
- Poverty rate (World Bank) = 6% (highest in rural areas)
- Infant mortality = 17/1000
- 87% children immunized
- 95%(urban)/75%(rural) improved water and sanitation
- 99% have electricity

Education

- 97% youth literacy
- 96.5M/93.5F literacy
- 97% youth in primary ed/81% in secondary ed
- Over past decade has doubled number of colleges
- Recent efforts to privatize some schools (and child care centers) faced wide opposition

Social spending

- 10% GDP on health and welfare
- 87% covered by national health system. Costs \$0.33/month
- 70% covered by public pensions which replace 75% of prior wage after 30 years working.

Status of women

- Ranks 87/153 on gender gap index
- High in economic factors:
- Female LFPR = 79.1. Ranks #1 in % female professional and technical workers and #8 in income earned by women.
- #1 in % women enrolled in college
- Fertility rate = 1.8 (so aging population)
- 112M/100F at birth
- Ranks near bottom in political representation of women

Environment

- According to World Bank, Hanoi and Saigon are among the top 10 worst cities affected by air pollution
- Mining and aftermath of war >>> water and soil pollution.
- Timber and fishery industries becoming unsustainable
- Recently, gov't making large investments in wind power