

INEQUALITY MATTERS

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BẤT BÌNH ĐẲNG



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OXFAM

in#equality matters



Credit: Cuong Tran



OXFAM

Dear Readers!

Today the world is facing an unprecedented inequality crisis. The gap between rich and poor is far bigger than economists previously calculated. While the rich have power and influence in society, the voices of the poor remain largely unheard and their opportunities are few. High levels of inequality may result in social conflict, crime and insecurity. Experts warn that if inequality continues to increase, Vietnam will not achieve the Sustainable Development Goals (SDGs) or the targets in the 2016-2020 Socio-Economic Development Plan, and may become stuck in the "middle-income trap".

On 12 January 2017, Oxfam launched the Even It Up Campaign in Vietnam, joining hands with a global Oxfam campaign in more than 40 countries and a broad alliance across the globe, The Fight Inequality Alliance (www.fightinequality.org). Over the next three years, we will promote public debate on the need to combat the rising inequality that undermines the social fabric, that leaves many behind, increasingly excluded and marginalized, and threatens to destabilise a country in peace, a peace that was hard won.

I am pleased to introduce to you our new periodical entitled "Inequality Matters". It is part of a series of actions to inform public debate on development and humanitarian issues. It is also a space for you to engage with and contribute to shaping the debate. I hope you will find the periodical useful and will share with us your comments and perspectives to enrich the depth of the debate.

I firmly believe that, here in Vietnam, inequality can be addressed and we can realize a dream for an equal and fair country where all citizens enjoy a decent life irrespective of their gender, ethnicity, or geographical location; and, where all citizens have a say. Vietnam is increasingly recognised as a force to be reckoned with beyond its borders, and thus Vietnam has a role in bringing Inequality Matters to the forefront.

Enjoy and engage!

Babeth Ngoc Han Lefur
Country Director, Oxfam in Vietnam

WHY INEQUALITY MATTERS?

in January 2017, the first line from an Oxfam Global inequality report (1) went viral worldwide: just eight men – mostly Silicon Valley CEOs – own the same amount of wealth as half the world's population. 2017 saw the biggest increase in the number of billionaires in history with one more billionaire every two days; and 82 percent of all the growth in global wealth in 2017 went to the top 1 percent, whereas the bottom 50 percent saw no increase at all, according to another Oxfam Global wealth report released in January 2018 ahead of the the World Economic Forum in Davos (2).

If billionaires continue their current rate of returns, the world could see its first trillionaire sometime in the next 25 years. A trillionaire would need to spend \$1 million every day for 2738 years to spend all his or her money (1). In OECD countries, income

inequality is at its highest level for the past half century. The average income of the richest 10 percent of the population is about nine times that of the poorest 10 percent across the OECD, up from seven times 25 years ago (3).

High levels of inequality are also now recognised as economically inefficient, both for growth and for poverty reduction: in OECD countries, rising inequality is estimated to have knocked more than 4 percentage points off growth in half of the countries over two decades (4). The Asian Development Bank found that economic inequality is a big obstacle for poverty reduction, estimating that 240 million more people in the region could have escaped extreme poverty in the past 20 years in Southeast Asia alone, if growth hadn't gone hand in hand with rising inequality (5).

“RISING INEQUALITY HAS SERIOUS CONSEQUENCES”

Credit: Sam Tarling/Oxfam

Most people around the world no longer perceive inequality as inevitable or temporary, but consider it as a major social problem (90 percent of respondents in Sub-Saharan Africa in the Pew Global Attitudes Survey 2014) (6). For the first time, the reduction of household income inequality is set as a goal in the international agenda, as part of the United Nations’ SDGs 10.

Rising inequality has serious consequences. It affects social mobility and future growth for the overall economy. Increases in income inequality and wealth concentration were important drivers of the 2008 global financial crisis (7). Inequality is not only a barrier to poverty reduction, but can also lead to social unrest. Small permanent decreases in inequality would reduce homicides by 20 percent and lead to a 23 percent long term reduction in robberies (8). In China, the crime rate is positively correlated with intra-provincial regional inequality; and an increase in income inequality has a big and robust effect on increasing crime rates (9).





WHAT

ARE

“INEQUALITY IS NOT INEVITABLE, BUT THE DIRECT RESULT OF A GOVERNMENT’S POLICY CHOICES”.

Researchers at Oxfam and Development Finance International (DFI) have investigated 18 indicators across three policy areas that have a key impact on inequality: taxation, social welfare spending, and labour rights.

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INEQUALITY ?



Taxation

Oxfam and the International Monetary Fund (IMF)'s research shows that higher income tax rates for the rich would help reduce inequality without having an adverse impact on growth. Indeed, tax reforms are now taking place in many countries. In South Korea, President Moon Jae-in decided to increase tax on conglomerates, which was expected to increase government revenue from corporate taxes by 5 percent or 2.6 trillion (\$2.4 billion) in the 2018 tax year. In Canada, Prime Minister Trudeau committed nearly \$1 billion to investigating offshore tax evasion and aggressive tax avoidance, an effort to reduce income inequality and raise revenue.

Social spending

Progress against inequality starts with significant social spending on education, health, and other public services. Using tax revenues to fund essential social services is critical to ensuring zero poverty and narrowing the gap between rich and poor. Apart from serving as direct transfers to the poor, health and education services are proven to have a tremendous impact in addressing poverty and reducing inequality.

Labour rights

Globally, women are hit hardest by wage inequality. Women often do the bulk of domestic labour and care work, which subsidises national economies for little or no reward. Women are also overrepresented in the lowest-paid jobs and precarious forms of employment. Oxfam found that only half of 152 countries studied have laws forbidding gender discrimination or mandating equal pay. Reducing inequality demands a significant commitment to ensure that working people have enough bargaining power, in both the workplace and the political process, to demand and win decent wages and economic security.

IS VIETNAM IMMUNE FROM INEQUALITY?



After 30 years of Doi Moi reform, Vietnam has recorded significant achievements in socio-economic development, lifting nearly 30 million people out of poverty. However, increasing inequality is threatening decades of progress. In some provinces, the income disparity between the richest 20 percent and poorest 20 percent of households is 21 times (10).

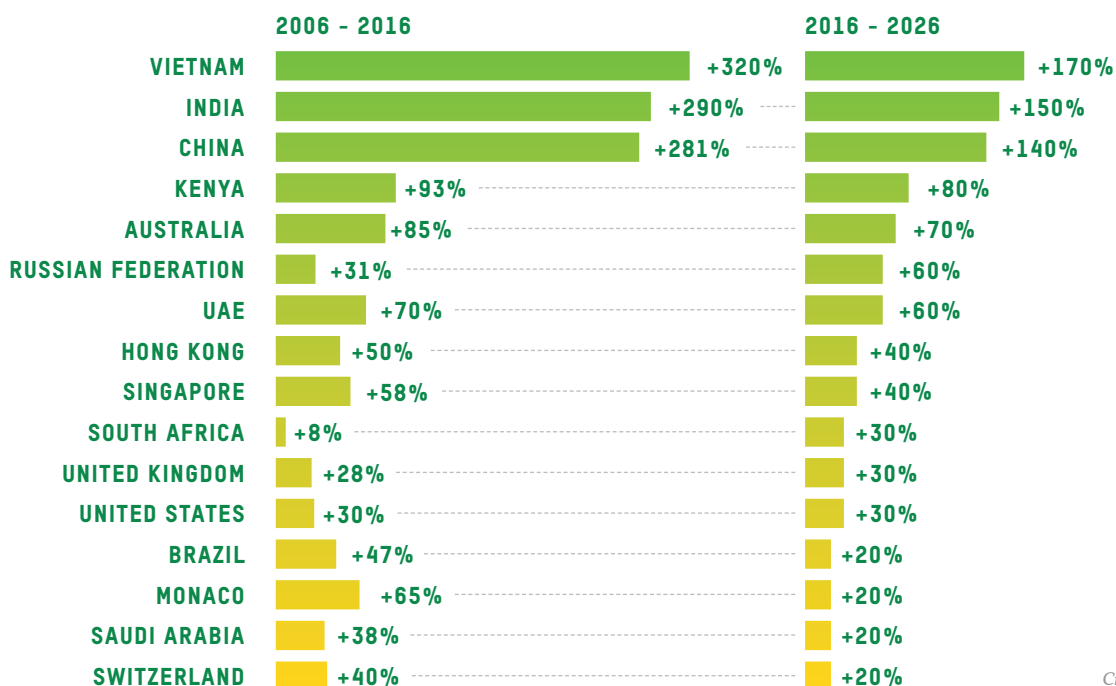
The newly released World Ultra Wealth Report 2017 does not have current figures on the number of Vietnamese super-rich (each with more than \$30 million), but the 2014 and 2015 reports both showed there were over 200. In 2014, Vietnam had 210 super rich people with total assets of \$20 billion, equivalent to 12 percent of GDP. In 2015, the number rose to 220, while total assets remained unchanged at \$20 billion, equivalent to 10 percent of GDP.



Compared with other countries in Asia, the number of USD billionaires in Vietnam remains modest. However, the super-rich group has grown by 320 percent between 2000 and 2016, the fastest rate in the world ahead of India's 290 percent and

China's 281 percent (see chart below). Although some of the super-rich may have earned their fortune through talent or hard work, others accumulated it through industries prone to corruption, cronyism and nepotism.

THE WORLD'S TOP GROWTH RATES OF ULTRA-WEALTHY PEOPLE OVER THE PAST DECADE, AND FORECASTS FOR THE NEXT



Credit: Knight Frank Wealth Report 2017



Income inequality is only one side of the coin. Inequality of voice and opportunities is the other serious challenge. Research by the World Bank and Oxfam shows that inequality of opportunities is seen as the most worrisome form of inequality in Vietnam, particularly among rural and poorer people. Among 22 million farmers, most are small scale farmers who lack a voice in markets and decisions in agriculture and are unable to organise themselves to have a collective voice towards other value chain actors. Among 15 million migrant workers, many are excluded from accessing basic services (education, health), employment and social protection. Among 12 million ethnic minorities, many are living with multiple exclusions in terms of services, language, and culture.

Women are disadvantaged in their ability to advance their skills and employment opportunities. Most female workers are untrained, working in labour intensive sectors such as footwear and textiles (78.5 percent), food manufacturing and processing (66.8 percent), porcelain and glass (59.2 percent). Female workers earn on average 33 percent less than their male counterparts in all sectors; women in the

informal economy earn 50 percent of male incomes (11).

Opportunities for education are hindered by high costs. While the national budget for education is high, fees continue to act as a barrier for the poor in accessing quality education. A survey identified 15 major groups of fees and estimated that 30 percent of education spending is paid for by families through out-of-pocket payments.

“Women are disadvantaged in their ability to advance their skills and employment opportunities.”

Health insurance coverage has rapidly increased. A large proportion of total health spending – nearly 50 percent – is still paid out of pocket, consequently pushing millions of people back into poverty (over 600,000 households per year, on average) (12).

A study in 2017 among 1,042 patients shows that approximately 70 percent of patients face the risk of destitution due to the high cost of treatment, including equipment, drugs, care and rooms (13).





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

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

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

“WHEN PEOPLE ARE SICK, ALL POOR FAMILIES HAVE TO BORROW MONEY. IF THE GOVERNMENT PROVIDED SUPPORT WHEN WE ARE SICK, I WOULD HAVE FEWER BURDENS. MY LIFE WOULDN’T BE AS HARD.”



Inequality: what people think?





**MY LIVING SPACE IS JUST A
FLOATING RAFT ON THE RIVER.**

Nguyen Van Tuan (Migrant Worker)

**THE RURAL INFRASTRUCTURE AND TRANSPORTATION HERE
CAUSES MANY DIFFICULTIES FOR US.
...ALTHOUGH CHILDREN HERE WANT TO GO TO KINDERGARTEN,
THEY HAVE TO WAIT UNTIL THEY ARE 5 OR 6 YEARS OLD TO
HAVE ACCESS TO EDUCATION.**

Nguyen Van Khiem (Farmer)



**IT COSTS A LOT FOR MY CHILDREN
TO GO TO SCHOOL.**

Do Van Son (Migrant Worker)

**WITHOUT WORKING OVERTIME, MY BASIC SALARY IS CERTAIN-
LY NOT ENOUGH TO EARN A LIVING FOR MY FAMILY. NOW, I
WORK 80 HOURS PER MONTH OVERTIME. MY EYES AND EARS
ARE NOT GOOD DUE TO OCCUPATIONAL DISEASE.**

Hoang Thi Nghien (Migrant Worker, Single Mom)



WHAT CAN PEOPLE/GOV- ERNMENT/ENTERPRISES DO TO PROMOTE EQUITY?



**VU LINH TRANG
(STUDENT)**

From my perspective, an inclusive economy is a corruption-free economy. Because corruption creates privileges and benefits for certain small groups in the society.

...I think the government should also find a way to help people access job opportunities more equally.



**NGUYEN THI YEN LOAN
(BUSINESS MANAGER)**

We lack policies that we think we do not need. For example, policies about children or people with disabilities.



**NGUYEN THE HIEP
(ENTREPRENEUR)**

My happiness is to be satisfied with my life, and it's important that you share your happiness with others. You should think about what you have done for the community, and how many people you have brought joy and a smile to.

WORKING TOWARDS HUMAN ECONOMY



Growing inequality has left millions struggling to make ends meet while the richest one percent continues to profit. This widespread inequality is a clear sign of the economic model being broken. So what exactly has gone wrong? The world's economy is built on six false assumptions that continue to be sold to us as truths.



PEOPLE'S WELL-BEING REQUIRES A DIFFERENT KIND OF ECONOMY- AN ECONOMY THAT DOES NOT STAND ON THE SHAKY GROUND OF THESE SIX MYTHS.

1

GDP GROWTH SHOULD BE THE PRIMARY GOAL OF POLICY MAKING

2

CORPORATIONS NEED TO MAXIMIZE PROFITS AND RETURNS TO SHAREHOLDERS AT ALL COSTS

3

EXTREME INDIVIDUAL WEALTH IS A SIGN OF SUCCESS

4

THE MARKET IS ALWAYS RIGHT, AND THE ROLE OF GOVERNMENTS SHOULD BE MINIMIZED

5

OUR ECONOMIC MODEL IS GENDER-NEUTRAL

6

OUR PLANET'S RESOURCES ARE LIMITLESS

In a human economy, national governments are accountable to the 99 percent, not just the 1 percent. They intervene when needed and cooperate with other governments to fix global problems such as tax dodging, climate change and environmental harm. In a human economy, businesses seek to increase prosperity for all, and ensure that women's work is fairly paid and equally valued. Technology is steered to the benefit of everyone and to create an environmentally sustainable future. And governments measure what actually matters: people's wellbeing, not just GDP.



PHAM CHI LAN
(Former member of Prime Minister's Advisory Board)

From my perspective, we should not only pursue a GDP growth target of how many percent. Together let's build a richer Vietnam in broader and more humane terms.



PHUNG DUC TUNG
(Director, Mekong Development Research Institute)

From 1993 to 2016, Vietnam's GINI coefficient rose from 0.33 to 0.44. Besides, during this period, the difference between the 20 percent of the richest population and the 20 percent of the poorest quintile also increased from 4.4 times to 10 times. This is a problem that the government needs to address because the existing growth benefits many of the rich instead of the poor. As a result, the difference will be increasingly broadened and that will lead to significant risks and instabilities.



KAMAL MALHOTRA
(UN Resident Coordinator in Vietnam)

Reducing inequality in the non-income dimensions of wellbeing is critical to inclusive growth through the positive multipliers that access to education, health, nutrition and the labour market, as well as social integration, can and do provide in economic terms.



LE QUANG BINH
(Chair, People Participation Working Group)

Poverty and inequality are consequences of people taking resources, committing fraud or corruption to gain wealth. It's like people who cross the bridge first would then take it away as their own property so that people after them could not cross the river. Therefore, each individual and the whole society must have an explicit attitude against not only inequality but also wrongful ways to get rich. In order to solve the root causes of inequality, people must actually engage in the decision-making and monitoring processes of decisions that are related to themselves. Thus, they must establish or participate in associations and civil society organisations to have the ability to act collectively. This is not only a right but also a solution to protect the environment, fight corruption and reduce inequality.

HUMAN ECONOMY FOR VIETNAM?

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THU HỢP KHOẢNG CÁCH EVEN IT UP

Commitment to reducing inequality



OXFAM

The [Even It Up](#) inequality campaign in Vietnam promotes public debate on the need to combat extreme inequalities, raising public awareness and contributing to the formulation of policies that address inequalities. In particular, the campaign focuses on the state budget and national tax system, looking at how a fair and effective collection of revenue and spending of the state budget can help finance high-quality and equitable public services. The campaign also addresses gender inequality, workers' rights, and promotes women's leadership and civic participation.

KEY EVENTS 2017-2018

- **6-11 November 2017.** APEC Economic Leaders' Meeting was held in Da Nang. Oxfam's report 'Redefining Inclusive Growth in Asia - How APEC Can Achieve an Economy that Leaves No One Behind' was published on this occasion.
- **20 January 2018.** BridgeFest Musical Festival on Even it Up topic, hosted by Oxfam and Embassy of the United States in Hanoi. Nearly 10,000 people attended the event.
- **23-26 January 2018.** World Economic Forum Annual Meeting was held in Davos-Klosters, Switzerland. Oxfam report 'Reward Work, Not Wealth' will be shared at the event.
- **9-18 July 2018.** The United Nation's High-level political forum (HLPF) on sustainable development will be held in New York. Oxfam is a contributor to Vietnam's SDGs review, especially Goal 10 on inequality.





Credit: Sam Tarling/Oxfam



OXFAM

Oxfam is a world-wide development organization that mobilizes the strength and voice of people against poverty, inequality and injustice. Oxfam's vision is a just world without poverty: a world in which people can influence decisions that affect their lives, enjoy their rights, and assume their responsibilities as full citizens of a world in which all human beings are valued and treated equally. We are a confederation of 20 Oxfam organizations working together in more than 90 countries. Oxfam works with partner organizations and alongside vulnerable women and men to end injustice.

For further information on the issues raised in this paper please email oxfam.vietnam@oxfam.org

